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Factors Affecting Bank Lending Growth: Cases In Indonesia

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Abstract-This study aims to examine and analyze the effect of Interest Rate, Economic Growth, Funding Growth, Capital Adequacy Ratio (CAR) and Non-Performing Loan (NPL) of Lending Growth Banks. Research data is annual data for 5 (five) years observation (December 2011 until December 2015). The sampling method used was purposive sampling. From a population of 40 Private Commercial Banks and Foreign National listed in Indonesia Stock Exchange (IDX), 30 Banks met the criteria to be the sample. The result showed that Economic Growth, Funding Growth and NPL are having positiveand significant influence to Lending Growth Banks. BI Rate and CAR are having positive influence but not significant to Lending Growth Banks. Economic Growth is the most significant variable in influencing Lending Growth Banks.

Index Terms-Lending Growth, Interest Rate, Economic Growth, Funding Growth, CAR and NPL.

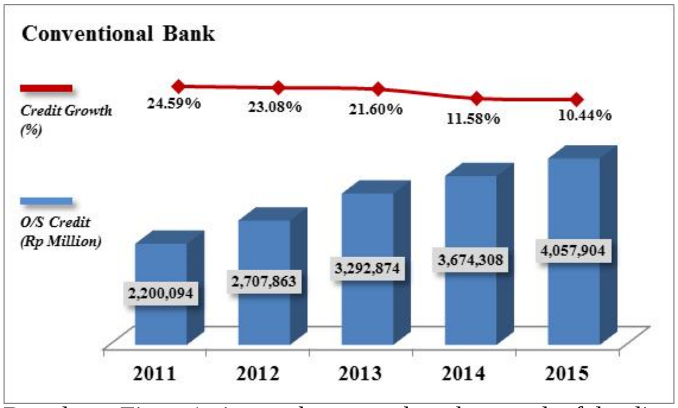
I. INTRODUCTION

Bank is a company engaged in the financial sector that collect funds from the public in the form of savings and distribute them to the public in the form of credit or other forms in order to improve the living standards of many people. Bank is also one of backbone of the economy, as it has the intermediary function between the owners of capital and the user of the funds.

Economicdevelopment in a country depends on the development of a dynamic and real contribution of the banking sector. When the banking sector collapsed, national economy also deteriorates. Seen in the crisis that has occurred before, such as Indonesian Monetary Crisisin 1997-1998 the global financial crisis in 2008-2009, Greek's crisis and devaluation of Yuan (China) in 2015 that had an impact on the banking sector in Indonesia.

The economic crisis affects the economic growth and directly affects the banking business. Slowing economic growth could reduce the demand for credit. The total amount of Bank's Loan in Indonesia in 2015 is IDR 4,058 trillion increasesby 10,44% year on year (yoy).

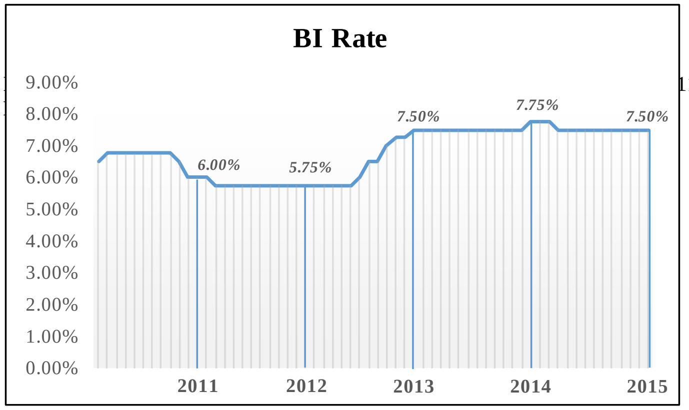
Figure1 Lending Growth in Indonesia (2011-2015)
Source: Indonesia Banking Statistic, 2015



Based on Figure1, it can be seen that the trend of lending growth from 2011 to 2015 decreased. Data show that lending growth in 2011 increase IDR434 trillion or 24,59% whereas in 2015 only increase IDR 384 trillion or 10,44%. The impact of the crisis in 2015 is highly visible that lending growth of banks in Indonesia slowed. Bank's loan has an important role in financing the national economy and is the driving force of economic growth. A better economic growth enables people to consume better and allow companies to make investments that can't be done with its own funds.

