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Procedures and Requirements for Submitting People's Business Credit (KUR) to Support the Development of Customer MSMEs at PT Bank Rakyat Indonesia (Persero) Batanghari Branch Office

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ABSTRACT

People's Business Credit (KUR) is one of the government programs that aims to support the Micro, Small, and Medium Enterprises (MSMEs) sector in Indonesia. This program provides access to capital with low interest rates for MSMEs who need assistance to develop their businesses. This study examines the procedures and requirements for submitting KUR at PT Bank Rakyat Indonesia (Persero) KCP Batanghari as well as an evaluation of its implementation and impact on the development of MSMEs. The main focus of this study is to identify factors that influence the eligibility of MSMEs to receive KUR, as well as how this program supports the growth of the small business sector in Indonesia.

The results of the study show that although the KUR program has made a significant contribution to supporting the development of MSMEs, there are still challenges in its implementation. Several factors such as the complicated application process, lack of understanding of the requirements, and limited information about the program are the main obstacles. However, the success of payment restructuring and training for KUR recipients have shown a positive impact on the ability of MSMEs to develop. Therefore, evaluation and improvement in procedures and further counseling to MSME actors need to be carried out to optimize the benefits of KUR for the MSME sector.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a very crucial role in the Indonesian economy. As the main driver of economic growth and job creation, MSMEs make a significant contribution to the country's economy. Around 60% of Indonesia's total workforce is absorbed in the MSME sector, which plays a role in reducing unemployment and poverty. Its contribution to Indonesia's Gross Domestic Product (GDP) also cannot be underestimated, emphasizing how

important this sector is in the national economy. Therefore, the existence of MSMEs in Indonesia must continue to be encouraged so that they can develop more optimally and contribute more to economic development (Putri, 2021; Yolanda, 2024).

However, despite having enormous potential, MSMEs in Indonesia face a number of challenges that must be faced seriously. One of the biggest challenges faced by MSMEs is limited access to capital, which often hinders business development. Without sufficient capital, many MSMEs have difficulty improving product quality or expanding their markets. To overcome this capital problem, the government has launched the People's Business Credit (KUR) program, which aims to provide easy and affordable access to funding for MSMEs. This program is expected to be a solution for many MSMEs who have difficulty obtaining loans from formal financial institutions (Setyowati et al., 2022; Yolanda, 2024).

The KUR program itself aims to support the growth of MSMEs and encourage national economic policies. However, even though this program has been launched for a long time, many still feel that its effectiveness needs to be evaluated in more depth. Several studies have shown that even though there has been a flow of funds distributed, MSMEs often still have difficulty in utilizing the credit optimally. This shows that even though the government has provided access to capital, there are still other factors that need to be improved, such as access to information, quality of business management, and the application process which is sometimes complicated for MSME actors (Akhmadi et al., 2022; Tambunan, 2023).

In addition to financial problems, MSMEs also face challenges in terms of marketing and use of technology. In the increasingly advanced digital era, the ability to adopt information technology, such as e-commerce and digital marketing, is important to increase competitiveness. Many MSMEs still rely on conventional marketing methods and have not utilized the potential of technology to its full potential. Therefore, to increase competitiveness, MSMEs need to adapt to the development of digitalization. However, adopting this technology is not easy, especially for MSMEs who do not understand how digital platforms work or do not have sufficient resources to invest in the technology (Mangopa et al., 2020; Rachmawati, 2024).

Therefore, more systematic efforts are needed to provide training to MSMEs on digital marketing and more effective financial management. This training is very important so that MSMEs can take advantage of the potential of digitalization to expand the market and increase profitability. The government and private institutions engaged in MSME empowerment need to provide affordable and easily accessible training facilities for MSMEs in all regions. In addition, counseling on financial management is also very necessary to avoid financial problems that are often experienced by MSMEs, such as difficulties in managing cash flow and poor financial planning (Ayun et al., 2024; Rachmawati, 2024).

The sustainability of MSMEs in Indonesia is highly dependent on good synergy between the various parties involved, including the government, the community, and the business actors themselves. The active role of the cooperative service, financial institutions, and other related agencies is very important in providing the support needed by MSMEs. In addition, strengthening the business legality system also needs to be considered, because many MSME actors do not yet have clear business permits, so they have difficulty in accessing capital facilities and wider markets. For this reason, an integrated approach based on collaboration between various sectors will be very helpful in creating a supportive environment for the development of MSMEs (Hamu et al., 2023; Muheramtohadi, 2017).

With a comprehensive and coordinated approach, MSMEs in Indonesia are expected to grow more rapidly and make a greater contribution to the national economy. Government programs, such as KUR and digitalization training, must be carried out with continuous evaluation to ensure that their objectives are achieved effectively. Through good synergy between the government, business actors, and the community, MSMEs can become the main driver of Indonesia's economic recovery and growth. In addition, strengthening this sector will help create more jobs, reduce

poverty, and improve the welfare of society as a whole (Ahmar et al., 2020; Rabah & Ardiansyah, 2023).

RESEARCH METHODOLOGY

The case study methodology is the right approach for the research entitled "Procedures and Requirements for Submitting People's Business Credit (KUR) to Support the Development of MSME Customers at PT Bank Rakyat Indonesia (Persero) KCP Batanghari" because this research focuses on an in-depth analysis of the procedures and implementation of the KUR program at the local level, especially at PT Bank Rakyat Indonesia (BRI) KCP Batanghari. This case study will examine various aspects related to the KUR application process, the requirements that must be met by MSME customers, and how the bank supports MSME development through the program. This research will focus on the real experiences of MSME customers who have accessed KUR at the branch, allowing researchers to obtain information about the obstacles faced by customers, as well as the challenges and successes in implementing the KUR program at the branch level.

