**THE INFLUENCE OF THIRD PARTY FUNDING AND NON PERFORMING LOANS ON THE DISTRIBUTION OF INVESTMENT CREDIT FOR MSMEs IN AMBON CITY, 2017-2021**

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| --- | --- | --- |
| **ARTICLEINFO** |  | **ABSTRACT** |
| ***Keywords***:  Party funding,  Non performing loans,  Investment credit |  | The purpose of this study was to determine whether there is an influence of service quality, facilities and location on visitor satisfaction at the Maimun Palace tourist attraction in Medan. The sample of this research was 78 visitors at Maimun Palace. The method used in this study is quantitative method with multiple linear regression analysis techniques. The data used are secondary data and primary data, hypothesis testing uses the coefficient of determination test (R²), Silmuta |
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1. **INTRODUCTION**

The Indonesian economic sector is also supported by Micro, Small and Medium Enterprises (MSMEs) which are the dominant sector in the structure of the national economy. This sector still has several limitations, namely the difficulty of MSMEs accessing the market, weak business development and strengthening and limited access to resources. funding sources from banking (Wijono, 2005). MSMEs are a business sector that has the advantage of absorbing a large number of workers, so that it can help the equalization process which is part of the country's economic development (Anggraini and Hakim, 2013). Like the contribution of MSMEs to the national economy, MSMEs are also the driving force of the economy in Ambon City. This is proven by the number of MSMEs in Ambon City which continues to increase every year.

In order to maintain financial system stability and achieve stable and sustainable economic growth, Bank Indonesia continues to encourage increased access to finance, especially for MSMEs (Maluku Province Economic Report, 2021). It is recorded that around 78 bank offices consisting of government banks, regional development banks, national private BUs, mixed private BUs, sharia banks and credit banks located in the city of Ambon within the working area of ​​the Maluku Province Bank Indonesia representative office have carried out a credit distribution process that can help business world. Increasing MSME financial access to banking financial services is carried out to overcome the information gap between the two sectors.

In terms of developing financial access, the aggregate proportion of MSME credit to total banking credit in the city of Ambon reached 26.77%. MSME credit growth in the fourth quarter of 2019 was observed to have slowed to 13.94% compared to the previous growth of 18.11%. This was caused by a decrease in the nominal credit debit balance for both Working Capital Credit and Investment Credit types. This phenomenon can be interpreted as meaning that there is a decline in the relationship between MSMEs and banking. Third party funds have a large contribution compared to other sources of bank funds, this means that the amount of third party funds successfully collected by a bank will reflect a bank's ability to channel loan or credit funds.

Based on data obtained from the Maluku Province Bank Indonesia Representative Office which is presented in table 1.3, it can be seen that demand deposits increased in 2017, decreased in 2018, then increased in 2019-2020 and decreased in 2021. The highest value of demand deposits was in 2017 and the lowest in 2018. Savings have increased every year. Meanwhile, for deposits, an increase occurred in 2017-2018 and decreased in 2019-2021. The highest deposit value was in 2018 and the lowest was in 2021. From the explanation, it can be concluded that current accounts have decreased, savings have increased and time deposits have decreased.

Unsmooth credit repayment can be calculated using the NPL ratio by looking at the amount of credit provided by the bank for the return of problem loans made by debtors to the bank. It is necessary to consider efficient and effective fund allocation to avoid high Non-Performing Loans (NPL) from inefficient credit distribution, such as credit distribution with large returns where the Non-Performing Loan (NPL) level is not too large. A decrease in credit distribution can be caused by inefficient placement of funds

Based on the background that has been described, the problem of this research can be formulated, namely: What is the influence of third party funds on investment credit distribution for MSMEs in the city of Ambon? What is the influence of non-performing loans on investment credit distribution for MSMEs in Ambon city?

From the problem formulation, the aim of this research is: To determine the influence of third party funds on investment credit distribution for MSMEs in Ambon City. Knowing the influence of non-performing loans on investment credit distribution for MSMEs in Ambon City.

The benefits that can be taken from this research are: For academics, the results of this research can be a contribution to literature in the field of financial management and banking which can be used as a guide for further research in the same field. For MSME players, the results of this research can be used as consideration and reference material before submitting an application for investment credit to banks in Ambon city.

1. **RESEARCH METHODS**

**Data Type**

The type of data used in this research is secondary data in time series form. The secondary data used is as follows:

1. Fund datathird parties in the city of Ambon for the period January 2017 to December 2021 expressed in rupiah units.

2. DataNon-Performing Loans (NPL) that occurred in the city of Ambon for the period January 2017 to December 2021 are expressed in percent.

