

ABSTRACT

Bank is growing very dramatically in external and internal situation with more complexity of business risk. In banking business, the most dominant of return compared to other services is credit. Credit is a business that has high risk. It needs a good management to minimize and manage the risk by applying a risk management.

The principals of risk management that will be applied for banking in Indonesia should comply with regulations Bank of Indonesian and recommendations of the Basel Committee. Those principals is a standardization for banking to operate carefully.

This study intends to evaluate if Internal Rating System (IRS) as the application of Credit Risk Management in BNI has been effective in mitigation of credit risk and identification of factors that needs to be developed in applying Credit Risk Management.

This result of this study showing that Internal Rating System in BNI has complied and meet standardization that has been applied by Indonesian Bank, even criteria of IRS of BNI has higher qualification. Beside that, IRS of BNI is a measurement that is effectively evaluate and mitigate risk. It can be shown from data of Non Performing Loan (NPL) that tends to decrease since implementation of IRS. From the study of correlation and signification by using Pearson Product Moment method (PPM) can be concluded that IRS BNI (result of CCR Rating) versus result of quality of credit Of BI (collectibility) has strong correlation and significant.

Key words : Credit Risk Management, Internal Rating System, Risk Mitigation