

ABSTRACT

This study aims to determine the effect of fee-based income, cost inefficiency, CAR, LDR, and firm size on the bankruptcy risk of Conventional Commercial Banks listed on the IDX. The bankruptcy risk is measured by the Altman Z'-Score calculation method.

The sample used is conventional commercial banks listed in the Indonesia Stock Exchange (IDX) during the 2014-2018 period, with a total sample of 35 banks through a purposive sampling method. This study uses multiple linear regression analysis with the IBM SPSS Statistics version 23 program. Before going through the hypothesis testing stage, all data in this study have been declared free from the classical assumption test.

The result of this study indicates that the fee-based income variable has a significant negative effect on the bankruptcy risk variable, the cost inefficiency variable has a significant positive effect on the bankruptcy risk variable, the CAR variable has a significant negative effect on the bankruptcy risk variable, and the LDR variable has a negative significant effect on the bankruptcy risk variable. Furthermore, both the firm size variable do not effect the bankruptcy risk variable. However, the independent variables (fee-based income, cost inefficiency, CAR, LDR, and firm size) simultaneously have a significant effect on the dependent variable (bankruptcy risk). For the adjusted R square value in this study, the number appears 0.441, which means that the independent variables in this study can explain the variation of the dependent variable by 44.1%, and the rest variation is explained by other variables outside the independent variables of this study.

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

