

Analysis Of People's Business Credit (KUR) In Effectiveness Of Increasing Kur Distribution (Case Study Of The State Savings Bank (BTN) Kc Sukabumi)

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ABSTRACT

People's Business Credit (KUR) is a government program to help MSMEs access financing. However, the State Savings Bank (BTN) Sukabumi Branch Office faces challenges in achieving its distribution target, with significant fluctuations and decreases in the realization of KUR. This study aims to analyze the effectiveness of KUR distribution, identify the factors that cause the non-achievement of the target, and formulate a strategy to increase the realization of KUR in BTN KC Sukabumi. The scope of the research includes KUR's business processes and distribution performance for the period January to May 2024. The research method used is qualitative descriptive, with data collection through observation, interviews, and documentation analysis. The results of the study show that the KUR distribution process has a structured procedure with credit analysis using the 5C and 7P methods. However, the realization of KUR distribution has decreased drastically, from 146% in January to only 0.6% in April. The main factors causing this are the tightening of distribution criteria and the limitations of service areas. To overcome these challenges, a comprehensive strategy is needed including intensification of local marketing, optimization of distribution networks, product innovation, strengthening partnerships, and utilization of technology. The implementation of this recommendation is expected to increase the effectiveness of KUR distribution and support the development of MSMEs in the Sukabumi area.

Wordkey: Credit People's Effort (KUR), Effectiveness, Strategy Increased, UMKM

INTRODUCTION

The rapid development of the international economy has had a significant impact on developing countries, including Indonesia. As a country that is actively developing, Indonesia faces challenges in balancing economic growth with people's welfare. The increase in the price of basic necessities that is not balanced by the increase in average income has created economic pressure for many citizens. This situation encourages people to innovate and look for additional sources of income to meet the increasingly complex needs of life. Many individuals then choose to start their small businesses as a solution, creating a wave of entrepreneurship in various sectors.

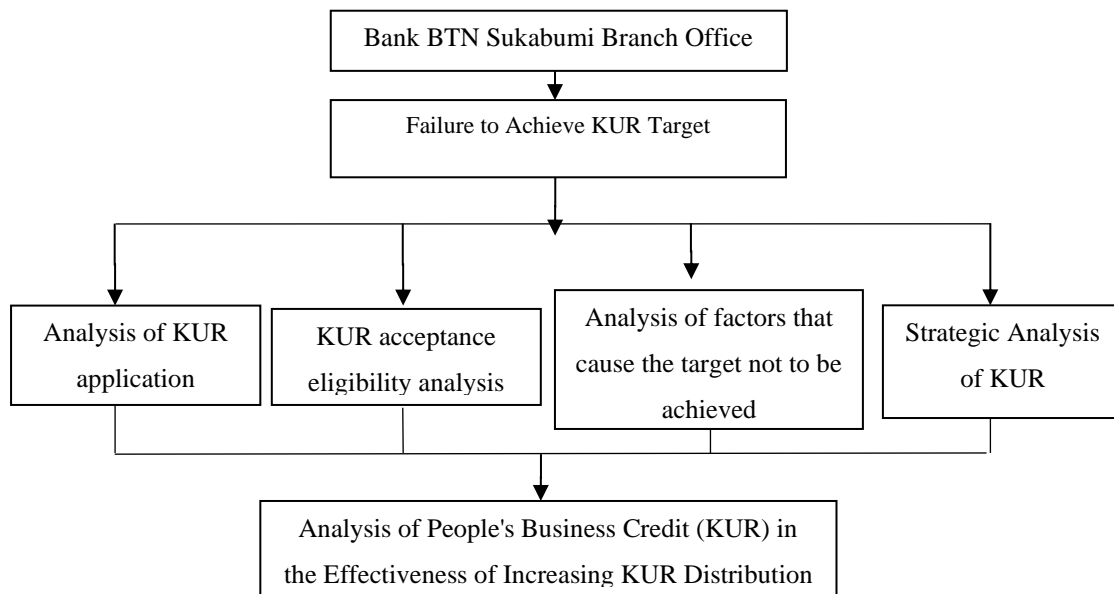
Micro, Small, and Medium Enterprises (MSMEs) are one of the main pillars in Indonesia's economy. This sector has a very important role in creating jobs, increasing people's income, and encouraging national economic growth. In 2023, MSME business actors have reached around 66 million units. The contribution of MSMEs to Indonesia's Gross Domestic Product (GDP) reached 61% or equivalent to Rp. 9,580 trillion. The MSME sector also absorbs around 117 million workers or 97% of the total workforce in Indonesia, showing its role as the main pillar of employment in Indonesia (INDONESIA, 2023)

