

Analysis of Factors That Affect the Distribution of Micro Credit in the Private Banking

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ABSTRACT

Bank is a financial institution which grants credit. The objective of the research was to find out and analyze same factor such as Capital Adequacy Ratio, Fund of the Third Party, Non-Performing Loan, and Interest Rate which influenced granting micro-credit in private banks. The research was done at Bank Danamon, bank BTPN, Bank CIMB Niaga in the period of 2014-2019 by using quarter data. The research used quantitative method with secondary data in the form of panel data which were processed by using E-view's program. The result of the research showed that 1) Capital Adequacy Rate (CAR) had negative and significant influence on granting micro-credit in private banks, 2) Fund of the Party had positive and significant influence on granting micro-credit in private banks, 3) Non-Performing Loan (NPL) had negative and significant influence on granting micro-credit in private banks, and 4) Interest Rate had negative and significant influence on granting micro-credit in private banks.

Keywords: CAR, DPK, NPL, Interest Rate, Granting Micro-Credit.

INTRODUCTION

The development of the economy in Indonesia at this time depends on the financial institution. Banking is one of the financial institutions which are able to increase economic development. The Bank is considered one of the most important financial institutions in the most efficient in the role of intermediary sources of

economic life. The main activity of the bank is lending. Source of bank income derived from the activities of the distribution of credit in the form of interest income (Dendawijaya,2003:45).

For a country, the bank can be said as the blood of a country's economy. Therefore, the role of banking greatly affects the economic activity of a country. If searching since the first until now, the role of banking in advancing the economy of a country is very large. Almost all sectors that deal with various financial activities always require the services of the bank. So the importance of the banking world, so there is an assumption that the bank is life to move the wheels of the economy of a country. This assumption is certainly not wrong, since the function of banks as financial institutions is vital, for example in the creation of money, circulate money, providing money to support the activities of business, place of securing money, a place to make investments, and other financial services.

Competition in the banking industry is entering a new round. The Era of the superiority of a government bank, which is a market share, is slowly eroded by the increasingly expansion private banks. After the financial crisis of 1997/1998, which is accompanied by the closure of dozens of private banks-the role of state-owned banks gained due to declining public trust in the national banking system. The community looking for a safe to entrust their funds on

the bank of the government, which is considered unlikely collapse throughout the country is still standing. However, his condition has now changed. Along with improving the performance of private banks and improving public trust in the national banking system, the market share of state-owned banks increasingly eroded. In the period 2004 to 2006, the share of private bank credit to total national banking steadily increased from 40.1% (2004) to be 42,1% (2005), and 42,2% as of the end of last year. On the contrary, the share of bank credit to government fell from 39.9% (2004) to 36.7% (2005), and of 36.3% in 2006. In fact, in the same period, the total loan portfolio of the national banking system increased from Rp558,75 trillion (2004) to be Rp698,65 trillion (2005) and Rp792,29 trillion last year. That is, the growth of private bank credit is accelerating; because the portion is increased in the middle of the lending continues to rise.

In a way, the development of banking is inseparable from the development of trade. Along with the development of world trade, the development of banking is rapidly increasing. The Bank is an institution that plays a role as a financial intermediary between the parties that have the funds (surplus units) to the parties who need funds (deficit units), as well as an institution that serves to accelerate the flow of traffic payment. Thus, the main activity is to collect funds from the public and channelled back to the community in order to improve the welfare of the community.

The Bank according to the Law No. 10, 1998 is a business entity that collects funds from the public in the form of savings and channel them to the public in the form of credit and / or other forms in order to improve the standard of living of the people.

In Indonesia, there are two independent agency that regulates and supervises the movement of banks, namely Bank Indonesia and the Financial Services Authority (FSA). Banking in obtaining the advantages one way to sell some of its

products, namely, lending to charge interest, administrative costs and fees on loans. While from savings and time deposits, the bank earned from the cost of administration and through the product of the transfer is charged from the transfer fee.

