

ABSTRACT

Banking as financial institution in Indonesia still needs improvements in its management aspects, especially in terms of its financial management. This is due to the fact that February 1991 decree known as February package which (Pak Feb) enacted by the government implies that all bank should gain a healthy evaluation both in terms of its financial condition and evaluation of its productive asset in accordance with the evaluation standard formulated by the Bank Indonesia.

This research tries to reveal the health amongst twelve banks deciding to go public that become objects of this research and for which a model of forecasting banking growth based on financial ratios using computer program package SPSS for discriminant analysis. This model is aimed at coping with the weaknesses of financial ratio analysis which is examined separately until recently with the discriminant analysis, the financial ratios can be examined collectively at the same time.

The model of forecasting banking growth consists of four models : sales growth, net income growth, earnings per share growth and total asset growth which are analyzed for 1990 and 1991. Each of the models of forecasting growth is comprised of two group a priori, they are a group of banks with above growth and another group of banks with below growth.

X

Six financial ratios adopted in this model as variable (x) are based on Bank Indonesia's standard while fourteenth other financial ratios based on financial bibliographies and/or opinion of financial analysts.

The results of the present research shows that :

1. In forecasting banking growth, there is still some mistake in classification if the six ratios aforementioned are used; if the fourteenth ratios are used, however, there is no mistake in classification.
2. Producing value z enables to differentiate the group of banks with above growth from the other group of banks with below growth for each model of growth forecasting.
3. Producing financial ratios which most give contribution in each model of the fourteenth financial ratios used.

Eventually, it is hoped that this research will give benefits to any party who needs financial report, for example, Bapepam, Bank Indonesia, the society, creditors, investor or customers, public accountant and prospective investor who are external parties to the companies and banks that have declared go public as internal party to the companies.