Volume 5 Number 1 (2024)
February 2024
Page: 19-33

ISSN: 2721-690X
P-ISSN: 2722-726X
DOI: https://doi.org/10.60090/kjm.v4i2

Exploring the Impact of Third-Party Funds and Interest Rates on Commercial Bank Lending: A Study of the Indonesia Stock Exchange from 2019 to 2021

Wati Aris Astuti[1]Hana Sellia[2]
[1] Universitas Komputer Indonesia, wati.aris.astuti@email.unikom.ac.id
[2] Universitas Komputer Indonesia, hana.21118015@mahasiswa.unikom.ac.id

Abstract

This research aims to examine the exploration of the influence of third party funds and interest rates on commercial bank credit distribution on the Indonesian Stock Exchange 2019-2021. Using quantitative methods with quantitative descriptive types. The sample used was ten banks that had gone public or were listed on the Indonesia Stock Exchange (BEI). The data used in this research are 30 financial reports from the 2019-2021 period, with a purposive sampling technique, using an analytical method, namely the multiple linear regression method which was processed using SPSS v 26. Based on the research results, third party funds have a significant influence on credit distribution with a value of (sig < 0.05) and interest rates do not have a significant influence on credit distribution to commercial banks for the 2019-2021 period (sig > 0.05).

Keywords Third Party Funds; Interest Rates; Credit Distribution

Corresponding Author
Wati Aris Astuti
Universitas Komputer Indonesia; wati.aris.astuti@email.unikom.ac.id

1. INTRODUCTION

From early March to December 2020, the government recorded 743,198 positive cases of Covid-19. Despite all efforts made by the Indonesian government to break the chain of virus spread, including the implementation of the Large-Scale Social Restrictions (PSBB) policy, challenges persisted for various sectors, notably the banking sector. Banks, acting as intermediary institutions, felt the impact of PSBB as it weakened their ability to collect and distribute funds to achieve objectives, particularly lending (Suwardi, 2021). Lending, involving substantial credit offers by banks, could potentially encounter obstacles, prompting banks to carefully consider factors influencing lending, such as Third Party Funds and Interest Rates (Fitri, 2017).

Third party funds represent funds from the wider community and serve as a crucial source of funds for a bank's operational activities, reflecting its success in financing operations. The reliance on community funds underscores its importance for banks (Neria, 2020). Banks employ various strategies to attract individuals to save their funds, including offering interest, top-notch service, and incentives (Andrianto et al., 2019). Third party funds play a significant role as a measure for banks in extending credit to the public, gathered through deposit products like demand deposits, time deposits, and savings. The bank's income hinges on the pricing of credit exceeding the cost of funds, necessitating prudent determination of credit interest rates (Handayani, 2018).

Interest income from lending constitutes a primary revenue stream for banks, with lending rates serving as both a sales price for distributed loans and a purchase price for borrowers. Banks must judiciously determine lending rates to maximize profits (Fitri, 2017). Amidst shifts in the usage of third party funds and fluctuations in interest rates from 2019 to 2021, the Indonesian banking sector witnessed significant changes. This study aims to assess the impact of third party fund usage and interest rate fluctuations on lending for commercial banks listed on the IDX during this period.

Such research provides valuable insights into how third party fund utilization and Interest Rate fluctuations influence the lending process at IDX-listed commercial banks between 2019 and 2021. The findings not only bear direct implications for economic growth, financial stability, and risk management but also hold potential for informing more effective policy strategies to bolster economic growth and aid banks in enhancing credit and liquidity risk management.

2. LITERATURE REVIEW

2.1 Third Party Funds

Third party funds serve as crucial resources for a bank's operational activities and can signify its success if effectively utilized for financing these operations (Hery, 2020: 26). Conversely, as delineated by Moeliono (2014), third party funds represent capital acquired by banks from individual members of the public or business entities, typically through various deposit products offered by the bank.

