Credit Risk and Macroeconomics of Islamic Banking in Indonesia

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Abstract
The purpose of this study is to analyze the effect of macroeconomic variables, namely GDP, Inflation and Unemployment to credit risk in Islamic banking of Indonesia. The data for this study were collected from secondary sources via Statistics Center Indonesia (BPS) and financial statements of the 7 Islamic bank of Indonesia. The data used are the annual ones from 2009 to 2016. This research uses an explanatory analysis. The test is a panel data regression testing using Eviews 9. The result of panel data regression with random effect model consisted gross domestic product (GDP) and unemployment rate (UNEMP) have a significant negative effect on credit risk of Islamic banking in Indonesia. While the inflation variable has a negative but statistically insignificant effect on credit risk in Islamic banking system of Indonesia.