

ABSTRACT

This primary objective of this study is to understand the relationship between corporate governance variables towards the level of risk disclosure conducted by banking companies listed on The Indonesia Stock Exchange year 2017. The corporate governance variables in this research are the proportion of Independent Board of Commission, the proportion of Board with professional expertise, the proportion of Independent Audit Committee, the proportion of Audit Committee with professional expertise, external auditor reputation, and Institutional ownership, meanwhile the dependent variable of this research is the level of risk disclosure on banking companies in Indonesia.

This research used the sample of 39 financial statements from banking companies listed on The Indonesia Stock Exchange in the year 2017. The data used in this research is secondary data obtained from the banking financial statement which chosen by using sensus method. The measurement of the depedent variable which is the level of risk disclosure used Risk Disclosure Index. Multiple linear regression is used in the examination of the hypothesis. Classical assumption testes was done before the regression test was conducted. Agency theory and stakeholder theory is used to explain the influence between variables.

The result shows that the variable of the proportion of Audit Committee with professional expertise has positive and significant relationship towards risk disclosure. The other variables like the proportion of Board with professional expertise, the proportion of Independent Board, the proportion of Independent Audit Committe, external auditor reputation and institutional ownershi have no influence toward the level of risk disclosure disclosed by Indonesian banking companies.

Keywords: independent board of commission, board professional expertise, independent audit committee, audit committee professional expertise, auditor reputation, institutional ownership, risk disclosure