

ABSTRACT
INTEREST EXPENSES INFLUENCE, INTEREST INCOME AND
INVESTMENT IN PERMANENT ASSETS TOWARDS PUBLIC BANK
LIQUIDITY GO PUBLIC AT BEJ PERIOD 2005 - 2007

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Liquidity management is problem enough complex in bank operation activity. The difficult liquidity management caused fund that managed bank a large part society fund in character short-range and can be pulled at all time. Liquidity need estimate very influenced by customer withdrawal behavior, character and fund source kind of managed bank. Bank can not detect correctly when and what is total fund that be wanted or be pulled by customer. Estimate liquidity need is problem very complicated for a bank. Bank in carry out operation activity looking-glass in several things how many fund sources shaped a success society savings be collected, fund location shaped loan that can given to customer, and permanent assets investment.

This research aim to test interest expenses variable influence, interest income and investment in permanent assets in public bank liquidity either through partial and simultaneous and detect which variable that has dominant influence towards public bank liquidity.

This research uses Public Bank sample go public at Bursa Efek Jakarta (BEJ) at research period 2005-2007. Research kind *explanatory research*, that is explain there not it connection between variables that canvassed to pass a hypothesis submission which is done. Data that used is secondary data shaped annual financial statement. Sample taking technique is using census method. Population total sample that used in this research is as much as 25 banks. Data analyzer that used is doubled linear regression with method *ordinary least square* (OLS) that free from classic assumption phenomenon.

Research result shows simultaneously free variables canvassed to influence public bank liquidity and partially interest expenses variable, interest income and investment in permanent assets has influence significant towards public bank liquidity by using approaches *Loan to Deposit Ratio* (LDR). Interest income variable is variable that has influence dominants with which are positive direction

towards *Loan to Deposit Ratio* (LDR) bank. Public bank that give tall credit total inclined will experience liquidity difficulty. Because with extension of credit enhanced existence will increase credit risk so it because current will enter shaped main installment will along with interest income disturbed.