

ABSTRACT

The 2008 global finance crisis increase awareness of the liquidity risk management importance in financial institutions. Running banking business has various risks, one of which is liquidity risk, which is critical aspect of liquidity management after the 2008 global finance crisis. The banking system must be capable to ensure the stability and economic growth of a country. Liquidity is a bank's ability to fulfill its obligations. Bank liquidity is one indicator of a country's economic health. This study aims to determine whether the funding structure influences bank liquidity risk.

The funding structure used three measurements, namely 1) mortgage, 2) financing concentration, 3) short-term financing structure stability. To measure liquidity risk, this study used Basel III to measure Liquidity Coverage Ratio. The study objects are the banking sector in Indonesia listed on the Indonesia Stock Exchange from 2016 to 2018. The sample analysis technique used purposive sampling. The sample was 15 conventional commercial banks. The data analysis technique used panel data regression, tested the classical assumptions using multicollinearity and heteroscedasticity tests, and used hypothesis testing for F-test, t-test, and the determinant coefficient.

The results showed that the F-test of the funding structure affected liquidity risk in the banking sector in Indonesia. The t-test results showed the mortgage had no effect on liquidity risk in the banking sector in Indonesia, the financing concentration had an effect on liquidity risk in the banking sector in Indonesia, and short-term financing structure stability has an effect on liquidity risk in the banking sector in Indonesia. Besides, this study also added factors in microeconomics and macroeconomics in making measurements because a good economy provides opportunities for banks to create income, thereby reducing bank liquidity risk.

Keywords: *mortgage, financing concentration, short-term financing structures stability, liquidity coverage ratio, panel data*