


# The Effectiveness Of Loan Funds At Bank Financial Institutions And Non-Bank Financial Institutions (Study Of BRI And Pegadaian Nunukan Branch)

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| Article Info   | ABSTRACT  |
|--|---|
| <p><b>Keywords:</b><br/>Effectiveness,<br/>Loan Funds,<br/>BRI<br/>Pengadaian</p>  | <p>The presence of bank financial institutions and non-bank financial institutions means that people have many alternative choices of providers of financial capital. The community is given freedom and flexibility in determining financial institutions that suit their needs and capabilities in repaying loan funds to help with financial needs. This was utilized by BRI and Pegadaian Nunukan. This research aims to determine the mechanism for lending funds to BRI and Pegadaian Nunukan Branch, and to determine the effectiveness of lending funds between BRI and Pegadaian Nunukan Branch. This research is qualitative research, using observation, interviews and documentation as data collection methods. The data obtained was then compared using descriptive comparative methods. The results of this research can be concluded that BRI and Pegadaian Nunukan Branch have their respective advantages. Pegadaian has the advantage of lower interest and fines compared to BRI. Meanwhile, BRI has the advantage of a larger loan limit, namely up to 50 million, can be repaid in a maximum of 5 years and without using collateral. If a customer wants to apply for a loan of 10 million or less, the Nunukan Branch Pegadaian will be more effective for borrowing funds because the interest at the Nunukan Branch Pegadaian is lower compared to the BRI Nunukan Branch. Apart from interest, the fines charged if customers are late in paying installments are also lower than BRI Nunukan Branch.</p> |
| <p>This is an open access article under the <a href="https://creativecommons.org/licenses/by-nc/4.0/">CC BY-NC</a> license</p>  | <p><b>Corresponding Author:</b><br/>Sri Astika<br/>Nunukan State Polytechnic<br/>Jl. Limau Sedadap, Kelurahan Nunukan Selatan, Nunukan<br/><a href="mailto:sriastika99@gmail.com">sriastika99@gmail.com</a></p>   |

## INTRODUCTION

Finance is a sector that plays an important role in influencing and triggering economic growth in a region. This can be seen from the establishment of many financial providing institutions such as bank financial institutions and non-bank financial institutions that help the community's financial needs. With this, many people are opening businesses either independently or in collaboration. However, not everyone has sufficient funds or capital to open and develop this business. Therefore, many financial institutions and business entities are opening ways to help business actors to lend funds.

The presence of bank financial institutions and non-bank financial institutions means that people have many alternative choices of providers of financial capital. The public is given freedom and flexibility in determining a financial institution that suits their needs and abilities in repaying loan funds to help with financial needs, for example BRI bank which is most commonly used as an alternative for loan funds by the public with the product it offers, namely People's Business Credit (KUR). Currently, non-bank financial institutions are also quite popular as institutions that provide capital for the public, such as Pegadaian, which recently issued a credit product similar to BRI, namely Kredit Usaha Rakyat (KUR) with a lower interest rate of 1.68% per year. However, after knowing that, people still choose BRI as an alternative for borrowing funds. Therefore, the author is interested in conducting research to find out the differences in the loan mechanism between BRI and Pegadaian Nunukan Branch with the title "EFFECTIVENESS OF FUND LOANS AT BRI AND Pegadaian NUNUKAN BRANCH"

## Literature Review

### Effectiveness

Effectiveness is linguistically defined as having an effect that can bring results, success or action and take effect. Then the word effectiveness developed so that it became the term effectiveness which is interpreted as action based on circumstances so that it has an influence, impresses and is effective. 1 Apart from that, effectiveness can also be referred to as the ability to achieve specified goals with appropriate actions and according to planning.

### *Bank Financial Institutions*

Banks are financial institutions that play an important role in a country's economy, including Indonesia. Law Number 10 of 1998 concerning Law Number 7 of 1992 which amended concerning Banking, Chapter 1 Article 1 and Paragraph 2 states that banks are trade associations that collect funds from the public in the form of savings and distribute them back to the public in the form of credit and /or other forms to improve the standard of living of many people. (Mutiasari 2020)

Based on the opinion above, it can be concluded that banks are financial institutions whose main function is to collect funds, meaning that banks provide a place for customers to store funds. Apart from collecting funds, banks also distribute funds, meaning that after the funds are collected, the funds are also distributed back to customers or people who need them. This distribution is provided in the form of interest-bearing credit. TypeTypes of banks based on ownership consist of government banks, private banks, foreign banks, joint venture banks and regional development banks. Meanwhile, based on its principles, banks consist of sharia banks and compensation banks.

