



PROBLEM CREDIT RESOLUTION AT PT.BANK NAGARI SITEBA BRANCH

Jhon Fernos¹⁾, Priskila E.R²⁾

^{1,2)} Akademi Keuangan dan Perbankan Padang

²⁾ kilapris98@gmail.com

ABSTRACT

The aim of resolving problem loans at PT. Bank Nagari Siteba Branch. This research uses quantitative methods to descriptively describe the problem credit resolution process at PT Bank Nagari Cabang west Sumatra for the 2020-2023 periode with a growth rate of 36.45%. The cause of non- performing loans was caused by internal and external factors where banks were less careful in using the principles of credit provision, namely 5c and creditworthiness analysis, namely decent. it is inappropriate for prospective debtors to receive credit facilities as well as aspects of credit worthiness studies resulting in problematic credit.

Keywords: Non-performing Loans, Bank

Submit : March 14th, 2024

Acceptance : April 23th, 2024

INTRODUCTION

Banking also plays an important role in supporting other economic sectors, such as trade, industry and services. Through lending and financial products, banks help these sectors finance their activities and help strengthen the Indonesian economy. The aim of Indonesian Banking is to support the implementation of national development in order to increase equality, economic growth and national stability in improving the welfare of the people at large. Distribution of funds at banks is in the form of providing credit. will be able to support economic growth, especially encouraging the independence of micro, small and medium enterprises.

According to Law Number 10 of 1998, banks are financial institutions whose activities are to collect funds from the public and distribute them in the form of credit in order to improve people's standard of living. A. Abdurrachman (2014) A bank is a type of financial institution that carries out various services, such as providing loans, circulating currency, supervising currency, acting as a place to store valuable objects, financing the businesses of companies. Meanwhile, according to Amelia (2018), a bank is a business entity that collects funds from the public in the form of savings and distributes them in the form of credit and/or other forms in order to improve the standard of living of many people.

Bad credit is a condition when an individual or company is unable to pay installments or pay off its debts. Find out how to deal with it. Bad credit is an incident when a loan recipient or debtor, either an individual or a company, is unable to pay off the debt they received on time. As a result, the financial history of the individual or organization will be worsened and may have an impact on the difficulty of applying for financial aid in the future.

Talking about credit, of course the process of granting credit to a bank requires good management so that things don't happen that cause the bank to suffer losses. The large number of risks that exist in banks will make banks continue to implement risk management, especially

in the credit granting process. Credit risk management is a bank policy and strategy that reflects the level of tolerance for credit risk that may occur at the expected level of profit (Arthesa, 2006). Credit risk management will help determine the level of risk that can be accepted, by creating a system to determine the risk that can be accepted before credit is granted.

According to Law Number 10 of 1998, credit is the provision of money or bills that can be equated with it, based on an agreement or loan agreement between the bank and another party which requires the borrower to pay off the debt after a specified period of time by paying interest.

Providing credit is inseparable from problematic credit which often occurs in financial institutions, especially banking, where credit recipients experience difficulty in repaying credit due to the debtor's intention or unintentional action. If credit is said to be problematic, it may not necessarily be said to be bad credit, whereas for bad credit it is certainly problematic credit (Saputri, 2015).

The following is the total non-performing loans and total credit at Pt. Bank Nagari West Sumatra

Table 1
Number of Problem Loans At PT Bank Nagari West Sumatra
2020-2023 period
(In Rp.000-)

No	Tahun	Jumlah Kredit Bermasalah
1	2020	9.514.956
2	2021	12.983.253
3	2022	14.061.273
4	2023	13.734.636.

Source: PT Bank Nagari Siteba branch

Based on table 1 above, in 2020 the number of problem loans was IDR 9,514,956,000, and in 2021 there was an increase in the number of problem loans to IDR 12,983,253,000 and in 2022 the number of problem loans increased again to IDR. 14,061,273,000,- Then in 2023 there will be a decrease in the number of non-performing loans to Rp. 13,734,636,000,-.

