

The Effect Of Macroeconomic And Bank-Specific Financial Dynamics On Credit Growth Of Commercial Banks In Indonesia

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Abstract

This study aimed to analyze the effect of macroeconomic and internal banking factors on credit growth in commercial banks in Indonesia during the 2015–2024 period. The variables included inflation, interest rates, Capital Adequacy Ratio (CAR), Non-Performing Loans (NPL), and bank size. This study used secondary data obtained from the World Bank, Bank Focus, and Refinitiv Eikon with a sample of 20 commercial banks and 172 observations. The analysis method employed panel data regression using the Common Effect Model (CEM). The results showed that inflation had a positive and significant effect on credit growth. Interest rates, CAR, and NPL had negative and significant effects on credit growth, while bank size had a negative but insignificant effect. Simultaneously, all independent variables significantly affected credit growth in commercial banks in Indonesia. The findings indicated that credit growth was influenced by macroeconomic conditions and internal banking conditions, particularly credit risk and capital adequacy.

Keywords: *Bank Size, CAR, Credit Growth, Inflation, Interest Rate, NPL*

INTRODUCTION

The banking sector plays a crucial role in promoting economic growth through its intermediation function, namely collecting funds from the public and channeling them back into the economy in the form of credit. In Indonesia's financial system, which remains

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largely dominated by the banking sector, credit growth serves as an important indicator reflecting national economic activity. Bank lending supports consumption, investment, and production activities, therefore, the dynamics of credit growth are influenced not only by banks' internal conditions but also by macroeconomic developments (Firmansyah & Mu'ammal, 2023). Furthermore, banking sector stability is an essential factor in maintaining the effectiveness of the financial system and sustaining national economic growth (Isnurhadi et al., 2021).

Over the past decade, the credit growth of commercial banks in Indonesia has exhibited a fluctuating pattern. Prior to the COVID-19 pandemic, credit growth experienced a gradual slowdown and subsequently faced significant pressure during the pandemic due to weakened economic activity and increased banking prudence in credit disbursement. Following this period, credit growth recovered alongside improving economic conditions and the easing of monetary policies. Changes in monetary policy, banking liquidity conditions, and global economic dynamics may influence bank lending behavior through the credit channel and monetary transmission mechanism (Boukhatem & Djelassi, 2022). These conditions indicate that credit growth dynamics are highly influenced by changes in economic conditions and financial policies.

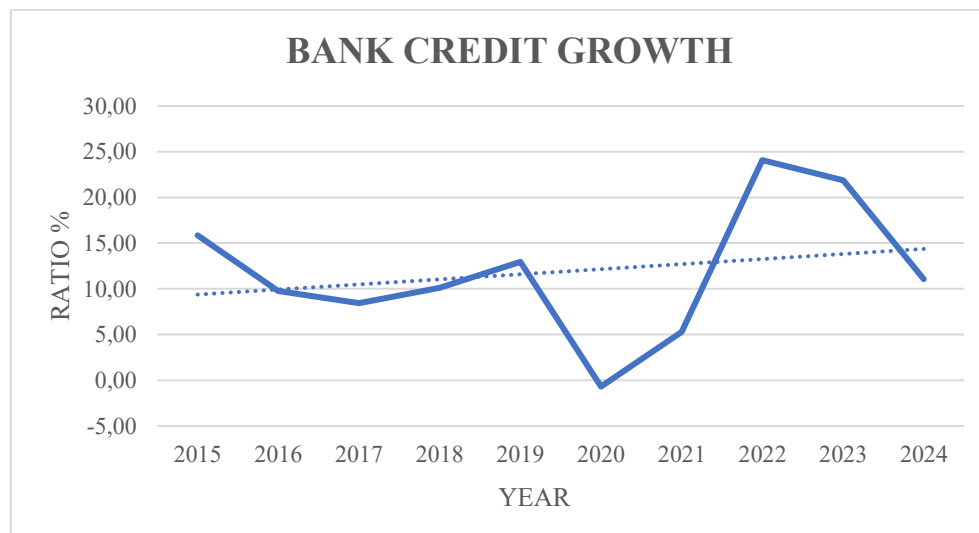


Figure 1. Commercial Bank Credit Growth, 2015–2024

Macroeconomic factors are among the primary determinants affecting bank credit growth. Inflation and interest rates are commonly used indicators to represent economic stability and the direction of monetary policy. Theoretically, high inflation may reduce



