AN EARLY WARNING MODEL OF SYSTEMIC RISK
BASED ON ENDOGENOUS AND EXOGENOUS RISKS
IN CONVENTIONAL INDONESIAN BANKING

Alfiana
alfiana.dra@widyatama.ac.id

ABSTRACT

The purpose was to generate a new early warning model of systemic risk due to recurrence of systemic risk events.

This study applied monthly secondary data of conventional banks from Indonesia Bank, and BPS-Statistics Indonesia from 2010 to 2014 for creating an early warning model and data from 2015 for testing the validation of the model by use of the logit regression.

Early simultaneously-generated warning could detect systemic risk. Partially, only endogeneous risk through variables of credit, liquidity, capital adequacy risks; bank run; and exogeneous risk of macro economics through variables of inflation, bank rate and exchange rate allowing detection of syste

The result bolstered Act no. 9/ 2016 regarding prevention and treatment of financial system crises (UU PPKSK), addressing shifts in handling the crises from bailout schemes to crisis prevention.

Keywords: Systemic risk, endogenous risk, exogenous risk, logit