Based on the description above, the author is interested in creating a title for this final assignment **Problematic Credit Settlement at PT. Bank Nagari Siteba Branch.**

RESEARCH METHODS

Collection Methods

Field study (field research) is a form of outdoor learning where observation activities occur to reveal facts in order to obtain data by going directly into the field. Field study is a scientific method carried out with an operational design so that more accurate results are obtained. And studying at the library (library research), namely research by studying books, literature, notes and various reports related to the problem you want to solve.

Data Analysis Methods

The data analysis method used in this research is a descriptive method with a qualitative approach at PT Bank Nagari Siteba Branch.



RESULTS AND DISCUSSION

Understanding Credit

Credit is the provision of loans or financing by lenders to borrowers or financing by lenders with a repayment process that takes place in stages over a period of time mutually agreed upon by both parties. The nature of credit payments is non-cash and installments. According to Law Number; 10 of 1998 concerning banking, credit is the provision of money or bills that can be equated with it, based on an agreement or loan agreement between the bank and another party, which requires the borrower to pay off the debt after a certain period of time with interest.

Understanding Problematic Credit

Problematic credit is the debtor's inability to return the debt to the bank. Non-performing loans describe a situation where the credit repayment agreement experiences a risk of failure, even indicating that the bank will incur a loss. According to Kamsir (2012), the classification of problem loans is: Current criteria are said to be smooth if: payment of principal and interest installments is on time. Meanwhile, according to Taswan (2012), the definition of credit distribution is as follows: Credit distributed to the public is a valid or legal form of channeling bank funds because it is based on an agreement or lending agreement between the bank and the borrower which allows the debt to be paid off within a certain period of time by paying interest. , rewards or distribution of business results.

Types According to Collectability

Based on Bank Indonesia regulations, the collectibility of a loan can be grouped into five groups, namely current, special mention, substandard, doubtful and non-performing. Furthermore, in accordance with Financial Services Authority Regulation No. 40/POJK.03/2019 Regarding the Asset Quality Assessment of Commercial Banks, the collectibility status of banking credit can be described as follows:

- a. Col-1 (Current) is the highest collectibility status which is classified as a Performing Loan (PL) and is characterized by a history of paying monthly installments of interest or principal and credit interest on or less than the monthly payment due date (flawless). Col-1 represents the debtor's good character/disposition because he can pay his obligations smoothly. Or in other words, if the debtor always pays the principal and interest on time. Account progress is good, there are no arrears, and in accordance with credit requirements.
- b. Col-2 (Special Mention) which is popular in the banking world, abbreviated as DPK, is a collectibility status which is classified as a Performing Loan (PL) which is characterized by a delay in paying the debtor beyond the due date up to at least 90 days from the due date or 3 months duration (the debtor is in arrears in principal and/or interest payments between 1-90 days). Manual determination of DPK status is also given if the debtor is still considered to have good cash flow but is less able to pay his obligations. In banking practice, generally deposits by banks are considered bad even though theoretically they are still classified as Performing Loans (PL). Settlement of problem loans with Col-2 status can be done through regular collection or restructuring depending on the agreement between the debtor and creditor.
- c. Col-3 accrual of current principal and interest arrears, current penalty arrears, bookkeeping administration arrears, and other arrears through the issuance of factoring. If it is still possible for the debtor to be able to pay its obligations, restructuring can be carried out.
- d. Col-4 (Doubtful) is a collectibility status which indicates late payment exceeding 120 days

from the monthly due date or a maximum of 4 months or more (the debtor is in arrears in principal and/or interest payments between 121-180 days). At this stage of collectibility status, the bank must assume the principal installments and interest on the credit unpaid and prepared to draw conclusions about resolving problem loans through collateral auctions in accordance with article 6 of Law No. 4 of 1996 concerning Monitoring Rights To Land And Objects Relating To Land, which reads: If the debtor defaults, the holder of the first Mortgage Rights has the right to sell the object of the Mortgage Rights under one's own authority through a public auction and take repayment of the receivables from the proceeds of the sale. Mortgage is a security right over land for the repayment of certain debts, which gives certain creditors priority over other creditors. In the sense that if the debtor defaults, the creditor holding the Mortgage Rights has the right to sell through a public auction the land used as collateral according to the provisions of the relevant laws and regulations, with the right to precede other creditors (Explanatory description of Law No. 4 of 1996).At this stage, Col-4 can manually be shifted to Col-5 if the bank has gained confidence that the debtor is not only unable to pay his obligations, but also does not have good faith to complete his obligations. Also at this stage, the bank is obliged to issue a Warning Letter-2 and Warning Letter-3 to the debtor.

