ABSTRACT

Financial Distress or financial difficulties is a condition that is very difficult and can even be said to be close to bankruptcy. Financial Distress can also be interpreted as the inability of companies to pay financial obligations when due which can cause bankruptcy of the company. The increase in "loss" loan category or troubled assets continuously can be one of the causes of a bankrupt company. In order for companies can overcome financial distress so there needs to an assessment of the soundness of banks namely by RGEC.

The purpose of this study is to determine the effect of Non Performing Loan, the proportion of independent commisioner, Return on Asset, and Capital Adequancy Ratio on the Financial Distress either simultaneously or partially. The population in this study is the banking listed in Indonesia Stock Exchange in 2014-2018. Samples were determine by purposive sampling method and 165 research sample data were obtained, consisting of 33 companies over a 5-year period. The research uses quantitative methods with descriptive research and hypothesis testing. Hypothesis was tested using descriptive statistical analysis and data panel regression analysis using Eviews 9.

The result of this study indicate that the variable Non Performing Loan, the proportion of independent commissioner, Return on Asset, and Capital Adequancy Ratio simultaneously have a significant effect on financial distress. Partially, Non Performing Loan and the proportion of independent commisioner have no significant effect on financial distress. While the Return on Asset, and Capital Adequancy Ratio has a significant effect on financial distress but with a positive direction.

Keywords **:** *CAR, Financial Distress, financial health of the bank, NPL, ROA, the proportion of independent commissioner.*