3. Datainvestment credit distribution for MSMEs disbursed by the city of Ambon for the 2017-2021 period expressed in rupiah units.

**Object of research**

The object of this research is Bank Indonesia (representative office of Maluku province) which is located in Ambon city. The data source for each independent and dependent variable comes from Bank Indonesia regional financial reports. The documentation method used in this research aims to obtain data on third party funds, NPLs, investment credit distribution for MSMEs in Ambon city for the period January 2017 to December 2021 sourced from the Bank Indonesia Representative Office, Maluku Province, and data on MSMEs in Ambon city obtained from Ambon City Department of Cooperatives and Micro, Small and Medium Enterprises. Apart from that, written report data related to this research is included from various literature studies such as books, journals, articles and mass media.

**Data analysis technique**

Data analysis techniques are the methods chosen and used to process research results with the aim of reaching a conclusion. The data analysis technique used in this research is descriptive statistical data analysis using the SPSS program.

a. Descriptive Statistical Analysis

Descriptive statistical analysis is an analytical technique used to provide an overview or description of data in terms of the average value (mean), standard deviation, variance, largest value (maximum), smallest value (minimum), sum, kurtosis and skewness. distribution (Ghozali, 2011). The dependent variable that will be analyzed with descriptive statistics in this research is investment credit distribution and the independent variables are third party funds and non-performing loans.

b. Multiple Linear Regression

Multiple linear regression analysis is an analysis used to determine the effect of the independent (free) variable on the dependent (bound) variable. The independent variables in this research are third party funds and Non-Performing Loans (NPL). Meanwhile, the dependent variable used in this research is investment credit distribution. The equation for testing the hypothesis in this research is as follows:

**LnY= α +Ln β1X1 +β2X2 ...+ e**

Information:

LnY = Natural logarithm of investment credit distribution

α = Constant

β1 β2 = Regression coefficient

LnX1 = Natural Logarithm of Third Party Funds

X2 = Non-Performing Loans (NPL)

e = error

c. Classic assumption test

The classical assumption test is carried out before hypothesis testing. A research model that is categorized as good and can be used as a prediction tool is a model that has passed a series of tests of the classical assumptions underlying it. The classical assumption tests that will be tested in the research consist of the normality test, autocorrelation test, multicollinearity test and heteroscedasticity test.

* + - 1. Normality test

The normality test aims to test whether in the regression model the confounding or residual variables have a normal distribution or not. A good regression model is a model that has a normal data distribution or close to normal values ​​(Ghozali, 2009). Basically, the normality test can be detected by looking at the distribution of data (points) on the diagonal axis of the graph or by looking at the histogram of the residuals. The basis for making decisions on the normality assumption is:

1.1 If the data spreads around the diagonal line and follows the direction of the diagonal line or the histogram graph shows a normal distribution pattern, then the regression model meets the assumption of normality.

2.1 If the data spreads far from the diagonal and does not follow the direction of the diagonal line or the histogram graph does not show a normal distribution pattern, then the regression model does not meet the assumption of normality. Another model that can be used to strengthen normality test results with statistical analysis, in this study used the one sample Kolmogorov-Smirnov (KS) test. The one sample Kolmogorov-Smirnov (KS) test is used to produce more accurate figures. A regression equation can be said to have passed the normality test if the significance value is greater than 0.05. Data can be said to be normally distributed if the sig value is > 0.05 (Ghozali, 2018: 164). Apart from using the graphic method, the normality test was also carried out using the Kolmogorov Smirnov (KS) test. The criteria for normality test results in this model are as follows:

a. If Sign > 0.05then H0 is accepted (data has a normal distribution).

b. If Sign < 0.05then H0 is rejected (the data is not normally distributed).

2. Multicollinearity Test

According to Ghozali (2009), the multicollinearity test is carried out with the aim of testing and assessing the possibility of correlation between independent variables in the regression model. To detect whether or not multicollinearity exists in the research model, it is as follows:

1. If the tolerance value is > 10% and the VIF value is < 10, it can be concluded that there is no multicollinearity between the independent variables in the regression model.

2. If the tolerance value is < 10% and the VIF value is > 10, it can be concluded that there is multicollinearity between the independent variables in the regression model.