purchasing power and increase credit risk, while rising interest rates increase borrowing costs and may suppress credit demand. Several studies have found that inflation and interest rates significantly influence bank lending dynamics (Loissa & Krisnanda, 2023). However, other studies have reported inconsistent findings regarding the effects of these macroeconomic variables across different periods and economic conditions (Anwar et al., 2025). These inconsistencies suggest that the relationship between macroeconomic factors and credit growth requires further investigation, particularly within the context of Indonesia's banking sector in recent years.

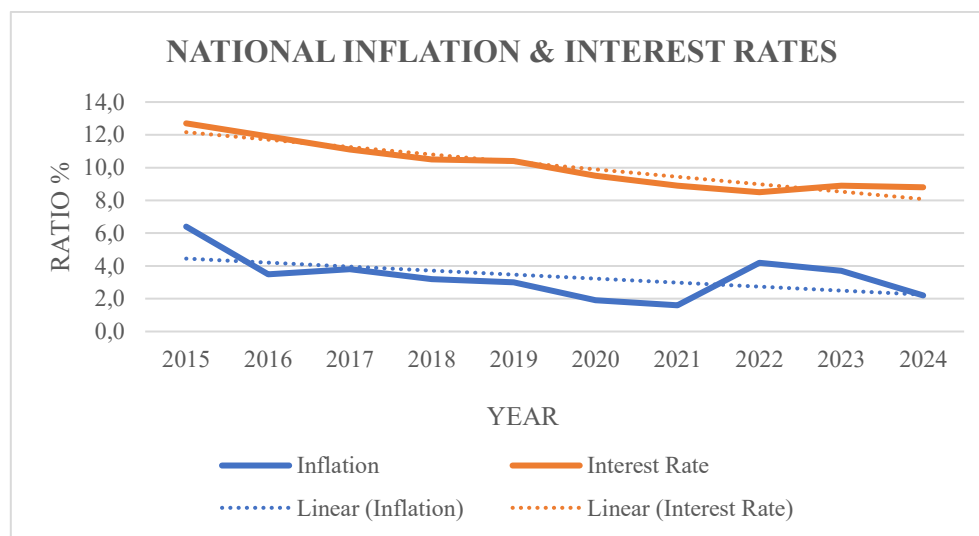


Figure 2. National Inflation and Interest Rates, 2015–2024

In addition to macroeconomic factors, credit growth is also influenced by banks' internal conditions. Capital Adequacy Ratio (CAR) reflects a bank's ability to maintain capital resilience and absorb potential losses, while Non-Performing Loans (NPL) indicate asset quality and credit risk levels. Banks with stronger capital positions generally possess greater capacity to expand lending activities, whereas increasing NPL levels tend to constrain banks' ability to extend new credit (Hor & Lim, 2025). Moreover, bank size reflects a bank's capacity to mobilize funds, diversify risks, and maintain operational stability. Banks with larger asset bases generally have stronger funding capabilities, which may support lending activities and contribute to overall financial system stability (Kismawadi, 2025). Therefore, credit growth dynamics are shaped not only by external factors but also by the fundamental conditions of individual banks.

Previous studies have produced mixed findings regarding the relationship between macroeconomic factors, bank-specific factors, and credit growth. Several studies have found that inflation and interest rates significantly affect bank lending activities (Aziz & Maulida, 2024). Similar inconsistencies are evident in studies examining bank-specific factors such as CAR, NPL, and bank size. Salmita et al. (2025) found that CAR significantly influences credit growth, whereas Pasaribu & Mindosa (2021) reported that liquidity and credit risk factors play a more prominent role in explaining loan growth than bank size. Furthermore, Huljak et al. (2022) demonstrated that increasing NPL levels may hinder credit expansion, although the magnitude of this effect varies across countries and financial systems. These differing findings indicate the existence of a research gap regarding the determinants of bank credit growth.

