

## CHAPTER VI

### CONCLUSIONS AND IMPLICATIONS

From the analysis and discussion of the previous chapters, several conclusions and recommendations are outlined as followed:

#### 6.1. Conclusions

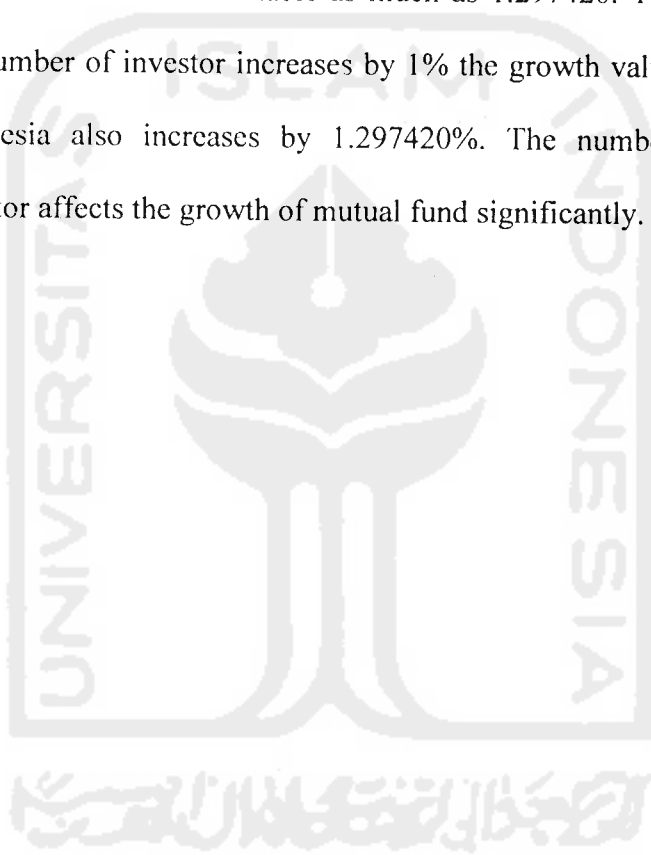
1. This research summarizes the determination of mutual fund growth in Indonesia; they are Interest Rate of Bank Indonesia Certificate, Gross Domestic Product, Exchange Rate, and Mutual Fund Investor.
2. Based on the research, the coefficient of determination R-squared is 0.843989. It means that about 84.3989% of variation in mutual fund growth in Indonesia can be explained by variation in the explanatory variables that are Interest Rate of Bank Indonesia Certificate, Gross Domestic Product and Mutual Fund Investor. Meanwhile, the rest which is around 15.6011% may be explained the outside factors of this model.
3. According to the regression result, F test value of this research is greater than F table value; meaning that those independent variables (R, GDP, ER and MFI) affect the Growth of Mutual Fund jointly.
4. The t test for Interest Rate of Bank Indonesia Certificate Statistically expresses that the relationship between interest rate of Bank Indonesia certificate and growth of mutual fund in Indonesia is positive. It is proved with the coefficient value of interest rate of Bank Indonesia certificate

variable 0.177509. This coefficient value means that the increase of interest rate of Bank Indonesia certificate as much as 1% will increase the growth value of mutual fund in Indonesia by 0.177509%. The insignificant effect of interest rate on mutual fund is caused by the higher rate of return offered by mutual fund that makes investors keep their fund being invested in mutual fund. The tax dispensation imposed on mutual fund also make the investors do not care about the factor of interest rate in the bank that is able to attract the investors to shift their money in the banks.

5. The t test for Gross Domestic Product explains that the coefficient value of gross domestic product variable as much as 1.829876 represents and describes that when GDP increases by 1%, the growth value of mutual fund in Indonesia also increases by 1.829876%. The insignificant effect of gross domestic product can be explained as the lack of information and publication of mutual fund as investment vehicle. Even though society in Indonesia has higher income that is indicated and measured by the GDP, they do not know the existence of mutual fund as investment vehicle. The lack of information makes people only invest their fund in well-known investment vehicles like gold, bank deposit, property, etc. That is the reason why the GDP has insignificant effect on mutual fund growth.
6. The t test for Exchange Rate indicates that the value of coefficient as much as -1.159914 shows the negative impact of exchange rate on the growth of mutual fund in Indonesia. When the exchange rate increases by 1%, the

growth value of mutual fund decreases by 1.159914%. This statistical result expresses a negative relationship between exchange rate and growth of mutual fund in Indonesia. It affects the growth of mutual fund significantly.

7. The t test for Mutual Fund Investor is explained by the coefficient value for mutual fund investor variable as much as 1.297420. This means that when the number of investor increases by 1% the growth value of mutual fund in Indonesia also increases by 1.297420%. The number of Mutual Fund Investor affects the growth of mutual fund significantly.



## 6.2. Implication

Based on the research conclusion, the factor of GDP has insignificant effect on the growth of mutual fund in Indonesia. This means even though people have more income to be invested, most of the do not take mutual fund as their investment vehicle. This is caused by the lack of information and publication about mutual fund the people get. The information of mutual fund as investment vehicle is still insufficient and only touches certain level of society.

Since the role of mutual fund is significant for financing the long term projects, any efforts to attract investors to invest their fund in mutual fund should be accomplished. The role of government and any institutions that are in charge related to mutual fund are very important.

The government and any in charge institutions should take significant part in informing and socializing the existence of mutual fund as investment vehicle. The socializing and spreading sufficient information about mutual fund is a must in order to improve the growth of mutual fund in Indonesia.