ABSTRACT

Widi Andini. 2026. The Effect of Macro Economic Factors on NPF in Islamic Rural Banks in Indonesia for the Period 2020-2025.

Non Performing Financing (NPF) refers to problematic financing, which includes substandard, doubtful, and loss categories. The causes of NPF are influenced by both internal and external factors. Internal factors include poor customer character, mismanagement of business operations, and weaknesses in the bank's financing analysis. Meanwhile, external factors encompass macroeconomic conditions, political situations, and unforeseen events such as natural disasters. Based on the obtained data, several periods indicate that changes in NPF do not align with existing theoretical expectations. Fluctuations occurred in the variables of inflation, exchange rate, and BI Rate. A decrease in these variables should theoretically be followed by a decline in NPF; however, in reality, there are periods where inflation, exchange rate, and BI Rate increase while NPF tends to decrease, and conversely, when these variables decrease, NPF tends to increase. This study aims to examine the effect of independent variables namely inflation, exchange rate, and BI Rate on the dependent variable, Non-Performing Financing, during the period 2020–2025.

The research method employed is quantitative, utilizing secondary data obtained from the official websites of the Financial Services Authority, Bank Indonesia, and the Central Statistics Agency. Data collection was conducted through documentation techniques, with purposive sampling applied as the sampling method. The independent variables in this study are inflation, exchange rate, and BI Rate. Data analysis includes classical assumption tests, t-tests, F-tests, and panel data regression analysis, with data processing performed using EViews 10 software. The results indicate that inflation has a significant negative effect on NPF of Islamic Rural Banks (BPR Syariah), with a significance value of 0.0002 < 0.05. The exchange rate has a significant positive effect on NPF, with a significance value of 0.0035 < 0.05. Meanwhile, the BI Rate does not have a significant effect on NPF, with a significance value of 0.3147 > 0.05. Simultaneously, inflation, exchange rate, and BI Rate have a significant positive effect on NPF, with a significance value of 0.00 < 0.05. The coefficient of determination (R^2) is 0.459 or 45.9%, indicating that the independent variables inflation, exchange rate, and BI Rate are able to explain 45.9% of the variation in NPF of Islamic Rural Banks, while the remaining 54.1% is influenced by other factors outside the model.

***Keywords**: Macro Economics, Inflation, Exchange Rate, BI rate*