

ABSTRACT

This research aims to analyze the influence of Banking Credit on economic growth in Indonesia. This research uses Solow's theory of economic growth which can provide an important basis for understanding how bank credit can influence economic growth on the supply side. This research uses panel data from the period 2011 to 2023 at the provincial level. The analytical method used is Least Square Dummy Variable (LSDV).

The research results show that bank credit has a positive and significant relationship. Apart from that, physical capital growth also has a positive and significant relationship, the effective capital depreciation rate has a negative and significant relationship with economic growth, and the manufacturing industrial sector has a positive and significant relationship with economic growth. Bank credit has a greater influence than physical capital growth. Although bank credit has a greater influence, physical capital growth is no less important. Investment in physical capital remains a factor that supports long-term productivity.

Keywords: *Bank Credit, Economic Growth, Solow Model, LSDV.*

