

**THE EFFECT OF INTEREST RATES ON THE DEMAND FOR  
MULTIPURPOSE LOAN (KSG) AT PT. BANK PERKREDITAN  
RAKYAT HASAMITRA DAYA, MAKASSAR CITY BRANCH**

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**Abstract**

*Banks play a crucial role as financial institutions by collecting and distributing public funds to support national development. Conventional banks primarily generate income through interest charged on loans provided to borrowers. This study aimed to investigate the impact of interest rates on the demand for multipurpose loan (KSG) at PT. Bank Perkreditan Rakyat Hasamitra Daya, Makassar City Branch. The variables considered in this study are interest rates and the demand for multipurpose loans. The population for this study consists of all interest rate data and credit request reports for multipurpose loans at PT. Bank Perkreditan Rakyat Hasamitra Daya, Makassar City Branch. The sample includes interest rate data and credit request reports for multipurpose loan at PT Bank Perkreditan Rakyat Hasamitra Daya, Makassar City Branch, from 2015 to 2022, covering each quarter. The data collection techniques employed in this study are documentation and interviews. The analysis used to determine the relationship between the independent variables and the dependent variable includes simple linear regression, classical assumption tests, and hypothesis testing. The results of the regression equation for the impact of interest rates on the demand for multipurpose loans are as follows:  $Y = 17,337,852 - 75,073 X$ . Based on these findings, interest rates do not exhibit a significant effect on the demand for multipurpose loans. The influence of interest rates on the demand for multi-purpose credit at PT. Bank Perkreditan Rakyat Hasamitra Daya, Makassar City Branch, accounts for 38.4%. The remaining 61.6% is influenced by other factors not examined in this study.*

**Keywords:** Bank, Credit Requests, Interest Rates, Multipurpose Loan

## 1. INTRODUCTION

The development of an economy is part of one of the national developments as mandated by Pancasila and the 1945 Constitution of the Republic of Indonesia. Economic development starts from small business activities to banking. To realize a just and prosperous people's welfare, it is necessary to make efforts to meet the needs of people's lives. Therefore, some of them use business assistance in the form of credit to serve as business capital.

Banks are financial institutions that have the main function of collecting and distributing public funds aimed at supporting the implementation of national development (Bhegawati & Utama, 2020). As an intermediary institution, lending is one of the dominating activities for a bank to meet people's needs. One of the purposes of giving credit is to make a profit, usually the profit is in the form of interest received by the bank as remuneration for providing funds. In addition to seeking profit, credit can also assist

customers in opening businesses, and assist the government in tax revenues and increase the country's foreign exchange (Nisa & Azzahra, 2022). Therefore, bank credit has an important role in the national economy.

Credit interest rates are one of the important things that are considered by the community in applying for credit. As of June 2022, the Fed has again raised its benchmark interest rate by 75 bps to 1.5% to 1.75%. This made the biggest interest rate increase since 1994. The policy carried out by The Fed had an effect on other countries including Indonesia. At the Board of Governors' Meeting (RDG) Bank Indonesia on 22-23 August 2022 decided to increase the BI 7-Day Reverse Repo Rate (BI7DRR) by 25 bps to 3.75. This decision was made as a step by BI to reduce the risk of rising inflation due to rising prices for non-subsidized fuel oil (BBM). An increase in the benchmark interest rate will affect bank lending and deposit rates.

Apart from credit, the Bank also provides other service products, such as savings and deposits which will be managed and can increase the bank's ability to extend credit (Pratama, 2010). However, if lending rates rise, the desire to take credit will become smaller because the rate of return on funds is getting bigger. A number of banks have made credit adjustments to spur demand for credit among the public (Lamperti et al., 2021).

