LINGKAR EKONOMIKA

Available at: http://jos.unsoed.ac.id/index.php/jle/index

e-ISSN 3032-0747

Factors Influencing the Level of Intermediation of Rural Banks in Indonesia 2008:1 – 2010:8

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Article Information

Received: 6 March 2024
Accepted: 26 March 2024
Published: 14 April 2024

Keywords:
Loan to Deposit Ratio; Investment Loan Interest Rate; Consumer Loan Interest Rate; Non Performing Loan; LPS Insured Interest Rate

Abstract

This study examines the development of financial intermediation by Rural Banks (BPRs) in Indonesia from January 2008 to August 2010, measured by the Loan-to-Deposit Ratio (LDR), and identifies the factors influencing it. Multiple linear regression was employed, supported by classical assumption tests and statistical tests. The findings indicate that the Consumer Price Index (CPI) significantly affects BPR financial intermediation, investment loan interest rates significantly influence lending, and the deposit insurance interest rate set by the Indonesia Deposit Insurance Corporation (LPS) significantly affects third-party funds. Variations in the LDR can be explained by interest rates on different types of loans, the Non-Performing Loan (NPL) ratio, the LPS deposit insurance interest rate, and the CPI, with the CPI being the most sensitive factor. The LDR of 83.95% at the end of the study period indicates that BPR financial intermediation operated optimally, within the ideal range of 80–90%. However, the use of consumer loans for purposes other than those stated in loan applications highlights the need for more rigorous borrower screening and more prudent credit allocation.

Informasi Artikel

Diterima: 6 Maret 2024
Disetujui: 26 Maret 2024
Dipublikasikan: 14 April 2024

Kata Kunci:
Rasio pinjaman terhadap simpanan; suku bunga pinjaman Investasi; suku bunga pinjaman lonsumen; pinjaman bermasalah; indeks harga konsumen

Abstrak

Penelitian ini bertujuan menganalisis perkembangan intermediasi Bank Perkreditan Rakyat (BPR) di Indonesia selama Januari 2008–Agustus 2010, yang diukur menggunakan Loan to Deposit Ratio (LDR), serta mengidentifikasi faktor-faktor yang memengaruhinya. Metode analisis menggunakan regresi linier berganda, dilengkapi uji asumsi klasik dan uji statistik. Hasil penelitian menunjukkan bahwa Indeks Harga Konsumen (IHK) berpengaruh signifikan terhadap intermediasi BPR, suku bunga kredit investasi terhadap penyaluran kredit, dan suku bunga penjaminan LPS terhadap dana pihak ketiga. Variasi LDR dapat dijelaskan oleh suku bunga berbagai jenis kredit, Non-Performing Loan (NPL), suku bunga penjaminan LPS, dan IHK, dengan IHK sebagai faktor paling sensitif. Nilai LDR sebesar 83,95% pada akhir periode penelitian menunjukkan bahwa fungsi intermediasi BPR telah berjalan optimal, sesuai kisaran ideal 80–90%. Namun, pemanfaatan kredit konsumsi yang tidak selalu sesuai dengan tujuan pengajuan menunjukkan perlunya peningkatan selektivitas dalam penilaian calon debitur dan ketepatan alokasi kredit.

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INTRODUCTION

In a country like Indonesia, banks tend to have more important role in development because it not only as a source of financing for investment loan small, medium, and large, but also they table to influence the business cycle in the economy as a whole (Alam, 2005:500). According to Stiglitz and Greenwald (2003), this is caused by the bank to be superior compared to other financial institutions in facing asymmetric information and high costs in performing its intermediary function. As a financial institution, bank plays as financial intermediary for two parties, is example parties with surplus funds and the other with lack of funds. According to the Act. 10 of 1998 on Banking it is stated that the Bank is a business entity which collects funds from the public (households and firms) in the form of savings and to channel them to the public (households and Company) in the form of loans and other, in order to improve the standard of living .

Banks accept public deposits (deposits). Then the money is returned to the community in the form of credit with the imposition of particular interest. Lending is the primary function of banks and is the main source of income in general. Raising funds from the public (households and firms) in the form of saving, which affects the community to save in between them is the interest rate savings due to higher interest rates will stimulate people to save money in the bank with the intent to profit from the interest, other than savings rates factors that affect the public to deposit their money is revenues from these communities, because of the higher people's income the higher the desire to save in comparison to consume. And further funds have been collected will be channeled back to the community (Households and Company) in the form of credit. In company channeled credit for working capital and investment. From here why the Bank is called intermediary institutions of society because of the bank as an intermediary between people who need his money and the people who save money in the bank.

