

## **FAILURE HANDING STRATEGY FOR MICRO PEOPLE BUSINESS CREDIT (KUR)**

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### **ABSTRACT:**

The smooth operation of the loans released cannot be guaranteed since under certain circumstances, whether intentionally or inadvertently, the debtor breaks his word, making it difficult for Bank BRI Salobulo Kota Palopo to accept the return of the loans that have been given. This study aims to determine the strategy carried out by BRI Salobulo Unit in dealing with KUR Micro credit defaults and the causes and solutions for the handling strategy. The type of research used is qualitative research through interactive data analysis that produces descriptive data, in the form of a fact with the right interpretation to obtain a systematic, factual and accurate picture or painting of facts, characteristics, and the relationship between the phenomena under study. The results showed that the default on Micro KUR Loans at the BRI Salobulo Bank, Palopo City occurred because the debtor was late in paying his credit bill when it was due. The strategy for handling default loans is adopted by Bank BRI Salobulo Unit through a risk mitigation strategy (preventive) by analyzing customer eligibility with the 5C principle. The rescue strategy (repressive) is carried out by restructuring credit, which is re-launched with the 3R technique (Rescheduling, Reconditioning and Restructuring). After mapping the SWOT matrix, several strategies are appropriate, and the strategy focuses on the ST strategy.

**Keywords:** *Micro KUR, Strategy, Default, 5C Principle, 3R Technique.*

### **ABSTRAK:**

Kelancaran pencairan pinjaman tidak bisa dijadikan jaminan sebab dalam keadaan sengaja maupun tidak sengaja, debitur ingkar janji sehingga menyulitkan Bank BRI Salobulo Kota Palopo untuk menerima kembali pinjaman yang telah diberikan. Penelitian ini bertujuan untuk mengetahui strategi yang dilakukan BRI Unit Salobulo dalam menangani kredit macet KUR Mikro serta penyebab dan solusi strategi penanganannya. Jenis penelitian ini adalah penelitian kualitatif melalui analisis data interaktif yang menghasilkan data deskriptif, berupa fakta dengan interpretasi yang tepat untuk memperoleh gambaran atau lukisan fakta, karakteristik, dan hubungan antar fenomena secara sistematis, faktual dan akurat. Hasil penelitian menunjukkan bahwa gagal mengembalikan Kredit KUR Mikro di Bank BRI Salobulo Kota Palopo terjadi karena debitur terlambat membayar tagihan kreditnya saat jatuh tempo. Strategi penanganan kredit macet diterapkan Bank BRI Unit Salobulo melalui strategi mitigasi risiko (preventif) dengan menganalisis kelayakan nasabah dengan menggunakan prinsip 5C. Strategi penyelamatan (represif) dilakukan dengan restrukturisasi kredit yang dilancarkan kembali dengan menggunakan teknik 3R (*Rescheduling, Reconditioning dan Restructuring*). Setelah memetakan matriks SWOT, beberapa strategi sesuai, dan strategi tersebut berfokus pada strategi ST.

**Kata Kunci:** *KUR Micro, Strategi, Kegagalan, Prinsip 5C, Teknik 3R.*

## BACKGROUND

The problem of default in the provision of credit facilities is a significant problem that often occurs, especially in micro people's business credit (KUR), which targets new people in the business world and are vulnerable. The disbursed loans cannot be guaranteed to run smoothly as expected because, in a condition that is either intentional or unintentional, the debtor violates his promise so that Bank BRI Salobulo, Palopo City, has difficulty receiving installments for repayment of loans that have been given. Based on Indonesian banking statistical data released by the OJK, it is known that working capital category credit/financing in Indonesian commercial banks was recorded at 13,086 trillion, specifically for sharia banking itself of 8,845 trillion in MSME financing (Indonesian Banking Statistics, 2022). Many default debtor customers will impact the NPL percentage ratio (*not performing loan*) because the bank no longer accepts installments based on time.

Table 1. Data on Troubled Credit in Micro People's Business Credit (KUR). Bank BRI Salobulo Unit, Palopo City for the 2015-2018 period.

Period	Number of Customers	NPL	
		(RP)	(%)
2019	806	51,146,014	0,53
2020	1161	207,597,202	0,56
2021	1642	261,000,000	1,11

Source: Bank BRI Unit Salobulo, 2022

The table above illustrates that the Micro KUR NPL at Bank BRI Unit Salobulo from 2019-2021 has always increased. A significant increase from 0.56% in 2019 to 1.11% in 2021. Even though this amount is still within the safe limits of Bank Indonesia (BI), if it is allowed to continue without any effective handling action, it will affect credit quality and incur potential losses.