Expounding on the aforementioned definition, third party funds encompass capital streams acquired by banks externally, sourced either directly from the public or through intermediaries. These funds manifest in various forms such as demand deposits, savings, term deposits, loans, and other analogous financial instruments. The calculation methodology for third party funds, as elucidated by Susilowati (2016), is formulated as follows:

Third Party Funds = Current Account + Savings + Deposits

The aforementioned formula delineates distinct categories of banking deposits, each with its unique characteristics and operational mechanisms. Savings represent funds deposited by third parties, subject to withdrawal conditions stipulated in agreements between the bank and the customer. Current Accounts, on the other hand, comprise deposits that can be withdrawn through various means such as checks, or other payment orders, facilitating fluid transactions. Lastly, Deposits entail withdrawals constrained by predetermined timelines agreed upon with the customer, reflecting a commitment to honor the terms established at the outset of the banking relationship.

2.2 Interest Rate

Interest rates stand as pivotal factors within the realm of banking institutions, often touted as significant selling points alongside their diverse product offerings. At its core, the interest rate represents the price tag attached to accessing investment funds, which are commonly referred to as loanable funds (Lolaroh et al., 2022). This fundamental concept underscores its profound impact on

  ISSN: 2721-723X, E-ISSN: 2722-7278

individuals' financial decisions, particularly concerning investment and savings strategies. Boediono (2014) underscores this, highlighting how the interest rate serves as a critical indicator influencing individuals' propensity to invest or save.

Delving deeper into the intricacies of interest rates, Kamsir (2013) provides a nuanced perspective, defining it as the annual interest payment on a loan expressed as a percentage of the loan amount. This definition elucidates the mechanics behind interest rates, revealing how they directly impact the cost borrowers incur when accessing funds. By calculating the annual interest received and dividing it by the loan amount, individuals gain insights into the financial implications of borrowing at different interest rates.

Moreover, understanding the myriad factors influencing interest rates is imperative for navigating the complex landscape of financial decision-making. Hasibuan (2011) outlines key interest rate indicators, shedding light on the multifaceted nature of this economic metric. These indicators encompass a broad spectrum, including economic conditions, governmental monetary policies, inflation rates, and the cost of money. Additionally, interbank competition levels, international monetary turmoil, and the state of national and international capital markets all contribute to shaping interest rate dynamics. Recognizing the interconnectedness of these factors underscores the importance of informed decision-making, as individuals and institutions alike strive to optimize their financial strategies amidst a dynamic economic environment.

2.3 Loan Disbursement

Lending, as a fundamental business activity, commands a significant role in the allocation of bank funds, exerting considerable influence over financial operations. Within the realm of banking, the utilization of funds for lending purposes typically constitutes a substantial portion, ranging between 70% to 80%, of the total business volume of a bank (Rivai, 2013). This dominance underscores the pivotal role that lending plays in the banking sector, shaping not only the financial landscape but also driving economic activity at large. By facilitating access to capital for individuals, businesses, and other entities, lending serves as a catalyst for investment, consumption, and economic growth.

Moreover, lending activities constitute the primary source of revenue for banks, primarily in the form of interest income. As borrowers access funds provided by banks, they incur interest expenses, thereby generating income streams for the lending institutions. This symbiotic relationship between lenders and borrowers underscores the integral nature of lending in sustaining the financial health and viability of banks. Consequently, banks employ various strategies to manage lending risks, including credit analysis, collateralization, and risk diversification, to ensure the sustainability of their lending portfolios.

Furthermore, the concept of credit, as articulated by Kasmir (2014), expands beyond mere monetary transactions to encompass a broader spectrum of financial instruments and arrangements. Credit represents a form of financing wherein individuals and entities can access funds or resources with the promise of repayment at a later date. This flexibility inherent in credit mechanisms enables

  | ISSN: 2721-723X, E-ISSN: 2722-7278

borrowers to address diverse financial needs, ranging from short-term liquidity requirements to long-term investment endeavors. Moreover, credit facilitates the efficient allocation of resources within the economy, enabling capital to flow to productive ventures and opportunities. Thus, within the intricate web of financial markets and institutions, lending and credit emerge as linchpins, shaping the dynamics of economic activity and resource allocation.

