

**Analysis of Central Bank Credibility from Public Perspective through its
Digital Communication as a tool in Maintaining Credibility: The Case of
Bank Indonesia**



FACULTY OF ECONOMICS AND BUSINESS

DEPARTMENT OF ECONOMICS

PADANG

2022

Analysis of Central Bank Credibility from Public Perspective through its Digital Communication as a tool in Maintaining Credibility: The Case of Bank Indonesia

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Submitted to the Department of Economics,
on August 1, 2022, in partial fulfillment of the
requirements for the degree of
Bachelor of Economics

ABSTRACT

Central bank credibility has been a hot subject as far as economist remembers. Thus economists have thought of a way to account for the central bank's accountability. One method to address the problem is comprehending whether or not the central bank is credible. Most of credibility measurement addresses the economic variable that is directly influenced by the central bank. Thus this study contributes by analyzing the central bank's credibility based on the public perspective on digital communication conducted by the central bank. The case study to examine is Bank Indonesia. Utilizing a comprehensive questionnaire from Nielson (2008) with modifications to address central bank credibility from (Krill et al., 2014) and (Lamla & Vinogradov, 2019). The analysis estimates two types of assessments. First, utilizing Epic Model Analysis, the study determines whether digital communication of the central bank is an effective tool for Bank Indonesia to maintain the public perspective on Bank Indonesia Credibility. Second, using Binary Logistic regression, the analysis predicted the probability of how the digital communication of Bank Indonesia increases the likelihood of the public perceiving Bank Indonesia as a credible institution. The study utilizes 400 unique individual response that has previously seen or communicated with Bank Indonesia across the digital channel namely, Instagram, YouTube, Facebook and Twitter.

The result of this study found that all the digital communication channel that Bank Indonesia use to maintain central bank credibility is effective tools in influencing public perspective toward central bank credibility. By utilizing the dimension attached to the digital communication of the central bank, i.e., Empathy, Persuasion, Impact and Communication, the study proceeded to conduct Binary Logistic regression. This analysis produces a result that practical usage of the communication dimension will increase the public's probability of perceiving the central bank as a Credible institution. Therefore it is recommended that the communication of the central bank not only addresses communication that delivers as much information to the public but also formulate its communication as the digital channel sees fit.

Keywords : Central Bank, Central Bank Credibility, Central Bank Communication, Public Perspective, Logit Model

Thesis Advisor: Yessy Andriani, SE, M.Idec