

Savings As a Major Factor in Appointment of Distribution of Credit in addition to Other Third Party Funds

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Abstract. This study aims to analyze lending in the form of third party funds or savings, current accounts and time deposits, the Bank BJB annual report population and samples of financial statements for the last twelve years from 2006 to 2017 taken from the Indonesia Stock Exchange or IDX. With the descriptive method of verification and using time series data. The results of the study show that the distribution of credit is highly determined in its ability to spread from the results of third party funds collection, which consists of savings, current accounts and time deposits. Of the total third party funds collected, only savings with a very significant value between Current accounts and deposit values, this shows that the most supportive fund in determining the loan distribution fund is savings, because the progress of the savings value is always changing rapidly, because there is no time benchmark for withdrawal and storage and many customers save their funds because the business process or payroll is different from the Current accounts or time deposit that is pegged at the time of storage and disbursement.

1. Introduction

The economic crisis that occurred in 1998 has caused global disruption in all banking sectors. Where some of the real sector experience growth that tends to be negative and even experience bankruptcy. People no longer believe in investing in the banking sector. It cannot be separated from the banking sector as credit, because customers also experience difficulties in repaying loans. This has spurred an increase in the number of non-performing loans and a decline in the level of public trust. So that it can disrupt the main activities of banks as fund collectors and credit providers for those who need it[1].

In the framework of financing economic activities to encourage high economic growth, the provision of bank credit has an important role. The provision of credit in the community affects the level of economic growth, where one indication of the economic progress of a region is through the level of credit in the community [2]. With the growth of working capital credit shows the role of bank credit in the business world is very important, because most of it is funded by bank credit, so that business actors rely more on credit assistance for investment and for working capital compared to their own capital [3].

The provision of bank credit in promoting economic growth can mean job creation, both through expansion of production and other business activities as well as through its influence in encouraging the emergence of new business units. In addition, banking credit can be directed to equal opportunity opportunities, among others through the allocation of credit and development priorities and economic groups so that in turn it can expand the distribution of development outcomes [2].

Credit consists of several elements including time period and interest. Each credit given must have a certain period of time, this period includes the credit repayment period agreed by the bank as a creditor and the recipient of credit as a debtor. While interest is an advantage over the granting of a credit or service [4]. This is a result of granting credit facilities, the bank certainly expects a certain amount of profit. Credit provision by banks contains risks, one of which is uncollectible credit [5]. This is due to a grace period of return (time period), where the longer the term of a loan, the greater the risk is uncollectible, and vice versa and this risk is borne by the bank [5].

One of the ways a bank collects third party funds is in the form of deposits with a savings account name [6]. Savings deposits are used for the public and are more widely used by individuals both employees, students or housewives. For those who save their money in a savings account in addition to the ease of taking their money, there is also a higher expectation of interest when compared to a checking account [7]. savings deposits have certain conditions for the holders and the requirements of each bank are different from each other. Thus, banks market their products also vary according to their target or based on market segmentation [6].

Sources of funds are the most important thing for banks to be able to increase the amount of credit that will be given to the community, so banks need the availability of funding sources [8]. The more funds owned by the bank, the greater the chances of the bank to carry out its functions [9].

Factors of bank funding sources are important factors for banks in order to develop business and bear the risk of losses suffered [8]. Capital items and third party fund deposits are the main strengths that reflect the potential of the bank concerned. This capital is the driving force of the bank as a company in achieving its goals so that the progress of the bank depends a lot on these posts [10].

Funds collected from the community are the largest source of funds that the bank is most relied on for all its activities from all funds managed by the bank. As a financial institution that has an intermediary function, banks manage funds collected from the community and then channel it back to the community [9]. Therefore, the greater the amount of third party funds that can be collected, the greater the role of banks in channeling these funds, especially in lending [6].

The stability of third party funds must be maintained by each bank, because bank capital to channel credit is obtained from activities in collecting funds from third parties (the public) this will affect the bank's income [11]. Because the largest income in a bank is obtained from the difference in interest on deposits and interest on loans (credit), the difference is based on spread based, namely the difference in interest on deposits that are borne by the bank that must be paid for the use of third party funds with interest on loans which are income for the bank charged on the debtor as an advantage to channel credit [12].

Third Party Funds are used to encourage economic growth through credit disbursement. Effective fund management in credit needs to be balanced with the quality of loans disbursed, so as not to have an impact on non-performing loans that affect the decline in the quality of earning assets and have an impact on a bank's profit [2].

From the descriptions and phenomena above, it can be seen that there is a very large meaning of lending to community businesses, it will happen smoothly if supported by financial stability from banks where third party funds become the most important thing in supporting goingconcern banks. Also in this case the province of answerarat has a bank, Bank Bjb, which continues to grow from year to year so that it becomes one of the regional government banks spread throughout Indonesia. So from these things this research will focus on the contribution of third party funds to the distribution of bank credit products to support the micro business sector. With the situation in Bandung which makes one of the industrial economic cities attractive to know its ability to support business development with the help of credit, starting from the background of the problem, the problem in this study is how much influence the Third Party Funds (Savings, Current accounts and Deposits) against credit disbursement at BJB Bank listed on the IDX.

