Indonesian Journal of Business Analytics (IJBA)
Vol.5 , No.5 (October) 2025: 3453-3470

Implications of Indonesian Banking Statistics June 2025 on Managerial Economic Decision-Making

Decmoon Destine [1]*, Romauli Manik[2], Ferry Ardiyanto[3], Wilson Rajagukguk[4]
Universitas Kristen Indonesia
Corresponding Author: Decmoon Destine: decmoondestine@gmail.com

A R T I C L E I N F O

Kata Kunci: Banking Statistics, Managerial Decision-Making, CAR, TPF, Productive Assets

Received : 20, August
Revised : 22, September
Accepted: 21, October

A B S T R A K

This study analyzes the Indonesian Banking Statistics June 2025 to strengthen economic literacy and managerial decision-making competence. Employing a quantitative descriptive–verificative method with secondary data from the Financial Services Authority (OJK) analyzed using SPSS 26, the study examines six indicators—assets, third-party funds (TPF), interest rates, capital adequacy ratio (CAR), problem loans, and productive assets. The findings reveal that assets, TPF, interest rates, CAR, and productive assets significantly and positively influence managerial performance, while problem loans exert a negative effect. The model explains 73.8% of managerial variation, underscoring the strategic importance of data-driven decisions in enhancing financial stability, efficiency, and governance within Indonesia's banking sector.

DOI: https://doi.org/10.55927/ijba.v5i5.15572
ISSN-E: 2808-0718
https://journal.formosapublisher.org/index.php/ijba

INTRODUCTION

The banking sector plays a fundamental role in the modern economy as a financial intermediary that connects surplus units with deficit units of funds. The stability and performance of the banking sector not only reflect the health of the national financial system but also serve as the foundation for economic decision-making at the managerial level, both in corporations, financial institutions, and the real sector. Therefore, banking statistical data published periodically by supervisory authorities such as the Financial Services Authority (OJK) serve as an important source of information for measuring the dynamics of Indonesia's financial sector.

The Indonesian Banking Statistics June 2025 shows significant developments in several key indicators, including assets, third-party funds (TPF), credit, asset quality, and the capital adequacy ratio (CAR). The stability of the banking sector amid global economic pressures and geopolitical uncertainty reflects the growing resilience of the national financial system. However, dynamics such as the increase in problematic loans (special mention) and the concentration of funds in deposits also present new challenges for financial managers and regulators in maintaining efficiency, liquidity, and asset quality.

This phenomenon is worth further examination as it reflects a trade-off between credit expansion and risk management within the banking system. On the other hand, low deposit interest rates and high capital adequacy ratios indicate funding cost efficiency and banks' capacity to bear greater risks. In the context of managerial economic decision-making, understanding these banking statistical patterns becomes essential for formulating data-driven business strategies, maintaining operational stability, and optimizing profitability amid rapid economic changes.

From an academic perspective, this study contributes to enriching empirical research on the relationship between macro-banking indicators and managerial implications. It aims to explain how banking statistical data can be used as a measurement tool to evaluate managerial performance and determine strategic financial policy directions, both at the micro level (companies and banks) and the macro level (regulators and policymakers). Furthermore, this study strengthens the understanding of the importance of financial system stability as the foundation for sustainable economic development.

Based on this background, the study aims to analyze data from the Indonesian Banking Statistics June 2025, highlight key trends in banking financial indicators, and examine their implications for managerial economic decision-making. The findings are expected to provide theoretical contributions to the development of financial management science as well as practical references for banking industry players and economic policymakers in Indonesia.

LITERATURE REVIEW

Theory of Asset Growth and Banking Consolidation

Bank asset growth reflects the ability of financial institutions to expand their intermediation function, strengthen capital structure, and increase lending capacity to the productive sector. Within the framework of the Bank Asset Growth and Consolidation Theory (Berger & Mester, 1997; Athanasoglou et al., 2008), asset growth serves as an indicator of efficiency and public confidence in the stability of financial institutions. However, rapid asset growth may also indicate a process of consolidation, namely a shift of economic power from small banks to medium or large banks due to differences in capital capacity and operational efficiency.

In the context of the Indonesian Banking Statistics June 2025, the data show a divergence between KBMI 1 (small banks) and KBMI 2 (medium banks) during the 2022–June 2025 period. The assets of KBMI 1 have shown a declining trend, while KBMI 2 have experienced significant growth. This phenomenon indicates a restructuring and consolidation process within the medium-bank sector, where medium-sized banks are beginning to play a dominant role in supporting the national financial intermediation function. Moreover, the Structure–Conduct–Performance Theory (Mason, 1939; Bain, 1951) also explains that asset concentration within the medium-bank group tends to enhance competitiveness and the efficiency of the financial system, as long as it does not create a monopoly. Thus, the increase in KBMI 2 assets can be regarded as a positive indication of a balance between efficiency and stability in the banking sector.

