FORECASTING ON OPERATING INCOME OF COMMERCIAL BANK USING TRANSFER FUNCTION AND NEURAL NETWORK METHOD

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Abstract
Operating income of commercial bank consists of two types, interest income and fee-based income. Based on Statistik Perbankan Indonesia (SPI) in November 2012, interest income of commercial banks reached Rp.355,961 billion while fee-based income reached Rp. 112,791 billion. Approximately, 76% of commercial banks operating income is obtained from interest income. Thus, forecasting on operating income of commercial banks in this research is conducted particularly on interest income, as a major income. This study involves two independent variables which is cost of fund and Loan to Deposit Ratio (LDR), also a dependent variable, i.e. interest income. In this study, methods used to forecast interest income are transfer function and neural network. The result of transfer function model shows that both independent variables significantly affected to interest income of BRI while cost of fund is the only one variable which significantly influenced to interest income of BCA. Moreover, based on accuracy of forecasting, transfer function is the appropriate method to forecast interest income of BRI, while neural network is the appropriate method to forecast interest income of BCA.

Keywords: Transfer Function, Neural Network, Bank Interest Income