2. Literature Review

2.1.1. Third Party Funds

Third party funds are funds obtained from the community, in the sense of the community as individuals, companies, governments, households, cooperatives, foundations and others, both in domestic currency and in foreign exchange applicable in the world [6].

To raise funds from the community, banks can use three types of deposits in the form of accounts, where each type of deposit has its own advantages so that banks must be smart in dealing with the selection of funding sources that will be used in daily operations [13]. The distribution of types of deposits into several types is intended so that customers have choices according to their individual needs and goals. Sources of funds from the community come from:

1. Savings are deposits that withdrawals can only be made according to certain conditions agreed upon according to the applicable rules, but cannot be withdrawn with other forms such as checks, current accounts or other tools equivalent to the savings [7]. Savings deposits are used in general and are more widely used by individual products [14].
2. Current accounts represent deposits that withdrawals can be made using checks, current accounts, or other means of payment orders [15]. Current accounts are usually used by entrepreneurs or traders in transactions in a business [16]. The advantage of checking accounts is the ease of making payments for these service products, especially for those who try in the business world even though the interest is relatively smaller [17].
3. Time Deposits are deposits that withdrawals can only be made at certain times based on the customer's initial agreement at the time of deposit in the bank [18]. Funds derived from deposits are the most expensive relative funds that must be borne by the bank, because the interest rates given are relatively higher than the other two types of deposits [12]. Funds from deposits are generally collected from entrepreneurs and communities from the upper middle class [10].

2.2. Credit

Funds collected or generated by the bank will be redistributed in the form of credit to people who need it. The bank will take advantage of the advantages provided to the people who do credit [4]. Even credit is the process of moving something important to other people, whether in the form of money, goods or services, with the belief that doing credit has the willingness and ability to account for it when returning [4]. With other meanings Credit can be interpreted as cash or bills that can be likened to it or use a bank loan with the party that does the loan and requires to repay the debt after a certain period of time by giving more interest [19].

2.3. Hipotesis

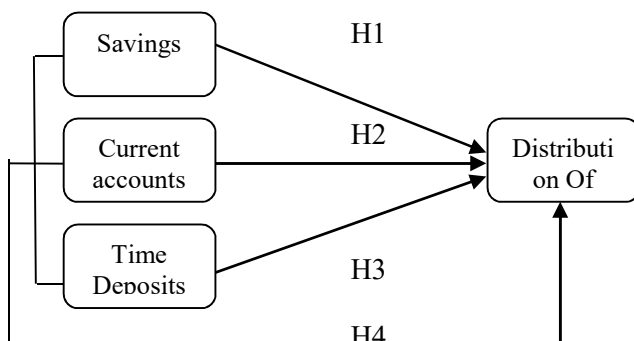


Figure1: Research paradigm

H1: Savings have a significant effect on Credit Distribution

H2: Current accounts have a significant effect on Credit Distribution

H3: Deposits have a significant effect on Credit Distribution

H4: Third Party Funds (Savings, Current accounts and Deposits have a significant effect on Credit Distribution.

3. Method

The method used is quantitative with a descriptive approach, the results of the research collected are then processed and analyzed to calculate the hypothesis. So the research conducted is research that emphasizes numerical data (numbers), using this research method will also show significant relationships between the variables studied, so as to produce conclusions that will clarify the objects under study, the sample is Bank BJB financial statements, with samples of financial statements from 2006 - 2017, and using the SPSS application calculation tool.

4. Result and Discussion

4.1. Result

Table 1. Indicator Variable Value

Years	Savings (In Million Rupiah)	Current accounts (In Million Rupiah)	Time Deposits (In Million Rupiah)	Distribution Of Credit (In Million Rupiah)
2006	2,172,886	6,621,528	6,746,412	11,763,535
2007	2,709,291	6,563,062	7,213,029	13,047,515
2008	3,139,322	7,405,206	7,802,522	16,429,069
2009	3,802,574	8,272,288	11,644,050	19,631,968
2010	4,876,716	7,610,327	19,466,419	23,669,719
2011	6,270,783	11,168,241	21,603,753	28,764,701
2012	9,050,286	14,828,830	24,365,828	38,332,712
2013	11,934,912	16,606,009	18,679,779	48,902,340
2014	12,633,536	21,749,842	19,104,512	54,017,114
2015	14,729,110	19,355,489	33,521,025	60,487,542
2016	17,769,405	17,756,720	42,957,103	63,419,185
2017	17,926,882	19,932,952	43,751,195	71,035,168

Source: Bjb Bank

Based on table 1 third party funds consisting of savings, current accounts and time deposits as well as credit disbursement are always changing from 2006 to 2017 with a tendency to always increase from year to year.

