Factors Affecting Gross Domestic Product in the Consumption Sector and Their Implications for Government Banking Loan Performance in Indonesia

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Abstract. This paper examines Factors Affecting Gross Domestic Product in the Consumption Sector and Their Implications for Government Banking Loan Performance in Indonesia. The goal of this research is to determine the size of the problem influence of the variables of loan interest, consumption credit realization, BI Rate, national investment, inflation, Rupiah exchange rate, JCI on the GDP of the consumption sector, and the effect of GDP in the consumption sector on Non-Performing Loans. Descriptive and verification are used as approaches for analyzing Time Series data over a period of 15 years. The analysis method in this study uses multiple regression analysis. The results of the study concluded that: from each structure model 1 and structure model II, it has a very significant influence. The two structures of the research model have a high predictive ability.

Keywords: Indonesia's development; Indonesia's economic development; Credit interest; consumption credit realization; BI Rate; national investment; inflation; Rupiah exchange rate; and JCI; GDP of the consumption sector; GDP in the consumption sector on Non-Performing Loans

1 Introduction

The Covid-19 pandemic that hit Indonesia for the first time occurred in March 2020 and this is the impact of the outbreak of Covid-19 transmission originating from the city Wuhan in China since December 2019 economic sector with national and even global coverage. The massive spread of this virus has even forced the world health organization, WHO, at the end of January 2020 declared this corona virus as a Public Health Emergency of International Concern and at its peak on March 11, 2020 it was announced that this outbreak was a Global Pandemic.

The International Monetary Fund (IMF) declared 2020 as The Great Lockdown in April 2020 and the world economy in 2020 is predicted to be worse than The Great Depression of 1929 and the Global Financial Crisis of 2008. The global economic crisis caused by the Covid-19 pandemic that hit all of these countries had an impact on the occurrence of Non-Performing Loans at state banks. This has a negative impact on profitability which if credit is not managed properly then non-performing loans or non-performing loans will continue to increase. The increase in non-performing loans can make bank interest income and loan principal decrease so that banks are at risk of experiencing losses or even going bankrupt.

In addition, the development of GDP revenue in the consumption sector in Indonesia has not seen a significant increase from year to year. This is because bank interest rates are still high, while the realization of bank credit is still low.

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Likewise with the status of SBI, the inflation rate, and fluctuations in the rupiah exchange rate which is still quite high, as well as the amount of investment and the JCI in the consumption sector which is also still limited. Meanwhile, the development of investment in the economic sector is still considered low. This is due to the role of the government, as well as the corporate world in general the development of economic development, especially the development of the consumption sector which is still not optimal.

2 Research Methods

Descriptive Method

The approach used in this research is a qualitative descriptive analysis approach. The approach with this method emphasizes the quality naturally because it involves the understanding, concepts, values of the object to be studied. While the The descriptive analysis method is a method for describing or analyzing a study outcome, but not for drawing general conclusions. The government, as well as the business world as a whole under investigation. In this situation, the researcher does study by describing or describing the elements that influence the consuming sector's gross domestic product and their consequences for the performance of government banking credit in Indonesia.

The purpose of this descriptive study is to create a systematic, factual, and accurate description of the facts, qualities, and correlations between the phenomena studied. In this case, the researcher conducts research by describing or describing the factors that influence gross domestic product in the consumption sector and their implications for the performance of government banking credit in Indonesia.

Inductive Method

The inductive technique was the other method used in this study. The inductive technique begins with field data, which are evaluated, loaded with questions, and then linked to relevant theories, arguments, and laws, leading to statements and conclusions. This demonstrates that the inductive technique is a departure from the facts encountered in the field. The researcher then evaluates the information gathered, poses questions about relevant theories, arguments, and laws, and draws conclusions. Thus, it can be said that descriptive qualitative research with an inductive approach is a strategy for describing a problem or a case that is presented based on current information and then explored to solve the problem and draw broad conclusions.

Multiple Linear Regression

Two or more independent variables (X1, X2,....Xn) and the dependent variable have a linear relationship in multiple linear regression analysis (Y). The data is frequently presented on an interval or ratio scale. The following is the multiple linear regression equation utilized in this study.

Multiple linear regression is an equation model that explains the link between one dependent variable or response and two or more independent variables or predictors (X1, X2,...Xn) (Y). When the independent variables' values are or predictors (X1, X2,..., Xn) are known, the The dependent variable's value is predicted using the multiple linear regression test or response (Y). Aside from that, it's also important to be able to determine the direction of the link between the dependent and independent variables.

Two or more independent variables (X1, X2,....Xn) and the dependent variable have a linear relationship. in multiple linear regression analysis (Y). This study will identify whether each independent variable is favorably or negatively related to the dependent variable, as well as forecast the value within the dependent variable if the independent variable's value is grows or decreases. Interval or ratio scales are frequently employed.

Linear Regression of Natural Logarithmic Forms

The conversion of data to natural logarithmic form is intended to eliminate or minimize violations of the normality assumption and the classical assumption of regression. If the data used are not normally distributed or there is a deviation from the classical assumptions, it can be done by changing to this kind of logarithmic form.

