

THE ROLE OF PEOPLE'S BUSINESS CREDIT (KUR) FINANCING IN BRI PUGER UNIT BANK CUSTOMERS (CASE STUDY OF UMKM IN PUGER JEMBER DISTRICT)

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ABSTRACT

Research object at PT. Bank Rakyat Indonesia Tbk with its segmentation and village empowerment programs by implementing people's business credit programs which aim to empower UMKM from the micro segmentation. This research aims to find out the role of KUR financing institutions in the development of UMKM in Puger District, what are the procedures for providing KUR financing and the obstacles experienced by MSME actors or customers when applying for KUR financing at PT. Bank BRI Tbk. This type of research is descriptive research using a qualitative approach. The sample used was 10 informants using a sampling technique *snowball sampling*. There are 3 stages of qualitative research, namely pre-field, fieldwork stage and data analysis stage. In the data analysis stage, researchers process the informants' findings through a member check process, data triangulation and data confidentiality. In the next stage, the validity of the research is tested using research subject competencies, *Trustworthiness*, *Intersubjectivity Agreement*, dan *Conscientization*. The results of the research show that 1) KUR financing is able to provide acceleration for MSME players in increasing their business capacity, easily obtain additional capital, low interest, and really helps MSME players in getting information about capital loans, 2) provide information about transparent procedures for granting KUR credit. to customers, 3) the obstacles experienced by prospective KUR customers are administrative requirements which are felt to have not been fulfilled in the loan application process and obstacles from the bank are the lack of openness of prospective customers in providing statements regarding the burdens and dependents they still have.

Keywords : Credit, Financing, Customers

1. INTRODUCTION

Indonesian Micro, Small and Medium Enterprises (UMKM) play an important role in driving the nation's economic growth in line with changing economic dynamics. By making a major contribution to job creation and income distribution, UMKM function as economic pillars. According to the website of the Ministry of Cooperatives and PMK, the number of UMKM in Indonesia currently reaches 64.2 million and contributes 61.07% or 8,573.89 trillion rupiah to the National GDP (Gross Domestic Product). UMKM also have the ability to raise up to 60.4% of total investment. Basically, small and medium industries UMKM often use natural resources and labor-intensive resources such as agriculture, plantations, fisheries, animal husbandry, trade, and so on. The Indonesian economy has undergone a major transformation, and the Micro, Small and Medium Enterprises UMKM sector has also become an important part of sustainable economic growth. In recent years, UMKM have made an increasingly large contribution to job creation, income distribution and local economic growth in Indonesia. UMKM contribute significantly to job creation. With a business scope involving a large number of individuals, UMKM are a major source of employment, especially at the local level. This helps overcome the problem of unemployment and creates economic opportunities for the community. According to Juniarti, E. (2016:12-13), small and medium enterprises UMKM are still not maximizing their potential and role in the national economy. This is because they continue to face various challenges and obstacles, including problems with capital, marketing, production, technology and a business environment that does not support their growth. Empowerment of UMKM (Micro, Small and Medium Enterprises) is very important in relation to poverty alleviation efforts because small and medium businesses UMKM are more similar to labor-intensive sectors because the economic growth supported by this sector has a greater influence on poverty reduction through creation of new jobs. UMKM development will require less capital to create new jobs. Due to internal and external limitations, UMKM have narrower opportunities. Most UMKM still face low human resource problems, such as lack of labor, low mastery of technology, marketing and information management. On the external side, small and medium enterprises UMKM still face problems such as limited provision of financial institution products and services, especially investment credit and limitations in obtaining funds from financial institutions.

