

The Factors Affecting The Demand For Credit Bank City Danamon of Palopo

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ABSTRACT: *The purpose of this peenelitian is to know: Are interest rates, inflation, economic growth and income per capita significantly influence credit demand at Bank Danamon in Palopo? The analysis method uses multiple linear statistical test model Cabb Douglass. The function $Y = f(X1, X2, X3, X4)$ to transform into a linear shape by using the natural logarithm (ln) into the model with the following equation:*

$$LNY = \ln \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 \ln X_4 + \mu_i$$

The results showed that: the variable interest rates on a significant effect on credit demand. Variable no significant effect of inflation, economic growth variable has no significant effect to the Bank Danamon credit demand and per capita income variable significant effect on the Bank's loan request Palopo on the error rate of 5%.

Keywords: *interest rates, inflation, economic growth, per capita income and credit demand*

I. INTRODUCTION

The role of banks as intermediary institutions to be very important for the bank to process the transfer of funds in the economy that could trigger economic growth. Moreover, this loan portfolio is stressed to local communities to promote the regional economy, where the regional economy will contribute to increase the national economic growth. In the company's operating activities, the need for funds absolutely must be provided for without the availability of funds, would not be the company's activities will run smoothly. In practice the funds needed company there are two kinds, namely for working capital and investment. Working capital is the capital needed to finance its operations daily, such as paying salaries, telephone, electricity, raw materials, and other costs. Working capital are commonly used for routine activities and the company's short-term nature. Meanwhile, investment capital is the capital required for the company's long-term, such as building, factory, buy machinery and other investment capital. Both types of capital is equally important to fulfill the company at any given time. Funds must be met by the company either used for working capital and investment, can be obtained from various sources such as capital loans from banks in an effort to achieve price stability, particularly the stability of the rupiah banks play an important role. The problem of this research is: Are interest rates, inflation, economic growth and income per capita significantly influence credit demand at Bank Danamon in Palopo? The purpose of the study is to find out: Are interest rates, inflation, economic growth and income per capita significantly influence credit demand at Bank Danamon in Palopo?

II. LITERATURE REVIEW

Generally, it is said that the meaning of the credit is trust. In Latin called "credere". This means that the trust bank (creditor) to customer (debtor), in which the bank believes customers will surely repay the loan according to the agreement that has been made. In Indonesia definition of credit is divided into two according to the type of banks that exist today, namely credit for conventional bank (west) and financing for Islamic banks (Islam). According to Basic Banking Act No. 10 of 1998, the credit is the provision of money or bills can be equated with it, based on agreements between bank lending and other parties who require the borrower to pay off debt after a certain period of time with interest.

Mishkin (2008) The interest rate is one of the variables of the most widely observed in the economy almost daily movement reported in the newspapers it is caused by interest rates directly affect our lives and has important consequences for the health of the economy interest rates affect personal decisions, such as deciding for consumption or savings, will buy a house or not and decide to buy bonds or put funds into savings. Interest rates also affect the economics of the business or businesses and households, as decided to use the funds to invest in new equipment for the plant, or to be kept in the bank. The demand for money by Keynes, called "Liquidity Preference" is dependent rather than interest rates. This is because first, Keynes argued that people have confidence the existence of an interest rate that is normal, the more people who believe that interest rates will rise to normal levels (so they believe that interest rates will rise in the future). If they hold the securities when interest rates go up, then they will suffer losses (capital loss). They will avoid these losses by reducing the securities are held and by itself will add cash at hand, when interest rates rise. This relationship is called the motive of speculation about the price of the securities in the future (Nopirin in Utami, 2013: 32).

Cashmere (2013) argues that the bank's interest can be defined as remuneration given by the bank based on the conventional principles to customers who buy or sell products. Flowers can also be interpreted as a price to be paid to customers (who have deposits) to be paid by the customer to the bank (the customer who obtained a loan). Inflation affects the distribution of income and wealth because of differences in assets and liabilities owned. Unanticipated inflation is often advantageous debtor, profiteers and speculators who are ready to accept the risk. It is detrimental to the creditors, fixed income classes, and scaring off investors. Inflation cause deviations in relative prices, tax rates, and the real interest rate. Someone more frequent trips to the bank, the tax rises slowly, and the income measure distorted. The inflation rate will affect various sectors, especially in the banking sector. One way inflation affects economic growth through the banking sector is to affect all of the credit available to businesses. Perception of high inflation will increase credit risk. When the central bank took steps to reduce inflation, the real cost to lower output and employment could be so great (Samuelson and Nordhaus, 2003: 381).

