CHAPTER V

CONCLUSION AND SUGGESTION

A. Conclusion

Based on the research and data analysis, the result from regression model by using Multiple Linear Regression model aims to determine the influence of gross domestic product, exchange rate, inflation rate on the resilience index of Islamic banking. The conclusion can be seen in these following explanations;

1. Gross domestic product is positive and significant effect towards the resilience of Islamic banking in Indonesia. This result is appropriate with the available hypothesis. The increasing of GDP is also followed by the increasing of saving and investment Increases the third party fund (DPK). Then Islamic banking can increase its profitability indicates by the increasing in return on assets (ROA) and from the profit side, Islamic banking can increase the percentage of capital adequacy ratio (CAR). Thus, the increasing of gross domestic product can increase the resilience of Islamic banking.

2. Exchange rate is negative and significant effect towards the resilience of Islamic banking in Indonesia. The depreciation of rupiah or the increasing of nominal exchange rate causes the purchasing power parity of society decreases and to obtain the goods, people withdraw their saving and leads the decreasing of third party funds (DPK), and capital channeled for credit and financing sector, as result the percentage of Return on assets (ROA) decreases thus gradually decrease the percentage of capital adequacy ratio (CAR) in

Islamic banking. So, the depreciation of Rupiah (increasing in nominal exchange rate) can decrease the resilience of Islamic banking.

3. Inflation rate in positive and significant effect towards the resilience of Islamic banking in Indonesia. This result is not appropriate with the hypothesis. The hypothesis H3 "inflation rate is negative and significant effect towards the resilience of Islamic banking in Indonesia" is rejected. This is because the type of inflation in Indonesia is dominated by the demand pull inflation characterized by the increasing price in volatile food and increase the consumer price index. This type of inflation increases the income of people, with the increasing of income results the increasing of saving and third party funds (DPK) in Islamic banking. the increasing of DPK and capital in Islamic banking can be channeled to the credit sector and financing sector. As the price keeps increasing the demand for the financing sector increases. This results to increasing in percentage of return on asset. The adequacy of capital and percentage of ROA can increase the amount of capital adequacy ratio (CAR) in Islamic banking. Thus, the increasing in micro-banking variables ROA, DPK, and CAR increase the resilience of Islamic banking in Indonesia.

B. Suggestion

The suggestions for several parties linked to the gross domestic product, exchange rate, and inflation rate on the resilience of Islamic banking, as follows;

1. Bank Indonesia with coordination of government as a monetary decision maker should monitor the growth of inflation in order to make the growth of inflation as support for the financial stability in Indonesia can increase the goods and services productivity and leads to increasing in people's income, so that. The saving from people will increase to stimulate the performance of Islamic banking in Indonesia.

2. Bank Indonesia as a monetary decision maker should monitor the good growth of exchange rate in order to stabilize the financial transaction in Indonesia and results the ability of Islamic banking to participate more in the International financial transaction.

3. Banks Indonesia along with government coordination should maintain the good growth of national economy (GDP) through saving, investment and consumption. So, the growth of economy can support the stability of financial system and Islamic banking sector to expanse and become more resilient.

C. The Future Research

1. For the further research and next research, it needs to add more the selected macroeconomic variables which are affect the resilience of Islamic banking in order to get better result and explanation about the effect of macroeconomic variables towards the resilience of Islamic banking in Indonesia.

2. For the further research and next research needs to use more than 3 banking indicators (ROA, ROE, and DPK) that are constructed into the resilience index as the dependent variable.

3. To add more time series data into the research, better the research starts from the year of crisis.

4. To use another research methodology that can show the better result for the short-term and the long-term correlation between the selected macroeconomic variables towards the resilience of Islamic banking in Indonesia.

5. To give another weighting in Indexation to see and determine the resilience of Islamic banking and economic pressure in Indonesia.