

ANALYSIS THE AFFECT
FACTORS OF LENDING TO MSMEs IN INDONESIA
IN THE SHORT-TERM AND LONG-TERM
(PERIOD OF QUARTER I 2010-QUARTER IV 2019)

Prissilia Angelin Besare

Economics Department of Pasundan University

Tamansari Street No. 6-8 Bandung, 40116

[\(prissiliaabesare@gmail.com\)](mailto:prissiliaabesare@gmail.com)

ABSTRACT

The lending to MSMEs has increasing every periods but review by proportion lending of banking is average under 20%. This study aims to examine the effect of interest rate of working capital loan, NPL and KUR interest subsidy financing policy in 2015 on lending to MSMEs for the 2010-2019 quarter period. This study used secondary data obtained from Bank of Indonesia (BI) and Financial Services Authority (OJK) with Error Correction Model (ECM) to have short and long term effect. The result shows that interest rate of working capital loan has a possitive effect, NPL has a negative effect on lending to MSMEs in the short-term. In the long-term, interest rate of working capital loan has a negative effect, NPL has a negative effect and KUR interest subsidy financing policy in 2015 has a possitive effect on lending to MSMEs.

Keywords : MSMEs, interest rate of working capital loan, NPL, KUR 2015