The banking sector is very vulnerable to variety of risks, such as the risk of the increasing interest rate. High interest rates especially high lending rates will affect the business. The high lending rates will increase the cost of investmentthat will affect the national economy. The interest rates on both lending and funding refer to interest rates issued by Bank Indonesia or commonly called the Interest Rate of Bank Indonesia (BI Rate). BI Rate is the interest rate that reflects the attitude of policy or monetary policy stance set by Bank Indonesia and announced to the public (Bank Indonesia, 2015).

Figure2 BI Rate Graph (2011-2015)
Source: Central Bank of Indonesia, 2016



In carrying out its functions, the bank is in dire need of funds. Therefore, every bank is always trying to obtain optimal funding but with a reasonable cost of money. Bank funds come from two main sources, first from the internal funds, such as capital injection or sale of shares, fertilization reserves, retained earnings, and others. Capital owned by a bank is a very important factor for a business development. Capital Adequacy Ratio (CAR) is a ratio used to measure the adequacy of capital owned by a bank. The higher the CAR has, the greater the financial resources that can be used to anticipate potential losses caused by lending.

The other sources of funds obtained from a third party in the form of deposits, savings, time deposits, call money, and others. The third party funds (TPF) collected by bank operations will be used as funds for the lending. The more funds owned by a bank, the greater the chances of the bank to conduct its activities in achieving the objectives such as lending. In taking the decision to distribute loan, the bank must be careful because the decision to distribute the funds in the form of loan is always followed by the risks that may arise.

The risk is the possibility of the interrupted payments, better known as the credit risk in the form of non-performing loans (NPL). An interrupted payment can be caused by two factors: The factors derived from the bank itself and the customer. The interrupted loan repayments can be measured by looking at the number of loans granted bybanks with troubled loan repayments made by customers to the bank.

To avoid the high NPL, bank need to consider the efficient allocation of funds such as lending that can provide high returns where NPL rate is not too high. Inefficient allocation of funds led to reduced lending. This occurs because the amount of capital is reduced so that the funds will be disbursed in the next period lessened. These circumstances hamper the bank's operations and lower bank’s income.

Table1 Third Party Funds, CAR and NPL of Commercial Banks in Indonesia 2011 - 2015.

Conventional Bank	**2011**	**2012**	**2013**	**2014**	**2015**
Third Party Funds (IDRBillion)	2,785	3,225	3,664	4,114	4,413
CAR (%)	16.05	17.43	18.13	19.57	21.39
NPL (%)	4.26	3.09	2.76	1.89	2.59

Source: Indonesia Banking Statistic, 2015

The table above shows that the movement of third party funds (TPF) has increased since 2011 - 2015. CAR has increased since 2011 - 2015 and NPL decrease since 2011 - 2014 but increased again in 2015.

Based on this background, the title of this research is "The Influence of Interest Rates, Economic Growth, (Third Party) Funds Growth, CAR and NPL on the Banking Loan’s Growth (Study on National Private Banks Foreign Exchange Listed in Indonesia Stock Exchange Period 2011-2015). Understanding the above descriptions about the importance of knowing what factors can affect the Bank Loan Growth, the problem’s formulations are as follows: (1) Does the BI Rate affect the growth of bank lending? (2) Does eeconomicsgrowth affect the growth of bank lending? (3) Does the thirdparty fund growth affect the growth of bank lending? (4) Does the CAR affect the growth of bank lending? (5) Does the NPL affect the growth of bank lending?

II. IDENTIFY, RESEARCH AND COLLECT IDEA

Shareholder is a person or legal entity who legally own one or more shares in the company. According to Smerdon (2010), Shareholders Theory explained about the relationship between the company's management and shareholders that aim to help management to improve the creation of value for the company by managing its resources to create value added and improve the financial performance of the company.

According to Hartono (2010) the information announcement will give a signal to investors in making investment decisions. If the announcement contains a good-news, it is expected that the market will react positive when the announcement was made. At the time the information was announced and all market participants have received such information, market participants must first analyze and interpret this information as a good signal (good news) or poor signal (bad news). If the announcement interpreted as a good signal for investors, then there is a change in the volume of stock trading.

