

ABSTRACT

This study aims to analyze the effect of macroeconomic variables to money demand in the dual banking system in Indonesia. Macroeconomic variables are proxied by GDP, inflation, BI rate and equivalent rate. Money demand variables is divided into conventional money demand and sharia money demand. Conventional money demand is proxied by currency, demand deposits, saving and time deposits. Meanwhile, sharia money demand is proxied by demand deposits wadia, saving deposits mudharabah and time deposits mudharabah.

This study uses the VAR / VECM (Vector Autoregression / Vector Error Correction Model) method. This study uses monthly data obtained from Islamic Banking Statistics (SPS-OJK); Indonesian Banking Statistics (SPI-OJK); Central Statistics Agency (BPS); Bank Indonesia (BI) in the period between June 2014 and December 2017.

The results show that GDP does not have an influence for conventional money demand and Islamic money demand, inflation affects conventional money demand and sharia money demand, the BI rate affects conventional money demand, and the equivalent rate affects sharia money demand.

Keywords: Macroeconomic variables, conventional money demand, Islamic money demand, dual banking system, VAR / VECM.