If the distribution of Micro KUR loans is not accompanied by a good handling strategy, it will cause credit defaults to arise, which in turn will impact the poor quality of credit distribution due to a large number of non-performing loans. Familial strategies can encourage customers to pay their debts without using coercion, thus increasing awareness of paying their obligations (Erawati & Atmadja, 2020). With this study, the causes of default can be identified, providing an overview regarding strategies in dealing with the problem of defaulting Micro KUR debtors, where credit that is considered to have the potential to default can be taken preventive measures, improving credit quality so that it runs smoothly and controlling credit restructuring so that it does not return to non-performing loans and formulating the right strategy formulation in dealing with Micro KUR defaults at Bank BRI Salobulo Unit, Palopo City.

## THEORY AND METHODS

### Default

The term "Default" comes from the Dutch language, which refers to an unwanted result. Default is an act of someone not carrying out achievements or forgetting to carry out tasks made between the creditor and the debtor. Achievement is the content of an agreement, and the debtor is considered in default if he fails to fulfill the agreed obligations (Supriono, 2011). In contract law, the terms *schuld* and *Haftung* are known. *Schuld* is the creditor's obligation to present achievements to the debtor. While *Haftung* is the role of the debtor to hand over his assets to be accessed by creditors in the amount of a loan to pay off the debtor's debt if the debtor fails to fulfill the role of paying off his loan. People who do not achieve are those who do not meet the expected goals and cannot or fail to carry out everything that is their responsibility on purpose (Kotler et al., 2006). According to R. Subekti, non-performance can be identified by several measurements, namely, when the debtor never performs his obligations, the debtor violates the terms of the agreement by not fulfilling his responsibilities properly or on time or by acting in a manner prohibited by the agreement. It is these variables in the banking system (internal factors) and those from debtors (external factors) that cause credit defaults to develop (Kasmir, 2015).

#### 1. Internal Factor

Internal factors are factors caused by the banks themselves, in this case because of the human resources they have. The Human Factors Analysis and Classification System (HFACS) reveals that failures that occur in humans are caused by elements, namely violations and negligence. According to human error theory, this factor is due to human actions that cause the system to run unsatisfactorily.

#### 2. Debtor Factor

Default has been seen from the debtor, namely first caused by factors *force will* where there is an element of intent on the debtor, intentionality means wanting and wanting what he does. In the theory of will (*will theory*) that someone deliberately ignores his promise based on his will to do the deed, while on the theory of knowledge or imagining (*performance theory*), intentional means that he already knows the consequences of his actions. The second factor is because of *force majeure/force majeure*, where circumstances force them not to carry out their achievements due to an event beyond the debtor's will (Amalia, 2012).

## Default Handling Strategy

Strategy plays an important role in achieving goals because it determines the actions that must be taken and how they must be carried out to be effective. According to Stephanie K. Marrus, strategy is a concept designed and focused on what the organization wants to achieve in a long time, accompanied by methods, actions, and hard work. Meanwhile, strategy, in the words of Fred R. David, is the art and science of developing, practicing, and assessing cross-functional choices that enable an organization to achieve its goals (Rahim & Radjab, 2016). Useful strategies protect, maintain, and enhance an organization's capabilities and competitive advantages. In implementing strategy, some research results find that organizations with a systematic or directed strategy perform better (outperformed) than organizations without/not formulated with a systematic strategy. The right strategy will determine maximum success in resolving non-performing loans so that losses on non-performing loans can be minimized.

Facing credit problems that are already problematic because customers deny their performance, banks can choose a strategy consisting of 2 (two) options, namely first, "ending the bond" through litigation, resolving disputes through a process carried out in court where the authority to regulate and decide cases is taken over by the judge. The second option is "continuation of the credit relationship," which means bad loans are resolved by a family process without going through the courts (*non-litigation*) where there is a renegotiation between the creditor and the debtor customer. This is an active alternative *dispute resolution* (ADR) in the language is called alternative dispute resolution (APS). Philip D. Bostwick defines APS as a rescue tool, and legal effort that transfers legal cases outside the court based on the agreement of the parties, reduces lawsuit costs and streamlines time and prevents legal problems which are generally brought to court. In dispute resolution theory, selecting one of these strategies must be supported by the implementation of the strategy (*action plan*) is good; before severing a relationship with a customer, it is better if the bank's management can try to save it to avoid bigger losses. Rescuing credit is an attempt to find a way out, both in a preventive and curative form, for credit defaults that may occur or have occurred. The description of the rescue or restructuring actions above is clearer as follows (Kasmir, 2015):

### 1. Rescheduling (*Rescheduling*)

Rescheduling can be done in several ways, for example, by extending the debt repayment period, loosening the time or debt repayment schedule, in the sense that the bank opens the way to provide a longer time extension for customers to pay off their loans. Banks can also increase the length of customer installments, for example, from 18 to 26 times to reduce the monthly installments that must be paid.

