

## **ABSTRACT**

*Each country strives to maintain financial stability system by creating a healthy banking system and investment climate through various appropriate policies. Banking is the core of the financial system for each country because banking is an important sector in realizing stability and healthy and dynamic economic growth in a country, especially in developing countries, Indonesia is a developing country that is currently actively conducting national development.*

*The purpose of this study is to analyze the influence of Financial Soundness Sector instruments and Macroprudential Policies on Indonesia's Financial Stability System. The analytical tool used in this study is the Error Correction Model (ECM) method.*

*The results of this study found that not all Financial Soundness Sector variables which were used as research variables had significant results on the Indonesian Financial Stability System, while the Macroprudential Policy variable showed significant results on the Financial Stability System of Indonesia.*

*Keywords: financial soundness sector, macroprudential policy, Indonesia's financial stability system.*