Based on the empirical phenomena and research gap identified above, examining The Effect of Macroeconomic and Bank-Specific Financial Dynamics on Credit Growth of Commercial Banks in Indonesia is important. This study analyzes the effects of inflation, interest rates, Capital Adequacy Ratio (CAR), Non-Performing Loans (NPL), and bank size on the credit growth of commercial banks in Indonesia during the period 2015–2024. The relatively long observation period is expected to provide a more comprehensive understanding of credit growth dynamics under various economic conditions and monetary policy environments. The findings of this study are expected to contribute to the banking literature and serve as a reference for monetary authorities, banking regulators, and financial practitioners in formulating policies aimed at maintaining banking sector stability and promoting sustainable credit growth.

LITERATURE REVIEW

Financial Intermediation Theory

Financial Intermediation Theory explains that banks function as intermediaries between surplus units and deficit units through the activities of collecting funds and channeling them into the economy in the form of credit. Greenbaum and Thakor argue that financial intermediaries emerge because of imperfections in financial markets, such as transaction costs, information limitations, and risks arising from information asymmetry. Consequently, banks play an important role in creating a more efficient mechanism for fund allocation within the economic system (Greenbaum & Thakor, 2007).

In banking practice, the intermediation function is one of the key factors supporting economic activity through the provision of credit to households and businesses. Optimal credit allocation can stimulate investment, consumption, and production activities,

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thereby promoting national economic growth. Nguyen & Nguyen (2022) explain that the effectiveness of banks' intermediation function is closely associated with financial system stability and the sustainability of the real sector. Therefore, bank credit growth serves as an important indicator in assessing the effectiveness of financial intermediation within the economy.

Loanable Funds Theory

The Loanable Funds Theory explains that interest rates are determined by the interaction between the supply of funds and the demand for funds in financial markets. The supply of funds originates from economic agents with surplus funds who save, while the demand for funds comes from individuals and businesses seeking financing for investment and consumption purposes. According to Mankiw (2016), the equilibrium between the supply and demand for loanable funds determines the prevailing interest rate in the economy. When the supply of funds increases, interest rates tend to decline, whereas an increase in the demand for funds tends to drive interest rates upward.

In the banking sector, this theory is commonly used to explain the relationship between monetary conditions and lending activities. Changes in interest rates affect both the cost of funds and the demand for financing, thereby influencing banks' ability to extend credit. Boukhatem & Djelassi (2022) explain that the transmission of monetary policy through the credit channel is influenced by banking liquidity conditions and banks' lending behavior. Therefore, the Loanable Funds Theory is relevant for explaining the effect of interest rates on bank credit growth.

Liquidity Preference Theory

Liquidity Preference Theory was introduced by John Maynard Keynes and explains that interest rates are determined by the interaction between the demand for money and the supply of money within the economy. According to this theory, individuals prefer to hold a portion of their wealth in liquid assets because such assets can be readily used for transactions and provide protection against economic uncertainty. The demand for money is driven by transaction, precautionary, and speculative motives (Mishkin, 2016).

Liquidity Preference Theory is used to explain how changes in liquidity conditions and the money supply may influence banking sector behavior in extending credit. When liquidity levels increase, the cost of funds tends to decline, thereby encouraging financing activities and credit expansion. In contrast, tight liquidity conditions may constrain banks' ability to expand lending activities. Firmansyah & Mu'ammal (2023) explain that financial

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sector liquidity and the credit channel play important roles in the effectiveness of monetary policy transmission within the economy. Therefore, this theory is relevant for explaining the relationship between monetary conditions, liquidity, and bank credit growth.

