Analysis and Factors that can Affect the Disbursement and Repayment of People's Business Credit Loans

June Sasmiharti
Gunadarma University
jsasmiharti@gmail.com

Abstract
KUR loans are designed for small and medium-sized businesses that are economically viable but are not yet eligible for traditional bank financing. Since 2008, the number of KUR in BRI Unit X has decreased sharply due to high credit arrears. This poses a lot of problems for people who depend on this unit for their livelihoods. This research uses research data collected from secondary sources such as bank data, which is then deepened by conducting interviews with selected debtors and tracing various relevant literature sources. Data analysis includes qualitative and quantitative analysis. This study seeks to identify the factors that contribute to the successful completion and return of KUR. The study found that various business factors such as turnover, net profit, type of business, proposed credit, and collateral value all had a significant effect on the likelihood of success of the KUR. There are several factors that can affect the repayment rate of the KUR loan, such as the gender of the borrower, the level of education, the repayment term, and the monthly installment payment. and credit interest.

Keywords: credit disbursement, people's business credit, credit return

INTRODUCTION

MSMEs can play a role in encouraging economic development in Indonesia, especially in helping economic recovery and post-crisis improvement. This is evidenced by the number of MSMEs which in 2008 reached 99.99%. Small and medium-sized enterprises (SMEs) are important to provide employment opportunities, since most businesses require a significant amount of labor. The employment rate in MSMEs (micro, small, and medium enterprises) was 97.15% in 2008. (State Ministry of Cooperatives and SMEs, 2009)

Most businesses in the agricultural sector are small businesses that employ few workers. MSMEs play an important role in contributing to the value of Gross Domestic Product (GDP). In 2008, the GRDP value associated with MSMEs was 55.67 percent, with the largest proportion coming from the agribusiness sector.

The importance of MSMEs shows that developing their empowerment is a key strategy to address the country's economic challenges. However, MSMEs often find it difficult to obtain capital loan facilities from banks because their contribution to national investment is still low, which was only 44.2 percent in 2007. (K. N. Koperasi & Indonesia, 2004)

Small businesses are not as prevalent as large enterprises in the economy, although there are a lot of them. This condition shows that investment in the Micro and Small Business sector has not been recommended, although this sector is known to be efficient in the use of investment. In response to current conditions, the government issued a credit for MSMEs under the name People's Business Credit (KUR). KUR loans are designed to provide working capital or investment funds, with a credit limit of up to 500 million rupiah. This loan will be backed by a 70% guarantee from the guarantor company and 30% from the bank that manages the loan. This policy is expected to increase access to credit for small and medium enterprises (SMEs) and cooperatives that do not have access to banking credit due to lack of collateral. The KUR program is implemented by six banks that have received government approval, namely BNI, BRI, BTN, Bank Mandiri, BSM, and Bank Bukopin. BRI focuses on distributing Micro KUR, with the largest kur distribution as a whole. BRI's success is motivated by the organization's long history in helping micro and small businesses access capital. This experience has allowed them to develop a deep understanding of their clients' needs, and they continue to use this knowledge to drive their success. The success of BRI is partly due to the familiarity of the community with the credit programs offered by the organization to small businesses. Bri's KUR-Kupedes program provides loans of up to five million rupiah to small businesses in need. There was a decrease in the number of KUR-
Kupedes in one BRI Unit, even to the point of non-existence. The less than encouraging performance of KUR-Kupedes shows that the BRI Unit is not able to generate profits and help the community, especially micro-enterprises. The low realization of KUR-Kupedes is apparently influenced by the high number of non-performing loans as can be seen from the value of NPLs. With the value of NPLs continuing to increase, it has now reached 9 percent.

The objectives of this study are
1) What are the factors that influence the realization of KUR-Kupedes
2) There are several factors that influence the return of Kupedes. These include, the level of investment, the amount of time the investment is held, the level of risk, and the rate of return.

