

**“STUDY ABOUT FACTORS AFFECTING CREDIT RISK IN  
ASEAN-5 COMMERCIAL BANKS (2014-2018 PERIOD)”**

**ABSTRACT**

*This study aims to analyze the effect of internal and external factors bank' to credit risk in ASEAN-5 commercial banks. The period of this study takes from 2014-2018. This study investigates the partial and simultaneous effects of internal factors bank' i.e. bank size (SIZ), bank inefficiency (INEF), credit (CREDIT), income diversification (NONIT), and bank concentration (CR3) as well as external factors bank' i.e. GDP growth rate (GDPRT), unemployment rate (UNRT), and inflation rate (INFRT) to credit risk in ASEAN-5 commercial banks with proxy Non Performing Loan (NPL). The sampling method is using purposive sampling and the hypothesis testing is using OLS (Ordinary Leas Square) regressions.*

*The result of this study indicates that SIZ, INEF and CR3 has positive significant effect on NPL, CREDIT has no significant effect on NPL while NONIT, UNRT and INFRT has negative significant effect on NPL. These results indicate that increasing of assets have passed the economies of scale, increasing inefficiency as well as increasing level of loan rates are the main factors causing credit risk in ASEAN-5 commercial banks, while increasing of non-interest income, un-employment rate and inflation rate can reduce credit risk. While the addition of credit can reduce NPL insignificantly, where the addition of credit doesn't significantly affect the emergence of credit risk in ASEAN-5 commercial banks, indicated by an average of credit value is greater than the standard deviation value.*

**Keywords:** NPL, SIZ, INEF, CREDIT, NONIT, CR3, GDPRT, UNRT, INFRT.