Credit comes from the latin "Credo" meaning "I believe" which is a combination of the language of sanskrit "Cred" which means "Trust". Obtaining credit that earn the trust.

Understanding Credit according to Law No. 10 of 1998 on banking, article 1, paragraph 11 is "the provision of money or bills can be liken to that, based on the consent or agreement of lending and borrowing between banks and other parties who require the borrower to pay off his debt after a certain period of time with interest".

According to Wijomo (2005), micro-credit is a program credit granting a small amount to the poor to finance the project he was working on his own in order to generate income, allowing them care for themselves and their families. Calmeadow (1999) defines micro finance as a social gathering capital loans to support small entrepreneurs in the day, generally with alternative collateral and system monitoring returns. The loan is given to serve the working capital is a day-to-day, as the initial capital to start a business, or as a capital investment to buy the asset does not move.

Credit Micro, Small, and Medium enterprises is a credit to the debtor of micro ,small and medium enterprises that meet the definition and criteria of micro ,small and as set forth in law no. 20 of 2008 on Credit Micro, Small, and Medium enterprises. Based on these Laws, Credit Micro, Small, and Medium enterprises are productive enterprises that meet the criteria of business with certain restrictions net assets and results of annual sales.

Understanding credit of Credit Micro, Small, and Medium enterprises, according to the Bank of Indonesia are all providers of money or bills can be equated with that in rupiah and foreign exchange, based on the borrowing agreement or

agreements between the reporting bank and the bank and the party is not a bank that meet the criteria of the business in accordance with the laws of Credit Micro, Small, and Medium enterprises, that apply. As set forth in Law No.20, 2008 on Credit Micro, Small, and Medium enterprises, micro Credit is the provision of credit to the debtor micro businesses. Micro business is a productive business belongs to the natural person/entity or individual businesses, which meet the following criteria: a) Has a net worth of at most Rp. 50.000.000 (Fifty Million Rupiah) not including land and buildings, places of business. b) Have the results of the annual sales of at most Rp. 300,000,000 (three hundred million rupiah).

In the last six years there is a development that is less encouraging that occur in the distribution of micro-credit in private banking. This can be seen from the data statistic Banking Indonesia OJK in December 2016. From these data it is seen that the market share of Private Banks in micro finance since the 2014, 2015 and 2016 respectively by 18%, 15 % and 9,14% of the total micro-credit banking. The last in December 2016, a private bank noted a decrease in the distribution of micro-credit by 30,64% on an annual basis or year-on-year to 16.7 trillion. State-owned banks actually recorded a rise in micro-credit from 2014 until 2016. Recorded until the end of December 2016 based on data from the FSA, the distribution of micro-credit banks plate red rose a 19.3% to Rp.156,9 Trillion. This causes the market share of state-owned banks increase in size since 2014. As an overview of the market share of state-owned banks from 2014, 2015 until 2016 respectively 76%, 80%, and 86 %. The rise in the market share of micro credit banks of this state are donated by two of the bank Mandiri and BRI. Recorded at the end of 2016, Bank Mandiri recorded an increase of micro-credit by 19,06% to the Rp. 50.6 Trillion. While the Bank BRI recorded the rise distribution micro-credit by 18,22% to

211,5 Trillion. Increase in micro-credit bank BUMN this one in contribute by KUR.

The beginning of the Year 2018, micro-credit private banks increasingly distressed by the state-owned Banks. It can be seen from statistic Banking Indonesia February 2018 published by the Financial Services Authority (FSA). Based on Data from the FSA, the private Distribution of Micro-Credit Private banks until February 2018 by 16, 8 Trillion or an increase of 8.15% on an annual basis or year on year. While at the same time the distribution of micro-credit to state-owned banks amounting to Rp.179,2 Trillion or an increase of 17.7%. Where as if in the view of the share of the market, micro-credit private bank until February 2018 by 8,11 % or far left of the market share of micro credit to state-owned banks 86,06%. Market share micro-credit private bank also trend down from 8.8 percent in February 2017 to 8.1% in February 2018. If in view, NPL (the ratio of credit problematic) micro-credit bank private higher compare to the state-owned banks. NPL micro-credit bank private 3,48% while NPL micro Bank state-owned 1,92%. However, compared to the previous year NPL micro-credit private bank has improved. This is shown by the improvement in the NPL micro-credit private bank from February 2017 by 4.86% to 3,48% in February 2018. While the NPL micro-credit state-owned banks rose from 1.8% in February 2017 to 1.9% in February 2018.