Table 2. Result Model Third Party Fund (Savings, Current accounts and Time Deposits) Toward Distribution Of Credit

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.998 ^a	.995	.994	1.71716E+06	2.704

a. Predictors: (Constant), Time Deposits, Current accounts, Savings

b. Dependent Variable: Distribution of Credit

Source: processing results

The effect generated from this study simultaneously between savings, demand and time deposits has a very large and strong influence on lending, which has an influence of 99.5% which is almost 100%, as well as other influences not examined worth 0.5%

Table 3. Result Coefficients Third Party Fund (Savings, Current accounts and Time Deposits) Toward Distribution Of Credit

ANOVA ^b						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.996E+15	3	1.665E+15	564.765	.000 ^a
	Residual	2.359E+13	8	2.949E+12		
	Total	5.019E+15	11			

a. Predictors: (Constant), Time Deposits, Current accounts, Savings

b. Dependent Variable: Distribution of Credit

Source: processing results

The hefty influence between savings, current accounts and time deposits on lending also has a significant effect with a level of 0.000 sig smaller than 0.05.

Table 4 Result coefficients Third Party Fund (Savings, Current accounts and Time Deposits) Toward Distribution Of Credit

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error				Beta	Tolerance
1	(Constant)	-321566.293	2136290.592		-.151	.884		
	Savings	2.342	.515	.647	4.547	.002	.029	34.474
	Current accounts	1.035	.319	.282	3.242	.012	.078	12.868
	Time Deposits	.153	.133	.092	1.152	.283	.092	10.926

a. Dependent Variable: Distribution of Credit

Source: processing results

The partial effect between savings on credit distribution has a significant influence of 64.7% because it has a sig value of 0.002 smaller than 0.05, the partial effect between current accounts on credit distribution has a significant effect of 28.2% because it has a sig value of 0.012 less than 0.05, partial effect between Deposits on lending have an effect of 9.2% with insignificance because they have a sig value of 0.283 greater than 0.05.

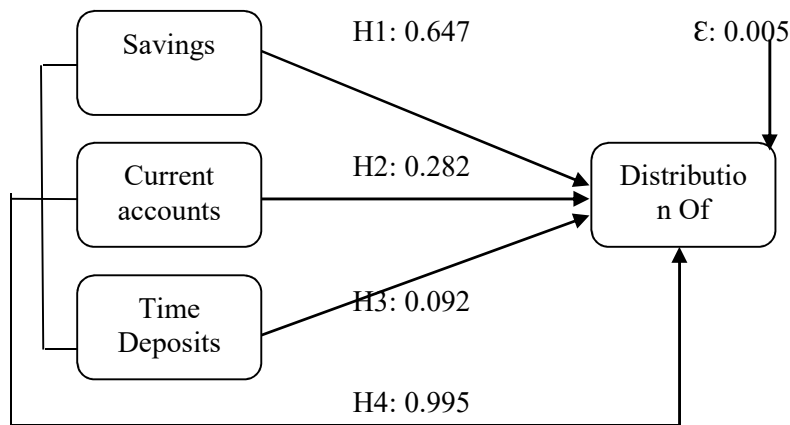


Figure2: Result research paradigm

4.2. Savings Toward Distribution Of Credit

Referring to the results of a careful value shows that savings have a high impact on the allocation of funds in the form of loans channeled to the public, it happens in the sense that credit is in dire need of income from the acquisition of customer savings, Because many customers keep their funds because of payroll payroll or save funds from the results of their business..

The greater the amount of money received from savings, the greater the ability of banks to provide funds to the public in the form of credit [14].

4.3. Current accounts Toward Distribution Of Credit

Current accounts provided by parties are very useful in business continuity, because the payment in the majority of businesses uses current accounts [15], this can also be indicated by the results of this study with the influence provided by the bank demand deposit services that are very supportive in lending, this shows that the bank has the ability to provide credit to the community, supported by funds raised from current account products.

The more current accounts funds received by the bank, the higher the bank's ability to provide credit to the public in the form of business loans or other [20].

4.4. Time Deposits Toward Distribution Of Credit

The public, this can be seen from the progress of time deposits on credit disbursement which does not give meaning to the increase or decrease in funds raised from deposits, it occurs because customers who deposit funds in the form of deposits only in certain segments, namely people who are middle income and above.

So the increase in time deposit products does not mean an increase in the increase in credit disbursement by banks to the public [18].

4.5. Third Party Fund (Savings, Current accounts and Time Deposits) Toward Distribution Of Credit

From the results of calculations in this study third party funds consisting of savings, current accounts and time deposits indicate that savings and current accounts have a significant impact on the distribution of credit but deposits do not have a significant effect. With these results, it is illustrated that third party funds consisting of savings, current accounts and deposits will give meaning to the changes in lending when it becomes a single unit to make funds useful for lending. With changes in savings, current accounts and deposits together, it will increase the bank's ability to channel funds in the form of credit [3].

4.6. Finding

Savings are the bank's products that have the most influence in increasing or the bank's ability to lend compared to the impact provided by current accounts and time deposits.

5. Conclusion

1. Savings have a very large and significant influence on credit distribution.
2. Current accounts affect a very large and significant credit distribution.
3. The effect of deposits on credit distribution is not significant.
4. Savings, current accounts and time deposits have a significant and significant effect on credit distribution.

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