2.4 Conceptual Framework

An increase in deposits within a bank serves as a tangible indicator of the growth of Demand, Savings, and Time deposits (third party funds), reflecting the confidence of customers in the bank's stability and reliability. This increase not only bolsters the bank's liquidity but also enhances its capacity to channel funds back into the economy through various lending mechanisms. As Third-Party Funds accumulate, banks are presented with an opportune moment to expand their lending activities, thereby stimulating economic growth and development. This symbiotic relationship between deposit growth and lending underscores the pivotal role that banks play in the financial ecosystem, serving as conduits for the efficient allocation of capital and resources.

In this dynamic interplay, the interest rate emerges as a critical determinant of lending behavior and overall financial performance. When the prevailing credit interest rate rises, the cost of borrowing escalates, dissuading potential borrowers from seeking loans and thereby constraining the bank's ability to expand its loan portfolio. Consequently, a surge in interest rates often translates to a decline in loan disbursements, leading to diminished assets within the bank. Conversely, a downward trajectory in interest rates tends to stimulate demand for credit, as individuals and businesses are incentivized to capitalize on the more favorable borrowing conditions. This surge in lending activity not only augments the bank's income but also fuels economic activity, driving consumption, investment, and employment opportunities.

Furthermore, the relationship between interest rates and lending underscores the intricate balance that banks must strike between risk management and profitability. While higher interest rates may yield greater returns on loans, they also heighten the risk of default, particularly among borrowers with variable incomes or shaky credit histories. Conversely, lower interest rates may stimulate demand for credit but may also erode the bank's net interest margin, thereby compressing profitability. Hence, banks must navigate this delicate equilibrium, continuously adapting their lending strategies to prevailing market conditions while safeguarding their financial stability and resilience.

3. RESEARCH METHOD

This research adopts a descriptive approach, wherein data collection, recording, processing, analysis, and conclusion drawing constitute its fundamental methodology. The research primarily relies on quantitative data, specifically numerical information sourced from annual reports of

  | ISSN: 2721-723X, E-ISSN: 2722-7278

Commercial Banks listed on the Indonesia Stock Exchange (IDX) spanning the period from 2019 to 2021. The data, derived from secondary sources, serves as the foundation for analysis.

In conducting this study, a series of analytical techniques are employed. These include classic assumption tests such as the normality test, multicollinearity test, and heteroscedasticity test. Additionally, the study utilizes multiple linear regression analysis, correlation analysis, as well as t-tests and f-tests to delve deeper into the relationships and patterns within the dataset. Such a comprehensive approach ensures a robust examination of the underlying dynamics and variables at play, contributing to a more nuanced understanding of the subject matter.

The first classic assumption test is the normality test. The analysis for normality was conducted using the one-sample Kolmogorov-Smirnov (one-sample K-S) test. Table 1 displays the significance value of Asymp.Sig. (2-tailed), which is 0.125, exceeding the threshold of 0.05. A significance value greater than 0.05 indicates a normal data distribution. Therefore, based on the Asymp.Sig value (2-tailed) being greater than 0.05, it can be inferred that the data satisfies the assumption of normality.

Table 1.

One-Sample Kolmogorov-Smirnov Test

	Unstandardized Residual
N	30
Normal Parameters	
	Mean
	Std. Deviation
Most Extreme Differences	
	Absolute
	Positive
	Negative
Kolmogorov-Smirnov Z	1.177
Asymp. Sig. (2-tailed)	.125

Note. Test distribution is Normal. Calculated from data.

Moreover, the heteroscedasticity test, as shown in Table 2, was conducted for the Third-Party Fund variable, yielding a significance value of 1.000. This indicates that the significance level (Asymp.Sig) is greater than 0.05. Consequently, there are no discernible signs of heteroscedasticity. Similarly, for the Interest Rate variable, the obtained significance value is 1.000, indicating that the significance level (Asymp.Sig) is also greater than 0.05. Thus, there are no indications of heteroscedasticity for this variable as well. Consequently, the model has successfully satisfied one of the prerequisites for regression testing.

  | ISSN: 2721-723X, E-ISSN: 2722-7278

Table 2.