The Effect of Inflation on Credit Growth

Inflation refers to a general increase in the prices of goods and services within an economy, which may affect economic activity and the banking sector. Theoretically, high inflation can reduce consumers' purchasing power and affect borrowers' ability to fulfill their financial obligations, thereby influencing bank lending activities. In addition, changes in inflation may affect monetary policy through adjustments in interest rates, which in turn influence financing activities and bank credit growth. Loissa & Krisnanda (2023) explain that inflation is one of the macroeconomic factors associated with bank lending activities in Indonesia.

Several studies have also demonstrated a relationship between inflation and the dynamics of bank credit growth. Anwar et al. (2025) found that inflation has a positive effect on the banking credit cycle, indicating that changes in macroeconomic conditions may influence banks' lending activities. Meanwhile, Huljak et al. (2022) explain that macroeconomic conditions, including inflation, are associated with borrowers' repayment capacity and bank lending activities. Boukhatem & Djelassi (2022) further argue that monetary policy transmitted through the bank lending channel can affect economic activity and bank financing growth.

The Effect of Interest Rates on Credit Growth

Interest rates are monetary policy instruments that influence borrowing costs and financing activities within an economy. An increase in interest rates tends to raise borrowing costs, thereby reducing the demand for credit from households and businesses. Conversely, a decline in interest rates may encourage greater credit activity because financing costs become lower. Aziz & Maulida (2024) explain that changes in the BI Rate are associated with the dynamics of bank credit growth in Indonesia during the COVID-19 pandemic period.

Several previous studies have also demonstrated that interest rates influence bank credit growth. Anwar et al. (2023) explain that monetary policy implemented through changes in interest rates affects banks' lending behavior and credit distribution activities. Anwar et al. (2025) show that central bank interest rates are associated with the credit cycle and the dynamics of bank credit growth in Indonesia.

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The Effect of Capital Adequacy Ratio on Credit Growth

Capital Adequacy Ratio (CAR) is a capital adequacy measure that reflects a bank's ability to absorb potential losses and maintain operational stability. The higher a bank's capital adequacy level, the greater its capacity to preserve financial stability and support financing activities. Salmita et al. (2025) explain that CAR is associated with bank credit growth in Indonesia, particularly among state-owned and private banks.

Several previous studies have also found that CAR is related to bank credit growth. Cendani & Puspitasari (2025) demonstrate that CAR has a significant effect on bank credit growth in Indonesia as part of macroprudential policy implementation. Sari et al. (2021) explain that capital adequacy has a positive and significant effect on credit distribution, indicating that banks with stronger capital positions tend to have greater capacity to expand lending activities. In addition, Nguyen & Nguyen (2022) state that bank capital is positively associated with lending growth, suggesting that capital adequacy is an important factor in supporting bank credit growth.

The Effect of Non-Performing Loans on Credit Growth

Non-Performing Loans (NPL) represent the ratio of non-performing loans to total loans and reflect the quality of bank assets and the level of credit risk. A high NPL ratio indicates an increased risk of default, causing banks to become more cautious in extending new credit. Hor & Lim (2025) explain that an increase in NPLs may suppress bank credit growth due to higher provisioning requirements and greater credit risk faced by the banking sector.

Several previous studies have also demonstrated that NPLs are associated with bank credit growth. Huljak et al. (2022) found that rising NPL levels tend to reduce bank lending volumes and slow economic activity. Similarly, Anwar et al. (2025) explain that NPLs have a negative and significant effect on the banking credit cycle in Indonesia, indicating that an increase in non-performing loans may hinder bank credit growth. Furthermore, Ozili (2025) argues that high NPL levels can reduce banks' ability to provide credit to the real sector due to deteriorating financial conditions and weakened banking stability.

The Effect of Bank Size on Credit Growth

Bank size reflects the scale and operational capacity of a bank and is commonly measured by total assets. Larger banks generally possess greater funding capacity, better risk diversification, and stronger managerial capabilities than smaller banks,

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enabling them to better support credit growth. Pasaribu & Mindosa (2021) explain that bank size is one of the bank-specific factors associated with credit growth and banking stability in Indonesia.

