

## The Effectiveness of “Monfidens” Policy in Dealing with Post-Covid-19 Economic Recession in The Four of the Group Twenty (Turkey, South Africa, Russia, Indonesia) G20

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**Abstract.** This research to analyze the contribution of variables from three economic policies, with monetary policy through interest rate variables, exchange rates, and money supply in facing economic recession. Where the fiscal policy variable is through tax value. Then macroprudential policy through Non Performing Loan and Capital Adequacy Ratio variables. This study uses secondary data or time series, namely from December 2019 to February 2021. The data analysis model in this study is the Vector Autoregression (VAR) model which is seen from being sharpened with Impulse Response Function (IRF) analysis and Forecast Error Variance Decomposition (FEVD), Panel ARDL, and Different Tests. The results of the IRF analysis show that the stability of the response of all variables is formed in period 8 or the medium and long term, where the response of other variables to changes in one variable shows different variations, both from positive responses to negative responses or vice versa, and there are variables whose responses remain positive or remain negative from the short term to the long term. The results of the FEVD analysis show that for the short-term inflation variable it is influenced by inflation itself and in the medium and long term it is influenced by interest rates. For the JUB variable in the short term it is influenced by JUB itself and in the medium and long term it is influenced by NPL. For the interest rate variable in the short term it is influenced by JUB while in the medium and long term it is influenced by the exchange rate itself and CAR. For the tax variable in the short, medium and long term it is influenced by the tax itself and JUB. For the NPL variable in the short, medium and long term it is influenced by JUB and tax. For the CAR variable in the short, medium and long term it is influenced by JUB and tax. Then the results of the ARDL Panel analysis show that the country that is able to become a leading indicator in controlling the economic recession in the Four of The Group Twenty, namely Turkey, is only done by interest rates. While South Africa is done by interest rates, taxes, NPL, and CAR. For Russia, it is done by all variables, namely the amount of money in circulation, interest rates, exchange rates, taxes, NPL, and CAR. Meanwhile, Indonesia is carried out by exchange rates, taxes, NPL and CAR.

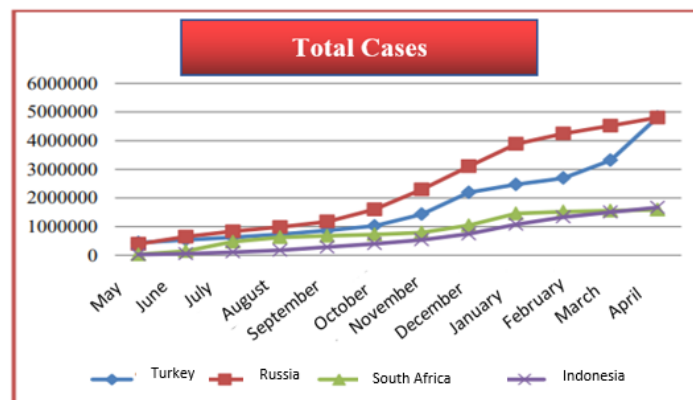
**Keywords.** Covid-19, Monetary Policy, Fiscal Policy, Macroprudential and Inflation

### 1. INTRODUCTION

The Indonesian government is taking a swift and prudent approach to mitigate its impact on the economy. Some experts fear that the economic impact of Covid-19 could be greater than the health impact, and that economic growth will slow. If an economic slowdown occurs, labor absorption will decrease, increasing unemployment and poverty. Finance Minister Sri Mulyani said the spread of the coronavirus would further burden the economy, in the worst case. Finance Minister Sri Mulyani estimated that Indonesia's economic growth projection would be around 2.3% due to the coronavirus. is the purpose of the study? Why are you conducting the study? The main section of an article should begin with an introductory section that provides detailed information about the paper's purpose, motivation, research methods, and findings.

The G20 is a forum consisting of nineteen countries with the largest economic scale in the world, plus the European Union. From Southeast Asia itself, it actually represents 85% of the global economy, 80% of global investment, 75% of international trade, and 66% of the

world's population. Formed in 1999 on the initiative of the G7 members, the G20 embraces developed and developing countries to jointly overcome the crisis, especially those that hit Asia, Russia, and Latin America. The goal of the G20 is to realize strong, sustainable, balanced, and inclusive global growth. In the G20 group members, there are several countries that experience inflation fluctuations to severe inflation, therefore the author took four countries that are members of the G20 that experienced inflation fluctuations resulting in economic depression to economic recession.

