

ABSTRACT

This research was aimed to test empirically by analyzing the effect of each CAMEL ratio (CAR, ROA, NIM, NPL, ROA and LDR) to the prediction of problematic conditions in the bank. The population in this research was all banks listed in Bank Indonesia (www.bi.go.id) period 2009 to 2011.

The test for the hypothesis of this research used logistic regression because the dependent variable is dummy with value 0 at the untroubled banks and the value 1 at the troubled bank. The result showed that the NPL was positively related to problematic conditions, which meant that if the ratios became higher, the possibility of the banks having problematic conditions would become higher. On the other hand, CAR, NIM, ROA, ROA and LDR had no effect on the condition of troubled banks.

Keyword: CAMEL ratio, prediction of the troubled bank, logistic regression.