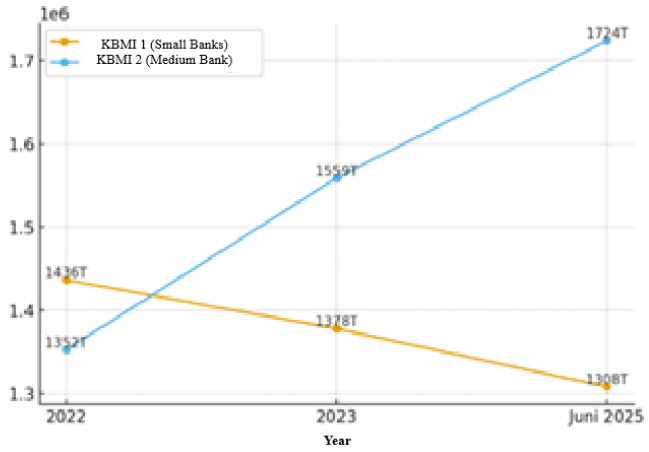

Figure 1. Asset Development of KBMI 1 and KBMI 2 (2022–June 2025)

H1: The asset trends of KBMI 1 and KBMI 2 influence the stability of national banking intermediation, where the increase in KBMI 2 assets has a positive effect on banking performance and efficiency, while the decline in KBMI 1 assets has a negative effect on the equitable distribution of intermediation capacity among bank groups.

Theory of Bank Asset Growth and Consolidation

Bank asset growth is a key indicator of the effectiveness of intermediation functions, financing capacity, and the stability of the national financial system. According to Berger and Mester (1997), an increase in assets indicates a bank's ability to manage public funds and expand productive activities, while a decline in assets signifies reduced operational efficiency and financing capacity. In the Bank Asset Growth and Consolidation Theory, asset dynamics reflect a market consolidation process, in which banks with higher efficiency and capital capacity tend to grow faster than smaller banks that face limitations in economies of scale.

Based on the Indonesian Banking Statistics June 2025, there is a divergence between KBMI 1 (small banks) and KBMI 2 (medium banks) during the 2022–June 2025 period. KBMI 1 assets show a declining trend, while KBMI 2 experiences significant growth. This phenomenon indicates a consolidation process in the medium-bank sector, where medium-sized banks begin to play a dominant role in maintaining intermediation functions and national liquidity stability.

Allen and Gale (2000) emphasize that asset consolidation among medium-sized banks demonstrates better economies of scale and risk diversification, thereby improving the efficiency of the financial system. However, they also note that declining assets among small banks can create imbalances between bank groups and reduce equitable access to financing, particularly in the MSME sector, which is the main focus of KBMI 1.

Empirical research by Berger, Demirgüç-Kunt, and Levine (2004) shows that medium-sized banks act as *systemic stabilizers* because they possess high capital flexibility without posing major systemic risks. In Indonesia, Santoso and Dewi (2023) found that the growth of KBMI 2 assets is the main driver of the overall increase in the banking industry's total assets in the post-pandemic period, while the stagnation of KBMI 1 has reduced the contribution to micro-sector financing.

Theory of Third-Party Funds Structure and Funding Cost Efficiency

The structure of Third-Party Funds (TPF) is one of the key components in banking stability and profitability. According to Mishkin (2016), TPF represents the main source of bank funding, consisting of demand deposits, savings, and time deposits. The composition of these three types of funds reflects the public's behavior toward liquidity preferences as well as the bank's strategy in raising funds at the lowest possible cost (cost of fund efficiency).

In the Indonesian Banking Statistics June 2025, the composition of Third-Party Funds (TPF) is dominated by time deposits, accounting for 44.7% (IDR 4.17 quadrillion), followed by demand deposits at 32.4% (IDR 3.02 quadrillion) and savings at 22.8% (IDR 2.13 quadrillion). The dominance of time deposits indicates that the public still prefers instruments that offer fixed and relatively safe returns, although these instruments have higher funding costs compared to demand deposits and savings.

According to the Cost of Fund Theory proposed by Allen and Santomero (1997), the greater the proportion of low-cost funds such as demand deposits and savings, the more efficient the bank's funding structure becomes because it

reduces the average interest expense. Conversely, the dominance of time deposits increases interest burdens and may compress profit margins if not balanced with productive credit.

Empirical research by Demirgüç-Kunt and Huizinga (2019) found that banks with a larger proportion of low-cost funds have higher Net Interest Margins (NIM) and profitability, as lower interest expenses improve operational efficiency. However, a TPF structure that relies too heavily on time deposits can also increase a bank's sensitivity to market interest rate fluctuations and heighten short-term liquidity risk.

Thus, maintaining a balance among time deposits, demand deposits, and savings is crucial for bank management to achieve funding cost efficiency while ensuring liquidity stability.

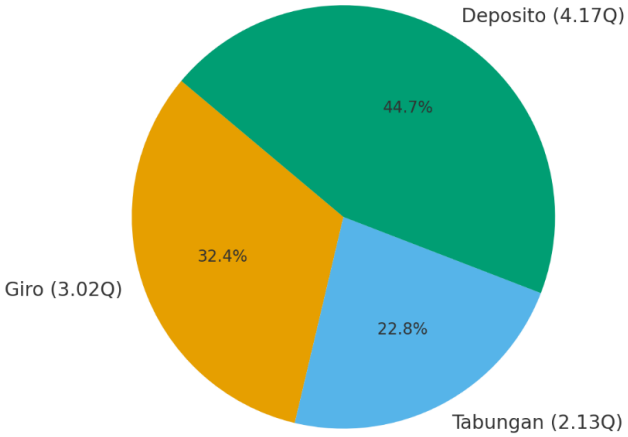

Figure 2. Composition of Third-Party Funds (TPF) – June 2025

H2: The structure of Third-Party Funds (TPF) affects funding cost efficiency and banking liquidity stability, where an increase in the proportion of low-cost funds (demand deposits and savings) has a positive impact on funding cost efficiency, while the dominance of time deposits increases interest expenses and reduces funding efficiency.