Heteroskedasticity Test

Model	B	Std. Error	Beta	B	T	Sig.
1	3.641E-008	137915592.697			.000	1.000
	Third Party Fund					
	.000	.035	.000	.000	.000	1.000
	Interest Rate					
	.000	14161648.086	.000	.000	.000	1.000

In Table 3, the results of the multicollinearity test indicate that the third party fund and the Interest Rate both possess VIF values of 1.109. This indicates that the VIF value, being below the threshold of 10, suggests the absence of multicollinearity symptoms within the variables examined. Therefore, based on these findings, there is no evidence of significant multicollinearity present.

Table 3

Multicollinearity Test

Model	Unstandardized Coefficients	Standardized Coefficients	T	Sig.	Collinearity Statistics
	B	Std. Error	Beta		
1	(Constant)	-193,007,734.591	137,915,592.697	-1.399	.173
	Third Party Funds	.859	.035	.997	24.641
	Interest Rate	20,387,413.648	14,161,648.086	.058	1.440

Note. Dependent Variable: Loan Disbursement

In Table 4, the Durbin-Watson statistic yields a value of 1.259, falling within the range of -2 to 2. This indicates the absence of both positive and negative autocorrelation. The model summary provided below outlines the statistical properties of the regression model: Model 1 shows an R value of .980, implying a strong positive linear relationship between the predictors and the dependent variable. The R Square value of .960 indicates that approximately 96% of the variability in the dependent variable can be explained by the predictors. The Adjusted R Square value, accounting for the number of predictors in the model, remains high at .957. The Standard Error of the estimate is calculated to be 60,042,652.89787. These statistics collectively suggest a well-fitted model.

Predictors in the model include the constant term, interest rate, and third party funds, while the dependent variable is loan disbursement. The absence of autocorrelation, as indicated by the Durbin-Watson statistic, supports the reliability of the regression model in capturing the relationship between the predictors and the dependent variable.

  | ISSN: 2721-723X, E-ISSN: 2722-7278

Table 4.

Autocorrelation Test

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.980	.960	.957	60,042,652.89787	1.259

4. RESULTS

4.1 Multiple Linear Regression Analysis

After conducting the classical assumption tests, we proceeded with Multiple Linear Regression Analysis. Table 5 presents the results of Multiple Linear Regression Analysis. The analysis aimed to assess the relationship between the dependent variable, Loan Disbursement, and two independent variables: Third party funds and Interest Rate.

For the constant term, the unstandardized coefficient (B) is -193,007,734.591 with a standard error of 137,915,592.697. The corresponding t-value is -1.399, indicating a lack of statistical significance (p = .173). Regarding the independent variables, third party funds exhibit a statistically significant positive relationship with Loan Disbursement, with an unstandardized coefficient of 0.859 (SE = 0.035) and a standardized coefficient (Beta) of 0.997. The t-value of 24.641 indicates strong statistical significance (p < .001). In contrast, Interest Rate shows a statistically non-significant relationship with Loan Disbursement. Its unstandardized coefficient is 20,387,413.648 (SE = 14,161,648.086), with a standardized coefficient of 0.058. The t-value is 1.440, with a corresponding p-value of .161. Overall, these results suggest that Third-Party Funds significantly influence Loan Disbursement, while the effect of Interest Rate is not statistically significant in this model.

Table 5.

Multiple Linear Regression Analysis

Model	Unstandardized Coefficients			Standardized Coefficients	
	B	Std. Error	Beta	B	Beta
1	-193,007,734	137,915,593		(Constant) 137,915,593	
				Third Party Funds	0.859
				Interest Rate	20,387,414

  | ISSN: 2721-723X, E-ISSN: 2722-7278

Upon examination of the calculated coefficients presented in the table above, the formulation of the multiple linear regression equation is derived as follows:

$$Y = -193007734{,}591 + 0.859\ X_1 + 20387413{,}648\ X_2$$

The analysis of the equation above yields the following insights: The constant term, valued at -193,007,734.591, represents the baseline Loan Disbursement (Y) when both Third Party Funds (X_1) and Interest Rate (X_2) are zero. The regression coefficient for the Third Party Funds (X_1) variable, at 0.859, suggests that for every 1% increase in Third Party Funds, holding other independent variables constant, there is an associated 0.859 increase in Loan Disbursement (Y). This positive coefficient indicates a direct relationship between Third Party Funds and Loan Disbursement. The regression coefficient for the Interest Rate variable (X_2), measured at 20,387,413.648, implies that for every 1% rise in the Interest Rate, given constant values for other predictors, there is a corresponding increase in Loan Disbursement (Y). This positive coefficient underscores a positive association between Interest Rate and Loan Disbursement. In simpler terms, a higher Interest Rate tends to coincide with greater Loan Disbursement. In summary, these findings reveal a positive relationship between both Third Party Funds and Interest Rate with Loan Disbursement.

