

Analysis of the Effect of Third-Party Funds, Capital Adequacy Ratio, Non-Performing Loans, and Loan to Deposit Ratio on Credit Disbursement in Conventional Commercial Banks in Indonesia for the Period 2019-2024

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ABSTRACT: The banking sector plays a very important role in a country's economy. Banks play an important role in Indonesia's economic development because they can have an impact on the entire economic cycle. One of the main functions of banks is to distribute credit to the public and the business world. This credit distribution can be a major source of income for banks and encourage economic growth through investment and consumption financing. This study aims to analyze the influence of Third Party Funds, Capital Adequacy Ratio, Non-Performing Loans, and Loan to Deposit Ratio on Credit Distribution in Conventional Commercial Banks in Indonesia for the period 2019-2024.

The type of data used in this study is quantitative data with secondary data sources in the form of financial reports published through the official websites of the Indonesia Stock Exchange (IDX) and the Financial Services Authority (OJK). The research sample was selected using purposive sampling techniques. The population in this study is the financial reports of conventional commercial banks in Indonesia, focusing on BUKU 4 banks that have been listed and operating consistently from 2019 to 2024. The analysis methods used are descriptive statistics, classical assumption tests, and panel data regression analysis using E Views software version 12.

Based on the results of panel data regression analysis, the study shows that partially, the DPK and LDR variables have a positive and significant effect on credit distribution, while CAR has no significant effect on credit distribution, but NPL has a statistically insignificant negative effect on credit distribution. The results of the study show that, simultaneously, the variables DPK, CAR, NPL, and LDR have a significant effect on credit distribution in conventional commercial banks in Indonesia for the period 2019-2024.

KEYWORDS: DPK, CAR, NPL, LDR, Credit Disbursement

I. INTRODUCTION

Banks are financial institutions whose main task is to collect funds from the public and channel them back to the public. One way banks channel their funds back to the public is through credit facilities. Credit is a financial facility that allows individuals or business entities to borrow money and repay it within a specified period. The relationship between banks and the public is currently unavoidable in the global economic environment, because in reality most of the public's economic activities are not supported by the capacity of the public itself. The modern banking industry was born and developed in the West and has been able to play a good and dynamic role in spreading throughout the world, and is connected to the objectives of organizations that function as tools of exploitation. Financial institutions such as banks are commercial organizations that take money from the general public in the form of deposits and then lend it back to the general public for a certain period of time. These activities greatly determine the amount of funds that can be channeled by the bank (Irsyad Lubis, 2010:10)

Banks, as financial institutions, have objectives similar to those of other Indonesian institutions. The role of banks in a country's economy can be categorized as Agents of Trust, meaning they perform their duties as financial intermediaries based on the public's trust in them. Trust is essential in banking business practices. Banks, as business entities that are trusted by the public, must strive to remain solvent, both in the short and long term. To that end, banks must have sound financial conditions and efficient operations.

As the number of banks increases, there is more competition to win funding from the public. Each bank strives to obtain funds from the public, which will then be used for productive and consumptive purposes by those who need them. The main activities of a bank are the collection and distribution of funds with the aim of obtaining income, which can be done once the funds have

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been collected. The largest and most reliable source of funds for banks is third-party deposits, which account for around 80% to 90% of the total funds managed by the bank itself. The most common ways to deposit funds from the public are current accounts, deposits, and savings accounts. Apart from these three forms of fund deposits, there are still many funds that can be accepted by banks as deposits. However, most of these funds are in the form of temporary funds that are uncertain and cannot be predicted in their planning. In addition to its own funds and funds from third parties, banks also obtain funds from other sources that cannot be classified into the above types of funds. (Totok Budisantoso, et al. 2013:124).