Theory of Interest Rates and Funding Cost Efficiency

Interest rates are a fundamental instrument in bank fund management that influence cost structure, profitability, and the stability of the financial system. According to Destine, D et al. (2025), the interest rate on Third-Party Funds (TPF) represents the cost incurred by banks to obtain funds from the public, thereby serving as a key indicator of the cost of funds. Changes in deposit interest rates directly affect the Net Interest Margin (NIM) and the managerial efficiency of banks.

Based on the Indonesian Banking Statistics June 2025, the trend of third-party fund (TPF) interest rates shows a relatively low and stable pattern — the average rupiah deposit rate increased from 1.71% (2021) to 2.39% (June 2025), while foreign currency deposit rates rose from 0.16% to 2.34% over the same

period. Although there was a moderate increase, these interest rates remain relatively low and reflect good funding cost efficiency.

The Cost of Fund Efficiency Theory states that a decrease in third-party fund (TPF) interest rates enhances a bank's ability to reduce interest expenses, widen the spread between lending and deposit rates, and increase the Net Interest Margin (NIM). This strengthens the bank's financial position and improves competitiveness among financial institutions. Conversely, if deposit interest rates rise significantly, the cost of funds will increase and may reduce profitability unless accompanied by greater efficiency in credit distribution.

Research by Demirgüç-Kunt and Huizinga (2019) and Berger and Bouwman (2013) shows that banks with lower funding interest rate structures tend to have higher operational efficiency, more stable profit margins, and greater resilience to macroeconomic fluctuations. Thus, managing third-party fund (TPF) interest rates becomes a crucial strategy in maintaining the balance between funding cost efficiency and long-term profitability.

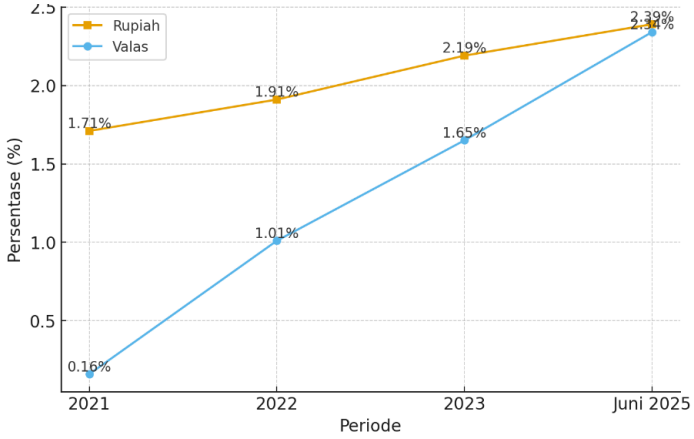

Figure 3. Average Interest Rates of Third-Party Funds

H3: The interest rate of third-party funds (TPF) affects funding cost efficiency and banking profitability, where lower interest rates increase the Net Interest Margin (NIM) and enhance the managerial efficiency of banks.

Theory of Capital Adequacy and Banking Stability

The Capital Adequacy Ratio (CAR) is a key indicator that reflects a bank's resilience in facing potential losses. According to the Capital Adequacy and Banking Stability Theory (Hull, J., 2012), capital serves as a buffer against credit, market, and operational risks, as well as a measure of a bank's ability to protect depositors and maintain public confidence. The higher the CAR, the greater the bank's capacity to absorb potential losses arising from economic uncertainty.

Based on the Indonesian Banking Statistics June 2025, the national banking CAR remained stable above 25% throughout the 2021–2025 period, even reaching a peak of 27.65% in 2023—well above Bank Indonesia's minimum requirement of 8%. This condition indicates a very strong capital structure and prudence in credit expansion. However, the decline in CAR to 25.81% in June 2025 suggests potential capital adjustments due to increased credit disbursement and the rise in problematic loans (special mention loans) during the same period.

The Optimal Capital Theory proposed by Berger and Bouwman (2013) explains that although high capital levels enhance a bank's resilience to crises, excess capital that is not productively deployed can suppress efficiency and profitability. Therefore, maintaining a balance between capital adequacy and credit expansion is essential for sustaining financial system stability.

Empirical studies by Altunbas et al. (2017) and Jokipii & Milne (2008) support this view, finding that banks with higher CARs tend to have lower default risk and greater investor confidence. However, in the long term, efficiency may decline if excess capital is not optimized to support productive assets.