This is because in 2018 the bank is obliged to comply with the rules of the FSA regarding the minimum ratio of CREDIT MICRO, SMALL, AND MEDIUM ENTERPRISES by 20%. The slowdown in credit to micro private banks occur in some banks, namely PT Bank Danamon, BTPN Tbk, PT. Bank CIMB Niaga. Bank Danamon until the end of 2017 noted a decrease in micro-credit or business danamon simpan pinjam on an annual basis or year on year to Rp. 6.7 Trillion this Decline continues in 2018 as a good first quarter, kuartal II, III Quarter. In the first

Quarter of 2018 micro business Bank Danamon down 40%, in the II quarter fell 47% and in the third quarter of 2018 fell by 58% to Rp.3.2 trillion. Decrease in micro-credit also occurs in BTPN, the same as in danamon decrease in micro-credit BTPN this occurs at the end of 2017 to the third quarter of 2018. In the third quarter of 2018 decreased micro-credit BTPN by 43% to Rp.3.5 Trillion. While the Bank CIMB Niaga In 2018 the distribution of credit

micro-enterprises RP.To 35.8 Trillion (19 %). In 2019, a decrease of micro-credit on the Bank by 29 % to Rp. 4.7 Trillion. While In 2019, a decrease of micro-credit on Bank BTPN by 36% to Rp. 5.5 Trillion. And in 2019 at Bank CIMB Niaga distribution of micro-credit 38,3 Trillion (6.5 percent).

Following the Trend of the Distribution of Micro-Credit on the Third Private Bank in the last six years, i.e. the years 2014 – 2019 are as follows:

1.1. Table Trends of the Distribution of Micro-Credit on the third Private bank 2014-2019

Year	2014	2015	2016	2017	2018	2019
Danamon	18.66T	16.1 T	13.3 T	6.7 T	3.2 T	4.7 T
BTPN	47 T	15 T	20.80 T	5.45 T	3.5 T	5.5 T
CIMB	2.42 T	1.8 T	33.04 T	37.99 T	35.8 T	38.3 T

While for the distribution of micro-credit on three state-owned banks in the last six years is as follows:

1.2 Table Trends of the Distribution of Micro-Credit on Three state-owned Banks 2014-2019

Year	2014	2015	2016	2017	2018	2019
BRI	57.79 T	178.9 T	215.5 T	239.5 T	274.3 T	307.72 T
MANDIRI	37 T	42 T	30.4 T	49.3 T	54.3 T	92.23 T
BNI	1.2 T	4.3 T	10.2 T	9.7 T	16 T	17.5 T

From 2014 until 2019 in the table of the distribution of micro-credit on the three state-owned banks fluctuated but not too significant as in bank BRI shows the increase in lending each year, while bank Mandiri fluctuations occur every year such as 37 T in 2014, the year of 2015 rose to 42 T, in 2016 it will be of 30.4 T and in 2017 ride back to 49.3 T later in the year 2018 to 54.5 T) on bank BNI show in 2014 distributed by 1.2 T later in the year 2015 increased by 4.3 T in the year 2016 rose to 10.2 T in 2017 fell to 9.7 T and in the year of 2018 increased by 16T on the table is show in the year 2015 and 2018 third state-owned banks is the stability of the increase in lending, this is because the KUR policy on state-owned banks began to be realized with the good and the rising entrepreneurs of Credit Micro, Small, And Medium Enterprises so that the portion of the micro-credit banks state-owned until the third quarter of 2018 recorded an increase from 85% to 86%. It is based on data from the Financial Services Authority (OJK) in Indonesia banking statistics in December 2018. In 2019 tend to experience a high rise

on the BRI and Mandiri, which bank BRI channel Rp.307, 72 Trillion and Bank mandiri amounting to 92,23 Trillion, while the Bank BNI at 17.5 Trillion. This is because in the year 2019 include the digitization of credit, thus simplifying the process of lending. As the BRI application BRI Spot. Thus can compete with Fintech (Financial technology-based). So it can be in view of the trend on the chart how the distribution of credit from 2014 to 2019.

