

## CHAPTER VI

### CONCLUSIONS AND RECOMMENDATIONS

#### A. Conclusions

Based on the research by using the title “The Determinant Analysis of Foreign Exchange Reserve in Indonesia (Period 2009:01-2016:12)” there is several conclusion as follows:

1. Based on the result of analysis between independent variable foreign debt of foreign exchange reserve in Indonesia have the goal if foreign debt have the positive influence and significantly toward foreign exchange reserve in the short term and long-term.
2. Based on the result of analysis between independent variable net export toward foreign exchange reserve in Indonesia have the goal if net export have the positive influence and significantly toward foreign exchange reserve in the short term and also long term.
3. Based on the result of analysis between independent variable exchange rate toward foreign exchange reserve in Indonesia, have the goal if exchange rate have the negative influence and significantly toward foreign exchange reserve in the long term, meanwhile the exchange rate did not give influence in short term.

## **B. Implication of Research**

1. Based on the result above, foreign debt have the positive impact toward foreign exchange reserve in Indonesia, which means if foreign debt one of the source which give contribution to the foreign exchange reserve. Even though, the government should maintain foreign debt as well as possible, because the more debt will cause the burden on the state and reduce foreign exchange reserves itself.
2. Based on the result above, net export has positive impact toward foreign exchange reserve in short-term and long term. It means Net export as one of source in the Balance of payment has positive contribution to the foreign exchange reserve. The government can increase export activity rather than import in the international trade, so that net export can show positive accumulation and give positive impact toward balance of payment, meanwhile BOP can give positive impact toward foreign exchange reserve.
3. Exchange rate as fundamental of the country have negative impact toward foreign exchange reserve, meanwhile there is no impact in the short-term. The government should protect the stabilization of exchange rate toward dollar, because if exchange rate decreasing toward dollar can make the

burden to the foreign exchange reserve and make it weaker as during the monetary crisis in 1998.

### **C. Research Limitations**

This research has been cultivated and carried out in accordance with scientific procedures, but still have limitations, namely:

1. There is only 3 Factors which give influence to the foreign exchange reserve in this research they are: Net export, foreign debt and exchange rate. Meanwhile there is still many factors which have many influence to the foreign exchange reserve
2. The lack of time in doing this research, so there are still many shortcomings in the study
3. There is no Islamic perspective in this research

### **D. Recommendations**

Based on the conclusion above, so the writer want give the suggestion to the related parties, so that this research has big benefit. There is several suggestions, they are:

1. For the government

- a) The government should maintain the foreign debt, even though the foreign debt give positive influence toward foreign exchange reserve in Indonesia, but sometimes the higher value of foreign debt can give the burden toward foreign exchange reserve and also economic growth like the problem which occur in several years before, so that foreign debt should be arranged well.
- b) Net export as one contribution toward the calculation of foreign exchange reserve in Indonesia, so that net export has the important role for it. The government should give attention toward net export and protect the surplus in the balance of payment by maintaining export activity and reducing import activity, because if import more higher than export can make the deficit in the balance of payment and also can give influence toward foreign exchange reserve.
- c) The government should protect the stabilization of exchange rate whether from external or internal, because the bad fluctuation can give negative influence toward foreign exchange reserve, so that the government should maintain the fluctuation of exchange rate as the fundamental of economy

2. For the next researcher

- a) There are only three variables which is used in this research they are: Foreign debt, net export and, exchange rate. Therefore the next

researcher can add the other variables which have big influence toward independent variable.

- b) The next researcher can add the other methodology, so that can give better result
- c) The next researcher can give Islamic value to the next research, so can compare between conventional and Islamic perspective