

## **ABSTRACT**

*The purpose of this study is to analyze the effectiveness of macroprudential policies in controlling bank credit risk in Indonesia. High credit risk will affect the health of the bank which will be a contributing factor to systemic risk. Therefore, the central bank is actively involved in tackling this risk by setting macroprudential policies. This study uses Non Performing Loan (NPL) as an indicator of credit risk. Meanwhile, as an indicator of macroprudential policy, policy instruments such as: LTV (Loan to Value), RIM (Macroprudential Intermediation Ratio), DTI (Debt to Income), and COC (Ceilings on Credit).*

*The analysis method used in this research is panel data regression analysis. The data used in this research is secondary data. The analysis method used in this research is panel data regression analysis. The time period in this study is monthly data during 2018 to 2022 from 4 bank groups.*

*The results of this study indicate that simultaneously each macroprudential policy instrument, be it RIM, DTI, and COC, affects bank credit risk in Indonesia. Partially, RIM and COC significantly affect credit risk. Based on the research results, policy easing on LTV is not able to reduce the value of NPLs.*

*Keywords: Credit Risk, Non Performing Loan (NPL), Macroprudential Policy, Fixed Effect Model (FEM)*