## ***ABSTRACT***

*Banks act as financial institutions that provide financial liquidity to the economy and support community economic activities. Banks make credit as a business that is growing rapidly in line with the improvement of the economy. The amount of profit received by the bank is determined by the amount of credit distribution. The bank will lose if there are many bank deposits but the bank is unable to provide credit. However, the credit disbursed by the bank to the debtor will not always run smoothly in accordance with the credit agreement.*

*External and internal factors of the bank as well as the debtor can affect the smoothness of the debtor in fulfilling his obligations to the bank, so that it can trigger the emergence of non-performing loans as measured by the ratio of Non-Performing Loans (NPL). From the external side of banks, macroeconomics has a fairly strong influence on the banking sector. The stronger the macroeconomic influence, the stronger the health condition of the banking sector. Banks need to be aware of macroeconomic conditions that are suspected to have an influence on NPLs. So that this study aims to determine the effect of macroeconomic variables, namely Gross Domestic Product (GDP), Inflation, BI Rate, and Exchange Rates simultaneously and partially on Non-Performing Loans (NPL).*

*The sample in this study is Conventional Commercial Banks listed on the Indonesia Stock Exchange (IDX). The NPL data used is secondary data found on the website of the Financial Services Authority (OJK) from 2017-2020. Meanwhile, the data on macroeconomic variables uses data from the Bank Indonesia website for the period I 2017 quarter IV 2020. The data analysis uses the Panel Data Regression method with the eviews 12 application. The results obtained in this study include simultaneous macroeconomic variables namely GDP growth, inflation, BI Rate , Exchange Rate and Unemployment Rate have no significant effect on Non Performing Loans (NPL). Partially, GDP growth and inflation have no significant and negative effect on Non Performing Loans (NPL). Meanwhile, BI Rate and Exchange Rate have no significant and positive effect on Non Performing Loans (NPL). These results indicate that the NPL ratio at Conventional Commercial Banks is not affected by macroeconomic conditions.*

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***Keywords:*** *BI Rate, Gross Domestic Product (GDP) growth, Inflation, Exchange Rate, Unemployment Rate Non Performing Loans (NPL)*