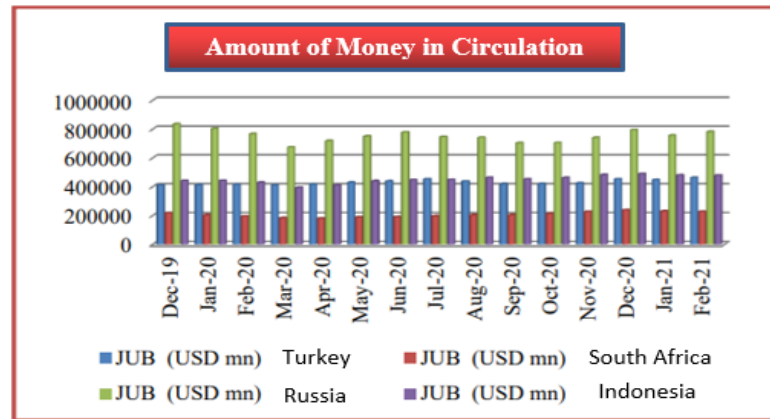


**Figure 1. Total Covid-19 Cases in Four of The G20**

The figure above clearly shows that the spread of the corona virus is very wide and fast so that even the G20 countries are affected by the outbreak. With the many cases of Covid that have hit the world, this has also greatly affected the economic level of each country, so that not a few have also experienced an economic recession caused by several economic factors such as increasing inflation rates, unstable world exchange rates, and affecting banking. The Covid-19 pandemic has created a domino effect of social and economic problems, and its impact has hit all levels of society from households, MSMEs to corporations.

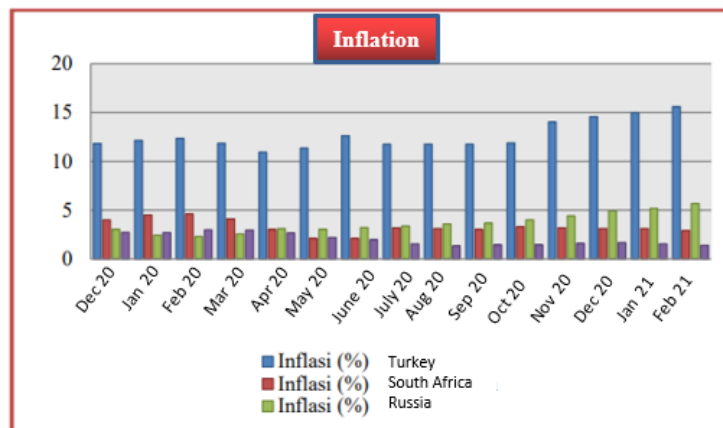
The impact of corona virus on Economic recession is marked by global economic weakening, decreasing marginal efficiency of capital, high unemployment rate, decreasing export and investment and decreasing state revenue from tax and lowering economic growth target by government seems like recession. Policies that can be implemented by government to prevent recession from becoming depression are issuing various policies, providing administrative facilities (permits) and taxes for capital owners (investors) to invest, building various projects by spending massive budget. If depression occurs, autonomous and induced investment are needed which will create a strong impetus for the economy to rise from the slump (Miraza, Bachtiar Hassan 2019).

The national economic growth of a country is greatly influenced by the development of financial control, especially in the medium and long term, therefore control over the amount of money in circulation is very important in controlling the level of economic growth. Without good control, the process of controlling growth will be very difficult to do, especially high inflation fluctuations often cause instability in economic growth. The following is figure on the Amount of Money in Circulation in Four of The Group Twenty below.



**Figure 2. JUB Level in Four of The G20 Countries**

The figure above that the development of the amount of money circulating in each country has an increase in the rate of money circulating each month. In December 2019, the rate of the Russian JUB was 800 thousand USD mn, but fortunately in March 2020 there was a significant decrease of 600 thousand USD mn. Many impacts of the Covid-19 pandemic, especially the impact on the world economy in countries with the largest economies, namely the G20, many countries have experienced economic decline to economic recession and inflation fluctuations in the G20 countries. The following is inflation data from Four of The Group Twenty below.