3. Autocorrelation Test

The autocorrelation test is carried out to test whether in a linear regression model there is a correlation between confounding errors in period t and errors in period t-1 in the time series data. The autocorrelation test is used because successive research periods over time are related to one another (Ghozali, 2009). To detect whether or not there is autocorrelation in a research model, the Durbin Watson Test can be carried out. The Durbin Watson test is a test carried out by comparing the Durbin Watson value from the regression results with the Durbin Watson table value. According to Ghazali (2012), the factor causing the emergence of autocorrelation problems in some time-series data in regression analysis is the presence of weakness (inertia), meaning that observation data in the previous period and the current period will most likely contain interdependence. The Durbin-Watson test (DW test) is only carried out for level one autocorrelation which requires the presence of a constant in the regression model and no other variables among the independent variables. The conditions for making autocorrelation decisions using the Durbin Watson test according to Ghozali (2009) are:

1) 0 < D < DL,meaning there is no positive autocorrelation, then Ho is rejected

2) DL ≤ D ≤ DU,meaning there is no positive autocorrelation, so there is no decision

3) 4−DL < D < 4,there is no negative correlation, then Ho is rejected

4) 4−DU ≤ D ≤ 4−DL,there is no negative correlation, then there is no decision

5) DU < D < 4−DU,then H0 is accepted, meaning there is no autocorrelation.

4. Heteroscedasticity Test

The purpose of the Heteroscedasticity Test is to test and see whether in the regression model there is an inequality of variance from the residual of one observation to the residual of another observation. Homoscedasticity occurs if the variance from the residual from one observation to another is constant, while heteroscedasticity occurs if the variance from the residual from one observation to another is different. The regression model of data is said to be good if there is no heteroscedasticity or homoscedasticity of the model (Ghozali, 2009). Heteroscedasticity can be detected by looking at the Scatterplot graph between the predicted value of the dependent variable, namely ZPRED, and the residual SRESID, where the X axis is the studentized residual (predicted Y – actual Y) and the Y axis is the predicted Y. To test the existence of heteroscedasticity can be done in the following way (Ghozali, 2009):

1. If there is a certain pattern, for example the dots form a certain regular pattern, this indicates that heteroscedasticity has occurred.

2. If there is no clear pattern, with points spread above and below the number 0 on the Y axis, then heteroscedasticity does not occur. To strengthen and clarify whether there is heteroscedasticity, the Glejser test is used to test the heteroscedasticity model. The Glejser test is recommended for regressing the absolute value of the residual on the independent variable (Ghozali, 2009). The Glejser test is carried out by absolute the residual results of the model, then the absolute results of the residuals as the dependent variable are regressed on the independent variable. If the significance value is less than (<) 0.05 with a significant probability then a heteroscedasticity problem occurs.

D. Hypothesis Testing

1. TestSignificance of Individual Parameters (T statistical test)

2. t testcarried out to determine the influence of each or partial independent variable on the dependent variable. The t test is used to see similarities or significant differences in averages from two samples that are not related.

Ho: βi = 0, meaning that the independent variable partially has no significant effect on the dependent variable.

Ha: βi ≠ 0, meaning that the independent variable partially has a significant effect on the dependent variable.

This test can be carried out by comparing t count and t table with the following conditions:

If t count > t table, then Ha is accepted (α = 0.05)

If t count < t table, then Ha is rejected (α = 0.05)

3. TestSimultaneous Significance (F statistical test)

To determine the effect of the independent variables simultaneously (Third Party Funds and Non-Performing Loans) on the dependent variable (Investment credit distribution), an F test was carried out.

Ho: βi = 0, meaning that not all independent variables simultaneously influence the dependent variable.

Ha: βi ≠ 0, meaning that all independent variables simultaneously influence the dependent variable.

To test this hypothesis, the F statistic is used by comparing the calculated F with the F table with the following decision making criteria:

If F calculated is greater than ( > ) F table, then Ha is rejected (α = 0.05)

If the calculated F is smaller than ( < ) F table, then Ho is accepted (α = 0.05)

4. Coefficient of Determination (R2)

The coefficient of determination functions to determine the percentage of influence of the independent variable and the dependent variable. The coefficient of determination aims to find out whether there is an influence between the independent variable and the dependent variable, namely by squaring the coefficient found. The coefficient of determination (R2) shows the proportion explained by the independent variables in the model to the dependent variable, the remainder is explained by other variables not included in the model. This determination is expressed in percentage (%) with the following formula:

D = R2 × 100%

Information:

D = Determination

R2 = Multiple Correlation Value is= In/N xn

## Operational Definition of Variables

The operational definition of a variable is a definition of a research variable in the form of a theoretical concept that is operational in nature, so that the variable can be tested and measured in a study.

