ABSTRACT

On economic development in Indonesia, banks play a major role in driving the financial activities. In this case, financial institutions through their intermediary function have an important role in driving economic growth, income distribution, poverty alleviation and financial system stability achievement. One effort that can be done is through financial inclusion system where all working-age people are able to get effective access to credit, savings, payment systems and insurance from all financial service providers. In distributing credit, the main source of funds owned by banks comes from the community while other sources of funds from banks come from institutions as well as the bank itself.

The purpose of this study was to determine the effect of the dimensions of access dimensions, usage dimensions, on the distribution of MSME credits in the provinces of Java in 2015-2018 with additional control variables of the loan to deposit ratio (LDR) and non-performing loans (NPL). This type of research is quantitative research with a sampling technique of 5 provinces. Data is collected through secondary data from Bank Indonesia, the Central Statistics Agency, and the Financial Services Authority. The analytical method used is the Panel Data Regression Test method with data processing performed using EViews 9.

The results of this study indicate that the dimensions of access and NPL (Non Performing Loans) have no significant effect on MSME distribution partially, while the dimensions of usage and LDR (Loan to Deposit Ratio) have a positive and significant effect on MSME distribution partially. While the dimensions of access, dimensions of use, loan to deposit ratio, and non-performing loans have a positive and significant effect on the distribution of MSME credits simultaneously.

Keywords: financial inclusion, loan to deposit ration, non performing loan, MSMEs credit.