# Handling of Non-Performing Loans at Pt. Bpr Nusamba Rambipuji Jember

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## Abstract

This study aims to identify various factors that trigger the occurrence of bad loans. As well as the strategy to overcome it at PT. BPR Nusamba Rambipuji Jember. In this study the method used is qualitative with a descriptive approach. The results of the study revealed that the causes of bad loans are two factors that need to be considered: internal and external. Internal factors refer to the debtor's inability to make payments, which is caused by insufficient or unstable income, the amount of loans submitted is too large, the use of funds is not on target, and financial problems faced in the family. On the other hand, external factors include unstable economic conditions, natural disasters, and the impact of the pandemic. To overcome the problem of bad loans, PT. BPR Nusamba Rambipuji Jember has taken several steps, including taking a persuasive approach, restructuring credit, and implementing.

**Keywords:** Bad loans, Factors, Handling

## 1. Introduction

Financial institutions play a very crucial role in the development of the Indonesian economy, especially in efforts to achieve national economic prosperity. With their vital functions, financial institutions contribute significantly to economic growth in the country. Therefore, the purpose of their establishment is to collect funds, store them, and distribute them to those who need access to credit. PT. BPR Nusamba Rambipuji has an official license to collect funds directly through various savings products, including savings and deposits. In addition, this bank is committed to distributing funds in the form of credit. As a financial institution, the mission of this bank is to provide financial services that make it easier for people to save money through savings facilities, as well as provide opportunities for loans, both for short-term and long-term needs.

According to Kasmir (2012:95-97), there are assessment criteria that must be applied by banks in an effort to attract truly profitable customers, namely through the 5C approach (Character, Capacity, Capital, Collateral, and Condition). In addition, banks also need to consider various aspects that affect the debtor's business activities. One of the challenges faced by all funding institutions is the emergence of customers who are unable to fulfill installment obligations in accordance with the agreed agreement, which in turn can lead to bad debts (Hidayah and Khaerudin, 2014). Credit is one of the main functions in banking operations, becoming a source of income and driving economic growth. However, along with the distribution of credit, the risk of bad debts arises which can threaten the financial stability and profitability of the bank. Bad debts, or Non-Performing Loans (NPL), are loans whose borrowers have difficulty paying their obligations in accordance with the agreement. The problem of bad debts can have a broad impact, not only on the financial institution itself, but also on the economy as a whole. Therefore, handling bad debts is crucial for every banking institution, including PT. BPR Nsamba Rambipuji Jember. "Handling of Bad Debts at PT. BPR Nsamba Rambipuji Jember" is based on the importance of understanding in depth how this bank manages and resolves bad debts.

This study aims to identify factors that contribute to the emergence of bad debts at PT. BPR Nsamba Rambipuji Jember, which include internal bank factors (such as ineffective credit analysis processes) and external factors (such as worsening economic conditions). In addition, this study will evaluate the effectiveness of the bad debt handling strategy that has been implemented by PT. BPR Nusamba Rambipuji Jember, including restructuring efforts, persuasion, or legal action. In accordance with the explanation above, the fund provider can minimize the possibility of bad debts by implementing the principle of prudence in the credit granting process. For example, during my internship program at PT. BPR Nusamba Rambipuji Jember, I was involved in the P2K (Credit

Settlement) field where I helped prepare warning letters 1, 2, and 3 to creditors who had passed the credit payment due date. There was also socialization regarding the handling of bad debts, especially in terms of credit payments. One of the steps taken was to take collateral given by customers to debtors, such as cars, motorbikes, and house certificates. This is to prevent bad debts, it is very important for PT. BPR Nusamba Rambipuji Jember to have collateral protection to avoid losses that may arise due to credit distribution.

**Literature Review**
**Non-Performing Loan (NPL)**

A non-performing loan (NPL) is a situation where a debtor is unable to meet their loan installment payment obligations according to the agreed schedule. The Financial Services Authority (OJK) categorizes loan quality based on payment smoothness, ranging from current, special mention, substandard, doubtful, to non-performing. A loan is categorized as non- performing if there is no principal and/or interest payment beyond 270 days from the due date. Factors Contributing to Non-Performing Loans.

Generally, the factors causing non-performing loans can be grouped into two categories: internal factors (from the bank) and external factors (from the customer and the environment). However, in the context of BPRs, customer-related factors are often dominant. Some factors contributing to NPLs include Community.