In this research, data on investment credit distribution and third party funds are converted into Natural Logarithm (Ln), while Non-Performing Loans (NPL) use the NPL ratio and are not converted into Natural Logarithm (Ln).

**Table 1. Operational Definition of Variables**

|  |  |  |
| --- | --- | --- |
| **Variable** | **Indicator** | **Scale** |
| Credit distribution | Total credit distribution = Ln (amount of credit distribution) | Ratio |
| Third Party Funds (DPK) | DPK = Ln (Savings + Current Account + Deposits) | Ratio |
| Non Performing Loans (NPL) | NPL = x 100% | Ratio |

## Hypothesis

## Based on the problem formulation and theory that has been explained, the hypothesis proposed in this research is:

## 1) The Influence of Third Party Funds (X1) on Investment Credit Distribution

## Third party funds are one aspect that has an influence on the amount of credit disbursed by banks, especially investment credit. The Pool of funds approach states that the third party fund component that dominates the source of bank funds, namely current accounts, savings and deposits, is collected by the bank which is then distributed starting from the first, second priority until it is distributed in the form of bank credit (Taswan, 2010). DPK is the largest source of funds owned by banks (Warjiyo in Binangkit, 2014). The third party funds collected will be managed by the bank to obtain profits through credit assistance offered to customers, so that the more deposits the bank has, the greater the amount of funds disbursed for investment credit. According to Francisca Kristiastuti (2020), Asih Handayani (2018) and Robby Joan Kumaat (2018), DPK has a positive effect on investment credit distribution.

## H1: Third party funds have a positive and significant effect on investment credit distribution.

## 2) The Effect of Non-Performing Loans (X2) on Investment Credit Distribution

## Referring to BI Regulation Number: 15/2/PBI/2013, the NPL level is 5%, so if a bank has an NPL exceeding 5%, this could indicate that there is credit unsoundness occurring in the banking sector. Healthy credit reflects the amount of credit disbursed to debtors, whereas problem credit will have a negative impact on a bank's credit distribution. A high NPL will cause a decrease in the amount of credit disbursed, conversely, the lower the NPL, the risk of credit disbursement will decrease, because the high NPL is directly proportional to the amount of credit risk that will be borne by the bank. This situation shows that NPL has a positive relationship with investment credit distribution. According to Willdan (2014) and Hj. Asniar Ismail (2018), NPL has a positive effect on credit distribution for MSMEs.

## H2: Non-Performing Loans have a positive and significant effect on investment credit distribution.

1. **RESULTS AND DISCUSSION**

**Object of research**

BI Maluku and North Maluku Branches also carry out direct supervision of banks in the form of periodic inspections or indirect supervision carried out by research, analysis and evaluation of reports submitted by banks in Indonesia.

**Descriptive Statistical Analysis**

Descriptive statistics is a form of analysis used to describe data, without making decisions. What is meant by descriptive in descriptive statistical analysis is a way to describe the selected variables as a whole by calculating the data according to the researcher's needs (Nugroho, 2011:17). The description of the data used can be seen from the total amount of data (N), the lowest value (min), the largest value (max), the average value (mean), and the deviation value (standard deviation). All research data is a type of secondary data in a monthly time series, for the period January 2017 to December 2021. This research consists of independent variables, namely Third Party Funds (DPK) and Non-Performing Loans (NPL). The dependent (bound) variable from the research is investment credit for MSMEs in Ambon City. The data for the DPK and investment credit variables in this research were changed or transformed into Ln (Natural Logarithm) form. All data that will be processed as research material is obtained from the Bank Indonesia Monthly Report.

The following are the results of descriptive statistical analysis of the independent and dependent variables tested in this research:

**Table 2. Descriptive Statistical Analysis**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Descriptive Statistics** | | | | | |
|  | **N** | **Minimum** | **Maximum** | **Mean** | **Std. Deviation** |
| **LN\_DPK** | **60** | **16.30** | **16.59** | **16.4591** | **.06985** |
| **NPLs** | **60** | **1.27** | **3.63** | **2.4568** | **.84104** |
| **LN\_PKI** | **60** | **13.83** | **14.74** | **14.3406** | **.26211** |
| **Valid N (listwise)** | **60** |  |  |  |  |

Source: processed data, SPSS 24

Table 4.1 shows the results of the SPSS application test, namely descriptive statistics for each variable in the research with a total amount of research data of (N) 60 (monthly data for 5 years). From this table, the descriptive statistics for each variable can be explained, including the following:

a) The DPK variable which is transformed in natural logarithm (Ln) form has a minimum value of 16.30, a maximum value of 16.59, an average value of 16.4591, and a standard deviation value of 0.06985.

b) The NPL variable has a minimum value of 1.27, a maximum value of 3.63, an average value of 2.4568, and a standard deviation value of 0.84104.

c) The investment credit distribution variable which is transformed in the form of a natural logarithm (Ln) has a minimum value of 13.83, a maximum value of 14.74, an average value of 14.3406, and a standard deviation value of 0. 26211.

