



Detecting Determinants of Low Non Performing Loans (Npl) Kupedes (A Study at PT. Bank Rakyat Indonesia (Persero), Tbk Sidoarjo Packaging Unit)

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| ARTICLE INFO | ABSTRACT |
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| <p>Article history:</p> <p>Received Oct 12, 2020 Revised Nov 15, 2020 Accepted Dec 20, 2020</p> <hr/> <p>Keywords:</p> <p>Non Performing Loans, KUPEDES, Social Capital, PBTW.</p> | <p>This study aims to determine the determinants of the low non-performing loans of PT Bank Rakyat Indonesia (Persero), Tbk Sidoarjo Packaging Unit. This factor is seen from two sides, namely what strategy is applied by the management of PT Bank Rakyat Indonesia (Persero), Tbk Sidoarjo Packaging Unit and the motive behind the customer's willingness to pay smoothly. To obtain the above objectives, researchers used qualitative methods. Data obtained through interviews, documentation, and observation.</p> <p>From this study it was found that social capital plays a role in shaping the character of customers. This good character is able to make customers happy to fulfill their obligation to pay Kupedes installments. This type of social capital is social bounding, namely culture and culture, and social capital is of the type of social linking, namely networking. However, just like ivory, which always cracks, social capital also creates a mainstream that is different from the economic concept. Where for the economy, increasing capital through credit has an impact on increasing output, but the culture in the area of debt customers is a disgrace. In addition to social motives, order to pay installments is based on economic motives, namely PBTW and fear of cutting off credit access. In addition to the motives of the customer, The strategy applied by PT BRI Packaging Unit to suppress NPL is in the management strategy in suppressing the emergence of NPL. This strategy starts from prevention efforts through strict selection by utilizing social capital in the form of networks with old debtors before the realization of this social capital which other banks do not have, considering that BRI has been operating for so long. After that, the next strategy is to monitor, develop and manage problematic Kupedes and even create a breakthrough in creating NPLs by increasing the outstanding credit realization, which is accompanied by the proactive work of line officials to collect non-performing loans in the following month. And of course, this is accompanied by the high level of professionalism and integrity of BRI officials in managing the loan portfolio.</p> <p><i>This is an open access article under the CC BY-NC license.</i></p> |



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1. INTRODUCTION

So far, the banking sector has played a vital role in achieving national development goals. In their daily life, banks not only act as institutions that collect funds from the public, but also play a role in channeling third party funds through credit to move the economic sector.

The role of these financial institutions is very strategic in achieving national development goals, so it is necessary to carry out effective guidance and supervision so that these banking institutions are able to function efficiently, healthily and are able to face increasingly fierce competition, as well as being able to regulate and allocate their sources of funds to the public. productive fields for the creation of a stable economic structure.

In Indonesia, the life or death of a bank can start from credit. Banks in this country still rely on income from lending. In fact, the speed of the economy in this country can be very dependent on bank credit. Understandably, banks, especially their lending activities, are still the lifeblood of the bank itself as well as the driving force of the economy and the two are interrelated. Although there are several banks that allocate their portfolios in securities.

The existence of a bank is an important thing in the business world. The relationship between the business world and bank financial institutions cannot be separated, especially in terms of investment and credit. The bank will distribute credit in the form of investment credit and working capital needed by the business world. In this case, the bank continues to develop other competencies in the field of credit to foster sustainable credit growth while carrying out its function as a financial intermediation service.

On the other hand, the field says otherwise, the hard work of banks in carrying out the intermediation function is not accompanied by the obedience of the debtors to fulfill their obligations. There are debtors who break their promise to pay principal and interest on time. This condition ultimately resulted in a decline in credit quality. In the economics of default, such as the case above, it is called information asymmetry.

According to Nasution (2003) the problem of information asymmetry causes two main problems, namely adverse selection and moral hazard. Adverse selection is a form of information asymmetry problem that occurs before financial transactions are carried out because borrowers with low quality (having high credit risk) will usually want to seek loans with very high interest rates.

Another main problem is regarding moral hazard, which occurs after the transaction is carried out where the lender is in a position to accept the risk of where the effort made by the borrower, moral hazard occurs because the borrower gains profit by diverting his project to a high-risk project that is not desired by the lender. a loan which if successful can provide a large profit and if it fails will be borne by the lender in the form of non-return of the credit provided.

