

## **ABSTRACT**

*Along with the rapidly growth of Internet technology throughout the world, internet has been adopted by banking sector as media to disclose financial information, or called Internet Financial Reporting (IFR). This research has objective to determine the factors that affect the practice of Internet Financial Reporting (IFR) in the banking sector in Indonesia. This study is a replication of the research that has been done by Carlos Serrano-Cinca, Yolanda Fuertes-Calle'n and Begon ~ a Gutie'rrez-Nieto (2006) in Spain, with some modifications made.*

*The research uses data of all banks registered in Bank Indonesia includes 111 banks, consist of 4 State Own Banks, 35 Foreign Exchange Banks, 31 Non-Foreign Exchange Banks, 26 Regional Banks, and 15 Joint Venture Banks. Data analysis uses Partial Least Square (PLS) with SmartPLS 2.0 software package.*

*Results show that, indirectly, there is a significant and positive relationship between size, financial performance, availability of internet and IFR. The research states that the size of banks has a direct relationship with the internet availability, financial performance and practice of IFR in the bank. However, a direct relationship between financial performance and availability of internet in banking with practice of IFR is small. Thus, the conclusion is, size has a positive and significant relationship with practice of IFR while the financial performance and availability of the Internet affect the practice of IFR indirectly.*

*Keywords: Internet Financial Reporting, Disclosure of Financial Statements, Internet Availability, Financial Performance*