**Classic assumption test**

Normality test

The normality test in this research was carried out to test whether the regression model, confounding variables or residuals had a normal or close to normal distribution (Ghazali, 2012). In the data normality test, the research used the residual normality test, with the graphic method and the one sample Kolmogorov-Smirnov (KS) test. The results of the residual normality test using the graphic method are as follows:

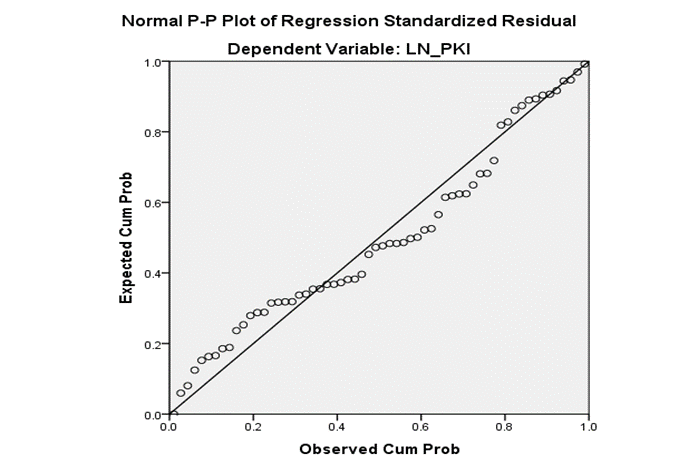
Graphic analysis is carried out by looking at the histogram graph and P-Plot graph. Provided that if the data spreads around the diagonal line and follows the direction of the diagonal line or the histogram graph shows a normal distribution pattern, then the regression model meets the normality assumption.



**Figure 1 Histogram**

Source: Processed data, SPSS 24

Based on the appearance of the histogram graph above, it can be explained that the histogram graph appears to follow a normal curve, although there are some graphs that appear to be out of the normal line, but most or in general the data distribution follows a normal curve, so it can be concluded that the data model is normally distributed, apart from the histogram graph The normality test can also be seen on the normal P-Plot graph.



**Figure 2 Normal P-Plot Graph**

Source: processed data, SPSS 24

Normal Probability Plot The P-Plot image shows points that follow and approach the diagonal line, so it can be concluded that the regression model meets the normality assumption. Apart from using the graphic method, the normality test was also carried out using the Kolmogorov Smirnov (KS) test. Data is said to be normally distributed if it has a significance value of more than 5%. The KS test results can be seen in table 4.2 as follows:

**Table 3. K-Smirnov test results**

|  |  |  |
| --- | --- | --- |
| **One-Sample Kolmogorov-Smirnov Test** | | |
|  | | Unstandardized Residuals |
| N | | 60 |
| Normal Parameters, b | Mean | .0000000 |
| Std. Deviation | .15551391 |
| Most Extreme Differences | Absolute | .107 |
| Positive | .107 |
| Negative | -.092 |
| Statistical Tests | | .107 |
| Asymp. Sig. (2-tailed) | | .083c |
| a. Test distribution is Normal. | | |
| b. Calculated from data. | | |
| c. Lilliefors Significance Correction. | | |

Source: processed data, SPSS 24

From the results of the Normality Test above, it can be seen that the asymp. Sig. (2-tailed) then the significant value is 0.083 > 0.05, and it can be concluded that the data used is normally distributed.

2. TestMulticollinearity

The multicollinearity test aims to test whether the regression model finds a correlation between independent variables. A good regression model should have no correlation between independent variables.