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### **Non-bank financial institutions**

Non-bank financial institutions (NonBank) are institutions that have official permission to collect funds from the public. The funds obtained are then managed to be converted into or channeled into securities and/or to support investment-related financial activities. According to Minister of Finance Decree No. 38/MK/IV/1972, Non-Bank Financial Institutions or more commonly referred to as LKBB are institutions established to advance community welfare. The form of LKBB financing can be in the form of collecting funds from the community and allocating these funds for various economic activity needs. LKBB itself first appeared in Indonesia in 1972. (BFI 2022)

Non-Bank financial institutions are official institutions whose main task is to collect funds from the public, which can then be managed and channeled into securities or support financial activities related to investment. This institution is tasked with obtaining funds from the community and channeling them back into productive activities for the community. Types of non-bank financial institutions include pawnshops, savings and loan cooperatives, capital markets, money markets, venture capital companies, insurance companies, leasing, factoring companies, financial technology and pension fund companies.

Research on financial loans was previously carried out by Repi Prayuda Juliansyah and Rachawaty Rachman (2022) with the title: "Overview of Procedures for Providing Fund Loans at PT. FIF Group Bogor Branch" The similarity between this research and previous research is that it uses descriptive methods and conducts research regarding the effectiveness of procedures or loan flow. The difference is in the research object, this research has two research objects so this research is comparative in nature. Apart from that, previous research only analyzed whether the loan procedures were in accordance with the procedures set by the company or not, whereas this research was conducted to find out the mechanism for loan funds at BRI and Pegadaian Nunukan Branch. As well as comparing the effectiveness of borrowing funds between BRI and Pegadaian.

## **METHODS**

### **Types of research**

This research is qualitative research that describes the mechanism for borrowing funds at Bank Financial Institutions and Non-Bank Financial Institutions.

### **Location and Time of Research**

The research was carried out at BRI and Pegadaian Nunukan Branch. The research period starts in May 2023 until September 2023.

### Types of Research Data

This research data consists of primary data and secondary data. Data collection uses observation methods, interviews and documentation. Research informants were selected using a purposive sampling method, research informants consisted of BRI and Pegadaian employees who explained the procedures and mechanisms for loan funds, BRI and Pegadaian Policy Makers who explained the policy decisions chosen by the company, including determining loan interest. And the final informant was a customer from BRI and Pegadaian who had taken out a loan.

### Data Analysis Techniques

The data analysis technique used in this research refers to the interactive model concept, namely a concept that classifies data analysis in three steps, namely:

1. Data reduction (Data Reduction)  
Data reduction is a process of sorting, focusing and transforming data that emerges from written notes in the field according to research needs.
2. Presentation of data (Display Data)  
Presenting data that has been reduced in the form of descriptive text according to data that has been obtained in the field
3. Drawing conclusions (Verification)  
Drawing conclusions from data that has been processed to obtain a general answer to the research question

## RESULTS AND DISCUSSION

### Differences in Fund Loan Mechanisms at BRI and Pegadaian Nunukan Branch

The mechanism for borrowing funds from BRI and Pegadaian Nunukan Branch can be seen in the following table:

**Table 1.** Mechanism Loan Funds at BRI and Pegadaian Nunukan Branch

| No. | Mechanism | BRI Nunukan ranch  | Pegadaian Nunukan Branch   |
|-----|-----------|--|--|
| 1   | Condition | a) Individuals who carry out productive and worthy efforts<br>b) Have been doing business actively for at least 6 months<br>c) Not currently accepting credit from banks except consumer credit such as KPR, KKB, and Credit Cards<br>d) Administrative requirements: Identity in the form of KTP, Card Family (KK), and | a) Own an MSME business<br>b) Own Card Sign Electronic Resident (KTP).<br>c) Has aged minimum 17year<br>d) Maximum age 65 years at the maturity of the contract<br>e) Earn regular daily, weekly or monthly income<br>f) Have a permanent residence (proven with PBB/SHM/SHGB or other documents)<br>g) Prospective Rahin (Customer) is not currently receiving financing facilities program Government and/or productive financing from |

