



TABLE OF CONTENT

VALIDITY STATEMENT	ii
STATEMENT OF ORIGINALITY	iii
ACKNOWLEDGEMENTS.....	iv
TABLE OF CONTENT	vi
LIST OF TABLE	viii
LIST OF FIGURE	ix
LIST OF APPENDICES.....	x
ABSTRACT	xi
CHAPTER I INTRODUCTION.....	1
1.1 Background	1
1.2 Problem Identification.....	6
1.3 Research Questions	7
1.4 Research Purpose	7
1.5 Research Motivation	8
1.6 Research Contribution.....	8
1.7 Research Writing Structure	8
CHAPTER II LITERATURE REVIEW	10
2.1 Theoretical Background	10
2.1.1 The Role of Banking Industry	10
2.1.2 Interest Rate Spread	11
2.2 Literature Review.....	13
CHAPTER III DATA AND METHODOLOGY	16
3.1 Research Design.....	16
3.2 Variable Description.....	17
3.2.1 Spread.....	17
3.2.2 Domestic Credit	19
3.2.3 1 Month Jakarta Interbank Offered Rate (JIBOR).....	20



3.2.4 Industrial Production Index.....	20
3.2.5 Exchange Rate (IDR to USD).....	21
3.2.6 Consumer Price Index	21
3.3 Data Analysis Technique	22
3.3.1 Unit Root Test	23
3.3.2 Lag Length Criteria	24
3.3.3 Stability Test.....	24
3.4 Model Specification	24
CHAPTER IV RESEARCH RESULTS AND DISCUSSION.....	29
4.1 Statistics Description.....	29
4.2 Unit Root Test	32
4.3 Lag Length Selection	33
4.4 Stability Test.....	34
4.5 Result.....	35
4.5.1 Credit Spread Shock: Impulse Response Function Analysis Before Covid-19.....	35
4.5.2 Credit Spread Shock: Full Sample Impulse Response Function Analysis.....	40
4.5 Forecast Error Variance Decomposition Analysis.....	45
CHAPTER V RESEARCH RESULTS AND DISCUSSION	49
5.1 Conclusion.....	49
5.2 Study Limitation.....	50
5.3 Implication	51
BIBLIOGRAPHY	52
APPENDIX	59