In addition, a correlation analysis was conducted, the results of which are presented in table 6. The correlation table provides insights into the relationships between Third Party Funds (X_1), Interest Rate (X_2), and Loan Disbursement (Y). The Pearson correlation coefficient (r) between Third Party Funds and Loan Disbursement is 0.978, indicating a strong positive correlation, with a statistically significant p-value of 0.000, suggesting a rejection of the null hypothesis. The sample size for both variables is 30. Conversely, the correlation between Interest Rate and Loan Disbursement yields a Pearson coefficient of -0.254, suggesting a weak negative correlation, although this correlation is not statistically significant with a p-value of 0.175. Similarly, the correlation between Third Party Funds and Interest Rate is -0.313, also indicating a weak negative correlation, but it fails to reach statistical significance with a p-value of 0.092. In summary, the data suggests a robust positive correlation between Third Party Funds and Loan Disbursement, while the correlations involving Interest Rate are weaker and not statistically significant.

Table 6.

Correlation Analysis

	Third Party Funds (X_1)	Tingkat Interest Rate (X_2)	Loan Disbursement (Y)
Third Party Funds	1	-0.313	.978**
		0.092	0
	30	30	30
Interest Rate	-0.313	1	-0.254
	0.092		0.175

  | ISSN: 2721-723X, E-ISSN: 2722-7278

	30	30	30
Loan Disbursement	.978**	-0.254	1
	0	0.175	
	30	30	30

**. Correlation is significant at the 0.01 level (2-tailed).

From the table above, the following observations can be made. In the relationship between (X_1) and (Y), a correlation coefficient of 0.978 is observed, indicating a very strong positive relationship between the Third Party Funds (X_1) variable and Loan Disbursement (Y). On the other hand, in the relationship between (X_2) and (Y), a correlation coefficient of -0.254 is observed. A negative correlation coefficient suggests an inverse relationship. Thus, the relationship between the Interest Rate (X_2) and Loan Disbursement (Y) is weak.

4.3 Coefficient of Determination Analysis

The results of the coefficient of determination analysis are summarized in Table 7. The findings reveal an R-Square value of 0.960, indicating that 96% of the variation in revenue is determined by the variable amounts of X_1 and X_2. In other words, the contribution of the amounts of DPK and TSB to influencing Loan Disbursement revenue is 96% or 0.960. The remaining 4%, or 0.04, represents the contribution or influence of other factors not examined in this study.

Table 7.

Coefficient of Determination Analysis

Model	R	R Square	Adjusted Square	RStd. Error of the Estimate
1	.980[a]	.960	.957	60042652.89787

a. Predictors: (Constant), Interest Rate, Third Party Funds

b. Dependent Variable: Loan Disbursement

Using the obtained values, we can formulate the regression formula as follows:

CD = r^2 x 100%

= $(0,978)^2$ x 100 %

= 95,6 %

CD = r^2 x 100%

= $(-0,254)^2$ x 100 %

= 6,4%

  ISSN: 2721-723X, E-ISSN: 2722-7278

The following results were obtained based on calculations conducted using SPSS version 26:

Table 8.

Determination Coefficient Analysis Results

Relationship	*r*	r^2	CD
Third Party Funds	0,978	0,956	95,6%
Tingkat Interest Rate	-0,254	0,064	6,4%

From the above calculations, it is found that the R-square value for the Third Party Funds (X_1) variable on Loan Disbursement (Y) is 0.956. This R-square value comes from the result of multiplying the value of the correlation coefficient or r, which is 0.978. Therefore, it can be concluded that the Third Party Funds variable affects Loan Disbursement by 95.6%, with the remaining 4.4% being the result given by other variables not examined in this study.

