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FACTORS AFFECTING CREDIT DISTRIBUTION OF BANKING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE

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ABSTRACT

The aim of this research is to examine whether CAR, LDR, BOPO, TPF, NPL and ROA influence credit distribution in banking sector companies listed on the IDX for the 2018-2020 period. 41 banking companies were used as research samples based on sample criteria. Data was obtained using IBM SPSS Statistics 26 software. The research results show that CAR has a significant negative effect on Credit Distribution. LDR and TPF have a significant positive effect on Credit Distribution. BOPO does not have a significant negative effect on Credit Distribution. NPL and ROA do not have a significant positive effect on Credit Distribution

Keywords: *CAR, LDR, BOPO, TPF, NPL, ROA, Credit Distribution*

1. INTRODUCTION

Banks are financial institutions that function as financial intermediaries between parties with excess funds (surplus units) and parties with shortages of funds (deficit units). This means that savings, giro, and deposits are one sort of payment that the public makes to banks, which are then channeled back to the public in the form of credit (Adnan et al., 2016). Credit distribution by banks is very influential and contributes greatly to the Indonesian economy. The financing provided by banks can be used for infrastructure development, business cycle, investment, and consumption needs. In this way, credit made by banks can reduce levels of unemployment, increase people's income, and advance the country's economy. Banks gain benefit through lending in the form of credit interest (Haryanto and Widyarti, 2017). Credit distribution by banks also carries the risk of bad credit which can harm the bank. Therefore, the allocation of credit must be done carefully with good risk management. The way credit is distributed is influenced by a variety of factors. Viewed from the internal factors, credit distribution is influenced by Third Party Fund (TPF), Capital Adequacy Ratio (CAR), Non-Performing Loans (NPL), Operational Cost on Operational Income (BOPO), Return on Assets (ROA), Net Interest Margin (NIM), Loan-to-Deposit Ratio (LDR), and cash flow. Meanwhile, from the external factors, credit distribution is influenced by inflation, the BI Rate, economic conditions, political situation, and government regulations. Based on the description above, this study aims to determine the effect of the Capital Adequacy Ratio (CAR), Loan-to-Deposit Ratio (LDR), Operational Cost on Operational Income (BOPO), Third Party Fund (TPF), Non-Performing Loans (NPL), and Return on Assets (ROA) to Credit Distribution (Y) of banking companies in Indonesia. This research is a replication of Hermuningsih, et al. (2020). However, there are some gap or novelty between the research of Hermuningsih et al. (2020) and this study. First, there is the addition of independent variables, namely Loan to Deposit Ratio (LDR), Capital Adequacy Ratio (CAR), and Operational Cost on Operational Income (BOPO). Second, profitability as measured by Return on Assets (ROA) is also not used as an intervening variable in this study. This is done because the author wants to know more factors that can directly affect credit distribution.

Another difference is in the number of samples and the period used. The amount of data in the research was 41 banks in Indonesia in the 2018 to 2020 period.

Our Contribution

Practically, this research can be used as a basis or consideration for bank management in making decisions or policies related to lending. The main task of bank management is to manage the available funds properly so that credit can be distributed to the public. Therefore, with this research, banks can manage public funds well, mitigate credit risk, and be more careful in providing credit to debtors. In addition, this research can help banks to improve their operational performance so that credit distribution can run well, of course by considering various factors such as CAR, LDR, BOPO, TPF, NPL, and ROA. Theoretically, this research is useful for writers and readers to add insight into the factors that affect lending. In addition, this research is also useful as the development of knowledge from theories that have been tested previously, as well as a reference or additional information for further research

2. BACKGROUND

Theories

The Theory of Money Supply and Money Demand

According to Adnan, et al. (2016), savings, giro, and deposits are one sort of payment that the public makes to banks, which are then channeled back to the public in the form of credit. The disbursement of credit by the bank is a form of money supply, while the public's need for credit is a form of money demand.

Liquidity Management Theory

According to Haryanto and Widyarti (2017), Liquidity Management Theory explains how banks manage their sources of funds to maintain liquidity so that they can meet the needs in bank operational activities, especially in lending.

Credit Distribution

Credit Distribution is the supply of funds/bills given based on a deals and trust between the bank and other parties, and aims to seek profit, assist customers' businesses, and assist the government (Clarke et al., 2016).

Capital Adequacy Ratio (CAR)

Capital Adequacy Ratio (CAR) is a ratio that shows the adequacy of the bank's capital to bear the risk of loss that may be experienced by the bank (Setiawan and Indriani, 2016).

