

SUMMARY**THE INFLUENCES OF EXCESS CAPITAL GROWTH, DEPOSIT GROWTH, NON PERFORMING LOAN GROWTH, AND LOAN TO ASSET RATIO TO LENDING GROWTH AND THE INFLUENCE OF LENDING GROWTH TO RETURN ON ASSET**

Banking industry that was falling during crisis is now recovering confidently. Although it is performing a fine development, national banking has not succeeded in running its main function as intermediation institution. This condition is reflected from the number of extra capital owned by banking while credit loans to business industry are still limited. Besides the external factors, the factor that influences the credit loans is the high level of financial distress in companies. It can be seen from the high level of leverage and the instability of national politic situation. The internal factors are the number of stagnation credit from the previous years, bank's capital source, and qualification for minimum capital.

Various studies on factors that influence lending growth have been conducted, for example, influence of Excess Capital to bank's lending growth, the influence of Third Party's Deposit growth to lending growth, the influence of Non Performing Loan to lending growth, the influence of Loan To Asset to lending growth, and the influence of lending growth to bank performance using Return On Asset (ROA). Those studies mostly only examine the influence of one or two factors toward lending growth. on the contrary, this research is conducted to find out (1) whether Excess Capital

growth, Third Party's Deposit growth, Non Performing Loan growth, and Loan To Asset altogether influence lending growth, (2) whether those factors partially have significant influence to lending growth, (3) whether lending growth influences Return On Asset (ROA).

The test is carried out at national private banks that have main office in Surabaya. The sample of the research is purposive sampling. There are 8 banks that have main office in Surabaya with similar market characteristics, are not recap banks, and publish their financial report quarterly. The test is completed by applying Model I which is the Multiple linear model to analyze the influence of four factors (Excess Capital growth, Third Party's Deposit growth, Non Performing Loan growth, and Loan To Asset Ratio) altogether and partially to lending growth. Meanwhile, Model II is a linear model employed to test the influence of lending growth to Return On Asset (ROA).

The research concludes that (1) Excess Capital growth, Third Party's Deposit growth, Non Performing Loan growth, and Loan To Asset altogether have significant influence to lending growth; (2) Excess Capital growth and Non Performing Loan growth have negative influence to lending growth, Third Party's Deposit growth has positive influence to lending growth, and Loan To Asset Ratio has no significant influence to lending growth; (3) lending growth does not have significant influence to Return On Asset.

The writer suggests that first, regarding that in this research lending growth used is obtained from position difference for lending debit in each quarter, then the appropriate lending growth is realization of new lending in that duration of time; second, for banks with great amount of excess capital and low LDR, they may acquire mitigation to expanse lending. Therefore, in order to get higher spread, banks should expanse lending based on prudential banking principles.

ABSTRACT

THE INFLUENCES OF EXCESS CAPITAL GROWTH, DEPOSIT GROWTH, NON PERFORMING LOAN GROWTH, AND LOAN TO ASSET RATIO TO LENDING GROWTH AND THE INFLUENCE OF LENDING GROWTH TO RETURN ON ASSET

The aim of the research is to find out first, whether Excess Capital growth, Third Party's Deposit growth, Non Performing Loan growth, and Loan To Asset Ratio altogether influence lending growth. Second, whether those factors partially have significant influence to lending growth. Third, whether lending growth influences Return On Asset (ROA). The research is conducted at national private banks that have main office in Surabaya during the quarters of 2000-2004.

The test is carried out by using Model I and Model II. Model I is a Multiple linear model applied to examine the influence of four factors above altogether and partially toward lending growth. Model II is a linear model to test the influence of lending growth to Return On Asset (ROA).

Based on the result of the research, it is discovered that (1) Excess Capital growth, Third Party's Deposit growth, Non Performing Loan growth, and Loan To Asset Ratio altogether have significant influence to lending growth; (2) Excess Capital Growth and Non performing Loan Growth have negative influence to lending growth, Third Party's Deposit Growth, has positive influence to lending growth, and Loan To Asset Ratio does not have significant influence to lending growth; (3) Lending growth does not have significant influence to Return On Asset.

Keywords : Lending Growth, Excess Capital Growth, Deposit Growth, Non Performing Loan Growth, Loan To asset Ratio, Return On Asset.