

## **ABSTRACT**

*Provision of credit is a banking activity as an intermediary institution, therefore giving the amount of credit is something that must be considered by banks to minimize the risk of bad credit or what is known as a non-performing loan. There are two factors that affect bad credit, namely internal factors caused by debtors and external factors caused by macroeconomic conditions.*

*This research was conducted to determine the effect of macroeconomic indicators such as Gross Domestic Product (GDP), Inflation, BI Rate, and exchange rates on non-performing loans listed on the Indonesia Stock Exchange (IDX) in the period 2018 to 2020, sampling was carried out using Purpose sampling method based on several defined criteria. The analysis technique in this study used panel data regression analysis.*

*Based on the t test, the results show that the inflation variable and the BI Rate have a significant effect on non-performing loans, while other variables, namely GDP and exchange rates, have no significant effect on non-performing loans. Based on the F test, all the variables studied had a significant effect on non-performing loans. This research is expected to provide information to banks to pay attention to inflation conditions and the BI Rate as a consideration so that the risk of increasing bank non-performing loans can be suppressed, one of which is through credit restructuring.*

**Keywords :** *credit risk, macroeconomics, non-performing loans, inflation, GDP, BI Rate.*