

ABSTRACT

The main purpose of this study is to find out the impact of macro-economic and bank specific factors in NPL of Indonesia and Nepali banking within the period of 2003-2012. The paper reveals both countries have facing NPL as a common problem in banking sector. In this research tried to find out NPL impact in both countries by using of macro-economic variables (GDP, Inflation, Exchange rate) and banks specific factors (Bank size, level of capital, ROA, CAR and NLIR). As a result, this study make a significant contribution on the determinants of Non-performing loan on bank performance in developing economies country Indonesia and Nepal, and how these factor impact on bank non-performing loan.

Key words: impact, macro-economic, banks specific, NPL, countries, GDP, Inflation, exchange rate, banks size, level of capital ROA, CAR, NLIR, determinants , developing.

