The Effect of Circulating Funds, Time Deposit, Loans And Savings On Gross Domestic Product

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ABSTRACT

Business activities in Indonesia are greatly influenced by the situation of the country. It can be seen that with the existence of Covid-19, the number of community loans for working capital, for business and for consumption has increased but decreased from 2017 to 2020. So that with a decreasing increase in the number of loans, it can be interpreted that the community's business business activities have decreased. With the decline in community business, funds for operational business activities are saved. So that deposits and savings are increasing from 2017 to 2020. Due to the decline in business business operations, it will result in a decrease in Gross Domestic Product from 2017 to 2020. However, the reality is that funds circulating in the community are increasing during the Covid-19 pandemic. After the covid-19 pandemic passed, the funds in circulation in 2022 decreased again. With this condition, the research is aimed at finding out whether there is an influence relationship between circulating funds, loans, deposits and savings on Gross Domestic Product in Indonesia.
Keywords : Funds; Loans; Deposits; Savings; GDP.

1. INTRODUCTION

Business business activities in Indonesia are heavily influenced by the country's situation. This is evident with the presence of Covid-19. Where covid-19 is an epidemic that means it can change the condition of a country. As time goes by, the population of Indonesia is growing. Even though the presence of Covid-19 has killed many lives, the population of Indonesia is still increasing in number.

Likewise, the number of public loans both for working capital, for business and for consumption has increased. However, the number of increases has changed, which has decreased from 23% in January 2020 and increased to 50% in December 2020. So that an increase in the number of loans means that community business activities have also increased. With an increase in community business, the proceeds from business operations are saved. So that deposits have also increased from 1% in January 2020 to 8% in December 2020.

In contrast to savings, as the business increases, the amount of savings decreases, which is evident from an increase of 17% in January 2020 to a decrease of 11% in December 2020. This condition shows that people do not have confidence in saving funds for an unlimited time. As a result, funds circulating in the community also decreased, from 13% in January 2020 and decreased to 8% in December 2020.

These two different conditions resulted in an increase in Gross Domestic Product, which decreased from 7% in January 2020 to a stagnant increase in December 2020. This shows that the increase in Gross Domestic Product is in line with changes in population.

Furthermore, from the data above, the problem can be drawn, namely: Is there a partial and simultaneous influence relationship between Time Deposits, Savings, Circulating Funds and Loans on Gross Domestic Product (Y). Is there a partial and simultaneous influence relationship between Time Deposits (X1) and Savings (X2) on Funds in Circulation (Z¬1) and on Loans (Z2). What is the direct and indirect relationship between Time Deposits and Savings on Gross Domestic Product by intervening Funds in Circulation and Loans. To overcome this problem, the influence relationship will be analyzed using Linear Regression Analysis. As for direct and indirect relationships, they will be analyzed by intervening analysis.

2. LITERATURE REVIEW

Gross Domestic Product according to Mankiw is a measure of economic performance, which can be seen from the total spending on goods and services as well as the total income from the people's economy. So that Gross Domestic Product can measure the income of people in a country. And can measure the economy's expenditure of all products.

Circulating funds are funds held by the community to be used in fulfilling their needs in the form of consumption and investment as well as saving. So that with an increase in the amount of funds circulating in a country, the higher the level of the country's economy.

Loans are funds prepared to be used by the community according to their needs for a certain period of time and will be returned according to the specified time. Loans include, among other things, Working Capital Loans;

Business Loans and Consumption Loans. (2) Working Capital Loans are funds borrowed by the public to be used for additional business operational activities. Business Loans are funds borrowed by the public to be used in starting business operations; funds borrowed by the community are used in business operations.

Term deposits are public deposits that agree in advance on their periodic storage. So that the pick-up time has been determined in advance. This is used by depositors to provide loans to people in need.

Savings are public deposits that are not determined for the period of collection. The increase in savings interest is in line with the increase in savings. The increase in the increase in savings will improve the economy. In accordance with the Solow Growth Model which states that savings, population growth and technological progress will affect the level of economic output. The Solow model also shows that the saving rate is the key to the capital stock. If the saving rate is high, the economy will have a high reserve of funds. High capital preparation will advance the use of technology and increase productivity in accordance with the resources used. .

The first thought in this study is that by increasing time deposits, they will be distributed again to the community in the form of loans. This will increase the funds circulating in the community and will increase the amount borrowed by the public in the form of credit, namely loans. So that time deposits have a positive impact on funds circulating in the community. And time deposits have a positive impact on the number of loans in the community. Next, it examines the direct and indirect relationship between time deposits and gross domestic products with intermediaries, namely funds in circulation and loans. The second thought in this study is that by increasing the community's savings, it will be distributed again to the community in the form of loans. Public savings have an unpredictable period of time, either in a short time or in a long time. This will increase the funds circulating in the community. With the increase in the circulating funds, it will increase the amount borrowed by the public. This loan also has a relatively short term. So that savings have a positive impact on funds circulating in the community. And savings also have a positive impact on the number of loans in society. Next, it examines the direct and indirect relationship between savings and gross domestic products with intermediaries, namely funds in circulation and loans.