**Figure 3. Inflation Data in Four of The G20 Countries**

The figure above it can be seen that Turkey has the highest inflation rate compared to the other three countries. In December 2019 before the Covid-19 pandemic outbreak in Turkey, their inflation rate was still at 11.84%, but over time, this pandemic has not gone away and has caused Turkey's inflation rate to increase to 15.61% in February 2021, which has almost caused a recession. Turkey cannot control its economy, this is indicated by the increasing economic recession of almost -9.9%, which is the worst contraction in 11 years.

The effect of interest rate changes on national output is highly dependent on the demand for goods and the demand for money. Increases in interest rates generally have an effect on reducing the amount of money circulating in banks and conversely, a decrease in bank interest rates will encourage an increase in the amount of money circulating. Product demand is closely related to the urgency of the need for money circulating, so that the prevailing interest rate is not a problem in the amount of money circulating (Augusto Maria et al., 2017). However, interest rates affect inflation, here is data from the benchmark interest rate at Four of The Group Twenty.

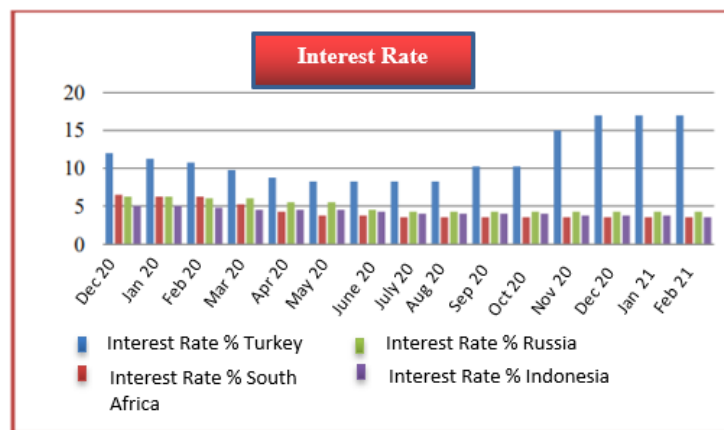


Figure 4. Interest Rate Data in Four of The G20 Countries

The BI Rate greatly affects the interest rates of banks or financing companies (leasing) for credit transactions. From the table above, it can be seen that since 2020, Indonesia has continued to lower its benchmark interest rate from 5% to 3.5%. The decrease in BI's benchmark interest rate can be a stimulus for business actors who are experiencing difficult times during the pandemic. Business actors can start to increase the amount of production, so that the potential for business to grow is greater. In contrast to Turkey, they continue to raise their benchmark interest rate to 17% during the pandemic due to the country's high inflation rate. With the Covid-19 pandemic that has hit the entire world, it is certain that the world economy will weaken and problems will occur, such as increasing unemployment, decreasing

state revenues, increasing government spending which is used to overcome economic problems, then increasing the amount of money in circulation.

## **2. LITERATURE REVIEW**

In general, the amount of money in circulation is related to other factors in the demand for money, namely the interest rate, inflation rate, electronic payment system, and gross domestic product or GDP. Basically, these factors have an influence on the high and low demand for money, namely by influencing the increase in the amount of money in circulation. An increase in the amount of money in circulation will increase inflation, but there are circumstances where an increase in the amount of money in circulation will not increase inflation. If the increase in the amount of money in circulation is faster than the growth of real output, then inflation will occur. The reason is that there is more money in circulation, but the amount of stock of goods on the market remains the same. Furthermore, the demand for goods will increase so that companies increase the price of goods. On the other hand, if the increase in the amount of money in circulation is the same as real output, then the price of goods will remain the same so that it does not cause inflation.

According to Rahardja and Manurung (2008), inflation is a general and continuous increase in the price of goods. In addition, inflation is a general increase in commodity prices caused by the lack of synchronization between the commodity procurement system program (production, price determination, money printing and so on) with the level of income owned by the community. The inflation rate is used to describe changes in prevailing prices from one period to another. To determine it, it is necessary to pay attention to consumer price index data from one particular period and so on compared to the price index in the previous period.

According to the classical, interest rates determine the amount of savings or investments that will be made in the economy, which causes savings created by using full labor to always be the same as those made by entrepreneurs. The Fisher Equation effect shows that interest rates can change for two reasons, namely because the real interest rate changes or because the inflation rate changes. Classical theory states that the interest rate is the return value of capital. In classical theory, the stock of capital goods is mixed with money and both are considered to have a substitution relationship. The rarer the capital, the higher the interest rate. Conversely, the more capital, the lower the interest rate (Nopirin, 2014).