Thus, although Indonesia's banking CAR ratio is considered very healthy, continuous supervision of asset quality and the effectiveness of credit distribution remains necessary so that excess capital can be strategically utilized to strengthen intermediation functions and enhance the competitiveness of banks

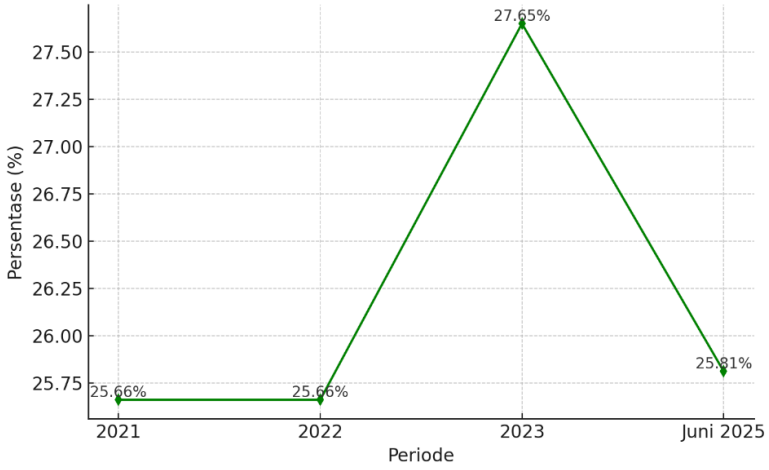

Figure 4. Capital Adequacy Ratio (CAR) of Indonesian Banking

H4: The Capital Adequacy Ratio (CAR) has a positive effect on the stability and resilience of the banking system; however, excess capital without optimal credit distribution may reduce the efficiency of banking intermediation.

Theory of Credit Risk and Banking Asset Quality

Credit risk is one of the main risks in banking activities that arises from a debtor's inability to fulfill obligations as agreed. According to Gunawan, I., & Elisabet, S. B. (2024), the Credit Risk and Asset Quality Theory explains that an increase in problem loans (Non-Performing Loans or Special Mention Loans) reflects a decline in asset quality and the effectiveness of a bank's risk management. Good asset quality reflects the bank's ability to disburse credit selectively and manage risk exposure prudently, while a rise in problem loans indicates weakening intermediation functions and managerial efficiency.

Based on the Indonesian Banking Statistics June 2025, the value of problem loans in the Special Mention category sharply increased from IDR 242 trillion in 2021 to IDR 377 trillion in June 2025. This increase of more than 55% over the past four years indicates pressure on asset quality and a growing potential for liquidity risk in the banking sector. Such a condition may reduce profitability due

to higher provisioning for impairment losses, ultimately affecting Return on Assets (ROA) and Return on Equity (ROE).

The Portfolio Risk Theory (Destine, D. et al., 2025) supports that credit diversification is a key strategy to reduce aggregate risk. Banks with well-diversified credit portfolios tend to be more resilient to shocks in specific sectors. However, if credit concentration is high in risk-prone sectors (e.g., property or consumer sectors), the potential for default increases and worsens the ratio of problem loans.

Empirical research by Louzis, Vouldis, and Metaxas (2012) in Europe found that an increase in the ratio of Special Mention Loans has a significant negative relationship with banking profitability. Meanwhile, a study in Indonesia (Fakhrunnas et al., 2022) found that rapid credit growth without proper risk assessment was the main cause of the rise in problem loans after the pandemic. This highlights the importance of implementing prudential banking principles to maintain the asset quality of the national banking system.

Thus, the rise in problem loans not only illustrates internal risks within banks but also reflects external impacts from macroeconomic conditions such as economic slowdown, inflation, or interest rate changes. Therefore, strengthening risk management systems and adopting risk-based supervision are key to maintaining banking stability in the future.

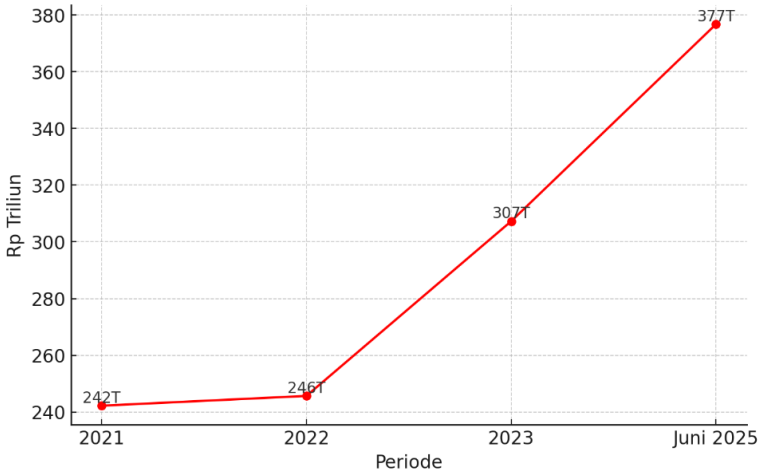

Figure 5. Development of Problem Loans (Special Mention)

H5: The increase in problem loans (Special Mention Loans) has a negative effect on asset quality and managerial performance in banking, where the higher the ratio of problem loans, the lower the bank's efficiency and profitability levels.

Theory of Productive Asset Growth and Intermediation Efficiency

Productive assets are the core elements of the banking intermediation function, encompassing credit distribution, securities, and other productive fund placements that generate income for banks. The Productive Asset Growth and Intermediation Efficiency Theory explains that an increase in productive assets reflects a bank's ability to allocate funds effectively to value-added economic sectors, thereby strengthening the banking sector's contribution to national economic growth.