Banks in Indonesia consists of Commercial Banks and Rural Banks. Commercial banks usually serve large and medium-scale enterprises, while in rural banks serve small businesses. Rural Bank is one form of microfinance institutions in Indonesia which has roots in Indonesia socioeconomic, it is mainly intended to serve small businesses and rural communities with simple systems and procedures and in accordance with the needs of enterprises (MSEs) (Sutopo, 2005).

Along with the concentration of development loans to SMEs and consumer credit loans, Bank of Indonesia (BI) through the Blueprint for Rural Bank in 2006 announced that Rural Bank be an important pillar in the Indonesian microfinance system. This is consistent with the comparative advantage of Rural Bank, Rural Bank has a service procedure that is simple, quick process, and credit schemes are more easily adjusted than the interest rate (not price sensitive). This is due largely customers are micro and small businesses who often have difficulty working capital and need funds quickly. Based on information from the focused group discussions, experience MSEs who ever dealt with loan sharks show availability of funds rate is the determining factor of decision making. On average Rural Bank disbursement of credit by more quickly (2-3 days) than the commercial banks despite higher interest rates than commercial banks (Results Focused Group Discussion). This means that with the prevailing interest rate at this time can counterbalanced with speed, ease and convenience of service that better Rural Bank and this is the key to be able to reach more SMEs. This is in line with Kaynak and Harcar (2005) who said that in the consumer-oriented banking business, the ability to provide services in accordance with the needs of customer segments and the availability of resources and competencies that match the target market is a very important aspect.

In addition, Rural Bank is also superior in terms of service for customers who prioritize personal approach and 'fetch the ball', office locations close to customers and better understand the economy and the local community. The implication is that a solid partnership and mutuality into the benefits of Rural Bank are compared with commercial banks (Pikiran Rakyat, July 2004, Rahman, 2004). This is what Rural Bank LDR caused more optimal than commercial banks.

Intermediation function of banks (commercial banks and rural banks) in the show by a

number of Loan to Deposit Ratio (LDR), i.e. the ratio of credit (the function of channeling funds) to the bank or the Rural Bank of General. To find out how much the level of bank lending to the community, the indicators used are LDR, which would then be in the know that the Rural Bank was able to perform their intermediation function or not. The ratio is obtained directly proportional to the level of bank credit expansion, which means if the LDR is high then the rate of expansion or a bank lending is also high.

Tabel 1. Rural Bank Indicator Developing in Indonesia

Indicator	*Year 2008*				*Year 2009*				*Year 2010*	
	March	*June*	*Sep*	*Des*	*March*	*June*	*Sep*	*Des*	*March*	*June*
TPF(Rp)	19,572	20,195	20,796	21,339	21,79	22,711	23,901	25,552	27,054	28,031
Loan (Rp)	86,65	88,71	89,86	91,67	95,13	95,43	95,36	94,34	93,38	91,85
LDR(Rp)	78,15	82,55	85,17	82,54	80,91	83,09	83,13	79,61	79,79	82,04

Source: Indonesian Baking Statistics, 2009

Based on field data LDR on Rural Banks in Indonesia, LDR from 2008 to 2010 indicates that the Rural Bank intermediation Indonesia is running optimally. Based on the above background, it is interested to conduct research about factors influencing the level of intermediation of rural banks in Indonesia 2008:1 – 2010:8.

RESEARCH METHODS

This research was carried out in Indonesia within the scope of the National. This research is included within the scope of central banking and Science of Monetary Studies with study of the influence of working capital loan interest rates, investment loan interest rates, consumer loan interest rate, NPL, LPS insured interest rates and consumer price index of the level of intermediation on rural banks of Indonesia. Banking data used is the Rural Bank data on Indonesia.

