

ABSTRACT

Bank Loan becomes more and more important in businesses today. External financing are favorites by some companies for them for many reasons (operating activities, investment activities, or financing activities). However, it might be followed by the increase in NPL. Therefore, Bank must be selective in giving them credits. Since bank mostly using analyses from financial statement, the financial statement must contain less information asymmetric. Conservatism is one way to reduce information asymmetries. Some research indicate that conservatism have positively influencing debt. Thus it remain question that whether in Indonesia conservatism also have positive significant correlation with the amount of debt, we using the amount of Bank Loan only in this research.

This study used quantitative approach by using basic research. This research data encompasses 640 firms-years financial report from companies listed in Indonesian stock exchange (IDX) from 2012 – 2014. Linear Regression is use to analyze the relation between accounting conservatism and the amount of bank loan. The finding of this research shows that there is no relation between accounting conservatism and the amount of companies' bank loan. However, this research shows that the amount of companies' bank loan is more determine by another factors such as CFO, LIQ, and TI. In conclusions, this research is contribute for the banking industries to evaluate the importance of accounting conservatism to reduce the NPL growth and also for the companies to know what factors that affect the acceptance of their loan.

Keywords: Bank Loan, Accounting Conservatism