

**“Does Prudential Capital Reduce Bank Risk-taking? Empirical Evidence from the Indonesian Bank Industry”**

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**Submission of a manuscript to the Jurnal Ekonomi & Studi Pembangunan**

(23 January 2023)

Dear Editor of Jurnal Ekonomi & Studi Pembangunan,

We wish to submit an original research article entitled “Does Prudential Capital Reduce Bank Risk-taking? Empirical Evidence from the Indonesian Bank Industry” for consideration by Jurnal Ekonomi & Studi Pembangunan.

We confirm that this work is original and has not been published elsewhere, nor is it currently under consideration for publication elsewhere with the support from the Indonesian Economist Association (ISEI).

In this paper, we report on how the effect of implementations of prudential and non-prudential capital buffer on bank risk-taking in Indonesia. This is significant because Indonesia is an emerge and quite newly implemented the macroprudential policy with many potentials to be explored. Analysis the effect of prudential capital buffer on bank risk-taking in Indonesia would generate and provide novels of research contributions.

We believe that this manuscript is appropriate for publication by Jurnal Ekonomi & Studi Pembangunan because it contributes to theoretical economics, finance, and banking research and includes the theme of macroprudential policy that emerges recently and their impact on bank risk-taking in financial stability issues.

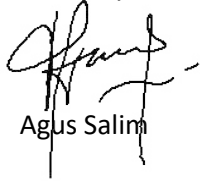
Financial stability is a vital aspect in presenting economic sustainability. It represents how the financial institutions especially banks are in health condition. Recently, the implementation macroprudential policy, especially in developing economies in improving financial stability as well as developed countries, is essential in economics literature debates. We provide a novel estimation on prudential capital buffer and regulatory capital pressure for domestic - systemically important banks (D-SIB) rarely employed in most previous studies, relate to boost bank risk-taking in Indonesia. Therefore, our analysis perfectly matches to this high contribution Jurnal Ekonomi & Studi Pembangunan. Furthermore, it would be a fascinating topic that pulls many readers and subscription towards this article as well as the journal.

We have no conflicts of interest to disclose.

Please address all correspondence concerning this manuscript to me at [agus.salim@ep.uad.ac.id](mailto:agus.salim@ep.uad.ac.id).

Thank you for your consideration of this manuscript to be published on Jurnal Ekonomi & Studi Pembangunan.

Sincerely,

A handwritten signature in black ink, appearing to read 'Agus Salim', with a horizontal line extending from the end of the signature.

Agus Salim