Target of this research is to investigate the influence of working capital loan interest rates, investment loan interest rates, consumer loan interest rate, NPL, CPI, and LPS insured interest rates to the level of intermediation in the in the Rural Bank of Indonesia. This research was conducted using data from 2008:1 until 2010:8 and uses secondary data analysis methods using Multiple Linear Regression model. Data used in this study obtained from the Indonesian Economic Report by Bank of Indonesia, Bank of Indonesia website (*www.bi.go.id*), Indonesian Economic and Financial Statistics (SEKI), Indonesian Banking Statistics, DIC (Deposit Insurance Agency), Information Data Indonesian Banking, Monetary Policy Review, research and literature related to this research. Technique of data analysis in this research are as follows:

1. Multiple Linear Regression Analysis

Multiple linear Regression is to determine whether the Consumer Price Index and LPS insured interest rate have significant influence on deposit, and to find out whether the working capital interest rates, investment interest rate, consumer loan interest rates and have significant influence on Loan, and NPL, and to determine whether the Consumer Price Index, LPS insured interest rates, working capital lending rates, lending rates of investment, lending rates of consumption and NPL have simultaneously significant influence on Banking Intermediation. Mathematically, multiple regressions can be written as follows:

$$L = \beta_0 + \beta_1 RKMK + \beta 2 RKINV + \beta_3 RK + \beta_4 NPL \quad (1)$$

$$D = \beta_0 + \beta_1 SBW + \beta_3 IHK \quad (2)$$

$$LDR = \beta_0 + \beta_1 RKMK + \beta_2 RKINV + \beta_3 RK + \beta_4 NPL + \beta_5 IHK + \beta_6 SBW + \mu_i \quad (3)$$

where:

L	: Loan
D	: Third Party Funds (TPF)
LDR	: Loan to Deposit Ratio
$\beta_1, \beta_2, \beta_3, \beta_4$	: The coefficient (parameter) structural
RKINV	: Investment Loan Interest rates
RKMK	: Working Capital Loan Interest Rate
RK	: Consumer loan interest rate
SBW	: LPS Insured interest rates
CPI	: Consumer Price Index (CPI)
NPL	: Non-Performing Loan (NPL)
μ_i	: Error term
β_0	: Constant

The dependent variable in this research is Loan to Deposit Ratio (LDR). Independent variables in this study were, Investment Loan Interest Rate, Working Capital Loan Interest Rate, Consumer loan interest rate, CPI, NPL, LPS insured interest rate.

2. Classical Assumptions Test

This test is used to see whether the observed model will have a deviation of classic assumption or not, and things that need to be done to see the deviation are:

a. Normality Test

This test is to test the residual (error element bullies) in each equation is normal distribution. It can use the Jarque-Bera test (Insukindro et al., 2004: 214). Based on this test, to receive the classic assumption of the residual normal distribution, the obtained JB-statistic value must be smaller than the Chi-square value at a certain level of significance, or the probability of JB must be greater than 0.05.

b. **Autocorrelation Test**

Autocorrelation is a relationship among the members of observation series which is arranged in time (time series data) or spaces (cross-sectional data). The autocorrelation problems usually arise in time-series data, although it can also happen in the cross-section data (Insukindro et al., 2004: 102). Based on the BG test developed by Breusch TS and LG Godfrey, to accept the classic assumption that there is no autocorrelation, the obtained value of Obs* R-squared (chi-square statistic) must be smaller than the value of Chi-square table with a degree of freedom = number of regressors (not including the constant) at the level of particular significance.

c. Multicollinearity Test

One of the classic linear regressions is the existence of the absence of perfect multicollinearity or there is not a linear correlation between the explanatory variables in a model. Multicollinearity is firstly introduced by Ragnar Frisch in 1934. According to Frisch, a regression model is a multicollinear if there is occur a perfect or exact linear connection between some or all independent variables in a regression model, so that the impact is there will be some difficulties to see the influence of explanatory variable toward the described variable. Multicollinearity is used to indicate a linear connection between the independent variables in the regression model (Insukindro et al, 2004:78).

For testing the multicollinearity problem, it is used Koutsoyiannis approach. The way is by

estimating the first regression in a model and then doing the regression with each independent variable. Guideline that is used to see R squared is if the R2 value (in first regression estimation) is higher than R2 value (in each independent variables regression), so, in the empiric model there will be no multicollinearity, and vice versa. (Insukindro et al., 2004: 89).

d. Heteroscedasticity Test

Heteroscedasticity is a condition where all of disturbance factors do not have the same variant or the variants are inconstant. Heteroscedasticity problem usually found in the sectoral data and rarely found in the continuous (series) time data (Insukindro et al., 2004: 90). While the estimating of empirical model there is heteroscedasticity, so the hypothesis testing can not be trusted, so the conclusions based on the results of the assessment is not valid (Insukindro et al, 2004: 100).