Credit distribution is a major activity of a bank to obtain profitability. However, credit distribution is also an activity that carries the greatest risk for the bank itself. Therefore, every credit distribution activity must be closely monitored through strict risk management. Bank management will always strive to optimize the potential of each fund that has been collected by disbursing it again in the form of credit, which makes this activity the main source of income for banks (Arianti et al., 2016). Every bank strives to disburse large amounts of credit to its customers. This is because through these credit disbursements, the bank will earn profits through the interest charged to customers who take out the credit. Therefore, every bank has the main activity of disbursing as much credit as possible so that the profits received are also greater. During the current Covid-19 pandemic, many banks have been affected by the pandemic, resulting in many banks experiencing a decline in the amount of credit disbursed.

The development of credit distribution in Indonesia has grown well every year since the recovery after the 1998 monetary crisis. In distributing credit funds, banks have several strict rules that must be implemented and obeyed by prospective debtors, and banks use the principle of prudential banking in granting credit so that there are no bad debts or other credit problems. In granting credit, banks must analyze the borrower's ability to repay their obligations. Banks conduct reviews, research, and collateral agreements to minimize credit risk.

The importance of funding sources from the wider community is due to the fact that the most important source of funds for banks, community funds, or often referred to as third party funds, are not only easy to find but also widely available in the community. The collection of third-party funds must also be processed and managed by banks to obtain profits, one of which is through the services offered, such as providing credit, securities, or negotiable instruments in the money market. In a journal written by Aviliani (2022), the banking industry depends on third-party funds because third-party funds can control 80-95% of available funding, so the bank's ability to distribute credit is influenced by third-party funds. If the bank has a large source of funds, then customers will also receive large loans. Third-party funds (DPK) are activities that collect funds from the public to carry out their operations. Banks need a certain amount of funds, which can be obtained from the public through deposits or savings.

Third Party Funds (DPK) collected by banks can influence the bank's decision to distribute credit. The higher the third party funds that can be collected by the bank, the greater the credit that can be distributed by the bank (Dwi Fatmawati Hartini et al. 2023). In addition to third-party funds, another factor that is no less important in supporting the bank's operational activities is capital. The capital owned by banks can come from core capital, contributed capital, general reserves, special reserves, retained earnings, last year's profits, and current year's profits. In addition to helping carry out operational activities, this capital is also used as a reserve against risks that may arise, one of which is in credit distribution activities.

The financial difficulties experienced by banks were caused by bad loans, where non performing financing was high, while credit repayment rates faced obstacles with low credit repayment growth rates. Third-party funds were predicted to cover the shortfall in funds due to the large number of non-performing loans, so at that time many banks went bankrupt because the state was unable to help finance the banks, resulting in financial constraints that led to low capital adequacy ratios (CAR) and an inability to cover existing expenses.

The capital adequacy ratio is reflected in the Capital Adequacy Ratio (CAR) value. CAR is the ratio between the amount of capital owned by a bank and Risk-Weighted Assets (RWA). In a bank, not only credit distribution but also the bank's operational costs that must be incurred to pay obligations to both the central bank and the customers themselves can affect the bank's capital.

Credit distribution carried out by banks is one of the main activities in generating profits for banks. When credit increases, the interest earned on loans will also increase, thereby increasing the bank's income. The profits obtained by banks from high credit are used to maintain the bank's existence and continuity for a long period of time so that it can compete with other banks. This profit is measured based on credit interest, fee-based income, stock agro, and so on. In Indonesia, the profit earned by banks is measured using the Return On Assets ratio, where profitability is measured based on assets, most of which come from thirdparty funds.