The R-square value for the Interest Rate (X_2) variable on Loan Disbursement (Y) is -0.254. This R-square value comes from the result of squaring the value of the correlation coefficient or r, which is 0.064. So, it can be interpreted that the Interest Rate variable has an influence of 6.4%, while the remaining 93.6% is the result given by other variables not examined in this study.

4.3 Hypothesis Testing

Table 9 presents the test results for Hypothesis 1: Third Party Funds affect Loan Disbursement of Commercial Banks Listed on the Indonesia Stock Exchange.

Table 9.

Significant Test of TPF on Loan Disbursement

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3998850.697	17467485.8		0.229	0.821
	Third Party Funds	0.844	0.034	0.978	24.999	0

a. Dependent Variable: Loan Disbursement

The t-count value for the Third Party Funds variable (X_1) yields a positive value of 24.999, exceeding the critical t-table value of 2.106 (24.999 > 2.106). This is coupled with a Sig. value for the

  ISSN: 2721-723X, E-ISSN: 2722-7278

Third Party Funds variable of 0.000, indicating significance at $p < 0.05$. Consequently, H_0 is rejected in favor of H_1, suggesting a substantial impact of Third Party Funds on Loan Disbursement.

When examining the t-count value of 24.999, it is compared to the critical t-table value derived from the t-distribution curve. With $\alpha = 0.05$ and degrees of freedom (df) equal to n - k - 1, where n = 30 and k = 2, the df equals 28, and the critical t-table value is approximately ±2.106. The obtained t-count value of 24.999 clearly surpasses this range (-2.106 to 2.106). Thus, following the hypothesis testing criteria, H_0 is rejected while H_1 is accepted, indicating that Third Party Funds (X_1) significantly influences Loan Disbursement (Y).

Table 10 presents the test results for Hypothesis 2: Third Party Funds affect Loan Disbursement of Commercial Banks Listed on the Indonesia Stock Exchange. H2: The Interest Rate has no effect on Loan Disbursement of Commercial Banks Listed on the Indonesia Stock Exchange.

Table 10.

Significant Test of Interest Rate on Loan Disbursement

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1172240143	601067749		1.95	0.061
	Interest Rate	-88983143.84	64001637.6	-0.254	-1.39	0.175

a. Dependent Variable: Loan Disbursement

The t-value of the Interest Rate (X_2) variable is negative, at -1.390, which is less than the critical t-value of 2.106 (-1.390 < 2.106), with a significance value (Sig.) of 0.175, greater than the significance level of 0.05. This implies that the null hypothesis (H_0) is accepted while the alternative hypothesis (H_2) is rejected, indicating an absence of significant influence between the Interest Rate and Loan Disbursement.

The results from the t-test graph in this study, based on the critical and observed t-values, are as follows: The observed t-value for the Interest Rate is -1.390. This value is compared with the critical t-value from the t-distribution curve. With a significance level (α) of 0.05 and degrees of freedom (df) equal to the sample size minus the number of predictors minus one (30-2-1=28), the critical t-value is approximately ±2.106. It is evident that the observed t-value of -1.390 falls within the range of the critical t-values (-2.106 to 2.106).

Based on the hypothesis testing criteria, where the null hypothesis (H_0) is accepted and the alternative hypothesis (H_1) is rejected, it can be concluded that the Interest Rate (X_2) does not have a significant effect on Loan Disbursement (Y).

  ISSN: 2721-723X, E-ISSN: 2722-7278

5. RESULTS

5.1 Effect of Third Party Funds on Loan Disbursement

The research findings indicate that Third Party Funds (X_1) exhibit a unidirectional relationship with Loan Disbursement (Y) at 0.978. This suggests that proficient management of Third Party Funds can lead to increased Loan Disbursement, and conversely, a decrease in Third Party Funds would result in decreased Loan Disbursement.

Furthermore, the results of the hypothesis test between Third Party Funds and Loan Disbursement reveal a significant influence of 95.6% from Third Party Funds on Loan Disbursement, with the remaining 4.4% attributed to external factors not examined in this study, such as capital adequacy ratio (CAR), loan to deposit ratio, return on assets (ROA), non-performing loans (NPL), public interest, and economic conditions in Indonesia. This finding aligns with the theory proposed by Ismail (2010), which asserts that higher Third Party Funds availability increases the opportunity to channel funds to the public through Loan Disbursement.