Loan-to-Deposit Ratio (LDR)

LDR is a ratio that measures the amount of credit granted by a bank to the amount of public funds, and shows the bank's ability to redistribute public funds that have been collected (Ambarawati and Abundanti, 2018).

Operational Cost on Operational Income (BOPO)

BOPO is a ratio that measures the efficiency of a bank's performance through a comparison between operating costs and operating income (Setiawan and Diansyah, 2018).

Third-Party Fund (TPF)

TPF are funds collected by banks from the public, and are the main source of funding for banks in carrying out their operational activities and lending activities (Parenrengi and Hendratni, 2018).

Non-Performing Loans (NPL)

NPL is a ratio that measures the credit risk of a bank and can be calculated by comparing non-performing loans to total loans (Dwihandayani, 2017).

Return on Asset (ROA)

ROA is a ratio that measures a bank's ability to manage its assets and generate profits, and is influenced by asset turnover and net income (Gunadi and Kesuma, 2015).

3. METHODS

This study uses a descriptive research design. According to Zellatifanny and Mudjiyanto (2018), descriptive research provides a detailed explanation of a situation or relationship, and aims to obtain broader information on the object of research within a certain period of time. In explaining and interpreting the object, descriptive research uses variables that are described both in words and numbers. The total population of this study was 49 banking companies and then after being selected based on predetermined sample criteria, the sample of this study became 41 banking companies with a total of 123 data observations. The sampling technique in this study is the purposive sampling method. The data were taken from the financial statements of banking companies listed on the Indonesia Stock Exchange for the period 2018-2020. The data obtained was processed using IBM SPSS Statistics 26 software, with the following analysis techniques; Descriptive Statistics, Regression Model, Multicollinearity Test, Autocorrelation Test, Heteroscedasticity Test, Normality Test, F-Test, t-Test, and Adjusted R-Square.

In measuring Credit Distribution, the formula is applied by the researcher as follows:

$$\text{Credit Distribution} = \text{Ln Credit Distribution}$$

In measuring Capital Adequacy Ratio (CAR), the formula is applied by the researcher as follows:

$$\text{CAR} = \text{Bank Equity} / \text{ATMR}$$

In measuring Loan to Deposit Ratio (LDR), the formula is applied by the researcher as follows:

$$\text{LDR} = \text{Total Credit} / \text{Third Party Fund}$$

In measuring Operational Cost on Operational Income (BOPO), the formula is applied by the researcher as follows:

BOPO = Operational Cost / Operational Income

In measuring Third Party Fund (TPF), the formula is applied by the researcher as follows:

TPF = Ln TPF

In measuring Non-Performing Loans (NPL), the formula is applied by the researcher as follows:

NPL = NPL / Total Credit

In measuring Return on Asset (ROA), the formula is applied by the researcher as follows:

ROA = Earnings After Tax / Total Asset

4. RESULTS AND DISCUSSION

Descriptive Statistics

The independent variable Capital Adequacy Ratio (CAR) with 123 observation data has a minimum (min) value of 0.0901, the maximum (max) value is 1.4828, the mean is 0.251990, the standard deviation is 0.1552518 where the value is slightly smaller than the average value, so it can be said that the observation data has a low level of distribution or variation of the data. The independent variable LDR with 123 observation data has a min value of 0.0022, the max value is 1.6305, the average value is 0.876174, the standard deviation is 0.2380462 where this value is smaller than the average value, so it can be said that the observation data has a low level of distribution or variation of the data. For the independent variable BOPO with 123 observation data, it has a min value of 0.5820, the max value is 2.6110, the average value is 0.948180, the standard deviation is 0.2850117 where this value is smaller than the average value, so it can be said that the observation data has a low level of distribution or variation of data. For the independent variable TPF with 123 observation data has a min value of 26.96, the max value is 34.62, the average value is 30.9550. The standard deviation is 1.84057 where this value is much smaller than the average value, so it can be said that the observation data has a low level of data distribution or variation. The independent variable NPL with 123 observation data has a min value of 0.0000, the max value is 0.0992, the average value is 0.020751, the standard deviation is 0.0153070 where the value is slightly smaller than the average value, so it can be said that the observation data has a low level of distribution or variation of the data. The independent variable ROA with 123 observation data has a min value of -0.1589, the max value is 0.0400, the average value is 0.005792, the standard deviation is 0.0255307 where this value is greater than the average value, so it can be said that the observation data has a high level of distribution or variation of data. For the dependent variable Credit Distribution with 123 observation data has a min value of 26.25, the max value is 34.38, the average value is 30.7509, the standard is 1.85888 where the value is much smaller than the average value, so it can be said that the observation data has a low level of distribution or variation of data.