The bank's ability to channel third-party funds is reflected in the Loan to Deposit Ratio (LDR). LDR is a ratio that measures the bank's ability to meet financial obligations that must be fulfilled immediately. In disbursing loans, banks cannot only look at the NPL ratio, but must also consider the Loan to Deposit Ratio (LDR), which is a ratio that reflects liquidity as shown by deposits, current accounts, and savings used to meet loans. Aviliani (2022)

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As an intermediary institution, banks are not only involved in collecting funds and providing services, but also in disbursing these funds in the form of credit. The credit received by customers will be used to support productive economic activities. Credit distribution activities are not without risks, such as bad credit, which is indicated by a high Non-Performing Loan (NPL) ratio, where the problematic credit occurs because the customer is unable to fulfill their obligations on the credit provided by the bank. In Bank Indonesia Regulation No. 17/11/PBI/2015, the NPL ratio is the ratio between the amount of substandard, doubtful, and non-performing loans to total loans, with a ratio value of less than 5%. The higher the NPL ratio, the higher the number of non-performing loans experienced by the bank. If this continues, it will have an impact on the non-collection of public funds, which can lead to a decrease in profits and a loss of public confidence in depositing their funds in the bank.

The increase in loans granted from year to year is in line with the increase in the Non-Performing Loan ratio from year to year, which indicates that there is still a high credit risk that banks may experience. If loans are not granted in accordance with the procedures applicable at each bank, the high NPL value will erode the bank's capital reserves to cover credit risks caused by uncollectible loans to customers.

Based on Bank Indonesia data (2022), positive credit growth of 8.5% by the end of 2022 is higher than the 5.2% credit growth in 2021. However, banking credit growth in Indonesia declined in 2020, with credit growing by -2.4%. This phenomenon was the result of the Covid-19 pandemic. Many MSME players stopped their business activities during the Covid-19 pandemic.

Adeep understanding of the factors that influence credit distribution is very important for banks in order to manage their credit portfolios optimally and minimize credit risk. Therefore, based on the above background, the author is interested in raising the title Analysis of the Influence of Third Party Funds, Capital Adequacy Ratio, Non-Performing Loans and Loan to Deposit Ratio on Credit Distribution in Conventional Commercial Banks in Indonesia for the Period 2019-2024.

II. LITERATUR REVIEW

A. BANK

According to Law Number 10 of 1998 concerning banking, a bank is a business entity that collects funds from the public in the form of deposits and distributes them to the public in the form of credit and/or other forms in order to improve the standard of living of the community. Meanwhile, according to Financial Accounting Standards (PSAK) Number 31, a bank is an institution that acts as a financial intermediary between parties with excess funds and parties that need funds, as well as an institution that functions to facilitate payment transactions.

B. Conventional Banks

Conventional commercial banks, commonly referred to as commercial banks, are business entities that conduct their business activities in the field of financial services, either conventionally and/or based on sharia principles. Conventional banks are banks that conduct their business activities conventionally and, based on their type, consist of Conventional Commercial Banks and People's Credit Banks (Banking Accounting, 2013).

C. Credit Distribution

Credit distribution is defined as the amount of funds distributed by banks to the public with the aim of improving their standard of living (Ratnasari, 2017).

D. Third Party Funds

Funds collected from the public (Third Party Funds) are the largest and most reliable source of funds for banks (accounting for 80%- 90% of all funds managed by banks) Dendawijaya, 2005.

E. Capital Adequacy Ratio (CAR)

According to Bank Indonesia Regulation Number 10/15/PBI/2008 article 2 paragraph 1, banks are required to provide a minimum capital of 8% of risk-weighted assets (ATMR). PBI (2008) explains that CAR is a ratio that shows how much of the total assets in a bank that carry risk will be financed from its own capital in addition to obtaining funds from sources outside the bank (Ratnasari, 2017).

F. Non-Performing Loan (NPL)

Non-Performing Loan (NPL) is a ratio that calculates the portion of total problem loans to loans disbursed by banks. Problem loans can be defined as loans that are difficult to repay due to intentional factors and/or external factors beyond the debtor's control. Collectibility assessments can be classified into five groups, namely: current (pass), special mention, substandard, doubtful, and loss.

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G. Loan to Deposit Ratio (LDR)

According to Kasmir Loan To Deposit Ratio (LDR) (2016:319), this is a ratio used to measure the composition of loans granted compared to the amount of public funds and own capital used. The standardization of the Loan to Deposit Ratio is regulated in Bank Indonesia Regulation Number 18/14/PBI/2016, which states that the lower limit of the LDR target is 80% and the upper limit of the LDR target is 92%. Therefore, a high LDR increases the level of liquidity. If the LDR ratio exceeds 92%, it means that the liquidity level of a bank is not good.

