

THE INFLUENCE OF THE BI RATE, ECONOMIC GROWTH, THIRD PARTY FUNDS (DPK), CAPITAL ADEQUACY RATIO (CAR), AND NON-PERFORMING LOANS (NPL) ON INDONESIAN BANK CREDIT DISTRIBUTION POST-COVID-19 PANDEMIC**Sabaruddin Siagian**

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Article HistoryReceived : May 30th 2026Revised : June 2nd 2026Accepted : June 5th 2026Published : June 8th 2026**Corresponding author:**sabaruddin.sdg@bsi.ac.id**Cite This Article:**

Sabaruddin Siagian. (2026). THE INFLUENCE OF THE BI RATE, ECONOMIC GROWTH, THIRD PARTY FUNDS (DPK), CAPITAL ADEQUACY RATIO (CAR), AND NON-PERFORMING LOANS (NPL) ON INDONESIAN BANK CREDIT DISTRIBUTION POST-COVID-19 PANDEMIC. *International Journal Management and Economic*, 5(2).

<https://doi.org/10.56127/ijme.v5i2.2776>

DOI:

<https://doi.org/10.56127/ijme.v5i2.2776>

Abstract: The purpose of this study is to partially examine the influence of the BI Rate, economic growth, third-party funds (TPF), *capital adequacy ratio* (CAR), and *non-performing loans* (NPL) on Indonesian banking credit distribution after the Covid-19 pandemic. This research method uses a quantitative-statistical approach. The research data is sourced from commercial banks registered with the Financial Services Authority (OJK). The research data period is from the first quarter of 2022 to the first quarter of 2026. SPSS software is used to manage the research data. The results show that, post-Covid-19, the BI Rate, economic growth, CAR, and NPL have no significant effect on Indonesian banking credit distribution. Meanwhile, TPF has a positive and significant effect on Indonesian banking credit distribution.

Keywords: credit, BI Rate, economic growth, DPK, CAR, NPL

INTRODUCTION

Almost six years after Covid-19, it must be acknowledged that the Indonesian economy has recovered *to its original state*. Likewise, the recovery of Indonesian banking credit distribution from the impact of Covid-19 is well underway. Before Covid-19 hit Indonesia, in the first quarter of 2019, Indonesia's economic growth (Badan Pusat Statistik, 2019) was 5.05 percent, according to data. Post-Covid-19, in the second quarter of 2026, it was (Badan Pusat Statistik, 2026) 5.61 percent.

Likewise, Indonesian banking credit distribution has recovered. Before COVID-19, in the second quarter of 2019, Indonesian banking credit growth decreased (Otoritas Jasa Keuangan, 2019) by 9.92 percent. Post-COVID-19, in the first quarter of 2026, Indonesian banking credit growth decreased (Otoritas Jasa Keuangan, 2026) by 9.49 percent.

With the recovery of the Indonesian economy and the distribution of bank credit, we want to examine the determinants influencing Indonesian bank credit distribution after the Covid-19 pandemic. The research variables influencing Indonesian bank credit distribution are the BI Rate and Indonesian economic growth, third-party funds (TPF), *the capital adequacy ratio* (CAR), and *non-performing loans* (NPLs). variable guides banks in raising or lowering deposit interest rates and lending. Economic growth reflects a country's sustained increase in production capacity and national income. Banking deposits represent public funds held in banks in the form of current accounts, savings accounts, and time deposits, which banks use for lending. The capital ratio (CAR) reflects the strength of a bank's capital to maintain operational continuity and support lending. The Non-Performing Loan (NPL) variable indicates the level of non-performing loan risk faced by banks from problematic loans.

The research gaps in this study are: first, ensuring that the results of the study on the partial influence of the BI Rate, economic growth, third-party funds (DPK), CAR, and NPL on Indonesian banking credit distribution serve as a national reference, as many previous studies have yielded varying results. Second, the data for this study is up-to-date, covering the period 2022-2026. Third, the data also includes post-COVID-19 pandemic data, which still uses minimal previous research data.

The novelty of this research focuses, first, on understanding the determinants of Indonesian banking credit distribution following the recovery of the Indonesian banking and economic sectors following the COVID-19 pandemic. This research utilizes post-COVID-19 data from 2022 to 2026. Second, this study utilizes internal and external variables from Indonesian banking. Third, the research data covers the most recent period, from post-COVID-19 to 2026.

