IMPLEMENTATION POLICY OF ITF (INFLATION TARGETING FRAMEWORK) BANK INDONESIA ON INFLATION RATE IN INDONESIA

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Abstract: Inflation is the effect of a long economic crisis that hit a country. Inflation is a condition in which prices continue to rise. The purpose of this study was to determine the effect of the money supply, interest rates and exchange rates on inflation in the 2000-2018 period. The type of data in the discussion of quantitative data and sourced from secondary data 2000-2018. Data analysis used multiple linear regression and data collection techniques with samples that were in accordance with the purpose of the assessment and adapted to the characteristics of the study. The results of the F test show that there is a significant effect of the ITF policy using the money supply, exchange rate and interest rates on inflation suppression. The t test results show that the interest rate variable has an effect on inflation. In other words, the interest rate variable partially has a positive effect on inflation. For the government to be more careful and pay attention to the monetary policies taken in relation to the money supply, exchange rates and interest rates in influencing inflation.

Keywords: Rupiah Exchange Rate, Money Supply, CPI Inflation, SBI Interest Rates.

1. BACKGROUND

Country develop generally have an economic structure that is still patterned agrarisi Which tend Still very prone to with exists shock on the stability of economic activity. In Country like Indonesia often turmoil in terms of maintaining stability activity economy. Economy always the most important concern because if economy in condition No stable so will arise problems economy like low growth economy, height level unemployment And height level inflation. It's no secret that the inflation rate very difficult to control, especially in the country developed like Indonesia. We like almost run out sense For overcome problem inflation. Whereas, Indonesia Already Enough often face to face with inflation-related events seems to be a regular occurrence every year, will but, matter This seen Not yet Lots give lesson means Because rate inflation still tend to get out of control. Proven from target inflation , Banks Indonesia instead be silent self face problem the. For overcome problem inflation, since year 2000s Bank Indonesia already uses framework policy Inflation Targeting Frameworks (ITF). The enactment of Law no. 23 1999 became the legal basis for the strong for Bank Indonesia to implement a policy framework monetary based on approach ITF.
For anticipate the more n the height change inflation, push authority monetary make framework Work policy monetary or with say other inflation targeting framework (ITF) with aim For guard And reach change inflation Which low And stable. According to (Arimurti & Trisnanto, 2011) Inflation implementation Targeting Framework (ITF) in 2005 became milestone history change framework policy monetary Which done post crisis economy in Indonesia. In principle the policy framework monetary the is in framework adopt more policy frameworks credible, Which refers on use interest rates, money supply and value exchange rate ,as operational target And policy Which characteristic anticipatory. ITF expected can change backwards looking expectations, which is the source Still height inflation, become forward looking expectations.

With thereby, expected ITF can push decline persistence inflation. In the new BI law And Then revised with the law act No.3 year 2004, status And BI’s position in the institutional structure statehood Indonesia placed in a manner special. In article 4 paragraph 2 formulated that BI is institution country Which independent in carrying out tasks and authority, free from mix hand government and/or party other.

### Table 1. Development Inflation Indonesia Year 2010-2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>6.96</td>
</tr>
<tr>
<td>2011</td>
<td>3.79</td>
</tr>
<tr>
<td>2012</td>
<td>4.30</td>
</tr>
<tr>
<td>2013</td>
<td>8.38</td>
</tr>
<tr>
<td>2014</td>
<td>8.36</td>
</tr>
<tr>
<td>2015</td>
<td>3.35</td>
</tr>
<tr>
<td>2016</td>
<td>3.02</td>
</tr>
<tr>
<td>2017</td>
<td>3.61</td>
</tr>
<tr>
<td>2018</td>
<td>3.13</td>
</tr>
</tbody>
</table>

Source: Bank Indonesia (2018)

Based on Table 1.1 it can be seen inflation developments during the 2010 period until 2018 which experienced fluctuations diverse inflation highest happen on period 2013 as big 8.38% Then move fell in the 2015 period by 3.35% continues to decline with in be with collection on economy Indonesia, as well as exists enhancement supporting infrastructure development the economy makes the more strengthen rate inflation. (Manuela Langi Theodores ,Masinambow Vecky, 2014)

Wrong One policy in control inflation is policy monetary. For policy monetary, on generally policy Which done by monetary authorities to influence monetary variables, money supply, interest rates SBI interest and exchange rates. In general policy monetary is achieved internal balance and balance external (external balance). Balance internal usually showed with creation high work balance, achievement high rate of economic growth and maintained rate inflation Which low. On the other hand internal balance usually showed with balance sheet payment Which balanced. Wrong One factor Which influence change inflation in Indonesia that is ethnic group interest
reference bank Indonesia or the BI Rate which is the reference for banking. For set level ethnic group the interests like savings, deposit, and credit loan and other etc. According to (Yodiatmaja, 2012) BI changes Rate will affect several variables macroeconomics Which Then continued to inflation.

