

## ABSTRACT

The banking industry is so important in the country's economy that it can be said to be the backbone of the economy because it can affect the stability and growth of the economy as a whole. From 2018 through 2022, the Z-Score value of banking businesses listed on Bursa Malaysia and the Indonesia Stock Exchange (IDX) indicates the financial stability of these companies. Banking companies in Indonesia obtained an unstable *Z-Score* value from 2018 to 2022 and had experienced a decline in 2019. Meanwhile, banks in Malaysia obtained *Z-Score values* that continued to increase from 2018 to 2022. This can show that *Z-Score* can be an effective main measure to show the financial stability of banks. This study aims to determine the effect of *financial technology (FinTech)* on the financial stability of banks listed on the IDX and Bursa Malaysia for the period 2018-2022 using *Non-Performing Loan (NPL)* as a control variable. Using a sample of 38 banking companies listed on the IDX and 21 banking companies listed on Bursa Malaysia, this study was analyzed using multiple regression analysis. The findings show that *FinTech* companies, bank size, bank type, and bank corporate governance level significantly affect the soundness of Malaysian and Indonesian banks.

**Keywords:** Bank Size, Corporate Governance, Financial Sector, Financial Stability, Indonesia, Malaysia, Technology, Type of Bank