

Bad Debt Ratio and Non-Performing Loan Analysis On BUKOPIN Consumer Credit Division In Jakarta

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Abstract: This study will conduct an analysis related to bad loans experienced by PT. Bank Bukopin, Jakarta's consumer credit division. Know the factors that influence the customers of the payment of credit obligations and to know Bank Bukopin's efforts in cracking down on customers in the payment process. The method used in this research is the descriptive qualitative method. The results showed that two factors were causing Bad Debt Ratio and Non-Performing Loans. Another thing is how Bank Bukopin handles problem loans both through litigation and non-litigation.

Keywords: Procedure, Problem Credit Handling

1. Introduction

Since 2015, PT Bank Bukopin Jakarta has experienced an increase in the percentage of bad loans. This continued into the following years, namely 2016 and 2017, where the percentage of bad loans at PT. Bank Bukopin Jakarta continues to increase, as shown in the following table [8].

Table 1. Bad Debt Ratio and Non-Performing Loan

Year	BDR	BDR (%)	NPL	NPL (%)
2015	85,921	6.61%	62,419	4,81 %
2016	87,292	9.87%	82,126	9.29%
2017	79,977	9.58%	75,584	9,05 %
2018	71,916	8.30%	69,311	8,00 %

In 2015 the nominal Bad debt ratio (BDR) reached Rp. 85,921 billion with a percentage of 6.61%, and a nominal Non-performing loan (NPL) of Rp. 62,419 billion with a percentage of 4.81%. In 2016 the position has increased with Bad debt Rasio to Rp. 87,292 billion or 6.61% while Non-performing loans to Rp. 82.126 billion or 9.29%.

2. Literature Review

To Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998, the Bank is a business entity that collects funds in the form of deposits and

distributes them to the public in the form of credit and or other forms, in order to increase the standard of living of many people.

To Law Number 10 of 1998, namely: Credit is the provision of money or bills that can be likened to it, based on a loan agreement between the bank and another party that requires the borrower to repay the debt after a certain period of time with interest. [17].

Bad Debt Ratio is a part of the company's collectible receivables [14]. The method used by companies to the ratio of bad debt is a direct method or allowance methods. Under the direct method, companies reduce receivables when certain invoices are considered collectible. Only permitted if bad debts are small and insignificant. Meanwhile, for the allowance method, the company estimates the portion of the receivables to be collected and periodically records the costs for bad debt expenses.

Non-Performing Loan ratio is a comparison between the amount of credit granted and the level of collectibility which is problem loans compared to the total loans given by banks [4]. Non-performing loans also reflect credit risks that occur at the bank [11].

Bank Indonesia's, Regulation 7/2 / PBI / 2005 concerning the assessment of asset quality of commercial banks, there are three collectibility groups which are non-performing loans (NPLs) as follows:

1. Substandard loans with the following criteria:
 - a. There are arrears in principle and / or interest installments that have exceeded 90 days.
 - b. Overdraft often occurs.
 - c. Account mutation frequency is relatively low.
 - d. There was a violation of the contract that was promised more than 90 days.
 - e. There are indications of financial problems faced by debtors.
 - f. Weak loan, documentation

2. Doubtful credit with criteria:

- a. There are arrears in principle and / or interest installments that have exceeded 180 days
- b. An overdraft is permanent.
- c. There was a default of more than 180 days.
- d. Interest capitalization occurs.

3. Bad Credit (loss) with criteria:

- a. There are arrears in principle and / or interest installments that have exceeded 270 days.
- b. Operational losses are covered by new loans.
- c. In terms of legal and market conditions, guarantees cannot be disbursed at fair value.

3. Research Method

This qualitative study is descriptive research. Descriptive research is the type of research that aims to describe certain social phenomena including the relationship of activities, attitudes, views, and ongoing processes and the influence of a phenomenon in detail. Descriptive research is intended to describe the problems in research [5]. The research data were secondary data obtained from literature, books, and scientific works that are related to the problems addressed. The main purpose of this literature study is to get theoretical concepts that regard the research problems.

4. Results and Discussion

The increase in nominal or percentage of non-performing loans in 2015 and 2016 was caused by the debt not being paid under the agreements that had been made before when making loans to both parties.

There are several conditions that become debtors experiencing bad credit divided into 2 factors, namely internal factors and external factors. Based on the results of interviews

with employees of PT. Bank Bukopin, Tbk Jakarta, Mr. Hendro Isnanto, said the factors that caused the occurrence of problem loans at PT. Bank Bukopin, Tbk Jakarta includes:

A. Internal Factors

The internal factors of the emergence of problem loans are:

1. Banks are less careful in granting loans The blunt analysis can be as of an error in the ability to repayment (repayment capacity) of the debtor on the credit received, the bank can also pay less attention to negative information about prospective borrowers obtained from third parties before credit disbursement.
2. Officer Fraud committed by bank officers includes manipulating debtor data and violations of procedures performed by bank officers so as to facilitate the receipt of debtor credit facilities that are not actually suitable for receiving credit facilities or for personal gain.
3. Lack of bank supervisions There is a misperception in granting credit that success in credit expansion is measured by the amount of nominal credit in a certain period, but actually good credit is credit given to applicable procedures, with good installment payments, and repayment of credit by the debtor just in time. To support these matters, there is a need for strict maintenance and monitoring by the bank for each credit given. Strict supervision makes it easy for banks to detect early possible credit default.

