

## ABSTRACT

*This study examines the effect of financial technology adoption on the stability of commercial banks in Indonesia, with operational efficiency serving as an intervening variable. Bank stability is measured using the Z-Score, while operational efficiency is proxied by the BOPO ratio, and the analysis also accounts for control variables such as bank size, credit risk, liquidity, and capital adequacy. The study employs secondary panel data from commercial banks listed on the Indonesia Stock Exchange over the period from 2019 to 2024. Panel data regression is applied through two equations to evaluate the impact of fintech adoption on efficiency and the joint impact of fintech adoption and efficiency on bank stability, followed by a mediation test.*

*The findings indicate that fintech adoption has a negative and significant effect on BOPO, suggesting improved operational efficiency, and a positive and significant effect on bank stability. In addition, BOPO has a negative and significant effect on the Z-Score, implying that higher operational efficiency is associated with greater bank stability.*

*The mediation analysis confirms that operational efficiency significantly mediates the relationship between fintech adoption and bank stability, meaning that fintech adoption enhances bank stability both directly and indirectly through improvements in operational efficiency.*

*Keywords: fintech, bank stability, Z-Score, operational efficiency, BOPO, panel data.*