Frame of Mind

According to Cashmere (2016:274) in general credit is said to be trust. In Latin called "credere" means the trust of the bank (creditor) to the customer (debtor), the bank believes the customer will definitely return the loan according to the agreement that has been made. It can also be interpreted that the debtor gains the trust of the bank to obtain funds and use the funds as appropriate and is able to return in accordance with the agreement that has been agreed by both parties. (Latumaerissa, 2011)

Creditors consider many things in choosing whether to give credit or not. There are two general principles used in credit approval decisions: the 6C principle and the 6A principle. The purpose of these principles is to ensure that loans approved by banks or lending institutions can be repaid by the borrower smoothly and in the right amount of time. The principles included in the 6C according to (Astuty, 2015) are:

a. Character (personality)
   Is to refer to their personality and how willing they are to pay back the credit.
b. Capacity
   The ability of the debtor to repay the loan (principal and benefits) is related to their ability to repay the loan. This ability is measured, among other things, by indicators such as the state of commerce and the income/acquisition of commerce, which may reflect the level of disbursement and profitability of the business. The more liquid and profitable, the greater the ability to repay loans and other bonds
c. Capital
   Capital refers to the funds that a company has to invest in and develop its business. The ability of entrepreneurs to access this capital is critical to the success of their business. Comparison of the level of financing by banks with equity can be assessed using leverage
d. Collateral
   To find out the extent to which the value of the collateral provided by the debtor will later cover the risk of default on his financial obligations to the bank.
e. Condition of Economy
   Economic conditions in a region or country can have a significant impact on the success of businesses and individuals who want to borrow money.
f. Constraints
   Constraints are any factors that have the potential to hinder the progress of a project or business. This can include both social and psychological factors.

According to (Astuty, 2015) In addition to the 6C principle, there is an additional principle, the 6A principle, which includes:
This legal (Juridical) aspect aims to assess the compliance of potential credit recipient companies with legal provisions.

a. Market and marketing aspects, the Company will assess the potential market share for its products and services to be financed through credit, and research marketing strategies that entrepreneurs can use to deal with competition.

b. Engineering Aspects, this assessment aims to evaluate the readiness of entrepreneurs in carrying out business operations and how well they are ready to carry out projects/business developments.

c. Aspects of business management refer to the ability and skills of management in running a business. It is important to have a good management team to have a successful business.

d. The financial aspects of the company’s performance aim to measure its ability to manage finances effectively.

e. The socioeconomic aspects of this study refer to the added value of the company from a social and macroeconomic perspective. It specifically examines the socioeconomic benefits received by the government and society, such as employment opportunities and government tax revenues.

Loans can be classified into four categories according to their repayment term, namely

1. **Current credit / loan** is a credit that does not experience delays in the payment of the principal and interest on the loan.

2. **A credit/under-current loan** is a loan in which the borrower fails to make timely payments on principal and interest for a period of three months or more.

3. **Doubtful credit**, Loans whose principal and interest payments are delayed for six months or more from a predetermined schedule.

4. **Bad Debts**, Non-performing loans are loans whose principal and interest payments have matured more than one year after maturity.

**METHOD**

This research was conducted at the BRI business unit in Depok, Indonesia. The study location was deliberately chosen, considering that the achievements achieved by KUR tend to decrease and NPLs tend to increase. This study used a survey method of all debtors to collect data on their debt experience. A total of 100 debtors were surveyed. The company was active until the end of May 2009 and is engaged in agribusiness.

Research data is collected from secondary sources such as bank data, which is then deepened by conducting interviews with selected debtors and tracing various relevant literature sources. Data analysis includes qualitative and quantitative analysis. The model used for quantitative analysis is multiple regression analysis. This model is used to predict the outcome of a dependent variable, based on the value of one or more independent variables. Logit analysis is a statistical technique used to model the relationship between a dependent variable and one or more independent variables. Multiple linear analysis models are used to test the factors affecting the realization of KUR-Kupedes. Kur-Kupedes returns are influenced by several factors, which can be analyzed using binary logistic regression models.

**Factors That can influence the possible realization of KUR-Kupedes**

The realization of the KUR is largely driven by the same factors that affect the realization of credit in general, namely Factors 6C and 6A. This study seeks to estimate the factors that affect the realization of KUR by paying attention to factors 6A and 6C,
but with some modifications. There are several factors that affect a person's KUR, including variables related to the characteristics of an individual (e.g. age, gender, number of dependents), his or her business (e.g. turnover, income, type of business, length of business), and their credit history (e.g. frequency of borrowing, loan amount, collateral value).

The hypothesis proposed is that the variables of age, turnover, net profit, length of business, frequency of borrowing, amount of credit, and collateral value all have a positive effect on the realization of KUR-Kupedes. It is estimated that having dependents in the family has a negative impact on the realization of KUR-Kupedes. The impact of gender and business types on credit realization is expected to be significant, with male debtors and those with businesses not related to agriculture more likely to receive credit.

