

## **ABSTRACT**

Banking provides various financial services for the public such as credit. However, more than 40% of adults in Indonesia do not have accounts on banks or other financial institutions so the distributions of financial services, which is measured by the financial inclusion, can be inhibited. The determination of credit interest rates that refers to Prime Lending Rate can also be a consideration in utilizing the credit services. The high Prime Lending Rate, especially the Prime Lending Rate for the micro sector is still be considered burdensome for the debtors. This study aims to understand the influence of financial inclusion and Prime Lending Rate to the amount of credit channeled to micro sector in 2014-2018. Variables used in this study are financial inclusion in access dimension (X1), financial inclusion in usage dimension (X2), and Prime Lending Rate for micro sector (X3) as the independent variables and also the amount of credit channeled to the micro sector (Y) as the dependent variable. The population used are conventional banks in Indonesia. This study uses purposive sampling method with several criteria, including consistently doing the determination of Prime Lending Rate for micro sector from 2014-2018, did not conduct merger and acquisitions with other banks in 2014-2018, completely publishing financial statement from 2014-2018, and completely providing information about the amount of credit channeled to the micro sector in 2014-2018. The amount of the samples used are 23 samples. The research reveals the fact that financial inclusion in usage dimension has a significant effect on the amount of credit channeled to the micro sector in 2014-2018. But financial inclusion in access dimension and Prime Lending Rate for micro sector have no significant effect on the amount of credit channeled to the micro sector in 2014-2018. Simultaneously, financial inclusion in access dimension, financial inclusion in usage dimension, and Prime Lending Rate for micro sector have a significant effect on the amount of credit channeled to the micro sector in 2014-2018.

**Keywords :** Financial Inclusion, Prime Lending Rate, The,Amount of Credit Channeled to Micro Sector.