PT. Bank Perkreditan Rakyat Hasamitra Daya or PT. BPR Hasamitra Daya is a company engaged in the banking business that serves Savings, Deposits and Credit, especially in the South Sulawesi region. This company makes service a top priority so that every customer feels comfortable and also becomes part of the company's big family. Therefore, PT. Bank Perkreditan Rakyat Hasamitra Daya always takes a direct approach to the community through various counseling and activities that contain banking education, especially for prospective students of student age and the world of micro, small and medium businesses. PT. BPR Hasamitra provides several types of Business Loan products including Multipurpose Loans (KSG), Small Micro Loans (KMK), Property Partner Loans, and Investment Loans (KI). KSG is a type of credit given to employees with a fixed income to meet their needs, such as civil servants, military, police, BUMN/BUMD employees, private employees, civil servants and village officials, pre-retirement, pensioners and government employees with work agreements (P3K). The KSG offered by PT. BPR Hasamitra will be charged an interest rate where the amount of this interest rate is influenced by various factors. Therefore, the bank needs to take the right policy in determining the interest rate so as not to have a negative effect on the bank. With the right interest rate policy, it is likely that customers will increase and the bank's goal of making a profit can be achieved. Pensioners and Government Employees with Employment Agreements (P3K). The KSG offered by PT. BPR Hasamitra will be charged an interest rate where the amount of this interest rate is influenced by various factors. Therefore, the bank needs to take the right policy in determining the interest rate so as not to have a negative effect on the bank. With the right interest rate policy, it is likely that customers will increase and the bank's goal of making a profit can be achieved. Pensioners and Government Employees with Employment Agreements (P3K). The KSG offered by PT. BPR Hasamitra will be charged an interest rate where the amount of this interest rate is influenced by various factors. Therefore, the bank needs to take the right policy in determining the interest rate so as not to have a negative effect on the bank.

(Were & Wambua, 2014). With the right interest rate policy, it is likely that customers will increase and the bank's goal of making a profit can be achieved.

**Table 1. Recapitulation of Credit Interest Rates and Amount of Business Loans for PT. BPR Hasamitra for 2015–2022**

Year	Distributed credit								
	Working Capital Credit (KMK)			Investment Credit (IC)			Multipurpose Loan (KSG)		
	SB Rate (%)	Nominal (IDR)	Number of Customers	SB Rate (%)	Nominal (IDR)	Number of Customers	SB Rate (%)	Nominal (IDR)	Number of Customers
2015	16.75	13,985,474,000	146	16.75	17,534,160,000	185	16.75	172,615,673,000	2114
2016	16.75	14,349,557,000	135	16.75	11,961,639,000	129	16.75	251,876,595,000	2343
2017	16.00	9,841,120,677	92	16.00	8,271,008,491	96	12.00	298,783,586,293	2569
2018	16.00	6,273,739,852	64	16.00	5,234,940,350	65	11.75	328,849,627,390	2667
2019	16.00	22,587,356,999	183	16.00	2,929,618,666	49	11.75	356,415,611,996	2754
2020	15.00	21,539,782,161	195	15.00	1,667,757,150	30	11.70	325,105,976,982	2532
2021	14.50	13,055,740,493	118	14.50	870,675,165	16	10.75	365,338,733,080	2621
2022	14.50	9,648,112,853	108	14.50	520,465,129	11	10.75	382,309,329,270	2710

Source: PT. BPR Hasamitra, 2022

Based on table 1, it can be seen that the percentage of interest rates for the three types of credit products has continued to decline and the amount of loans extended has fluctuated. For the type of KSG product itself, it seems that customers are most interested in it, but the decline requested by customers occurred in 2020. This was due to various factors that occurred at PT. BPR Hasamitra Daya, Makassar City Branch, such as the small number of bank deposits, competition between banks or unfavorable economic market conditions. As we all know, on March 11 2020, the World Health Organization (WHO) has officially announced the outbreak of the Corona Virus or Coronavirus Disease 2019 (Covid-19) as a global pandemic. Covid-19 has drastically changed the socio-economic face of the world and changed the direction of the global economy which was initially optimistic that it would improve, headed for a recession. The economic pressure felt in all countries was very heavy and resulted in an unprecedented crisis. For this incident, credit requests by customers on the credit offered by PT. BPR Hasamitra tends to decline.

## 2. RESEARCH METHODS

This research aimed to determine the effect of interest rates on the demand for multipurpose loans at PT. BPR Hasamitra Daya, Makassar City Branch using data collection techniques in the form of documentation techniques consisting of interest rate data as well as notes on credit request reports for multipurpose loans of PT. Bank Perkreditan Rakyat Hasamitra Daya, Makassar City Branch in 2015-2022 and interview directly to the office of PT. BPR Hasamitra Daya, Makassar City Branch at Jalan Perintis Kemerdekaan KM 13 Ruko Business Center No. 6 Makassar, South Sulawesi. Then the data that has been collected will be analyzed using the classical assumption test, simple linear regression analysis, and hypothesis testing.