Lending (loan) definition according to Banking Basic Law (Undang- Undang Pokok Perbankan) No. 14/1967 Chapter 1 Article 1 and 2: Loan is the provision of money or equated with that based on the agreement between bank and the borrower. Borrower is obliged to repay their debts after a certain period of time with the amount of interest that has been determined. Further refined in Banking Basic Law No.7/1992 as amended by Banking Basic Law No.10/1998: Credit is the provision of money or bills can be equated with that based on borrowing agreements to pay off debts after a certain period with the amount of interest.

Loan process is done carefully by the banks with a view to achieving the goals and objectives of the loan. When banks set lending decisions, the targets to be achieved is a safe, effective, and generate revenue loan. Secure in the sense that the bank will be able to receive back the economic value that has been submitted, purposeful intention is that the use of credit must be in accordance with the plan established credit, and generate revenue means the loan must contribute revenue for the bank, the debtor company, and society in general (Taswan, 2006).BI Rate is the interest rate that reflects the attitude of policy or monetary policy stance set by Bank Indonesia and announced to the public (www.bi.go.id). BI Rate announced by the Board of Governors of Bank Indonesia monthly and implemented on monetary operations conducted by Bank Indonesia through the management of liquidity (liquidity management) in money markets to achieve the operational target of monetary policy. Economic growth can be defined as the process of continuously changing economy condition towards a better state for a certain period. Economic growth can as well be defined as the increase in production capacity of an economy that is realized in the increase in national income. The economy is said to be growing if the number of real remuneration to the use of factors of production in a given year is greater than the previous year. The indicators used to calculate the rate of economic growth are: (1) The growth rate of the GDP (Gross Domestic Product) and (2) The growth rate of GNP (Gross National Product) (www.bps.go.id).

Third party funds according to the Banking Basic Law No. 10/1998 are: Funds entrusted by the public to the bank based on deposit agreement funds in the form of demand deposits, time deposits, certificates of deposit, savings, or other similar forms with it. These resources are the most important source of funds for the operations of the bank and is a measure of success if the bank able to finance its operations. The sources of funds are as follows (Banking Basic Law No. 10 of 1998): (1) Demand deposits are deposits which may be withdrawn at any time by check, forms of payment order, or by transfer. (2) Time deposits are deposits that can be withdrawn only at certain times based on the agreement with the bank and Depositors. (3) Savings are deposits that can be withdrawn only under certain agreed terms, but it can’t be withdrawn by check, bank draft, or other instrument that is equivalent to them.

Capital Adequacy Ratio (CAR) is a measure of capital adequacy ratio assessment in the context of the soundness of which is owned by each bank. CAR measured by the ratio between capital equity to Risk Weighted Assets (RWA). Since the crisis period up to the present CAR become the main reference in determining the health of banks (Central Bank Governor’s Decree April 1999), the Governor of Bank Indonesia officially announced the implementation of Indonesian Banking Architecture (API), which is a blueprint on the direction and order of the national banking system in the future. One of the API program is requiring a minimum capital for commercial banks (including BPD) to IDR 100 billion with a minimum CAR of 8% at the latest in 2010. According to Bank Indonesia Circular Letter No. 13/30 / DPNP dated December 16, 2011 CAR formulated as follows:

$$\text{CAR} = (\text{Capital Equity/RWA}) \times 100\%$$

Credit risk is defined as the risk associated with the possible failure of the client to pay its obligations or the risk that the debtor cannot repay their debts (Ghozali, 2007). Credit risk can arise for several reasons: (1) Possibility of loans granted by banks or bond (IOU) purchased by the bank unpaid. (2) Non-compliance with the obligations, which the banks involved, could be through another party, such as a failure to meet obligations on derivatives contracts. (3) Settlement with the exchange rate, interest rates and derivatives. According to Bank Indonesia Circular Letter (SE Bank Indonesia) No. 6/23 / DPNP dated May 31, 2004 NPL formulated as follows:

$$\text{NPL} = \frac{\text{(Loans in category: Collectable 3, 4 and 5)}}{\text{(Total Loans)}} \times 100\%$$