III METHOD

A. Research Subject and Object

The subject of this study is BUKU 4 Conventional Commercial Banks that provide credit and are listed on the Indonesia Stock Exchange (IDX) during the 2019-2024 period. BUKU4category banks were selected because banks in this category have large total assets, high financial stability, and transparent reporting obligations to the public through the IDX. This makes it easier for researchers to obtain valid and reliable secondary data for analysis purposes.

The objects in this study are Third Party Funds (DPK), Capital Adequacy Ratio (CAR), Non-Performing Loans (NPL) and Loan to Deposit Ratio (LDR) as independent variables, and credit distribution as a dependent variable. This study focuses on the annual financial data of conventional commercial banks in the BUKU 4 category that provide credit and are listed on the Indonesia Stock Exchange during the period 2019-2024.

B. Population and Sample

The population in this study is the financial reports of conventional commercial banks in Indonesia, focusing on BUKU 4 banks that have been listed and operating consistently from 2019 to 2024. Meanwhile, the sample in this study consists of data contained in financial reports related to Third Party Funds, Capital Adequacy Ratio, Non-Performing Loans, and Loan to Deposit Ratio, using purposive sampling techniques. Purposive sampling is a technique used to take samples with specific criteria.

IV RESULTS and DISCUSSION

A. Determination of the Estimation Model Chow Test Results

This was done to choose between the common effect model and the fixed effect model as the estimation model. The results of the Chow test can be seen in Table 1:

Table 1. Chow Test Results

Redundant Fixed Effects Tests Equation: Untitled Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	10.971676	(5,26)	0.0000
Cross-section Chi-square	40.845697	5	0.0000

Source: Data processing using Eviews-12, 2025

Based on the Chow test results table. The results show that the chi-square probability value ($0.0000 < 0.05$). Therefore, the decision is that H_0 is rejected and H_1 is accepted. Thus, the model used is the Fixed Effect Model (FEM). Further testing is required using the Hausman test to determine whether to use the Fixed Effect or Random Effect model.

Hausman Test Results

The Hausman test is used to choose between the Fixed Effect Model (FEM) and the Random Effect Model (REM). The results of the Hausman test can be seen in Table 2:

Table 2. Hausman Test Results

Correlated Random Effects - Hausman Test Equation: Untitled Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	1.061106	4	0.9004

Source: Data processing using Eviews-12, 2025

Based on the Hausman test results in the table, the results show that the cross-section statistic probability value of $0.9004 > 0.5$, so the decision that can be made is that H_0 is rejected, and therefore the model used is the Random Effect Model.

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Lagrange Multiplier Test (LM Test)

Conducted to choose between the Common Effect Model or Random Effect Model as the estimation model, the results of the LM Test can be seen in Table 3:

Table3. Lagrange Multiplier Test Results

Lagrange Multiplier Tests for Random Effects			
Null hypotheses: No effects			
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives			
	Cross-section	Test Hypothesis Time	Both
Breusch-Pagan	24.87610 (0.0000)	0.546627 (0.4597)	25.42272 (0.0000)
Honda	4.987594 (0.0000)	-0.739342 (0.7702)	3.003968 (0.0013)
King-Wu	4.987594 (0.0000)	-0.739342 (0.7702)	3.003968 (0.0013)
Standardized Honda	9.987332 (0.0000)	-0.522521 (0.6993)	1.595377 (0.0553)
Standardized King-Wu	9.987332 (0.0000)	-0.522521 (0.6993)	1.595377 (0.0553)
Gourieroux, et al.	--	--	24.87610 (0.0000)

Source Data processing using Eviews-12, 2025

Based on the results of the Lagrange multiplier, the LM Breusch-Pagan value in the cross-section and combined (both) dimensions shows a probability of 0.0000, which is less than the significance level of 0.05. This H_0 is rejected and H_1 is accepted. Therefore, the appropriate model to use is the Random Effects Model (REM).