Supporting evidence from previous studies by Sari and Abundanti (2016), Syukriah (2017), and Melinda (2021) corroborates these findings, indicating a significant positive effect of Third Party Funds on Loan Disbursement. Thus, a higher level of Third Party Funds corresponds to increased Loan Disbursement.

5.1 Effect of Interest Rate on Loan Disbursement

Regarding the effect of Interest Rate on Loan Disbursement, the research demonstrates an inverse relationship between Interest Rate Level (X_2) and Loan Disbursement (Y) at -0.254. This implies that an increase in the Interest Rate Level leads to a decrease in Loan Disbursement, and vice versa. This assertion is supported by the theory advanced by Zulfikar (2008), suggesting a negative impact of credit interest rates on Loan Disbursement, wherein an increase in the credit interest rate results in decreased Loan Disbursement.

However, the hypothesis test results between Interest Rate and Loan Disbursement indicate that the Interest Rate does not significantly affect Loan Disbursement, explaining only 6.4% of the variance, while the remaining 93.6% is influenced by other unexamined factors such as bank operational costs (BOPO), capital adequacy ratio, return on assets, non-performing loans, public interest, and economic conditions in Indonesia. This is due to the regression results indicating that changes in the Interest Rate do not translate into changes in Loan Disbursement.

These findings are consistent with research by Dewi (2016) and Pinem (2019), indicating that the Interest Rate does not exert a significant effect on Loan Disbursement. Thus, fluctuations in the Interest Rate level do not impact Loan Disbursement in banks.

  | ISSN: 2721-723X, E-ISSN: 2722-7278

6. CONCLUSIONS

Based on the research results derived from data analysis, the following conclusions can be drawn:

1. Third Party Funds (X_1) significantly affect Loan Disbursement (Y) in Commercial Banks listed on the Indonesia Stock Exchange (IDX) during the 2019-2021 period. The relationship between the two is very strong and unidirectional. This means that if Third Party Funds increase, the amount of Loan Disbursement will also increase.
2. The Interest Rate (X_2) has no significant effect on Loan Disbursement (Y) at Commercial Banks listed on the Indonesia Stock Exchange (IDX) during the 2019-2021 period. The relationship between the two is very low and in the opposite direction. In other words, if the Interest Rate rises, it will not change the amount of Loan Disbursement.

This study focused solely on commercial banks listed on the Indonesia Stock Exchange (IDX) during the period from 2019 to 2021. The findings may not be generalizable to other types of financial institutions or to different time periods. The accuracy and completeness of the data relied upon for analysis could impact the reliability of the results. Furthermore, certain relevant variables may not have been included due to data unavailability. External economic, regulatory, or market conditions not accounted for in this study could have influenced the relationships between variables. These factors, such as changes in government policies or economic downturns, were not explicitly addressed.

Directions for Future Research: Future research could investigate potential mediating variables that might explain the relationship between Third Party Funds and Loan Disbursement. For instance, examining the role of bank profitability or liquidity could provide deeper insights into this relationship. Conducting a longitudinal study over a more extended period could help capture the dynamic nature of the relationship between interest rates and loan disbursement. This would enable researchers to assess how this relationship evolves over time and under different economic conditions. Comparative studies across different countries with varying banking regulations and economic environments could offer valuable insights into the impact of interest rates on loan disbursement. Such comparative analyses could help identify country-specific factors influencing this relationship. Complementing quantitative analyses with qualitative methods, such as interviews or case studies, could provide a more comprehensive understanding of the mechanisms driving the relationship between Third Party Funds, interest rates, and loan disbursement. Qualitative insights could shed light on the decision-making processes within banks and the factors influencing their lending behavior

REFERENCES

Andrianto, Fatihuddin, D., & Firmansyah, M. A. (2019). *Manajemen Bank*. Surabaya: CV. Penerbit Qiara Media.

Boediono. (2014). Ekonomi Internasional - *Pengantar Ilmu Ekonomi* No. 3. Yogyakarta: BPFE-Yogyakarta.