- e. Col-5 (Loss) is the lowest collectibility which is classified as Non-Performing Loan (NPL) which represents unpaid principal and interest installments by debtors who are in arrears in principal and/or interest payments for more than 180 days, so banks are obliged to carry out problem credit settlements no later than 180 days. The last one is auctioning collateral to cover PPAP which is formed 100 percent of productive assets to cover the worst credit risks. Allowance for Productive Asset Losses (PPAP) is a reserve that must be established at a certain percentage of the debit balance based on the quality classification of Productive Assets. Collectibility status Kol-5 or Kolek 5 is more popularly known as Bad Credit. The bank has the right to auction collateral after issuing 3 Warning Letters (SP), issuing factoring, and reporting the history of credit handling and settlement, starting from the history of collection, negotiation and restructuring (if there is restructuring). The total NPL in a banking work unit is required to be below 3 percent as the Col-5 coverage threshold. From a macro perspective, if left unchecked it could cause monetary economic conditions in Indonesia to worsen and have a trickle down effect on the overall economy.

Causes of Credit Problems

Problematic credit is the provision of a credit facility that carries the risk of default. As a result, credit cannot be collected, resulting in losses. According to the Indonesian Bankers Association (2015:91). There are several definitions of problematic credit, namely: credit which in its implementation has not reached/met the target desired by the bank, credit which has the possibility of creating risks in the future for the bank in a broad sense, experiencing difficulties in settling obligations, either in the form of repayment of the principal and/or payment of interest, late fees, and bank fees which are the burden of the debtor. credit where repayment is in danger, especially if the expected repayment sources are estimated to be insufficient to pay back so that it has not achieved/fulfilled the target desired by the bank. reddit where there is a breach of promise in repayment according to the agreement so that there are arrears, or potential losses in the debtor company so there is a possibility of future risks for the bank in a broad sense. experiencing difficulties in settling their obligations to the bank, both in

Problem Credit Resolution.....(fernos, E.R)



the form of principal repayment, interest payments and payment of bank fees which are the burden of the debtor customer concerned. special attention, substandard, doubtful, and bad credit classes as well as the current class which has the potential to be in arrears.

Then there are also causal factors that influence the occurrence of problem loans or non-performing loans. According to Ismail (2010:83), in credit distribution, the credit given by the bank to the debtor will not always run smoothly as expected in the credit agreement. In general, there are two main factors that cause problematic credit, namely internal bank factors and external bank factors.

Internal factors, namely the analysis is not precise, so it cannot predict what will happen over time during the credit period. For example, credit is given not according to needs, so that customers are unable to pay installments that exceed their capacity, there is collusion between bank officials who handle credit and customers, so that the bank decides that credit should not be given. For example, banks overestimate the value of collateral. Bank officials' limited knowledge of the debtor's business type means they cannot carry out precise and accurate analysis. too much interference from related parties, for example commissioners, bank directors, so that officers are not independent in making credit decisions. Weaknesses in providing guidance and monitoring of debtor credit, External Factors, namely the element of deliberate action by the customer where the customer deliberately does not make installment payments to the bank, because the customer does not have the will to fulfill his obligations; the debtor expands too much, so the funds needed are too large. This will have an impact on the company's finances in meeting credit needs and misuse by customers by using credit funds that are not in accordance with the intended use (side streaming). For example, in a credit application, credit is stated for investment, but in practice it turns out that after the credit funds are disbursed. For the element of inadvertence, such as the debtor wanting to carry out the obligations according to the agreement, but the company's capacity is very limited, so it cannot pay the installments; the company cannot compete with the market, so sales volume decreases and the company loses; changes in government policies and regulations that impact the debtor's business and natural disasters that can cause debtor losses.

