



**A STUDY ON NON PERFORMING LOAN IN COMMERCIAL
BANKS**

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ABSTRACT

Non performing loan is a common problem that is facing by all types of countries. The problem of non performing loan occur when the economy is unstable because people have to survive and it cost a lot of money. So that they were not put in priority to repay the debt. If it happen continuously without any initiative to be taken in order to recover the problem will affect the economy worstly. The main purpose for this study is to determine what are the real factors that are most influence toward the existence of non performing loan in the countries so that the country and its government can take several action to prevent the problem continuously occur. The researcher use the secondary method which is panel data because it involve many country and the data will be analyzed from the year of 2000 until 2010 for each country. Countries that involve in this study is Malaysia, Indonesia, Thailand, Singapore, Philippines and Japan. The researcher using STATA software to regress the data and all the data are collected from world bank website. At the end of this study, the researcher get the good result where there is no variable that have multicollinearity and no variable are heteroscedastic. So, it make this study run smoothly with the good variable. As a conclusion, the most factor that influence to the existence of non performing loan problem is money supply because government will supply more money during economic recession and people will take an advantage from the situation to make a loan to survive. The researcher want to recommend the future researcher to try another variable that more stronger to the cause of this problem and maybe use primary data to get the different result such as people's attitude in repaying the debt.