3. CONCEPTUAL FRAMEWORK

The research method uses quantitative analysis with research data in the form of secondary data on an interval scale issued by Bank Indonesia in February 2023. The analysis begins with descriptive statistical analysis in the form of data analysis using the Classical Assumption Test followed by inferential statistical analysis in the form of Simple Regression Analysis and Analysis Multiple Regression and Intervening Analysis and hypothesis testing. The data analysis process uses the SPSS version 22 application.
The conceptual framework for this study is as follows

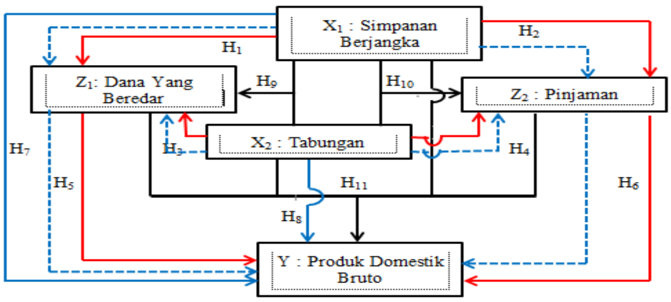

Figure 1. Conceptual Framework

Figure Description:

Simple Regression
Multiple Regression
Direct Relationship
Indirect Relationship

Research with two dependent variables, namely variable X1 representing Time Deposits and variable X2 representing Savings. One independent variable, namely variable Y, represents the Gross Domestic Product. And two intervening variables, namely variable Z1 regarding Funds in Circulation; variable Z2 represents Loans.

4. DISCUSSION

Based on the validity test, it is known that the Karl Pearson Product Moment correlation test for Gross Domestic Product, Time Deposits, Savings, Outstanding Funds and Loans has a coefficient greater than the table coefficient with a significance level of 5% and in row n-2 so that it can be declared valid. While the reliability test using the Cronbach's Alpha test has a Cronbach's Alpha coefficient greater than 0.20 so that all questionnaires are declared reliable.

In this regression model there are several conditions that must be met in order for the forecasting model to be valid as a forecasting tool, namely the regression must not have biased estimates, which is called Best Linear Unestimation (BLUE). Based on the normality test using the Kolmogorov Smirnov Z test, Asymp. Sig. equal to 0.200 which is greater than 0.05 so that the data is declared normally distributed and can be continued with regression analysis. According to the Multicollinearity Test, it is shown that the results of the tolerance coefficient are greater than 0.1 and VIF has a coefficient below the number 10. So it does not show multicollinearity and can be continued for Regression Analysis. While the Autocorrelation Test obtained the Durbin-Watson test at a significance level of 5%, which has a mean coefficient between -2 to +2, it is said that there is no autocorrelation. So that the regression analysis can be continued.

Coefficient of Determination, all independent variables consisting of Time Savings variables; Saving variable; the variable Funds in Circulation and the variable Loans together have a strong influence relationship of 78.1% on the dependent variable, namely Gross Domestic Product according to the coefficient of determination. While the critical value is Adj R2 of 0.584 indicating that there are other variables of 41.8% outside the variables studied.

All independent variables consisting of Time Deposits and Savings variables; together have a strong influence relationship of 63.1% on the dependent variable, namely the Funds in Circulation variable according to the coefficient of Determination. While the critical value is Adj R2 of 0.619 indicating that there are other variables of 38.1% outside the variables studied.

All independent variables consisting of Time Deposits and Savings variables; together have a strong influence relationship of 55.3% on the dependent variable, namely the Loan variable according to the coefficient of Determination. While the critical value is Adj R2 of 0.538 indicating that there are other variables of 46.2% outside the variables studied.

Simple Linear Regression which shows the relationship between one Independent variable and one Dependent variable. The results of the regression equation between the Dependent variables, namely Time Deposits, Savings, Circulating Funds and Loans on the Independent variable Gross Domestic Product, Outstanding Funds and Loans have a positive relationship. So it shows that by increasing the Dependent variable it will increase the Independent variable.

Multiple Linear Regression which shows the relationship between several independent variables on one dependent variable. The results of the multiple regression equation show that: 1) to Funds in Circulation and Loans, Time Deposits have a positive relationship and savings have an inverse relationship. 2) to the Gross Domestic Product, Time Deposits, Savings, Circulating Funds and Loans have a positive or unidirectional relationship.

Path Analysis With Intervening Variables is an analysis of the strength of the relationship between two variables directly compared to the relationship indirectly if there are other variables that bridge it. The relationship X1 → Z1 → Y shows that there is an influence between Term Deposits on GDP by intervening Funds in Circulation. The relationship X1 → Z2 → Y shows that there is an influence between Time Deposits on GDP and Intervening Loans. The relationship X2 → Z1 → Y shows that there is an influence between Savings on GDP by intervening Funds in Circulation. And the relationship X2 → Z2 → Y shows that there is an influence between saving on GDP and intervening loans.

In accordance with the frame of mind that Time Savings will increase Gross Domestic Product. Likewise, an increase in Savings will also increase Gross Domestic Product. This is due to an increase in the number of Time Deposits and Savings that will be used by the public in the form of credit. This credit will be in the form of Circulating Funds.

Loans are funds prepared by the state as funds to be used. So that with an increase in loans, it will increase the amount of funds in circulation. So that with an increase in Circulating Funds it will also increase Gross Domestic Product.

6. CONCLUSIONS

Based on the problems and discussion, the conclusions are obtained, namely: 1) Partial and Simultaneous, Time Savings; Savings; Circulating Funds and Savings affect the Gross Domestic Product. 2) Partially and simultaneously Time Deposits and Savings affect the Funds in Circulation. 3) Partially and simultaneously Time Deposits and Savings affect Loans. 4)

Time Deposits affect Gross Domestic Product by intervening Funds in Circulation and by intervening Loans. 5) Savings have an effect on Gross Domestic Product by intervening Circulating Funds and by intervening Loans.

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