In addition to the information asymmetry factor above, the increase in the level of NPL can also be caused by external factors in the form of natural disasters that can destroy the business of debtors. This incident automatically makes the debtor powerless to pay off his obligations. The most obvious case is the impact of the Lapindo mudflow in Sidoarjo. As a result of the disaster, the level of credit NPL soared because many businesses of credit debtors had collapsed. This is because the Porong market is a center for trading vegetables and household needs for residents of Sidoarjo and surrounding districts, besides that the Porong highway is the main artery of the distribution route in East Java. Automatically the disaster not only had an impact on Sidoarjo but also had an impact on the surrounding city.

2. RESEARCH METHOD

2.1 Types of research

In this research, the method used is qualitative. Qualitative research was chosen because it examines the phenomenon of something more deeply, and can better understand the phenomenon which until now has not been widely known. According to Moleong (2006: 6) Qualitative research itself intends to understand the phenomena of what is experienced by the research subject, for example: behavior, perception, motivation, action, etc. holistically, and by means of description in the form of words and language. , in a special natural context and by utilizing various natural methods.

2.2 Unit of Analysis

In this study, it is necessary to establish a study unit, namely the BRI Packaging Unit which includes customers and the management of the BRI Packaging Unit Bank. The management of the BRI Packaging Unit will explore what steps are being taken to reduce the NPL number and many reasons will be explored from customers as to what makes them happy to pay credit installments so that they can create a low NPL value.

2.3 Data Types and Sources

The type of data collected is primary data or data directly obtained from the information source, which is obtained from interviews and documentation conducted by researchers from sources or informants. The data are in the form of narrative data, descriptive, in the words of those who are researched, personal documents, and field notes. With this, it is hoped that a holistic picture can be found.

2.4 Method of collecting data

Data collection methods used are: interviews, observation and documentation.

2.5 Data analysis technique

The data that has been successfully collected through a survey, for further analysis will be determined. The data analysis process begins by examining all available data from various sources that are still related to the research subject, namely from interviews, observations that have been written down in field notes, documentation, and others. Then there is data reduction by doing abstraction. The next step is to arrange them in units. Then the units are categorized in the next step. The final stage of this data analysis is to check the validity of the data. And in principle, the data analysis process in this study was carried out by induction, which prioritized and prioritized the process rather than the results.

2.6 Data Validity Check

To ensure that the data obtained is valid, meaning that the data collected provides information about the actual situation and is indeed relevant and contains important information, the researcher uses triangulation (using several sources of information to verify and strengthen the data) both in different data collection methods (interviews and interviews). observation) as well as using supporting informants.

3. RESULTS AND DISCUSSIONS

3.1 Economic Motives and Social Motives As Reasons For Debtors To Fulfill Their Obligations

The Lapindo mudflow that started on May 29, 2006 had an impact on the sustainability of economic activities, resulting in the collapse of many credit debtors' businesses. Considering that the Packaging unit is only 12 km from the center of the mudflow location and some of the debtors' businesses depend on the Porong market and the Porong highway, the BRI Packaging Unit also felt the impact of this disaster.

The social impact above does not affect the good character of the customer. In many cases, the economic downturn will have an impact on the deterioration of individual character. For customers of this unit, continue to maintain good character as customers even though their economy is

experiencing problems. The stability of this character is much influenced by social capital that was formed long ago.

Apart from culture and religion, there are other factors that make customers very orderly in paying their obligations. Network factor is the answer. The network built with BRI has been around for a long time and is based on trust. They accidentally formed this network from the cooperation process between customers and orderlies during the credit process. This network is getting closer as time goes by and the intensity of their collaboration becomes more frequent. Being strong and able to survive is due to the existence of trust and social capital in the form of culture plays a role here. Culture educates them to maintain trust. Trust here is applied in the orderly payment of obligations and the accuracy of providing information. Once that trust cannot be maintained, it will have a fatal impact. There are sanctions in the form of exclusion when trust in this network is tarnished. The customer will not be involved in the exploration of information by the Mantri. If you are no longer trusted, what's the point of living, because in Javanese culture, if you just deny it once, it will forever be difficult to gain trust. In addition to the fear of being excluded from the network, the breach of trust also has an impact on their difficulty in accessing credit. Once they are blacklisted, their access to credit will be cut off. This blacklist category will be obtained by customers when they are in arrears of more than 3 months. the breach of trust also has an impact on their difficulty in accessing credit. Once they are blacklisted, their access to credit will be cut off. This blacklist category will be obtained by customers when they are in arrears of more than 3 months. the breach of trust also has an impact on their difficulty in accessing credit. Once they are blacklisted, their access to credit will be cut off. This blacklist category will be obtained by customers when they are in arrears of more than 3 months.