LITERATURE REVIEW

Credit Distribution

Credit distribution is the main banking activity in distributing funds to the public and the business world to support consumption, investment and business financing activities.(Haryanto, 2021).

The BI Rate

The BI Rate is the benchmark interest rate used by Bank Indonesia to control monetary policy and influence banking credit activities through changes in interest rates ((Utami & Nugraha, 2022).

Third Party Funds (DPK)

Third party funds (DPK) are funds collected by banks from the public in the form of savings and used as the main source in distributing banking credit ((Fitriani & Nasution, 2022).

Capital Adequacy Ratio (CAR)

Capital Adequacy Ratio (CAR) is a capital adequacy ratio that shows the bank's ability to bear risks and maintain the stability of banking operational activities (Siregar & Putri, 2022).

Non-Performing Loan (NPL)

Non-Performing Loan (NPL) is a ratio that shows the level of problematic credit due to the debtor's inability to fulfill payment obligations to the bank (Ramadhani & Yuliana, 2022).

Hypothesis

The Influence of the BI Rate on Bank Credit Distribution

The negative impact of the BI Rate on credit distribution is supported by research (Purnomo & Sudjana, 2023b), which found that an increase in the BI Rate increases credit costs, leading to a decline in demand for credit by the public and businesses. Similarly, the study (Pambudi et al., 2023) found that an increase in the BI Rate encourages banks to raise interest rates, thereby limiting credit distribution. Therefore, hypothesis H1: There is a negative impact of the BI Rate on credit distribution in Indonesian banks after the Covid-19 pandemic.

The Influence of Economic Growth on Bank Credit Distribution

There is a positive influence of economic growth on credit distribution, which is strengthened by research. (Yulyanti et al., 2023) Research found that stable growth can increase business optimism, thus increasing demand for bank credit. Similarly, research shows (Purnomo & Sudjana, 2023a) that increased economic growth will stimulate business activity and investment, thereby increasing the need for financing through bank credit. Therefore, hypothesis H2: There is a positive effect of economic growth on Indonesian bank credit distribution after the Covid-19 pandemic.

The Influence of Third Party Funds (DPK) on Bank Credit Distribution

Research result (Andini et al., 2016) found that third party funds (DPK) have a positive and significant influence on bank credit distribution because the increase in public funds collected by banks will increase the bank's ability to distribute credit. Likewise, research (Wau, 2019) The research results show that the larger a bank's third-party funds (DPK), the greater its capacity to provide credit to the public. Therefore, hypothesis H3: There is a positive influence of bank third-party funds (DPK) on credit distribution in Indonesian banking after the Covid-19 pandemic.

The Influence of Capital or Capital Adequacy Ratio (CAR) on Bank Credit Distribution

According to (Ng & Situmorang, 2020) research, CAR has a positive effect on banking distribution because capital adequacy is the basis for banks to manage risk and lending activities. (Nurjanah & Arida, 2021) Banks with a high CAR tend to have better credit distribution capabilities because they are supported by a strong and healthy capital structure. Therefore, hypothesis H4: There is an influence of banking capital CAR on bank credit distribution. Indonesia after the Covid-19 pandemic.

The Influence of Non-Performing Loans (NPL) on Bank Credit Distribution

According to research (Rosalina et al., 2019) The results of this study indicate that banking NPLs can impact bank credit distribution because high levels of non-performing loans make banks more cautious in extending new loans to the public. Furthermore, (Ng & Situmorang, 2020) the higher the non-performing loans, the less likely a bank is to expand its credit capacity due to the need to manage risk. Therefore, hypothesis H5: There is a negative impact of NPLs on Indonesian banking credit distribution after the Covid-19 pandemic.

METHODS

This study uses a quantitative-statistical approach to analyze the influence of the BI Rate, economic growth, third-party funds (DPK), *capital adequacy ratio* (CAR), and *non-performing loans* (NPL) on Indonesian banking credit distribution after the Covid-19 pandemic. The data used are secondary data obtained from the Financial Services Authority (OJK), Bank Indonesia (BI), and the Central Statistics Agency (BPS). The study population includes all commercial banks registered with the OJK, with *purposive sampling as the sampling technique*. (Panuntun & Sutrisno, 2018).

Data analysis was performed using multiple linear regression with the help of SPSS software. Prior to hypothesis testing, classical assumption tests were conducted consisting of normality, multicollinearity, heteroscedasticity, and autocorrelation tests to ensure the regression model met the BLUE criteria (Ghozali, 2021). Hypothesis testing was conducted using a t-test to determine the effect of independent variables on bank credit distribution (Adha & Riwayati, 2019).

