



Push and Pull Factors of Japanese's Cross-Border Bank Lending in Indonesia

Agus Salim

School of Economics and Business, Northeast Normal University, Changchun, P. R. China,

E-mail: ags192@nenu.edu.cn

Mochammad Ridwan G.

Department of Economics, Universitas Gadjah Mada, Yogyakarta, Indonesia,

E-mail: mochammad.ridwan.g@mail.ugm.ac.id

Abstract

The empirical debate of cross-border bank lending from a developed to emerging market economies which focused on the benefit and cost has not stopped. The variables are generally divided into the push and pull factors of cross-border bank lending. This paper analyzes the determinants of cross-border bank lending from Japan to Indonesia. The empirical framework based on the OLS and GMM reveals a high impact of the business cycle in Indonesia and Japan as the most significant variables. According to the push and pull factors models, the pull factors model has higher determinants of the dynamic of cross-border bank lending from Japan to the Indonesian economy.

Keywords: cross-border bank lending; push factors; pull factors; Japan; Indonesia