Changes in the form of increased levels BI Rate aim For reduce rate activity economy Which capable trigger inflation. When the BI Rate level rises, ethnic group interest credit And deposit even will experience change. When ethnic group interest deposit go on, public will be inclined keep the money in bank And amount Money Which circulating reduce. On ethnic group interest credit, increase ethnic group interest will stimulate para perpetrator business For reduce the investment. Because cost higher capital. That's what reduce consumption and create activity economy decrease And on Finally reduce pressure inflation.

Change BI Rate (Ethnic group Interest Bank Indonesia) affects interest rates bank deposit and lending rates. If economy currently experience lethargy, Bank Indonesia can use policy monetary Which expansive through decline ethnic group interest For push activity economy. The reduction in the BI Rate lowered the interest rate lending rates so the demand will be credit from company And House ladder will increase.

Decline ethnic group interest credit Also will lower costs company capital to make an investment. It’s all going increase activity consumption And investment so that activity economy the more enthusiastic. On the contrary, if Inflationary pressure has increased, Bank Indonesia responded by raising rates interest BI Rate For brake activity economy Which too fast so that reduce inflationary pressure (Bank Indonesia, 2013) The monetary authority will raise the Tribe The interest is to influence interest rates banking that is ethnic group interest savings, deposit, And credit.

Increase in interest rates on savings and deposits will make someone or public will tend keep the money at the bank so that amount Money circulation will decrease. Also hike on ethnic group interest credit will make request credit from somebody or company will decrease so that There isn’t any Again addition capacity production with thereby on Finally will lower Pressure Inflation. Besides ethnic group interest Which Which influence change inflation in Indonesia there is another factor, namely the exchange rate. Mark swap eye Money interpreted as the relative price of a currency against eye Money other or price from something eye Money in currency other.

According to (Perlambang, 2017) the exchange rate is the price of the local currency to foreign currency. So the exchange rate is mark from One eye rupiah Which translated to in the eye Money country other. Exchange rate as one of the indicators influential to activity in market share nor market Money because investors be careful in do investment.

Change mark swap will has implications for the characteristics of fluctuations mark swap And influence to economy open. Kindly simultaneous, mark swap rupiah get pressure Which Enough heavy because magnitude capital outflow (Genre Capital Go out) consequence loss trust investors foreign to prospect economy Indonesia.

Factor other Which influence Inflation Which alain is amount Money outstanding Business For push price This can done with push rate increase amount Money circulating for example with restrictions gift credit or with raise ethnic group interest loan (tight money policy). But impact Which generated is will happen lethargy investment, and rising unemployment Which on Finally will lower income.
National. With fluctuation level ethnic group interest Which happen will has important implications for sector real nor sector monetary in economy.

Factor inflation in Indonesia Also caused by factor outside country remember that Indonesia is something countries with open economies Which in in the middle economy world. With circumstances like That so the implication is exists turmoil economy in outside country will influential to economy in domestic. For Indonesia in the effort build return its economy level inflation Which tall must avoided so that the momentum of development is healthy and enthusiastic in the business world can still maintained.

2. THEORY AND METHODS

2.1.1 Inflation

Inflation is an increase in the price level Which happen in a manner Keep going continuously, influence individual, businessman, And government. Inflation is generally considered as problem important Which must resolved remember impact for economy Which Can raises instability, economic growth that slow And unemployment Which always increase. Inflation is also a problem Which always faced every economy even inflation is also a top agenda political And taker policy for government. (Mishkin, 2004)

According to (Nopirin, 1992)Types of inflation according to its nature shared become 3, that is Inflation is creeping (creeping inflation), Inflation medium (galloping inflation) and Inflation tall (hyper inflation). Whereas, type inflation according to because happening shared into 2, namely Demand Pull Inflation and Cost Push Inflation (Dernburg, 1994). Type inflation according to origin from inflation shared become:

a. Inflation Which originate from in country (domestic inflation) Inflation Which originate from in country arise for example Because deficit budget Which financed with printing Money new, harvest fail And etc.