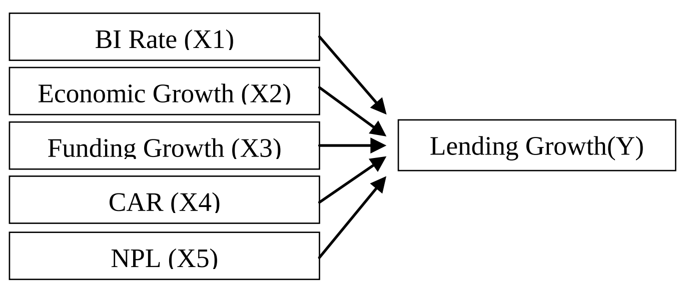


Figure4Theoretical Framework

The research approach used in this study is a quantitative research method. Quantitative research method can be interpreted as a method of research that is based on the philosophy of positivism, is used to examine the population or a particular sample. This research use causalexplanativeapproach to obtain clarity or explain phenomenon, explain relationships, examine the influence (causal relationships) between variables, evaluating, and knowing the difference or compare one or more groups or differences in the conditions of one or more groups.

The population in this study is National Private Commercial Bank listed on Indonesia Stock Exchange (BEI) in 2011-2015 with the total of 40 banks while the number of samples taken was 30 banks. The data used in this study is a data pool, in the form of financial statements of each bank that listed on the Indonesia Stock Exchange in the period of 5 years in a row from 2011 to 2015.

Data collection techniques in this study are secondary data from various sources. In order to support this study the authors also do library research. Data analysis techniques in this study are using multiple linear regression analysis that describes the extent to which model variables(independent variables) affect other variables (dependent variable). In this study, the independent variables are the BI Rate, Economic Growth, Growth Third Party Funds, CAR and NPL. And for the dependent variable is lending growth. Multiple Linear Regression models were used performed with SPSS statistical computer. Based on the framework, the mathematical model in this study is:

$$\mathbf{Y = \alpha + b_1.X_1 + b_2.X_2 + b_3.X_3 + b_4.X_4 + b_5.X_5 + e}$$

Y = Lending Growth

α = constant

b1 – b5 = regression coefficient of each independent variable

x1 = BI Rate

x2 = Economic growth

x3 = Funding Growth

x4 = CAR

x5 = NPL

e = error

III. RESULTS AND DISCUSSION

Descriptive statistics data in the study is a tool that is used to give a description of the variables used in the study. The results of descriptive statistics use to explain the magnitude of the highest value, the average value and the lowest value of the variable Loan's Growth, BI Rate, Economic Growth, Funding Growth, CAR and NPL. These results are presented in Table2.

Table2 Descriptive Statistics Data 2011 - 2015.

Variable (%)	Minimum	Maximum	Mean
Lending Growth	-37.14	479.77	24.93
BI Rate	5.75	7.75	6.90
Economic Growth	4.80	6.50	5.80
Funding Growth	-32.99	358.88	20.10
CAR	8.02	45.75	16.50
NPL	0.00	5.45	1.39

Loan has the lowest value of -37.14%, which is the value of Pundi Bank's Loan Growth in 2015. This is caused by the crisis that occurred in 2015 happened in Greece and China, which have direct impact on Indonesia especially Bank Pundi so the Lending Growth decline significantly. The highest value was 479.77%, which is the value of the loan growth of Pundi Bank in 2011. The increase was primarily due to the transform of the business by laying the groundwork for sustainable growth that covers all aspects. The average value of Lending Growth amounted to 24.93%. This value means that theLending Growth of data samples during the study period had an average value growth of 24.93%.

The lowest value of BI Rate is at 5.75% which is the value of BI Rate in 2012. The value of this happened because in 2012 showed the stability of inflation tends to be low and the Indonesian economy is growing very well. The highest value of BI Rate is at 7.75%, which is the value of BI Rate by 2014. The reasons for BI consideration in making the decision to make the BI Rate: (1) To anchor inflation expectations and ensuring that inflationary pressures after the increase in subsidized fuel prices remained under control at track of 4 ± 1% in 2015 (2) Preparing for macroprudential policy adjustments in order to expand the sources of funding for banks. The average value of BI Rate is at 6.90%. This value means that the value of BI Rate of data samples during the study period had an average value of 6.90%.

