



The Power of Implementing People's Business Credit Agreements at the BRI Tolitoli Unit (a Legal Analysis)

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ABSTRACT

People's Business Credit is a government program to help the people to increase their business. from Bank Rakyat Indonesia in overcoming the consequences that will arise and how to overcome or solve the problem. The results showed that the implementation of people's business loans to BRI units in Tolitoli Regency went through several stages, namely the application stage, the credit inspection or analysis stage, the granting of a decision, and the credit contract/credit disbursement stage. Legal issues arising from the provision of people's business loans are the existence of problem loans and the absence or lack of caution on the part of creditors and also customers who do not pay attention to fulfilling their monthly credit installment obligations.

INTRODUCTION

Indonesia is a developing country which is currently carrying out development in various fields guided by the 1945 Constitution paragraph 4 (four), namely, protecting the entire nation and all of Indonesia's bloodshed, advancing public welfare, educating the nation's life, and participating in carrying out world order. based on freedom, eternal peace and social justice. Indonesia's national development to realize a just and prosperous society based on Pancasila and the 1945 Constitution has achieved various advances including in the economic and monetary fields as reflected in relatively high economic growth and a controlled inflation rate.

Economic development in a country is highly dependent on the dynamic development and real contribution of the banking sector after the economic and monetary crisis. In Indonesia, it provides a clear picture of how important the strategic role of the banking sector is. When the banking sector slumped, the national economy also slumped. And vice versa, when the economy stagnates, the banking sector is also affected where the intermediary function does not run normally. The role of banking in economic development is to channel funds for economic activities, one of which is in the form of credit for individuals or business entities. This credit has a strategic position as one of the sources of money needed to finance business activities which can be emphasized as one of the keys. life for every human being. Credit facilities provided by banks are the biggest assets for banks. In the case of bank activities providing credit facilities, most of the risk of loss originates from these activities, so that if they are not managed properly and accompanied by adequate supervision, the survival of the bank will be threatened.

The Government of the Republic of Indonesia issued Presidential Decree No. 6 dated 8 June 2007 concerning Policy for the Acceleration of Real Sector Development and Empowerment of UMKM, followed by a memorandum of understanding between the Technical Ministries, Banking, and Credit/Financing Guarantee Companies for UMKM. Finally, on November 5, 2007, President of the Republic of Indonesia Susilo Bambang Yudoyono inaugurated credit for UMKM with a guarantee pattern under the name People's Business Credit and supported by Presidential Instruction Number 5 of 2008 concerning the Focus of the 2008-2009 Economic Program to guarantee the implementation or acceleration of the implementation of this people's business credit . In the early stages of the program, this People's Business Credit was provided only by banks appointed by the government, namely: Bank Rakyat Indonesia (BRI), Bank Negara Indonesia (BNI), Bank Mandiri, Bank Syariah Mandiri, Bank Tabungan Negara and Bank Bukopin . The distribution of guarantee patterns is focused on five business sectors, namely Agriculture, Fisheries and Maritime Affairs, Cooperatives, Forestry, and Industry and Trade. This People's Business Credit is intended to help the economy of small people's businesses by providing loans for the businesses they establish. Upon submitting the credit loan application, of course, you must follow various procedures set by the bank concerned. In addition, the applicant must know the rights and obligations that will arise from each party, namely the debtor and

creditor with the People's Business Credit agreement, considering that everything can arise into a problem if there is not enough knowledge about People's Business Credit.

On the other hand, People's Business Credit is still a form of credit program that is still relatively new, which aims to accelerate the economic development of the small people to the countryside as a momentum that must be welcomed, therefore, considering that it is immediately socialized to the general public, the author tries to raise in this research, even though references in the form of library books are still considered lacking. Based on the description above, the writer is interested in conducting research with the title:

"The Strength of Implementing People's Business Credit Agreements at the Bank of the Indonesian People (BRI Unit Tolitoli)".

