

ABSTRACT

Banks are very important business entities, one of the main tasks is to channel funds to the public in the form of credit. Bank lending in 2014-2017 has increased, but not followed by credit growth which in 2014-2016 continued to decline and rose again in 2017. The decline was caused by the increasing value of non-performing loans (NPLs). An increase in NPL resulted in a decline in the return on assets (ROA) value of banks. Another factor that inhibits credit growth is a high inflation rate, which makes loan interest rates join high which causes the interest of the public to borrow money in banks tends to decrease.

This study aims to determine how the effect of return on assets (ROA), lending rates, inflation, and non-performing loans (NPL) on bank lending. Based on the purpose of this research is descriptive and verification research, based on the method of this research is quantitative research.

Credit distribution is measured using the natural log formula for the number of loans channeled by banks, the return on assets (ROA) variable is measured using a ratio of profit before tax to total assets, variable loan interest rates are measured by looking at the movement of credit interest rates set by the Bank Indonesia every year, the inflation variable is measured by looking at the inflation rate set by Bank Indonesia annually, the non-performing loan (NPL) variable is measured by comparing non-performing loans in the substandard, doubtful, and stalled categories of loans.

The population of this study is conventional general banking companies listed on the Indonesia Stock Exchange (IDX) in 2014-2017. The sampling technique in this study used a purposive sampling method. and obtained 34 sample companies. The method of data analysis in this study is panel data regression using E-Views 9.0 software.

The results of this study indicate that simultaneously the variable return on assets (ROA), lending rates, inflation, and non-performing loans (NPL) have a significant effect on credit distribution. While partially the variable return on assets (ROA) has a significant effect on the positive direction of credit distribution. The variable interest rates on credit and inflation have a negative effect on credit distribution. While the variable non-performing loan (NPL) does not affect credit distribution

Keywords : *Loan Distribution, Return On Assets(ROA), Loan Interest Rates, Inflation, and Non-Performing Loan (NPL)*