ABSTRACT

Bank is a financial institution that has an important role for the economy of a country as a legal intermediary financial institution. This important role leads bank closely to the insolvency risk. The fluctuating movements of the average value of LDR, NPL, BOPO at banks in Indonesia each year shows the instability of bank conditions that can affect the level of bank insolvency risk . In addition, there are inconsistencies in previous studies. This study aims to analyze the factors that influence insolvency risk by using the Z-Score proxy as a tool to measure insolvency risk.

The population used in this study were 43 conventional commercial banks which were submitted to the Indonesia Stock Exchange (IDX) during the 2014-2018 period. The samples used were 29 banks using purposive sampling techniques with the study period. Analysis of research conducted using multiple linear regression analysis by first passing the classical assumption test and using the t test, F test, and the coefficient of determination (R2) to determine the significance and influence of variables of foreign ownership, mining ownership, LDR, NPL, and BOPO on bankruptcy risk (Z-Score)

The results of this study indicate that the variables of foerign ownership, ownership concentration, NPL, and BOPO have a significant positive effect on the Z-Score. Ownership Structure shows the power owned by shareholders over the company. The higher the percentage of foreign ownership and ownership concentration, the higher of insolvency risk. The higher the level of bad credit, the higher of insolvency risk. The lower the efficiency of a bank, the higher of insolvency risk. Meanwhile, LDR has an insignificant positive effect on the Z-Score.

Keywords: Foreign Ownership, Ownership Concentration, Loan to Deposit Ratio, Non Performing Loans, BOPO, Bank Risk, Insolvency Risk