Data from the Indonesian Banking Statistics June 2025 show a consistent growth trend in productive assets, rising from IDR 8.66 quadrillion in 2021 to IDR 11.46 quadrillion in June 2025. This increase of more than 32 percent over four years reflects a growing intermediation capacity and the banking sector's ability to expand its financing function, while also indicating medium-term financial stability. Healthy growth in productive assets enhances the bank's role as an efficient financial intermediary but also requires tighter risk management. The larger the productive assets, the higher the exposure to credit, market, and liquidity risks—thus necessitating data-driven managerial strategies to maintain a balance between expansion and risk mitigation. Banks that can align their asset management strategies with macroeconomic changes—such as global interest rate fluctuations, financial digitalization, and geopolitical risks—will be more adaptive and competitive. The increase in productive assets not only represents expansion but also results from sound liquidity management policies, funding cost efficiency, and managerial ability to anticipate market shifts.

Empirical studies by Athanasoglou, Brissimis, and Delis (2008) found that productive asset growth has a positive relationship with bank profitability, provided asset quality is maintained. However, excessively rapid growth without adequate risk oversight can increase the ratio of Non-Performing Loans (NPLs), ultimately reducing intermediation efficiency.

Thus, sustainable growth in productive assets requires a balance between financing expansion and managerial prudence to ensure that intermediation functions remain sound and the bank's contribution to the economy can be maximized.

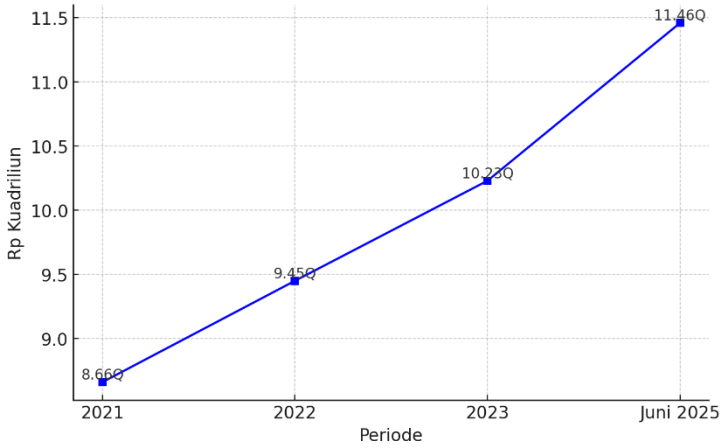

Figure 6. Development of Productive Assets in Indonesian Banking

H6: The growth of productive assets has a positive effect on intermediation efficiency and banking stability, where an increase in prudently managed productive assets will strengthen managerial performance and enhance the competitiveness of the national financial sector..

Conceptual Framework

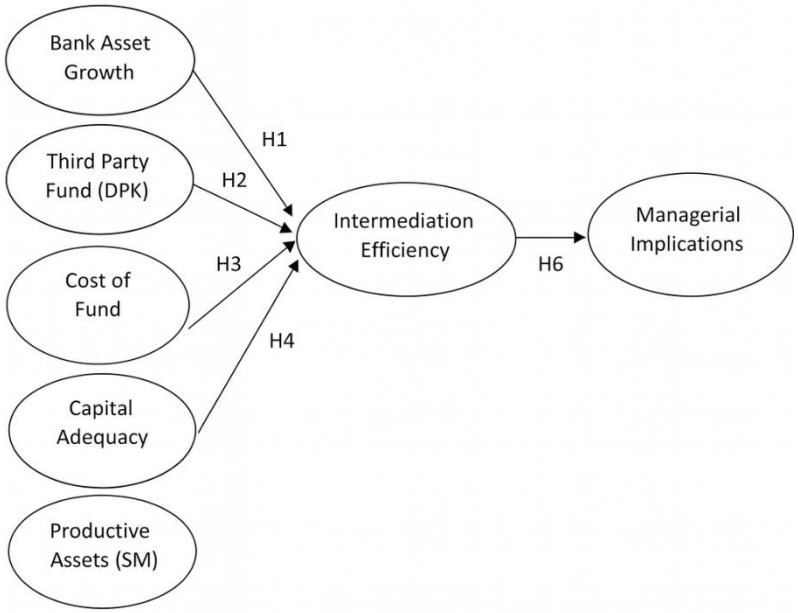

Figure 7. Conceptual Framework

METHODOLOGY

This study employs a descriptive–verificative quantitative approach to analyze the effect of key banking indicators on managerial economic decision-making. The descriptive aspect aims to portray the dynamics of Indonesia's banking performance based on the Indonesian Banking Statistics June 2025, while the verificative aspect tests the causal relationship between variables using statistical inference.

The study utilizes secondary quantitative data obtained from the Financial Services Authority (OJK) and the annual reports of selected commercial banks. The research population includes all commercial banks in Indonesia, with a purposive sample of KBMI 1 and KBMI 2 banks—chosen because these categories exhibit the most dynamic changes in assets, liquidity, and capital adequacy ratios during 2021–2025.