Multicollinearity Test

Multicollinearity Test was conducted to determine whether there is a perfect and close linear relationship between the independent variables (X) in the regression model. To find out that the data is free from multicollinearity, the VIF value of all independent variables must be less than 10 and the Tolerance value is more than 0.01 or close to 1. It can be seen that the VIF value of all independent variables is less than 10 and the Tolerance value is more than 0.01. That is, there is no multicollinearity in the data and there is no perfect or close linear relationship between the independent variables.

Autocorrelation Test

Autocorrelation Test was conducted to determine whether in the regression model there is a correlation between the residual error in period t and period t-1 from a series of observations arranged in time series. There is no autocorrelation in the data because the DW value is greater than the du value and smaller than the 4-du value (1.8090 < 1.857 < 2.191). This also indicates that there is no correlation between the residual error in period t and period t-1 from a series of observations arranged in a time series.

Heteroscedasticity Test

This test is to determine whether the regression model has unequal variances from the residual values of one observation to another observation. Heteroscedasticity occurs if there is a difference between the residual variance from one observation to another, while homoscedasticity occurs if the residual variance from one observation to another is the same. A good data must have the same residual variance (homoscedastic). To find out that the data is free from heteroscedasticity, the researcher uses the Glejser Test which is done by regressing the independent variable with the absolute residual value (ABSRES). If the significance value after the regression is more than 0.05, then the data is free from heteroscedasticity. All independent variables have a significance value > 0.05. That is, the data is free from heteroscedasticity and has the same residual variance from one observation to another.

Normality Test

Normality Test aims to test whether the residual data in the regression model is normally distributed and taken from a normally distributed population. A good regression model has residual data that is normally distributed because it is considered to represent the population. To find out that the data is normally distributed, the researcher conducted the Kolmogorov-Smirnov test. If the Asymp value. Sig > 0.05, it can be concluded that the data is normally distributed. The value of Asymp. Sig = 0.249 (more than 0.05). That is, the data is normally distributed.

F-Test

F-Test is a data analysis technique used to test the effect of the independent variable (X) on the dependent variable (Y) simultaneously. The significance value of F is less than 0.05, which is 0.000. That is, all independent variables (X) simultaneously have a significant effect on the dependent variable (Y) with a 95% confidence level.

t-Test

t-Test is a data analysis technique used to partially test the effect of the independent variable (X) on the dependent variable (Y), so that researchers and readers know which independent variable (X) has a significant effect and which does not have a significant effect on the dependent variable (Y). 3 independent variables that influence credit distribution, namely CAR in a negative direction, LDR and TPF in a positive direction. 3 independent variables have no effect on credit distribution, namely BOPO, NPL and ROA

Adjusted R-Square

Adjusted R-Square is a parameter used to measure the percentage of the dependent variable (Y) that can be explained by the independent variable (X). The Adjusted R Square value is 0.949. This means that 94.9% of the variation in the dependent variable in Credit Distribution can be explained by variations in the independent variables CAR, LDR, BOPO, TPF, NPL, and ROA. Meanwhile, the remaining 5.1% is explained by another variable.

Table 1 Regression Model

Model	Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.	Collinearity Tolerance	Statistics VIF
(Constant)	0.081	0.132		0.611	0.543		
CAR	-0.067	0.026	-0.046	-2.612	0.010	0.642	1.559
LDR	0.310	0.018	0.263	17.504	0.000	0.894	1.119
BOPO	-0.009	0.025	-0.007	-0.360	0.720	0.579	1.728
TPF	0.939	0.020	0.927	46.323	0.000	0.502	1.990
NPL	0.102	0.053	0.032	1.922	0.057	0.711	1.407
ROA	0.056	0.065	0.016	0.872	0.385	0.635	1.575

According to Purnomo (2016), the Regression Model is a data analysis technique in the form of a mathematical equation that aims to estimate the value of the dependent variable (Y) after being influenced by the independent variable (X). The following regression equation is used:

$$\mathbf{Y = 0.081 – 0.067\ CAR + 0.310\ LDR – 0.009\ BOPO + 0.939\ TPF + 0.102\ NPL + 0.056\ ROA + Ɛ}$$

