

SUMMARY

MUHAMAD YUDI SETIAWAN. Factors Affecting the Rupiah Exchange Rate against the US Dollar with the Presence of Bank Indonesia Regulation No.17/3/2015. Supervised by TANTI NOVIANTI and MUKHAMAD NAJIB..

Bank Indonesia requires the public to use the rupiah in every transaction in Indonesia. This is in line with Bank Indonesia Regulation (PBI) Number 17/3 / PBI / 2015, which states that the use of the rupiah in every transaction can be the key to achieving a stable exchange rate. The purpose of this research is to analyze the factors that influence the rupiah exchange rate, analyze the influence of Bank Indonesia Regulation Number 17/3 / PBI / 2015 on the rupiah exchange rate and analyze the behavior of the rupiah exchange rate against shocks on other variables that affect it.

The study uses secondary data in the form of monthly data from January 2008 to April 2019 taken from various sources, namely Bappenas, Bank Indonesia and the Central Statistics Agency. The analytical method used is descriptive and quantitative analysis with the VAR / VECM method. The results of the long-term equation show that the EXIM ratio has a negative effect on the exchange rate. Inflation has no significant effect on the exchange rate. The money supply is negative significant to the exchange rate. Bank Indonesia interest rates (BI rate) have a positive effect on the exchange rate. Dummy variable1, namely the adoption of PBI policy 17/3 2015, has a significant and positive effect on the exchange rate.

That is, the average change in the exchange rate after the policy on the use of the rupiah is higher than the average change in the exchange rate before the policy on the use of the rupiah. In other words, Bank Indonesia Regulation Number 17/3 / PBI / 2015 concerning the use of the rupiah currency which is also a derivative of Act Number 7 of 2011 concerning Currency as stipulated in Article 23 paragraph (1) states that the rupiah is a means of payment or the settlement of obligations in domestic financial transactions is ineffective. While the crisis conditions did not significantly influence changes in exchange rates.

Keywords : VAR, VECM, PBI 17/3, exchange rate, regulation