



RETAIL SEKTOR ON BANK "X" SRAGEN

ABSTRACT

Complexity on competing loan business and its risk will face banks to choose business sector that gained maximum profitability, optimum risk and spreadly. Ideally banks profit from loan rate could cover the potential loss that raised if the loan become non performing and save banks capital so banks runs going concern.

The study was to evaluate loan portfolio that has to improve after banks has seen stage of return, stage of loan risk and stage of risk adjusted productivity. The way that would do is to evaluate performance of retail loans portfolio such as commercial sector, consumer sector and program business sector with measuring ability of ritel portfolio in absorbing failure risk from interest income.

The method employed in this research used time series data of loans outstanding, return on interest, non performing loans and risk based capital (PPAP) and will analysed with average productivity ratio, NPL ratio, PPAP ratio and RORAC ratio. The data would collect from bank "X" Sragen in 3 years of periode.

This result of the study conclude that the growth of commercial loans has more faster than others sector in fact that the commercial sector has significancy gained in bank "X" Sragen contribution. Rankings on productivity, the retail sector of consumer positioned as the highest, consecutively followed by commercial, and programs. Rankings on risk, the retail sector of program positioned as the lowest, consecutively followed by consumer, and commercials. Rankings on risk adjusted productivity, the sector consumer positioned as the lowest on risk. Based on the risk adjusted productivity analysis, the study showed that all sector had capacity to take loss risk due to interest income failures during one year, or more than 100%. Based on the risk adjusted productivity analysis, the study showed that the high risk on retail sector of commercials insignificantly affected on return.

As the study shows that the highest credit risk is on commercial sector, the recommends to enhance to portfolios are to more seriously handles in the way of loans initiated as stage of pre screening and consistency of monitoring. The next step is handling NPL with comprehensif solution and profitable way out.