

ABSTRACT

The purpose of this research is to develop a model of Rural Bank (Bank Perkreditan Rakyat/BPR) debtor credit risk prediction by using ordinal logistic regression model. This research is a modification of ZETA credit risk model with an objective to estimate the impact of debtor financial condition and non financial factor, that is economic sector of debtor's business to probability of credit risk of BPR. The research is done by developing the variables of capitalization, profitability and liquidity into 11 financial ratios, the interest rate and debtor economic sector are included.

The population is all debtors of BPR whose businesses are located in Jakarta area. The respondents that were able to be reached and participated were 183 debtors. To support the research, primary data was developed from questionnaire which covered the data of debtors's financial condition as of December 2008, March 2009, June 2009 and September 2009. Criteria of quality of credit that was set up by BPR as of December 2009 was used as dependent variable and rated into 4 categories, pass (code 1), substandard (code 2), doubtful (code 3), and loss (code 4). This research applied ordinal logistic regression.

The results show that modification of ZETA credit risk model which consist of capitalization, profitability, and liquidity, added by interest rate risk and economic sector of debtors is able to be implemented as a model to predict BPR's debtor credit risk. The best prediction in this research applied to Return on Equity, credit interest rate and debtor's economic sector. Those variables are significantly and consistently able to predict debtor credit risk for the next 12 months or probability of a credit / loan become substandard, doubtful or loss. More specific, the results show that debtors who provide services as their core-business (service sector) have better capabilities in term of payment than those in trade sector. On the other hand, EQUITY variable can only predict debtor credit risk for the next 6 to 12 months or the changes of credit quality become doubtful or loss.

Key words : Zeta credit risk, Rural Bank (Bank Perkreditan Rakyat), Non Performing Loan, Debtor Credit Risk, Ordinal Logistic Regression.