LITERATURE REVIEW

Definition of People's Business Credit

People's Business Credit (KUR) is credit or financing provided by banks to Micro, Small, Medium Enterprises and Cooperatives (UMKM-K) which is feasible but not yet bankable. The point is that the business has good business prospects and has the ability to pay back. Micro, small, medium enterprises and cooperatives (UMKM-K) that are expected to be able to access People's Business Credit are those engaged in productive business sectors including: agriculture, fisheries and maritime affairs, industry, forestry and savings and loan financial services.) According to the Regulation of the Minister of Finance Number 135/PMK.05/2008 concerning People's Business Credit Guarantee Facilities, the meaning of People's Business Credit is "Credit or financing to UMKM-K (Micro, Small, Medium Enterprises-Cooperatives) in the form of providing working capital and investment that supported by guarantee facilities for productive businesses. 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 and/or individual business entities that meet the criteria for micro businesses as stipulated in this Law. Article 6 paragraph (1) of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises explains the criteria for micro enterprises are as follows:

- 1) Have a net worth of at most Rp. 50,000,000 (fifty million rupiah) excluding land and buildings for business premises; or
- 2) Have maximum annual sales proceeds of IDR 300,000,000 (three hundred million rupiah).

Article 1 point 2 of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises explains that: "Small business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not company branches. which are owned, controlled, or become part directly or indirectly of medium-sized businesses or large businesses that meet the criteria for small businesses as referred to in this Law." The criteria for small businesses in Article 6 paragraph (2) of the Law are explained as follows;

- 1) Have a net worth of more than IDR 50,000,000 (fifty million rupiah) up to a maximum of IDR 500,000,000 (five hundred million rupiah) excluding land and buildings for business premises; or,
- 2) Have annual sales proceeds of more than IDR 300,000,000 (three hundred million rupiahs) up to a maximum of IDR 2,500,000,000 (two billion five hundred rupiahs)

The launch of the People's Business Credit (KUR) was a follow-up to the signing of a memorandum of understanding (MoU) on October 9, 2007 concerning Guaranteeing Credit/Financing for Micro, Small, Medium Enterprises and Cooperatives (UMKM-K) between the Government (Ministry of State for Cooperatives and SMEs), Minister of Finance, Minister of Agriculture, Minister of Industry, Minister of Forestry, Minister of Maritime Affairs and Fisheries, Guarantee Companies (Perum Sarana Usaha Development and PT. Asuransi Kredit Indonesia) and Banking (BRI, Bank Mandiri, Bank Bukopin, BNI, BTN, and Sharia Banks Mandiri).

Basic People's Business Credit (KUR)

The operational basis for KUR is Presidential Instruction No. 5 of 2008 concerning the Focus of the 2008-2009 Economic Program to ensure the implementation or acceleration of the implementation of KUR and the Memorandum of Understanding (MoU) between the Technical Departments, Banking and Guarantee Companies signed on October 9, 2007.

Government policy contained in Presidential Decree No. 5 of 2008 concerning the Focus of the 2008-2009 Economic Program in terms of micro, small and medium enterprises, the Government has a program to increase the effectiveness of the implementation of people's business loans. The actions taken are evaluating the implementation of KUR, expanding implementing banks, and channeling People's Business Credit through microfinance institutions, the target is People's Business Credit channeled from banks is increasing as an alternative source of financing for Micro, Small and Medium Enterprises.

Classification of People's Business Credit

Since its launch by President Susilo Bambang Yudhoyono on November 5 2007, KUR has been offered with various options, namely:

- a) People's Business Credit up to IDR 500 million,
- b) KUR (Micro) up to IDR 5 million
- c) KUR Linkage Program
- d. Micro Credit

According to Wiloejo WirjoWijono, and Marguiret Robinson, loans in the form of microcredit are one of the most effective efforts to deal with poverty. This is based on the fact that the poor community actually has different classifications between them, which include: the extreme poor, namely those who have no income and do not have productive activities, both people who are categorized as poor but have economic activities (economically active working). poor), and the third, namely people with low income (lower income).

KUR is a credit program initiated by the government. The basic concept of KUR is bank credit guaranteed by the government. To carry out KUR guarantees, the government appointed SOE guarantors, namely Indonesian Credit Insurance (Askrindo) and Indonesian Credit Guarantee (Jamkrindo). However, the amount of guarantee provided by the government is not a complete 100 percent of the KUR value, but only 70 percent, while the remaining 30 percent is at the risk of the executing bank.

Definition of Banks.

In several books, no concrete definition of bank is found, only in terms as expressed by Abdurrachman. Bank comes from the Italian word "banca" which means a bench seat. Because in medieval times, the bankers who provided loans did their business by sitting on benches in the market yard. (Abdurrachman, 1991:80)

Article 1 of Law Number 10 of 1998 concerning Amendments to Law Number 7 of 1992 concerning Banking states that:

"Bank is a business entity that collects funds from the public in the form of savings, and distributes them to the public in the form of credit and/or other forms in order to improve the standard of living of the common people".