Factors that can affect the return of KUR-Kupedes

Repayment of the loan is the result of the borrower using the loan to make a purchase. Repayment of loans is subject to factors affecting the realization of credit. The criteria for current credit are those who can repay the loan on time or later than the due date but are still obliged to pay within the month. The criteria for non-current credit are those who return the loan after passing the month of mandatory payment. The age of arrears must be more than six months for the debtor to be considered bad.

Repayment of non-current loans is classified into four levels according to their collectibility, namely In Special Attention (DPK), Less Current (KL), Doubtful (D), and Stuck (M). Debtors who do not make installment payments within a period of nine days from the maturity date (seven working days) or within the specified month of obligation are given dpk status or Collect 2, Status Less Current (KL) or Collect 3, namely debtor payments in installments, is complicated by the fact that the customer's business tends to experience difficulties, but the level of difficulty is still relatively low and only affects one aspect of the undertaking.

Debtors who postpone the payment of KUR installments for more than 60 days to 90 days are given a less current status. This status reflects the increased risks associated with such debtors. Doubtful Status (D) or Collect 4 is an indication of late credit payments, which is usually indicated by a sharp decline in business. These issues often cover various aspects of the business. Debtors who are in arrears of more than 90 days to 120 days are granted the status of indecision.

Characteristics of Kur-Kupedes Debtors Characteristics of Debtors KUR-Kupedes

Most debtors are aged 36 to 45 years, men, and live within five kilometers of their place of residence. They generally have a primary school education, and four to six family dependents. Based on the characteristics of the business, most debtors have a turnover of > of Rp. 5 million to 10 million per month, a monthly net income of more than Rp. 250,000 to Rp. 500,000, has non-farm operations, and a monthly RPC value is generally Rp. 250 thousand to around Rp. The average length of time a business lasts in one location is ten years, with a range of one to fifty-six years. The average length of time a business operates is five years, with a range of half a year to thirty-six years. The average monthly income for a business is IDR 500 thousand, with a range of IDR 113 thousand to IDR 769 thousand. Meanwhile, from the identification of credit characteristics, most debtors have an average credit frequency of two times (range 1-7 times), the amount of credit submitted is generally above Rp 4 million to Rp 5 million rupiah, and the credit ceiling. the general value is IDR 2 million or more. The debtor currently owes a total of 4 million, and for those who are in arrears, the value of the collateral is generally 2 million. The term of repayment of the loan is 12 months, a
maximum of 24 months, and the obligations to be paid are 200 thousand to 400 thousand per month.

**Description of KUR-Kupedes Rate of Return**

Debtors of KUR-Kupedes are divided into two groups based on the rate of return of their credit. The first group consists of those who currently have arrears of loan payments, accounting for 43 percent of all KUR-Kupedes debtors. The second group is non-current (arrears) debtors, including debtors with the ability to repay deposit loans (under special attention), unqualified, doubtful and stuck. Debtors in loan arrears accounted for 57%. There are several main differences between current debtors and arrears debtors, with the latter being more likely to be male and having an average RPC of IDR 153 thousand per month. Business activities outside of agriculture also seem to be more common among debtors who are in arrears. Debtors who are late in paying are generally women who have businesses outside the farm and earn around Rp 186 million per month.

**RESULTS AND DISCUSSION**

The proposed model, which includes 10 independent variables, is a good representation of the factors affecting the realization of KUR-Kupedes. The free variable is believed to explain the majority of KUR-Kupedes variations in BRI Unit X. The model does not explain 36.7 percent of the kur-Kupedes realization variation in BRI Unit X. Model P values are smaller than the significance level of 0.05, meaning that the model is significant. The results of the analysis of factors affecting the realization of KUR-Kupedes can be seen in the following table. Table 1 shows that the free variables that have a positive effect on KUR are significant. The factors that appear to most significantly affect the KUR-Kupedes in BRI Unit X are monthly business turnover, monthly net income, the number of loan applications, and the value of collateral. The type of business carried out by the dummy variable has a significant negative effect on the realization of KUR-Kupedes in BRI Unit X. This shows that credit is more likely to be repaid on farms than in other businesses. Age, gender, number of dependents, length of business, and frequency of crediting did not have a significant effect on the amount of realization of KUR-Kupedes. The monthly turnover variable has a significant and positive effect on credit realization. This finding is consistent with the hypothesis that higher turnover results in a greater realization of KUR-Kupedes. Small businesses with a monthly turnover of less than IDR 10 million are only eligible for a maximum credit of IDR 3 million. Debtors who have a monthly business turnover are more likely to contact their creditors to arrange a payment plan. Up to 10 million people can achieve their credit goals. This number is so large that it is hard to imagine, but 3 million is a lot. Business turnover represents the debtor's ability to repay his credit. It adheres to the principle of Capacity, which is used in credit analysis. Therefore, parties considering borrowing need to pay attention to this variable if they want to get a greater realization of KUR-Kupedes in the BRI Unit. BRI Unit can also use this information to improve the accuracy of the credit approval process by paying attention to the monthly business turnover of prospective debtors.