2. Return requirements (*Reconditioning*)

Return requirements, namely changing some or all of the terms of the debt such as interest capitalization, temporary suspension of interest payments, subsidizing loan interest rates or even freeing credit from interest.

3. Rearrangement (*Restructuring*)

Rearrangement, namely changing credit terms in the form of increasing the amount of credit where the bank changes all or part of the interest that has matured into a new loan principal.

Banks may carry out restructuring so that credit quality can return smoothly, banks cannot carry out restructuring if the aim is to reduce the classification of financing quality, to set a higher PPA, or to stop recognizing margin income on an accrual basis. Restructuring can only be carried out at the debtor's written request who meets the following requirements (Totok & Nuritmo, 2017):

1. The client is in a difficult financial situation.
2. The client has progressed in business and is still able to pay installments after restructuring. Restructured credit records are loans in the substandard, doubtful, and loss credit groups.

The handling of problematic installments is not only through installment restructuring which has been discussed above; the execution of collateral objects can also be carried out either through direct sales by the debtor or through an auction. At least in executing credit guarantees, private sales must first be attempted if the debtor still wants to cooperate, but if private sales cannot be achieved, then the execution of collateral items through auctions can be carried out.

1. A direct sale is a sale of collateral or non-collateral voluntarily or voluntarily for guaranteed assets so that they can pay part or all of the loan.
2. Credit loan auctions are sales of credit guarantee goods open to the public with written and/or verbal price bids that are raised or lowered to reach the highest price preceded by an auction notification. As for the settlement of credit defaults through legal channels (litigation), namely the District Court / Prosecutor's Office, the Committee for State Receivables (PUPN), and through arbitration or Alternative Dispute Resolution Agency (Noor, 2013).

### **Micro Business Credit Survey (KUR)**

Credit comes from the Greek word "*believe*," which means trust (*truth* or *faith*). Therefore the basis of credit is trust. The interpretation of a loan (credit) according to banking law number 10 of 1998 is the provision of money or an equivalent claim resulting from an agreement that requires the borrower to pay off his debt after a certain period with interest or profit sharing.

To advance the community's economy, especially for people with middle to lower incomes, the government initiated a special subsidized credit program for MSME actors. MSME loans are loans or financing given to business actors who meet the criteria for Micro, Small, and Medium Enterprises. Article 1 point 1 of Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises explains that Micro Enterprises are productive businesses owned by individuals (individuals) or businesses belonging to groups. In essence, micro-enterprises are all kinds of businesses that are productive, have creditworthiness, and are worth paying for. So that business actors estimate and are trusted to be able to pay the amount of the installments until completion according to the contract with the creditor bank. These loans are channeled to MSME players who have productive and viable businesses but do not yet have additional or feasible collateral and are not yet bankable. Launching the KUR program aims to improve the economy, alleviate poverty and absorb labor (Tambunan, 2012). The main requirement for micro KUR recipients is that the prospective debtor is an individual who carries out a viable, productive business, is registered as a city where applies as evidenced by the ownership of a KTP, KK, and the length of time the business has been running for at least 6 months. Several requirements for applying for a Micro KUR loan must be met, namely having run a business for at least 6 months, having an original KTP and KK along with photocopies, attaching a business license, NPWP, and others.

### **Research methods**

This study uses an approach with qualitative methods. Theoretically, qualitative/naturalistic research is research that seeks to uncover a case in its natural state so that it can provide valid facts. Unlike the case with quantitative research which is limited to testing hypotheses, qualitative research is discovery (Sugiyono, 2014). Based on its nature, the type of research used is descriptive qualitative research with a case study approach (*case study*), trying to understand a case by specifically incorporating perspective, knowledge, and creativity into the analysis process, discussing issues from a related theoretical and research point of view to design a realistic strategy through observations, interviews, impressions and opinions of others regarding the problem at hand analyzed. So that the data obtained is expressed symbolically in the form of sentences written to describe reality.

The focus of this research is to find out the facts on the ground regarding the handling of default customer problems in the Micro KUR credit agreements that are carried out. Researchers focus on the credit prevention and control strategy carried out by the BRI Unit Salobulo and analyze the company's environment to plan a new strategy so that the bank can decide the right strategy for resolving credit defaults that occur. Data analysis is a technique of systematically finding and compiling data from observations, interviews, field notes, and others to find meaning (*meaning*). Data from various sources were observed, processed, filtered, and analyzed qualitatively through descriptive-analytical and SWOT analysis. A qualitative analysis was carried out with a descriptive-analytical characteristic to obtain an overview regarding the strategy carried out by the BRI Salobulo Unit during the study (*expose the fact*) or to see what conditions are in the situation. While the SWOT analysis is used to plan a strategy in dealing with non-performing Micro KUR loans.