In the regression model, the constant coefficient is 0.081. That is, if the CAR (X1), LDR (X2), BOPO (X3), TPF (X4), NPL (X5), and ROA (X6) are 0, then the value of Credit Distribution (Y) of banking companies listed on the IDX during 2018 - 2020 is 0.081 units. The CAR coefficient value (X1) is -0.067. This means that an increase of 1 unit of CAR will reduce Credit Distribution (Y) of banking companies listed on the IDX during 2018-2020 by 0.067 units, assuming all other variables are constant. These results indicate that the CAR has a negative direction on Credit Distribution. The LDR coefficient value (X2) is 0.310. This means that an increase of 1 unit of LDR will increase Credit Distribution (Y) of banking companies listed on the IDX during 2018-2020 by 0.310 units, assuming all other variables are constant. These results indicate that the LDR has a positive direction on Credit Distribution. The BOPO coefficient value (X3) is -0.009. This means that an increase of 1 unit of BOPO will reduce Credit Distribution (Y) of banking companies listed on the IDX during 2018-2020 by 0.009 units, assuming all other variables are constant. These results indicate that the BOPO has a negative direction on Credit Distribution. TPF coefficient value (X4) is 0.939. This means, an increase of 1 unit of TPF will increase the Credit Distribution

(Y) of banking companies listed on the IDX during 2018-2020 by 0.939 units, assuming all other variables are constant. These results indicate that TPF have a positive direction on Credit Distribution. The NPL coefficient value (X5) is 0.102. This means that an increase of 1 unit of NPL will increase the Credit Distribution (Y) of banking companies listed on the IDX during 2018-2020 by 0.102 units, assuming all other variables are constant. These results indicate that NPL have a positive direction on Credit Distribution. The ROA coefficient value (X6) is 0.056. This means that an increase of 1 unit ROA will increase Credit Distribution (Y) of banking companies listed on the IDX during 2018 - 2020 by 0.056 units, assuming all other variables are constant. These results indicate that ROA has a positive direction on Credit Distribution.

Discussion

Based on the t-test that has been conducted, the hypothesis regarding the effect of the CAR on Credit Distribution is accepted because of the significance value of 0.010 (less than 0.05) and the relationship obtained is negative. Therefore, the independent variable CAR significantly has a negative influence on the dependent variable of Credit Distribution in banking companies listed on the Indonesia Stock Exchange during 2018 – 2020. If there is an increase in the CAR ratio of a bank, the amount of credit extended by that bank will decreases. This can occur due to certain conditions, for example a bank has sufficient capital to accommodate all existing bank losses, but the bank is still not efficient and appropriate in managing its capital. In the end, the amount of credit that is able to be disbursed by the bank also decreases. The negative relationship between the CAR and Credit Distribution also means that when there is a decrease in the CAR ratio in a bank, the amount of credit extended by the bank will increases. As explained in the Liquidity Management Theory, a bank must be able to manage its capital efficiently and appropriately so that the bank can distribute credit properly. The results of this study are in line with the research of Panuntun and Sutrisno (2018) which explains that the CAR has a significant negative effect on the Credit Distribution variable. However, the results of this study are not in line with research conducted by Riadi (2018) and Putri and Akmalia (2016) which explains that the CAR has a significant positive effect on Credit Distribution. Research conducted by Setyawan (2016) also has different research results where the CAR does not have a significantly positive effect on Credit Distribution. Meanwhile, according to research results from Kurniati and Putri (2020) and Haryanto and Widyarti (2017), the CAR does not have a significant negative effect on Credit Distribution.

Based on the t-test that has been conducted, the hypothesis regarding the effect of LDR on Credit Distribution is accepted because of the significance value of 0.000 (less than 0.05) and the relationship obtained is positive. Therefore, the independent variable LDR significantly has a positive influence on the dependent variable of Credit Distribution in banking companies listed on the Indonesia Stock Exchange during 2018 to 2020. LDR is a ratio that shows the ability of a bank to repay short-term obligations (third party funds) and provide credit. This means that the greater the LDR, the greater the ability of a bank to channel funds in the form of credit to the public and also pay its short-term obligations. The positive influence of the LDR on Credit Distribution also means that the smaller the LDR, the smaller the ability of a bank to channel funds in the form of credit to the public and also pay its short-term obligations. The low LDR indicates that the bank has sufficient funds or liquidity because the loans disbursed are low. Based on this explanation, it can be concluded that this is in line with the Money Supply Theory where a bank disburses credit with public funds originating from short-term obligations such as deposits, demand deposits, and deposits. The

