ABSTRACT

The rapid advancement of digital technology has triggered a significant transformation in Indonesia's banking sector, marked by the emergence of digital banks that offer technology-driven services with high efficiency. In contrast, conventional banks, which have long dominated the national banking market, face challenges in adapting to shifting customer behavior and the intensifying digital competition. Fundamental differences in the business models of these two types of banks can influence their risk profiles, particularly credit risk and liquidity risk—two primary components in assessing bank soundness under the Risk Profile aspect of the RGEC framework.

This study aims to analyze the differences in credit risk and liquidity risk between digital and conventional banks, as well as to examine the relationship between these two risks. A quantitative approach was employed using the non-parametric Mann-Whitney U test to assess differences and the Spearman correlation test to analyze the relationship between the Loan to Deposit Ratio (LDR) as an indicator of liquidity risk and the Non-Performing Loan (NPL) ratio as an indicator of credit risk. The research sample consists of 43 banks listed on the Indonesia Stock Exchange (37 conventional banks and 6 digital banks), with secondary data obtained from annual financial statements for the period 2019–2024.

The results reveal significant differences between the two bank types. Generally, digital banks tend to have higher LDRs but lower NPLs compared to conventional banks, reflecting more selective lending strategies and efficient digital operations. A significant correlation between LDR and NPL was found in conventional banks, whereas no significant correlation was observed in digital banks, indicating differences in their risk management patterns.

This research contributes to the literature on banking risk profiles in the digital era and provides recommendations for regulators and bank management in formulating risk management policies tailored to the characteristics of each business model. The findings also offer a reference for future studies to include additional variables such as market risk or operational efficiency to enhance the understanding of banking risk dynamics in Indonesia.

Keywords: *Liquidity Risk, Credit Risk, Digital Banks, Conventional Banks, Mann-Whitney U, Spearman Correlation*