Classical Assumption Test

The classical assumption test was conducted to determine the data conditions in the study and to determine the most appropriate analysis model. The classical assumption tests conducted in this study included normality, multicollinearity, and autocorrelation tests.

1. Normality Test

The normality test aims to test whether the independent and dependent variables in the regression model are normally distributed.

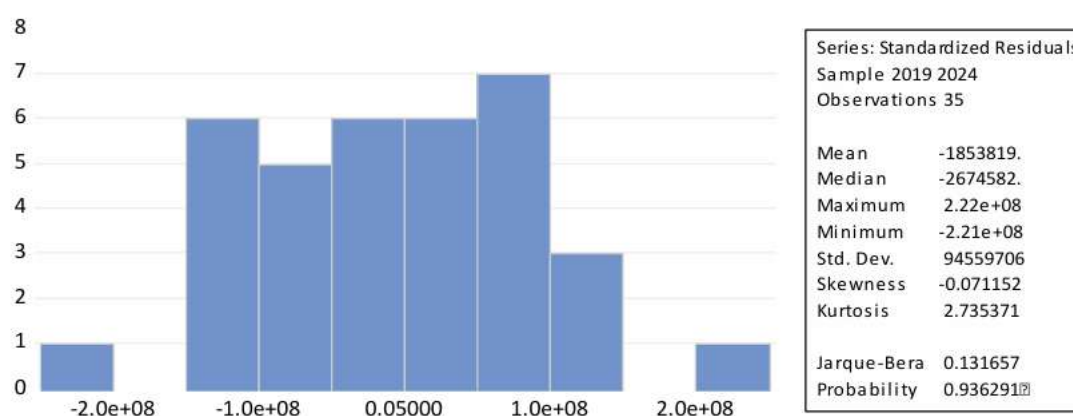


Figure1. Normality Test

Based on the results of the normality test, a Jarque-Bera value of 0.131657 with a probability of 0.936291 was obtained. Because the probability value exceeds the significance level of 0.05, the null hypothesis stating that the residuals are normally distributed cannot be rejected. The residuals in the models show a distribution pattern that is close to normal.

2 Multicollinearity Test

The Multicollinearity Test aims to test whether there is a correlation between independent variables in the regression model.

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Table 4. Multicollinearity Test

	DPK	CAR	NPL	LDR	KREDIT
DPK	1	-0.4169346...	0.12768699...	-0.6227914...	0.96888495...
CAR	-0.4169346...	1	-0.3585901...	0.30136951...	-0.4520698...
NPL	0.12768699...	-0.3585901...	1	-0.3827626...	0.07954770...
LDR	-0.6227914...	0.30136951...	-0.3827626...	1	-0.4811212...
KREDIT	0.96888495...	-0.4520698...	0.07954770...	-0.4811212...	1

Source: Data processing using Eviews-12,2025

Based on the table of multicollinearity test results above, it shows that all independent variables have a VIF value below 0.90, indicating that there are no signs of multicollinearity among the variables in the regression model. This means that each of the independent variables, namely Third Party Funds (DPK), Capital Adequacy Ratio (CAR), Non-Performing Loans (NPL), and Loan to Deposit Ratio (LDR), are independent and do not strongly influence each other. This proves that there is no multicollinearity problem

3 Autocorrelation Test

The autocorrelation test is a statistical technique to test whether there is a correlation between the residual values generated from a model and the residual values at the previous or immediate previous time.

