



**BANK SPECIFIC DETERMINANTS OF COMMERCIAL BANKS'
PROFITABILITY
IN ASEAN COUNTRIES**

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ABSTRACT

The objectives of this study are to identify the most bank specific determinant that influences profitability and to evaluate the relationship between bank specific determinants and commercial bank profitability of ASEAN countries. All data for dependent and independent variables which include of return on asset (ROA), return on equity (ROE), bank size, capital adequacy, asset quality, deposit, liquidity, gearing ratio, and financial risk are obtain from annual report in Bank Scope. Besides that, the data is gathered for 10 years which are from 2004 until 2013. The result of this study shows that the most bank specific determinant that influence profitability is asset management which have highest positive coefficient in regression and correlation analysis. From the result shows that bank size, asset quality and deposit significant impact on ROA and ROE. Capital Adequacy shows different result, which were positively significant to ROA and no impact to ROE. Liquidity and financial risk have no impact to both indicator of commercial bank profitability. Overall analysis indicates that the commercial banks in ASEAN country have potential to growth and improve the performance of the bank based on profit generation.

Keywords: commercial bank, bank profitability, bank specific determinants, ASEAN