## RESULTS AND DISCUSSION

### Results of Data Analysis

1. Analysis of the factors that influence the occurrence of default on Micro KUR at Bank BRI Salobolo Unit, Palopo City.

Micro KUR credit defaults at Bank BRI Unit Salobulo occurred because there were factors that pushed that caused this to happen. Based on the interviews, it can be seen that the causes of defaults at Bank BRI Unit Salobulo Palopo City arose due to internal and external factors. External factors are caused by the debtor who does not carry out his obligations due to circumstances forcing him not to perform that is outside his will (*force majeure*) because customers experience economic difficulties due to failed businesses or even due to natural disasters or other disasters and other factors from customers who are absent from their obligations by intentionally committing default (*force will*). While the internal factors were caused by the bank itself not being good at analyzing the eligibility of prospective customers before the credit was decided, it was also explained that what made the default rate influenced was the target set every day so that some paramedics were too focused on pursuing targets which led to the birth of credits. that are not qualified and have the opportunity to become problem loans.

Mr. Udi Pratwandi, one of the paramedics for KUR Micro BRI, the Salobulo Unit, said that the most common cause of complaints by default customers was because the business being run was declining. As happened with Mr. Akmal Syam as a defaulting people's business credit debtor, it is known that he has been in arrears for payments for 4 months starting from January. Mr. Akmal Syam took Micro KUR credit with a platform of

Rp. 25,000,000 (twenty-five rupiahs) and a monthly installment fee of Rp. 1,108,100 (one million one hundred eight thousand one hundred rupiahs). Thus, the troubled people's business credit experienced by Mr. Akmal Syam can be classified as a substandard loan because it has exceeded 120 days. Mr. Akmal was conveyed to the bank because his cafe business had decreased turnover due to a lack of visitors, so he could not pay his credit installments. Another default customer affected by the customer's bad character and who is not responsible for his promise is Mrs. Amelia, who has been in arrears since the second month's payment and is now in arrears for 3 months by taking a credit of Rp. 10,000,000 when several friendly attempts were made, the customer was not at home.

2. Analysis of the Strategy for Handling Micro KUR Credit by Bank BRI Salobolo Unit, Palopo City in dealing with default debtors.
  - a. Strategy for preventing and controlling defaults on Micro KUR Credit by Bank BRI Salobolo Unit, Palopo City.

In general, BRI Unit PT. The BRI Salobulo Unit, Palopo City, in carrying out interim control based on the results of an interview with Mr. Suprayitro Arafah, in the process of preventing defaults or defaults on bank loans, can be done using careful and thorough credit analysis when predicting risk and return that will be obtained, does not necessarily provide credit to all customers who want Micro KUR credit. Mantri as a field officer, must have good analytical skills to take into account all aspects and indicators of eligibility assessment of prospective customers to maintain credit distribution according to their functions. always informing customers when the payment is before the due date; this was conveyed by Mr. Udi Pratwandi "Actually, we don't have to wait for the customer to pay late and then take action, we always do it before it's time for the customer to pay, we will remind him earlier because sometimes the customer forgets the installment date ". He further explained that in preventing credit defaults so after the credit is disbursed, the bank does not just let go. Various efforts were made by Bank BRI Salobulo Unit in analyzing the feasibility of prospective BRI Salobulo customers using steps according to the 5C principle. As for the use of this principle first character, namely by assessing the character or character of the prospective customer, Second*capacity* namely by assessing the customer's ability to pay back or settle installments as seen from the business to be financed. Third capital, namely by assessing the capital customers own in conducting business. Fourth*collateral*, namely assessing the guarantee or collateral provided by the customer to the bank. The fifth condition of *the economy* is assessing the customer's economic condition.



b. Strategy to save Default Credit on Micro KUR by Bank BRI Salobolo Unit, Palopo City.

