ABSTRACT

This research aims to provide empirical evidence about the factors that affect the conditions experienced by troubled banks in Indonesia by analyzing financial statements of the bank. Factors examined include the ratio of CAMEL is composed of CAR, NPL, ROA, ROE, NIM, BOPO, and LDR. The problem of this research is due to a contradiction (research gap) than previous studies.

The sampling of this study using purposive sampling method, with samples as many as 94 banking companies in accordance with established criteria. The research sample consisted of secondary data from State-Owned Banks, National General Private Foreign Exchange Banks, National General Private Non-Foreign Exchange Banks, Regional Development Banks, Joint Venture Banks, and Foreign Banks listed in the Directory of Bank Indonesia during the period 2004-2007. The analysis method used to test the research hypothesis is logistic regression.

The results of this research indicate that financial ratios CAR, NPL, ROA, ROE, NIM, BOPO, and LDR have classification power predictions for the conditions banks experiencing financial difficulties and the bank that went bankrupt. The resulting regression equation is Y = - 27,9755 – 0,039 CAR + 0,341 NPL – 0,428 ROA + 0,062 ROE – 0,400 NIM + 0,271 BOPO – 0,021 LDR. The analysis shows that the variable partial results of NPL and BOPO significant positive influence to the problem. ROE has positive but not significant to the problematic conditions, while the variable CAR, ROA, NIM, and LDR have negative but not significant to the problematic conditions in the banking sector. Then the results of logistic regression estimates show predictive ability of the 7 independent variables had on the troubled condition of the banking sector amounted to 84.3% while the remainder, amounting to 15.7% explained by other variables outside the model.

Keyword : Financial Distress, Bankruptcies, CAMEL Ratios, Logistic Regression