

PUBLIC FINANCIAL DEPOSITS IN STATE OWNED BANKS: FROM AN INFLATION PERSPECTIVE AND BANK INDONESIA INTEREST RATES

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ABSTRACT

The purpose of this study was to examine the effect of inflation and interest rates on Indonesian banks on the ability of the public to save money in a bank that is a state-owned enterprise. This research was conducted at a state-owned bank in the city of Denpasar-Bali. This research is using quantitative techniques with the archival method. The number of samples used in this study were state-owned banks over a period of 10 years during the 2009-2018 period. Data were analyzed using multiple linear regression analysis techniques. The results show that inflation and the BI Rate simultaneously or together have a positive and significant effect on public savings at Government Commercial Banks in Indonesia. Inflation partially has a negative and insignificant effect on public savings, meaning that if inflation rises, public savings at Government Commercial Banks in Indonesia will decrease, likewise if inflation falls, public savings will increase. The BI Rate partially has a negative and significant effect on public savings, meaning that if the BI Rate rises, public savings at Government Commercial Banks in Indonesia will decrease, likewise if the BI Rate decreases, public savings will increase. The contribution of this research is a consideration for banking practitioners and the government in observing all banking developments. Pay more attention to the impact of inflation and interest rates on the economy.

Keywords: Inflation, interest rates, banking, Bank Indonesia

PRELIMINARY

Judging from their ownership, there are several types of commercial banks in Indonesia, including state-owned commercial banks, national private commercial banks, and foreign private commercial banks. In Indonesia, state-owned commercial banks have advantages over other commercial banks. Government-owned commercial banks have accompanied the people of Indonesia since hundreds of years ago. Therefore, public trust in state-owned commercial banks has been inherent from generation to generation (Pasiouras & Kosmidou, 2007). This public fanaticism is the strength of state-owned commercial banks, in addition to the public's belief in the guarantee of returning to their savings if something happens or other things in the future (Bhatt, 2016). Public fanaticism does not merely mean that state-owned commercial banks monopolize the market (Dong et al., 2016). Competition with national and foreign private banks remains, both in terms of products and services and services (Saputra et al., 2019). Being in the midst of intense competition in the banking world requires state-owned commercial banks to continue to innovate, adjusting products, services and services to suit the wishes of today's customers (Kolapo et al., 2012).

The development of third-party deposits in state-owned commercial banks has increased dynamically from year to year. This positive development of third-party deposits was inseparable from the fanaticism which had an impact on positive public sentiment towards state-owned commercial banks (Hegazy, 1995). The quality of the products and services offered is also an attraction. Apart from these matters, several factors also contributed to the success of state-owned Commercial Banks in raising funds from the public (Purnanandam, 2007). Interest rates are one of the factors that support people to save excess money in the bank (Said & Tumin, 2011). In Indonesia, the BI Rate is the benchmark for increasing and decreasing interest rates at Commercial Banks. BI Rate is a policy interest rate that reflects the monetary policy *stance* or *stance* set by Bank Indonesia and announced to the public. Interest rates have a very important role in the economy, because interest rates are one of the factors that can affect the macro economy. The interest rate reflects the costs that must be incurred to guarantee a number of funds and the income obtained from borrowing these funds (Gavurova et al., 2017). Apart from interest rates, inflation is also a factor that influences people's decisions in saving funds (Malede, 2014).