Economic growth has the lowest value of 4.80% which is the value of economic growth in 2015. This occurs because the value of the effects of the economic crisis of Greece and China that have a direct impact on Indonesian Economic Growth. The highest value is at 6.50% which is the value of economic growth in 2011. The thing that makes the value of economic growth are (1) Indonesia has a strong economic fundamentals so as to minimize the impact of the global economic downturn (2) The response policy the right is able to sustain the resilience of the national economy (3) Implementation of monetary and macroprudential policy mix is measured and at the right time has managed to maintain macroeconomic stability and financial system. The average value of Economic Growth amounted to 5.80%. This value means that the value of the sample data Economic growth during the study period had an average value of 5.80%

The lowest value of growth of third party funds amounted to -32.99% which is the value of Third Party Funds Growth of Bank Pundi in 2015. It is caused by the crisis that occurred in 2015 happened in Greece and China, which have direct impact on Indonesia especially Bank Pundi, The highest value growth of third party funds amounted to 538.88%, which is the value of Third Party Funds Growth of Bank Pundi in 2011. The management strategy is underway to expand the network during the year 2011 by build a large number of offices in various regions have succeeded in doubling the number of existing office, from 19 offices concentrated originally only in several large cities until December 31, 2011 Bank Pundi has had 187 offices spread throughout Indonesia. The average value of the Growth of Third Party Fund amounted 20.10%. This value means that the value of the Growth of Third Party Fund of data samples during the study period had an average value growth of 20.10%.

The lowest value of CAR was at 8.02% which is the CAR of Bank Pundi in 2015. The highest value of CAR is at 45.57%

which is the CAR of Bank QNB Kesawan in 2011. QNB Kesawan Bank remains committed to maintaining capital strength, which at year-end 2010 there have been strategic rights issue and effectively in early 2011 had been an additional of capital. The average value of CAR is at 16.50%. This value means that the CAR data samples during the study period had an average value of 16.50%.

The lowest value of NPLs amounted to 0.00% which is the value of the Bank Danamon in 2011 and Bank Bumi Arta in 2012 and 2013. The highest value of NPLs amounted 5.45% which is the value of NPL Bank Jtrust in 2014. This was caused by Bank Jtrust previously as Bank Mutiara conduct Allowance for Assets (PPA), which is largely a legacy of the former Bank Century IDR 1.016 trillion and payment of tax debts in the period 2005-2008 amounted to IDR 110 billion, which is also a relic of the former Bank Century legacy.

The average value of NPL amounted 1.39%. This value means that the value of NPL data samples during the study period had an average value of 1.39%. If, based on Bank Indonesia Regulation Number 15/2/ PBI /2013 regarding the Stipulation Status and Actions Continue Monitoring Conventional Commercial Bank said that the Bank is considered to have the potential difficulties endangering its survival if the criteria NPL ratio (NPL) in net terms over 5% of total loans. This shows that on average BUSN Foreign Exchange in Indonesia have a good performance in terms of NPL. Based on normality test using a non-parametric analysis Kolmogorof-Smirnov (K-S) obtained results sig. (2-tailed) of 0,05. It can be concluded that the data were tested for normal distribution has a significant value of ≥ 5%.

Table3.Multicollinearity Test Result.

Variable	Tolerance	VIF
BI Rate	.500	2.001
Economic Growth	.482	2.076
Funding Growth	.975	1.026
CAR	.899	1.112
NPL	.896	1.116

Multicolinearitytest results show that the BI Rate, Economic Growth, Growth of Third Party Funds, CAR and NPL free of Multicolinearity indicated by the value of Tolerance > 0.10 and VIF <10. Based on Heteroschedasticity tests conducted showed that the variables tested had a significance of > 5% so that it can be concluded that the variables that were tested did not have Heteroschedasticity. The autocorrelation test results show that the basis for decision-making is a 4-dl <d <4, so that the decisions taken are H0 (no positive autocorrelation). Due to the results show that the presence of autocorrelation between variables, it is necessary to do 'Run Test'. After the 'Run Test' autocorrelation, the obtained sig. (2-tailed)> 0.05, which means H0 failed rejected. Thus, the data used is quite random so that there are no issues of autocorrelation in the data being tested. The results that have been done using classical assumption test results that the variables tested is free from the problem of normality, multicollinearity, heteroscedasticity and autocorrelation.

Table4.The Impact of Interest Rate, Economic Growth, FundingGrowth, CAR, and NPL on Lending Growth of Private Commercial Banks and Foreign National in Indonesia Stock Exchange (IDX).