**Table 1. Results of analysis of factors affecting the realization of KUR-Kupedes**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Regression Coefficient</th>
<th>t-hit</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>17049</td>
<td>0.03</td>
<td>0.980</td>
</tr>
<tr>
<td>Age of the debtor</td>
<td>5480</td>
<td>0.58</td>
<td>0.562</td>
</tr>
<tr>
<td>Gender (1= male; 0=female)</td>
<td>2144</td>
<td>0.01</td>
<td>0.989</td>
</tr>
<tr>
<td>Number of family dependents</td>
<td>-52803</td>
<td>-1.14</td>
<td>0.257</td>
</tr>
<tr>
<td>Business turnover per month</td>
<td>0,05325</td>
<td>3.61</td>
<td>0.000*</td>
</tr>
<tr>
<td>Net income level per month</td>
<td>2,2485</td>
<td>3.92</td>
<td>0.000*</td>
</tr>
<tr>
<td>Type of business (1=off farm; 0=on farm)</td>
<td>-717293</td>
<td>-2.23</td>
<td>0.028*</td>
</tr>
</tbody>
</table>
Analysis and Factors that can Affect the Disbursement and Repayment of People’s Business Credit Loans

June Sasmiharti

However, banks cannot rely solely on business turnover to make decisions. A business with a large monthly turnover is not necessarily more profitable than a business with a smaller turnover. Although we are still considering whether to hand it over to a collection agency, most debtors will pay their credit if they have a source of income.

Credit payments most likely come from turnover. Profit or net profit is a good indicator of the debtor’s ability to pay off his debts. It shows us how well the debtor is performing and how likely they are to be able to repay the debt. The debtor’s ability to repay his credit will determine how much credit they will be able to realize. BRI Unit also looks at net income per month to get a more complete picture of the financial health of the business. This can be seen from the net profit has a significant positive effect on credit realization. According to the estimated coefficient, net profit has a greater influence on credit realization than business turnover. The net profit variable has a coefficient of 2.2 while the business turnover variable has a coefficient of only 0.05. This means that net profit has a much greater influence on bound variables compared to business turnover. Debtors who have a net income of around Rp. 1,000,000 per month are considered to be in the "low-income" group. The realization of KUR-Kupedes is a maximum of only 250 thousand per month. Meanwhile, for those who have a net income of between Rp. 250,000 to Rp. 500,000, they can get KUR-Kupedes up to Rp. 3 million. Debtors with a monthly net income above Rp. 500 thousand can realize KUR-Kupedes of more than IDR 3 million (maximum IDR 4 million). The average monthly income from an off-farm business is usually smaller than that of an on-farm business. Most businesses that are not on farm have risks caused by the absence of a cash (credit) payment system. This makes the turnover of business capital slow. Debtors also face the risk of having to repay loans from their customers. To calculate the monthly net income for debtors with agricultural enterprises, divide the net income per season by the number of months in a season. The average period of off-farm production is about 2-8 months. The fish breeding industry has the shortest production period, which is about two months. The cattle fattening business has the longest production period, which is up to 8 months. Debtors who run livestock businesses seem to have good market prospects, as evidenced by the relatively high profits obtained.

Factors Affecting kur-kupedes return

There are several factors that are suspected to affect the rate of return on investment of KUR-Kupedes, including the age of the debtor, gender, level of education, number of dependents in the family, distance of residence, monthly RPC value, type of business, length of stay at the business location, credit ceiling value, repayment period, frequency of credit provision, collateral value, and monthly obligations. The sex of the debtor is represented by a dummy variable, with the female represented by 1 and the male by 0. The type of business of the debtor is also represented by the dummy variable, with the off-farm business represented by 1 and the on farm business represented by 0. The bound variable to be studied has two possible values: Y=1 for the debtor who returned his loan
smoothly, and Y = 0 for the debtor who is in arrears with the repayment of his loan. The results of the analysis of factors affecting the return of KUR-Kupedes are shown in Table 2.