Problematic Credit Resolution Techniques

Problematic credit is the provision of a credit facility that carries the risk of default. As a result, credit cannot be collected, resulting in losses. According to the Indonesian Bankers Association (2015:91). There are several definitions of problem credit, namely: credit which in its implementation has not reached/met the target desired by the bank, credit which has the possibility of creating risks in the future for the bank in a broad sense. experience difficulties in resolving obligations, either in the form of repayment of credit principal and/or interest payments, late fines, as well as bank fees which are the burden of the debtor. credit where repayment is in danger, especially if the sources of repayment are limited. It is expected that it will not be enough to pay back so it has not reached/fulfilled the target desired by the bank.

Credit where there is a breach of promise in repayment according to the agreement so that there are arrears, or potential losses in the debtor company so that there is the possibility of future risks for the bank in a broad sense. experiencing difficulties in settling their obligations to the bank, both in the form of repayment of principal, payment of interest and payment of bank fees which are borne by the debtor customer in question and loans in the special attention, substandard, doubtful and bad debt groups as well as the current category which has the potential to be in arrears .

Credit Monitoring

Credit supervision is an effort taken by a banking institution, in an effort to avoid the possibility of bad credit or arrears for credit that has reached its maturity. In essence, bad credit

supervision is an action that is used to avoid the occurrence of bad credit. congested. Causes of Problem Credit at PT. Bank Nagari Siteba Branch

Problematic credit or non-performing loans (NPL), is one of the 5 diseases that can hamper the development of the financial services sector. What is the cause of this happening? Problematic credit is caused by various factors, both internal and external.

Internal factors that cause problem loans are irregularities in the implementation of credit procedures, bad faith on the part of bank owners, management or employees, weak credit administration and supervision systems and weak problem credit information systems. Based on the problems related to this that occurred at PT. Bank Nagari Siteba Branch shows that: the network often has problems related to creditor system management, weak administration systems by bank officers related to credit. The work of bank officers is not very thorough in selecting prospective credit customers, so there are often delays in credit payments and the performance of bank officers in the credit department is still not effective, and the bank officers lack the ability to manage credit.

External factors that cause problematic credit are caused by weaknesses in credit analysis. This can be caused by various things, including weak credit analysis policies and SOPs. As long as there is collateral, banks only see collateral as the basis for decisions on granting credit, so that other analytical factors are neglected, credit realization is not timely, decisions and credit disbursement take too long, causing customers to be unable to allocate their funds according to their needs. And credit ceilings that do not meet customer needs. A credit ceiling that is too small means customers cannot use their funds optimally, which may hinder their business. Meanwhile, a credit ceiling that is too large causes customers to be unable to fulfill their obligations. The following is the growth rate of non-performing loans at PT Bank Nagari Branch

Table 2
Growth Rate of Non-Performing Loans At PT. Bank Nagari Siteba Branch
Period 2020 2023
(in Rp. 000,-)

No	Tahun	Jumlah Kredit Bermasalah	Tingkat Pertumbuhan (%)
1	2020	9.514.956	0
2	2021	12.983.253	36,45%
3	2022	14.061.273	8,30%
4	2023	13.734.636	-2,32%

Sumber : PT.Bank Nagari Cabang Siteba, data diolah

Based on the description in table 2 above, in the 2020-2021 period there was an increase in the number of problem loans by 36.45%, then in the 2021-2022 period there was another increase in the number of problem loans by 8.30% and in the 2022-2023 period there was a decrease in the number of problem loans to -2.32%. For the 2020 - 2021 period, the growth rate for non-performing loans was 36.45%, then for the 2022-2023 period there was a decrease in the number of non-performing loans by -2.32%.

Problematic credit at PT. Bank Nagari Steba Branch is caused by internal and external factors, internal factors, namely factors originating from within the bank, such as the bank's negligence in complying with credit granting regulations, giving credit too easily, lack of experienced staff, lack of analysis of customers, and also giving credit that exceeds limits,

Problem Credit Resolution.....(fernos, E.R)



while external factors are factors caused from outside the bank, such as mismanagement of business management, family problems for example death, divorce, etc. Difficulty in financial liquidity of a company, events outside the control of the debtor, for example natural disasters, war and also the bad character of a debtor.

