ABSTRACT

This study aims to find out the influence of fee based income, cost inefficiency, NPL, LDR, and firm size on the bankruptcy risk. The bankruptcy risk is measured using the Altman Z-Score method.

The sample used is conventional commercial banks listed in the Indonesia Stock Exchange (IDX) during the 2015-2019 period, which were selected by using purposive sampling method. The analysis used is multiple linear regression analysis with the IBM SPSS Statistics version 25 program, before going through the hypothesis testing stage, all data in this study have been declared free from the classical assumption.

The results of this research indicate that the fee based income variable has a significant positive effect on the bank risk variable and the cost inefficiency, NPL, LDR, and firm size variables have no effect on the bank risk variable.However, the independent variables (fee based income, cost inefficiency, NPL, LDR, and firm size) simultaneously have a significant effect on the dependent variable (bank risk). For the adjusted R square value in this study, the number appears 0,247, which means that the independent variables in this study can explain the variation of the dependent variable by 24,7%, and the rest variation is explained by other variables outside the independent variables of this study.

Keywords: fee based income, cost inefficiency, NPL, LDR, firm size, Z'-Score