Based on data from the OJK in Indonesia banking statistics August 2018, the share of private bank credit also fell from 7.6 percent to 7.4 percent. Although the portion was dropped, for the growth of micro-credit bank private sector still grew 16% to USD16.7 trillion. The slowdown in credit to micro private banks also occurs in two banks, namely PT. Bank CIMB Niaga tbk, PT Bank Danamon Indonesia Tbk and PT BTPN Tbk. Small Micro Business sector is a tough business amid the economic crisis.more resilient and remain optimistic amid the crisis, this is evidenced when the storm monetary crisis hit Indonesia in 1997-1998, small-and medium relative is able to

survive than large companies. This is because the majority of small-scale business is not too dependent on large capital or loans from outside in foreign currency. The persistence of micro, small in the face of crisis and unstable economic conditions have shown the importance of this sector in the national economy. The importance of small and medium enterprises, especially in developing countries often 3 is associated with the economic and social problems such as poverty, unemployment, inequality of income distribution, and the other. That is, the existence of micro small business is expected to give a positive contribution to overcoming the problems mentioned above (Tulus Tambunan, 2002).

LITERATURE REVIEW

The Capital Adequacy Ratio (CAR)

CAR (Capital Adequacy Ratio) is the risk of capital adequacy, which serves to accommodate the risk of losses that are likely faced by the bank. The higher the CAR, the better the ability of the bank to bear the risk of any credit/ productive assets at risk. According to Kashmir (2016:46), the CAR is the ratio between the ratio of capital to Risk Weighted Assets and in accordance with the provisions of the government.

Third Party funds

Third party funding is the largest funding source of the most relied upon by the bank. The source of funds is derived from demand deposits, savings deposits, time deposits. The bigger the funds gathered from the community, the greater the amount of credit in the channel. According to Kuncoro, (2002) Public Funds are funds that come from the community, both individuals and business entities in getting the bank to use traditional instruments deposits by bank (Dendawijaya, 2005 :56).

Non Performance Loan (NPL)

The NPL is a problem loans. Credit this problem occurs because the velocity of cash in the bank is not smooth, so as to make the bank suffered a loss. NPL is

measured through a comparison of the number of problem loans with the amount of credit distributed by the bank. According to Oktaviani (2012), due to the high NPL in the banking system should provide the backup is large so that the bank's capital to participate eroded.

Interest Rate

The interest rate is a price that must be paid by the debtor to the bank on the loan that has been provided. The interest rate is the price of the use of money expressed in % of the union time (Boediono, 2007). The interest rate is the annual interest payments of a loan, in the form of a percentage of the loan obtained from the amount of interest received each year divided by the amount of the loan (Carl and Fair, 2001:635).

Micro Credit

Micro credit as a development loan in the amount of small to entrepreneurs too low qualifications to be able to access on loan from a traditional bank (Grameen Banking, 2003). Micro-credit as a social gathering capital loans to support small entrepreneurs in the activity, generally with the alternative of the best collateral and system monitoring returns (Calmeadow, 1999).

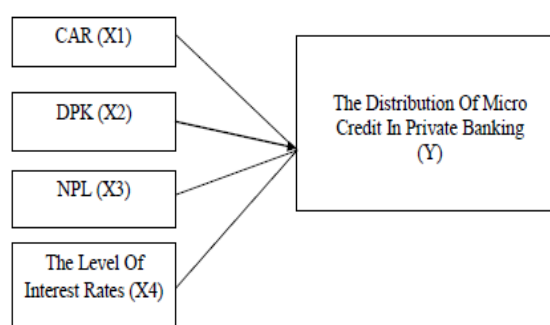


Figure 1. Conceptual Framework

Hypothesis

Based on the background research and the relationship between variables, then the research hypothesis:

1. The CAR has a positive effect on the distribution of micro-credit in private banking.

2. DPK has a positive effect on the distribution of micro-credit in private banking.
3. NPL Negative effect on the distribution of micro-credit in private banking.
4. The level of mortgage Interest Rates Negatively affects the distribution of micro-credit in private banking.