A high inflation rate will increase the cost of living for the people. Increase in the cost of life is certainly going to reduce income because their income has been absorbed by higher prices (Tang, 2018). Thus, the smaller the remaining income after deducting the cost of consumption, the smaller the ability of the community to save funds in the bank or even the community will withdraw their savings from the bank (Kiyota, 2011). This phenomenon is contrary to the concept and previous research which states that if inflation rises, the volume of public savings will decrease (Are et al., 2018). The interest rate (BI Rate) also tends to fluctuate downward. It's just that the BI Rate in 2012-2015 was higher than the years before and after (Predana et al., 2020). However, in 2014-2017 the BI Rate continued to decline, while the volume of public savings continued to increase (Shabrina et al., 2018). This phenomenon contradicts the concept and previous research which states that if interest rates rise, the volume of deposits will increase. High inflation of 6.66 percent (2010) should be responded to by an increase in the benchmark interest rate which is still maintained at 5.75 percent. This is natural because BI is also in the interest of protecting the community of savers (depositors) in order to keep getting positive real interest rates. If the interest rates on deposits of 5,75 per cent, while inflation is 6.96 percent, which means depositors bear the loss due to negative real interest rates. However, if the BI Rate is raised, for example to 7 percent, there will be concerns about massive short-term foreign capital inflows. This phenomenon has a positive impact in

the form of an increase in foreign exchange reserves which in turn causes the rupiah to strengthen and stabilize. However, it also raises monetary costs.

RESEARCH METHODS

The population used in this study is all data on inflation, the BI Rate, and public savings. The data used as the sample in this study are the effect of inflation, the BI Rate, and public savings which are limited in a period of 10 years during the 2009-2018 period. The author chooses the year period used is to obtain more accurate results in accordance with the current situation. The data used in this study comes from secondary data obtained directly from the official website reports of the Denpasar Branch of Bank Indonesia, such as the 2009-2018 Indonesian Economic Report and the Indonesian Economic and Financial Statistics. Collecting data using the method of data collection documentation study by observing, recording, and studying the description of the records or documents at the Government General Bank ie, inflation, BI and Savings Society through the site www.bi.go.id. In this study, the analysis technique used to analyze the data is multiple linear regression analysis which aims to examine the effect of more than one independent variable on the dependent variable. The general form of the multiple linear regression equation used is as follows:

Information:

Y = Public Savings in Government Commercial Banks

a = Constant

b1 = Regression coefficient: Inflation

b2 = Regression coefficient: BI Rate

X₁ = Inflation

X₂ = BI Rate

e = Error term (confounding variable)

RESULTS AND DISCUSSION

Based on the results of statistical tests that have been carried out, it can be concluded as follows: The inflation variable (X₁) has an average value of 5.2820 and a standard deviation of 1.85853 meaning that the variable (X₁) has a standard deviation of 5.2820 against its average value. The BI Rate (X₂) variable has an average value of 6.5972 and a standard deviation of 1.38520 which means that the variable (X₂) has a standard deviation of 6.5972 to its average value. The community savings variable (Y) has an average value of 1,251,272 and a standard deviation of 294311.82227 which means that the variable (Y) has a standard deviation of 1,251,272 against its average value.

Table 1. Descriptive analysis

| Descriptive Statistics | | | |
|------------------------|---------|----------------|----|
| | Mean | Std. Deviation | N |
| Y | 1251272 | 294311.82227 | 74 |
| X1 | 5.2820 | 1.85853 | 74 |
| X2 | 6.5972 | 1.38520 | 74 |

The total public savings in 2009 with the largest amount was Rp. 622,525 billion in December and the lowest amount of deposits in February, namely Rp. 503,049 billion. The amount of public savings in 2010 with the largest amount was Rp. 759,929 billion in December and the lowest amount of deposits in February, namely Rp. 585,081 billion. And the amount of public savings in 2011 with the largest amount was Rp. 874,161 billion in December and the lowest amount of deposits in February, namely Rp. 687,360 billion. Total public savings in 2012 with the largest amount of Rp. 987,391 billion in December and the lowest amount of deposits in February, namely Rp. 810,561 billion. The amount of public savings in 2013 with the largest amount was Rp. 1,080,634 billion in December and the lowest amount of deposits in March, namely Rp. 940,612 billion. And the amount of public savings in 2014 with the largest amount of Rp. 1,287,228 billion in December and the lowest amount of deposits in January, namely Rp. 1,030,556 billion. The amount of public savings in 2015 with the largest amount was Rp. 1,406,601 billion in December and the lowest amount of deposits in May, namely Rp. 1,181,619 billion. The amount of public savings in 2016 with the largest amount was Rp. 1,621,473 billion in December and the lowest amount of deposits in January, namely Rp. 1,327,549 billion. Total public savings in 2017 with the largest amount of Rp. 1,814,202 billion in December and the lowest amount of deposits in February, namely Rp. 1,521,625 billion. The total public savings in 2018 with the largest amount of Rp. 1,931,910 billion in December and the lowest amount of deposits in April, namely Rp. 1,693,443 billion. During the research period, the highest public savings occurred in December 2018, amounting to Rp. 1,931,910 billion and the lowest amount occurred in February 2009, namely Rp. 503,049 billion.