Table 5. Autocorrelation Test

Breusch-Godfrey Serial Correlation LM Test: Null hypothesis: No serial correlation at up to 2 lags			
F-statistic	21.75323	Prob. F(2,52)	0.0000
Obs*R-squared	26.87652	Prob. Chi-Square(2)	0.0000

Source: Data processing using Eviews-12,2025

Based on the results of the autocorrelation test using the Breusch-Godfrey Serial Correlation LM Test, an F-statistic value of 21.75323 was obtained with a probability (Prob.F) of 0.0000, and an Obs*R-squared value of 26.87652 with a Prob. Chi-Square (2) of 0.0000. A probability value smaller than the significance level of 0.05 indicates that the null hypothesis (H_0), which states that there is no autocorrelation up to lag 2, is rejected. **Hypothesis Testing**

Hypothesis testing is conducted to see which independent variables have a partial effect on the dependent variable and to test the hypothesis.

F Test Results

The F test was conducted to determine whether the independent variables in this study, namely Third Party Funds (DPK), Capital Adequacy Ratio (CAR), Non-Performing Loans (NPL), and Loan to Deposit Ratio (LDR), had an effect on the dependent variable, namely Credit Distribution.

Table 6. F Test Result

R-squared	0.896734	Mean dependent var	95397406
Adjusted R-squared	0.883409	S.D. dependent var	1.47E+08
S.E. of regression	50289725	Sum squared resid	7.84E+16
F-statistic	67.29856	Durbin-Watson stat	1.127625
Prob(F-statistic)	0.000000		

Source: Data processing using Eviews-12, 2025

Based on the F-test results, it can be seen that the F-Statistic probability produces a value of $0.000000 < 0.05$. Therefore, H_a is accepted and H_0 is rejected. Thus, the results of the analysis in this study show that simultaneously, the independent variables, namely third- party funds (DPK), capital adequacy ratio (CAR), non-performing loans (NPL), and loan to deposit ratio (LDR), have an effect on credit distribution, so that the regression model is suitable for use in this study.

T-test Results

The t-test, also known as the partial test, is a test conducted to show the effect of each variable on the dependent variable, assuming that the other variables are constant.

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Table 7. Regression t-Test Results (Partial Test)

Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.95E+08	1.93E+08	-2.049617	0.0489
DPK	0.971043	0.071647	13.55322	0.0000
CAR	-593720.3	5393990.	-0.110071	0.9131
NPL	-20765682	17189893	-1.208017	0.2362
LDR	4301719.	1174824.	3.661586	0.0009

Source: Data processing using Eviews-12, 2025

Based on Table 7, the results of the t-test regression show the relationship between each independent variable and the dependent variable, namely Credit Distribution, as follows:

1. Third Party Funds (DPK)

Has a positive coefficient of 0.971043 with a probability value of 0.0000 (< 0.05), which means that DPK has a positive and statistically significant effect on credit distribution. This result illustrates that the more public funds collected by banks, the greater the bank's ability to distribute these funds in the form of credit. This positive effect is in line with the main function of banks as financial intermediary institutions.

2. Capital Adequacy Ratio (CAR)

With a coefficient of -593720.3 and a probability value of 0.9131, this indicates that CAR does not have a significant effect on credit distribution. Economically, this can be interpreted as meaning that when banks strengthen their capital structure by increasing CAR, some funds are allocated to maintain capital adequacy, thereby reducing the bank's ability to distribute credit. However, because the significance value is above 5%, this effect is not strong enough to be concluded with certainty.

3. Non-Performing Loan (NPL)

Shows a coefficient of -20765682 with a probability value of 0.2362 (> 0.05), indicating that NPL has a negative but statistically insignificant effect on credit distribution. This indicates that during the research period, NPL fluctuations did not significantly affect the volume of bank lending, possibly because the ratio of non-performing loans was still within reasonable and controllable limits.

4. Loan to Deposit Ratio (LDR)

Has a coefficient of 4301719 with a probability value of 0.0009 (< 0.05), which means that LDR has a positive and statistically significant effect on credit distribution. This indicates that the higher the bank's ability to distribute funds collected from the public in the form of credit, the greater the total credit distribution. Thus, LDR plays an important role in promoting the effectiveness of banking intermediation.

