

ABSTRACT

Unlike the late 97's Asian Financial Crisis and 2007-2008 GFC with global banking catastrophe, the Covid-19 crisis has been reversed and started from the actual economic suffering while financial institutions shall be part of the solution. This paper aims to identify whether the economic uncertainty during the Covid-19 crisis will also have an impact on the banking stability since there is a presentiment of a banking crisis time bomb. Eventually, this research was inspired by some previous studies, with the area of study and the Covid-19 pandemic crisis as the novelties proposed by the author.

Using 18 of Indonesia's largest banks, this study employs Generalized Method of Moments (GMM) as the analysis method. This research shows that economic uncertainty during the Covid-19 pandemic crisis does not negatively affect banking stability. Notably, the persistence of bank stability carries forward effect into the future periods.

Hoping it is valuable for decision-makers and regulators, these results can be used to evaluate current policies and decisions. Also, as a basis for policy-making related to the future economic uncertainty precisely towards banking stability as the economic uncertainty trends rise over time.

Keywords: *Economic Uncertainty, Banking Stability, Generalized Method of Moments (GMM), Covid-19 Pandemic Crisis*