Various attempts were made to save credit so as not to harm the bank further. As for the results of interviews conducted by the author in the field, it can be seen that efforts to save Bank BRI Unit PT. The BRI Salobulo Unit, Palopo City, handles the distribution of default micro people's business loans, namely taking handling actions starting with This continuous or continuous billing method is applied to loans included in collectability under special mention and are substandard which are more than 90 days old. Billing done by the orderlies/AO is to visit the business financed by the bank or the customer's house to discuss problems that occur persuasively, through written billing letters or only through telephone media which are routinely carried out to save credit before it gets worse. Mr. Suprayitro said that in monitoring credit, it must be ascertained why the credit is problematic, whether due to business or other factors. one of the efforts made is to come directly with a visit form to the arrears. Banks can also relieve customers who have good intentions to complete installments. When interviewed, Mr. Hasbi Hatta, the mantra of KUR Micro, explained that the model or technique for rescuing default loans applied to Bank BRI's Salobulo unit uses the 3R technique (*rescheduling, reconditioning, restructuring*). In; conduct visits to customers' homes to find out what the obstacles are and find solutions by providing leeway in payment terms, lowering interest rates or waiving interest. Mr. Udi Pratwandi added that banks facing problem loans were resolved well, hoping that the debtor would pay off his obligations without having to take legal action for the good of the bank and the customer.

c. Strategy for Settlement of Defaults on Micro KUR Loans at BRI Bank Salobulo Unit, Palopo City.

Settlement of credit is done because of the failure of rescue efforts. The AO of Bank BRI Salobulo Unit explained that the resolution of bad loans in credit agreements could be reached in two ways, namely by means of litigation and non-litigation. Litigation efforts are also known as settlement efforts through legal channels. Litigation is a dispute resolution mechanism through the courts by filing a lawsuit. Considering that the settlement process through the courts usually takes a relatively long time, Bank BRI Unit Salobulo tends to choose the settlement of bad loans through efforts-litigation (outside court). Mr. Hasbi Hatta explained that if the credit has absolutely no way to save it, then it is forced to settle the relationship, the bank will give several options to the customer whether the guarantee will be sold himself, then the price will be used to cover the rest of the loan or pursued by court if the customer not willing to cooperate. We can conclude from

the results of interviews with several informants, information is obtained where the steps to achieve settlement of non-performing loans are taken in the best way for both parties.

3. Analysis of planning a new strategy that is appropriate in handling defaults on Micro KUR at Bank BRI Salobolo Unit, Palopo City.

SWOT Analysis of Bank BRI Salobulo Unit, Palopo City in Handling Micro KUR Defaults can be seen in the following table:

Table 2. *Internal Factor Analysis Summary (IFAS)*  
Bank BRI Salobulo Unit, City of Palopo

<b>Internal factors</b>	
<b>Strength (<i>Strengths</i>)</b>	<b>Weakness (<i>Weaknesses</i>)</b>
Assurance as security Large work unit Satisfying service The process is easy and fast and Facilities and technology according to standardization	Weak debtor feasibility analysis Overly Aggressive Policy AO quantity is not sufficient Less monitoring Coaching has not been effective

Source: Processed from the results of observations and interviews that have been conducted with Mantri KUR Micro BRI Salobulo Unit, Palopo City.

## Discussion

1. Causes of default on Micro KUR at Bank BRI Salobolo Unit, Palopo City

From the results of the interviews and through the observations of the root cause researchers in improving the quality of non-performing loans at Bank BRI Salobulo Unit, Palopo City, it is divided into two interrelated factors, namely due to internal problems and influences from external companies. Mr. Hasbi Hatta as the KUR Micro Mantri explained that one of the reasons for a large number of credit defaults was influenced by internal factors, but the employees of Bank BRI Salobulo Unit had worked well and were responsible for their respective jobs so internal obstacles could be slightly avoided. The various causes of default from internal factors are as follows:

- a. The Mantri is not good enough to do a 5C analysis of prospective debtors to find out whether the prospective customer is eligible for Micro KUR. Providing credit is not according to the needs and abilities of the customer, the orderlies are not detailed during the survey, and not having sufficient information about the character of the prospective debtor can make the orderlies wrong in predicting creditworthiness before being approved.
- b. Mantri is too focused on pursuing targets so he doesn't pay attention to the quality of the credit he distributes. It was explained that what made

the default rate more or less influenced by the existence of targets that had to be met so that some paramedics felt motivated to pursue targets which actually led to the birth of loans that were not of high quality and had the opportunity to become problem loans.

- c. Ineffective supervision and control due to the large number of customers that must be handled. According to the theory of human error, this factor is due to human errors, which cause the system to run less effectively and have a negative impact on bank performance.