Coefficient of Determination

The coefficient of determination (R^2) test shows how much of the variation in the independent variables used in the model can explain the variation in the dependent variables. The following table shows the results of the coefficient of determination test in this study

Table 8. Results of the Coefficient of Determination Test

R-squared	0.896734	Mean dependent var	95397406
Adjusted R-squared	0.883409	S.D. dependent var	1.47E+08
S.E. of regression	F-50289725	Sum squared resid	7.84E+16
statistic	67.29856	Durbin-Watson stat	1.127625
Prob(F-statistic)	0.000000		

Source: Data processing using Eviews-12, 2025.

Based on Table 8 of the Coefficient of Determination Test (R^2) shows that the R-squared value of 0.8967 indicates that approximately 89.67% of the variation in the dependent variable, namely credit distribution, can be explained by the independent variables, namely Third Party Funds (DPK), Capital Adequacy Ratio (CAR), Non-Performing Loans (NPL), and Loan to Deposit Ratio (LDR).

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Panel Data Regression Test Results

The estimation model used in this study is the Random Effect Model (REM) in accordance with the results of the panel data model selection. The Random Effect Model shows that although the intercept or constant may differ for each individual, the individual intercept does not vary over time (Ghozali, 2016).

Table 9 Panel Data Regression Test Results with Random Effect Model Estimation

Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.95E+08	1.93E+08	-2.049617	0.0489
DPK	0.971043	0.071647	13.55322	0.0000
CAR	-593720.3	5393990.	-0.110071	0.9131
NPL	-20765682	17189893	-1.208017	0.2362
LDR	4301719.	1174824.	3.661586	0.0009
R-squared	0.896734	Mean dependent var		95397406
Adjusted R-squared	0.883409	S.D. dependent var		1.47E+08
S.E. of regression	50289725	Sum squared resid		7.84E+16
F-statistic	67.29856	Durbin-Watson stat		1.127625
Prob(F-statistic)	0.000000			

Source: Data processing using Eview-12, 2025.

Based on the results of the panel data regression with the random effect model (REM) estimation, the following panel data regression equation was obtained:

$$\text{CREDIT} = -395249343.93 + 0.971043378657 \text{ DPK} - 593720.32572 \text{ CAR} - 20765681.6573 \text{ NPL} + 4301719.24913 \text{ LDR}$$

It can be concluded that the estimation results using the Random Effect Model (REM) show that the regression model is simultaneously significant, with an R-squared value of 0.8967. This means that approximately 89.67% of the variation in credit distribution can be explained by DPK, CAR, NPL, and LDR. Partially, DPK and LDR have a positive and significant effect on credit distribution, so that an increase in both drives an increase in bank credit distribution. Meanwhile, CAR and NPL do not have a significant effect, so they are not proven to influence changes in credit distribution during the research period.

DISCUSSION OF RESEARCH RESULTS

Based on the results of hypothesis testing using the Partial Test, the effects of each independent variable, namely third-party funds (DPK), capital adequacy ratio (CAR), non-performing loans (NPL), and loan to deposit ratio (LDR) on the dependent variable, namely credit distribution, can be seen as follows:

The Effect of Third-Party Funds (DPK) on Credit Distribution

The regression analysis results show that DPK has a coefficient of 0.971043 with a probability value of 0.0000 (< 0.05), which means it has a positive and significant effect on credit distribution. Every increase in DPK of 1 trillion rupiah will increase credit distribution by around 0.972043 trillion rupiah, assuming other variables remain constant.

Economically, these results explain that the more public funds a bank manages to collect, the greater its ability to distribute credit. This is because DPK is the main source of financing for banking activities. Thus, it can be concluded that DPK has a positive and significant effect on credit distribution, which shows that the success of banks in collecting funds from the public is an important factor in expanding intermediation functions and increasing financing activities to the economic sector.

