ABSTRACT

This study aims to examine the factors that can affect the credit risk of conventional banks listed on the Indonesia Stock Exchange (IDX). NPL is used as a proxy for credit risk, while the independent variables used in this study include Loan to Deposit Ratio (LDR), bank age, institutional ownership, lending interest rates, and Risk Monitoring Committee Meetings.

This research was conducted with quantitative data methods and analyzed using descriptive statistics and panel regression analysis on balanced panel data, with the selected estimation model in this study being the Fixed Effect Model (FEM). Log-lin data transformation model was performed on Loan to Deposit Ratio (LDR), bank age, and institutional ownership variables to overcome normality problems. The data processing and analysis software used in this research are Microsoft Excel and Eviews 12.

The test results on 31 samples during the 2018-2022 period in conventional banks listed on the IDX with a total of 155 observations, showed that the Loan to Deposit Ratio (LDR) and bank age had no effect on NPL, while institutional ownership, lending rates, and Risk Monitoring Committee Meetings (RKPR) had a positive and significant effect on NPL.