Several previous studies have also shown that bank size is related to bank credit growth. Anwar et al. (2023) explain that bank size is associated with lending behavior and banking financing activities in Indonesia. Lestari et al. (2025) further state that bank size influences banking credit risk, suggesting that the size of a bank may affect its ability to maintain financing activities and support credit growth. In addition, Harianja et al. (2024) explain that bank size is associated with credit extension because banks with larger asset bases tend to have greater funding capacity to support lending activities.

RESEARCH METHODOLOGY

This study employs a quantitative approach with a causal research design to analyze the effects of macroeconomic factors and bank-specific factors on the credit growth of commercial banks in Indonesia. The independent variables consist of inflation, interest rates, Capital Adequacy Ratio (CAR), Non-Performing Loans (NPL), and bank size, while the dependent variable is credit growth. The study utilizes secondary data obtained from the World Bank, Bank Focus, and Refinitiv Eikon covering the period from 2015 to 2024. The research sample consists of 20 commercial banks in Indonesia selected through purposive sampling, resulting in a total of 172 observations.

Panel data regression is employed as the analytical technique because it combines time-series and cross-sectional data, allowing for the examination of variable dynamics across both time and individual banks. Data analysis is conducted using EViews software. The selection of the appropriate panel data regression model is performed through the Chow test, Hausman test, and Lagrange Multiplier (LM) test to determine the most suitable estimation model among the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). Based on the test results, the Common Effect Model (CEM) was selected as the most appropriate model for this study.

Prior to hypothesis testing, classical assumption tests were conducted to ensure that the regression model satisfied the fundamental assumptions of econometric analysis. The normality test was performed using skewness and kurtosis values. Hypothesis testing was conducted through the partial significance test (t-test) and simultaneous significance test (F-test) to examine the effects of the independent variables on credit growth. In addition, the coefficient of determination (Adjusted R-squared) was used to assess the

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explanatory power of the independent variables in explaining variations in the credit growth of commercial banks in Indonesia.

RESULTS

Descriptive Statistical Analysis

Data analysis in this study was conducted using panel data regression with the Common Effect Model (CEM) approach. Prior to hypothesis testing, descriptive statistical analysis and normality testing were performed to ensure that the data were suitable for regression analysis. The total number of observations used in this study was 172.

Table 1. Descriptive Statistical

	INF	IR	CAR	NPL	SIZE	CG
Mean	3.390116	10.21977	21.62703	2.572791	22.86605	9.153372
Median	3.500000	10.40000	21.42500	2.725000	23.27000	8.720000
Maximum	6.400000	12.70000	34.54000	6.110000	25.86000	37.84000
Minimum	1.600000	8.500000	10.50000	0.030000	18.98000	-21.69000
Std. Dev.	1.333143	1.386764	4.690359	1.229394	1.760163	10.73014
Skewness	0.862618	0.420280	0.036975	0.344204	-0.173445	-0.002377
Kurtosis	3.448937	1.876908	2.774769	3.145610	1.980744	3.396149
f						
Jarque-Bera	22.77554	14.10310	0.402749	3.548277	8.307709	1.124857
Probability	0.000011	0.000866	0.817606	0.16963	0.015704	0.569823
F						
Sum	583.1000	1757.800	3719.850	442.5200	3932.960	1574.380
Sum Sq. Dev.	303.9132	328.8528	3761.910	258.4509	529.7877	19688.23
f						
Observations	172	172	172	172	172	172

Source: EViews, 2026 (processed)

Based on the descriptive statistics results, credit growth (CG) has a mean value of 9.15, with a maximum value of 37.84 and a minimum value of -21.69. These findings indicate that the credit growth of commercial banks in Indonesia fluctuated during the observation period. The inflation variable has an average value of 3.39, while the interest rate variable has an average value of 10.22, indicating relatively stable macroeconomic conditions throughout the study period. Meanwhile, CAR has an average value of 21.63



and NPL has an average value of 2.57, suggesting that the capital adequacy and credit quality of Indonesian commercial banks remained at relatively favorable levels.