Variable	Coefficient	t_{value}	Prob.
Constant	-0,4959	-1,7948	0,0748
BI Rate	0,7276	0,3561	0,7223
Economic Growth	6,3829	2,5546	0,0117
Funding Growth	1,1899	32,1997	0,0000
CAR	0,2920	0,9323	0,3528
NPL	2,6948	2,5282	0,0125
R_{square}	0,8840	-	-
F_{value}	-	219,9621	0,0000

Based on Hypothesis Testing Results Table above, the linear regression equation are as follows:

Lending Growth = -0.4959 + 0.7276 BI Rate + 6.3829 Economic Growth+ 1.1899 Funding Growth +0.2920 CAR + 2.6948 NPL

Based on the hypothesis test results that the value of Adjusted R^2 is equal to 0.8802, this means that 88.02% of credit variation can be explained by the variation of the five independent variables BI Rate, Economic Growth, Funding Growth, CAR and NPL while the remaining 11.98% is explained by other causes outside the model. Test Results-F shows that the calculated F value is 219.962 with a significance level of 0.000. The significance level of less than 0.05, thus the regression model can be used to predict the dependent variable Lending Growth or jointly independent variable BI Rate, Economic Growth, Funding Growth, CAR and NPL effect on the dependent variable Lending Growth.

Based on t-test results above, it can be discussed the following hypotheses: (1) H1: BI Rate has significant negative effect in Bank Lending Growth. BI Rate has a regression coefficient of 0.7276 with a significance value of 0.7223 or > 0.05, it means that partially independent variables BI Rate has positive but not significant effect on the dependent variable Bank Lending Growth (the hypothesis is rejected).(2) H2: Economic Growth has significant positive effect on growth in Bank Lending Growth. Economic growth has a regression coefficient value of 6.3829 with a significance value of 0.012 or< 0.05, it means that Economic Growth has significant positive effect on the growth of Bank Lending Growth (the hypothesis is accepted). (3) H3: Third Party Fund Growth has significant positive effect on growth in Bank Lending Growth. Growth in deposits has a regression coefficient value of 1.1899 with a significance value of 0.000 or< 0.05, it means that in partial Independent deposit growth has significant positive effect on the growth of Bank Lending Growth (the hypothesis is accepted). (4) H4: CAR has significant positive effect in Bank Lending Growth. CAR has a regression coefficient value of 0.2920 with a significance value of 0.353 or> 0.05, it means that in partial Independent CAR has positive effect on the dependent variable Bank Lending Growthbut not significant (the hypothesis is rejected). (5) H5: NPL has significant negative effect on growth in bank lending. NPL has a value of regression coefficient of 2.6948 with a significance value of 0.013 or< 0.05, it means that in partial Independent NPL has significant positive effect on the dependent variable Bank Lending Growth (the hypothesis is accepted).

BI Rate influence on Bank Lending Growth

The results of this study indicate that an increase or decrease in the BI Rate during the study period did not affect Bank Lending Growth. Although BI on an upward trend, but the number of outstanding loans continued to experience growth despite figures showed insignificant. BI Rate is the monetary policy rate set by Bank Indonesia (as a Central Bank) and announced to the public that in theory if the BI Rate increases will result in bank lending rates will be increased so that the wishes of the people in the use of loan will decrease. However, based on the results of this study indicate that although BI Rate increase or decrease, this does not affect the rate of growth of bank lending.The results of this study strengthen the results of a previous study conducted by Pratt (2010) and Tahir (2015) which states that the BI Rate had no effect on bank lending. Meanwhile, the results of this study have differences with research conducted by Eswanto et al (2016), Tandris et al (2014) and Lucky (2012) which states that the Interest Rate Loans have a negative impact significantly on demand for loans, and vary also with research done by Son (2015) which states that the BI Rate has a significant influence on bank lending.

Economic Growth influence on Bank Lending Growth

The results of this study indicate that an increase or decrease of Economic Growth during study period affect the Bank Lending Growth. The higher Economic Growth it will make people's incomes higher so as to increases the ability of people to use Bank Lending and vice versa. The bank industry, which is part of the country's financial sector development, will distribute society's savings to the company in the form of loan creation. It is then expected to stimulate the process of Economic Growth through increased productivity and support economic activity in all fields. The results of this study confirms the results of previous research conducted by Reza (2013), Susanti (2010), and Korkmaz (2015) stating that Economic Growth positive influence on growth of bank lending.