B. External factors

External factors or can be referred to as factors caused by debtors, namely:

1. Failure in running the business.
In this condition, the debtor claimed that he could not pay the credit installments because the business he

was running was not in line with expectations (Bankrupt). Business undertaking is a business carried out or developed using loan funds under the agreements that have been made when making loans.

2. Do not use loan funds as they should.
Some debtors take actions that are not under the agreements before agreed upon when making loans, namely using the proceeds of the loan not under what was promised. Like doing business activities where the business is not under business activities that have been approved in the use of loan funds. This event has a detrimental impact such as the business has not yet made a profit, the profit is minimal, the business development is slow moving, and the business failure.
3. Resignation from the company.
The resignation of the company where the debtor works makes the income of the debtor decrease. Plus if the source of income of the debtor is only from the job. So that there is an inability to pay the obligation to pay credit.
4. The use contracts period is over.
Some debtors have succeeded in disbursing loan funds despite having contractual work status. This event can be a big problem if the status of the debtor is no longer working because at any time the work contract runs out or is not renewed provided that the debtor's income source only comes from the job.
5. The debtor is not detected.
What is forced in this condition is that the debtor is difficult to find or trace. Even though the address and ID are valid when the agreement, the customer's presence is often not on location. This makes it difficult for

Banks in their billing efforts related to bad loans.

The actions of banks in saving and resolving problem loans will depend on the conditions of the problem loans themselves. To save and resolve problem loans there are two procedures pursued by PT. Bank Bukopin, Tbk Jakarta, the two procedures, namely the rescue and settlement of problem loans through applicable legal procedures or often referred to as non-litigation and litigation efforts.

1. Settlement of problem loans through non-litigation channels

After the results of interviews with employees of PT. Bank Bukopin, Tbk Jakarta Credit Restructuring and Settlement Division, Mr. Hendro Isnanto, stated that rescue is a step to settle problem loans through negotiations between creditors and debtors. So, this stage of saving credit has not yet utilized legal institutions because debtors are still cooperative. Credit rescue efforts carried out by PT. Bank Bukopin, Tbk Jakarta, to Mr. Hendro Isnanto, was pursued in a persuasive manner and through credit restructuring. Administratively, loans completed through rescue efforts are loans that were initially classified as substandard, doubtful or bad, which are then attempted to be repaired so that they have current collectability.

2. Settlement of problem loans through litigation

Procedure for solving non-performing loans through litigation is the last resort of the bank. Related to efforts to settle credit through litigation conducted by PT. Bank Bukopin, Tbk Jakarta, to the results of interviews with employees of PT. Bank Bukopin, Tbk Jakarta The Restructuring and Settlement Division of Credit, Mr. Hendro Isnanto, stated that

the efforts to settle problem loans through litigation conducted by PT. Bank Bukopin, Tbk Jakarta is an attempt to execute guarantees through a private auction hall and a state court and bankruptcy. This was done to make efforts to repay debtors' loans.

If the settlement of problem loans through non-litigation channels can no longer be used, the bank can conduct a credit settlement through litigation channels. This event is taken if the bank has decided to stop developing business relations with the debtor, so that the chain of business relations between the bank and the debtor has been broken.

5. Conclusion

After the results of the analysis, conclusions are obtained:

Factors causing the emergence of problem loans are caused by internal bank factors, and external factors. From internal factors, non-performing loans are caused by incorrect and / or inaccurate banks in analyzing debtor loan applications, fraud committed by officers, lack of bank supervision of loans and shareholder intervention. Non-performing loans from external factors can be caused by the customer, for example, customers misusing credit, customers are less able to manage their business and customers have bad faith.

Procedure for handling non-performing loans at PT. Bank Bukopin, Tbk Jakarta consists of 2 (two) ways, namely:

- a. Litigation pathway

Settlement of problem loans through litigation is the step used by the bank if the settlement of problem loans carried out peacefully and amicably with debtors who experience problem loans is unsuccessful. So, must

proceed with a legal process that can be pursued by executing material guarantees through private auction centers and district courts, and through a bankruptcy settlement.

b. Non-litigation pathway

Therecase the bank's effort to overcome the existence of problem loans is to make a persuasive approach to the debtor and through credit restructuring.

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