In Article 5 of Law Number 7 of 1992 concerning Banking, it is said that according to the type, banks consist of:

- 1) Commercial Banks,
Banks that carry out business activities conventionally and/or based on sharia principles which in their activities provide services in payment traffic.
- 2) Rural Credit Banks
Rural Banks are banks that carry out business activities conventionally or based on sharia principles which in their activities do not provide services in payment traffic.

Warranty Overview

Definition of Collateral Article 1131 of the Civil Code explains that: "all the debtor's assets, both movable and immovable, both existing and new ones that will exist in the future, are borne by all individual engagements". The explanation above implies that guarantees must exist in the case of an engagement. The term guarantee in the perspective of banking law is distinguished from the term collateral. The meaning of collateral is confidence in the intention and ability and ability of the debtor customer to pay off his debt or return the said financing in accordance with what was agreed.

The term collateral is in accordance with Article 1 number 23 of Law Number 10 of 1998 concerning Amendments to Law Number 7 of 1992 concerning Banking, namely additional collateral provided by debtor customers to banks in the context of providing credit facilities or financing based on sharia principles.

RESEARCH METHODS

Referring to the formulation of the problem, this research is included in the type of empirical legal research. In this case, researchers are trying to provide and describe the implementation of procedures for granting People's Business Credit (KUR) and the problems it causes. In this research, the data sources used are: a. Primary data sources, namely data sources in the form of statements from parties directly related to the problem under study, namely the results of interviews with PT officials. (Persero) Bank Rakyat Indonesia Tolitoli Branch or the authorized person for that matter and BRI Unit Heads and at least customers who use people's business credit services. b. Secondary data sources, namely data sources that indirectly provide information that is supportive of primary data sources, namely from library books related to credit, the Civil Code, related regulations, and supporting literature, including brochures on the people's business credit application sheet, as well as the credit agreement. Data collection techniques used by the authors in this study are: a. Interviews are a way of obtaining data by conducting in-depth questions and answers with primary data sources, namely competent parties at PT. Bank Rakyat Indonesia (Persero) Tbk. Tolitoli Branch and/or BRI Unit Heads in Tolitoli and debtors. The type of interview that will be used by the author in this study is direct interviews and questionnaires regarding the main issues which are then developed in the interview, then the respondent will answer freely. b. Literature Study is a data collection technique by collecting documents, books, and other library materials related to research discussion. In this case the author collects data by studying documents or other files obtained from PT. (Persero) Bank Rakyat Indonesia Tolitoli Branch (Tbk) or Bank Unit) and books and other library materials related to research topics.

RESEARCH RESULT

Based on the results of the author's research at the BRI Unit Baolan office, Tolitoli Branch, which was conducted on January 5, 2023 and the results of interviews conducted by the author with the Head of the Baolan Unit, as well as several KUR customers, the author can state that the process of providing KUR is carried out in stages, namely as follows:

a. Credit Application Stage

Prospective debtors submit a written application for people's business credit (KUR) to the BRI Baolan Unit. Prospective KUR debtors come to the BRI Baolan Unit office, then, assisted by Customer Service, prospective KUR debtors fill out the registration form or the KUR application form provided by the bank, then signed by the applicant. (result of interview with 5 January 2023 as Head of BRI Unit Baolan).

Prospective people's business credit debtors are required to meet the requirements that have been set in terms of submitting applications for people's business loans. People's business credit was introduced as easy-to-obtain credit, so the conditions set were very simple. The conditions that need to be included are proof of identity in the form of a photocopy of an Identity Card (KTP), a photocopy of a Family Card (KK), and a Business Certificate.grants or gifts from the Government. The Unit Head monitors and evaluates people's business

credit services. Settlement of legal issues for repayment of debt from the Debtor Party Bank BRI as a Creditor can be sued in Court by proceeding through a Simple Lawsuit to force the Debtor to fulfill his legal obligations, namely paying his debts to Creditors and the last legal remedy from Bank BRI, namely claiming Credit Insurance Indonesia (AKRINDO) as guarantor according to the agreement as Guarantor for People's Business Credit.

