

ABSTRACT

This study aims to examine islamic bank's insolvency risk in Indonesia. Insolvency risk is measured by Zscore method. Factors are used in this study which influence the value of Zscore are fee based income, cost inefficiency, loan asset ratio and size.

The population are islamic banks in Indonesia. This study use purposive sampling technique and select 5 (five) islamic bank for the sample. Characteristic of the sample are islamic banks in Indonesia which have periodic accounting data published by Otoritas Jasa Keuangan (OJK) in 2008-2014. The analisis method is multiple linier regression analysis.

The result show that fee based income, cost inefficiency and loan asset ratio have significant and negative influence on islamic bank's insolvency risk, but size has no significant influence on islamic bank's insolvency risk. Judging by the value of adjusted R square was 31,3% which means the independent variabel is able to explain 31,3% variation of dependent variabel.

Keywords : Zscore, fee based income, cost inefficiency, loan asset ratio, size.