One of the reasons for this problem is that the Business World Activity Survey (SKDU) shows that collateral problems and the application process are the main causes of difficulties in getting credit from banks. Juniarti, E. (2016:12-13). To overcome the challenges faced by micro, small and medium enterprises (UMKM), President Susilo Bambang Yudhoyono launched the People's Business Credit (KUR) program on November 5 2007. This program has proven to have a significant role in developing UMKM and helping reduce poverty and unemployment . Trade,

agriculture, communications, restaurants, etc. are examples of businesses that can be financed by KUR. Banks and other financial institutions have a very important role in helping micro businesses that have difficulty obtaining capital. It is hoped that financial institutions that provide special credit can help small entrepreneurs with capital loans. It is already known above that small and medium enterprises UMKM really help the Indonesian economy and reduce income inequality and disparities. This is due to the high economic resilience in this sector, this encourages the government to continue to develop and support people-centered programs to encourage economic growth. As a result, the government must use its policies to help micro, small and medium enterprises UMKM improve. Hakim, MK (2019:2). The role of KUR in building small and medium enterprises UMKM can be seen from increased competitiveness in local and global markets. With access to adequate capital, UMKM have greater opportunities to innovate, improve product quality and meet international standards. This creates market expansion opportunities and increases the market share of UMKM at the global level.

Based on the bri.co.id website, it states that One of the largest government-owned banks in Indonesia is Bank Rakyat Indonesia, which is part of the Association of State-Owned Banks (Himbara). In Purwokerto, Central Java, Raden Bei Aria Wirjaatmadja founded De Poerwokertosche Hulp en Spaark bank der Inlandsche Hoofden on December 16 1895. The aim was to simplify the management and distribution of mosque funds to the community. After that, the company name changed several times. After Indonesia became independent, in February 1946 the government made it a state bank under the name Bank Rakyat Indonesia (BRI). To support its business activities, this bank has 449 branch offices and 13,863 ATMs throughout Indonesia until the end of 2022. And manages public funds amounting to 1,000 trillion. As stated by Mr. Mohammad Sukari as Head of the BRI Jember Branch at a national seminar entitled "Banking Mitigation in Online Gambling Issues" which was held at Lippo Plaza Jember on September 20 2023, he revealed that BRI offers KUR products amounting to 1,000 Trillion which will be given to the community to be used as capital for community businesses in the village. Where the 1,000 trillion in funds came from banks which collect public funds such as savings, including deposits, shares and others. As banks, they collect money from people in the form of deposits and then give the money back in the form of credit. Based on from the bri.co.id website Bank Rakyat Indonesia (BRI) provides many banking services to individuals, small and medium businesses, and corporations. Bank Rakyat Indonesia offers savings, credit, investment, digital banking, cards and international services. One of BRI's credit services is KUR for UMKM who have productive businesses. KUR BRI is a credit facility for micro businesses, small businesses and cooperatives, provided by PT Bank BRI as Working Capital Credit or Investment Credit. Since 2007, KUR BRI has offered solutions for productive business owners who lack capital. BRI loans such as instant, flexi, multipurpose, or unsecured credit (KTA) have higher interest rates than KUR.

Bank Rakyat Indonesia, which has many branches throughout Indonesia including rural areas, is one of the banks that has KUR facilities. One of the BRI Bank units is also in the South Jember area, namely Puger District. The BRI Bank Puger unit has helped the Puger community a lot in the business sector and contributed to improving the economic stability of the community, most of whom work as traders, livestock breeders and fishermen. Puger Community UMKM actors vary greatly from large and small levels to the product variants sold are quite different. However, from these advantages there are also disadvantages when UMKM apply for KUR loans, for example when UMKM apply for KUR loans who have previously had a loan at BRI Bank with a different program, but are not allowed to return or are refused to make a loan in accordance with BRI policy. Therefore, researchers believe that additional research must be carried out to learn more about the phenomena that occur among micro, small and medium enterprises who use people's business credit products.

2. LITERATUR REVIEW

2.1 Problems Faced by UMKM Players

UMKM face many unresolved problems that hinder their growth and progress. As a result, they are unable to compete with larger companies, both domestic and international. Billy Fajar Sandi, reveals common UMKM problems in Indonesia (2023).

1. Capital Problems

Limited capital is the most common problem for UMKM. UMKM have many business ideas to develop their business, but have obstacles to capital. Because many requirements have not been met, many UMKM have difficulty obtaining additional capital from financial organizations.