Efforts to Handle Problematic Credit at PT. Bank Nagari Siteba Branch

There are 2 factors, namely internal factors and external factors, internal factors, namely factors that come from within the bank, such as the bank's negligence in analyzing customers, credit granting regulations, too easy to grant credit, lack of experienced staff, lack of analysis. customers, and also granting credit that exceeds the limit, while external factors are factors caused from outside the bank, such as business mismanagement, family problems such as death, divorce, etc. Financial liquidity difficulties, beyond the control of the debtor, for example natural disasters, war and also the bad character of a debtor.

CONCLUSION

There are 2 factors, namely internal factors and external factors, internal factors, namely factors that come from within the bank, such as the bank's negligence in analyzing customers, credit granting regulations, giving credit too easily, lack of experienced staff, lack of analysis of customers, and also providing credit that exceeds limits, while external factors are factors caused from outside the bank, such as mismanagement of business management, family problems for example death, divorce, etc. Financial liquidity difficulties, events beyond the control of the debtor, for example natural disasters, war and also the bad character of a debtor.

ACKNOWLEDGMENTS

Mr. Head of Bank Nagari Siteba Sub-Branch for giving the author the opportunity to conduct research, Employees of Bank Nagari Siteba Sub-Branch who have helped provide direction and input so that this final assignment can be completed

BIBLIOGRAPHY

- Baiya, J. F. (2019). *Analisis faktor-faktor penyebab kredit macet pada bank nagari cabang siteba*. 1–18.
- Suardana, I. K. G., Budiarta, I. N. P., & Ujianti, N. M. P. (2022). Penyelesaian Kredit Bermasalah dengan Metode Restrukturisasi Pada Koperasi Simpan Pinjam Merta Sari di Denpasar Utara. *Jurnal Interpretasi Hukum*, 3(1), 1–7. <https://doi.org/10.22225/juinhum.3.1.4629.1-7>
- Widayati, R., & Herman, U. (2019). Penyelesaian Kredit Bermasalah pada PT. Bank Perkreditan Rakyat (BPR) Nagari Kasang. *OSF Preprint*, 1–14.
- Amelia, S., & Fernos, J. (1998). *Penyelesaian Kredit Bermasalah Pada PT . Bank Pembangunan Daerah Sumatera Barat*. 1–12.
- Desmayanti, A., & Widayati, R. (2019). Penyelesaian Kredit Bermasalah Pada PT. Bank Nagari Cabang Pariaman. *Akademi Keuangan Dan Perbankan "Pembangunan,"* 10, 1–12. <http://dx.doi.org/10.31219/osf.io/24cvk>
- Mendari, W. E., & Widayati, R. (n.d.). *PADA BANK NAGARI CABANG UTAMA PADANG Winda Elo Mendari , Ratna Widayati*. 1–12.
- Nursyahriana, A., Hadjat, M., & Tricahyadinata, I. (2017). Analisis Faktor Penyebab Terjadinya Kredit Macet. *Forum Ekonomi*, 19(1), 1. <https://doi.org/10.29264/jfor.v19i1.2109>
- Chosyali, A., & Sartono, T. (2019). Optimalisasi Peningkatan Kualitas Kredit Dalam Rangka

- Mengatasi Kredit Bermasalah. *Law Reform: Jurnal Pembaharuan Hukum*, 15(1), 98–112. <https://doi.org/10.14710/lr.v15i1.23357>
- Yasid, M., & Ramayanti, R. (2019). Upaya Penyelesaian Kredit Bermasalah Pada Lembaga Perbankan. *Jurnal Darma Agung*, 27(3), 1201. <https://doi.org/10.46930/ojsuda.v27i3.379>
- Hohedu, T. R., & Dewi, A. R. (2019). Penanganan Kredit Macet Pada Bri Cabang X. *Jurnal Ilmiah Bisnis Dan Perpajakan (Bijak)*, 1(1), 34–43. <https://jurnal.unmer.ac.id/index.php/jb/article/view/2779>