The exchange rate is the price of a country's currency against one of the currencies of another country (Salvatore, 2008). In addition, the nominal exchange rate is the relative price of the currencies of two countries (Mankiw, 2006). So the exchange rate is the price of a

country's currency against another currency. The floating exchange rate system is an exchange rate system where the depreciation and appreciation of the exchange rate are completely left to the market. However, in practice, Indonesia does not adhere to this system purely, but sets upper and lower limits for the exchange rate. This means that if the Rupiah exchange rate is too weak or too strong, Bank Indonesia will intervene in the foreign exchange market to maintain the stability of the exchange rate. The relation between inflation and exchange rates is also apparent when the rupiah weakens, inflation will be affected. Inflation rates will tend to rise because several domestic producers rely on raw materials from abroad for production. Expensive raw material prices result in expensive product prices. Of course, this drives up inflation. A stable exchange rate tends to indicate a stable economic condition because a stable exchange rate indicates good monetary stability and various monetary and banking transactions run smoothly. However, exchange rate appreciation and exchange rate depreciation affect economic growth. When the exchange rate depreciates (weakens), the impact is that the production of export-oriented goods and services will increase because prices (of goods and services) abroad will be higher than prices domestically, so it will be more profitable if the goods and services are exported.

### **3. METHODS**

This research using an associative/quantitative approach that aims to determine the degree of relationship and pattern/form of influence between two or more variables, where with this research a theory will be built that functions to explain, predict and control a symptom (Rusiadi, 2013:14). In supporting quantitative analysis, the VAR model, Panel ARDL, and Difference Test are used where this model can explain the long-term reciprocal relationship of economic variables as endogenous variables and see the relationship between independent variables and dependent variables that are spread in a panel in the Four of The Group Twenty countries (Turkey, South Africa, Russia, and Indonesia). And to see the difference in economic conditions before and after the Covid-19 pandemic in the Four of The Group Twenty countries (Turkey, South Africa, Russia, and Indonesia).

The analysis model in this study uses the VAR method data analysis model. This test is carried out to determine whether or not there is a simultaneous relationship (interrelated) between variables, as exogenous variables and endogenous variables by including the element of time (lag). The VAR model is built to overcome the problem of the difficulty of fulfilling the identification of superexogeneity where the relationship between economic variables can still be estimated without having to emphasize the problem of exogeneity. In this approach, all

variables are considered endogenous variables and estimation can be done simultaneously or sequentially. estimates made is:

$$INF_t = \beta_{10} + \beta_{11} JUB_{t-p} + \beta_{12} SB_{t-p} + \beta_{13} KURS_{t-p} + \beta_{14} TAX_{t-p} + \beta_{15} NPL_{t-p} + \beta_{16} CAR_{t-p} + \beta_{17} INF_{t-p} \beta + e_{t1} \dots \dots \dots (1)$$

$$JUB_t = \beta_{20} + \beta_{21} SB_{t-p} + \beta_{22} KURS_{t-p} + \beta_{23} TAX_{t-p} + \beta_{24} NPL_{t-p} + \beta_{25} CAR_{t-p} + \beta_{26} INF_{t-p} + \beta_{27} JUB_{t-p} \beta + e_{t2} \dots \dots \dots (2)$$

$$SB_t = \beta_{30} + \beta_{31} KURS_{t-p} + \beta_{32} TAX_{t-p} + \beta_{33} NPL_{t-p} + \beta_{34} CAR_{t-p} \beta + \beta_{35} INF_{t-p} + \beta_{35} JUB_{t-p} + \beta_{36} SB_{t-p} + e_{t3} \dots \dots \dots (3)$$

$$KURSt = \beta_{40} + \beta_{41} TAX_{t-p} + \beta_{42} NPL_{t-p} + \beta_{43} CAR_{t-p} + \beta_{44} INF_{t-p} + \beta_{45} JUB_{t-p} + \beta_{46} SB_{t-p} + \beta_{47} KURS_{t-p} \beta + e_{t4} \dots \dots \dots (4)$$

