

ABSTRACT

The purpose of this research is to find the combination of credit portfolio's which give the smallest credit risk based on the economic sectors on each category of banks in Indonesia.

The research methods that used by the researcher in collecting the data using census method's. Types of data that the researcher use is secondary data, consist of monthly data of the credit position from the tenth economic sectors of banks in Indonesia based on each banks category in the period 1999-2006 from Government Banks, Private National Banks, and Mixed-Foreign Private Banks, and the period of 2000-2006 for the Regional Development Banks, all the data absorb from the Statistic Data of Bank Central of Indonesia. Total data that researcher used in this research are 3.720 data consist of the tenth economic sector from every bank categories.

The result from this research shows that every bank categories has its own composition's of economic sectors which has the smallest credit risk, but from every categories, the economic sector of Electricity, Gasoline, and Water take place as the main economic sector which has the smallest credit risk. The sector economic of Government Banks consist of Electricity, Gasoline, and Water, followed by Mining, Social Community, and Transportation. For the Regional Development Banks, the economic sector which has the smallest credit risk consists of Electricity, Gasoline, and Water, and Mining. The Private National Banks consist of only economic sector of Electricity, Gasoline, and Water. The Mixed-Foreign Private Banks consist of Electricity, Gasoline, and Water, and followed by Social Community and Mining sector.

Key word: credit position, economic sector of Banks, the most minimum or the smallest risk credit, Markowitz method's