Legal Power of Implementation of Kur Credit Agreements.

Credit agreements made between the Bank and the Customer are carried out in a Credit Agreement Letter with a standard contract or a Credit Agreement Letter personally without binding before a Notary, and basically the provision of People's Business Credit is not required to have a Collateral. But even so, the People's Business Credit is a Government program for the development of Micro, Small and Medium Enterprises, in order to help people's businesses as additional capital to increase income. Based on the requirements that must be fulfilled by prospective customers through careful selection up to the credit agreement stage. The credit agreement is in the form of a credit contract if it is carried out by fulfilling the legal requirements of the agreement as stipulated in article 1320 of the Civil Code, namely:

1. There is competence for those who make agreements,
2. There is an agreement between the parties,
3. Being blamed for something lawful

The existence of certain things or objects as the basis of the agreement. That with the fulfillment of these legal requirements, it gives effect or certainty of the legal force of the Credit agreement or Credit Agreement between the Customer and the Bank that distributes People's Business Credit funds.

Banks need to pay attention to the principles in assessing a credit application, namely as follows (Gunarto Suhadi, 2003: 96):

- 1) Banks only provide credit if the credit application is submitted in writing. This applies both to new credit, term extension, additional credit, and requests for changes to credit terms.
- 2) The credit application must contain complete information and meet the requirements in accordance with the provisions stipulated by Bank BRI Unit Baolan
- 3) Banks must ensure the correctness of the information data submitted in credit applications.

Credit Analysis Stage/ Examination Stage.

Based on the directives of Bank Indonesia as contained in the Decree of the Board of Directors of Bank Indonesia No. 27/162/KEP/DIR dated March 31, 1995, every credit application that meets the requirements must be analyzed in writing with the following principles:

- 1) The form, format and depth of credit analysis is determined by the bank according to the amount and type of credit,
- 2) Credit analysis must describe the relationship concept of the total credit application. This means that approval for granting credit may not be based

solely on consideration of an application for one transaction or one credit account from the applicant, but must be based on an assessment of all credit from the credit applicant that has been given and or will be given jointly by the bank.

- 3) Credit analysis must be made in a complete, accurate and objective manner which at least includes;
 - (1) Describes all information relating to the business and data of the applicant including the results of research on the bad credit list,
 - (2) Assessment of the eligibility of the number of credit applications with the business activities to be financed, with the aim of avoiding the possibility of mark-up practices that could be detrimental to the bank,
 - (3) Presenting an objective assessment and not being influenced by parties with an interest in credit applications.
 - 4) Credit analysis must at least include an assessment of the 5C principles and an assessment of the source of credit repayment which is focused on the business results of the applicant and provides a juridical aspect of credit with the aim of protecting the bank against risks that may arise,
 - 5) In assessing syndicated loans, the bank acting as the parent bank must also be assessed.

Regardless of the directions above, there are still opportunities for banks to adjust their credit policies according to the conditions and needs of the banks themselves. The BRI Baolan Unit of the Tolitoli Branch in conducting credit analysis also has its own policy which of course is still guided by the directions of Bank Indonesia. The financial statements of prospective debtors are one of the absolute basic data in terms of analysis.

At the inspection stage, after the conditions are completed, the BRI Baolan Unit, in this case the Mantri (account officer) will carry out checking and field visits regarding whether or not the prospective people's business credit debtor is given a loan by asking questions related to the application. These KUR include:

- 1) Match a photocopy of proof of identity/other identity with the original.
- 2) Inquire about matters related to the business of prospective people's business credit debtors. For example: about capital, about loans to other parties, etc. The aim is to analyze whether the prospective debtor is able to repay the loan or not.
- 3) Inquire about the benefits of the business of prospective people's business credit debtors with the aim of knowing the ability to repay loans. (Results of interview with 5 January 2023 as Account Officer BRI Unit Baolan on 5 January 2023).

Stage of Granting Credit Decision.