MATERIAL AND METHODS

The research used in this research is quantitative approach. Quantitative research methods is one of the types of research for which the specification is the systematic, planned and structured with clear since the beginning until the creation of the research design. The type of research used is explanatory research, namely research to test the hypothesis between the variables dependent variable independent. The dependent variable used is the distribution of micro-credit and the independent variables consist of Non-Performing Loans (NPL). The Capital Adequacy Ratio (CAR), Third Party Funds and the Level of Interest Rates, and this Study included a quantitative descriptive research.

This research was conducted in Indonesia in private banks (Bank Danamon, Bank CIMB Niaga, BTPN Bank) because the third has a similar system in the distribution of micro-credit and by using the data of the quarter within a period of 6 years i.e. year research 2014 until 2019 which consists of 6 Years of Bank Danamon, 6 Years Bank CIMB Niaga and 6 year, Bank BTPN Reason in choosing this period was at the time of 2018, the global downturn affecting the growth of micro-credit on the private bank.

The type of data in this research is secondary data in the form of data according to the time series (time series) and the data obtained and published by Bank Indonesia, the Central bureau of Statistics, and the Financial Services Authority and other search on the internet site regarding the a variable. Then the collected data is transformed in the form of panel data. Researchers will do pendefenisian of each

variable on the operational, so that it can provide clues about the variables that will be measured. This study has the objective to test the effect between Capital Adequacy ratio (CAR), Third Party Funds, Non Performing Loan (NPL), Interest Rate and credit to private banking.

Methods of data analysis that will be used in this study, namely method descriptive analysis and analysis of regersi panel data. Panel Data is a combination of data cross (cross section) with a data series time (Kuncoro,2011). Analysis of panel data regression is used to examine the influence of CAR,DPK,NPL and the Level of Interest Rates on the distribution of micro-credit. Data processing was performed with Eviews program. In the analysis of panel data in the know of three kinds of estimates of the approach of least squares (pooled least square), the approach of fixed effects (fixed effects), and approach a random effect (random effect).

RESULTS AND DISCUSSION

The influence of Capital Adequacy Ratio (CAR) To the Distribution of Micro-Credit In Private Banking.

From the results obtained the value of the regression coefficient -0,523 and the value of T-statistics is marked negative (-3,143). With a Value of probability is smaller than 0.05 ($0,00 < 0,05$) then the partial variable independent CAR negatively affect the distribution of micro-credit. The CAR is a capital ratio that shows the ability of a bank to provide funds for the purposes of business development and accommodate the risk of loss of funds caused by the operations of the bank. In this case the CAR is used as one indicator of the health of the bank, because with adequate capital adequacy of the bank can soak the shock to the activities of the oprasionalnya. In line with the management theory of liquidity Anticipated Income Theory which states that the bank can do credit both short-term and long-term with regard to credit quality and the resilience of banks against the risk. Increasing CAR will make resistance of the

bank increased and can increase lending. Significant results also show that the capital used to maintain capital adequacy and anticipate the occurrence of the risk of losses at the bank. According to Taswan (2010) the provision of the minimum capital of the bank is measured from a certain percentage to risk-weighted assets of 8%. The determination of the minimum standards is cause the banking company will strive to make the CAR worth a minimum of 8%, regardless of changes in the distribution of credit. Please note that the credit risk. The greater the credit given, credit risk faced by the greater, the value of the RWA (Risk Weighted Assets) will also be increased, then the value of the CAR the bank will go down. The high CAR also indicates the presence of financial resources (capital) to idle.