2. Licensing Related Issues

Not a few micro, small and medium businesses UMKM in Indonesia do not have or do not have legal legality or clear legal name status. The absence of an official business agreement limits UMKM players from expanding their business, because it will hinder business actors, especially when they want to apply for capital.

3. Awareness of UMKM Players to Pay Taxes

With the exception of licensing, UMKM often ignore tax payment regulations. Only 2.5%, or 1.5 million of the total 60 million UMKM in Indonesia, report their taxes. This shows that some UMKM players do not know how to calculate the taxes that form their liquidity. One of the worst consequences that UMKM can experience is that their business can go bankrupt because the assets they have are used up to cover tax penalties that are paid late.

4. Lack of Innovation in UMKM Actors

The number of micro, small and medium companies in Indonesia continues to increase. On the one hand, the tendency of Indonesian people to create their own businesses contributes to improving the country's economy. On the other hand, many people start businesses just because they follow fashion or are talkative. Due to a lack of innovation, many UMKM businesses fail to progress. In the end, many businesses only survive a year or two before going bankrupt because their goods or services are not strong or competitive. Many

small and medium enterprises UMKM in Indonesia only run businesses because they are bandwagoning without considering their own potential.

5. UMKM Players Who Are Still Technology Failed

A technology nerd is a person who doesn't know about the latest technology or can't use it. Several factors can lead to the state of this technological idea, such as economic conditions, environmental conditions, and geographic location. With current technological developments, there is a growing digital economy that helps small and medium enterprises UMKM generate large profits. This helps them sell their goods and speed up their productivity process.

2.2 Objectives of People's Business Credit

From the problems above, the existence of the KUR program can be a way to solve the problems faced by UMKM, because the objectives of the KUR program are:

1. Empowerment of micro, small, medium and cooperative enterprises (UMKM) and the real sector must be accelerated.
2. Developing UMKM and cooperatives with financial institutions and increasing access to financing
3. Handling poverty and increasing employment opportunities

3 References and Citations

Previous research, also known as a literature review, refers to the collection and analysis of previously published information about a particular topic or subject being researched. The aim is to understand the conceptual framework, findings, and relationship of previous research to the research being conducted. There are several previous studies related to this research, including the following:

1. Nindhi Fitria Ningrum (2023)

with the title "The Role and Contribution of People's Business Credit (KUR) to Micro", Small and Medium Enterprises (UMKM) at Bank Mandiri Genteng Unit, Banyuwangi Regency. This research aims to study the process of providing KUR at the Bank Mandiri Genteng Unit, Banyuwangi Regency, study the role and contribution of KUR at Bank Mandiri, and see how the development of UMKM changes before and after receiving KUR funds. The type of research used in this research is qualitative field research with data collection techniques using observation, interviews and documentation. This research was carried out at the Bank Mandiri Genteng Unit in Banyuwangi Regency.

2. Khaliza Adzki (2023)

with the title "The Role of People's Business Credit Financing for the Development of Micro, Small and Medium Enterprises (Study at Bank Syariah Indonesia Banda Aceh Diponegoro Branch Office)". The aim of this research is to determine the role and constraints of KUR financing for UMKM. The results show that KUR financing helps the development of UMKM, each UMKM experienced an increase in assets and production capacity from 30% to 70%, an increase of 10% to 60%, and there was no increase in human resources. Apart from that, obstacles in distributing KUR financing include customers who lack a sense of responsibility to return the funds given to them. This research is qualitative in nature, and data was collected through documentation and interviews. This study was conducted at the Bank Syariah Indonesia Diponegoro Branch Office located in Banda Aceh.

3. Aura Khafifah, Karunia Dianta, Saparuddin

with the title The Role of People's Business Credit (KUR) in the Development of Micro, Small and Medium Enterprises (UMKM) (Case Study of Contemporary Beverage UMKM in the South Jakarta Region). This research aims to determine the impact of KUR funds on the growth of UMKM in UMKM in the South Jakarta area. The results of this research are that the role of KUR financing in developing modern beverage UMKM in the South Jakarta area can increase business productivity, especially for UMKM in Tebet, South Jakarta. This shows that the KUR funds provided by BRI have a positive impact on the growth of UMKM, because initial profits and profits after receiving KUR funds always increase. The type of research used in this research is qualitative research. This research was carried out in Tebet, South Jakarta. The informants interviewed were business owners from various beverage UMKM.

