

ABSTRACT

Indonesian banks have a primary function as a collector and distributor of public funds. In collecting funds from the public, the bank offers demand deposits, savings deposits, and time deposits, while in channeling funds to the public, banks give it in the form of investment loans, working capital loans, trade credits and other bank services. In carrying out its activities, there are many costs incurred by banks that charge to pay interest to depositors, while revenues generated from the bank's own lots of interest income came from lending. To set the bank's expense and revenues, the central bank set the BI rate.

This study aims to determine the effect of third-party funds, BI rate, operating expense to operating income (BOPO) on the bank loan, either simultaneously or partially.

This research is descriptive verification and causality research. The object that used in this research is the BUMN banks that listed in Indonesian Stock Exchange. The sample of this research is all of the population which chosen through saturated sample and there are 4 banks during five years, from 2011 to 2015. This research using panel data regression analysis technique.

The result of this research shows that simultaneously, third-party funds, BI rate, and operating expense to operating income (BOPO) have effect on bank loan. Partially, third-party funds and BI rate have positive effect on bank lending, while operating expense to operating income (BOPO) has no effect on bank loan.

The next research may use another independent variable in order to know the other factors that affect bank lending as well as using research period is longer. For investors should be more selective in investing in order to get a rate of return as expected. For BUMN banks should manage the bank better so that creating public's trust to hand over the funds to the bank to be managed.

Keywords: *third-party funds, BI rate, operating expense to operating income (BOPO), bank loan*