1. Customer Character: The customer's willingness and ability to repay the loan. This includes integrity, payment ethics, and the customer's personal financial management.
2. Economic Conditions: Fluctuations in the macro economy or specific sectoral conditions can affect the customer's business's ability to generate income and meet obligations.
3. Ineffective Bank Credit Management: Inaccurate credit analysis processes, weak post-credit monitoring, or suboptimal collection procedures can contribute to an increase in NPLs.
4. Natural Disasters or Unexpected Events: Uncontrollable events for the customer such as natural disasters, fires, or epidemics can destroy businesses and the customer's ability to pay

**Impact of Non-Performing Loans**

The impact of non-performing loans can be widely felt, both by the bank, the customer, and the economy as a whole. For the bank, NPLs can lead to:

1. Decrease in interest income.
2. Increase in impairment allowances (CKPN) that erode profitability.
3. Decrease in capital adequacy ratio (CAR).
4. Decline in public trust.
5. Hindrance to business growth

**Non Permorming Loan Manajement Effort**

Banks have various effort to address non-performing loans, generally known as credit restructuring or problem loan resolution efforts. These efforts include:

1. Rescheduling: Changes to the installment payment schedule or loan term without changing the principal amount and interest rate.
2. Reconditioning: Changes to some or all of the credit terms, including term, interest rate, and/or installment amount, but without reducing the principal amount.
3. Restructuring: A comprehensive change to the credit terms, which may involve a combination of rescheduling, reconditioning, or even conversion of part or all of the credit into temporary equity participation.
4. Active Collection: Pursuing collection efforts persuasively or coercively, including sending warning letters, direct visits, and involving legal channels if necessary.
5. Collateral Seizure: As a last resort, the bank may seize collateral in accordance with applicable legal provisions.
6. Provision of Concessions: Providing payment flexibility to customers experiencing temporary difficulties, such as payment deferral or reduction of penalties.

## 2. Methods

In the sampling technique according to Sugiyono (2018; 131) is a part or the whole characteristics of a population. In other words, a sample is a method in research to take part of the population to be studied. In this study, the sampling technique used is snowball sampling. Snowball

sampling was chosen because the characteristics of the population may be difficult to access or identify in their entirety, namely parties who have in-depth information regarding the handling of bad debts at PT. BPR Nusamba Rambipuji Jember.

Sugiyono (2019; 126) explains that snowball sampling is a non-probability sampling technique that initially determines one or more respondents, then the respondents are asked to provide information about other respondents who match the sample criteria, and so on until the desired number of samples is met. Thus, snowball sampling is considered relevant for this study because it allows researchers to reach key informants who have specific knowledge regarding the handling of bad debts at BPR Nusamba Rambipuji Jember.

## 3. Results and Discussion

### Factors of Bad Debt Bad Debt

factors of bad debt Bad debt at PT. BPR Nusamba Rambipuji is mainly caused by complex internal factors of the debtor, such as inability to pay due to insufficient or unstable income, taking too large a loan, using funds that are not in accordance with the original purpose, and family financial problems that trigger financial chaos. In addition, inaccurate information in credit applications, lack of awareness of financial management, and illegal pawning or transfer practices of vehicles that are still in the credit period also contribute. Although external factors such as unstable economic conditions, natural disasters, and pandemics also play a role, this study highlights that the main problem stems from internal customers who ignore payment responsibilities, even when there is notification from the bank, which ultimately triggers restructuring efforts or asset auctions.

### Handling Bad Debts Handling Bad Debt

handling bad debts Handling bad debts at BPR Nusamba Rambipuji requires a proactive and collaborative approach, where open communication and mutually beneficial negotiations between customers and BPR are the main keys. This effort includes a thorough evaluation of the customer's financial condition and BPR's flexibility in offering restructuring solutions, such as installment relief or loan tenor extensions, which must be balanced with customer awareness and commitment to be disciplined in managing finances, complying with payment schedules, making realistic budgets, and avoiding new debts. If a persuasive approach through income adjustments and loan rescheduling is unsuccessful, BPR can consider auctioning collateral assets, even assisting in the sales process. This handling is in line with Ida Wayan Adi Pratama Wijaya's research which also emphasizes persuasive efforts before settlement through collateral sales. The importance of openness and honesty between both parties is emphasized to find the best solution, considering the significant impact of bad debts.

## 4. Conclusion

The non-performing loans at BPR Nusamba Rambipuji are largely caused by internal factors of the debtors, mainly their inability to pay due to insufficient or unstable income, the amount of loans exceeding capacity, the misallocation of funds, and family financial issues. Additionally, neglecting bank notifications and the illegal pawning or transfer of vehicles with a BPKB still under the bank's name also significantly contribute to problematic loans, as these actions violate the loan agreement and harm the bank.To address non-performing loans, a proactive and collaborative approach between customers and BPR is crucial. This involves open communication, mutually beneficial negotiations, and a thorough evaluation of the customer's financial condition. The BPR needs to show flexibility by offering restructuring solutions such as installment relief or extending the loan term, while customers must commit to disciplined financial management and adhere to the payment schedule create a realistic budget, and avoid new debts. If the persuasive approach does not succeed, the BPR can take the route of auctioning off collateral assets. Openness and honesty from both parties is crucial to find the best solution, considering the serious impact of bad credit on credit reputation, fines, interest, and even asset seizure or legal action.

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