Normality Test

The normality test was conducted to determine whether the research data were normally distributed. The test was performed using skewness and kurtosis values. Data are considered normally distributed when the skewness value falls within the range of -2 to +2 and the kurtosis value falls within the range of -7 to +7 (Kurnia & Aldi, 2023).

Table 2. Normality Test Results

	INF	IR	CAR	NPL	SIZE	CG
Skewness	0.862618	0.420280	0.036975	0.344204	-0.173445	-0.002377
Kurtosis	3.448937	1.876908	2.774769	3.145610	1.980744	3.396149

Source: EViews, 2026 (processed)

Based on the normality test results, all research variables have skewness and kurtosis values within the acceptable thresholds. Therefore, the data are considered normally distributed and suitable for panel data regression analysis.

Multicollinearity Test

The multicollinearity test was conducted to identify the existence of correlations among the independent variables in the research model. A good regression model should not exhibit high correlations among independent variables because such conditions may affect the stability of the estimated regression coefficients. A model is considered free from multicollinearity when the correlation coefficient between independent variables is below 0.80 (Anggraini et al., 2023).

Table 3. Multicollinearity Test Results

	INF	IR	CAR	NPL	SIZE
INF	1.000000	0.654221	-0.195857	-0.162256	-0.116744
IR	0.654221	1.000000	-0.328685	-0.042648	-0.219992
CAR	-0.195857	-0.328685	1.000000	-0.317083	0.110303
NPL	-0.162256	-0.042648	-0.317083	1.000000	0.103382
SIZE	-0.116744	-0.219992	0.110303	0.103382	1.000000

Source: EViews, 2026 (processed)



Based on the multicollinearity test results, all correlation coefficients among the independent variables are below the threshold value of 0.80. The highest correlation is observed between Inflation and Interest Rates at 0.654221, however, this value does not indicate the presence of multicollinearity. Furthermore, the relationships among the remaining independent variables show relatively low correlation coefficients. Therefore, it can be concluded that the regression model is free from multicollinearity problems and that all independent variables are appropriate for use in panel data regression analysis.

Heteroskedasticity Test

The heteroskedasticity test was conducted to determine whether the variance of the residuals remains constant across observations. A good regression model should exhibit homoscedasticity, meaning that the residual variance remains constant, thereby ensuring more accurate and unbiased estimation results. In this study, heteroskedasticity was examined through residual plot analysis, as presented in Figure 3.