b. Inflation originating from abroad (imported inflation) Contagion of inflation from abroad to within this country can easy happen atcountry- country Which economy annya open. Transmission inflation This can occur through increase prices Good That import nor export Good on demand inflation nor cost inflation. (Boediono, 1995)

2.1.2 Bank Indonesia Interest Rate (SBI)

Ethnic group interest is Wrong One variable in economy Which always observed in a manner careful Because impact Which wide. He influence in a manner direct life public every day and have an important impact to health economy. So, ethnic group interest is price from borrow Money For use Power buy it. (Puspopranoto, 2004)

Certificate Bank Indonesia is letter valuable as confession debt short term currency rupiah issued by Bank Indonesia with system discount. SBI published without letter (scriptless), And whole ownership nor the transaction noted in means Bank Indonesia BI. Parties that can own SBI are banks public and society. Banks can buy SBI in the public primary market only allowed buy in market secondary.

Moment This Bank Indonesia a uses level ethnic group interest SBI as Wrong One instrument For control inflation. If inflation felt Enough tall so Bank Indonesia will raise level ethnic group SBI rate to dampen rising inflation. Change level ethnic
group interest SBI will influence the capital market and financial market. If the interest rate go on so in a manner direct will increase burden interest.

Company which have leverage which tall will get very heavy impact on the increase level interest. Rate increase this interest can reduce the profitability of the company so that can give influence to price share company which concerned.

2.1.3 Connection Ethnic group Interest With Inflation

Connection ethnic group interest SBI and inflation explained with use hypothesis, (Goeltom et al., 1998) states that there is connection between tribal level interest SBI and level inflation which estimated rate ethnic group interest SBI also influenced inflation or with say other level inflation have influence or effect to level ethnic group interest SBI as target.

The SBI interest rate is skewed will increase on moment inflation which is expected to increase. Transaction activity the economy is more in this financial sector compared to the real sector. Next known too that, level ethnic group interest SBI have connection with level inflation.

One of the monetary instruments that can affect public nor entrepreneurs to save and do investment is ethnic group interest, which in meaning ethnic group interest here is ethnic group interest which enforced by bank Indonesia as bank central with

Bank Indonesia Certificate (SBI). SBI is letter valuable in eye Money rupiah issued by Indonesian banks as acknowledgment of term debt short. government through BI will raise level ethnic group interest for control circulation Money in public or in a broad sense regulate the economy national or can called monetary policy. (Alawiyah et al., 2019)

2.1.4 Mark Swap

According to (Aji et al., 2007) mark swap or exchange rate is a comparison between the prices of a currency country with another country’s currency. Example exchange rate rupiah to dollars America shows how many rupiahs are needed for exchanged with one dollars America. According to (Triyono, 2008) exchange rate (exchange rate) is the exchange between the two different currencies, namely constitute comparison of value or price between the two currency the.

So, Mark Swap Rupiah is something a comparison between the values of a currency country with country other. (Nugroho, 2008) state that mark swap reflect balance request and offers against eye Money in country nor currency foreign $US.

2.1.5 Connection Mark Swap With Inflation

It degenerates mark swap rupiah reflect decline request public to eye Money rupiah Because decline role economy national or Because increasing request eye Money foreign $US as tool payment international. Semkin strengthened exchange rate rupiah until limit certain means describe performance in market money is showing improvement. As the impact increases inflation rate then the domestic exchange rate the more weakened against the eye Money foreign.

This resulted in a decrease performance something company and investment in market capital become reduce. Heru (2008) stated that the rupiah exchange rate against foreign currencies also have influence negative to economy And market
capital. With decline mark rupiah exchange against foreign currencies resulted increasing cost import ingredients raw Which will used for production and also increase rates interest. Although decline mark swap Also can push company For do export.

2.1.6 Amount Money Out of circulation

Amount Money circulating or Also called Money Which circulating is wholemoney cardal And Money giral (Money paper and metal) Which available to use by public. Amount circulating money covers obligation system monetary consisting of currency (C) and demand deposit (D). Currency consists of money paper And Money metal applicable, No including Money cash on KPKN And general k tires.