Economic growth is the increase in output per capita that is constantly in the long term. Economic growth is one indicator of the success of development. Thus, the higher economic growth usually the higher the welfare of the community, although there are other indicators that the distribution of income. While economic development is an attempt to increase income per capita by the processing power of the economic potential into real economy through investment, the use of technology, expansion of knowledge, improved skills, and increases organizational skills and management. Analysis of the economic growth examined the factors that led to the growth of potential output in the long term. Growth in output per capita is an important goal of government because it is associated with an increase in average real incomes and living standards. Economic growth is measured by the increase in value of all goods and services produced within a country or region regardless of citizenship that produce goods and services in a particular calculation period. Economic growth is considered important as a determinant of macroeconomic performance and allows the bank to control the business fluctuations. Economic growth can significantly affect the ability of the borrower returns the loan. Economics rolling with four wheels, namely economic growth, the quantity and quality of the workforce, abundance of land and other natural resources, accumulated capital stock, and technological changes and innovations that allow for greater output is produced with the same input. The high economic growth of an area, it can be calculated that the area has a high level of prosperity. By doing so, businesses will benefit greatly from their production so that it can return the loan along with the interest rate on time. Economic growth reflects changes in the general level of economic activity. When the value of the credit risk is at its highest point, then at that time economic growth is at its lowest. In essence, the economic development aims to improve the welfare of society through the achievement of high economic growth, maintain price stability, tackle the problem of unemployment, keeping the balance of payments and redistribute fair and equitable. Problems of economic growth emerged in an area depends on many factors such as human resources (HR), natural resources (SDA), science and technology (Science and Technology), culture, and capital resources must be recognized and properly identified so that factor can affect the economic growth of the country or region. The economic growth of a region can be measured by looking at the GDP and economic growth rate at constant prices. According Sukirno (2004) in macro analysis, the rate of economic growth achieved by a country is measured from the development of real national income reached a country. Banking as a function of intermediation role in pushing the economic growth and expand employment opportunities through the provision of a number of development funds and the business world. Especially for businesses, the funds provided by the bank is in the form of credit.

Credit distribution in society affect the rate of economic growth, where one indication of the progress of the economy of a region is through the level of lending in the community (Inas Aisha: 2005: 2, Per capita income (income per capita) is an economic indicator derived from the GDP divided by the population that is in the middle of the year. The GDP is one indicator commonly used to measure the level of prosperity of the population in an area within a certain period. The GDP is the value of all goods and services produced in one area usually within a period of one year regardless of ownership of production factors. The value of GDP can be calculated through three approaches, such as in terms of production, in terms of revenue and in terms of spending. Based on the formulation of the problem and the purpose of the study, the authors draw a hypothesis as follows: suspected that interest rates, inflation, economic growth and income per capita affect the demand for credit at Bank Danamon in Palopo.

III. RESEARCH METHODS

Data collection methods used in this research are: Research library, this research done by searching for references in the form of books and reports both annual reports and research reports, dealing with issues of research so as to facilitate in writing.

Data analysis method

The analysis method uses multiple linear statistical test model Cabb Douglass. Symphony (2011: 1) All of these variables can be summarized in the following function: $Y = f(X_1, X_2, X_3, X_4)$ to transform into a linear shape by using the natural logarithm (ln) into the model in order to obtain the following equation:

$$\text{LN}Y = \text{Ln} \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 \text{Ln} X_4 + \mu_i$$

Where:

Y = Demand Loans (Rupiah)

X1 = Lending Rates (Percent)

X2 = Inflation (Percent)

X3 = Economic Growth (Percent)

X4 = Income per capita (Rupiah)

β_0 = Constant

$\beta_1, \beta_2, \beta_3, \beta_4$ = parameters to be estimation

μ_i = Error term

IV. RESULTS AND DISCUSSION

One indicator measuring economic growth of a country is to look at indicators of the development of its Gross Domestic Product (GDP), while the PDB Palopo can be seen in the following table:

Table 1. Per Capita Income Palopo on Constant Price Year 2005-2014

Years	PDRB (Rupiah)	Total population (Jiwa)	Income per capita (Rupiah)	Ln Income per capita
2005	155,008.37	123,022	1,260,656	14.04
2006	609,767.42	125,734	4,849,662	15.39
2007	656,854.91	127,804	5,139,549	15.45
2008	698,368.48	133,990	5,212,094	15.47
2009	743,974.17	137,595	5,406,985	15.50
2010	799,328.94	141,527	5,688,081	15.55
2011	862,192.23	144,351	5,972,887	15.60
2012	925,082.15	147,932	6,253,428	15.65
2013	1,000,569.31	149,421	7,121,142	15.78
2014	1,087,419.80	152,703	6,696,310	15.72

The interest rate on the credit is one of the variables that affect the credit decision in Bank Danamon in Palopo. Adapu development of interest rates is as follows:

Table 2. Recapitulation of Interest Rates and Credit Demand Bank Danamon Palopo Year 2005-2014

Years	Lending Rates (%)	Total Credit Request (000 Rupiah)	Ln Credit Request
2005	18,68	18.276.384	16,721
2006	16,64	27.732.575	17,138
2007	18,50	34.973.862	17,370
2008	12,05	39.746.644	17,498
2009	16,64	49.858.293	17,724
2010	18,50	63.410.474	17,965
2011	12,05	58.367.570	17,882
2012	11,00	49.858.293	17,724
2013	10,75	63.410.474	17,965
2014	10,50	63.450.658	17,965

From Table 4.2 above we can see that the growth rate of credit interest rates decreased, in 2005 the level of lending rates the Bank of 18.68% with total demand Rp. 18.276384 billion, or approximately 16.721%. In 2006 lending rates by 16.64% with total demand Rp. 27.732575 billion, or approximately 17.138%. In 2007 lending rates by 18.50% with total demand Rp. 34.973862 billion or about 17.370. In 2011, the Bank's lending rates Palopo 12.05% with total demand Rp. 39.746644 billion, - or approximately 17.498%. In 2009, the Bank's interest rate krediti amounted to 16.64% with total demand is Rp. 49,858,293 or approximately and in 2014 lending rates by 10.50% with total demand is Rp. 63.450658 billion, - or approximately 17.965%. It is caused by several factors that can affect the determination of interest rates on loans. One of them is the interest rate banks where the banking interest rate set by the Central Bank.

Table 3. Inflation Palopo Year 2005-2014

Years	Inflation (%)
2005	17.43
2006	17.43
2007	17.43
2008	17.43
2009	17.43
2010	17.58
2011	4.18
2012	3.99
2013	3.35
2014	4.11

In the year 2005 - 2009 has not carried out the recording of inflation in Palopo, it is because there is no team of BPS's office Palopo which register the above data was obtained from interviews by the staff of the Central Bureau of Statistics which register the inflation rate Palopo by giving average growth rate of inflation each year. From the table above shows a significant decline in inflation from 2010 to 2011, from 17.58% to 4.18%, in 2010 the inflation rate of 5.09%, in 2013 the rate of inflation of 4.27%, and the 2014 inflation rate of 4.11%.

Table 4. Economic Growth in Palopo

Years	Economic Growth (%)
2005	8.53
2006	7.37
2007	7.72
2008	6.32
2009	6.53
2010	7.44
2011	7.86
2012	7.29
2013	8.16
2014	8.68

From Table 4. above shows that in 2005 the economic growth rate of 8.53% Palopo, 2006 amounted to 7.37%, in 2007 amounted to 7.72%, and in 2008-2009 the economic growth slows Palopo. This is caused by the slowing rate of growth in some sectors which have a significant impact on economic growth Palopo. During the period of 2012 to 2014 year for economic growth Palopo very good. On the average growth of 7.89%.