This analysis is used to collect data, process data, and present data. Presentation of data using tables, size charts and pictures. Simple Regression Analysis is used to define a linear relationship between one independent variable (Independent X) and one dependent variable (Dependent Y).

$$Y = a+bX+e$$

Source: Sugiyono (2018)

Information:

Y = (Multipurpose Credit)

X = (Interest Rate) Independent variable

a = Constant

b = Regression coefficient (value of increase / decrease)

e = error or residual

The normality test is used to test whether the residual values resulting from the regression are normally distributed or not (Priyastama, 2017). The data normality test in this study uses the Kolmogrov Smirnov method. The basis for decision making is to look at the Asymp.Sig (2-tailed) numbers. with the proviso that if the Asymp.Sig (2-tailed) number > 0.05 then it can be normally distributed whereas if the Asymp.Sig (2-tailed) number < 0.05 then it can be said that the data is not normally distributed.

### **3. RESULTS AND DISCUSSION**

#### **3.1. Research Results**

In this section, researchers will analyze the effect of interest rates on demand for multi-purpose loans at PT. BPR Hasamitra Daya, Makassar City Branch. The purpose of this analysis is to determine the effect of interest rates on demand for multipurpose loans at PT. BPR Hasamitra Daya, Makassar City Branch. The variables in this study are interest rates and demand for multipurpose loans.

If the value of an interest rate is high, the demand for credit will decrease. This interest rate is important in influencing the amount of profit that the bank will receive. The interest rate given to customers is an interest rate that is measured from the customer's transaction history. Acquisition of interest rate PT. BPR Hasamitra Daya, Makassar City Branch experienced a decrease in the average value for 2015-2022. It can be seen that in 2015-2016 the interest rate was 16.75%, then in 2017 the interest rate decreased to 12.00% or decreased by 4.75%. This quite drastic reduction in interest rates is due to the slightly high credit interest rates which have prevented some customers from extending the term of all-purpose credit loans. Furthermore, another reduction in interest rates occurred in 2018 to 11.75% or a decrease of 0.25%, then in 2019 the interest rate remained fixed at the 2018 interest rate. The next reduction in interest rates occurred in 2020 where the interest rate to 10.75% or decreased by 0.05%. Then in 2021 the loan interest rate will again decrease to 10.75% or decrease by 0.95%.

**Table 2. Interest Rates (X) and Demand for Multipurpose Loans (Y) at PT. BPR  
Hasamitra Daya, Makassar City Branch for the 2015-2022 period**

Year	Q	Interest Rates (X) (%)	Average (%)	Developemnt (%)	Demand for Multipurpose Loans (Y) (Rp)	Amount of Demand for Multipurpose Loans (Y) (RP)	Increase/Decrease (RP)
2015	Q1	16,75	16,75	-	33.775.225	172.615.673	79.260.922
	Q2	15,75			45.554.616		
	Q3	17,25			48.077.170		
	Q4	18,25			45.208.662		
2016	Q1	18,15	16,75	-	31.819.588	251.876.595	46.406.991
	Q2	17,25			78.722.148		
	Q3	16,5			87.026.25		
	Q4	15,25			54.308.608		
2017	Q1	12	12	-4,75	73.965.755	298.783.586	30.066.041
	Q2	12			85.426.038		
	Q3	12,5			64.695.897		
	Q4	11,75			74.695.897		
2018	Q1	11,75	11,75	-0,25	52.427.132	328.849.627	27.565.985
	Q2	11,75			111.997.682		
	Q3	12,86			82.212.407		
	Q4	10,65			82.212.407		
2019	Q1	11,75	11,75	-	85.175.189	356.415.612	30.565.985
	Q2	11,75			121.136.184		
	Q3	11,75			61.000.336		
	Q4	11,75			89.103.903		
2020	Q1	11,75	11,7	-0,05	52.572.663	325.105.977	-31.309.635
	Q2	11,75			110.980.326		
	Q3	11,6			81.276.494		
	Q4	11,6			81.276.494		
2021	Q1	11,25	10,75	-0,95	59.439.894	365.338.733	40.232.756
	Q2	10,75			123.229.473		
	Q3	10,75			91.334.683		
	Q4	10,25			91.334.683		
2022	Q1	11	10,75	-	70.128.124	382.309.329	16.970.596
	Q2	11			159.558.111		
	Q3	10,5			57.045.762		
	Q4	10,5			95.577.332		

In 2017, there was a decrease in loan interest rates compared to 2015-2016, with a decline of approximately 4.75%. This decrease was accompanied by an increase in the demand for multi-purpose loans, amounting to IDR 30,066,041. The increase in demand can be attributed to an influx of 196 new customers. In 2018, there was a further decrease in loan interest rates by approximately 0.25%, and the number of multi-purpose loan requests increased by IDR 27,565,985.

