Abstract

The development of sales in automotive industry, especially in motor vehicles increased rapidly until 2012. As a multifinance company, which has job related with motor vehicles, the company must be able to minimize the risk of bad debts or the Net Bad Debt (NBD). To achieve that purpose, grouping variables that affect the NBD using Factor Analysis can help. By using factor analysis, the relationship between variables and how strong the influence of the variables for the NBD can be known. This research using data for 4 years and the performance criteria used here are MSE and AIC. This research proved that there is a structure that can be decomposed as first factor and second factor. First factor consists of Recovery and Changes Provision, while the second factor consists of Write Off and Loss On Reposition which relate to the losses suffered by the company. Sources of the variables in the first factor not directly related to the sources of the variables in the second factor. CCF plot has a linear pattern of variables in the factor. In the regression analysis, the variable Provision Changes able to explain the variability of NBD by 58.6% with eliminating outliers. ARIMA models of Provision is ARIMA (2 1 0), while variable Provision Changes has ARIMA (0 1 1). The Changes of Provision Changes influenced by the error in the time \( t \) to depend on the time \( t-1 \). Based on this research, the conclusion is management company must control and suppress the Provision Changes so that it doesn’t have great value.