Heteroscedasticity can be tested by the LM ARCH (Insukindro et al., 2004: 220). Based on this test, to accept the classic assumption without occur heteroscedasticity, the value of Chi-square statistic should be smaller than the value of Chi-square table at the level of particular significance.

e. Linearity Test

Linearity test is very important because besides testing the relevant variables to be included in the empirical model, this test is also to see whether the specification of model used is correct or not. In other words, linearity test can detect the presence or absence of specification errors or miss-specification (Insukindro et al., 2004: 119). This research used Ramsey Test (Ramsey RESET Test) which is developed by J.B. Ramsey in year 1969. Based on this test, to receive the classic assumption that there is no specification error in a regression, the value of the F-statistic obtained must be smaller than the value of the F-table with a degree of freedom is df_1= (nk-1) and df_2= (k-1) in a certain level of significance (Insukindro, 2004).

3. Statistical Test

a. Goodness of Fit

This study includes multiple regression analysis (multiple regressions) that used the test to the value of the adjusted coefficient of determination (Adjusted R-squared) obtained from (Gujarati, 1995: 102).

b. Partial Influence Test (t-Test Statistic)

In order to prove statistically that the independent variables in Partial has a significant influence on the dependent variable in a structural equation, the value of t-statistics obtained must be greater than the value of t-table with degrees of freedom (degree of freedom) = (n-k-1) at a certain level of significance, where n = number of observation data (after adjustment) and k = number of free variables (including constants).

c. Simultaneous Influence Test (F-Test Statistic)

In order to prove statistically that the independent variables simultaneously have a significant influence on the dependent variable in a structural equation, the F-statistic values obtained must be greater than the value of the F-table with degrees of freedom (degree of freedom) df_1= (n-k- 1) and df_2= (k-1) at a certain level of significance.

d. Elasticity Test

To know the sensitivity of the independent variables in this study, we used the elasticity equation is used (Gujarati, 1995:102).

RESULTS AND DISCUSSION

1. Multiple Linear Regression Analysis For L

a. Result Regression Equation L

The tally uses the model of regression with EViews 5.0 to IKMK, IINV, IKK, NPLs of L then the equation can be written as follows:

$$L = 109045.2 + 2756.910IKMK + 1486.117IINV + -79997.196\text{IKK} + 1521.095\text{NPL} \quad (4)$$

b. Classic Assumption Test

1) Linearity Test

Table 2. Result Linearity Test in L Equation

Ramsey RESET Test:			
F-statistic	2.605837	Probability	0.119024
Log likelihood ratio	3.073693	Probability	0.079569

Source: Processed data

Based on test calculations with the Ramsey RESET Test, this obtained F-stat value of 2.605837 and F-tab (0.05, (4), (27)) equal to 2.73. This indicates that F-stat < F-tab. It can be concluded that the model used in the form of a linear function or specification error does not occur.

2) Autocorrelation Test

Table 3. Results Autocorrelation Test in L Equation

Breusch-Godfrey Serial Correlation LM Test:			
F-statistic	2.959848	Probability	0.069485
Obs* R-Squared	5.749132	Probability	0.056441

Source: Processed data

The BG test results in table note that the value of Obs* R-squared is 5.749132 is smaller than the value of Obs* R-squared (x^2) table. Where the value for the Obs* R-squared (x^2) table that is adjusted for the lag (v) = 2 and α = 5% amounted to 5.99. Hence 5.749132 < 5.99, that it can be concluded that this equation model is free from autocorrelation problem.

3) Heteroscedasticity Test

Table 4. Heteroscedasticity Test in L Equation

White Heteroskedasticity Test:			
F-statistic	1.147903	Probability	0.355464
Obs* R-Squared	4.650968	Probability	0.325020

Source: Processed data

The results of White's Test as shown in the table obtain the Obs* R-squared (x^2) equal to 4.650968 while for the value (x^2) table (α = 0.05, df = 28) amounted to 41.33. Because the value (x^2), count (Obs* R squared value)<value (x^2) table, it can be concluded that the above model there is no problem of heteroscedasticity acceptable.

4) Normality Test

From the JB test results it is obtained probability value of 0.780738 that is greater than 0.05. Therefore, it can be concluded that the data are normally distributed.