3 Results and Discussion

3.1 Calculation Results Structure Model I

The simultaneous effect of credit interest, consumption credit realization, BI Rate, national investment, inflation, Rupiah exchange rate, and JCI on the GDP of the consumption sector, amounted to 73.9778 percent, while the influence of other variables was 16.0222 percent.

Dependent Variable: PDB
Method: Least Squares
Date: 11/01/21 Time: 18:40
Sample: 2005S1 2019S2
Included observations: 30

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	4.005866	1.576909	2.540328	0.0186
SBK	-0.513828	0.242052	-2.122806	0.0453
KK	0.128197	0.056295	2.277243	0.0328
SBI	-0.166089	0.071162	-2.333937	0.0291
INV	0.146569	0.049845	2.940495	0.0076
INF	-0.097547	0.034178	-2.854099	0.0092
KURS	0.783897	0.124856	6.278416	0.0000
IHSG	0.170038	0.069201	2.457162	0.0224

R-squared	0.742245	Mean dependent var	14.61768
Adjusted R-squared	0.739778	S.D. dependent var	0.503586
S.E. of regression	0.050914	Akaike info criterion	-2.894167
Sum squared resid	0.257755	Schwarz criterion	-2.520515
Log likelihood	51.41251	Hannan-Quinn criter.	-2.774633
F-statistic	9.050300	Durbin-Watson stat	2.373842
Prob(F-statistic)	0.000000		

3.2 Structural Test Results Model I; Simultaneous Effect

Simultaneous Regression Equation The effect of loan interest, consumption credit realization, BI Rate, national investment, inflation, Rupiah exchange rate, and JCI on the GDP of the consumption sector is as follows:

$$\hat{Y}1 = 4{,}005866 - 0{,}513828(LnX1) + 0{,}128197(LnX2) - 0{,}166089(LnX3) + 0{,}146569(LnX4) - 0{,}097547(LnX5) + 0{,}783897(LnX6) + 0{,}170038(LnX7) + \varepsilon 1$$

Effect	R2Adjusted	F count	*p-value*	Decision
Simultan	0,742245	9,050300	0,0000	H01, rejected: significant effect

3.3 Structural Test Results Model I; Partial Influence

The effect of loan interest, consumption credit realization, BI Rate, national investment, inflation, Rupiah exchange rate and JCI on the consumption sector GDP partially.

Pengaruh Parsial	b i	t_{hitung}	p-value	Keputusan
Bunga kredit,	-0,513828	-2,122806	0,0453	Terdapat pengaruh signifikan
realisai kredit konsumsi	0,128197	2,277243	0,0328	Terdapat pengaruh signifikan
BI Rate,	-0,166089	-,2,333937	0,0291	Terdapat pengaruh signifikan
investasi nasional	0,146569	2,940495	0,0078	Terdapat pengaruh signifikan
Tingkat inflasi,	-0,097547	-2,854099	0,0092	Terdapat pengaruh signifikan
kurs Rupiah,	0,783897	6,278416	0,0000	Terdapat pengaruh signifikan
IHSG	0,170038	2,457162	0,0224	Terdapat pengaruh signifikan

Partially Loan interest, consumption credit realization, BI Rate, national investment, inflation, Rupiah exchange rate and JCI to GDP consumption sector have a significant influence on GDP.

3.4 Structural Test Results Model II

The Effect of Consumption Sector GDP on Non-Performance Loans

$$\hat{Z} = 1{,}093880 + 1{,}694278\hat{Y}_1 + \varepsilon_2$$

Variable	R2	Tcount	*p-value*	Decision
PDB	0,834941	15,36775	0,0000	H0: rejected: There is a significant influence

3.5 Structure Calculation Results Model II

The effect of GDP in the consumption sector on non-performance loans is 83.4941 percent, the influence of other variables is 16.5049 percent.

Dependent Variable: NPL
Method: Least Squares
Date: 11/01/21 Time: 19:38
Sample: 2005S1 2019S2
Included observations: 30

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	5.287489	0.869654	6.079994	0.0000
PDB	0.913751	0.059459	15.36775	0.0000

R-squared	0.834941	Mean dependent var	1.916984
Adjusted R-squared	0.832617	S.D. dependent var	0.196435
S.E. of regression	0.086124	Akaike info criterion	-0.747418
Sum squared resid	0.165059	Schwarz criterion	-0.654005
Log likelihood	13.21128	Hannan-Quinn criter.	-0.717535
F-statistic	15.03818	Durbin-Watson stat	2.162075
Prob(F-statistic)	0.000582		

4 Conclusion

Simultaneously The variables have a major impact of loan interest, realization of consumption credit, BI Rate, national investment, inflation, Rupiah exchange rate, and JCI on the GDP of the consumption sector. Meanwhile, partially The variable Amount of Credit Interest, the realization of consumption credit, the BI Rate, national investment, inflation, the Rupiah exchange rate, and the JCI all have a substantial impact on the GDP of Indonesia the consumer sector. On Non-Performance Loans at government banks in Indonesia.

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