ABSTRACT

The economy of a country unable separated from banking. In any sector, every activity related to finance definitely requires a bank, from payment matters to the need for funds. Banking can support the activities of every economic actor who needs funds so that these activities can be carried out make the wheels of the economy moved. If the banking sector in a country weakens, it will affect various aspects so that the stability of banking financial performance needs to be maintained so that there is no possibility of financial distress. Financial distress is a condition in a company unable fulfill its obligations or as an early sign for a company before bankruptcy.

This study aims to determine the factors that affect the financial distress condition of a banking company. Financial distress is proxied by Non-Performing Loans, Allowance for Impairment Losses, Loan to Deposit Ratio, Good Corporate Governance, Gender Diversity, Firm Age, Net Interest Margin, and Capital Adequacy Ratio. Samples were taken by purposive sampling technique based on the specified criteria. This study uses data samples from banking companies listed on the Indonesia Stock Exchange (IDX) with an observation period from 2014 to 2019. The analytical method used in this study is logistic regression.

The results of the model feasibility test show that the logistic regression model is feasible to use for further analysis. The predictor variables simultaneously affect the financial distress condition of a banking company. Partially Non Performing Loans, Allowance for Impairment Losses, Loan to Deposit Ratio, and Good Corporate Governance has a significant effect on the financial distress condition of a banking company. While the other predictor variables, namely, Gender Diversity, Firm Age, Net Interest Margin, and Capital Adequacy Ratio, partially have no significant effect on the financial distress condition of a banking company.

Keywords**:** *banking company, financial distress, firm age, gender diversity,* RGEC.