**Table 2. Analysis of Factors Affecting KUR-Kupedes Returns**

<table>
<thead>
<tr>
<th>Variabel Independent</th>
<th>Koefisien</th>
<th>Odds Ratio</th>
<th>Z-hitung</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Konstanta</td>
<td>-3,745</td>
<td>-1,24</td>
<td>0,215</td>
<td></td>
</tr>
<tr>
<td>Usia debitur</td>
<td>-0,03054</td>
<td>0,97</td>
<td>-1,05</td>
<td>0,295</td>
</tr>
<tr>
<td>Jenis kelamin (1=perempuan; 0=laki-laki)</td>
<td>-0,9817</td>
<td>0,37</td>
<td>2,04</td>
<td>0,041*</td>
</tr>
<tr>
<td>Tingkat pendidikan</td>
<td>-0,18323</td>
<td>0,83</td>
<td>-1,95</td>
<td>0,052**</td>
</tr>
<tr>
<td>Jumlah tanggungan keluarga</td>
<td>-0,1410</td>
<td>0,87</td>
<td>-1,00</td>
<td>0,315</td>
</tr>
<tr>
<td>Jarak tempat tinggal</td>
<td>-0,00352</td>
<td>1,00</td>
<td>-0,09</td>
<td>0,925</td>
</tr>
<tr>
<td>Nilai RPC</td>
<td>-2,620E-06</td>
<td>1,00</td>
<td>-0,70</td>
<td>0,483</td>
</tr>
<tr>
<td>Jenis usaha (1=off farm; 0=on farm)</td>
<td>-0,5675</td>
<td>0,57</td>
<td>-0,60</td>
<td>0,547</td>
</tr>
<tr>
<td>Lama usaha</td>
<td>-0,05034</td>
<td>0,95</td>
<td>-1,36</td>
<td>0,175</td>
</tr>
<tr>
<td>Lama menetap di lokasi usaha</td>
<td>0,02449</td>
<td>1,02</td>
<td>1,37</td>
<td>0,171</td>
</tr>
<tr>
<td>Nilai plafond kredit</td>
<td>-2,023E-06</td>
<td>1,00</td>
<td>-1,54</td>
<td>0,124</td>
</tr>
<tr>
<td>Jangka waktu pengembalian</td>
<td>0,4661</td>
<td>1,59</td>
<td>1,74</td>
<td>0,081**</td>
</tr>
<tr>
<td>Frekuensi peninjaman kredit</td>
<td>0,5837</td>
<td>1,79</td>
<td>1,51</td>
<td>0,130</td>
</tr>
<tr>
<td>Nilai agunan</td>
<td>1,892E-08</td>
<td>1,00</td>
<td>-0,61</td>
<td>0,541</td>
</tr>
<tr>
<td>Kewajiban per bulan</td>
<td>0,00003197</td>
<td>1,00</td>
<td>2,03</td>
<td>0,042*</td>
</tr>
</tbody>
</table>

Statistik-G = 26,101 P-value = 0,025

Source: {Lubis & Rachmina, 2011}

**CONCLUSION**

There are many factors that can affect the return on investment of the KUR-Kupedes project. This may include the current state of the economy, the political climate, the availability of resources, and the level of experience of the project team. All these factors must be carefully considered in order to maximize the chances of business success. The higher the business turnover, net profit, the amount of loans applied for, and the value of collateral per month, the higher the realization. The realization of KUR-Kupedes BRI Unit in the off-site business is greater than the on-site business. Factors that have a significant influence on KUR returns are gender, monthly obligations, payback period, and level of education. Male borrowers tend to be more liquid in paying off loans compared to female borrowers. Debtors who have larger monthly loan installments and a longer repayment period tend to make their payments smoother. There is a positive relationship between the level of education and the ability to pay credit. In other words, those who are more highly educated are more likely to be able to repay their debts

**BIBLIOGRAPHY**


Analysis and Factors that can Affect the Disbursement and Repayment of People's Business Credit Loans

June Sasmiharti