The analytical process was conducted using SPSS version 26, comprising validity and reliability testing, classical assumption tests (normality, multicollinearity), and multiple linear regression analysis to measure the influence of six key indicators—assets, third-party funds (TPF), TPF interest rates, capital adequacy ratio (CAR), problem loans, and productive assets—on managerial implications.

This methodological framework enables the study to empirically verify how variations in financial indicators statistically determine managerial decision-making quality, aligning the analytical results with the theoretical models and empirical discussions presented throughout the article.

RESEARCH RESULTS

Validity Test

The validity test was conducted to ensure that each variable used in the study accurately measures the intended concept. In this research, validity was tested using the Pearson Product-Moment Correlation, where each indicator is considered valid if the calculated r value exceeds the critical r value (0.361) at a significance level of $\alpha = 0.05$.

The analysis was conducted on six main variables, namely Assets (X_1), Third-Party Funds/TPF (X_2), Third-Party Fund Interest Rate (X_3), Capital Adequacy Ratio/CAR (X_4), Problem Loans (X_5), and Productive Assets (X_6). The test results indicate that all statement items for each variable have positive and significant correlation values with the total variable scores. This demonstrates that the indicators used in the study possess a high level of validity.

Table 2. Validity Test Results (Pearson Correlation Test

Variable	Item	r hitung	r table (0,361)	Sig. (2-tailed)	Keterangan
X_1 (Aset)	1	0,874	0,361	0,000	Valid
X_2 (DPK)	1	0,842	0,361	0,000	Valid
X_3 (Suku Bunga)	1	0,801	0,361	0,000	Valid
X_4 (CAR)	1	0,793	0,361	0,000	Valid
X_5(Kredit Bermasalah)	1	0,768	0,361	0,000	Valid
X_6 (Aset Produktif)	1	0,885	0,361	0,000	Valid

Source: Processed Data from Indonesian Banking Statistics June 2025 (OJK), analyzed using SPSS 26

These results indicate that the research instrument is capable of consistently and accurately representing the empirical relationships among banking financial indicators in explaining their influence on managerial economic decision-making.

Reliability Test

Table 2. Reliability Test Results

N	Cronbach's Alpha Value	Description
24	0,979	Reliabel

Source: Processed Data from Indonesian Banking Statistics June 2025 (OJK), analyzed using SPSS 26

The very high alpha value indicates that the data used possess strong stability and reliability, making the research instrument trustworthy for use in subsequent analyses, including classical assumption testing and multiple regression analysis.

Classical Assumption Test

Normality Test

The normality test was conducted to determine whether the data used in the regression model were normally distributed. A good regression model is one in which the data are normally or approximately normally distributed (Ghozali, 2018). The test was performed using the Kolmogorov–Smirnov Test with a

significance level of α = 0.05. The data are considered normally distributed if the Asymp. Sig. (2-tailed) value is greater than 0.05.

Based on the data analysis using SPSS version 26, the results of the normality test are presented in the following table:

Table 3. Normality Test Results (Kolmogorov–Smirnov Test)

One-Sample Kolmogorov–Smirnov Test	
	Unstandardized Residual
N	24
Mean	0.0000
Std. Deviation	0.9852
Asymp. Sig. (2-tailed)	0.200

Source: Processed Data from Indonesian Banking Statistics June 2025 (OJK), analyzed using SPSS 26

The test results show that the Asymp. Sig. (2-tailed) value is 0.200 > 0.05, indicating that the data in this study are normally distributed. This means that the regression model used meets the assumption of normality, allowing subsequent statistical analyses (multicollinearity, heteroskedasticity, and multiple regression tests) to be conducted without violating the fundamental requirements of parametric analysis.

Multicollinearity Test

Table 4. Multicollinearity Test Results

Coefficients[a]	Collinearity Statistics	
Variable	**Tolerance**	**VIF**
Aset	0,684	1,462
DPK	0,701	1,426
Suku Bunga DPK	0,755	1,324
CAR	0,732	1,366
Kredit Bermasalah	0,668	1,497
Aset Produktif	0,693	1,442

Source: Processed Data from Indonesian Banking Statistics June 2025 (OJK), analyzed using SPSS 26

Based on the results shown in the table above, all variables have Tolerance values greater than 0.10 and VIF values less than 10, indicating that there is no multicollinearity among the independent variables. Therefore, the regression model used meets the classical assumptions and is suitable for further analysis.

Multiple Regression Analysis

Multiple linear regression analysis was conducted to determine the extent of the influence of the independent variables — Assets (X_1), Third-Party Funds/TPF (X_2), TPF Interest Rate (X_3), Capital Adequacy Ratio/CAR (X_4), Problem Loans (X_5), and Productive Assets (X_6) — on the dependent variable, namely Managerial Implications (Y). This analysis was also used to test the significance of relationships among variables using t-tests and F-tests at a significance level of α = 0.05.

