

# UNIVERSITAS INTERNASIONAL BATAM

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## **ANALYSIS OF MACROECONOMIC AND SPECIFIC BANK IMPACTS ON NON-PERFORMING LOAN OF RURAL BANKS IN 3 HIGHEST PROVINCES OF INDONESIA**

**Kenny Ogustianto**  
**NPM: 1642135**

### **ABSTRACT**

*This study is purposed to analyze the non-performing loan that is affected by an external factor or macro-economy variable and internal factor or specific bank variable. The macro-economy factor is related to the monetary activity of the country, while the specific bank factor reflects on the performance of certain companies. The macro-economy factor used in research is GDP growth and interest rate. Bank specific factor is comprised of inefficiency, profitability, capital ratio, company size, credit growth and loan to deposit ratio.*

*The object that is used in the research is Rural Banks that have been registered in the Financial Services Authority province of Gorontalo, Southeast Sulawesi, and South Sumatra. Research data are acquired from the financial report published by each Rural Banks period from 2014 to 2018. Purposive sampling is the method used for data gathering for this research. The number of research samples used as observation material is 30 Rural Banks with a total of 571 data.*

*The final result of the research showed that there is a significant positive effect of inefficiency and capital ratio towards non-performing loan, while profitability, company size, credit growth, and loan to deposit ratio have a significant negative effect on non-performing loan. The macro-economy variable does not have a direct and significant relation with the non-performing loan.*

**Keywords:** *Bank Specific, Non-Performing Loan, Credit, Macro-economy, Bank*