ABSTRACT

The Banking Sector in Indonesia has a long history and is under constant improvement. Inaccurate regulations, asymmetric information, and political regime influence are taking part in affecting the Indonesian Banking Sector performance. Restructuring the Banking Sector does not appear to have sufficiently improved the condition of Indonesian Financial Sector. Macroprudential policy aims to limit the risk of chaos in the provision of financial services and to minimize the impact of such chaos, especially in developing countries, including Indonesia. Macroprudential policy has many instruments, and each of which is focused on reducing certain risks.

This research used the dependent variable, namely ATMR/RWA (Risk Weighted Assets) as a proxy for Risk Taking Behaviour. There are 3 independent variables in this research: LTV, GWM, and Capital Buffer, as well as Inflation, Interest Rate, and Gross Domestic Bruto as proxies of macroeconomic variables. The data used is a secondary data taken from Bank Indonesia, the Financial Services Authority (OJK), Central Bureau of Statistics (BPS), and Indonesia Stock Exchange (BEI) during Q1 2014 - Q4 2018 from 10 Banks on the Indonesia Stock Exchange that have the largest assets. Panel Data is used as a data analysis technique.

This research shows that partially, the variable Loan to Value, Capital Buffer, and Inflation affect the Risk Taking Behavior of Banks. Meanwhile, the variables of statutory reserves, interest rates, and gross domestic product do not affect the Risk Taking Behavior. The direction of the LTV variable coefficient, capital buffer, and inflation is positive towards Risk Taking Behavior. On the contrary, the variables of interest rates and minimum statutory reserves have a negative direction.

Keywords: Risk-Weighted Assets (RWA), Inflation, Interest Rates, Exchange Rates, Gross Domestic Product (GDP), Minimum Statutory Reserves (GWM), Loan to Value (LTV), Capital Buffer (CB), Random Effect Model (REM)