In addition to the company's internal problems, it can also occur due to external obstacles, namely originating from the Micro KUR debtors themselves who intentionally or unintentionally cause problematic Micro KUR Credit. The form of customer negligence is caused by several customers using Micro KUR capital for consumptive purposes or because of an element of fraud where KUR funds are divided between several people so that when the time comes for payment, the customer has difficulty collecting their installments and there are even cases of Micro KUR customers arguing that the credit was not used as additional business capital unless there are other parties who deliberately work together to take credit because the name is disabled. This moral hazard behavior is influenced by the character of the customer. The nature or character of a person can be used as one of the most important assessment indicators because, from nature, we can know the willingness to pay and be responsible (Kasmir, 2008). If the character of the customer is not good, where he is more concerned with other things than his credit, or there is no willingness to pay off the debt, it is very difficult to handle. According to Mr. Udi Pratwandi during an interview, other external factors were influenced by market changes, such as economic conditions that experienced an increase, causing a decrease in trader turnover so that many credit problems.

2. The Strategy for Handling Micro KUR Credit Defaults has been carried out by Bank BRI Salobolo Unit, Palopo City in dealing with default debtors.
  - a. The prevention strategy carried out by Bank BRI Salobulo Unit, Palopo City as a basis for other considerations before deciding on a loan, is guided by the 5C technique as a form of customer feasibility analysis. In its implementation, the bank, before making a decision, will see and assess directly the background, goals, capabilities, and effort to be financed, but the paramedics have not sought in-depth and thorough information on all aspects of the assessment so that it can be known properly and clearly. Sometimes the customer is smarter than the bank, so he is able to hide the real condition, making the paramedics unable to find out his true purpose. So a more careful character

assessment is needed; the bank that applies its prudential *banking principal* can slightly minimize the risk of non-performing loans so that NPLs can be stable. The theory of prudential banking explains that banks provide loans in a more careful manner which is an important principle and must be implemented because it is the best solution in order to maintain a quality, resilient, and safe banking system (Hermansyah, 2018). Adequacy of information is needed to support and optimize prevention in risk mitigation strategies. As a distributor of Micro KUR, whether it is Islamic banking or conventional banking or Islamic financial institutions or other financial institutions, it is important to apply the principle of prudence starting from the beginning when the debtor submits a credit application, analysis of credit granting until credit is paid off is the key to success for healthy credit.

- b. The strategy for saving BRI's problem loans from the Salobulo Unit in a family way. Guided by Bank Indonesia Circular No. 26/4/BPPP dated May 29, 1993, which regulates the rescue of problem loans before they are resolved through legal institutions. According to Hanafi, for risks that have occurred in a company, it is important to carry out risk control because risks must be managed properly and determine the best way to save the company from losses (Arifudin, et al., 2020). This was also carried out at Bank BRI Salobulo Unit, Palopo City, where rescue efforts were taken after seeing signs that credit would become a bigger loss. With this rescue strategy, the bank will make approaches to customers. This approach is carried out by providing direction, coaching, and instructions that can help customers, it is hoped that this will awaken the debtor's ability to try optimally so that it does not turn into bad credit. Efforts to save problem loans can be made using the method of *restructuring*; the strategy for rescuing default loans in Micro KUR loans at Bank BRI Salobulo Unit is with changes regarding payment schedules and credit terms. Based on the acquisition of data from the BRI Salobulo Unit in the process of *rescheduling*, BRI Salobulo Unit only rescues customer credit that meets certain requirements to be rescued, including that the debtor's business must have business prospects to be able to rise and the debtor still shows good faith in improving his credit so that there is still a possibility that the credit can be saved and the bank's losses are not getting bigger. Changing various existing requirements, such as interest capitalization, where interest is used as the principal debt. BRI Unit Salobulo seeks to save credit by delaying interest payments until a certain time while the principal must still be paid. By providing relief in which partial unpaid interest is released or stopping special interest calculations for honest, open, and cooperative customers, and the business still has a chance to return to

operating as before and allows customers to complete their loans without going through litigation.

- c. The settlement strategy is taken by Bank BRI Salobulo Unit, Palopo City, if the customer's credit cannot be saved at all, the customer does not show a cooperative attitude anymore, then the litigation route is the last resort to resolve disputes that occur in the context of restoring rights and obligations between debtors and creditors. The aggressive efforts of banks to resolve bad loans are by taking firm action in the form of verbal and written warnings to customers and finally liquidating (selling collateral). The mechanism for settlement of Micro KUR loans at Bank BRI Salobulo Unit, Palopo City, basically does the trick litigation supports the principle of *ultimum remedium* which teaches that settling cases in court is a last resort. Banks always prioritize credit settlement strategies that can be resolved properly and amicably, in accordance with what is stated in article 1 paragraph 10 of Law No. 30 of 1999 concerning Arbitration and Alternative Dispute Resolution. The non-litigation route is preferred by the BRI Unit Salobulo bank because it has considered the various advantages and disadvantages. In the litigation route, seen from the length of time, it requires quite a long time from the submission process to a decision and costs a lot.
3. Formulation of Strategy for Handling Default Credit at Bank BRI Salobulo Unit, Palopo City in improving the quality of Micro KUR loans.