$$TAX_t = \beta_{50} + \beta_{51} NPL_{t-p} + \beta_{52} CAR_{t-p} + \beta_{53} INF_{t-p} + \beta_{54} JUB_{t-p} + \beta_{55} SB_{t-p} + \beta_{56} KURS_{t-p} + \beta_{57} TAX_{t-p} \beta + e_{t5} \dots \dots \dots (5)$$

$$NPL_t = \beta_{60} + \beta_{61} CAR_{t-p} + \beta_{62} INF_{t-p} + \beta_{63} JUB_{t-p} + \beta_{64} SB_{t-p} + \beta_{65} KURS_{t-p} + \beta_{66} TAX_{t-p} + \beta_{67} NPL_{t-p} \beta + e_{t6} \dots \dots \dots (6)$$

$$CAR_t = \beta_{70} + \beta_{71} INF_{t-p} + \beta_{72} JUB_{t-p} + \beta_{73} SB_{t-p} + \beta_{74} KURS_{t-p} + \beta_{75} TAX_{t-p} + \beta_{76} NPL_{t-p} + \beta_{77} CAR_{t-p} \beta + e_{t7} \dots \dots \dots (7)$$

#### 4. RESULTS

Panel analysis with Auto Regressive Distributin Lag (ARDL) tests pooled data, namely a combination of cross-section data (country) with time series data (annual), the results of the ARDL panel are better than the regular panel, because it is able to cointegrate in the long term and has the most appropriate lag distribution according to theory, using Eviews 10 software, the following results are obtained:

**Tabel 1. Output Panel ARDL**

Dependent Variable: D(INF)
Method: ARDL
Date: 01/21/22 Time: 12:22
Sample: 2020M01 2021M02
Included observations: 54
Maximum dependent lags: 1 (Automatic selection)
Model selection method: Akaike info criterion (AIC)
Dynamic regressors (1 lag, automatic): JUB SB KURS TAX NPL CAR
Fixed regressors:
Number of models evaluated: 1
Selected Model: ARDL(1, 1, 1, 1, 1, 1)
Note: final equation sample is larger than selection sample



Variable	Coefficient	Std. Error	t-Statistic	Prob.*
Long Run Equation				
JUB	1.691906	0.838148	2.018624	0.0548
SB	-0.201843	0.216329	-0.933036	0.3601
KURS	1.03E-07	6.74E-08	1.529062	0.1393
TAX	4.783144	0.634577	7.537526	0.0000
NPL	-1.890974	0.548027	-3.450512	0.0021
CAR	-0.840472	0.181911	-4.620233	0.0001
Short Run Equation				
COINTEQ01	-0.186683	0.317351	-0.588255	0.5619
D(JUB)	2.779848	4.440097	0.626078	0.5372
D(SB)	0.217808	0.146496	1.486783	0.1501
D(KURS)	-0.245174	0.240116	-1.021064	0.3174
D(TAX)	-0.258015	1.173889	-0.219795	0.8279
D(NPL)	-0.932610	1.040863	-0.895997	0.3792
D(CAR)	0.254632	0.263339	0.966934	0.3432
Mean dependent var	0.059259	S.D. dependent var		0.534849
S.E. of regression	0.396242	Akaike info criterion		0.327773
Sum squared resid	3.768176	Schwarz criterion		1.535619
Log likelihood	24.49458	Hannan-Quinn criter.		0.798254
*Note: p-values and any subsequent tests do not account for model selection.				

Source: Eviews Output

The accepted ARDL Panel Model is a model that has a cointegrated lag, where the main assumption is that the coefficient value has a negative slope with a significance level of 5%. ARDL Panel Model Requirements: the value is negative (-0.03) and significant ( $0.00 < 0.05$ ) then the model is accepted. Based on the acceptance of the model, data analysis is carried out with a panel per country.