**Table 4. Multicollinearity Test Results**

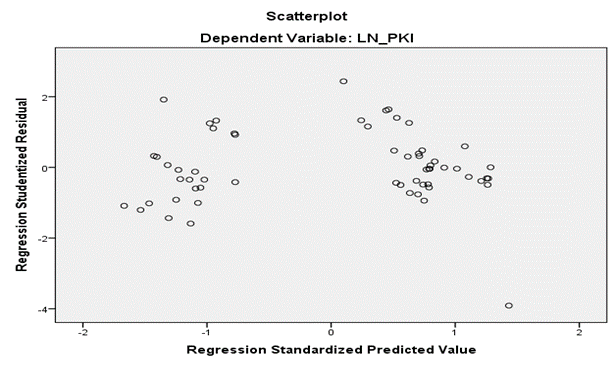
|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Coefficientsa** | | | | | | | | | |
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
| B | Std. Error | Beta | Tolerance | VIF |
| 1 | (Constant) | -5,688 | 6,851 |  | -.830 | ,410 |  |  |
| LN\_DPK | 1,191 | ,420 | ,317 | 2,837 | ,006 | ,493 | 2,028 |
| NPLs | ,171 | ,035 | ,547 | 4,892 | ,000 | ,493 | 2,028 |
| a. Dependent Variable: LN\_PKI | | | | | | | | | |

Source: processed data, SPSS 24

From the display in the table, it can be seen that the tolerance value of the two independent variables has a Tolerance value of more than 0.10, namely DPK with a value of 0.493, and NPL with a value of 0.493. The results of calculating the Variance Inflation Factor (VIF) value are less than 10. The DPK variable has a VIF value of 2.028 and NPL with the same result, namely 2.028. So it can be concluded that the data tested did not occur multicollinearity.

3. TestHeteroscedasticity

The heteroskedasticity test aims to test whether in the regression model there is inequality of variance and residuals from one observation to another. To detect the presence or absence of heteroscedasticity, it can be seen from the presence or absence of certain patterns on the scatterplot graph. The results of the heteroscedasticity test in this study can be seen in the image below:



**Figure 3 Scatterplot graph**

Source: processed data, SPSS 24

In Figure 4.3 (scatterplot graph), it can be seen that the plot spreads randomly above or below zero on the Regression Studentized Residual axis. These results indicate that in this study there were no symptoms of heteroscedasticity. Apart from using scatterplot graphs, to further ensure that this research does not experience symptoms of heteroscedasticity, a glacier test was carried out with the following results:

**Table 5. Glacier Test Results**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Coefficientsa** | | | | | | |
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant) | 7,315 | 4,545 |  | 1,609 | .113 |
| LN\_DPK | -.440 | ,279 | -.291 | -1,580 | ,120 |
| NPLs | .017 | .023 | ,139 | ,755 | ,453 |
| a. Dependent Variable: ABRESID | | | | | | |

Source: processed data, SPSS 24

From the results of heteroscedasticity testing with the glacier test, it can be seen that the significance level for variable X1 (DPK) is 0.120 and variable X2 (NPL) is 0.453. Based on the significance level of the DPK and NPL variables which is greater than 0.05, it can be concluded that heteroscedasticity does not occur. This means that none of the independent variables significantly influences the dependent variable Absolut ut value (Abs Ut) or DPK does not significantly affect NPL and vice versa.

3. TestAutocorrelation

The autocorrelation test aims to see whether or not there is a correlation between members of a series of observational data described by space (cross section) or time series (time-series). The following are the results of the autocorrelation test, Durbin-Watson.

**Table 6. Autocorrelation Test Results, Durbin-Watson**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Model Summary b** | | | | | |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | .805a | ,648 | ,636 | .15822 | 1,783 |
| a. Predictors: (Constant), NPL, LN\_DPK | | | | | |
| b. Dependent Variable: LN\_PKI | | | | | |

Source: processed data, SPSS 24

Based on table 4.4, it is known that the Durbin-Watson value is 1.783, then when compared with the Durbin-Watson table with a significance table of 5%, number (n) = 60 and number of independent variables 2 (k = 2), the lower limit value will be obtained. or dL (lower) = 1.5144 and upper limit or dU (upper) = 1.6518. So the value of 4-dU = 4-1.6518 = 2.3482. Thus, the Durbin -Watson value has met the criteria, dU < DW < 4-dU, the result of which is 1.6518 < 1.783 < 2.3482. So it can be concluded that the regression model in this study is acceptable because it is free from autocorrelation problems.

**Hypothesis testing**

* + - 1. Partial Significance Test (t Statistical Test)

The t statistical test is basically used to determine whether or not there is an influence of each independent variable individually (partially) on the dependent variable which is tested at a significance level of 0.05%, so the independent variable has an effect on the dependent variable. (Ghazali, 2012).

The following is a discussion of the partial test (t test) between Third Party Funds (DPK) and Non-Performing Loans (NPL) on investment credit distribution.