Tabel 3. Internal Factor Evaluation (IFE)

Faktor Internal	Jawaban				Rating	Bobot	Nilai
	SS	S	KS	TS			
<b>Kekuatan (Strenght)</b>							
Jaminan Pengaman	5	1	1	0	3,57	0,11	0,39
Unit Kerja Luas	3	3	0	1	3,14	0,09	0,28
Pelayanan	4	3	0	0	3,57	0,11	0,39
Fasilitas Terstandarisasi	6	1	0	0	3,85	0,11	0,42
Proses cepat	7	0	0	0	4,00	0,12	0,44
<b>Total Kekuatan</b>						0,54	1,92
<b>Kelemahan</b>							
Analisis Kelayakan	6	1	0	0	3,85	0,11	0,42
Kebijakan yang Agresif	0	2	4	1	1,85	0,06	0,11
Kuantitas AO	0	3	3	1	2,28	0,07	0,16
Kurang monitoring	4	3	0	0	3,57	0,11	0,40
Pembinaan belum efektif	3	4	0	0	3,57	0,11	0,40
<b>Total Kelemahan</b>						0,46	1,51

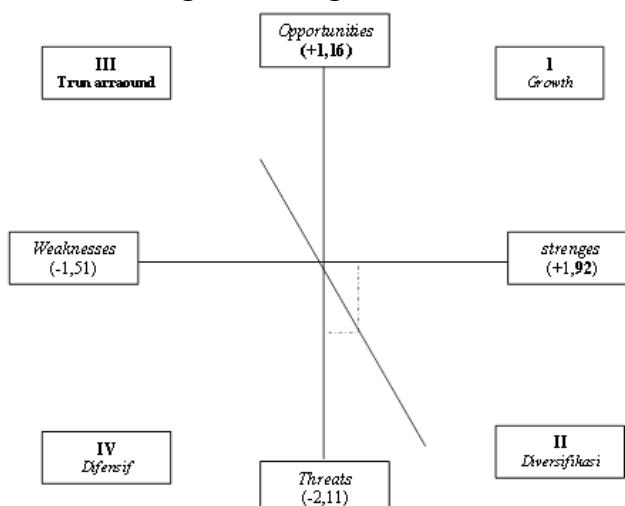
<b>Skor Tertimbang</b>	<b>3,43</b>
<b>Selisih Faktor Kekuatan-Kelemahan</b>	<b>0,41</b>

Table 4. Esternal Factor Evaluation (EFE)

Faktor Eksternal	Jawaban				Rating	Bobot	Nilai
	SS	S	KS	TS			
<b>Peluang (Opportunities)</b>							
Kepercayaan Masyarakat	2	3	1	1	2,86	0,10	0,26
Kebijakan Pemerintah	1	2	2	2	2,57	0,07	0,18
Budaya Meminjam	1	2	3	1	2,43	0,08	0,19
Kemajuan Teknologi	2	2	3	0	2,85	0,09	0,26
Peluang Pangsa Pasar	2	3	2	0	3,00	0,09	0,27
<b>Total Peluang</b>						0,43	1,16
<b>Ancaman (Threats)</b>							
Karakter Nasabah	6	1	0	0	3,86	0,12	0,46
Penyalahgunaan Kredit	7	0	0	0	4,00	0,13	0,52
Kondisi Bisnis Nasabah	6	1	0	0	3,86	0,12	0,46
Inflasi	4	3	0	0	3,60	0,11	0,40
Kematian	2	4	0	1	3,00	0,09	0,27
<b>Total Ancaman</b>						0,57	2,11
<b>Skor Tertimbang</b>							<b>2,99</b>
<b>Selisih Faktor Peluang-Ancaman</b>							<b>-0,95</b>

In table 3 above, the strength factor has a score of 1.92 while the weakness factor has a score of 1.51. Furthermore, in table 4 above, the value of the opportunity factors is 1.16 and the value of the threat factors is 2.11. These results indicate that the BRI division of Bank Salobulo, Palopo City, faces more threats than opportunities. The placement of internal and external factors above resulted in a range of scores of Strengths = 1.92, Weaknesses = 1.51, Opportunities = 1.16, and Threats = 2.11. The results can be seen in the following figure.