**Table 2. Turkey Country ARDL Panel Output**

Variable	Coefficient	Std. Error	t-Statistic	Prob.*
COINTEQ01	0.040489	0.000611	66.21880	0.0000
D(JUB)	-6.437567	189.8377	-0.033911	0.9751
D(SB)	0.283139	0.011771	24.05346	0.0002
D(KURS)	-0.965426	0.691947	-1.395231	0.2573
D(TAX)	1.104631	1.295615	0.852593	0.4565
D(NPL)	1.606320	4.696703	0.342010	0.7549
D(CAR)	0.419449	0.162993	2.573411	0.0822

Source: Eviews Output



The Money Supply is not significant in influencing Inflation, as seen in the probability value of sig  $0.975 > 0.05$ . Where JUB has no effect on inflation in Turkey. Interest rates are significant in influencing inflation, as seen in the probability value of  $0.00 < 0.05$ . Where an increase in SB can reduce inflation in Turkey. The exchange rate is not significant in influencing Inflation, as seen in the probability value of sig  $0.25 > 0.05$ . Where the exchange rate has no effect on inflation in Turkey. Tax is not significant in influencing Inflation, as seen in the probability value of sig  $0.45 > 0.05$ . Where tax has no effect on inflation in Turkey. NPL is not significant in influencing Inflation, as seen in the probability value of sig  $0.75 > 0.05$ . Where NPL has no effect on inflation in Turkey. CAR is not significant in influencing Inflation, as seen in the probability value sig  $0.08 > 0.05$ . Where CAR has no effect on inflation in Türkiye.

**Table 3. South Africa Country ARDL Panel Output**

Variable	Coefficient	Std. Error	t-Statistic	Prob. *
COINTEQ01	-1.116808	0.011704	-95.42455	0.0000
D(JUB)	14.81581	5.792791	2.557628	0.0834
D(SB)	0.581029	0.093843	6.191497	0.0085
D(KURS)	0.000930	0.006908	0.134631	0.9014
D(TAX)	-3.750394	0.183692	-20.41673	0.0003
D(NPL)	-3.223804	0.271922	-11.85563	0.0013
D(CAR)	0.774947	0.086452	8.963862	0.0029

Source: Eviews Output

The Money Supply is not significant in influencing Inflation, seen in the probability value sig  $0.08 > 0.05$ . Where JUB has no effect on inflation in South Africa. Interest Rates are significant in influencing inflation, this can be seen from the probability value  $0.008 < 0.05$ . Where an increase in SB can reduce inflation in South Africa. The exchange rate is not significant in influencing Inflation, seen from the probability value sig  $0.90 > 0.05$ . Where the exchange rate has no effect on inflation in South Africa. Tax is significant in influencing Inflation, seen from the probability value sig  $0.00 < 0.05$ . Where an increase in tax can reduce inflation in South Africa. NPL is significant in influencing Inflation, seen from the probability value sig  $0.001 < 0.05$ . Where the increase in NPL can reduce the inflation rate in South Africa CAR is significant in influencing Inflation, seen in the probability value sig  $0.002 < 0.05$ . Where the increase in CAR can reduce the inflation rate in South Africa.

**Table 4. Russia Country ARDL Panel Output**

Variable	Coefficient	Std. Error	t-Statistic	Prob. *
COINTEQ01	0.015249	5.96E-05	255.6663	0.0000
D(JUB)	0.192357	0.004660	41.27600	0.0000
D(SB)	0.124993	0.034811	3.590632	0.0370
D(KURS)	-0.016200	0.000477	-33.95590	0.0001
D(TAX)	1.134557	0.062855	18.05036	0.0004
D(NPL)	-0.258257	0.060212	-4.289143	0.0233
D(CAR)	0.299090	0.054891	5.448809	0.0121

Source: Eviews Output

The Money Supply is significant in influencing Inflation, seen in the probability value of sig  $0.00 < 0.05$ . Where the increase in JUB can reduce the inflation rate in Russia. Interest rates are significant in influencing inflation, this can be seen from the probability value of  $0.03 < 0.05$ . Where the increase in SB can reduce inflation in Russia. Exchange rates are significant in influencing Inflation, seen in the probability value of sig  $0.00 < 0.05$ . Where the strengthening of the exchange rate can reduce inflation in Russia. Tax is significant in influencing Inflation, seen in the probability value of sig  $0.00 < 0.05$ . Where the increase in tax can reduce inflation in Russia. NPL is significant in influencing Inflation, seen in the probability value of sig  $0.02 < 0.05$ . Where the increase in NPL can reduce the inflation rate in Russia. CAR is significant in influencing Inflation, seen in the probability value sig  $0.01 < 0.05$ . Where the increase in CAR can reduce the inflation rate in Russia.