At this stage, the prospective debtor will obtain a credit decision containing approval for the granting of people's business credit according to the application submitted. The decision to approve a credit application is in the form of granting part or all of the credit application from the prospective debtor. The BRI Baolan Unit will notify the prospective debtor to reconfirm a

few days according to the days specified by the bank after submitting the credit application. Usually the decision is made 3-5 days after the registration of the people's business credit application. (Interview on 5 January 2023 with the Head of BRI Baolan Unit). In BRI Baolan Units, before making a credit decision, the Head of the BRI Baolan Unit must examine and ensure that the documents related to or that support the granting of a credit decision are still valid, complete, valid and legally enforceable. Every official involved in the credit approval policy must be able to ensure this the following (respondents):

- 1) Every loan given is in accordance with sound credit principles and other banking regulations,
 - 2) Lending is appropriate and based on honest, objective, careful and thorough credit analysis (using 5C's principles) and independent,
 - 3) There is a belief that the credit will be able to be repaid by the debtor.
- The policy of the BRI Baolan Unit that people's business loans can be given is debtors who have micro, small and medium enterprises (UMKM). The BRI Baolan Unit does not participate in including cooperatives, because until now the BRI Baolan Unit has not implemented a Linkage Program where credit to UMKM can be channeled through cooperatives.

Credit Disbursement Stage/Credit Agreement.

Every process of disbursing credit (disbursement) must be guaranteed to be safe, directed, and productive and carried out if the conditions set out in the credit agreement have been met by the credit applicant (respondent,).

After all the requirements are met and the credit is bound by a credit agreement, the debtor can take the loan funds that have been requested from the teller section of the BRI Baolan Unit. The credit/disbursement contract stage includes several stages, namely the disbursement preparation stage, the signing of the credit disbursement agreement, fiat payments and credit disbursement payments (Results of interviews with Teller BRI Baolan Unit. The explanation of the steps at the credit contract stage are as follows:

1. Preparation of Disbursement
After the Letter of Request for Loans (SKPP) is terminated, Customer Services records it in the register and immediately prepares for disbursement as follows:
 - a) Notify the prospective debtor that his KUR application has received approval or a decision and certainty of the disbursement date.
 - b) Prepare a Debt Acknowledgment Letter.
 - c) Fill out the KUR disbursement receipt.
2. Signing of the KUR Disbursement Agreement.
The file or completeness of the disbursement here is the Acknowledgment of Debt, before signing the dossier for the disbursement of people's business credit, the Customer Service must ensure that the documents related to the disbursement of people's business credit have been signed by the debtor as proof of the debtor's approval. After that, Customer Service asks the debtor to read and understand the debt acknowledgment letter (SPH) and sign the debt acknowledgment letter, which is then handed over to the head of the

unit for inspection. To maintain security and implement the precautionary principle, the Customer Service matches the signature with the debtor's signature at the time of registration, then submits all files to the Head of Unit for fiat payment.

3. Fiat Pay (worth paying).

The head of the unit examines the file regarding the correctness and completeness of filling in the people's business credit file to match the conditions stated in the credit decision, after being sure the unit head signs the fiat payment approval. When finished, the receipt is handed over to the teller and the file is handed over to customer service.

4. KUR Disbursement Payment without Collateral.

Payment of disbursement of people's business credit to debtors is made by tellers based on receipts received from the head of the unit by first examining the validity of the receipt. If there is a delay in the disbursement of people's business credit funds, it is caused by the large number of applicants who want to become prospective people's business credit debtors, considering that the number of staff handling people's business loans is not proportional to the number of people's business credit applicants. The lengthy process of disbursing funds is also due to the application of the precautionary principle in channeling funds and adhering to the five principles in assessing customer conditions or often referred to as "the five of credit analysis" (respondents). The five principles of assessment include Character, Capacity, Capital, Collateral, Condition Of Economy

3. Legal Issues in the Provision of People's Business Credit.

The problems that occur in the implementation of the provision of people's business loans to the BRI Unit Baolan Tolitoli Branch are:

a. Problem Credit.

Basically, problematic KUR is a condition that often occurs in banks, namely as a risk from the bank's lending. Even though non-performing loans are often difficult to avoid, banks must still manage them carefully and minimize risk as much as possible so that it can provide benefits for the bank. Management of problematic KUR must be anticipatory, proactive and disciplined so that problematic KUR begins with early recognition and immediate corrective action. Problematic KUR is KUR is classified as substandard (KL), doubtful (D), and loss.

