ABSTRACT

The banking system in Indonesia plays a crucial role in supporting economic growth through credit distribution, which is a primary activity for banks to generate profits and also the largest source of risk. Rapid economic growth has reinforced the role of the banking sector as a key pillar in supporting economic activities but has also introduced challenges to credit stability and growth.

This study aims to identify the impact of various factors, namely Non-Performing Loans (NPL), Return on Assets (ROA), Debt to Equity Ratio (DER), Capital Adequacy Ratio (CAR), Gross Domestic Product (GDP), inflation, and the BI Rate on credit distribution in state-owned conventional banks during the period 2016-2023.

The research method used is panel data regression, which combines time series and cross-sectional data. The data was obtained from bank financial reports and other official publications, and was analyzed to provide in-depth insights into the financial performance of banks and the macroeconomic factors affecting credit distribution.

The study found that inflation and the BI Rate have a significant positive impact on credit distribution, while other variables such as NPL, ROA, DER, CAR, and GDP do not have significant effects. However, all independent variables together have a simultaneous impact on credit distribution.

The study recommends that banks take advantage of favorable inflation and BI Rate conditions to increase credit distribution and improve the management of NPL and ROA. For customers, it is important to consider the impact of inflation and the BI Rate on their loans to make more informed financial decisions and manage their debt more effectively.

Keywords: BI Rate, Capital Adequacy Ratio, Debt to Equity Ratio, Gross Domestic Product, Inflation, Non Performing Loan, Credit Distribution, Return on Asset.