**Table 7. T Test Results (partial)**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Coefficientsa** | | | | | | |
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
| B | Std. Error | Beta |
| 1 | (Constant) | -5,688 | 6,851 |  | -.830 | ,410 |
| LN\_DPK | 1,191 | ,420 | ,317 | 2,837 | ,006 |
| NPLs | ,171 | ,035 | ,547 | 4,892 | ,000 |
| a. Dependent Variable: LN\_PKI | | | | | | |

Source: processed data, SPSS 24

a. t teston Third Party Funds (DPK) Variables

The results shown in table 4.5 explain that the DPK variable obtained a sig value. 0.006 and tcount shows a value of 2.837, meaning the significance value is smaller than the probability value of 0.05 (0.009 < 0.05). Meanwhile, the value of tcount = 2.837 and ttable is 1.671533, which is obtained from (df (nk) 60-2 = 58, α = 0.05), so that the value of tcount > ttable (2.837 > 1.671533), thus H1 is accepted , so it is proven that there is a positive and significant influence between TPF on investment credit distribution for MSMEs.

b. t testRegarding Non-Performing Loan (NPL) Variables

The results obtained in table 4.5 above show that the NPL variable shows a sig value. 0.000 and tcount shows a value of 4.892, meaning the significance value is smaller than the probability value of 0.05 (0.000 < 0.05). Meanwhile, the value of tcount = 4.892 and ttable is 1.671533, which can be obtained from (df (nk) 60-2 = 58, α = 0.05), so the value of tcount > ttable (4.892 > 1.671533), so it can be concluded that The NPL variable partially and significantly influences investment credit distribution for MSMEs, which means that H2 is accepted.

* + - 1. Coefficient of Determination Test (R2)

The Coefficient of Determination Test (R2) aims to measure how far the model's ability to explain variations in the dependent variable (Investment credit distribution). The value of the Coefficient of Determination (R2) is between zero and one (Ghazali, 2012:97). According to him (Ghazali, 2012:97) A value close to one independent variable provides almost all the information needed to predict the dependent variable. Coefficient of Determination Test Results (R2).

**Table 8. Coefficient of Determination Test Results (R2)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Model Summary b** | | | | | |
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | .805a | ,648 | ,636 | .15822 | 1,783 |
| a. Predictors: (Constant), NPL, LN\_DPK | | | | | |
| b. Dependent Variable: LN\_PKI | | | | | |

Source: Processed data, SPSS 24

Based on the data in table 4.7 above, it can be seen that the adjusted coefficient of determination (R2) is 0.636. These results indicate that the dependent variable, investment credit distribution, can be explained by the independent variables Third Party Funds (DPK), Non-Performing Loans (NPL), amounting to 63.6% and around 36.4% (100%-63.6%) explained by other factors not tested in this study. The correlation coefficient (R) shows a value of 0.805, which indicates that the independent variable and the dependent variable have a strong relationship because they have a value greater than 0.5 (R > 0.5) or 0.805 > 0.5.

**Multiple Linear Regression Analysis**

Based on the data presented above, to determine the influence of the size of Third Party Funds (DPK) and Non-Performing Loans (NPL). Management results can be seen in the following table:

**Table 9.**Results of Multiple Linear Regression Analysis

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Coefficientsa** | | | | | | | | | |
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Collinearity Statistics | |
| B | Std. Error | Beta | Tolerance | VIF |
| 1 | (Constant) | -5,688 | 6,851 |  | -.830 | ,410 |  |  |
| LN\_DPK | 1,191 | ,420 | ,317 | 2,837 | ,006 | ,493 | 2,028 |
| NPLs | ,171 | ,035 | ,547 | 4,892 | ,000 | ,493 | 2,028 |
| a. Dependent Variable: LN\_PKI | | | | | | | | | |

Source: processed data, SPSS 24

From the table display, the following regression equation is obtained:

**LnY = -5.688 + 1.191 LnX1 + 0.171**

Information :

LnY = Natural logarithm of investment credit distribution

LnX1 = Natural Logarithm of Third Party Funds (DPK)

X2 = Percentage value of Non-Performing Loans (NPL)

The multiple linear regression equation model above can explain the influence of variables, including the following:

a. The research has a constant value of -5.688, where credit distribution has a value of -5.688, which means that if all the values ​​of the independent variables are 0, then the amount of investment credit distribution will be -5.688 or if X1 (DPK) and X2 (NPL) are 0 then the Y value is -5.688%.