results of the study are also in line with research conducted by Riadi (2018) and Purba, et al (2016) which explains that the LDR has a significant positive effect on the implementation of Credit Distribution. In addition to this, the results of the research that have been carried out are not in line with the research conducted by Panuntun and Sutrisno (2018) and Fitria, et al. (2017) which explains that the LDR has a significant negative effect on the implementation of Credit Distribution. Research conducted by Putri and Akmalia (2016) also had different results where the LDR did not have a significantly positive effect on the implementation of Credit Distribution. Meanwhile, according to research from Siwu, et al. (2018) LDR does not have a significantly negative effect on Credit Distribution.

Based on the t-test that has been conducted, the hypothesis regarding the effect of BOPO on Credit Distribution is not accepted because the significance value is 0.720 (more than 0.05) and the relationship obtained has a negative result. Therefore, the independent variable BOPO does not have a significantly negative effect on the dependent variable of Credit Distribution in banking companies listed on the Indonesia Stock Exchange during 2018 to 2020. An increase in BOPO in a bank is not always accompanied by a decrease in lending. According to the Otoritas Jasa Keuangan (OJK), the operational costs required by banks in Indonesia are still quite large. This happens because banks in Indonesia are still considered to be in the expansion stage and in the process of developing. Therefore, although the BOPO increased due to the large operating costs, the effect was not significant on the decrease in the number of loans disbursed. The insignificant negative relationship between BOPO and Credit Distribution also means that a decrease in BOPO in a bank is not always accompanied by an increase in lending. This also means that there is harmony with the Money Supply Theory where a bank tries to channel credit to the public. The results of this study are in line with research conducted by Puspitasari and Musaroh (2018) which explains that the BOPO does not have a significantly negative effect on Credit Distribution. In addition, the results of the research that have been carried out are not in line with the research conducted by Hastuti and Giri (2020) which explains that the BOPO significantly has a positive influence on Credit Distribution. Research conducted by Haryanto and Widyarti (2017) and Purba, et al (2016) also has different results where the BOPO significantly has a negative effect on Credit Distribution.

Based on the t-test that has been conducted, the hypothesis regarding the effect of TPF on the subject of Credit Distribution is accepted because the significance value is 0.000 (less than 0.05) and the relationship obtained is positive. Therefore, the independent variable TPF significantly has a positive influence on the dependent variable of Credit Distribution in banking companies listed on the Indonesia Stock Exchange during 2018-2020. An increase in TPF in a bank also increases the amount of credit that must be disbursed. Banks have a function as financial intermediaries. This means that when a bank receives funds from the public, the bank must also be able to channel the funds back in the form of credit to the public. The more public funds that are collected, the more credit the bank can channel because apart from using its own capital, TPF are one of the main sources of funding obtained by a bank. The positive influence between TPF and Credit Distribution also means that a decrease in TPF in a bank also reduces the amount of credit that must be disbursed. Based on this explanation, it can be concluded that this is in line with the Theory of Supply and Demand for Money. In the Money Supply Theory, a bank can collect TPF to be then channeled back to the wider community in the form of credit. While the community's need for credit is called the Money Demand Theory. The results of the study are in line with Handayani (2018) which explains that TPF significantly have a positive influence on Credit Distribution. In addition to this, the results of the research that have been carried out are not

in line with the research conducted by Katuuk, et al. (2018) which explain that TPF significantly have a negative effect on credit distribution. The research conducted by Pujiana (2018) also had different results where TPF did not have a significantly positive effect on Credit Distribution. Meanwhile, according to research conducted by Wau (2019), it is explained that TPF do not have a significantly negative effect on Credit Distribution.