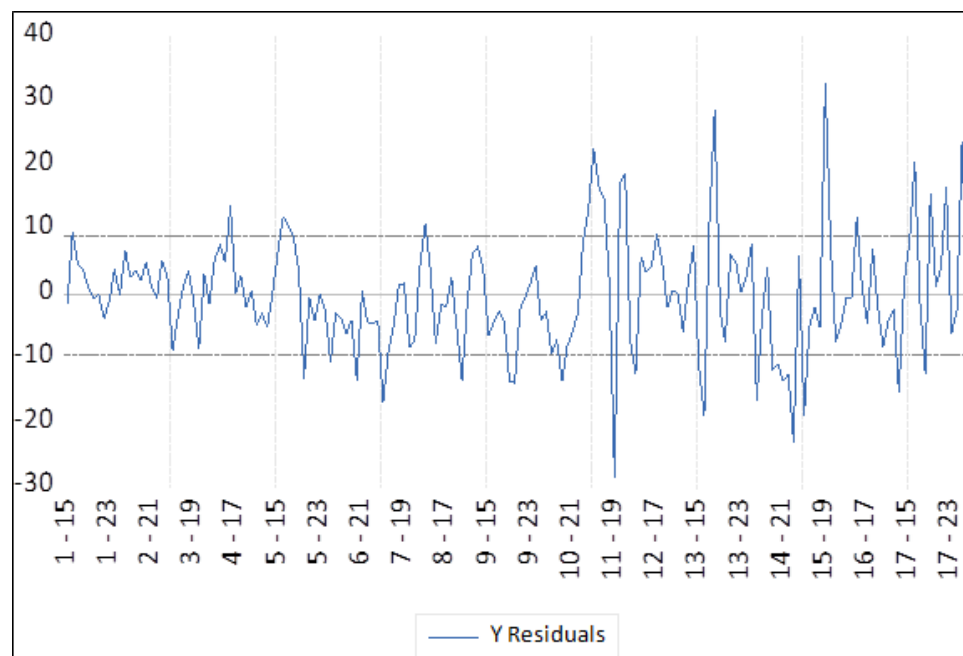


Figure 3. Residual Plot

Based on the residual plot, the residual values are distributed around the zero line and do not form any systematic pattern. In addition, the residual values remain within a relatively reasonable range, indicating that the residual variance is stable across

observations. These findings suggest that the regression model does not suffer from heteroskedasticity. Therefore, the panel data regression model satisfies the heteroskedasticity assumption and is appropriate for further analysis (Napitupulu et al., 2021).

Autocorrelation Test

The autocorrelation test was conducted to determine whether residuals from one period are correlated with residuals from previous periods in the regression model. A good regression model should be free from autocorrelation because autocorrelation may affect the efficiency of coefficient estimation. In this study, autocorrelation was tested using the Durbin-Watson (DW) test.

Table 4. Autocorrelation Test Results

Durbin-Watson stat	1.468501
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Source: EViews, 2026 (processed)

Based on the autocorrelation test results presented in Table 4, the Durbin-Watson statistic is 1.468501. Since this value falls within the range of -2 to +2, the regression model is considered free from autocorrelation problems. Therefore, the regression model satisfies the classical assumption of autocorrelation and is suitable for further analysis (Aulia et al., 2024).

Panel Data Regression Results

The results of the panel data regression analysis using the Common Effect Model (CEM) are presented below.

Table 5. t-Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	49.63980	13.15330	3.773942	0.0002
INF	2.097184	0.710929	2.949922	0.0036
IR	-1.804118	0.707692	-2.549298	0.0117
CAR	-0.840106	0.170344	-4.931815	0.0000
NPL	-3.923274	0.627010	-6.257117	0.0000
SIZE	-0.039171	0.413772	-0.094668	0.9247

Source: EViews, 2026 (processed)



Based on the regression results, Inflation (INF) has a coefficient of 2.097184 with a probability value of 0.0036. Since this value is lower than the significance level of 0.05, inflation has a positive and significant effect on the credit growth of commercial banks in Indonesia. Meanwhile, Interest Rates (IR) have a coefficient of -1.804118 with a probability value of 0.0117, indicating a negative and significant effect on credit growth.

The Capital Adequacy Ratio (CAR) variable has a coefficient of -0.840106 with a probability value of 0.0000. These results indicate that CAR has a negative and significant effect on credit growth. In addition, Non-Performing Loans (NPL) have a coefficient of -3.923274 with a probability value of 0.0000, indicating that NPLs have a negative and significant effect on the credit growth of commercial banks in Indonesia.

Meanwhile, Bank Size (SIZE) has a coefficient of -0.039171 with a probability value of 0.9247. Since this value exceeds the significance level of 0.05, bank size has a negative but statistically insignificant effect on the credit growth of commercial banks in Indonesia.

Table 6. F-Test Results

F-statistic	13.30815
Prob(F-statistic)	0.000000

Source: EViews, 2026 (processed)

Simultaneously, the results show an F-statistic value of 13.30815 with a Prob(F-statistic) value of 0.000000. These results indicate that all independent variables jointly have a significant effect on the credit growth of commercial banks in Indonesia.

Table 7. Coefficient of Determination Results

R-squared	0.286147
Adjusted R-squared	0.264645

Source: EViews, 2026 (processed)

Furthermore, the Adjusted R-squared value of 0.264645 indicates that inflation, interest rates, CAR, NPL, and bank size collectively explain 26.46% of the variation in credit growth, while the remaining 73.54% is explained by other variables not included in this study.