Figure 1. Diagram SWOT



Apart from being described in the SWOT diagram, it can also be stated in the SWOT matrix formula as follows:

Tabel 5. Rumusan Kombinasi Strategi SWOT

IFAS EFAS	Strength (S)	Weakness (W)
<b>Opportunity (O)</b>	Strategi (SO) = 1,92 + 1,16 = 3,08	Strategi (WO) = 1,51 + 1,16 = 2,67
<b>Threat (T)</b>	Strategi (ST) = 1,92 + 2,11 = 4,03	Strategi (WT) = 1,51 + 2,11 = 3,68

Based on the results of the SWOT evaluation of diagrams and reflections on the ST matrix (*strength-threats*), now the strategy will focus on ST, as explained earlier in the SWOT Matrix table, will use a strategy to use resources to overcome the problems that have been identified by means of strategy diversification.

Table 6. Hasil Kombinasi Matrik Bank BRI Unit Salobula Kota Palopo

INTERNAL	Strength (S)	Weakness (W)
<b>EKSTERNAL</b>	Jaminan sebagai pengaman Unit kerja luas Pelayanan yang memuaskan Proses mudah dan cepat Fasilitas dan Teknologi sesuai standarisasi	Analisis kelayakan debitur lemah Kabijakan yang terlalu agresif Kuantitas AO tidak memadai Kurang Monitoring Pembinaan belum efektif

<p><b>Opportunity (O)</b> Adanya kepercayaan masyarakat Kebijakan Pemerintah Budaya meminjam tinggi Prospek kemajuan teknologi Pangsa pasar</p>	<p style="text-align: center;"><b>SO</b></p> <ol style="list-style-type: none"> <li>1. Selalu menjalin kerjasama dengan stakeholder untuk kemajuan BRI</li> <li>2. Fokus pada nasabah lama dan yang potensial serta slalu berinovasi dan termotivasi meningkatkan kinerja karyawan terutama pada unit mikro</li> </ol>	<p style="text-align: center;"><b>WO</b></p> <ol style="list-style-type: none"> <li>1. Memberikan edukasi dan pelatihan untuk meningkatkan kapabilitas para karyawan serta debitur.</li> <li>2. Meningkatkan dedikasi dan profesionalisme karyawan serta memberikan insentif yang jelas untuk menambah semangat kerja AO</li> </ol>
<p><b>Threat (T)</b> Karakter nasabah Penyalahgunaan kredit Kondisi bisnis nasabah Inflasi Kematian</p>	<p style="text-align: center;"><b>ST</b></p> <ol style="list-style-type: none"> <li>1. Memanfaatkan SID dalam memutuskan kredit dan memperhatikan early warning indicator.</li> <li>2. Mengatasi ancaman dengan angunan yang mampu mencover kredit dan mengadakan pendampingan dan kontrol setelah kredit di cairkan.</li> </ol>	<p style="text-align: center;"><b>WT</b></p> <ol style="list-style-type: none"> <li>1. Melakukan investigasi secara hati-hati dalam menganalisa kelayakan nasabah dengan teknik seleksi yang lebih mendalam.</li> <li>2. Menambah jumlah mantra dan melakukan monitoring secara continue terhadap kualitas kredit nasabah.</li> </ol>

Based on the results of the SWOT evaluation and reflection on the matrix above, the strategy will now focus on ST, which means focusing on strengths to fend off threats, which can be done by carefully learning *indicators* and SID facilities to protect credit from external threats. Utilizing collateral that is able to cover customer credit defaults a *second way out* to minimize losses and provide assistance and *control* after the credit is disbursed so that progress can always be known.

## CLOSING

Default KUR loans at the Salobulo BRI Unit, Palopo City, were influenced by customers who did not pay their installments properly, caused by factors of negligence, intentional and circumstances that were beyond the will of the debtor, resulting in default loans. Customers who do not keep their promises cannot be separated from internal factors, the bank can minimize the risk of default but at Bank BRI Salobulo itself it is still weak in analyzing creditworthiness before disbursing it, the paramedics have not carried out intensive supervision and control because the number of paramedics is not in accordance with BRI's internal standards. The micro KUR feasibility analysis process at BRI Salobulo Unit begins with preventive efforts by mitigating risks through the 5C feasibility analysis techniques (*character, capacity, capital, conditions dan collateral*). If the customer defaults after disbursing Micro KUR, he will make preventive efforts to save the bank from bigger losses with a *strategy reschedule* in the form of extending the payment period or by changing some of the requirements so that the customer can restore his credit



performance to smooth, but if there is no improvement after the credit is restructured and the debtor is no longer cooperative, BRI Salobulo bank is forced to liquidate the credit guarantee either through court institutions or sales underhand. Planning a new strategy formulation with the SWOT analysis of Bank BRI Salobulo Unit shows the ST strategy which focuses on strengths to dispel threats which can be done by paying attention to early learning *indicators* and SID facilities to maintain and provide assistance and control period after the credit is disbursed.

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