Baskoro, R. A., & Moeliono, N. N. K. (2014). Pengaruh Suku Bunga Kredit dan Dana Pihak Ketiga terhadap Jumlah Kredit yang Diberikan (Studi pada PT. Bank CIMB Niaga, Tbk Periode 2008-2013). *E- Proceeding of Management*, Vol. 1, No, 803–815

Dewi, A. S. (2016). Pengaruh Jumlah Nasabah, Tingkat Interest Rate Dan Inflasi Terhadap Loan Disbursement Pada PT. Pegadaian Di Cabang Samarinda Seberang Kota Samarinda. *Jurnal Ekonomi Dan Keuangan, 13*(2), 71–81.

Fitri, L. (2017). Pengaruh Interest Rate Kredit, Third Party Funds (DPK), dan Giro Wajib Minimum Terhadap Loan Disbursement Pada PT. Bank Central Asia, Tbk. Di Indonesia Tahun 2001-2015. *JOM Fekon, 4*(1), 379–392.

Handayani, A. (2018). Pengaruh DPK, NPL, dan ROA Terhadap Loan Disbursement Pada Bank Umum yang Terdaftar Di Bursa Efek Indonesia Periode 2011 – 2014. *Jurnal Penelitian Ekonomi dan Akuntansi, 3*(1), 623–631.

Hasibuan, M. S. (2011). *Dasar-dasar Perbankan.* Jakarta: PT. Bumi Aksara.

Hery. (2020). *Dasar-Dasar Perbankan.* Jakarta: Gramedia.

Ismail. 2013. *Manajemen Perbankan*. Jakarta: Kencana Prenadamedia Group

Kasmir. (2013). *Manajemen Perbankan*. Jakarta: PT. Rajagrafindo Persada

Kasmir. (2014). *Analisis Laporan Keuangan.* PT Raja Grafindo Persada.

Lolaroh, S. V., Papilaya, J., & Soewignyo, T. I. (2022). Pengaruh suku bunga, tingkat pengangguran, dan kurs terhadap harga saham perusahaan pada sektor perbankan yang tercatat di Bursa Efek Indonesia tahun 2017-2020. *Klabat Journal of Management*, *3*(1), 18-33.

Neria. (2020). Pengaruh DPK, NPL dan Inflasi Terhadap Loan Disbursement Pada PT. Bank Mandiri Periode Tahun 2014 – 2018. *Warmadewa Economic Development Journal, 3*(2), 73-79.

Pinem, D. B. (2019). Analysis of Global Stock Exchange Index , Foreign Exchange Rate , Interest Rate and Inflation Rate Influences CSPI in Indonesia Stock Exchange (Period of January 2014 – 2015). *European Journal of Business and Management Research*, 4(6), 1– 4. https://doi.org/http://dx.doi.org/10.24018/ejfood.2019.4.6.162

Sari, N. M. J., & Abundanti, N. (2016). Pengaruh DPK, ROA, Inflasi Dan Suku Bunga SBI Terhadap Penyaluran Kredit Pada Bank Umum. *Jurnal Manajemen Unud*, 5(11), 7156–7184.

Susilowati, Enny. 2016. Pengaruh Dana Pihak Ketiga (DPK), Capital Adequacy Ratio (CAR) dan Non Performing Financing (NPF) Terhadap Likuiditas Perbankan Syariah di Indonesia Periode 2011-2015; *Skripsi Publikasi UIN Syarif Hidayatullah.*

Suwardi. 2021. Relaksasi Kebijakan Perbankan di Tengah Pandemi Covid 19 Dalam Penyaluran Kredit Perbankan. *e-Jurnal Kewirausahaan* Volume 4 Nomor 2 Oktober 2021. E-ISSN 2339-1804

Syukriah. 2017. Pengaruh Dana Pihak Ketga, Suku Bunga Kredit, dan Modal Bank terhadap Penyaluran Kredit pada Bank Perkreditan Rakyat Konvensional di Indonesia. *Jurnal Megister Akuntansi.* ISSN 2302-0164.pp.52-58

Veithzal Rivai, 2013, *Manajemen Sumber Daya Manusia Untuk Perusahaan*. Dari Teori Ke Praktek, Rajagrafindo persada, Bandung.