DISCUSSION

The results indicate that both macroeconomic factors and bank-specific factors influence the credit growth of commercial banks in Indonesia during the period 2015–2024. Inflation has a positive and significant effect on credit growth, while interest rates, Capital Adequacy Ratio (CAR), and Non-Performing Loans (NPL) have negative and significant effects on credit growth. Meanwhile, bank size has a negative but statistically insignificant effect on credit growth.

The positive effect of inflation suggests that, under certain conditions, rising prices of goods and services may increase the financing needs of households and businesses, thereby stimulating demand for bank credit. This finding is consistent with Anwar et al. (2025), who reported that inflation affects the dynamics of the banking credit cycle in Indonesia. However, this result differs from the findings of Loissa & Krisnanda (2023), who found that inflation does not have a significant effect on the volume of bank credit. This discrepancy may be attributed to differences in economic conditions and research periods.

Interest rates have a negative and significant effect on the credit growth of commercial banks in Indonesia. This finding indicates that higher interest rates increase borrowing costs, thereby reducing credit demand from both households and businesses. The result is consistent with Anwar et al. (2023), who found that central bank interest rates have a negative and significant effect on bank credit growth in Indonesia. Aziz & Maulida (2024) also identified a negative relationship, although the effect was statistically insignificant, suggesting that the impact of interest rates on credit growth may vary across different periods and economic conditions.

The results further show that Capital Adequacy Ratio (CAR) has a negative and significant effect on credit growth. This finding suggests that banks with higher capital adequacy levels tend to be more cautious in expanding lending activities in order to maintain capital stability and asset quality. This result is consistent with Nguyen & Nguyen (2022), who found that increases in bank capital may influence lending behavior and encourage banks to place greater emphasis on financing stability. However, this finding differs from Salmita et al. (2025), who reported a positive effect of CAR on credit growth among private banks in Indonesia. Furthermore, Cendani & Puspitasari (2025) found that CAR significantly affects bank credit growth as part of macroprudential policy implementation in Indonesia. These differences may be explained by variations in bank characteristics, economic conditions, and banking policies across studies.



In addition, Non-Performing Loans (NPL) have a negative and significant effect on the credit growth of commercial banks in Indonesia. A higher level of problem loans causes banks to become more selective in extending new credit due to increased risk exposure and higher loan-loss provisioning requirements. As a result, banks' ability to expand lending activities may be constrained. This finding is consistent with the studies of Hor & Lim (2025) and Huljak et al. (2022), both of which reported that rising NPL levels can suppress bank lending activities.

Meanwhile, bank size has a negative but statistically insignificant effect on the credit growth of commercial banks in Indonesia. This result indicates that the size of a bank's assets does not necessarily determine its ability to increase credit growth. This finding is consistent with Pasaribu & Mindosa (2021) and Harianja et al. (2024), who found that bank size is not a primary factor driving credit expansion.

Overall, this study demonstrates that the credit growth of commercial banks in Indonesia is more strongly influenced by economic stability and banks' internal fundamentals, particularly credit risk and capital adequacy. These findings highlight the importance of effective risk management and banking system stability in sustaining credit growth in Indonesia.

CONCLUSION

This study demonstrates that both macroeconomic factors and bank-specific factors influence the credit growth of commercial banks in Indonesia during the period 2015–2024. Inflation has a positive and significant effect on credit growth, whereas interest rates, Capital Adequacy Ratio (CAR), and Non-Performing Loans (NPL) have negative and significant effects on credit growth. Meanwhile, bank size has a negative but statistically insignificant effect on the credit growth of commercial banks in Indonesia. These findings indicate that bank credit growth is influenced not only by macroeconomic conditions but also by internal banking conditions, particularly credit risk management and capital adequacy. Therefore, commercial banks need to maintain capital stability, credit quality, and effective risk management practices in order to sustain credit growth over the long term.

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