The cause of problematic people's business loans at the BRI Baolan Unit is the bank's inaccuracy in conducting credit analysis. Apart from that, from the customer side, there is a decline in the debtor's business, the management of the debtor's business is not going well and there is an assumption from customers that people's business credit is assistance from the government. (Interview with Head of BRI Baolan Unit Banks always try to find solutions that are more practical, efficient and effective in the event of problem loans in order to save more time and costs. As is the case with the BRI Baolan Unit, namely by

carrying out several breakthrough actions so that losses due to non-performing loans can be slightly covered. Efforts made by the BRI Baolan Unit in overcoming non-performing loans are as follows:

1) Perform billing continuously.

There are various billing methods, namely:

(a) By coming to the field or the debtor's house by discussing it amicably or more persuasively.

(b) By letter/written billing.

(c) Billing through the team.

Continuous billing by the BRI Baolan Unit is for people's business loans that fall into the category/classification of Special Mention and Substandard.

2) Tighten credit analysis

Tightening credit analysis is carried out as a preventive measure to avoid fictitious businesses. This means that the purpose of the debtor applying for a people's business credit is not for his business but for other purposes.

Facing debtors who are negligent in carrying out payments is a common thing, for that a paramedic has his own way of dealing with it, namely by talking persuasively between two parties in a familial manner. If the condition of the debtor is not possible to make payments, then the people's business credit can be extended due to repayment. What is being considered by the BRI Kuwarasan Unit is that the KUR program is aimed at the common people so as to minimize the possibility of burdening them (interview with Hamzah as the BRI Baolan Unit paramedic on January 5, 2023).

This people's business credit is a government program with a guarantee facility in order to increase MSME access to sources of financing in order to encourage national economic growth, for this reason, according to the BRI Baolan Unit policy, it does not allow fines and subpoenas if the debtor is negligent. In practice, people's business credit (KUR) has not yet been linked to the courts, this is because the implementation of KUR is still new, besides that it could be because KUR debtors are mostly engaged in trade, services, business/UKMK which have a cooperative character. .

One of the people's business credit debtors at the BRI Baolan Unit said that the provision of people's business loans was really not accompanied by collateral because the socialization given by the debtor said that this KUR was a program from the government. This debtor only applied for this KUR at the beginning of the month (interview with Kurnia on January 5, 2023)

Because people's business credit is a government program and is a collaboration between implementing banks and guarantee companies, the step taken by the Gombong branch of the BRI Kuwarasan Unit in the event of bad loans is to submit a claim to PT Askindo and the Sarana Usaha Development Company as guarantors from the Government for guarantees. 70% of the ceiling, while 30% is covered by the BRI Unit Baolan (interview with the Head of the BRI Unit Baolan)

Imbalance of rights and obligations

For the BRI Baolan Unit, the obligation it has is a right that must be accepted by the debtor, and vice versa. Based on the results of interviews with the Account Officer of the BRI Baolan Unit, the author can draw conclusions regarding the rights and obligations of the parties, including (interview on 5 January 2023):

Rights and Obligations owned by Creditors (BRI Baolan Unit)

1) Creditor Rights

The rights owned by the creditor here are written based on interviews conducted with the BRI Baolan Unit, where the creditor has the right to receive a return on credit extended to the debtor, either in the form of installments or other forms agreed upon by both parties. If the debtor is negligent in the sense that he is in arrears, the creditor can ask for confirmation through a personal approach directly to the debtor.

In terms of settlement of problem loans, the creditor also disclosed that the BRI Baolan Unit has the right to provide leeway in arrears of problem loans with justifiable reasons. The BRI Baolan Unit also has the right to impose strict sanctions on the debtor if the debtor clearly commits a violation that is not in accordance with the predetermined clauses in the initial credit application.

2) Liability of Creditors

BRI Unit as a creditor has an obligation to submit an amount of money that has been previously agreed upon as a People's Business Credit loan. Herman said that the BRI Baolan Unit has another obligation, namely to provide guidance to several debtors out of the total number of debtors. The debtor is then given directives regarding people's business credit loans intended for business capital must consider the area where the debtor lives and the suitability of his business.

Based on the description above, it can be seen that the rights and obligations of creditors and debtors are not balanced. The imbalance is caused by the following factors:

1) Unilateral Agreement

The research data shows that in a standard or standard form, various standard requirements have been contained in which the prospective customer accepts or does not. These requirements usually contain requirements that the bank may unilaterally change or add to the requirements.

2) There is a compulsion factor

The standard agreement can give rise to an element of compulsion in the debtor. Coercion is caused by an element of urgent need and there is no other choice.

Declining Number of People's Business Credit Debtors.