In addition to the fear of losing access to credit which could potentially lead to difficulties in obtaining capital from outside, another economic motive that underlies the orderliness of debtors to pay off their obligations on time is Timely Interest Return (PBTW). This PBTW is given by BRI to customers as a reward for their order to pay installments on time for 6 months without breaking. This reward is a return of 0.5% of the interest paid by the debtor for 6 months. Initially, PBTW was named on-time payment incentive (IPTW). Because there is a stipulation from the government that every rupiah of incentive must be taxed, this policy was renamed PBTW. PBTW is the strongest reason why they are willing to pay installments.

3.2 Strategy of PT Bank Rakyat Indonesia (Persero), Tbk Packaging Unit in Creating Low NPL Value

As a producer of a product, of course, is profit-oriented. This advantage will be obtained if their products sell well and without problems. Similar to BRI and its Kupedes product, BRI must be able to attract debtors and maintain the quality of Kupedes (low NPL). In attracting credit debtors, PT Bank Rakyat Indonesia (Persero), Tbk Packaging Unit has a special strategy.

However, this approach does not abandon the precautionary principle. At every stage of the credit granting process, it is always carried out by applying the precautionary principle. This is done to maintain the quality of their assets placed in the loan portfolio. The credit quality is reflected in the low NPL score. Credit quality, which is reflected in the low NPL value, needs to be maintained because Non-Performing Loans at least cause problems for bank owners, deposit owners and also the overall economic condition. First, for owners of funds with higher NPLs, they do not receive market returns from their capital. Second, deposit owners do not receive market returns from their deposits or savings. Banks share their credit failures with deposit holders by depressing interest rates. In the worse case, if the bank goes bankrupt, depositors will lose assets or be faced with unbalanced guarantees. For this reason, every year the branch office always sets a target for the

maximum number of NPLs at the Unit office, the target refers to the achievements of the previous year and in accordance with the coverage area.

The principle of prudence is always applied by BRI Unit in providing credit. These principles are reflected in the main credit policies, quality assessment procedures, professionalism and integrity of micro business credit officials. The main policies in micro business lending include the main principles in managing credit. This principle must be implemented in order to maintain a healthy credit portfolio.

In addition to implementing the four main principles in managing credit, this BRI Unit also has a healthy Kupedes granting procedure. This procedure is an effort by BRI Unit to develop Kupedes in a healthy manner and reduce the risk of giving Kupedes. This procedure begins with the stages of preparing a marketing plan, namely: determining the target market, determining acceptable risks, the process of giving kupedes.

After going through the initiative and credit application stages, the next stage is the Kupedes evaluation analysis. At this stage, prospective debtors will pass a strict selection which is commonly known as the 5 Cs. The five aspects are character (character), capacity (capacity), capital (capital), collateral (collateral), and condition (business conditions and prospects). Sequence C beside is the priority of analysis.

The first analysis is character. This qualitative analysis looks at the responsibility, honesty, seriousness of the business, the desire to pay all obligations with all the assets owned so that the bank can trust the good faith of the borrower and the bank can know the risk of the credit given. For old customers, the bank does not experience too much difficulty in analyzing as long as there is no significant change in the character of the debtor. BRI can refer to the old debtor's track record of credit performance during relationships, timeliness of payments, delivery of correct information, openness to provide everything the bank needs and the way the debtor relates to the bank.

For analysis for new prospective debtors, BRI utilizes social capital in the form of networks to gather information about potential debtors. This network is unconsciously formed from the interaction process between BRI (in this case the mantri) and old customers who have had good credit performance and can be trusted. Considering that BRI is at such a mature age, there are certainly many informants that can be extracted. Besides that, the long period of time in working together has instilled trust in this network. This is what may distinguish BRI from other banks. BRI, which is more than 100 years old, has a fairly strong network with its customers. With such a strong network, BRI uses this approach to gather information on prospective Kupedes debtors. Some of the information extracted included the history of the borrower,

Social capital in the form of a network is able to form a symbiotic mutualism between BRI and its customers. For BRI, social capital can be used to collect data on prospective new debtors. In addition to getting information, social capital also benefits BRI economically, in this case social capital makes BRI more efficient because it does not need to incur additional costs in gathering information on prospective debtors to reduce credit risk and has proven to be very efficient. For old debtors, social capital also has a positive impact, social capital will facilitate access to credit for them because they have received social recognition from BRI in the form of trust.

The second analysis is capacity. This analysis uses two approaches. To analyze the managerial capabilities of BRI, this unit uses a qualitative approach, while for financial capabilities it uses a quantitative approach. This analysis aims to determine the ability of prospective debtors to make plans and realize these plans, including in running their business in order to obtain the expected profit. This profit will determine the capacity of the prospective debtor to fulfill its obligations.