Money giral consists of account giro, post money, savings futures, And savings in Rupiah Which Already fall tempo, the whole is in rupiah on system monetary. According (Octaviana, 2007) number money in circulation is mark whole money is at in hand public. Amount Money circulating in meaning narrow (narrow money) is the amount of money in circulation Which consists on Money cardal and money giral. In a manner technical, Which counted as the money supply is the money that really Correct are in hand public.

Money Which is at in hand bank (commercial banks And bank central), as well as paper Money And metal (quarter) owned by government No counted as circulating money. Development amount Money circulating reflect or along with development economy. Usually if the economy grow And growing, number Money circulating Also increase, medium composition changed.

When economy more proceed, portion use Money cardal more A little, replaced Money giral or near money. Usually Also when economy increasing, composition M1 in circulation Money the more small, because portion Money quasi more big. (Rahardja & Manurung, 2008).

2.1.7 Relations Amount Money with Inflation

Mark Money determined by supply And demand to Money. Amount Money circulating determined by Bank Central, temporary amount Money Which requested (money demand) is determined by several factor, between other level price average in economy. Amount Money Which requested by public For do transaction depend on level price goods And service Which available.

The more tall level price, the more big amount Money Which requested. Enhancement price Then push rise amount Money Which requested public. On Finally, economy will reach a new equilibrium, when the sum Money Which requested return balanced with amount Money Which circulated. An explanation that describes how price levels are determined and change accordingly with change amount Money circulating called the quantity theory of money (quantity theory). of cash.

Based on theory This, amount Money Which circulating in something economy determine mark Money, temporary growth amount Money circulating is because main happening inflation. kindly general, theory quantity Money describe influence amount Money circulating to economy, associated with variable price And output.
2.1.8 Research Model (Hypothesis)

Based on model hypothesis on Figure 1 which is development from conceptual framework, then the hypothesis which can be used as a base in research this is:

a) Allegedly exist influence which partially significant between interest rate Bank Indonesia against inflation.

b) Allegedly exist influence which partially significant between exchange rate and inflation.

c) Allegedly exist influence which significant in a way partial between amount money out of circulation against inflation.

2.2.1 METHOD

Study This is a study quantitative with use data secondary ones in a manner no direct obtained from the company but data obtained from the internet site. Source the data in this study were obtained from the site official Body Center Statistics (BPS) www.bps.go.id, Bank Indonesia’s official website www.bi.go.id.

Technique taking sample in study This done with purposive sampling and data used time series characteristic macro which published by Bank Indonesia during the 2014-2016 includes total data money circulating, ethnic group interest and mark swap period monthly.

Sample in study This that is amount money outstanding, tribe interest and mark swap in Indonesia period 2010-2018.

2.2.2 Variable And The measurements

Variable dependent (Y) is variables bound which explained or influenced by variable independent. Variable dependent in study This that is inflation. Data inflation which used is, data rate inflation period annual which issued by Bank Indonesia in units of percent. Variable Independent (X) or variables free is variable which no influenced or no depends on variable other, but variable this influence variables other. In study this variable Independent There is 3 that is Bank Indonesia Interest Rate (SBI), Exchange Rate against the Dollar (Exchange Rate) and Amount Money Circulating (M1).
2.2.3 Operational Definition

Operational definitions of each variable used in the discussion. This
1. Inflation
   Is variable level price which own unit percent.
2. Amount Money Out of circulation
   Variable amount money be aware this deep meaning narrow can denoted (M1),
   Which including of currency and variable demand deposits. This own unit billion.
3. Mark Swap Rupiah
   Variable this is mark swap rupiah to rupiah against the dollar. Because exchange in
   Traffic economy use dollars and expressed in rupiah units per dollars.
4. Bank Indonesia Interest Rate
   Variable this in policy is instrument policy monetary, in handling inflation ethnic
   Group interest is factor. Which plays a role and the unit of this variable is da percent.

2.2.4 Hypothesis Test

Hypothesis which in test will given symbol Ho/ hypothesis zero. And Ha / hypothesis
alternative. Ha will automatically be accepted if Ho rejected.

Ho = That variable independent. No have a significant effect on variable dependent.
Ha = That the independent variable has significant effect on variables dependent.