Since the launch of KUR by the government, the position of the number of people's business credit applicants and the number of people's business credit debtors has experienced a significant development. The total outstanding

position in December 2008 reaches 2021, so that poverty absorption and reduction is more targeted.

. Factors causing the decline in the target of distributing people's business loans (KUR) are:

- 1) From the customer side:
 - a) The average customer has borrowed from other parties.
 - b) Many customers have problems
- 2) From the bank:
 - a) Long waiting time to obtain credit realization.
 - b) Lack of clarity on information to obtain credit so that prospective customers feel they are being tricked.

So that problems in the implementation of people's business loans do not continue continuously, the BRI Baolan Unit undertakes the following efforts:

- 1) Carry out socialization of people's business credit (KUR) to the community and related parties, that people's business credit is for productive businesses that emphasize business feasibility.
- 2) People's business credit is a loan from a bank that must be returned. That people's business credit is not a grant or a gift from the Government.
- 3) The Unit Head monitors and evaluates people's business credit services.

Settlement of legal issues for repayment of debt from the Debtor Party Bank BRI as a Creditor can be sued in Court by proceeding through a Simple Lawsuit to force the Debtor to fulfill his legal obligations, namely paying his debts to Creditors and the last legal remedy from Bank BRI, namely claiming Credit Insurance Indonesia (AKRINDO) as guarantor according to the agreement as Guarantor for People's Business Credit.

LEGAL POWER OF IMPLEMENTATION OF KUR CREDIT AGREEMENTS.

Credit agreements made between the Bank and the Customer are carried out in a Credit Agreement Letter with a standard contract or a Credit Agreement Letter personally without binding before a Notary, and basically the provision of People's Business Credit is not required to have a Collateral. But even so, the People's Business Credit is a Government program for the development of Micro, Small and Medium Enterprises, in order to help people's businesses as additional capital to increase income. Based on the requirements that must be fulfilled by prospective customers through careful selection up to the credit agreement stage.

The credit agreement is in the form of a credit contract if it is carried out by fulfilling the legal requirements of the agreement as stipulated in article 1320 of the Civil Code, namely:

1. There is competence for those who make agreements,
2. There is an agreement between the parties,
3. Being blamed for something lawful

The existence of certain things or objects as the basis of the agreement. That with the fulfillment of these legal requirements, it gives effect or certainty of the legal force of the Credit agreement or Credit Agreement between the Customer and the Bank that distributes People's Business Credit funds.

CONCLUSIONS AND RECOMMENDATIONS

Based on the data obtained in the field and the results of the discussions carried out, the following conclusions can be drawn:

1. The process of granting people's business credit (KUR) is carried out through several stages, namely: the credit application stage, the credit review and analysis stage (the inspection stage), the decision making stage, and the credit/credit contract disbursement stage. The prospective debtor submits a written application for people's business credit (KUR) along with other requirements, namely a photocopy of the KK, a photocopy of the KTP and a business certificate from the Village Head to the BRI Kuwarasan Unit of the Gombong Branch. After the requirements are completed, BRI will conduct research and direct inspection of the prospective debtor, including the prospective debtor's business. The BRI unit will make a decision on the credit application submitted by the prospective debtor.
2. The problems that arise in the implementation of the provision of people's business credit between the customer and the BRI distributing People's Business Credit are the first non-performing loans. The reason for the occurrence of non-performing loans in the implementation of people's business loans is the lack of thoroughness or negligence on the part of BRI Unit officers in conducting credit reviews or analysis and the reason for the decline in the business of people's business credit debtors. The problem is credit installments. less or not smooth. The problem with this debtor's debt is that continuous collection is carried out that is persuasive and in terms of efforts being made to overcome bad credit, BRI can carry out a simple lawsuit through the local district court to force the debtor to pay off the debt or as a last resort BRI submits a claim to PT. Indonesian Credit Insurance (Askrindo) in accordance with the memorandum of understanding (MoU) that has been signed by the Government, guarantee companies and implementing banks for people's business loans because this people's business credit is a government program that aims to be an alternative source of UMKM financing

Recommendation

1. Bank BRI, the channeling of People's Business Credit funds, must be more thorough in tracing and assessing the capabilities and business feasibility of prospective debtors who the Bank wants to make customers.
2. Conduct massive billing to KUR customers who are stuck in paying their installments or installments every month.

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