

ABSTRACT

One of the last targets of Monetary Policy is to keep the stability of inflation level. In order to control inflation, monetary policy uses interest rate instrument which can effect the active circulation. However, monetary policy does not always go smoothly and effectively because it is influenced by pattern and behavior of society placement asset.

The result of this research, monetary type asset like saving on formal monetary foundation becomes preferable of asset placement dominant as much as 74,80% of vendors in Salatiga. It is then followed by asset in the form of saving in non formal monetary foundation, insurance, and the last one is that no one places his asset inform of obligation. While in physic asset, placing asset in form of land becomes priority that as much as 30,08% vendors prefer doing it. The next asset is in the form of building, gold, and cattle. However, as many as 86% respondents doesn't know about monetary variable, so that interest rate is not a considerative behavior as asset placement by vendors in Salatiga.

Because most vendors in Salatiga don't had of interest rate or inflation knowledge in placing asset, monetary policy using interest instrument to control the active circulation is not effective.

Key words: Monetary Policy, assets placement pattern

