ABSTRACT

This study aims to analyze the effectiveness of Bank Indonesia's macroprudential policies on the performance of the Loan-to-Value instrument on bank credit growth during the COVID-19 pandemic. These factors consist of economic growth, inflation, and growth in housing prices. The data used is secondary data obtained from the Financial Services Authority, International Monetary Fund, Bank for International Settlements, and Bank Indonesia. Data analysis in this study used the Vector Error Correction Model (VECM) and was processed using Eviews 12 software. There were 5 variables used in this study, namely credit growth, economic growth, inflation, house price growth, and the LTV policy dummy variable. The estimation results using the VECM model found that in the long term the LTV policy was effective in influencing credit growth during the COVID-19 pandemic, but had no significant effect in the short term. The results of the VECM analysis show that loosening the LTV policy will increase credit growth by 19.46 percent. Conversely, tightening the LTV policy will reduce credit growth by 19.46 percent.

Keywords : Loan-to-Value (LTV), Macroprudential Policy, Vector Error Correction Model (VECM), Credit Growth.