The third analysis is capital. This analysis is used to determine the debtor's own ability to bear the required financing burden, the ability to bear the burden of risk, and seriousness in managing the business.

Considering that collateral is a counter-performance guarantee for BRI Units that have issued a sum of money in the form of Kupedes to customers, BRI needs to do a fourth analysis, namely collateral. This collateral has the role of giving rights and powers to the bank to get repayment of the proceeds from the sale of collateral if the debtor defaults, guarantees that the debtor participates in transactions to finance and develop his business, and encourages debtors to fulfill credit agreements so that they automatically do not generate NPL for credit. BRI. BRI requires credit collateral to meet the economic and juridical aspects. The economic aspect here means that it can be traded, the value is greater than credit, can be exchanged, the value is stable and tends to rise, the condition and location of strategic collateral, and longer term economic benefits. While the juridical aspect includes actually belonging to the person/party who is willing to put the collateral in, not in dispute, the collateral is free, and has proof of legal ownership and is still valid and has legal force. Furthermore, BRI conducts inspection and assessment of collateral.

The last analysis is condition. The assessment of the condition is intended to find out to what extent the economic conditions affect the business activities of the prospective debtor and how the debtor overcomes or anticipates it, so that his business continues to live and thrive. The aspects examined are suppliers, distribution channels, consumers, competitors, the public, government regulations, economic conditions, socio-cultural, demographics, technology, and natural conditions.

After going through the stringent selection stages above and according to the severing official, the credit realization requirements have been met, the prospective debtor is required to sign several documents based on law. The file is expected to be able to prevent customers from committing default on credit agreements. In addition to the above agreement, BRI also insures their credit assets to be able to cover in the event of a default by the debtor.

BRI's strategy in reducing risk does not stop only until the Kupedes disbursement. The next strategy is the development and supervision of Kupedes. This strategy is very important because it anticipates the risk of loss in the provision of credit facilities. Kupedes Guidance is a continuous development effort carried out by line credit officers on credit facilities regarding the assessment of debtor business development, use of credit and protection of bank interests.

BRI Unit has made every effort to avoid the emergence of NPLs. Starting from prevention through strict selection before realization to supervision, coaching and management of problematic Kupedes. However, sometimes delinquency occurs from the debtor in a certain month which eventually leads to a high NPL value. In this case, BRI has a breakthrough to keep their NPL low. This breakthrough is only to pursue short-term targets when the NPL is predicted to be high, it is not illegal and there must be treatment in the following month to make credit healthy again. This

breakthrough is the addition of outstanding credit realization for that month and in the following month BRI will be more proactive in billing customers who experience congestion in installment payments.

All of the strategies carried out by BRI Unit officials who are professional and have high integrity show that they are actually implementing the principle of prudence in maintaining the quality of the Kupedes portfolio. Prevention efforts through the selection of prospective debtors by utilizing social capital that was formed many years before its realization to the supervision, guidance and management of problematic Kupedes and even breakthroughs that made the NPL value in this unit low. A strategy that enables them to achieve the NPL value targeted by branch offices and maintain BRI's reputation as a healthy bank.

4. CONCLUSION

Detection of low NPL at PT Bank Rakyat Indonesia (Persero), Tbk Packaging Unit through interviews and observations can be concluded that social capital plays a role in shaping the character of customers. This good character is able to make customers happy to fulfill their obligation to pay Kupedes installments. This type of social capital is social bounding, namely culture and culture, and social capital is of the type of social linking, namely networking. However, just like ivory, which always cracks, social capital also creates a mainstream that is different from the economic concept. Where for the economy, increasing capital through credit has an impact on increasing output, but the culture in the area of debt customers is a disgrace. In addition to social motives, order to pay installments is based on economic motives, namely PBTW and fear of cutting off credit access.

Meanwhile, from the managerial side of PT Bank Rakyat Indonesia (Persero), Tbk the Packaging Unit, it was concluded that the determining factor for the low NPL at PT BRI's packaging unit was the management strategy in suppressing the emergence of NPL. This strategy starts from prevention efforts through strict selection by utilizing social capital in the form of networks with old debtors before the realization of this social capital which other banks do not have, considering that BRI has been operating for so long. After that, the next strategy is to monitor, develop and manage problematic Kupedes and even create a breakthrough in creating NPLs by increasing the outstanding credit realization, which is accompanied by the proactive work of line officials to collect non-performing loans in the following month.

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