5) Multicollinearity Test

Table 5. Results Multicollinearity Test in L Equation

Independent Variable	Regression of each independent variable (R^2)

IKMK	0.316039
IINV	0.624698
IKK	0.608129
NPL	0.717753
Early R-square ($R^2$1)	0.788669

Source: Processed data

Test results in the table note that the value of $R^2$1 (0.788669) is greater than R^2 , it can be concluded that this study models escape from symptoms of multicollinearity.

c. Statistics Test

1) Goodness of Fit

Adjusted R-squared value of the estimate in the table above is 0.757361. This means that 75.73 percent of the variation changes IKMK, IINV, IKK, NPL, SBW, CPI is able to explain variations in changes to the LDR, and the balance of 24.27 per cent variation is explained by changes in other variables outside the model.

2) Partial Influence Test (t-test Statistic)

By using one side of the test (one tail test), and the degree of freedom=(n-k), where n= 32 and k=5 (including constants) at the level of particular significance to determine the influence of the partial test results. Value t-statistic IKMK variables, IINV, IKK and NPL significant influence on L variables that are marked for the t-stat each larger than t-table at various levels of significance (0.01, 0.05, 0.10), i.e. (IKMK t-stat= 2.400994, IINV t-stat= 3.785839, IKK t-stat= -4.906654, NPL t-

stat = 3.324228), so that means IKMK, IINV, IKK and NPL simultaneously have a significant influence on L.

3) Simultaneous Influence Test (Test F-statistic)

The value of the F-statistic is much greater than the value of the F-table at the level of significance of 0.05. This means changes of IKMK, IINV, IKK and NPL simultaneously have a significant influence on L. Based on test results and test the assumptions of classical statistical tests, it can be concluded that the four independent variables have an influence on L. Therefore, the hypothesis that IKMK, IINV, IKK and NPL have a significant influence on L is accepted.

4) Elasticity Test

Calculation result showed that the variable that has significant influence on the Loan (L) is IINV (Interest rates Investment Loan) it pointed out by greater elasticity point of variable IKMK (0.0005390), IKK (0.00009713), NPL (0.00266023) which is as big as 0.0068044.

2. Multiple Linear Regression Analysis For D

a. Result Regression Equation D

The tally uses the model of regression with Eviews 5.0 to SBW and CPI on deposits, the equation can be written as follows:

$$D = 58078.03 - 234840.7SBW - 67.36844IHK \quad (5)$$

b. Classic Assumption Test

1) Liniearity Test

Based on test calculations with the Ramsey RESET Test, this obtained value F-stat of 0.564323dan F-tab

(0.05, (2), (29)) equal to 3.33 this indicates that F-stat < F-tab. It can be concluded that the model used in the form of a linear function or specification error does not occur.

2) Autocorrelation Test

The BG test results in table note that the value of Obs* R-squared is 5.749132 that value is smaller than the Obs* R-squared (x^2) table. Where the value for the Obs* R-squared (x^2) table that is adjusted for the lag (v) = 2 and α = 5% amounted to 5.99 Hence 5.749132 < 5.99, that it can be concluded that this equation model is free from autocorrelation problem.

3) Heteroscedasticity Test

The results of White's Test as shown in the table obtain the Obs* Rsquared (x^2) for 4.650968 meanwhile to the value (x^2) table (α = 0.05, df = 30) amounted to 43.77. Because the value (x^2), count (Obs* R squared value) < value (x^2) table, it can be concluded that the above model there is no problem of heteroscedasticity acceptable.

4) Normality Test

From the JB test results as shown in the table it is obtained probability value of 0.453554 that is greater than 0.05. Therefore, it can be concluded that the data are normally distributed.

5) Multicollinearity Test

Test results in the table note that the value of $R^2$1 (0.753556) is greater than R^2, it can be concluded that this study models escape from symptoms of multicollinearity.

c. Statistic Test

1) Goodness of Fit

Adjusted R-squared value of the estimate in the table above is 0.736560. This means that 74 percent of the variation of changes in SBW and CPI are able to explain variations in changes to the TPF, and the remaining 26 percent is explained by variations in the changes of other variables outside the model.

2) Partial Influence Test (t-test Statistic)

By using one side of the test (one tail test), and the degree of freedom = (n-k), where n = 32 and k=3 (including constants) at the level of particular significance to determine the influence of the partial test results. T-statistic values SBW and CPI variables significantly influence the variable deposits it to t-stat marked each larger than t-table at various levels of significance (0.01, 0.05, 0.10) are (SBW t-stat = -8.573287, CPI t-stat = - 4.129794), so that means the SBW and CPI simultaneously have a significant influence on deposits.