Funding Growth influence on Bank Lending Growth

The results of this study indicate that an increase or decrease of Third Party Funds (DPK) Growth during study period affect Bank Lending Growth. The higher DPK Growth collected by banks it will encourage an increase in the amount of outstanding loans and vice versa. Lending a top priority in the allocation of bank funds, this is because the source of funds comes from the community bank so that the bank should be channeled back Funds collected to community in the form of loan. Besides that Lending is the main activity of the bank as a business entity to results in a profit. Experience and capabilities possessed loan also contributed to the courage of banks in lending. The results of this study confirms the results of previous research conducted by Pratama(2010), Putra (2015), Reza (2013), Rejeki (2012) and Binangkit (2010) stating that DPK Growth positive influence on Growth of Bank Lending. While according Eswanto et al (2016) states that DPK Growth is not having influence to Bank Lending Growth.

CAR influence on Bank Lending Growth

The results of this study indicate that an increase or decrease of CAR during study period did not affect Bank Lending Growth. CAR which is the ratio of performance to measure the Capital Adequacy of bank owned by the bank can be used as internal factors in determining the level of bank lending. If CAR high, it will increase the financial resources to able to provide Bank Lending Growth, but based on the results of this study indicates that the bank has the car high and low doesn't affect the rate of Bank Lending Growth. The results of this study confirms the results of previous research conducted by Pratiwi and Hindasah (2014) and Berrospide (2015) stating that CAR is not having influence to Growth of Bank Lending, while according Yuliana (2014), Buchory (2014) and Labonne & Lame (2012) states that CAR is having influence to Bank Lending Growth.

NPL influence on Bank Lending Growth

The results of this study indicate that an increase or decrease of NPLs during study period affect Bank Lending Growth. Based on theory and supported by previous research states that higher NPL will encourage a decrease in the number of loans disbursed and vice versa. But the results point to the contrary, where the higher NPLs, Bank Lending Growth will be higher. These things can happen because it is one of the strategy bank, given in accordance with the no 15/2/PBI/2013 which states that if the bank had NPL above 5%, including bank supervision of BI and OJK. Therefore, banks try continue to improve its Bank Lending Growth with the expectation that Bank Lending Growth could help to return of the smooth operation of the Bank's Business or as well as the average value of NPLs of all banks amounted to 1.39% is considered still far below 5%, the bank still continue to improve loan. The results of this study confirms the results of previous research conducted by Yuliana (2014), Rejeki (2012), Putra (2015) and Binangkit (2014) stating that NPL positive influence on Bank Lending Growth. While according Eswanto et al (2016) and Cucinelli (2015) states that NPL negatively influence demand for Bank Lending.

IV. CONCLUSIONS

The conclusions can be drawn through the analysis of data and information gained from this study are as follows: Economic Growth, Funding Growth and NPL are having positive influence to Bank Lending Growth Banks while BI Rate and CAR are not having significant influence to Bank Lending Growth. Economic Growth is the most significant variable in influencing Bank Lending Growth.

V. SUGGESTION

As for the recommendation that can be given through the results of this study are as follows: (1) for the banking industry, based on the results of the research show that the variables that have the highest coefficient of Economic Growth. For the bank management if you want to get your business growth in this case is Bank Lending Growth that must be considered a major focus is on Economic Growth that is being experienced. The bank should be keen to take advantage of the Economic Growth that is happening. When the Economic Growth is improving, it can be used as a good momentum for the business development strategy by implementing relevant strategies and the corresponding ability of the company. In addition the Economic Growth, Funding Growth the greater it will make the greater the amount of Credit Bank that can be channeled. Therefore, the bank must perform Funds optimally. Other variable that influence Bank Lending Growth is NPL. The bank must have a good credit management so that NPL rate can be maintained so that owned Bank Lending Growth would be optimal. (2) For regulators (BI and OJK) this research can be used as consideration in terms of decision-making or policy assessment to assist the banking industry in increasing Bank Lending Growth. (3) For Customers and Investors, this research can be used as an illustration of how the banking system during the period 2011-2015 and can be used for assessing the banking industry in Indonesia. (4) This research is empirical research and there are some limitations some things can be suggested for further research is to deepen the discussion of other factors that influence the Growth of Credit Bank as Inflation, Exchange Rate, Interest Rate, Loan to Deposit Ratio (LDR), Return on Assets (ROA) or Return on Equity (ROE)

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