Based on the t-test that has been conducted, the hypothesis regarding the effect of NPL on Credit Distribution is not accepted because the significance value is 0.057 (more than 0.05) and the relationship obtained is a positive relationship. Therefore, the independent variable NPL does not have a significantly positive influence on the dependent variable of Credit Distribution in banking companies listed on the Indonesia Stock Exchange during 2018-2020. The decrease in NPL is not always accompanied by a decrease in the number of loans disbursed. When NPL are low, the health condition of a bank can be said to be quite good because only a few debtors whose credit payments fail or are hampered. Funds disbursed for credit did not decrease because banks did not need to reserve large amounts of funds for bad debts. Therefore, the decrease in the ratio of NPL has no effect on the decline in lending. The insignificant positive relationship between NPL and Credit Distribution also means that an increase in NPL is not always accompanied by an increase in the number of loans disbursed. In this case, the factor that also causes a bank to be able and able to manage credit risk is that the bank has implemented the Commercial Loan Theory well. This theory provides a new explanation that in order to reduce the risk of non-performing loans, the credit extended by the bank must be short-term credit that can be disbursed by itself (self-liquidating). The results of this study are in line with research conducted by Riadi (2018) and Panuntun and Sutrisno (2018) which explain that NPL basically do not have a significantly positive effect on Credit Distribution. In addition, the results of the research that have been carried out are not in line with the research conducted by Kurniati and Putri (2020) which explains that NPL have a significant positive effect on Credit Distribution. Research conducted by Hermuningsih, et al (2020) and Prihartini and Dana (2018) also turned out to have different results where NPL significantly had a negative effect on Credit Distribution.

Based on the t-test that has been conducted, the hypothesis regarding the effect of ROA on Credit Distribution cannot be accepted because the significance value is 0.385 (more than 0.05) and the relationship obtained is a positive relationship. Therefore, the independent variable ROA does not have a significantly positive effect on the dependent variable of Credit Distribution in banking companies listed on the Indonesia Stock Exchange (IDX) during 2018 to 2020. An increase in ROA that occurs in a bank is in fact not always followed by an increase in lending. This happens because the increased ROA indicates that the bank's profits are also increasing. This advantage is usually obtained by the bank from a fairly-high loan interest. Finally, people tend not to want to take credit at banks that offer high interest so that the amount of credit disbursed by the bank is reduced. The insignificant positive effect between ROA and Credit Distribution also means that a decrease in ROA that occurs in a bank is not always followed by a decrease in lending. This is due to the decrease in ROA which has small fluctuations so that it does not have much influence on the course of credit distribution. The results of the study are in line with the research of Sari and Abundanti (2016) which explains that the ROA basically does not have a significantly positive effect on Credit Distribution. In addition, the results of the research that have been carried out are not in line with the research conducted by Kurniati and Putri (2020) and Putri and Akmalia (2016) which explained that ROA turned out to have a significant positive influence on distribution Credit. Research conducted by Hermuningsih, et al (2020) and Prihartini and Dana (2018) also turned out to have different results where ROA significantly had a negative

effect on Credit Distribution. Then, according to research conducted by Purba, et al (2016) ROA does not have a significantly negative effect on Credit Distribution.

5. CONCLUSION

This study found that CAR has a significant negative effect on Credit Distribution. LDR has a significant positive effect on Credit Distribution. BOPO does not have a significantly negative effect on Credit Distribution. TPF significantly have a positive influence on Credit Distribution. NPL do not have a significant positive effect on Credit Distribution. Lastly, ROA does not have a significantly positive effect on Credit Distribution. Regarding the implications of this research, it refers to the benefits of research which are divided into practical benefits and theoretical benefits. Practically, this research can be used as a basis or consideration for bank management in making decisions or policies related to lending. The main task of bank management is to manage the available funds properly so that credit can be channeled to the public. Therefore, with this research, banks can manage public funds well, mitigate credit risk, and be more careful in providing credit to debtors. In addition, this research can help banks to improve their operational performance so that credit distribution can run well, of course by considering various factors such as CAR, LDR, BOPO, TPF, NPL, and ROA. Theoretically, this research is useful for writers and readers to add insight into the factors that affect lending. In addition, this research is also useful as the development of knowledge from previously tested theories, as well as being a reference or additional information for further research. This study has several limitations that can be used for further research as consideration so that research results can be better. First, the period used in this study is only three years (2018-2020) so that the number of companies and the amount of data used in the study are only small. Second, only six independent variables were used in this study, so it is possible that there are other independent variables that affect lending to banking companies in Indonesia. Based on some of the limitations that have been described, the researcher provides suggestions that can be used to improve the quality of future research in order to obtain better, accurate, and comprehensive results. First, the research period used can be increased so that the number of companies and research data used are wider in scope and obtain more accurate research results. Second, the independent variables used can be developed such as Net Interest Margin (NIM), Cash Flow, and Interest Rate variables. Further research can add external factors that can affect lending such as inflation, BI-Rate, economic conditions, political situation, and government regulations.

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