

## **Abstract**

This study aims to examine the effect of bank risk on market discipline and examine differences in the effect of bank risk and market discipline on State-Owned Commercial Banks and National Private Commercial Banks. The samples in this study are State-Owned Commercial Banks and National Private Commercial Banks for the period 2012-2017. Bank Risk is measured using loan to deposit ratio (LDR) and non-performing loan (NPL), Market discipline is measured using deposit growth (DP). The results showed that bank risk as measured by the loan to deposit ratio (LDR) had a negative effect on market discipline and non-performing loans (NPLs) had a negative effect on market discipline. The influence of market discipline is higher in private-owned commercial banks than in state-owned commercial banks.

*Keywords: Bank Risk, Market Discipline, State-Owned Commercial Banks, Private-Owned Commercial Banks.*