Technique Analysis Data
Data analysis technique used in study. This is use Model Regression linear Double
(Multiple Regression Analysis Model). Regression analysis linear double aim. For test
hypothesis about strength variable independent to variable dependent with Model as
following:

\[ Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon_t \]

Where:

- \( Y \) = Inflation (in percent)
- \( \beta_0 \) = Intercepts (Constant)
- \( \beta_1, \beta_2, \beta_3 \) = Coefficient regression
- \( X_1 \) = Amount of Money in Supply
- \( X_2 \) = Tribe Interest BI
- \( X_3 \) = Mark Swap
- \( \epsilon_t \) = Term of Error

3. RESULTS AND DISCUSSION

3.1 Regression linear Amount Money circulating, Ethnic group Interest SBI And
   Mark Swap to Inflation In Indonesia

For get results regression between variable independent (amount Money in
   circulation, SBI interest rates and exchange rates) and the dependent variable
   (inflation) is then used secondary data that comes from BPS recorded starting from
the year and processed with use help program computer. The following is the result of data processing with use method OLS (Ordinary Least Square).

3.2 Results Analysis Data

Table 2. Results of Linear Regression

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized B</th>
<th>Coefficients Std.Error</th>
<th>Standardized Coefficients Beta</th>
<th>t</th>
<th>Sig</th>
<th>Collinearity Tolerance</th>
<th>Statiscs VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>-1.975</td>
<td>4.533</td>
<td>-0.436</td>
<td>.669</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JUB</td>
<td>-4.107E-6</td>
<td>.000</td>
<td>-464</td>
<td>-.983</td>
<td>.341</td>
<td>.099</td>
<td>10.058</td>
</tr>
<tr>
<td>KURS</td>
<td>.001</td>
<td>.001</td>
<td>.292</td>
<td>.791</td>
<td>.441</td>
<td>.163</td>
<td>6.143</td>
</tr>
<tr>
<td>BIRATE</td>
<td>.699</td>
<td>.306</td>
<td>.590</td>
<td>2.280</td>
<td>.38</td>
<td>.330</td>
<td>3.031</td>
</tr>
</tbody>
</table>

DependenVariatele; Inflasi
Source Data; Body Center Statistics, 2018.

Based on the results above, it can be for equality form model estimate:

\[ Y = -1.975 - 4.107JUB + 0.001KURS + 0.669BIRATE. \]

Table 3. Coefficient Determination

<table>
<thead>
<tr>
<th>Model Summaryb</th>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of Estimate</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>.817a</td>
<td>.668</td>
<td>.602</td>
<td>2.36934</td>
<td>2.151</td>
</tr>
</tbody>
</table>

a. Predictors: (Cons:ant), Suku Bunga, KURS, JUB
b. Dependent Variatele:Inflasi
Source Data ; Body Center Statistics, 2018.

Table 4. F Test

<table>
<thead>
<tr>
<th>ANOVAa</th>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Regression</td>
<td>169.655</td>
<td>3</td>
<td>56.552</td>
<td>10.074</td>
<td>.001b</td>
</tr>
<tr>
<td></td>
<td>Residula</td>
<td>84.207</td>
<td>15</td>
<td>5.614</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>253.862</td>
<td>18</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Predictors: (Cons:ant), Suku Bunga, KURS, JUB
b. Dependent Variatele:Inflasi
Source Data ; Body Center Statistics, 2018.

Table 5. t Test

<table>
<thead>
<tr>
<th>Coefficientsa</th>
<th>Model</th>
<th>Unstandardized B</th>
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<td>3.031</td>
</tr>
</tbody>
</table>

Source Data ; Body Center Statistics, 2018.
Interpretation from regression model as follows:

1. Coefficient regression amount Money in circulation (M1) Amount of money in circulation it turns out influential negative against inflation. That is, if Total Money Out of circulation go on as big Rp 1 Billion on average, then Inflation will down as big 0.02367 percent in a manner average, with assumption ceteris paribus.

2. Exchange rate or Mark Swap own influence Which negative to inflation It means, when Exchange rate go on as big 1 IDR/$ in a manner average, then inflation will rise by 0.001 percent in a manner average, with assumption ceteris paribus.

3. Ethnic group Interest (BIRATE) own influence Which own influence positive That is, if interest rates rise as big 1 percent in a manner average, then inflation will rise by 0.699 percent in a manner average, with assumption ceteris paribus.

3.3 Adjustment Regression Analysis Results Model

From the results of R square it is known that mark coefficient determination as big 0.668 From number the showing that amount Money circulating, mark swap (Exchange rate), as well as Ethnic group Interest influence Inflation amounted to 66.8% while the remaining 33.2% influenced by factors outside model.