4. METHODS

This type of research is descriptive research using a qualitative approach using primary data directly from key informant sources, main informants and supporting informants. Samples are needed as a representation of social phenomena in this qualitative research. Researchers use techniques *snowball sampling*. Researchers took 10 samples, including 2 informants from BRI Puger Unit employees, 6 informants from KUR customers and MSME players and 2 village officials from Puger District.

5. DATA ANALYSIS METHOD

In this research, data was obtained through observation, interviews and documentation with the next step carrying out data analysis stages using *member check*, data triangulation and confidentiality. The data testing tool in qualitative research applied in this research is to test the validity of research data using 4 types of testing, namely, research subject competency, Trustworthiness, Intersubjectivity Agreement, dan Conscientization.

6. RESULT

1. What is the role of people's business credit financing institutions in the development of UMKM?

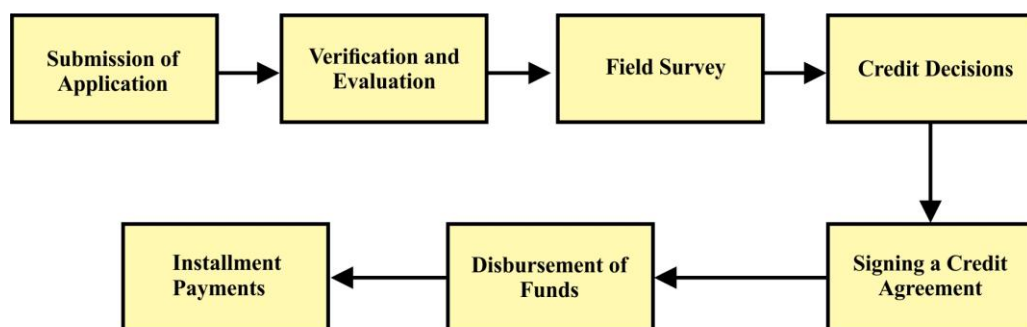
Based on the results of research conducted in Puger Jember sub-district, there are several reasons for how big a role KUR plays in the development of UMKM. The role of KUR is:

The development of Micro, Small and Medium Enterprises (UMKM) does not just stop at sufficient capital, but also requires an injection of funds for facilities and operational costs, through Bank Rakyat Indonesia with its People's Business Credit product, it provides acceleration for MSME players in increasing their entrepreneurial capacity. People's Business Credit really helps UMKM get additional capital, operational costs, shopping for inventory or stock of merchandise, and because the interest percentage is small below 1%, namely 0.5% for one month, it can help UMKM get out of online loans or loan sharks. really strangles the flowers.

The role and benefits of KUR in the development of UMKM in Jember Regency, especially in the Puger District area, namely, providing additional capital, improving production quality, and increasing entrepreneurial capacity, as well as helping to accelerate the development of UMKM.

2. Procedures for providing people's business credit financing

The procedure for granting KUR credit at BRI Units is the same as other BRI Units, there is a zoning system so that residents who are not included in the bank's area cannot apply for credit and must comply with the bank's zoning area, if the customer is in Grenden village then they cannot apply for credit at Bank BRI Kasiyan unit. From 2023, KUR regulations will begin to be tightened in terms of administrative requirements to bi-checking rules, with the aim of being in line with targets and avoiding the risk of bad credit, administrative requirements, namely photocopy of KTP, photocopy of family card, photocopy of marriage certificate if you are married and a signed business certificate from the village. by the Village or Subdistrict Head. And the age requirement, namely over 21 years old, cannot be less unless you are married on your ID card, even if you are under 21 years old you can be given KUR credit. The banking rule intended in this KUR credit granting procedure is that prospective KUR credit customers must be bankable or have never been in contact with a bank in terms of loans at all.