However, MSMEs still face challenges in terms of access to capital. According to data from the Indonesia Joint Funding Fintech Association (AFPI, 2023), in 2023 there will be around 46.6 million registered out of a total of 66 million MSMEs in Indonesia who still need access to capital from both banks and non-bank financial institutions. The financing constraints experienced by MSMEs are the basis for the government to provide support for other financing facilities such as People's Business Loans (KUR).

People's Business Credit (KUR) is a government program that aims to assist micro, small, and medium enterprises (MSMEs) in accessing funding sources to develop their businesses. This program was issued based on Presidential Instruction Number 6 of 2007 concerning "Policies for the Acceleration of Real Sector Development and Empowerment of Micro, Small, and Medium Enterprises". Bank Tabungan Negara (BTN) is one of the financial institutions that has participated in the distribution of KUR since the launch of the program in 2007, striving to reach the wider community, especially MSME and cooperative actors.

In the local context, Bank BTN KC Sukabumi is guided by the policies and procedures that have been set by the BTN head office in distributing KUR. However, data on the realization of KUR at BTN KC Sukabumi from January to May 2024 shows that there are challenges in achieving the distribution target. Analysis of this data reveals significant fluctuations in the performance of KUR distribution, with realization consistently below target from February to May 2024. This situation indicates a major challenge in achieving the KUR distribution target at BTN KC Sukabumi, which requires further analysis to identify the causative factors and formulate a strategy to improve future performance.

Mindset



METHOD

This study uses a qualitative method with a descriptive approach to analyze People's Business Credit (KUR) at the State Savings Bank (BTN) Sukabumi Branch Office. The qualitative method was chosen because it is in accordance with the purpose of the research to study objects in their natural state, where the researcher plays the role of the main instrument in data collection and analysis.

The location of the research is the State Savings Bank (BTN) Sukabumi Branch Office. The research subjects include employees from the SME & CP Sales department who are responsible for the management of KUR.

Data analysis is inductive, where researchers process information obtained from the field to identify patterns and themes that emerge. The results of the study will emphasize more on the meaning of the phenomena found than on generalizations. This approach allows researchers to gain a deep understanding of the effectiveness of KUR distribution at BTN KC Sukabumi, identify factors that affect the achievement of targets, and formulate recommendations for improving the performance of the KUR program in the future.

Sample

According to (Sugiyono, 2022) The term population was not used in the study Qualitative. In contrast, Spradley describes it as a social situation consisting of three interacting components, namely place, doer, and activity. These social situations can be people talking on street corners, workplaces, cities, villages, or country areas, or home environments with their families and activities.

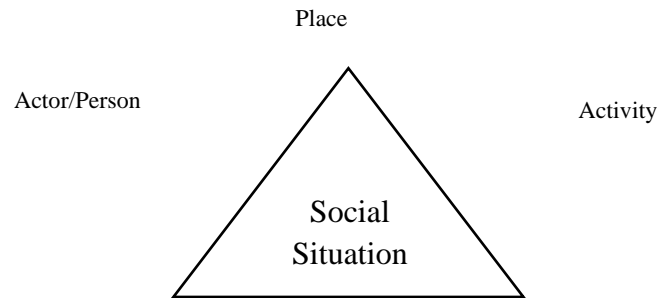


Figure 2
Social Situation

The purpose of the study is to find out what happens in it, the researcher can observe the activities of people in a certain place in the social situation or object of the study. The Social Situation in this study meets the three elements:

- a. Perpetrator: Head of SME & Credit Program and Credit Program Sales staff
- b. Venue : Bank BTN Sukabumi Branch Office
- c. Analysis of People's Business Credit (KUR) in the Effectiveness of Increasing KUR Distribution

Data Collection

Data collection is carried out through three main techniques:

1. Observation: The researcher made direct observations on the processes and phenomena related to the distribution of KUR at BTN KC Sukabumi.
2. Interview: Conducted with employees from the SME & CP Sales department that handles KUR to get in-depth information about the implementation of the program and the challenges faced.
3. Documentation: Collect and analyze documents related to KUR policies, distribution data, and relevant reports

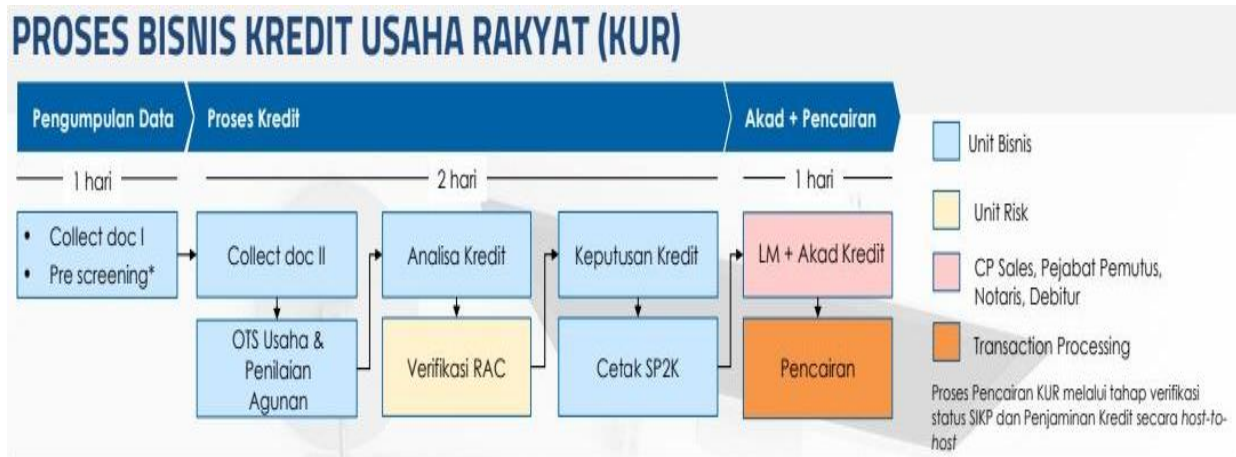
Data Analysis Techniques

The data analysis technique in this study uses a model consisting of three stages: data reduction, data presentation, and conclusion drawn/verification. Data reduction is carried out by summarizing and selecting core information from the data collected through observation, interviews, and documentation. The presentation of data uses a narrative format to describe the research findings in a structured manner. Conclusions are drawn based on the results of analysis and interpretation of data that have been reduced and presented. To ensure the credibility of the data, researchers use triangulation techniques, specifically triangulation techniques, in which data from the same source are collected using different methods (observation, interviews, and documentation) to validate the findings. This analysis process is carried out iteratively during data collection in the field until data saturation is reached.

RESULT

Based on the research that has been conducted at the Sukabumi Branch of the State Savings Bank related to one of its programs, namely the People's Business Credit (KUR) which is in great demand by the surrounding community but has not succeeded in achieving the target desired by the bank, the discussion is as follows:

Procedures or Process Stages in the People's Business Credit Program (KUR) at the Neagara Savings Bank Sukabumi Branch Office



The process of applying for People's Business Credit (KUR)

In the figure above, there are stages in the business process of People's Business Credit (KUR) starting from the data collection process, credit process to the contract and disbursement process. The stages of the KUR Procedure include the following:

a. Collect Doc I and Prescreening

Data collection (Collect doc I) at this stage is the first step in the KUR process, prospective customers are asked to collect and submit the basic documents needed, This document contains the requirements for the submission file that have been explained above. Prescreening is a stage after the documents are collected, bank officers will conduct an initial examination or pre-screening. The goal is to ensure the completeness and conformity of the document with the basic requirements of the KUR. If there is a shortage, the customer is asked to complete it before the process continues.

b. Collect Doc II

In this stage of data collection (Collect Doc II), the bank may request additional documents that are more specific related to the customer's business, such as: Simple Financial Statements, plans for the use of KUR funds, Proof of business transactions

c. OTS Business & Collateral Valuation

OTS (On The Spot) is a direct visit by bank officers to the business location of prospective customers. During the survey, bank officers interviewed about the business run by the customer, the customer's colleagues, and the customer's customers. The results of the interview and OTS process will soon be included in the Credit Proposal Memo (MUK).

