Covering

This study measures the level of dual banking stability in Indonesia against macro and microeconomic variables for ten years (2006 - 2015) using two measurement models namely Z-score and Banking Stability Index (BSI). Based on calculations from banking data, it shows that the stability level of sharia and conventional banking in Indonesia is different. Through the calculation of z-score values, the sharia banking system has a higher level of stability (6.722) than the conventional banking system (3.921). However, through the calculation of Banking Stability Index (BSI), the stability of the sharia banking system (0.278) is lower than that of conventional banking (0.299). This occurs because of differences in the components of both conventional banking and sharia banking. When the constituent components of Z-score and BSI are equated, the result shows that sharia banking is more stable than conventional banking. In addition, according to Markov Switching's results through the estimated probability and duration of switching regime on dual banking system in Indonesia using two models (z-score and BSI) show similar results for each banking system. In general, sharia banking is considered more stable in facing macro and microeconomic shocks than conventional banking.