ABSTRACT

Bank is a financial intermediary institutions (financial intermediaries) that channel funds from the excess funds (surplus units) to those who need funds (deficit units) at the specified time. Banking crises that occurred in each State to bring an adverse impact on the economy in general and specifically the financial system. The method of early warning (early warning system) that can detect the banking crisis to prevent the occurrence of the crisis and the cost of losses incurred can be minimized. This study aimed to analyze the signal model of early detection system using CAR, BDR, ROA, LDR indicators and the Macro Economy (A Case Study of Commercial Banks) in the period 2003-2009.

The population in this study are all commercial banks in the monthly period 2003-2009. The variables in this study were variable CAR, Bad Debt Ratio (BDR), Return on Assets (ROA), and Loan to Deposit Ratio (LDR), and Macroeconomic variables consisting of M2, Deposite Rate, Inflation, and Foreign Exchange.

The results of this study indicate that the indicator variable CAR, BDR, ROA, LDR proved to provide early detection of banking crisis in Indonesia. Of these four indicators, variable CAR and the BDR is more appropriate variables used to predict the banking crisis than the two other variables. Macro Economic Indicator variables can provide an early warning system against Indonesia's banking crisis because four indicators namely M2, Deposite Rate, Inflation, and Foreign Exchange, an indicator of M2 and Foreign Exchange is a more appropriate variable is used to predict the banking crisis than the two other variables. Early detection system with signal model can be used to detect the banking crisis in Indonesia. It can be seen from the values that have QPS and GSB accurate value because its value is close to zero.

The conclusion of this research is an indicator variable CAR, BDR, ROA, LDR and Macro Economics can be an early warning system of banking crisis in Indonesia. Suggestions that can be drawn from this research that government as policy maker is expected to be more vigilant against these indicators, so that economic stability in Indonesia can be materialized as expected.

Keywords: CAR, BDR, ROA, LDR, Macro Economics, Deposite Rate, Inflation, and Foreign Exchange.