

ANALYSIS OF NON-PERFORMING LOAN (NPL) HANDLING MECHANISMS IN PJT II EMPLOYEE COOPERATIVES BY BHAKTI RAHARJA

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ABSTRACT

PJT II Karya Bhakti Raharja Employee Cooperative is one of the employee cooperatives under the auspices of BUMN. One of the activities in this cooperative, of course, is savings and loans. In financial institutions, the term bad credit is not something foreign. Bad credit or commonly called Non-Performing Loan is a delay in loan payments by customers. Many factors influence the occurrence of bad loans, for example, economic problems that make customers not smooth in paying their loans. To anticipate things like this, each financial institution has its own mechanism or method of handling it. The purpose of this study was to determine the mechanism for handling bad loans or Non Performing Loans in KBR Cooperatives with a quantitative descriptive approach research method. One of the treatments that the KBR Cooperative can take when a customer has bad credit is by giving a Warning Letter (WL 1,2,3). The calculation of the NPL in the KBR cooperative is 0,47%, which means it is in the "very healthy" category.

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1. INTRODUCTION

In today's era of advanced and developed technology, it requires the whole society to keep up with the development and progress of technology (Sidiq et al., 2021). This is also not spared from the increasing expenditure and soaring prices of food, clothing, and boards. Not a few people have difficulty keeping up with technological developments due to economic problems. In some big cities, there are still many people whose economy is not yet or unstable. To overcome their economic problems, people usually borrow money or credit to certain financial institutions such as banks, cooperatives, and other financial institutions (Subhan Purwadinata, Ridolof W. Batilmurik, 2020).

Cooperatives are one of the financial institutions that can accept savings and loans transactions. A cooperative is a business entity whose organization was established specifically aimed at providing welfare to its members. The purpose of providing welfare is more to the economic sector. A special business entity that is formed with a family principle, because this business entity will prioritize members in it (Achmad, 2021; Asep Saeful Falah, 2022).

According to Law No. 25 of 1992, a cooperative can be defined as a business entity consisting of a group of people whose activities are based on the principle of a cooperative as well as a people's economic movement based on the economy of the country. Meanwhile, according to our proclimator Bapak, Mohammad Hatta, who is also the Bapak of cooperatives, cooperatives are a type of joint business entity that uses the principles of kinship and mutual cooperation.

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Cooperatives are very synonymous with savings and loans activities of their members. Not only in banks, in cooperatives there are still some of its members who are not trusted in making loan payments such as payments that are bad or problematic and not on time. This greatly affects the health of the Cooperative in terms of its *Non Performing Loan* (NPL). *Non-Performing Loans* or non-performing loans are one of the key indicators to assess the performance of other financial institutions' functions, namely as an intermediation or liaison institution between parties who have excess funds and parties who need funds (Ni Kadek Sri Lisa Febriyanti, 2018). BI Regulation No. 6/10/PBI/2004 dated April 12, 2004 concerning the Health Level Assessment System of Commercial Banks. The higher the value of *non-peforming loans* (NPLs) exceeding 5%, the financial institution is not healthy. And if the NPL is below 5%, it will also affect the reputation and profit of the financial institution (Financial Services Authority, 2013). Each financial institution has its own rules or mechanisms to overcome customers who experience bad debts. PJT II Karya Bhakti Raharja Employee Cooperative is one of the cooperatives located in the Purwakarta area, West Java. This cooperative is a cooperative of employees of Perum Jasa Tirta II which is still under the auspices of BUMN. In addition to savings and loans of members, the PJT II Karya Bhakti Raharja Employee Cooperative also has other business activities such as the absence of goods and services, procurement of labor services, procurement of photocopy machine rental services, procurement of komputer *service* services, and procurement of grass pulling services. The purpose of this cooperative was founded is to prosper its members. In this cooperative there are some of its members who have experienced bad debts. Therefore every cooperation has a policy or mechanism in dealing with its members who experience bad debts. Every business entity will want to know the development and growth of its business, one example is by reducing the level of bad debts so that their financial health is stable.