Table 2. Data on the Amount of Public Deposits at Government Commercial Banks in Indonesia for 2009-2018 in Billion Rupiah

| Month | Year | | | | | | | | | |
|-------|---------|---------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Jan | 503,841 | 603,513 | 719,548 | 840,117 | 941,501 | 1,030,556 | 1,231,604 | 1,327,549 | 1,534,761 | 1,704,495 |
| Feb | 503,049 | 585,081 | 687,360 | 810,561 | 941,762 | 1,043,985 | 1,246,683 | 1,350,353 | 1,521,625 | 1,703,671 |
| Mar | 515,288 | 597,078 | 710,310 | 818,552 | 940,612 | 1,058,855 | 1,245,699 | 1,364,733 | 1,543,850 | 1,700,308 |
| Apr | 516,416 | 596,445 | 705,350 | 828,881 | 977,374 | 1,095,797 | 1,197,795 | 1,369,467 | 1,528,660 | 1,693,443 |
| May | 524,435 | 597,552 | 708,999 | 857,902 | 954,068 | 1,082,101 | 1,181,619 | 1,373,277 | 1,571,796 | 1,704,029 |
| Jun | 551,701 | 624,858 | 734,271 | 870,785 | 956,348 | 1,127,046 | 1,253,085 | 1,445,472 | 1,629,101 | 1,736,658 |
| Jul | 546,819 | 610,347 | 737,268 | 857,529 | 979,372 | 1,138,644 | 1,238,997 | 1,416,544 | 1,606,698 | 1,733,880 |
| Augs | 553,190 | 612,432 | 742,805 | 866,062 | 968,463 | 1,163,000 | 1,237,687 | 1,417,076 | 1,622,860 | 1,767,031 |
| Sep | 555,333 | 625,157 | 755,622 | 876,596 | 976,425 | 1,196,239 | 1,274,427 | 1,448,398 | 1,649,117 | 1,794,652 |
| Oct | 561,362 | 641,832 | 784,021 | 877,328 | 987,638 | 1,192,440 | 1,263,159 | 1,462,557 | 1,646,017 | 1,815,323 |
| Nov | 570,201 | 661,477 | 782,818 | 910,803 | 988,447 | 1,206,573 | 1,287,620 | 1,499,657 | 1,689,440 | 1,812,499 |
| Des | 622,525 | 759,929 | 874,161 | 987,391 | 1,080,634 | 1,287,228 | 1,406,601 | 1,621,473 | 1,814,202 | 1,931,910 |

The highest inflation rate in 2009 occurred in January, namely 9.17% and the lowest inflation rate occurred in November, namely 2.41%. The highest inflation value in 2010 occurred in December, namely at 6.96% and the lowest inflation value occurred in March, namely at 3.43%. And the highest inflation value in 2011 occurred in January, which was 7.02% and the lowest inflation value occurred in December, which was 3.79%. The highest inflation value in 2012 occurred in October, namely at 4.61% and the lowest inflation value occurred in February, namely at 3.56%. The highest inflation value in 2013 occurred in August, namely at 8.79% and the lowest inflation value occurred in January, which was 4.57%. And the highest inflation value in 2014 occurred in December, which was 8.36% and the lowest inflation value occurred in August, which was 3.99%. The highest inflation rate in 2015 occurred in June and July, which was 7.26% and the lowest inflation value occurred in December, which was 3.35%. The highest inflation value in 2016 occurred in March, namely at 4.45% and the lowest inflation value occurred in August, which was 2.79%. The highest inflation rate in 2017 occurred in June in the amount of 4.37% and the lowest inflation rate in November, amounting to 3.3%. And the value of the highest inflation rate in 2018 occurred in April in the amount of 3.41% and the lowest inflation was recorded in September, amounting to 2.88%. During the research period, the highest inflation value occurred in January 2009, namely 9.17% and the lowest inflation value occurred in November 2009, namely 2.41%.

