

ABSTRACT

Banks have a main function as an intermediary institution between parties that have excess of funds and those who lack of funds. Therefore, one of the types of business owned by banks as depository institutions is to collect and distribute funds to and from the general public in the form of savings, deposits, and demand deposits which are categorized as traditional bank activities. Then, the other types of business is to serve and facilitate the banking services, is categorized as non-traditional bank activities. The types of non-traditional activities can be categorized as Off-Balance Sheet (OBS) activities. OBS activities can be defined as bank practices that are not written on the On-Balance Sheet portfolio.

Trends of OBS activities on National Private Commercial Banks listed on Indonesia Stock Exchange (IDX) was considered as fluctuative, while the banks' performance as seen from ROE trends were declining from 2012 to 2015. Based on facts stated above, it is necessary to do a research about the relation between OBS activities and ROE, which can be used as a measurements to improve the bank's performances.

This research examines the impact of off-balance sheet (OBS) activities proxied by derivative activities on performance of National Private Commercial Banks listed on IDX. Sampling method used in this research is non-probability purposive sampling, and there are 11 samples acquired. Method used for data analysis is panel data regression. The author used secondary data for this research, which obtained from Financial Statements 2012 – 2016 from each bank.

The result shows that OBS activities has a negative but not significant impact on ROE.

Keywords : National Private Commercial Banks, Banking, OBS activities, Performance, ROE