Table 5. Results of regression coefficient test

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	2,809	3,610		,778	,472
	mortgage interest rates	,094	,035	,803	2,704	,043
	Inflation	-,043	,017	-,726	-2,560	,051
	Economic Growth	,106	,107	,196	,990	,368
	Income per capita	,851	,179	1,015	4,757	,005
Dependent Variable: per						

The results of data processing can be established prediction model variable mortgage interest rates, inflation, economic growth, and per capita income as follows:

$$Y = 2,809 + 0,094X_1 - 0,43X_2 + 0,106X_3 + 0,851X_4$$

b1 = 0.094 means that the regression coefficient regression variables X1 positive direction, where any increase in lending rates by one percent is predicted to increase the Bank's loan request volume by 9.4%.

b2 = -0.043 means that each increase of one percent inflation variable is expected to lower the Bank's credit demand of 4.3%.

b3 = 0.106 means that every 1 percent increase in economic growth is expected to boost demand for the Bank's loans amounted to 10.6%.

b4 = 0.851 means that every increase of one percent per capita income variable is expected to increase demand for the Bank's loans of 85.1%.

a = Constant value Constant value amounting to 2.809% indicates the estimated value of the average demand for Bank Danamon's loan if the loan interest rates, inflation, economic growth and per capita income equal to zero is 2.809 percent.

1. Correlation Coefficient (R) is 0.954. This shows that the correlation between the variable interest rate loans (X1), inflation (X2), economic growth (X3), and income per capita (X4) against Bank Danamon Palopo credit demand by 95.4%. Because the value of R is closing in on the positive direction of 1 means the relationship between variables is very strong.
2. The coefficient of determination (R²) Adjusted R² was 0.837 This shows that 83.7% of the Bank's Credit Demand Palopo affected by variations of the four independent variables were used, namely mortgage interest rates, inflation, economic growth, and per capita income, While the remaining 16.3% is influenced by other variables.
3. Individual Parameter Significance Tests (Test Statistic t)
4. Test t Loan Interest Rate (X1) Based on the observations of the data found that t (-2.704) > t table (2.571) thus H₀ is rejected, it means that the variable interest rates affect the Bank's loan request significant to Palopo on the error rate of 5%.
5. Inflation t test (X2) based on the observations of the data found that t (2.560) < t table (2.571) thus H₀ accepted, it means that the variable inflation does not significantly affect the Bank's loan request Palopo on the error rate of 5%.
6. Test t Economic Growth (X3) based on the observation above data it is known that the t (0,990) < t table (2.571) thus H₀ accepted, it means that the variables of economic growth does not significantly affect the credit demand of Bank Danamon Palopo on the error rate of 5%.
7. Test t Income Per Capita (X4) based on the observations of the data found that t (4.757) > t table (2.571) thus H₀ is rejected, it means that the per capita income variable is real or significantly affect the Bank's loan request Palopo on the error rate of 5 %.

Table 6. Simultaneous Test Results (Test F)

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1,419	4	,355	12,576	,008 ^b
	Residual	,141	5	,028		
	Total	1,560	9			
a. Dependent Variable: per						
b. Predictors: (Constant), penda, pertu, infa, suku						

8. According to Table 4.6 obtained calculated F value of 12.576, by comparing the calculated F and F table can specify criteria for acceptance or rejection of the hypothesis. Results obtained from the comparison F-hitung with F-table is F count > F table (12.576 > 5.192) then the error rate of 5% H₀ rejected and H_a accepted which means four independent variables, such as mortgage interest rates, inflation, economic growth, and income per capita simultaneously significant effect on demand for loans in Bank Danamon of Palopo.

V. CONCLUSION

Based on the results of research and discussion that has been described previously, a number of conclusions:

1. Variable mortgage interest rates, inflation, economic growth, and per capita income is jointly significant effect on the Bank's loan request Palopo.
2. Variable mortgage interest rates (X1) associated positive and significant effect on the Bank's loan request Palopo.
3. Variable inflation (X2) associated negative and significant effect on the Bank's loan request Palopo.
4. Variable economic growth (X3) are positively related and does not significantly affect the Bank's loan demand Palopo.
5. Variable income per capita (X4) relates positively and significantly affect the Bank's loan demand Palopo.

Suggestion

Based on the conclusions above, in this section put forward the following suggestions:

1. The Government of Palopo should further increase the GDP, where the GDP is an indicator of economic growth of a region. With the increase in the GDP will encourage increasing per capita income Palopo. This can lead to greater economic activity leads to an increase in economic development.
2. The analysis conducted in this study is limited to the scope of Bank Danamon in Palopo City alone. Therefore, the scope of the research could be expanded again to get a more thorough analysis.

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