In the previous research, according to researchers (Debby Eko Prasetyo, 2010; Achmad, 2022) the increase in the NPL level on Rural General Loans (KUPEDES) of Bank BRI Unit Kota II Ponogoro Branch could be caused by incompetence and negligence in their responsibilities from credit officials by ignoring several stages in the selection of prospective customers. In addition, according to researchers (Ni Kadek Sri Lisa Febriyanti, 2018) the credit health level of the Independent Fund Cooperative is 5.64%, which can be classified into the category of moderately healthy. If the Cooperative is unable to lower its NPL level, it will adversely affect the financial reputation of its cooperative. Based on the description above, the title that will be taken from this study is "Analysis of the Mechanism for Handling *Non-Performing Loans* (NPL) in PJT II Employee Cooperatives by Bhakti Raharja"

2. METHODS

This research uses a quantitative descriptive approach. Referring to this approach descriptive quantitative is a method that aims to make an image or descriptive about a state objectively and use numbers. The author's purpose in using a quantitative descriptive approach is to provide an accurate picture and information about the policies or mechanisms of the Karya Bhakti Raharja Employee Cooperative in dealing with bad debts or NPLs (*Non Performing Loans*). This study used NPL data from 2012 to 2021 at the PJT II Karya Bhakti Raharja Employee Cooperative located in the Purwakarta area, West Java. The subjects in this study were informants of employees and credit reports of members of the Karya Karya Employee Cooperative Bhakti Raharja. The instrument of this study is to collect data in the form of financial statements listed in the Annual Member Meeting book. The following are some categories in determining the level of NPL, namely:

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1. Fluent. There are no arrears in the payment of principal or interest on credit.
2. In special attention. There are arrears of principal or interest payments up to 90 days.
3. Less smooth. There are arrears of principal or credit interest payments up to 120 days.
4. Doubt. There are arrears in the payment of principal or interest on loans for up to 180 days.
5. Bad. The debtor can no longer pay the principal or interest on the credit and will be appealed by the bank with the debtor (rumah.com, 2021).

The following is the determination of the NPL ratio:

Tabel 1. NPL health level ratio

No.	Criterion	Information
1.	NPL <2%	Very Healthy
2.	NPL 2% ≤ NPL <5%	Healthy
3.	NPL 5% ≤ NPL 8%	Healthy Enough
4.	NPL 8% ≤ NPL 12%	Less Healthy
5.	NPL ≥ 12%	Unhealthy

Source : www.rumah.com, 2021

The formula for calculating the health of a cooperative or financial institution is reviewed from bad loans or *non-performing* loans:

NPL formula:

$$NPL = \frac{\text{Jumlah Kredit Bermasalah}}{\text{Jumlah Kredit yang diberikan}} \times 100\%$$

3. RESULTS AND DISCUSSION

The main activity of a cooperation is savings and loans, where each member can save or borrow co-operative money. Based on the predetermined title, the author focuses the discussion on lending activities in cooperatives or often referred to as credit. The credit in question can be in the form of a loan of funds or credit of goods. The savings and loans business of The Karya Bhakti Raharja Cooperative in 2021 experienced a decrease compared to the previous year. This is the impact of conditions including a significant increase in loans in the previous year and the existence of a vehicle ownership program / *Car Ownership Program* (COP) by members who are officials with COP facility rights from the company.

The following are loan balances and goods receivables to members as of December 31, 2021 that have not been collected:

Table 2. Uncollectible loan amount as of December 31, 2021

No.	Loan	Sum
1.	Loan Funds	Rp.31.566.861.151
2.	Receivables	Rp. 55.905.897
Total		Rp.31.622.767.048

Source : 2021 KBR Cooperative RAT Report

In credit activities, there are several members who experience problems in paying their credit or commonly referred to as bad debts. The term bad debt is often called NPL (*Non Performing Loan*). The details of bad debts in the KBR Cooperative are as follows:

Table 3. NPL Level in KBR Cooperatives

No.	Year	The amount of credit given	Number of Non-Performing Loans	NPL value	Period
1.	2012	Rp.13.293.341.848	Rp. 35.547.500	0,26%	5 Years
2.	2013	Rp.13.403.564.112	0	0	5 Years
3.	2014	Rp.19.628.255.966	0	0	5 Years
4.	2015	Rp.24.489.111.224	IDR 50,510,500	0,20%	5 Years
5.	2016	Rp.24.064.277.020	RP159.950.000	0,66%	5 Years
6.	2017	Rp.20.266.856.946	Rp.151.000.000	0,74%	5 Years
7.	2018	Rp.19.936.425.465	0	0	5 Years
8.	2019	RP.24.942.249.622	0	0	5 Years
9.	2020	Rp.35.957.704.760	0	0	5 Years
10.	2021	Rp.31.622.767.048	Rp.168.733.334	0,53%	5 Years
Total			Rp.565.741.334		

Source : KBR Cooperative processed

Based on the table above, it shows that the NPL health level in the KBR Cooperative can be classified into the "very healthy" category because the NPL value is less than 2%. As already explained in the process of an interview with one of the employees of the cooperative, that not every year bad debts occur. Only in the years listed in the table have bad debts. This is because in those years the loans given were business loans with a large enough nominal, so that the debtor could not make payments according to the predetermined period (5 years). The number of debtors who have loans in the KBR cooperative is as much as 55% of the total number of cooperative members (1,432 members). Of the 55% of debtors, only 0.6% of members experience bad debts. There are no special sanctions for debtors whose installment period exceeds 5 years, because this cooperative is the Perum Jasa Tirta II Employee Cooperative where the borrower must also be from employees or retirees from Perum Jasa Tirta II. Thus, as long as the debtor is still an employee in the company, the installments will continue until completion without additional interest or service fees.