d. Credit Analysis

Based on the data collected from the OTS results, the credit analysis will conduct an in-depth analysis of:

1) Business Eligibility

- 2) Ability to Pay
- 3) Collateral
- 4) Officers analyze based on the 5 C's & 7 P's

In accordance with the theory of 5C analysis, 7P analysis, and feasibility study according to (Kosasih, 2019: 15–17) is one of the principles of prudence in credit granting and assessment.

a) 5 C's Analysis:

(1) Character

Character is a key factor in credit scoring. Banks assess the moral integrity, honesty, and responsibility of prospective debtors. This process involves an in-depth search of the potential debtor's credit history, business reputation, and financial behavior. Banks can conduct direct interviews, check references from business partners or suppliers, and analyze credit records from credit reporting agencies.

(2) Capacity

Capacity refers to the ability of a prospective debtor to manage his or her business and generate enough income to pay off the credit. The bank will conduct an in-depth analysis of the financial statements, including the balance sheet, income statement, and cash flow.

(3) Capital (Kecukupan Modal)

In assessing sufficient capital, the bank will check how much personal investment the prospective debtor has in his business. It includes an analysis of the Company's capital structure, debt-to-equity ratio, and the debtor's ability to provide its own funds for the proposed project or investment.

(4) Condition

Condition assessment involves a comprehensive analysis of external factors that may affect the prospective debtor's business. It includes an evaluation of microeconomic conditions, industry trends, technological changes, government regulations, and market dynamics. The bank will consider how these factors may affect the debtor's future business performance.

(5) Collateral

The guarantee serves as a "Second Way Out" if the debtor defaults on his credit. The Bank will assess the assets used as collateral from various aspects, including market value, liquidity, and ease of executing the guarantee. The collateral appraisal process typically involves an independent appraisal to ensure an accurate valuation. The bank will also consider future trends in the value of collateral, especially for assets such as property.

b) 7P analysis:

(1) Personality

Personality Assessment which involves an in-depth evaluation of the personality of prospective debtors. It includes an analysis of attitudes, emotions, and behaviors in business and financial interactions. Banks will pay attention to how potential debtors communicate, how they handle pressure, and how they make business decisions.

(2) Party

In party analysis, banks classify prospective debtors into certain categories based on various criteria such as capital, loyalty, and business characteristics. This helps banks in determining the right approach in dealing with such debtors.

(3) Purpose

Purpose evaluation involves an in-depth examination of the purpose for which the credit is used. The Bank will ensure that the credit is used for productive things and in accordance with applicable regulations. It includes an analysis of the business plan, financial projections, and potential return on investment from the use of the funds.

(4) Prospect

In assessing prospects, banks conduct a comprehensive analysis of the potential growth and business sustainability of prospective debtors in the future. It involves evaluating market trends, product or service innovations, expansion strategies, and competitive positions within the industry. The bank will also consider factors such as revenue diversification, adaptability to technological changes, and management's ability to anticipate and respond to market changes.

(5) Payment

Payment analysis focuses on the ability of prospective debtors to make credit payments. The bank will evaluate in detail the debtor's sources of income, cash flow patterns, and estimated income, business seasonality (if any), and potential disruptions to cash flow. The bank will also consider the debtor's contingency plan in the face of unexpected financial scenarios. Strong and consistent solvency is an important indicator in credit scoring.

(6) Profitability

Profitability assessment involves an in-depth analysis of the potential debtor's ability to generate profits. The bank will evaluate profit margins, operational efficiency, and profitability trends over time.

(7) Protection

In the Protection aspect, banks analyze the protections available to mitigate credit risk. This includes an evaluation of the debtor's insurance (such as life insurance or property insurance), the existence of a third-party guarantor, or other forms of protection.

e. RAC Verification

RAC (Prospective Customer Application History) verification is carried out to see previous credit history (if any) through SLIK and see credit records at other banks whether there is a potential credit problem or not.

f. SP2K Print

Printing SP2K is carried out if the analysis shows positive results, a Letter of Credit Agreement (SPK) is printed. SP2K contains all agreed credit terms and conditions

g. Credit Decision

Based on the entire analysis, the authorized official will make the final Decision on whether the credit is approved or denied.

h. LM + Credit Agreement

Legal Meeting (LM) is a meeting between the bank and the customer to explain the contents of the SP2K in detail, ensure the customer understands their rights and obligations and sign the Credit Agreement.

i. Disbursement

After the contract is signed, the process of disbursing KUR funds is carried out. Funds are usually transferred to the customer's account or disbursed according to the agreed method.