3) Simultaneous Influence Test (Test F-statistic)

Based on test results and test the assumptions of classical statistical tests, we concluded that the two independent variables have an influence on deposits. Therefore, the hypothesis that SBW and CPI have a significant influence on the deposits can be accepted. The value of the F-statistic is much greater than the value of the F-table at the level of significance of 0.05. This means changes of CPI and SBW simultaneously have a significant influence on Deposits.

4) Elasticity Test

Calculation result showed that the variable that has significant influence on the D (Third Party Funds) is SBW (LPS Insured interest rates) it pointed elasticity point that is -234840.7 that greater than variable CPI (Consumer Price Index) is -67.36844.

3. Multiple Linear Regression Analysis For LDR

a. Result Regression Equations LDR

The tally uses the model of regression with Eviews 5.0 to IKMK, IINV, IKK, NPL, SBW and CPI on the LDR it can be written equation as follows:

$$LDR = 80.17544 + 1.679599IKMK - 1.118667IINV - 0.339045IKK - 0.205599NPL - 16.34487SBW - 0.087442CPI \quad (6)$$

b. Classic Assumption Test

1) Liniearity Test

Based on test calculations with the Ramsey RESET Test this obtained value F-stat of 1.940545 and F-tab (0.05, (6), (25) of 2.49. This shows that the F-stat < F-tab. Thus, it can be concluded that the model used in the form of a linear function or specification error does not occur.

2) Autocorrelation Test

The BG test results note that the value of Obs* R-squared is 0.243847 that value is smaller than the Obs* R-squared (x^2) table. Where the value for the Obs* R-squared (x^2) table that is adjusted for the lag (v) = 2 and α = 5% amounted to 5.99. Hence 0.243847 < 5.99, so that it can be concluded that this equation model is free from autocorrelation problem.

3) Heteroscedasticity Test

The results of White's Test obtain the Obs* R-squared (x^2) equal to 10.98254 and for the value (x^2) table (α = 0.05, df = 26) amounted to 38.88. Therefore, the value (x^2), count (Obs* R squared value)<value (x^2) table, it can be concluded that the above model there is no problem of heteroscedasticity acceptable.

4) Normality Test

From the test JB test results it is obtained probability value of 0.432910 that greater than 0.05. Therefore, it can be concluded that the data are normally distributed.

5) Multicollinearity Test

Test results in the table note that the value of $R^2$1 (0.973741) is greater than R^2, it can be concluded that this study models escape from symptoms of multicollinearity.

c. Statistics Test

1) Goodness of Fit

Adjusted R-squared value of the estimate in the table above is by 0.427307. This means that 42.73 percent of the variation changes IKMK, IINV, IKK, NPL, SBW, CPI is able to explain variations in changes to the LDR, and the balance of 57.27 percent variation is explained by changes in other variables outside the model.

2) Partial Influence Test (t-test Statistic)

By using one side of the test (one tail test), and the degree of freedom = (n-k), where n = 32 and k=7 (including constants) at the level of particular significance to determine the influence of the partial test results. Value t-statistic variable CPI (Consumer Price Index) significant influence on LDR variable it is marked for t-stat larger than t-table at various levels of significance (0.01, 0.05, 0.10) i.e. CPI t-stat= -2.975952), so that means CPI have a significant influence on the LDR.

3) Simultaneous Influence Test (Test F-statistic)

The value of the F-statistic is greater than the value of the F-table at the level of significance of

0.05. This means changes of IKMK, IINV, IKK, NPL, SBW, and CPI simultaneously has a significant influence on LDR Rural Bank. Based on test results and test the assumptions of classical statistical tests, it can be concluded that the six independent variables have an influence on the LDR. Therefore, the hypothesis that IKMK, IINV, IKK, NPL, SBW, CPI has a significant influence on the LDR is accepted.

CONCLUSION

This study examines the development of financial intermediation by Rural Banks (BPRs) in Indonesia from January 2008 to August 2010, measured by the Loan-to-Deposit Ratio (LDR), and identifies the factors influencing it. Calculation result showed that the variable that significantly influence loan is investment loan interest rate. Thus, the first hypothesis which states that the variable that has significant influence on Loan is investment loan interest rate can be statistically accepted. Calculation result showed that the variable that has significant influence on the deposits is a LPS insured interest rate. Thus, the second hypothesis which states that the variable LPS insured interest rates significantly influence third party fund to be statistically is accepted. Result of analysis above shows that the variables that significantly influence the LDR in Rural Bank in Indonesia are the Consumer Price Index (CPI).

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