Moving to 2019, the interest rate remained relatively stable at around 11.75%, while the demand for multi-purpose loans continued to rise, increasing by IDR 30,565,985. This increase was driven by a growth in the total number of multi-purpose loan debtors with relatively high loan amounts. However, in 2020, despite a slight decrease in the loan interest rate by approximately 0.05%, there was a decrease in the number of multi-purpose

loan requests by IDR 31,309,635. This decline can be attributed to the slightly higher lending rates, which deterred some customers from extending the terms of their multi-purpose loans.

In 2021, the interest rate experienced another decrease of approximately 0.95%, resulting in an increase in the number of multi-purpose loan requests by IDR 40,232,756. This increase was accompanied by the addition of 89 new customers. The relatively high credit interest rate still posed a deterrent to some customers, limiting their willingness to extend the terms of their multi-purpose loans.

As of 2022, the interest rate remained unchanged from the previous year, standing at 10.75%. However, there was a decrease in the number of multi-purpose loan requests by IDR 16,970,596. This decline can be attributed to the increase in the total number of multi-purpose loan debtors, who had already taken out loans with relatively high nominal values.

Overall, these fluctuations in loan interest rates and the corresponding changes in the demand for multi-purpose loans highlight the influence of interest rates on customer behavior in seeking and extending credit.

### **3.2. Discussion**

The provision of multi-purpose loans has a significant impact on credit interest rates. By adhering to proper credit lending principles, PT Bank Perkreditan Rakyat Hasa Mitra Daya, Makassar City Branch can achieve substantial profits and attain its desired goals. Lending activities serve as the primary source of income for PT Bank Perkreditan Rakyat Hasa Mitra Daya, Makassar City Branch, contributing to its positive performance and smooth provision of loans to the community.

However, the findings of this study reveal that the interest rate variable does not exert a significant effect on the demand for multi-purpose loans. Thus, the interest rate magnitude does not determine the level of demand for multi-purpose credit requested by customers at PT Bank Perkreditan Rakyat Hasa Mitra Daya, Makassar City Branch.

This finding aligns with previous research, such as Nopirin (2013), who suggests that savings are influenced by interest rates, with higher interest rates increasing the public's inclination to save. Conversely, the desire to invest through credit decreases as interest rates rise. Based on the obtained research results, it can be inferred that an increase in the interest rate variable leads to a decrease in the demand for multi-purpose loans.

Contrary to certain prior studies, including Abbas & Malik (2008), which demonstrate that interest rates have a significant impact on working capital loans provided by banks, lending plays a crucial role in banking as a financial institution. Banks benefit from providing a significant amount of credit, and the determination of lending rates helps maintain a balance between the level of savings, credit demand, and investment.

The data obtained and interviews conducted with credit staff at PT Bank Perkreditan Rakyat Hasa Mitra Daya, Makassar City Branch indicate that customers' requests for multi-purpose loans are influenced by the interest rate level. If interest rates experience a substantial increase, customers tend to reduce their credit demand. However, if the interest rate remains within a moderate range, customers still seek multi-purpose loans due to their business and production needs.

PT Bank Perkreditan Rakyat Hasa Mitra Daya, Makassar City Branch promptly processes credit requests when the collateral quality is satisfactory, and customers maintain a good relationship with the bank. The branch has earned a reputable position among customers and is regarded as one of the preferred branches of Hasa Mitra Bank, attracting a significant number of customers interested in obtaining credit from this bank.

#### **4. CONCLUSION**

Based on the research results conducted at PT. Bank Perkreditan Rakyat Hasamitra Daya, Makassar City Branch, several conclusions can be drawn. The findings and discussions of this study indicate that interest rates do not have a significant influence on the demand for multi-purpose loans. This can be attributed to various factors specific to PT. BPR Hasamitra Daya Branch in Makassar City, particularly the high interest rates on loans. As long as the interest rates do not experience a substantial increase, typically within the range of one to two percent, customers will continue to avail themselves of multi-purpose loans to fulfill their business and production needs.

Based on the research results regarding the impact of credit interest rates on the demand for multi-purpose loans at PT. BPR Hasamitra Daya Branch in Makassar City, it can be concluded that the findings of the simple regression analysis demonstrate that a one percent increase in the lending rate will result in a decrease in the demand for multi-purpose loans.

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