

CHAPTER V

CONCLUSIONS AND SUGGESTIONS

5.1 Conclusions

This study was conducted to determine the determinants of malus in Regional Development Bank (BPD) in Indonesia, which can be seen from several indicators on bank performance and corporate governance. Based on the sampling method used, there are 25 BPD as a sample with the sample data obtained is 75 data. The data is taken based on the published annual report of BPD from 2017 to 2019. The sample in this study was processed using simple statistics with Microsoft Excel and continued by using software application of SPSS 22 to analyze data with logistic regression analysis. Based on the research that has been done, there is a significant influence of the determinants on the use of malus at the BPD. The conclusions that can be drawn from the results of the research that have been carried out and the discussions that have been described in the previous chapter are :

1. There are 13 indicators that are used as the determinants of malus in Regional Development Bank (BPD), where the 13 indicators are grouped into bank performance and corporate governance. Of these indicators, there are one indicator that has a significant influence on the use of malus on BPD in Indonesia.
2. The indicators included in the bank's performance are return on equity, operating expenses to income expenses, net interest margin, loan to deposit ratio, capital adequacy ratio, non-performing loans (gross), and non-performing loans (net). Furthermore, indicators included in corporate governance are board of directors tenure, female members on board of directors, remuneration of board of directors, directors tenure, female members on directors, and remuneration of directors. From some of these indicators, only the net interest margin has a significant influence. This indicator shows a negative influence on the use of malus in BPD.

3. In the study, it was found that average bank with smaller net interest margin used *malus* on the BPD. A low net interest margin indicates the management of earning assets in net interest income is lower, so that the interest income on earning assets is getting smaller. If the net interest margin is higher, the probability of a bank being in a problematic condition is getting smaller, thus banks with a lower net interest margin will use *malus* more because the risk to the bank is likely to be greater.

5.2 Research Implications

This research can provide references or literature on the factors that influence the use of *malus* as a variable remuneration payment for banks or BPD in Indonesia. This research can assist in providing additional information to BPD and other banks regarding policies on deferred variable remuneration. Banks are expected to apply *malus* in making variable remuneration payments as one of the anticipations of the risks that may occur to the bank.

5.3 Research Limitations and Suggestions

In this study, there are limitations so that further research is needed, including :

1. There are limitations in the data used, where this study only uses Regional Development Bank (BPD) in Indonesia as the research sample. The number of sample data in this study was obtained from the annual reports published from 2017 to 2019 by 25 BPD.
2. The indicators used as determinants of *malus* in BPD in Indonesia are only seen from the indicators contained in the bank. However, the determinants of *malus* may also be obtained from outside the bank, such as the influence of economic growth, inflation rate, or others.
3. This study uses a limited-time horizon

Based on the limitations contained in this study, the suggestions given for further research are :

1. Further research can use other banking companies or other banking sub-sectors such as Islamic banks to determine the determinants of malus in banking companies. By using a larger sample, further research can compare the determinants of malus in BPD, banks listed on the IDX, or with Islamic banks.
2. The determinants of malus for further research can use indicators from outside the banking company as variables that affect malus.
3. The research period used in future research can be conducted by using a longer research period, to get better results and more accurate results.