The Effect of Capital Adequacy Ratio (CAR) on Credit Distribution

The analysis shows that CAR has a coefficient of -593720.3 with a probability value of 0.9131 (> 0.05), meaning that it does not have a significant effect on credit distribution. An increase in CAR tends to reduce the amount of credit distributed, although the effect is not statistically significant.

Economically, this means that when banks increase their capital adequacy ratio to maintain stability and meet prudential requirements, the funds available for credit expansion are reduced. Thus, a higher CAR does not necessarily lead to an increase in credit distribution, as banks focus more on maintaining capital security than on increasing credit risk.

The Effect of Non-Performing Loans (NPLs) on Credit Distribution

The regression results show that NPL has a coefficient of -20765682 with a probability value of 0.2362 (> 0.05), which

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means that NPL has a negative but statistically insignificant effect on credit distribution. This means that when the ratio of nonperforming loans increases by 1%, the amount of credit disbursed by banks will decrease by approximately 20765682 trillion rupiah, assuming other variables remain constant.

Economically, this finding explains that the higher the NPL rate, the more cautious banks are in disbursing new credit due to the increased risk of default. This condition encourages banks to tighten their credit policies in order to maintain asset quality and financial stability. Thus, it can be concluded that NPL has a negative and significant effect on credit distribution, which means that an increase in non-performing loans will reduce the ability of banks to distribute further credit to the public or the productive sector.

The Effect of Loan to Deposit Ratio (LDR) on Credit Disbursement

The regression results show that LDR has a coefficient of 4301719 with a probability value of 0.0009 (< 0.05), so it can be concluded that LDR has a positive and significant effect on credit distribution. This means that every 1% increase in LDR will increase the credit volume by around 4301719 trillion rupiah, assuming other variables remain constant.

Economically, these results show that the higher the LDR ratio, the greater the proportion of third-party funds disbursed as credit. This illustrates the effectiveness of the bank's intermediary function, whereby banks are able to channel most of the funds collected from the public in the form of financing. Thus, it can be concluded that LDR has a positive and significant effect on credit distribution, which means that an increase in the ability of banks to distribute deposits efficiently will encourage growth in credit distribution in the banking sector.

5. CONCLUSION

1. **Third-party funds (DPK)** have a positive and significant effect on credit distribution in conventional commercial banks in Indonesia for the period 2019-2024. This means that the greater the amount of funds collected from the public, the higher the bank's ability to channel these funds to the credit sector. This shows that TFD is the main source of financing for banking activities, and the performance of collecting public funds is an important factor in strengthening the intermediary function of banks.
2. **The Capital Adequacy Ratio (CAR)** does not have a significant effect on credit distribution. This condition shows that an increase in capital adequacy is not always followed by an increase in the amount of credit distributed. Economically, banks with high CAR tend to be more cautious in expanding credit because they focus on capital stability and security. Therefore, although CAR is important for maintaining financial resilience, capital management needs to be balanced with financing expansion policies so that the intermediary function continues to run optimally.
3. **Non-Performing Loans (NPLs)** have a negative but insignificant effect on credit distribution. An increase in NPLs indicates an increase in credit risk, which causes banks to be more selective and cautious in distributing new credit. These results show that asset quality and credit health are important factors that affect banks' ability to distribute financing to the public and productive sectors.
4. **The Loan to Deposit Ratio (LDR)** has a positive and significant effect on credit distribution. This finding shows that the higher the LDR ratio, the greater the proportion of third-party funds that can be distributed as credit. Thus, the ability of banks to manage collected funds efficiently will strengthen the role of financial intermediation and encourage economic growth.
5. Simultaneously, the four independent variables, namely DPK, CAR, NPL, and LDR, have a significant effect on credit distribution. The Adjusted R^2 value of 89.67% indicates that variations in credit distribution at conventional commercial banks in Indonesia can be strongly explained by these four variables, while the remaining 10.33% is influenced by other factors outside the model, such as interest rates, inflation, or macroprudential banking policies.

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