

ABSTRACT

In 1988, Bank Indonesia, Pakto 88 was issued to encourage the growth of the banking industry by simplifying regulations for the creation of new banks, this rule was successful, but was one of the consequences of the crisis that occurred in 1998, so that the number of banks in Indonesia continued from 240 to decline until 2019, totaling 110. Subprime mortgage , became the best-selling American mortgage product in 2001, but this was the result of the American economic crisis that rocked the world in 2008. Both of these things caused Bank Indonesia to tighten the regulations for assessing the soundness of a bank which is measured based on the risk and performance of the bank in order to increase value and trust in the eyes of its consumers.

Measurement of the level of banking soundness continues to update along with the situation, starting with CAMEL (1998), CAMELS (2004) and the last one is the risk-based bank rating (2011). This study uses a risk-based bank rating as a measurement of banking risk management. The purpose of this study was to determine whether risk-based bank rating can affect firm value. The sample of this study is a banking institution that has been registered on the IDX and is included in the main board category. Vulnerable time of this research is from 2015-2019. This research is a descriptive quantitative study, with a causal relationship and panel data regression analysis methods.

Key Word : *risk-based bank rating, firm value, banking Institutions*