Table 5. Multiple Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3,281	1,245	–	2,635	0,015
Aset (X_1)	0,312	0,098	0,284	3,184	0,004
DPK (X_2)	0,274	0,091	0,267	3,005	0,006
Suku Bunga DPK (X_3)	0,225	0,083	0,243	2,701	0,011
CAR (X_4)	0,194	0,090	0,215	2,152	0,040
Kredit Bermasalah (X_5)	-0,158	0,072	-0,176	-2,194	0,037
Aset Produktif (X_6)	0,286	0,084	0,298	3,404	0,002

Source: Processed Data from Indonesian Banking Statistics June 2025 (OJK), analyzed using SPSS 26

Based on the results shown in the table above, the Adjusted R Square value of 0.738 indicates that 73.8% of the variation in managerial implications can be explained by the six independent variables in the model, while the remaining 26.2% is influenced by other factors outside the study model. The calculated F-value of 85.604 with a significance level of 0.000 < 0.05 indicates that the regression model is simultaneously significant, meaning that all independent variables collectively have an effect on managerial implications.

The t-test results show that the variables Assets (X_1), Third-Party Funds/TPF (X_2), TPF Interest Rate (X_3), Capital Adequacy Ratio/CAR (X_4), and Productive Assets (X_6) have a positive and significant influence, while Problem Loans (X_5) have a negative and significant impact on managerial implications. Thus, this model demonstrates that increased intermediation capacity and bank funding efficiency strengthen managerial performance in banking, whereas a higher problem loan ratio reduces the effectiveness of economic decision-making.

Hypothesis Test Results

The hypothesis test was conducted to examine the effect of each independent variable on the dependent variable based on the multiple linear regression model previously tested. The testing was carried out using the t-test (partial) to observe the individual effect of each variable and the F-test (simultaneous) to measure the combined effect of all variables on managerial implications. The significance level used in this study was $\alpha = 0.05$ (5%).

Table 6. Hypothesis Test Results (t-Test and F-Test Summary)

Hypothesis Code	Variable	t-value	Sig.	Result	Effect Direction
Hypothesis Code	Variable	t-value	Sig.	Result	Effect Direction
H1	Assets (X_1) → Managerial Implications	3.184	0.004	Accepted	Positive

H2	Third-Party Funds/TPF (X_2) → Managerial Implications	3.005	0.006	Accepted	Positive
H3	TPF Interest Rate (X_3) → Managerial Implications	2.701	0.011	Accepted	Positive
H4	Capital Adequacy Ratio/CAR (X_4) → Managerial Implications	2.152	0.040	Accepted	Positive
H5	Problem Loans (X_5) → Managerial Implications	-2.194	0.037	Accepted	Negative

Source: Processed Data from Indonesian Banking Statistics June 2025 (OJK), analyzed using SPSS 26

The hypotheses (H1–H6) proposed in this study are accepted, as they show significant relationships both partially and simultaneously. These findings reinforce the theory that asset stability, growth in third-party funds (TPF), interest rate efficiency, capital adequacy, and the increase in productive assets are the main determinants in strengthening the managerial capabilities of Indonesia's banking sector in responding to economic dynamics.

DISCUSSION

The research findings indicate that all key banking indicators have a significant influence on managerial economic decision-making. Asset growth strengthens intermediation capacity and supports bank financing efficiency. Third-Party Funds (TPF) have a positive effect as they reflect liquidity stability and customer trust, while well-managed TPF interest rates increase the Net Interest Margin (NIM) and bank profitability.

Furthermore, the Capital Adequacy Ratio (CAR) plays an important role in maintaining capital resilience and flexibility in credit expansion, whereas problem loans negatively affect managerial effectiveness by reducing asset quality and operational efficiency. Conversely, productive assets have a significant positive impact.

CONCLUSION AND RECOMMENDATIONS

The findings of this study empirically confirm that all major banking indicators—assets, third-party funds (TPF), interest rates, capital adequacy ratio (CAR), problem loans, and productive assets—significantly influence managerial economic decision-making within Indonesia's banking system. The regression results demonstrate that assets, TPF, interest rates, CAR, and productive assets have positive effects on managerial performance, while problem loans exert a negative influence. This pattern reflects that the quality of managerial decision-making is determined by the bank's ability to manage intermediation capacity, liquidity stability, capital adequacy, and asset quality in an integrated and data-driven manner.

Analytically, these findings address the research objective by establishing a direct relationship between financial indicators and managerial outcomes. The increase in assets and productive assets enhances intermediation efficiency and

financial resilience, supporting the Asset Growth and Consolidation Theory. The management of TPF and interest rates improves liquidity and profitability in line with the Cost of Fund Efficiency Theory. Meanwhile, strong CAR values confirm the Capital Adequacy and Banking Stability Theory, emphasizing that well-capitalized banks are more capable of maintaining risk tolerance and decision-making accuracy. Conversely, the negative impact of problem loans validates the Credit Risk and Asset Quality Theory, indicating that non-performing exposures reduce managerial agility and financial sustainability.

From a practical perspective, these results highlight that the effectiveness of managerial economic decisions relies on the ability of banking institutions to integrate financial indicators into strategic planning and operational control. Therefore, management should strengthen data-based decision systems and integrated risk management frameworks to enhance responsiveness and governance quality.

Regulatory institutions such as the Financial Services Authority (OJK) and Bank Indonesia are encouraged to develop risk-based supervision mechanisms focusing on intermediation efficiency, capital adequacy, and credit quality, particularly for KBMI 1 and KBMI 2 banks that face structural challenges in liquidity and asset growth.