FINDING AND DISCUSSION**Classical Assumption Test**

The purpose of the classical assumption test is to ensure that the regression model is accurate and unbiased in testing the hypothesis. The types of classical assumption tests include normality, multicollinearity, autocorrelation, and heteroscedasticity. The Kolmogorov-Smirnov test was used to test for normality. The normality test yielded a value of 0.200. Because the result is above 0.05, the data is normally distributed. *The Variance Inflation Factor* (VIF) was used to test for multicollinearity. The VIF values for the independent variables (X) were: BI Rate (6.923), economic growth (1.629), DPK (7.535), CAR (1.418), and NPL (9.10). Because the VIF values are between 1 and 10, multicollinearity does not occur.

The autocorrelation test used Durbin Watson. The calculation result was 1.337. Because the value is between -2 and 2, there is no autocorrelation. The heteroscedasticity test used the Glejser test. The Glejser values were: BI Rate (0.898), economic growth (0.530), DPK (0.163), CAR (0.123), and NPL (0.173). Because all Glejser values for each independent variable are above 0.05, there is no heteroscedasticity.

Hypothesis Test Results**The influence of the BI Rate on bank credit distribution**

The significance value of the BI Rate from SPSS output is 0.612. Since the BI Rate significance value is above 0.05, there is no significant effect of the BI Rate on Indonesian banking credit distribution. Therefore, hypothesis H1: there is a significant effect of the BI Rate on Indonesian credit distribution is rejected.

The influence of economic growth on bank credit distribution

The significance value for economic growth was 0.609. Since the significance value is greater than 0.05, economic growth has no significant effect on Indonesian banking credit distribution. Therefore, hypothesis H2: There is a positive effect of economic growth on Indonesian banking credit distribution is rejected.

The influence of third party funds (DPK) on bank credit distribution

The significance value for third-party funds (TPF) was 0.003. Since the significance value is below 0.05, there is a positive and significant influence of TPF on Indonesian banking credit distribution. Therefore,

hypothesis H3: there is a positive and significant influence of TPF on banking credit distribution is accepted.

The influence of the capital adequacy ratio (CAR) on bank credit distribution

The significance value of the *capital adequacy ratio* (CAR) was 0.581. Since the significance value is above 0.05, there is no significant effect of CAR on Indonesian banking credit distribution. Therefore, hypothesis H4: there is a positive and significant effect of CAR on credit distribution is rejected.

The influence of non-performing loans (NPL) on bank credit distribution

The significance value for *non-performing loans* (NPL) was 0.128. Since the significance value is above 0.05, there is no significant effect of NPL on Indonesian banking credit distribution. Therefore, hypothesis H5: There is a significant effect of NPL on Indonesian banking credit distribution is rejected.

Discussion

The influence of the BI Rate on bank credit distribution

Based on the significance of the BI Rate research result of 0.612, which is above 0.05, there is no significant effect of the BI Rate on Indonesian banking credit distribution after the Covid-19 pandemic. Therefore, the H1 hypothesis stating that there is a significant effect of the BI Rate on Indonesian banking credit distribution after the Covid-19 pandemic is rejected.

The research results did indeed yield a negative beta coefficient, consistent with interest rate theory, but the BI Rate instrument was unable to guide banks in determining their lending levels. Therefore, in determining Indonesian banking credit distribution post-COVID-19 pandemic, from the first quarter of 2022 to the first quarter of 2026, Bank Indonesia's monetary policy, using the BI Rate instrument, remains weak in guiding credit distribution.

In interest rate theory, when the monetary interest rate, the BI Rate, rises, banks respond by reducing their lending. Conversely, when interest rates decrease, banks increase their lending. However, in the post-COVID-19 pandemic period, banks have paid less attention to the interest rate guidelines issued by Bank Indonesia. Post-COVID-19 Indonesian banks are more focused on internal banking conditions, particularly the availability of funds or liquidity. Therefore, changes in the BI Rate do not directly impact lending. This study's findings, which found no effect of the BI Rate on bank lending, corroborate previous research. (Biasmara, 2022) (Ichwani & Dewi, 2021).

The influence of economic growth on bank credit distribution

The research results show that economic growth has a negative beta coefficient and a significance level of 0.609. Because the significance value for economic growth is above 0.05, statistically, there is no significant effect of economic growth on Indonesian banking credit distribution after the COVID-19 pandemic.