**Table 5. Indonesia Country ARDL Panel Output**

Variable	Coefficient	Std. Error	t-Statistic	Prob. *
COINTEQ01	0.314337	0.016644	18.88593	0.0003
D(JUB)	2.548792	16.16738	0.157650	0.8847
D(SB)	-0.117931	0.155478	-0.758507	0.5033
D(KURS)	1.32E-08	1.42E-16	93072413	0.0000
D(TAX)	0.479147	0.109601	4.371733	0.0221
D(NPL)	-1.854701	0.309012	-6.002037	0.0093
D(CAR)	-0.474959	0.013575	-34.98874	0.0001

Source: Eviews Output

The Money Supply is not significant in influencing Inflation, seen in the probability value sig  $0.88 > 0.05$ . Where JUB does not affect the inflation rate in Indonesia. Interest Rates are not significant in influencing inflation, this can be seen from the probability value of  $0.50 < 0.05$ . Where SB does not affect inflation in Indonesia. Exchange rates are significant in

influencing Inflation, seen from the probability value sig  $0.00 < 0.05$ . Where strengthening exchange rates can reduce inflation in Indonesia. Tax is significant in influencing Inflation, seen from the probability value sig  $0.02 < 0.05$ . Where tax increases can reduce inflation in Indonesia. NPL is significant in influencing Inflation, seen from the probability value sig  $0.009 < 0.05$ . Where the increase in NPL can reduce the inflation rate in Indonesia. CAR is significant in influencing inflation, seen in the probability value of sig  $0.00 < 0.05$ . Where the increase in CAR can reduce the inflation rate in Indonesia.

## 5. DISCUSSION

Based on the results of the Forecast Error Variance Dcomposition (FEVD) analysis, it is known that there are several interactions that occur between Monfidens Policy (Monetary Policy, Fiscal Policy and Macroprudential Policy) on the economic recession. The interaction of policy variables can be seen from the Variance Decomposition which describes which policy variables are more effective on economic stability (Inflation). For more details, here are the results of the Monfidens Policy interaction in Four of The Group Twenty

**Table 5. The Ability of Monfidens Policy to Economic Recession**

Monfidens Policy	Policy Indicator		
	1	7	15
Inflation	Inflation -	Inflation IR	Inflation IR
JUB	JUB -	JUB NPL	JUB NPL
IR	Inflation IR	Inflation IR	Inflation IR
Rate	Rate JUB	Rate CAR	Rate CAR
Tax	JUB Tax	JUB Tax	JUB Tax
NPL	JUB Tax	JUB Tax	JUB Tax
CAR	JUB Tax	JUB Tax	JUB Tax

Source: Eviews Output

Based on the results of the FEVD test, it shows that in the short term, inflation control is carried out by inflation itself. In the medium and long term, the recommended variable or one that influences inflation is the interest rate. This is in line with research by (Chandra & Wahyuningsih, 2021) which states that because interest rates on inflation are very significant, the rise and fall of inflation is determined by interest rates. This is because an increase in interest rates can increase the production costs of the company, which will cause the company

to reduce its supply and increase the price of the goods and cause inflation. If inflation occurs, the government lowers interest rates, and vice versa.

Based on the results of the FEVD test, it shows that in the short term, JUB itself is affected. While in the medium and long term, the recommended and/or influencing JUB variables are NPL. This is in line with research conducted by (Ahmad, 2016) which states that the amount of money in circulation has a negative and significant effect on banking NPL. If banking NPL increases, this can hinder credit growth and trigger the growth of public distrust of banking performance, causing customers to consider that saving money in banks is no longer safe. Customer distrust of banks will trigger people to withdraw their money from banks in large quantities, thereby causing the amount of money in circulation in the community to increase.

Based on the results of the FEVD test, it shows that in the short, medium and long term, the interest rates themselves and inflation affect interest rates. This is in line with research (Amrini et al., 2014) which states that interest rates partially have a negative and significant effect on inflation in Indonesia. An increase in interest rates will reduce inflation. This decrease in inflation is because people are more motivated to save their money in banks, either in the form of deposits or in the form of savings because they expect a profitable return. Therefore, an increase in interest rates will be followed by a decrease in JUB. This will cause a decrease in demand for goods and services caused by people's reluctance to buy these goods and services because saving money in the bank is more profitable than spending the money. Furthermore, a decrease in demand for goods and services will trigger prices, which will reduce inflation.