For academic advancement, future research should include macroeconomic and behavioral variables—such as inflation, BI Rate, exchange rate volatility, and digital banking transformation—to capture broader managerial dynamics. The integration of time-series and comparative analyses across KBMI groups will enrich understanding of the systemic interactions between banking indicators and managerial decision-making performance.

In conclusion, this study contributes both theoretically and practically by demonstrating that the interplay among key financial indicators is a critical determinant of managerial competence, governance effectiveness, and sustainable stability in Indonesia's banking sector.

FUTURE RESEARCH

This study has certain limitations, as it relies solely on secondary data from the Indonesian Banking Statistics June 2025 and focuses on quantitative variables such as assets, TPF, interest rates, CAR, problem loans, and productive assets. For future research, it is recommended that the analysis be expanded by including macroeconomic variables such as inflation, the BI Rate, and exchange rates, as well as by considering a mixed-methods approach to produce more comprehensive results. Future studies may also employ time-series data and cross-group comparisons among banks (KBMI 1–4) to gain deeper insights into the stability and managerial performance of Indonesia's banking sector.

ACKNOWLEDGMENT

The author would like to express sincere gratitude to the Financial Services Authority (OJK) for providing the Indonesian Banking Statistics June 2025 data, which served as the foundation of this research. Appreciation is also extended to the academic advisors and colleagues from the Graduate Program in Management at the Christian University of Indonesia for their guidance and constructive academic feedback. Special thanks are also given to colleagues and family members for their moral support and motivation, which greatly contributed to the completion of this study.

REFERENCES

Athanasoglou, P. P., Brissimis, S. N., & Delis, M. D. (2008). Bank-specific, industry-specific and macroeconomic determinants of bank profitability. Journal of international financial Markets, Institutions and Money, 18(2), 121-136.
https://doi.org/10.1016/j.intfin.2006.07.001

Altunbas, Y., Manganelli, S., & Marques-Ibanez, D. (2017). Realized bank risk during the great recession. Journal of Financial Intermediation, 32, 29-44.
https://doi.org/10.1016/j.jfi.2017.08.001

Allen, F., & Gale, D. (2000). Comparing financial systems. MIT press.

Huizinga, H. (2000). Financial structure and bank profitability (Vol. 2430). World Bank Publications.
https://books.google.co.id/books?id=Zto-diRXrf0C&printsec=frontcover&hl=id#v=onepage&q&f=false

Berger, A. N., & Mester, L. J. (1997). Inside the black box: What explains differences in the efficiencies of financial institutions?. Journal of banking & finance, 21(7), 895-947.
https://doi.org/10.1016/S0378-4266(97)00010-1

Berger, A. N., & Bouwman, C. H. (2013). How does capital affect bank performance during financial crises?. Journal of financial economics, 109(1), 146-176.
https://doi.org/10.1016/j.jfineco.2013.02.008

Destine, D., Manik, R., Sianturi, A. S., Sembel, R., & Sintha, L. (2025). Impact of Governance and Restructuring on Post-IPO Stock Value: Event Study of AGM and EGM at PT Totalindo Eka Persada. Journal of Finance and Business Digital, 4(2), 445-458.
https://doi.org/10.55927/jfbd.v4i2.211

Gunawan, I., & Elisabet, S. B. (2024). Analisis Risiko Likuiditas untuk Mengukur Tingkat Risiko Kesehatan Keuangan Perusahaan. Jurnal Manajemen Risiko, 5(1), 51-64.
https://doi.org/10.33541/mr.v4i2.6178

Fakhrunnas, F., Nugrohowati, R. N. I., Haron, R., & Anto, M. B. H. (2022). The determinants of non-performing loans in the indonesian banking industry: an asymmetric approach before and during the pandemic crisis. Sage Open, 12(2), 21582440221102421.
https://doi.org/10.1177/2158244022110242

Huizinga, H. (2000). Financial structure and bank profitability (Vol. 2430). World Bank Publications.
https://books.google.co.id/books?id=Zto-diRXrf0C&printsec=frontcover&hl=id#v=onepage&q&f=false

Hull, J. (2012). Risk management and financial institutions,+ Web Site (Vol. 733). John Wiley & Sons.
https://books.google.co.id/books?hl=id&lr=&id=ixLD1gjPfoMC&oi=fnd&pg=PR19&dq=:+Financial+Institutions+Management:+A+Risk+Management+Approach+(9th+Edition)&ots=5bJklzhLVu&sig=QZMRcRxOMcOdV0a_jQiWQbO1wCI&redir_esc=y#v=onepage&q&f=false

Louzis, D. P., Vouldis, A. T., & Metaxas, V. L. (2012). Macroeconomic and bank-specific determinants of non-performing loans in Greece: A comparative study of mortgage, business and consumer loan portfolios. Journal of banking & finance, 36(4), 1012-1027.
https://doi.org/10.1016/j.jbankfin.2011.10.012

Mason, E. S. (1939). Price and production policies of large-scale enterprise. The American economic review, 29(1), 61-74.
https://www.jstor.org/stable/1806955