3.4 Results of Partial Test

The t test aims to find out whether h Partial (individual) the independent variable l affects the variable dependent. Based on method taking decision test Partial in analysis regression can concluded that:

1. Variable amount Money circulating mark significance as big 0.341 < 0.05 so in a manner Partial no effect _ significant to inflation And null hypothesis accepted.

2. Variable Ethnic group Interest significance as big 0.038 < 0.05 so in a manner Partial influential to inflation and the second hypothesis (hypothesis alternative) accepted.

3. Variable Mark Swap (Exchange rate) significance as big 0.441 > 0.05 so in a manner Partial no effect _ significant to inflation And hypothesis both accepted.

3.5 Testing Coefficient Regression (F Statistics)

For prove mark R-square the on so done testing with use test F. The hypothesis is as following :

H0 : Money supply, Exchange Rates and Interest Rates in a manner together, no significant effect to variable Inflation.

Ha : Money supply, Exchange rates and Interest Rates in a manner together, influential significant to variable Inflation.

mark probability (significance) more small from mark $\alpha$ 0.05 (0.001 < 0.05). Means can concluded that variable X1 (amount Money circulating), variable X2 (ethnic group interest SBI), variable X3 (mark swap) influential in a manner real (significant) to Indonesian inflation (Y) at the level trust 95 % or ($\alpha$= 5 %).
3.6 Results Assumption Test Classic

**Multicollinearity Test**

Multicollinearity means there is correlation which significant between two or more variable free in something model regression. In this study the hypothesis that filed For detect multi collinearity is as following:

The processing results show that the value VIF variables independent which researched as following:

1. JUB 10058 > 10, so there is disease multicollinearity
2. Exchange rate 6.143 < 10, so No there is disease multicollinearity
3. Rate 3,031, then no there is disease multicollinearity

**Normality Test**

Test normality OLS method formal can be detected by the method which developed by Jarque-Bera (test JB).

H0: The residuals are normally distributed. Ha: residual No distributed normal.

With chisquare table worth 7.378 with degrees trust (95%) or alpha (5%) and df is 2 worth 7.378 compared to chisquare count is 6.55 accept H0 so that model This distributed normal.

Results study This support study Which done by (Komariyah & Setiyowati, 2016) with title Analysis Effect of the Amount of Money in Supply (JUB), Exchange Rate And Interest Rate Against Inflation Rate In Indonesia Year 1999-2014 show that SBI interest rates during the period 1999 to with 2014 Results Test Partial Model showing No There is influence Which significant to inflation in Indonesia.

Results study This support study Which done by (Sutawijaya & Zulfahmi, 2012) with title Influence Factors Economy Against Inflation in Indonesia shows that in a manner Partial, level ethnic group interest positive effect on inflation, total money supply has an effect on inflation, the amount of investment has a coefficient sign regression Which negative to inflation And mark swap rupiah to dollars US influential positive to inflation in Indonesia.

3.7 Interpretation

From in a manner economy showing that that with height level Inflation causes depreciation in value exchange rate due to the inflation rate tall will cause increasing request mark swap currency foreign.

Declining currency values can resulted goods production local (in country) Which have content import tall will experience causing production costs to increase price sell to consumer increase. Price goods Which experience increase cause consumption public decrease. So can concluded that mark swap influential to inflation.

4. Conclusion

Based on results study about influence amount Money circulating, mark swap to inflation in Indonesia, so can taken conclusion as following: (1) From the results of the F test, it is concluded that money supply, interest rates and values swap in period study effect on inflation with degrees trust 95% or alpha 5%. (2) Based on test Partial or test t variable amount Money circulating And mark swap No influential significant
to variable inflation. However variable ethnic group interest influential significant to inflation. (3) Coefficient (R) Square value of 0.668 which means that From number the shows that amount Money circulating, mark swap (Exchange rate), as well as Ethnic group Interest influence Inflation as big 66.8% whereas remainder his 33.2% influenced by factor outside model.

According to the conclusion and the results of the discussion above, the writer will try put forward a number of suggestion. As for suggestion Which writer come up with are; (1) Interest rates have a significant influence g significant to inflation by Because That policy monetary Which can make an effort guard level interest rate inflation for stability inflation (Mahendra, 2016). (2) For academics Which mean do study more carry on can add another independent variable which is relevant with inflation. For perpetrator market And business Good traders of goods and services because with together The same mark swap as well as the money supply and rates interest can make inflation changed.
REFERENCES