Graphic 4.1
Procedures for Granting KUR Credit at Bank BRI Puger Units

Procedures for granting KUR credit are sequential from terms of requirements to clear guarantees, taking into account the customer's track record through BI Checking and the survey process by bank officers. Then the bank receives customer data related to the business they are engaged in, after the business verification and validation process, BRI and the customer sign a credit agreement, with which the customer is obliged to comply with the procedures that have been determined. Then the funds are disbursed and the customer is obliged to pay the installments until they are paid in full.

3. The obstacles experienced by UMKM when applying for people's business credit financing and the obstacles faced by BRI bank employees when distributing people's business credit

Because since 2023 the KUR regulations have been tightened with the aim of making them more targeted because the target of the KUR program is small and medium businesses, but many customers who are not worthy of getting KUR credit want to get KUR for the reason of the low interest.

Furthermore, every loan in banking is currently required to have its track record checked using BI checking using NIK so that the prospective customer's loan history will appear, be it ShopeePay loans, Akulaku, loans from BPR or Bank Bloom and if the name is red, it means they are not eligible for KUR credit. . Because there are regulations that state that KUR credit will be given if it is non-consumptive in nature and has credit at another bank that is commercial in nature or a loan that has general interest. And quite a few customers often manipulate officers during the survey process because checking if their position is in arrears must be considered because it will hinder the customer. However, because the KUR credit program must be distributed, the officers

will try their best to dig up deeper information without immediately rejecting it and they will help UMKM who really need capital.

The obstacles often experienced by employees themselves are that when applying for KUR credit at the BRI Puger Unit bank, UMKM players do not yet have a clear business permit or do not have a NPWP, have had or still have loan obligations at other banks or at BRI bank itself. , communication skill It is good for prospective customers to manipulate data during the survey process by officers, in this case it can be a benchmark for banking to further improve surveyor human resources so that they are more thorough and the data verification process is hampered when checking at bi-checking because there are quite a few whose names are already red or disabled but they feel they have never used any loans, in other words the prospective customer's name was borrowed by a friend or relative. In this case, the bank does not want to know or rejects the prospective customer's loan application. So bank employees must provide more detailed explanations so that customers can understand them.

7. CONCLUSION

Based on the results of research and analysis of the results of the research conducted researchers related to "The Role of People's Business Credit Financing in Banks BRI Puger Unit on the Development of Small and Medium Enterprises in the District Puger Jember Regency (Case Study of UMKM Puger Jember District)" which carried out in Puger District, the following conclusions:

1. The role of people's business credit financing institutions is to provide additional capital, improve production quality, increase entrepreneurial capacity, and help accelerate the development of UMKM.
2. Procedures for granting people's business credit include submitting an application, verification and evaluation, field survey, credit decision, signing a credit agreement, disbursing funds and paying installments.
3. Obstacles experienced by UMKM players when applying for KUR credit and BRI bank when distributing people's business credit, namely a bad track record which causes prospective customers to not be able to apply for loans which becomes an obstacle for UMKM, and *communication skill* both from potential customers during the survey process to trick officers is also an obstacle for the bank.

From these three conclusions it can be concluded that people's business credit plays a very important role in the development of UMKM and helps accelerate the development of UMKM.

8. IMPLICATIONS

With this research, the development of Micro, Small and Medium Enterprises (UMKM) in Puger District cannot be separated from the People's Business Credit (KUR) program because most of the people in Puger District use people's business credit (KUR) services to develop or start businesses. The implications found by researchers from this research activity are in the form of phenomenology or economic events in the community, especially UMKM, who can be helped even after the Covid outbreak which causes MSME activities to be completely paralyzed, apart from that, UMKM are able to absorb labor by creating new jobs, reducing unemployment and poverty. , as well as UMKM have implications for improving the local, regional and national economy. With fast access to information, the public, especially prospective customers who have UMKM, can access information openly regarding the procedures for applying for people's business credit (KUR) at PT Bank Rakyat Indonesia Tbk.

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