The results of this study are not in accordance with the statement Soedarto (2004) who stated that the CAR positive and significant effect on bank credit, which if the CAR to increase, then the credit banking is also increasing. It is also not in line with the research conducted by the Maharani (2011) who stated that the CAR positive and significant effect on bank credit.

However, the Results of this study are supported by research conducted Primary (2010) which stated that CAR and a significant negative effect on bank lending.

Possibility of CAR negative effect because when a bank provides many loans or credit expansion to the society. Keep in mind that the credit risk, i.e. the risk of not collectible. The greater the credit is given, the greater the credit risk faced by banks that make up the RWA will increase. When the value of the RWA high, the value of the dividen in the ratio of the CAR will be higher so the value of the CAR of the bank can be decreased (small). So in the position of the RWA low indicating the bank is not a lot to give credit to the community, so credit decreased.

In this Case also need to be aware at the time of the banking Capital high to channel credit, not necessarily the interested

public to borrow, this is because at the moment it's business conditions and the ability to pay of a society in decline. This identifies that the bank is experiencing idle fund or funds idle because of the many funds that are not distributed or CAR experienced an increase, but the credit is not channeled. The results of this Study are not in accordance with the research Hypothesis which says that the alleged positive impact of the CAR against the distribution of micro-credit on banking private individual.

The influence of DPK Against Peyaluran Micro-Credit In Private Banking.

From the results obtained the value of the coefficient is positive by 0,351, and the T-Statistic is positive by 2,848 with a value of probability is smaller than 0.05, ($0,005 < 0,05$) then the partial variable DPK positive and significant effect on the distribution of micro-credit.

This study in accordance with the theory which states the higher the Deposit, the higher the distribution of credit. And a statement Cashmere (2008) which states Fund the Third Party has the largest contribution of several sources of funds so that the number of third-party funds that have been collected by a bank will affect their ability to extend credit. The activities of the bank after collecting funds from the public is to channel these funds back to the public that requires in the form of loans or known credits (Kasmir,2008). The distribution of credit to be the main priority of the bank in the allocation of funds. This is because the source of the funds comes from the community bank so that the bank should distribute the DPK compiled successfully to the community in the form of credit. This is in line with the function of banks as financial intermediaries.

The granting of credit is the most important for commercial banks as a business entity to generate profits. This is because in carrying out the functions of financial intermediaries, TPF is a source of funding which is the main. Funds collected from the community can reach 80% - 90%

of all funds managed by the bank (Dendawijaya, 2005). This is in accordance with the theory put forward by Dendawijaya (2005) that the funds collected from the community (Third Party Funding) is the largest funding source of the most relied upon by the bank in lending. And the results of the research Galih (2011), Yuwono (2012), and Oktaviani (2012) that the DPK positive and significant effect on the amount of lending. It is certainly not separated from the function of the bank as an institution intermediaries which collects funds from the public then channelled back in the form of credit. So the more the results of the funds collected from the community would further enhance the ability of banks to extend credit to the people who need funds.

The results of this study in accordance with the research hypothesis and a theory that said the allegation that the DPK has a positive effect on the distribution of micro-credit in private banking.

The influence of the Non-Performing Loan (NPL) On the Distribution of Micro-Credit In Private Banking.

From the results obtained the value of the coefficient NPL negative marked by 8,534 and the value of T-Statistics negative marked by 6,365 with a value of probability NPL smaller than 0.05 ($0,00 < 0,05$) then the partial variable NPL and a significant negative effect on the distribution of micro-credit.

