ABSTRACT

The Deposit Insurance Rate (TBP), set by the Indonesia Deposit Insurance Corporation (LPS), caps the guaranteed deposit interest rate. The gap between this ceiling and a bank's actual deposit rate, the TBP spread, may be associated with banking performance. This study analyzes the effect of the TBP spread on Indonesian banking performance, proxied by ROA, ROE, NIM, BOPO, and NPL, and tests whether this effect's sensitivity changes between the pandemic and post-pandemic periods of Covid-19. It uses panel data on 13 conventional commercial banks listed on the Indonesia Stock Exchange over 2020–2024 (65 observations). The method is panel data regression with a Random Effect Model and cluster-robust standard errors, plus an interaction term for cross-period sensitivity and a wild cluster bootstrap to correct inference for the small number of clusters. In the main estimation, the TBP spread has a positive and significant effect on ROA, ROE, and NIM and a negative and significant effect on BOPO and NPL, so a wider spread is associated with higher profitability and better efficiency. After the wild cluster bootstrap, the strongest evidence holds for ROE (5 percent level), then ROA and NIM (10 percent level), while the effects on BOPO and NPL warrant caution. Bank size (SIZE) is the most consistent control, whereas the spread–post-pandemic interaction is insignificant, giving no evidence of a cross-period sensitivity change. These findings suggest that differences in economic conditions across periods are reflected more in changes in the level of banking performance, while there is no evidence that the sensitivity of banking performance to the TBP spread changes between periods.

Keywords: Deposit Insurance Rate Spread, Banking Performance, LPS, Covid-19 Pandemic