| No. | Mechanism          | BRI Nunukan ranch   | Pegadaian Nunukan Branch  |
|-----|--------------------|---|---|
|     |                    | business license  | other financial institutions Have collateral for both movable and immovable objects.  |
| 2   | Flow of Loan Funds | a) Provide credit information to customers.<br>b) Take customers to the credit section.<br>c) Inform customers of requirements.<br>d) Fill out the form and complete the required documents<br>e) Submit documents<br>f) Receive required documents from customers, in the form of KTP, KK, SKU, Marriage Certificate, etc. Account Officer analyzes and surveys the field.<br>g) Make customer visit reports<br>h) Present customer visit reports to the unit head.<br>i) Receive customer visit | a) Submission <ul style="list-style-type: none"> <li>• Prepare the terms and conditions required for applying for Pegadaian Syariah KUR</li> <li>• Fill out the form and request financing from Pegadaian</li> <li>• hand it over documentcondition Forverification carried out by the Pegadaian micro team</li> </ul> b) Surveys : The Pegadaian conducts a survey to see the customer's suitability for borrowing funds.<br>c) Analysis Process<br>Wait agreement(Approval) from the Pegadaian If the application is reject the Pegadaian will issue it letterrejection If accepted, it will be published approval letter.<br>d) Disbursement |

\*) data processing results

### Analysis of the Effectiveness of Loan Funds at BRI and Pegadaian Nunukan Branch

Analysis of the effectiveness of borrowing funds between Pegadaian and BRI can be concluded from the differences in the mechanisms that have been implemented as described below:

- a. Requirements that debtors must have  
At Pegadaian there are additional requirements, namely: Having a permanent home, Obtaining regular daily, weekly or monthly income and Having collateral for both movable and immovable objects.
- b. Required documents  
Pegadaian requires several additional files, namely: Photocopy of PBB (Land and Building Tax) and PLN/PDAM slip, Photocopy of STNK and BPKB or other ownership letters to be used as collateral or guarantee.
- c. For the stages or flow of loan funds between BRI and Pegadaian, both are relatively the same, namely fulfilling the general requirements that prospective debtors must have, filling in the application form, completing the documents, then the institution carries out a survey and process, and finally the disbursement if approved.

- d. FlowerKUR product loans at BRI and Pegadaian Nunukan Branch. BRI Micro KUR products have a fixed interest of 6% per year with a maximum loan of IDR 50,000,000 and can be repaid over 1 to 5 years. Meanwhile, the Arrum Kur Syariah product at the Pegadaian has a fixed interest of 1.68% per year with a maximum loan of IDR 10,000,000 and can be repaid over 1 to 3 years.
- e. Installments for KUR products at BRI and Pegadaian Nunukan Branch. For BRI Micro KUR products, they can be paid in installments over 1 to 5 years, while for Arrum KUR Syariah products at Pegadaian, they can be paid in installments over 1 to 3 years. Installments are calculated by dividing the loan amount by the installment period and then adding interest, which means that for a loan amount of Rp. 10,000,000 with an installment period of 12 months, the installments that must be paid to BRI are greater, namely Rp. 883,333 per month, while Rp. 847,333 per month.
- f. Fines on BRI and Pegadaian Nunukan Branch
- g. In general, if a customer is late or in arrears in paying his installments, it will result in the customer's name being in disrepute with the Financial Services Authority (OJK), resulting in the customer not being able to apply for another loan. Apart from that, there are fines that customers must pay for committing violations. These fines are: At the BRI Nunukan Branch, customers who are in arrears will be subject to a fine of 2% of the installments and an additional late fee of IDR 20,000 per day. Meanwhile, at the Nunukan Branch of Pegadaian, customers who are in arrears will be subject to a fine of 0.1334% per day. And if the customer does not pay the installments 3 times in a row, the customer will be declared a defaulting customer and the collateral will be withdrawn and an auction will be held to cover the customer's obligations.

## CONCLUSION

The results of this research can be concluded that BRI and Pegadaian Nunukan Branch have their respective advantages. Pegadaian has the advantage of lower interest and fines compared to BRI. Meanwhile, BRI has the advantage of a larger loan limit, namely up to 50 million, can be repaid in a maximum of 5 years and without using collateral. If a customer wants to apply for a loan of 10 million or less, the Nunukan Branch Pegadaian will be more effective for borrowing funds because the interest at the Nunukan Branch Pegadaian is lower compared to the BRI Nunukan Branch. Apart from interest, the fines charged if customers are late in paying installments are also lower than BRI Nunukan Branch. The author's advice is that people who want to borrow funds should know the mechanisms and policies of each financial institution so that they choose the most effective place to borrow funds according to their needs. To future researchers, the author suggests exploring mechanisms for borrowing funds from other financial institutions such as leasing, pentura funds, national bank and private banking.

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