This study in accordance with the theory which states that the higher the NPL will result in reduced lending. According to hariyani (2010), the Ratio of Non Performing Loan (NPL) showed that the ability of the management in managing the bank's problem loans granted by the bank. So the higher this ratio, it will be the worse the credit quality of the bank that causes the amount of non-performing loans is getting bigger. NPL reflect the credit risk, the higher the level of NPL, the greater the credit risk borne by the bank. Due to the high NPL in the banking system will be more careful (selective) in lending. This is

due to the potential presence of credit that are not collectible. The high NPL will increase the risk premium that have an impact on the high interest rates of credit. Mortgage interest rates are too high will reduce the public demand for credit. The high NPL also resulted in the emergence backup is large, so that in the end the bank's capital to participate eroded. Whereas the amount of capital greatly affect the magnitude of the expansion of credit. Thus the magnitude of the NPL became one of the obstacles in allocating credit. This statement is reinforced by the results of the research Prayudi (2011), Murdiyanto (2012), Her (2013) and Agustina (2014) in the research results revealed that the Non-Performing Loan (NPL) and a significant negative effect on commercial bank lending in indonesia. The results of the research Kusnandar (2012), Sania and Goddess (2016) stated that the NPL negatively affect bank lending because of the high NPL (non-performing loans) would decrease the number of loans disbursed.

The results of this Study in accordance with the research Hypothesis that says there is a suspicion that the NPL has a negative impact on the distribution of micro-credit in private banking.

The Influence Of Interest Rates On The Distribution Of Micro-Credit In Private Banking.

From the research results obtained the value of the coefficient of interest rates negative marked 2,485 And the Value of T-Statistics negative marked by 1,024, with a Value of probability is smaller than 0.05 ($0,00 < 0,05$) then the partial variable Interest Rates and a significant negative effect on the distribution of micro-credit in private banking. This is in accordance with the theory which states that the higher the interest rate, resulting in reduced lending. The higher the level of loan interest rates offered by the bank will result in the customer not interested in taking on a bank loan. The level of interest rates one of the considerations of the community in taking

credit. Interest is a measure of the price of resources used by the debtor to be paid to creditors. The results of this study supported by a statement (Noprin, 2020 : 70), which states if the level of bank interest rates low, then the demand for credit will increase.

The result of this study in accordance with the research hypothesis that says there is a suspicion that the interest rate has negative effect on the distribution of micro-credit.

CONCLUSIONS AND RECOMMENDATIONS

CONCLUSIONS

Based on the results of the research can be summed up as follows:

1. CAR and a significant negative effect on the distribution of micro-credit in private banking. The results of this study are not in accordance with the research hypothesis, which states that there is a suspicion that the CAR has a positive effect on the distribution of micro-credit in private banking.
2. DPK positive and significant effect on the distribution of micro-credit in private banking. The results of research in accordance with the research hypothesis which says that there is a suspicion that the DPK has a positive effect on the distribution of micro-credit private banking.
3. The NPL and a significant negative effect on the distribution of micro-credit. The results of research in accordance with the research hypothesis which states that the alleged NPL positive effect on the distribution of micro-credit in private banking.
4. Interest rates and a significant negative effect on the distribution of micro-credit in private banking. The results of this study in accordance with the research hypothesis which says that the alleged interest Rates negatively affect the distribution of micro-credit in private banking.

RECOMMENDATIONS

Suggestions from the research that has been done is as follows:

1. Capital Adequacy Ratio (CAR) is the capital ratio that shows the ability of banks to provide funds. Therefore, the Bank should be more optimal to take advantage of the resources of the financial (capital) are owned by the distribution of credit.
2. The Bank should be more optimal in the expansion and provide policy and procedure which is easy in terms of taking credit. Thus DPK can be fed, so as to give the profit to the bank.
3. In the distribution of Bank credit should be more careful in lending, so the quality of loans granted to bring a profit on banking. And the Banks also have to be financial consultant prospective borrowers, with how to provide education and understanding to the debtor so that funds are disbursed in accordance with its allocation, and gives the understanding of the impact of the risk of bad debts, so that NPL can be controlled.
4. Bank Indonesia should be in cooperation and synergy with the bank to provide control functions for the level of interest rates not to incriminate one-sided between the bank and the prospective customer. So the cooperation between the bank and the prospective customer can be established.
5. For the next Researcher who wants to enhance this research is expected to obtain better results by adding a variable other research such as ROA, LDR ,etc. associated with the distribution of credit, or by adding also the year of observation so that the result can be shown better.

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