In theory, increased economic growth is responded to by increased credit distribution. However, in the post-COVID-19 pandemic period, from the first quarter of 2022 to the first quarter of 2026, banking behavior was different, with a less responsive response to developments in Indonesia's economic growth in their credit distribution. In fact, the beta coefficient of economic growth had a negative effect on bank credit distribution.

This phenomenon occurs when the beta coefficient is negative, although its effect is insignificant. This is because during the post-COVID-19 pandemic period, when economic growth was weak, credit distribution remained expansive. This expansionary credit distribution is due to the abundance of liquidity, or third-party funds (DPK), in banks that needed to be distributed, despite a slight decline in economic growth. The abundance of undisbursed banking liquidity stems from the fact that banks experienced a negative contraction in credit distribution at the start of the COVID-19 pandemic. Therefore, the results of this study indicate that economic growth has no effect on credit distribution in Indonesian commercial banks, corroborating research. (Ratnasari & Soesatyo, 2015)

The influence of third party funds (DPK) on bank credit distribution

The research results showed a significance level of 0.003, with a positive beta coefficient. Because the significance level is below 0.05, third-party funds (TPF) have a positive and significant impact on Indonesian banking credit distribution following the COVID-19 pandemic.

The positive and significant research findings on the influence of third party funds (DPK) on credit distribution in Indonesian banks after the Covid-19 pandemic align with the banking intermediation theory, which states that the function of banks is to absorb surplus funds from the public and channel them to those with deficits. During the research period, from the first quarter of 2022 to the first quarter of 2026, the availability of substantial third party funds in banks, which were distributed in the form of credit to the public, was also expansive. Therefore, the size of third party funds significantly influenced bank credit, and these research findings corroborate previous research.(Andini et al., 2016) (Wau, 2019).

The influence of the capital adequacy ratio (CAR) on bank credit distribution

The research results showed a significant *capital adequacy ratio* (CAR) of 0.581. Because the significance value is above 0.05, statistically, there is no effect of banking CAR on Indonesian banking credit distribution after the Covid-19 pandemic. Furthermore, the research results also showed a negative beta coefficient, indicating that although there was no significant effect of banking CAR on bank credit distribution during the research data period, the relationship pattern was negative or in the opposite direction.

Theoretically, when banks have a large capital or CAR, their ability to cover *risks* and distribute bank credit also increases. In the banking industry, a bank's ability to distribute credit is largely determined by the size of its CAR. However, during the data period of this study, banks paid little attention to CAR as the primary basis for determining their credit distribution. Therefore, CAR did not significantly influence credit distribution, and the results of this study corroborate previous research.(Febrianti, 2022) (Dewi. M.L, 2019).

The influence of non-performing loans (NPL) on bank credit distribution

the non-performing loan (NPL) research results was 0.128. Because the NPL significance value is above 0.05, statistically there is no significant effect of banking NPLs or non-performing loans on bank credit distribution after the Covid-19 pandemic. The NPL beta coefficient is negative, indicating caution when disbursing credit when there is an increase in NPLs or non-performing loans, but the effect is not significant in bank credit distribution after the Covid-19 pandemic.

Theoretically, there is a significant influence of NPLs, or non-performing loans, on bank lending. This means that when there is an increase in non-performing loans, banks are reluctant or refrain from expanding credit distribution. During the study period, there was no significant influence of NPLs, or non-performing loans, on Indonesian bank lending. These findings corroborate research by [(Sari et al., 2021) , (Kusumawardani, 2023)].

CONCLUSION AND SUGGESTIONS

Conclusions

The results of this study resulted in the following conclusions:

1. There was no significant influence of the BI Rate on Indonesian banking credit distribution after the Covid-19 pandemic.
2. There was no significant impact of economic growth on Indonesian banking credit distribution after the Covid-19 pandemic.
3. There has been a positive and significant impact of third-party funds (TPF) on Indonesian banking credit distribution following the Covid-19 pandemic.
4. There was no significant influence of *the capital adequacy ratio* (CAR) on bank credit distribution after the Covid-19 pandemic.
5. There was no impact of *non-performing loans* (NPLs) on bank credit distribution after the Covid-19 pandemic.

Suggestions

It is recommended that future research conduct non-statistical quantitative studies on the influence of the BI Rate and economic growth on Indonesian banking credit distribution. Various stakeholders in

Indonesian banking should be able to identify the factors that contribute to the inability of the BI Rate and economic growth to significantly influence Indonesian banking credit distribution.

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