Table 3. Inflation Data for 2009-2018 in Percentage (%)

| Month | Year | | | | | | | | | |
|-------|------|------|------|------|------|------|------|------|------|------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Jan | 9.17 | 3.72 | 7.02 | 3.65 | 4.57 | 8.22 | 6.96 | 4.14 | 3.49 | 3.33 |
| Feb | 8.6 | 3.81 | 6.84 | 3.56 | 5.31 | 7.75 | 6.29 | 4.42 | 3.83 | 3.23 |
| Mar | 7.92 | 3.43 | 6.65 | 3.97 | 5.9 | 7.32 | 6.38 | 4.45 | 3.61 | 3.4 |
| Apr | 7.31 | 3.91 | 6.16 | 4.5 | 5.57 | 7.25 | 6.79 | 3.6 | 4.17 | 3.41 |
| May | 6.04 | 4.16 | 5.98 | 4.45 | 5.47 | 7.32 | 7.15 | 3.33 | 4.33 | 3.23 |
| Jun | 3.65 | 5.05 | 5.54 | 4.53 | 5.9 | 6.7 | 7.26 | 3.45 | 4.37 | 3.12 |
| Jul | 2.71 | 6.22 | 4.61 | 4.56 | 8.61 | 4.53 | 7.26 | 3.21 | 3.88 | 3.18 |
| Augs | 2.75 | 6.44 | 4.79 | 4.58 | 8.79 | 3.99 | 7.18 | 2.79 | 3.82 | 3.2 |
| Sep | 2.83 | 5.8 | 4.61 | 4.31 | 8.4 | 4.53 | 6.83 | 3.07 | 3.72 | 2.88 |
| Oct | 2.57 | 5.67 | 4.42 | 4.61 | 8.32 | 4.83 | 6.25 | 3.31 | 3.58 | 3.16 |
| Nov | 2.41 | 6.33 | 4.15 | 4.32 | 8.37 | 6.23 | 4.89 | 3.58 | 3.3 | 3.23 |
| Des | 2.78 | 6.96 | 3.79 | 4.3 | 8.38 | 8.36 | 3.35 | 3.02 | 3.61 | 3.13 |

Source: Indonesian Economic and Financial Statistics 2009-2018

The highest BI Rate value in 2009 occurred in January, namely 9.5% and the lowest BI Rate value occurred in December, namely 6.46%. The highest BI Rate value in 2010 occurred in January, namely at 6.45% and the lowest value of the BI Rate occurred in September to December, namely at 5.75%. And the highest BI Rate value in 2011 occurred in January, which was 6.45% and the lowest BI Rate was from September to December, namely 5.75%. The highest BI Rate value in 2012 occurred from July to December, namely 7.5% and the lowest BI Rate value occurred in January, namely at 6.0%. The highest BI Rate value in 2013 occurred from August to October, amounting to 7.75%. And the highest BI Rate value in 2014 occurred from January to September, namely 7.5% and the lowest BI Rate value occurred in December, which was 6.75%. The highest BI Rate value in 2015 occurred in January, amounting to 7.75%. The highest BI Rate value in 2016 occurred in January, namely at 7.25% and the lowest BI Rate value occurred from October to December, namely at 4.75%. The highest BI Rate value in 2017 occurred in January to July, namely 4.75% and the lowest BI Rate value occurred in September to December, namely 4.25%. And the highest BI Rate value in 2018 occurred from November to December, which was 6.0% and the lowest BI Rate value occurred in January to April, which was 4.25%. During the research period, the highest BI Rate occurred in February 2009 at 8.74% and the lowest value occurred in September 2017 to April 2018, namely 4.25%.