The effectiveness of distributing People's Business Loans (KUR) at the State Savings Bank (BTN) KC Sukabumi for the period January to May 2024

Effectiveness in the credit granting process is a crucial component for banking institutions in efforts to mitigate non-performing credit risks. This is reflected through the implementation of a comprehensive system, especially with the dual supervision mechanism of the Credit Operations division. This approach indicates that banks are not only relying on standard procedures, but also implementing strict supervision and risk-sharing systems.

Referring to Handoko's theory (2011:103), effectiveness can be evaluated using several parameters:

- a. Flexibility (Usability): The credit process must be adaptive to changing economic conditions, regulations, and customer needs. The dual supervision system allows for a more responsive and effective process in the administration of KUR.
- b. Accuracy and objectivity: Customer and property feasibility assessments must be based on valid and verified data. The dual supervision system improves the objectivity of credit scoring by involving various perspectives.
- c. Accountability: Includes the responsibility for planning and executing the credit process. The division of responsibilities between business units and credit operations ensures that there is a control mechanism in the credit granting process.

The credit granting process that has been implemented shows a good level of effectiveness based on the above criteria, with an emphasis on flexibility, Precision and Objectivity, and clear accountability. The effectiveness of this process in preventing non-performing loans can be measured through observations that have been made.

Table 4.1 Observation Table related to the Implementation of Increasing the Distribution of People's Business Loans (KUR)

No.	Sub Variables	Indicators	Appropriate	Not Suitable
1	Statement Marketing Strategy	Bank BTN has increased the socialization of the KUR program to the public to expand the distribution reach.	√	
2	Statement Process Efficiency	The KUR application process at Bank BTN is simplified to facilitate access for prospective debtors.	√	
3	Statement Network Expansion	Bank BTN expands its network of branch offices and micro units to increase KUR distribution in the regions.	√	
4	Human Resource Development Statement	Special training was given to Bank BTN staff to improve their competence in managing KUR distribution.	√	

5	Statement Risk Management	Bank BTN collaborates with credit guarantee institutions to mitigate risks in the distribution of KUR.	√	
6	Statement Technology Infrastructure	Bank BTN's information technology system has been updated to support a more efficient KUR distribution process.	√	
7	Setting Statement Targets	Bank BTN has set a higher KUR distribution target as part of its business growth strategy.	√	
8	Product Innovation Statement	KUR products at Bank BTN are adjusted to the specific needs of the MSME sector to increase distribution.	√	
9	Statement Performance Evaluation	Bank BTN conducts periodic evaluations of the performance of KUR distribution to identify areas of improvement.	√	
10	Statement Award System	A special incentive program is given to Bank BTN employees who have successfully achieved the KUR distribution target.	√	

The credit granting process that has been implemented shows a good level of effectiveness based on the above criteria, with an emphasis on flexibility, accuracy, and clear accountability. The effectiveness of this process in increasing the distribution of KUR can be measured through observations that have been made.

What are the factors that cause BTN KC Sukabumi not to achieve the KUR distribution target

Table 4.2 Table

It	Month	Percent Realization Achieved
1	January 2024	146%
2	February 2024	48 %
3	March 2024	14%
4	April 2024	0,6%
5	May 2024	20%

Based on the table above, it can be seen that the Realization of People's Business Credit (KUR) in the first five months of 2024 shows a volatile trend and tends to decline. January started very well, reaching 146% of the target with the realization of 920. However, the following months experienced a significant decline. February only reached 48% of the target with a realization of 1,063, followed by a further decline in March (14% of the target, 725 realization) and April which was the lowest point (0.6% of the target, 420 realization). May showed a slight improvement with the realization of 2,060, but still only reached 20% of the target. Despite the increase at the end of the period, the overall achievement is still well below the set target, indicating a serious challenge in the distribution of KUR that requires further analysis and improvement strategies for the following months. Based on the results of interviews with several employees of the Commercial

