

ABSTRACT

This research examines the difference and the influence of variables on asset management factor, liability management factor and asset-liability management factor on economic value added (EVA) at foreign exchange and non-foreign exchange banks in Indonesia - by using published bank annual report by referencing on banking financial management theory.

The banks examined were those that had already existed from 1992 to 2000 - the total of which were 95. There were 68 foreign exchange banks and 27 non-foreign exchange banks. Time series data were grouped into 2 periods: before crisis period (1992-1996) and during crisis period (1997-2000). The data was subsequently analyzed by employing regression and discriminant. Discriminant analysis was to examine the best discriminator variable which was able to discriminate banks that could create value (EVA +) and banks destroyed value (EVA -). Regression analysis was used to examine the influence of independent variables to EVA as dependent variables.

This research was found in 1997-1998 with EVA measurement. There was **very big destroyed value** that happened to **foreign exchange banks. Foreign exchange banks had destroyed the amount of -33.459,99%**, and non-foreign exchange banks had destroyed the amount of -831,42%.

The result of discriminant analysis showed that **before the crisis period observation the Foreign Exchange Banks** with EVA + and banks with EVA - were differentiated by 1) demand deposits, 2) CAR, and 3) ROA. **During the crisis period observation**, they were differentiated by 1) growth commitment contingency account, 2) demand deposits, 3) equity, 4) NIM, 5) fixed assets, 6) interest income, and 7) non interest income. **Before the crisis period observation, the non foreign exchange banks** were differentiated by 1) demand deposits, 2) NIM, and 3) ROA. **During the crisis period observation**, they were differentiated by 1) placement to other banks, 2) ROA, 3) fixed assets, and 4) non interest income.

The Regression analysis showed that **before the crisis period observation at the Foreign Exchange Banks, the variables** 1) other placements, 2) certificate of deposits, and 3) ROA **positively affected on EVA**. On the other hand 1) equity, and 2) growth commitment contingency account **negatively affected on EVA**. **During the crisis period observation, the variables** 1) demand deposits, 2) equity, 3) CAR, 4) ROA, 5) LDR **positively affected on EVA** while RSA/RSL **negatively affected on EVA**. **Before the crisis period observation at Non foreign Exchange Banks, the variables** 1) others placements, 2) CAR, 3) interest income **negatively affected on EVA**. Whereas the variables 1) loans receipts 2)ROA, and 3) fixed assets were **positively affected on EVA**. **During the crisis period observation**, there were 1) placement to other banks, 2) burden ratio, and 3) non interest income **positively affected on EVA** while fixed assets **negatively affected on EVA**.

Based on the finding of this study, further investigation on the external aspects that influence economic value added at banking industry in Indonesia especially on risk management is needed.

Key word: Economic Value Added, Asset Management Factor, Liability Management Factor, Asset- Liability Management Factor