Table 4. BI Rate Data for 2009-2018 in Percentage (%)

| Month | Year | | | | | | | | | |
|-------|------|------|------|------|------|------|------|------|------|------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| Jan | 9.5 | 6.45 | 6.45 | 6.0 | 7.5 | 7.5 | 7.75 | 7.25 | 4.75 | 4.25 |
| Feb | 8.74 | 6.41 | 6.41 | 6.5 | 7.5 | 7.5 | 7.5 | 7.0 | 4.75 | 4.25 |
| Mar | 8.21 | 6.27 | 6.27 | 6.5 | 7.5 | 7.5 | 7.5 | 6.75 | 4.75 | 4.25 |
| Apr | 7.59 | 6.2 | 6.2 | 7.0 | 7.5 | 7.5 | 7.5 | 6.75 | 4.75 | 4.25 |
| May | 7.25 | 6.3 | 6.3 | 7.25 | 7.5 | 7.5 | 7.5 | 6.75 | 4.75 | 4.5 |
| Jun | 6.95 | 6.26 | 6.26 | 7.25 | 7.5 | 7.5 | 7.5 | 6.5 | 4.75 | 5.25 |
| Jul | 6.71 | 6.0 | 6.0 | 7.5 | 7.5 | 7.5 | 7.5 | 6.5 | 4.75 | 5.25 |
| Aug | 6.58 | 6.0 | 6.0 | 7.5 | 7.75 | 7.5 | 7.5 | 5.2 | 4.5 | 5.5 |
| Sep | 6.48 | 5.75 | 5.75 | 7.5 | 7.75 | 7.5 | 7.5 | 5.0 | 4.25 | 5.75 |
| Oct | 6.49 | 5.75 | 5.75 | 7.5 | 7.75 | 7.25 | 7.5 | 4.75 | 4.25 | 5.75 |
| Nov | 6.47 | 5.75 | 5.75 | 7.5 | 7.5 | 7.0 | 7.5 | 4.75 | 4.25 | 6.0 |
| Des | 6.46 | 5.75 | 5.75 | 7.5 | 7.5 | 6.75 | 7.5 | 4.75 | 4.25 | 6.0 |

In this study, using multiple linear regression test, before conducting multiple linear regression tests, it is necessary to first perform a classical assumption test which aims to determine whether there is a violation in this test or not and is also an important requirement to fulfill multiple linear regression analysis. Based on the results of the KS test method above, the *asympt.sig* value is known . (2- tailed) of 0.005 and smaller than $\alpha = 5\%$. This means that the data has an abnormal distribution. The *tolerance* value of all independent variables is more than 0.10 and the VIF value of the independent variables at X1 and X2 is less than 10.00. Based on the values above, it is concluded that multicollinearity does not occur.

Table 5. Results of Multiple Linear Regression Analysis

| Coefficients ^a | | | | | | | | | | | |
|---------------------------|------------|-----------------------------|------------|---------------------------|---------|------|--------------|---------|-------|-------------------------|-------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Correlations | | | Collinearity Statistics | |
| | | B | Std. Error | Beta | | | Zero-order | Partial | Part | Tolerance | VIF |
| 1 | (Constant) | 2492051 | 77750.155 | | 32.052 | .000 | | | | | |
| | X1 | -8410.209 | 11925.397 | -.053 | -.705 | .483 | -.651 | -.083 | -.038 | .510 | 1.962 |
| | X2 | -181344 | 16000.312 | -.854 | -11.334 | .000 | -.891 | -.803 | -.609 | .510 | 1.962 |

a. Dependent Variable: Y

From the results of the analysis of the multiple regression model above, it can be explained that the relationship between each independent variable and the dependent variable is as follows:

$$a = 2,492,051$$

$$b_1 = -8,410,209$$

$$b_2 = -181,344$$

Then the regression equation becomes:

$$Y = a + b_1 X_1 + b_2 X_2 + e$$

$$Y = 2,492,051 - 8,410,209 X_1 - 181,344 X_2 + e$$

Based on the above equation, it can be described as follows: The value of $a = 2,492,051$ means that if inflation (X_1), the BI Rate (X_2) is constant, then the amount of public savings in Government Commercial Banks will increase by 2,492,051 billion Rupiah. The value of $b_1 = -8,410,209$ means that if inflation (X_1) rises by 1%, then the amount of public savings in Government Commercial Banks will decrease by 8,410,209 billion Rupiah if the BI Rate is constant. The value of $b_2 = -181,344$ means that if the BI Rate (X_2) increases by 1%, then the amount of public savings in Government Commercial Banks will decrease by IDR 181,344 billion if inflation is constant.

Table 6. Multiple Determination Coefficient Test Results

| Model Summary ^b | | | | | |
|----------------------------|-------------------|----------|-------------------|----------------------------|---------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | .892 ^a | .795 | .789 | 135189.929 | 1.822 |

a. Predictors: (Constant), X2, X1

b. Dependent Variable: Y

In the *Model Summary* table above, it is known that the *R Square* value is 0.789. So it can be concluded that 78.9% of the inflation variable and the BI Rate are able to explain the public savings variable and the remaining 21.1% is explained by variables outside the research model. To further test the hypothesis proposed in this study, the t test (*t-test*) to determine the effect of each independent variable individually or partially on the dependent variable. To determine whether the effect of each independent variable on the dependent variable is significant or not, a comparison of the probability value with the real level value $\alpha = 5\%$ can be used.

Table 7. *t-test* results (*t-test*)

| | | Coefficients ^a | | | | | | | | | | |
|-------|------------|-----------------------------|------------|---------------------------|---------|------|--------------|---------|-------|-------------------------|------|-------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | Correlations | | | Collinearity Statistics | | |
| | | B | Std. Error | Beta | | | Zero-order | Partial | Part | Tolerance | VIF | |
| 1 | (Constant) | 2492051 | 77750.155 | | 32.052 | .000 | | | | | | |
| | X1 | -8410.209 | 11925.397 | -.053 | -.705 | .483 | -.651 | -.083 | -.038 | | .510 | 1.962 |
| | X2 | -181344 | 16000.312 | -.854 | -11.334 | .000 | -.891 | -.803 | -.609 | | .510 | 1.962 |

a. Dependent Variable: Y

Based on the table above, it can be partially explained the influence of each independent variable on the dependent variable as follows: The effect of inflation on the real level of public savings determination ($\alpha = 5\%$), the Basic decision-making

- (1) Ho is rejected Ha is accepted if the value is Sig. ≤ 0.05
- (2) Ho is accepted. Ha is rejected if the value is Sig. > 0.05

Based on the table results, it can be concluded that with a 95% confidence level, a 5% error, the Sig value is 0.483. Because the Sig value is more than the value of $\alpha = 0.05$ ($0.483 > 0.05$), Ho is accepted and Ha is rejected. This means that inflation has a negative and insignificant effect on the volume of public savings at Government Commercial Banks. The Influence of BI Ra te on public savings. Determination of real level ($\alpha = 5\%$). Basic decision making

- (1) Ho is accepted and Ha is rejected if the value is Sig. ≤ 0.05
- (2) Ho is rejected and Ha is accepted if the value is Sig. > 0.05

Based on the table results, it can be concluded that with a confidence level of 95%, a 5% error, the Sig value is 0.000. Because the Sig value is less than the value of $\alpha = 0.05$ ($0.000 \leq 0.05$), Ho is rejected and Ha is accepted. This means that the BI Rate has a negative and significant effect on public savings at Government Commercial Banks. The F test shows whether all the independent variables have a joint or simultaneous influence on the dependent variable. Through the SPSS software, the F calculated results are as follows:

Table 8. F Test Results

| ANOVA ^b | | | | | | |
|--------------------|------------|----------------|----|-------------|---------|-------------------|
| Model | | Sum of Squares | df | Mean Square | F | Sig. |
| 1 | Regression | 5.0E+012 | 2 | 2.513E+012 | 137.489 | .000 ^a |
| | Residual | 1.3E+012 | 71 | 1.828E+010 | | |
| | Total | 6.3E+012 | 73 | | | |

a. Predictors: (Constant), X2, X1

b. Dependent Variable: Y

Determination of real level ($\alpha = 5\%$), Determination of F-count :

- a) Ho is rejected and Ha is accepted if the value is ≤ 0.05
- b) Ho is accepted and Ha is rejected if the value is > 0.05

Based on the results of the table above, it can be concluded that with a confidence level of 95%, 5% error, the sig value is 0.000. Hence the Sig. less than the value $\alpha = 0, 05$ then Ho is rejected and Ha is accepted. This means that inflation and the BI Rate have a positive and significant effect on public savings at Government Commercial Banks.

From the results of the test, the first hypothesis states that there is an insignificant effect between inflation and public savings at government commercial banks. the inflation variable has a significance value of $0.488 > 0.05$. This means that Ho is accepted and Ha is rejected, so it can be concluded that partially inflation has no significant effect on public savings in Government Commercial Banks. The results of the analysis of the multiple regression model obtain the equation $b_1 = -8,410,209$, the negative effect shown in this study indicates that when inflation (X_1) increases by 1%, the volume of public savings in Government Commercial Banks decreases by 8,410,209 billion Rupiah if BI Rate is constant.

The results of this study support the results of research conducted by Obilor (2013) which states that if inflation increases, the volume of public savings at Government Commercial Banks will decrease, this is because the ability of the public to save their money decreases due to decreased currency value or inflation. The results of this study also support the results of research by Biekpe (2011) which states that inflation does not have a significant effect on the volume of savings. Low inflation is generally accompanied by low interest rates, thus encouraging the business world to invest in increased production which ultimately encourages economic growth (Mulawarman, 2019; Nahar & Zulkeppeli, 2015). Conversely, high inflation creates uncertainty, reducing incentives for investment and consumption and undermining the competitiveness of domestic exports. High inflation is also a social problem because it directly impacts felt by people whose income is low (Arnone & Romelli, 2013). The lower-class society is the group most vulnerable to inflation because their wage movements are relatively slow. Generally, a low and stable inflation rate will have a positive effect on the economy. Consumers will find it easier to plan consumption and be motivated to save because their purchasing power will not be eroded by inflation (Munir & Mansur, 2009). Then at a high inflation rate will result in an increase in the cost of living for the community. The increase in the cost of living of the people will certainly reduce their real income because their income has been absorbed by the price increase. With the smaller the remaining income after deducting the cost of consumption, the ability to save will also be smaller or the community will even withdraw their savings from the bank (Doktoralina & Nisha, 2020).

So, the results of the above analysis show that the inflation variable has a negative and insignificant effect on public savings at Government Commercial Banks (Olagunju et al., 2012). In 2009-2018 the inflation rate was in mild inflation. So it doesn't really affect the value of money. Light inflation has a good effect in the sense that it can encourage a better economy, namely increasing national income and making people excited to work, save and invest. If the inflation rate is high, it will result in a decline in the purchasing power of a currency. In other words, the real value of a currency is less than its face value. Therefore, high or low inflation rates affect public savings in Government Commercial Banks (Kao & Liu, 2014).

The second hypothesis analysis states that there is a significant influence between the BI Rate and Public Savings at Government Commercial Banks. According to the table 14 above, the variable has a value in the BI Rate significance amount to 0.000 < 0.05. This means that H_0 is rejected and H_a is accepted, so it can be concluded that the BI Rate partially has a significant effect on public savings at Government Commercial Banks. The results of the analysis of the multiple regression model obtain the equation $b_2 = -181,344$, the negative effect shown in this study indicates that when the BI Rate (X_2) increases by 1%, the amount of public savings in Government Commercial Banks falls by 181,344 billion Rupiah if inflation is constant. The results of this study support the research conducted by Maigua and Mouni (2016) which states that when the BI Rate falls, it is possible that savings will increase.