Based on the results of the FEVD test, it shows that in the short term, the exchange rate is affected by the exchange rate itself and JUB, this is in line with research (Tiara, 2017) which states that the exchange rate is determined by changes in the amount of money in circulation in the same direction if the amount of money in circulation increases, the exchange rate will also increase and vice versa if the amount of money in circulation decreases, the exchange rate will weaken. In the medium and long term, the exchange rate is affected by the exchange rate itself and CAR, this is not in line with research conducted by Hestining Rahayu in (Fitria Sakinah, 2013) which states that the exchange rate does not have a significant effect on CAR. In general, banking capital can be maintained within an adequate range to absorb potential losses. However, changes in CAR do not affect the increase or decrease in the value of the currency. In contrast to the results of this study, it can be seen that the CAR variable affects changes in the value of the currency. CAR itself is a bank's ability to see the risk of losses that will be faced in meeting customer needs by comparing the amount of capital with weighted

assets. If banking is able to overcome the risk of losses that it may face, investment activities will improve in line with increasing economic activities, which ultimately increase national income and economic growth will be realized.

Based on the results of the FEVD test, it shows that in the short term, medium term, and long term, the factors that affect taxes are the taxes themselves and the amount of money in circulation. This is in line with research conducted by Aprileven (2017) which states that interest rates have a negative and significant effect on the amount of money in circulation. This shows that increasing tax revenues will decrease or reduce the amount of money in circulation in the community. The higher the tax revenues or income will cause a decrease in prices, in line with the community reducing their spending on tax payments.

Based on the FEVD test results, it shows that in the short, medium and long term, the factors that affect NPL are the amount of money in circulation and taxes. This is in line with research conducted by (Milenia, 2021) which states that SBR, NPL, CAR and ROA are variables that have a positive and significant effect on JUB. The high NPL value causes credit growth to be hampered, thus having an impact on the decline in public trust in banking performance. This will cause people to make withd

Based on the results of the FEVD test, it shows that in the short, medium and long term, the factors that affect CAR are the amount of money in circulation and taxes. This is in line with research by (Oktavia, 2010) which states that the amount of money in circulation has a positive and significant effect on CAR. This means that if the amount of money in circulation increases, the amount of CAR will also increase. When the amount of money in circulation in the community increases, commercial banks increase interest rates on deposits to encourage investors to invest their investments (capital) in banks that provide a higher rate of return compared to investing their capital in productive sectors that have a higher level of risk so that inflation can be controlled. This is also in line with research conducted by Adrian Teja (2021) which states that a decrease in income tax results in banks experiencing a decrease in the capital stock ratio. If tax revenues decrease, the bank's capital stock will decrease to cover the losses faced by the bank.rawals, so that the amount of money circulating in the community can increase.

## **6. CONCLUSION**

Based on the results and discussion of the leading indicator of the ability of monfidens policy in Facing the Post-Covid-19 Economic Recession in Four of the Group Twenty, namely Turkey, is only done by interest rates. While South Africa is done by interest rates, taxes, NPLs,

and CAR. For Russia, it is done by all variables, namely the amount of money in circulation, interest rates, exchange rates, taxes, NPLs, and CAR. While Indonesia is done by exchange rates, taxes, NPLs and CAR. Then overall in the long term it is known that what is significant in the long term affects inflation in the Four of the Group Twenty countries is tax, NPL, and CAR. While in the short term there are no variables that affect inflation in the Four of the Group Twenty countries

## **LIMITATION**

The novelty of this study is that there has been no research that discusses or examines the Effectiveness of Monfidens Policy (Monetary, Fiscal, Macroprudential) in Facing the Post-Covid-19 Economic Recession in Four Countries of the Group of Twenty (Turkey, South Africa, Russia, Indonesia) G-20. By combining the VAR model, ARDL Panel, and Difference Test. The combination of the model and the two theories will be created by finding superior indicators as a tool for predicting the strengthening of economic stability quickly and accurately. Including the use of country research and also data analysis models. The analysis of the data from the third combined model is able to accurately predict various possibilities and probabilities, both short-term and long-term, both theoretical and phenomenal. It is inevitable that your research will have some limitations, and this is normal. However, it is critically important to strive to minimize the scope of these limitations throughout the research process. Additionally, you need to acknowledge your research limitations honestly in the conclusions chapter.

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