

ABSTRACT

Bond ratings are something that must be considered for investors and issuers before making bond investment decisions. The bond rating provides an informative statement and signals the failure of the company's debt. The purpose of this study is to provide empirical evidence on what factors influence bond rating predictions such as liquidity, profitability, leverage. This study examines and predicts the accuracy of bond ratings. The research objective is to analyze the effect of liquidity on bond ratings, analyze the effect of profitability on bond ratings and to analyze the effect of leverage on bond ratings. The research method used is descriptive verification with data collection techniques through financial statements of financial institution companies that are rated by PT.PEFINDO listed on the Indonesia Stock Exchange for the period 2014-2018. This study consisted of 22 companies registered at PT PEFINDO at Banks and Financial Institutions. The research hypothesis was tested by Logistic Regression. The findings of this study are that simultaneously liquidity, profitability, leverage, have no significant effect in determining bond ratings. while the Leverage Ratio, namely Debt to Equity Ratio, affects the bond rating.

Keywords: Liquidity Bond Rating, Profitability, Leverage