ABSTRACT

This study aims at analyzing the effect of Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR), bank size, and inflation on the growth of Non Performing Financing (NPF) at *Bank Pembiayaan Rakyat Syariah* (BPRS) in West Java in the first quarter period of 2013 – 2017. Banks commonly face some risks in managing their banking operations to gain profits. One of the possible risks is troubled loans. NPF is the ratio of troubled loan on total funding. This ratio depicts the quality of finance. The implemented analysis technique was panel data regression model by conducting *chow* test, *hausman* test, and *lagrange multiplier* test. In addition, the researcher carried out classic assumption tests, i.e. *multicollinearity* test and *heteroscedasticity* test. It could be concluded that based on CAR variable test, FDR and inflation did not significantly affect NPF level. Meanwhile, bank size had a significant negative effect on NPF. The variables of CAR, FDR, inflation, and bank size altogether had 11% influence on NPF. The other effect was caused by other variable, nonexistent in this study.

Keywords: *BPRS*, *NPF*, *CAR*, *FDR*, *Bank Size*, *Inflation*