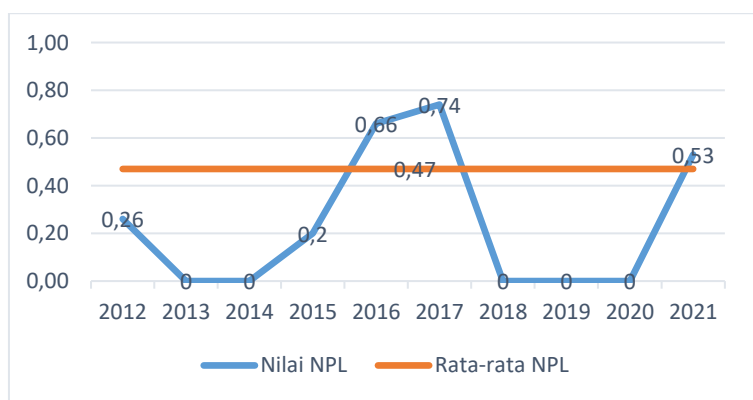


Figure 1. Percentage of NPL Value

Source : The author's process

The graph above shows fluctuations in the value of NPLs in the KBR Cooperative. With an average NPL value of 0.47% which falls into the "very healthy" category. In the interview process, the cooperative explained that bad debts will be collected until they are completed as long as the debtor is still working. If it is no longer working, then payment or repayment will be made from the deduction of his pension services. In addition, the KBR Cooperative has a reserve of funds to deal with its bad debts. But so far the funds have never been used because there are no unfinished payments. In credit activities, there are several members who experience problems in paying their credit or commonly referred to as bad debts. The term bad debt is often called NPL (*Non Performing Loan*). Factors that cause cooperative members to experience bad debts are:

1. Obstacles That Occur In Kerja Place

An employee who has problems at work, may adversely affect his credit payments. For example, such as absenteeism or absenteeism from work, this can trigger salary payments that are not optimal so that the credit payment is bad.

2. Economic Factors

Soaring prices of clothing, food, and boards have caused some people to experience difficulties in their economies. So that the salary earned is not enough to pay the credit installments. This makes his credit payments bad or problematic.

Based on the factors previously described, the PJT II Karya Bhakti Raharja Employee Cooperative has its own mechanism or way of handling members who experience bad debts. The mechanism is:

1. Credit payments are made through *payroll*, so that the salary can be automatically deducted by the credit payment.

2. If the salary payment is problematic or has problems, then the credit payment is deducted from income outside the salary such as benefits and annual bonuses.

3. If the two options above cannot be done, a warning letter will be given to the member. Warning letters were given as many as 3x (SP1, SP2, and SP3).

4. If there are still obstacles, the next treatment is the deduction of payments from services or pension benefits.

5. The last handling is to confiscate personal belongings, (but this last handling has never been done).

The handling or mechanism has been agreed upon at the beginning of the loan agreement that has been signed by the Chairman or Treasurer of the Cooperative.

4. CONCLUSION

Based on the results and discussions that have been explained, every financial institution must have a mechanism or handling of its members or debtors who experience bad debts. Likewise with the PJT II Employee Cooperative by Bhakti Raharja. The mechanism carried out is still within the reasonable limits of handling in general. Based on the results of previously conducted interviews, members who experience bad debts in Koperasi KBR are only 0.6% of the 55% of the total debtors, the rest can pay their credit according to mutual agreement. Therefore, in terms of its *Non Performing Loan*, the PJT II Karya Bhakti Raharja Employee Cooperative is categorized into a healthy financial institution because it has an average NPL value of 0.47%, which is included in the level "Very Sehat" because the NPL value is less than 2%, so it does not affect its financial performance. So that the bad debts experienced by the KBR Cooperative do not increase and increase, it should be tightened even more during the feasibility assessment and analysis of credit financing, to minimize members who experience bad debts. Some ways that can

be done to reduce bad debts are Evaluating and monitoring by checking the smoothness of customers in their credit payments every month. Tightening lending requirements and applying collateral (if the loan is above hundreds of millions). Impose restrictions on large loans to avoid the occurrence of bad debts.

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