In contrast to research conducted by Kebede and Tegegne (2018) which states that rate has a significant effect on the volume of public savings. This is because the reference interest rate is an influence on the volume of public deposits at government commercial banks because the high reference interest rate will cause people to prefer conventional bank deposit products in the hope of getting a higher deposit interest rate than deposits in Islamic banks (Lidyah, 2018; Rahman & Anwar, 2014). In accordance with *loanable funds*, there are several factors that affect savings. The first factor is income, the greater a person's income the greater the person's ability to save. The second factor is the interest rate, the interest rate is remuneration for savings, the greater the interest rate, the greater the desire of people to save (Are et al., 2018; Fall et al., 2015; Jennings & Seaman, 1990). According to Classical theory, the interest rate is the price of the use of investment funds (*loanable funds*). The interest rate is an indicator in deciding whether someone will invest or save.

So, the results of the above analysis show that the BI Rate variable has a negative and significant effect on Public Savings at Government Commercial Banks. This is because it is not only inflation and the BI Rate that affects the amount of public savings (Jayawarsa et al., 2020; Jennings & Seaman, 1990). However, savings interest rates, economic growth and the amount of public income also affect the ability of people to save their funds in Government Commercial Banks. Dynamic economic growth has an impact on increasing the ability of people in general, both those with fixed and non-fixed income to save their money (Aladwan, 2015). Then with the current sophistication of technology, news can be accessed anywhere and at any time to make people more aware and aware of economic uncertainty in the future, so that people are encouraged to save or invest their money (Harelimana, 2017; Tran, 2019).

Inflation and the BI Rate simultaneously affect Public Savings at Government Commercial Banks. Based on table 15 above, the inflation variable and the BI Rate have a significance value of 0.000 (0.000 < 0.05). This means that H_0 is rejected and H_a is accepted, so it can be concluded that the inflation variable and the BI Rate simultaneously have a significant effect on public savings at Government Commercial Banks. When the amount of money in circulation is high, the monetary authority uses monetary instruments to control the amount of money in circulation, one of which is the BI Rate, which is implemented in the form of SBI (Bank Indonesia Certificates) or known as the *BI Seven Day Repo Rate* (Bhatt, 2016; Ha & Quyen, 2018). To control inflation, the monetary authority uses an interest rate instrument and regulates the amount of money in circulation. When inflation rises, Bank Indonesia will announce that to stabilize inflation at a safe level, the BI Rate will be increased or contracted. The increase in the BI Rate will cause an increase in deposit and loan interest rates. It aims to motivate people to save their money in the bank so that the amount of money circulating in the community will decrease and will experience a balance (Ha & Quyen, 2018), as well as the inflation rate will adjust. So simultaneously (together), the inflation variable and the BI Rate have a positive and significant effect on public savings at Government Commercial Banks.

CONCLUSIONS AND SUGGESTIONS

Based on the results of the analysis that has been carried out using multiple linear regression, the following conclusions can be drawn: The inflation variable and the BI Rate simultaneously or together have a positive and significant effect on public savings at Government Commercial Banks in Indonesia. The inflation variable partially has a negative and insignificant effect on public savings, meaning that if inflation rises, public savings at Government Commercial Banks in Indonesia will decrease, likewise if inflation decreases, public savings will increase. The BI Rate variable partially has a negative and significant effect on public savings, meaning that if the BI Rate rises, public savings at Government Commercial Banks in Indonesia will decrease, likewise if the BI Rate decreases, public savings will increase.

Bank Indonesia is advised to review any policies that have an impact on the banking sector so that economic stability can be maintained so that people's ability to deposit and loan can increase and be able to stimulate investment and growth in people's saving capacity. Bank Indonesia is expected to regulate and supervise banks by establishing banking rules and regulations by upholding the principle of prudence.

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