Department, several factors were found that caused the non-achievement of the targets in the KUR program, one of which is as follows:

Many Criteria Tightened Based on the results of the interview with the Head of SME & CP Sales, Mr. Anggi Rhamdani explained that:

" There are many strict criteria such as a distance limit of a radius of 10 km and mapping the potential or potential of an area that is less strategic, for example in Cikembar, the potential area is small plus a radius distance limit of 10 KM"

Based on the statement of Mr. Anggi Rhamdani as Head of SME & CP Sales, we can see several significant challenges in the distribution of People's Business Loans (KUR) that may contribute to fluctuations and decreases in the realization of KUR as seen in the data. The application of very strict criteria in the distribution of KUR can limit the number of qualified prospective debtors. This can be the main factor that hinders the realization of KUR to achieve the target. The restriction of the service area within a radius of 10 km significantly reduces the potential coverage of customers. This can be a problem especially in areas with low population density or business activity. Mapping potential or potential areas that are less strategic. The combination of strict criteria, distance restrictions, and low-potential areas creates a "triple constraint" that severely limits banks' ability to channel KUR.

Strategies that can be implemented by BTN KC Sukabumi to increase the realization of KUR distribution to be in accordance with the set targets.

To increase the realization of KUR distribution in accordance with the set targets, BTN KC Sukabumi can implement the following strategies:

- a. Intensification of Local Marketing
Conducting more intensive socialization and promotion of KUR in the Sukabumi area and its surroundings. Establish cooperation with local governments, local entrepreneur associations, and local MSME communities.
- b. Distribution Network Optimization
Utilizing the entire network of sub-branch offices and micro units in the Sukabumi area. Forming a mobile KUR distribution team to reach remote areas.
- c. Improved Service Quality
Accelerate the approval and disbursement process of KUR. Providing special training to frontliner staff on KUR products and how to serve MSME customers.
- d. KUR Product Innovation
Developing KUR product variants that suit the specific needs of MSMEs in Sukabumi. Offers KUR packages that are integrated with digital banking services.
- e. Strengthening Partnerships
Collaborate with cooperatives, BUMDes, and other microfinance institutions to expand their reach. Collaborate with fintech companies to speed up the credit scoring process.
- f. Utilization of Technology
Implement an online application system for KUR submission. Using data analysis to identify potential KUR customers in the Sukabumi area.
- g. Financial Education Program
Organizing financial management workshops and training for MSMEs. Providing business assistance to KUR customers to increase the success of their business.

h. Internal Target Adjustment

Setting a more realistic KUR distribution target for each work unit in KC Sukabumi. Provide special incentives for employees who successfully reach or exceed targets.

i. Effective Risk Management

Improve the quality of credit analysis to minimize the risk of bad loans. Implementing a monitoring and early warning system for KUR customers.

j. Continuous Evaluation and Improvement:

Conduct periodic reviews of the performance of KUR distribution. Identify bottlenecks and find innovative solutions to improve KUR distribution.

CONCLUSION

Based on the analysis of the collected data, the researcher has drawn several conclusions, the following are the main conclusions:

The business process of People's Business Credit (KUR) at Bank BTN consists of several stages, ranging from document collection to disbursement of funds. Credit analysis uses two main methods: 5C (Character, Capacity, Capital, Condition, Collateral) and 7P (Personality, Party, Purpose, Prospect, Payment, Profitability, Protection) analysis. The effectiveness of KUR distribution is assessed based on three main parameters according to Handoko's (2011) theory: flexibility (usability), accuracy and objectivity, and accountability. Bank BTN implements a dual supervision and risk-sharing system to increase effectiveness and reduce the risk of non-performing loans. The implemented credit granting process shows a good level of effectiveness, with an emphasis on flexibility, precision and objectivity, as well as clear accountability. The evaluation of the effectiveness of KUR distribution at Bank BTN KC Sukabumi was carried out for the period January to May 2024, showing the bank's efforts to monitor and improve the performance of KUR distribution. This conclusion illustrates that Bank BTN has a structured and comprehensive process in distributing KUR, with a focus on effectiveness and intelligence management

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