

Do Bank-Specific Characteristics Determine Loan Portfolio Returns? A Study of Government-owned Banks in Indonesia

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This paper analyses the impact of bank-specific characteristics on the loan portfolio returns of government-owned banks (GBs) in Indonesia. The data covers the pre and post GFC periods from 2003-2011 of 30 GBs (270 bank year observations). Using fixed-effect panel data regression, the results show that size, equity and liquidity affect the loan portfolio returns of GBs in Indonesia. This suggests that the lending policies and loan pricing of GBs in Indonesia may differ based on their specific characteristics. These differences could serve as prominent information for Central Bank in the governing of GBs based on their characteristics.

Keywords: Bank-specific characteristics, Loan Portfolio Return, Government-owned Banks, Indonesia

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