b. Markvariable

c. Markvariable

**Discussion**

**The Influence of Third Party Funds on Investment Credit Distribution**

The influence of third party funds (DPK) on investment credit distribution in Table 4.7 shows that the DPK variable has a positive and significant effect on investment credit distribution. Based on the results of data calculations, it can be explained that the regression coefficient for the DPK variable is 1.191 with a calculated t value of 2.837 which is greater than the t table of 1.671553, and a significant value of 0.006. From these results, it can be said that hypothesis one of this research is accepted, which means that the DPK variable has a significant effect in a positive direction on investment credit distribution because the significant value is smaller than 0.05. The results of this research explain that one of the supporting factors in channeling investment credit distributed by banks to MSMEs is the amount of funds that banks can collect from the public, namely third party funds (DPK) or savings. Credit distribution is the bank's main priority in allocating its funds. This is because the source of bank funds comes from the community, so the bank must distribute the collected DPK back to the community in the form of credit. This is in line with the bank's function as a financial intermediary. DPK is the variable that has the greatest influence on banking credit distribution. This is because in carrying out the function of financial intermediary, DPK is the main source of funding. An increase in deposits will have an impact on increasing investment credit distribution and can encourage the development of the real sector because with the increasing distribution of investment credit for business development distributed by banks to MSMEs, the contribution made by financial institutions to the development of MSMEs and the growth of the Indonesian economy will also increase.

The results of this research support previous research conducted by Francisca Kristiastuti (2020), Asih Handayani (2018) and Robby Joan Kumaat (2018) which stated that TPF had a positive and significant effect on credit distribution. This is in accordance with the statement (Dendawijaya, 2003), namely that TPF is the main source of funds owned by banks, where funds collected from the public can reach 80% -90% of all funds managed by banks. Next, the bank manages the funds it receives through the largest income item received through credit distribution activities. So the greater the DPK that is collected, the greater the credit distributed.

**The Influence of Non-Performing Loans on Investment Credit Distribution**

From the data processing results shown in table 4.7, the regression coefficient for the NPL variable is 0.171 and the calculated t is 4.892, which is greater than the t table of 1.671553 and the significant value is 0.000. NPL has a positive and significant effect on investment credit distribution because the significant value is smaller than 0.05, meaning that NPL is something that must be considered as best as possible by banks in lending because it will have a negative impact on bank performance. The higher the NPL level, the more influence it will have on banks to distribute credit. Because high NPLs cause banks to be more careful in distributing credit. This is due to the potential for uncollectible credit. From the results of data processing, it is known that the NPL percentage that occurred in the city of Ambon during the observation period was classified as safe, namely 3.63% because this figure was still below the 5% NPL limit set by Bank Indonesia. Thus, the large NPL could be a risk in distributing investment credit to MSMEs in the city of Ambon, but it is still in the safe category in this research period, because banks that distribute investment credit have prepared to handle the problem of bad credit. This can be caused by various factors, one of which is that the banking sector has tried to save bad credit, so that the banking sector can reduce the losses that occur.

The results of this research support research conducted by Willdan (2014), Roy Seleky (2018), and Hj. Asniar Ismail (2018) obtained the results that NPL had a significant and influential effect on credit distribution. This result is in accordance with Barus and Lu's (2013) statement, namely that NPL reflects credit risk, which means that the higher the NPL level, the more influence it will have on banks to distribute credit. If a bank cannot maintain its credit risk, then the way to maintain credit risk is to prepare an appropriate handling strategy.

1. **CONCLUSION**

Based on the results of research that has been carried out through the stages of data collection, data processing and discussion regarding the influence of third party funds and non-performing loans on investment credit distribution for MSMEs in Ambon City (case study at the BI representative office of Maluku province), it can be concluded as follows: Model The regression was declared feasible because it met the requirements of the classical assumption test, namely, normality, heteroscedasticity, multicollinearity and autocorrelation tests. Testing hypothesis 1, the results obtained were that the DPK variable had a significant positive effect on investment credit distribution. This can be indicated that the greater the third party funds that the bank has managed to collect, the greater the amount of credit that the bank will disburse. Based on the results of the H2 test, it shows that the NPL variable has a positive and significant effect on investment credit distribution. This can be interpreted as meaning that the higher the NPL level, the greater the credit risk borne by the bank. The coefficient of determination is 0.636. These results indicate that the dependent variable, investment credit distribution, can be explained by the independent variables Third Party Funds (DPK), Non Performing Loans (NPL), amounting to 63.6% while the remaining 36.4% is explained by other variables not tested in this research .

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