In data collection, this study will use several techniques. In-depth interviews with parties involved in the KUR application process, including bank officers and MSME customers who have received financing, will provide important insights into the challenges they face in applying for KUR and how this program affects the development of their businesses. In addition, documentation related to the KUR application procedure guide, requirements set by the bank, and data on MSME customers who access KUR will also be collected to help understand how the procedures and requirements are implemented. Researchers will also conduct direct observations at PT BRI KCP Batanghari to see how the KUR application procedure is carried out and interact with customers who are applying for loans.

The collected data will be analyzed using a thematic analysis approach, where researchers will identify themes related to the KUR application procedure, such as the ease or difficulty experienced by customers in meeting the requirements, as well as the quality of service provided by the bank. Researchers will also analyze the KUR application process to see if there are factors that slow down or facilitate access to capital for MSMEs, and how these procedures contribute to the development of their businesses. This qualitative analysis will provide an in-depth picture of the existing obstacles and factors that influence the success or failure of MSMEs in utilizing this program.

Through this case study, researchers will also evaluate the effectiveness of the KUR program in supporting the development of MSMEs. This evaluation includes an analysis of the impact of KUR on the growth of MSME businesses, such as increased turnover, market expansion, and production capacity. In addition, this study will explore the challenges faced by customers in accessing KUR funds and how banks help overcome these obstacles. This evaluation aims to assess the extent to which the KUR program can facilitate the development of MSMEs and contribute to local economic growth.

After conducting the analysis and evaluation, the researcher will compile a discussion that focuses on the findings of the case study. This discussion will cover the KUR application procedure, challenges faced by customers, and recommendations to improve existing procedures or policies. Some recommendations that may be given include simplifying the application process or improving the collection of required documents, as well as increasing training or socialization regarding KUR for MSME actors to reduce misunderstanding of the application procedure.

This case study will conclude the main findings on how the procedures and requirements for KUR application at PT BRI KCP Batanghari can support the development of MSMEs. This conclusion will describe how the success or failure of KUR implementation affects MSMEs and their contribution to the local economy, as well as provide suggestions that can be used to improve the KUR application system in the future. The advantage of this case study method lies in its ability to provide a more in-depth and comprehensive picture of the implementation of policies or programs

at the micro level. This approach allows for a more detailed analysis of the real experiences of MSMEs, providing a clearer context regarding the challenges faced in the KUR application process and how it affects the success or failure of MSMEs in utilizing the program.

By using the case study method, this study can provide a more comprehensive and real understanding of the KUR application procedure, factors that influence the implementation of the program, and its impact on the development of MSMEs in Indonesia, especially at PT Bank Rakyat Indonesia KCP Batanghari.

RESULTS AND DISCUSSION

Credit according to Banking Law No. 10 of 1998, credit is defined as the provision of money or bills that can be equated with money, based on an agreement or loan agreement between the bank and the borrower. In this agreement, both parties are required to repay the debt within a certain period of time, with the provision of interest as part of the agreement (Putri, 2021; Yolanda, 2024). This credit has an important role in supporting economic activities, especially for business actors who need funds to develop their businesses. In addition, effective credit distribution contributes to increasing the productivity and competitiveness of MSMEs, so that it can strengthen the national economy (Hamu et al., 2023; Setyowati et al., 2022).

People's Business Credit (KUR) is a financial assistance scheme distributed by the government through implementing banks, with the aim of supporting the micro, small, and medium enterprise (MSME) sector (Akhmadi et al., 2022). The distribution of KUR funds comes entirely from the funds of the implementing bank, while the government only acts as a guarantor. This means that MSMEs that receive KUR are required to return the funds to the implementing bank, in accordance with the agreement regarding the amount of installments, interest, and the agreed term. The interest rate for KUR currently reaches 6% effective per year, which is designed to make it easier for MSME actors to access capital at affordable costs (Putri, 2021; Tambunan, 2023; Yolanda, 2024).

The KUR program serves as a way to increase community access to capital, especially amidst the economic challenges faced by MSMEs. In addition, studies show that KUR can improve the welfare of MSME actors and have a positive impact on regional economic growth (Gunawan et al., 2022; Rachmawati, 2024). However, strict evaluation and supervision are needed to ensure that KUR funds are used effectively and achieve the desired targets (Hamu et al., 2023; Mangopa et al., 2020).

KUR Submission Requirements

To apply for People's Business Credit (KUR) at BRI KCP Batanghari, there are several requirements that must be met by prospective borrowers. These requirements include:

1. Individuals: Prospective borrowers must be at least 21 years of age.
2. Existing Business: Prospective borrowers must have a business that has been running for at least 6 months, as proof that the business is stable and has prospects for growth.
3. Collateral or Security: Prospective borrowers are required to have collateral or security in the form of a land certificate or vehicle BPKB which can be used as collateral for the loan provided.
4. Not Currently Receiving Other Credit: Borrowers must not be currently receiving credit from other banks to avoid overlapping payment obligations.
5. Personal Documents: Prospective borrowers must submit a photo of the husband and wife, Identity Card (KTP), and marriage certificate to guarantee the validity of the family status.
6. Business License or NIB: Borrowers are required to have a valid business license or Business Identification Number (NIB). NIB can be obtained through online registration on the official website OSS.go.id. The process of making this NIB is very practical because it can be done independently through the online system provided by the government. Here's how to make an NIB online:

1. Open the web link oss.go.id and select the business scale if the business is not a service, click UMKM, likewise if the business is in the form of services, click non-UMKM.

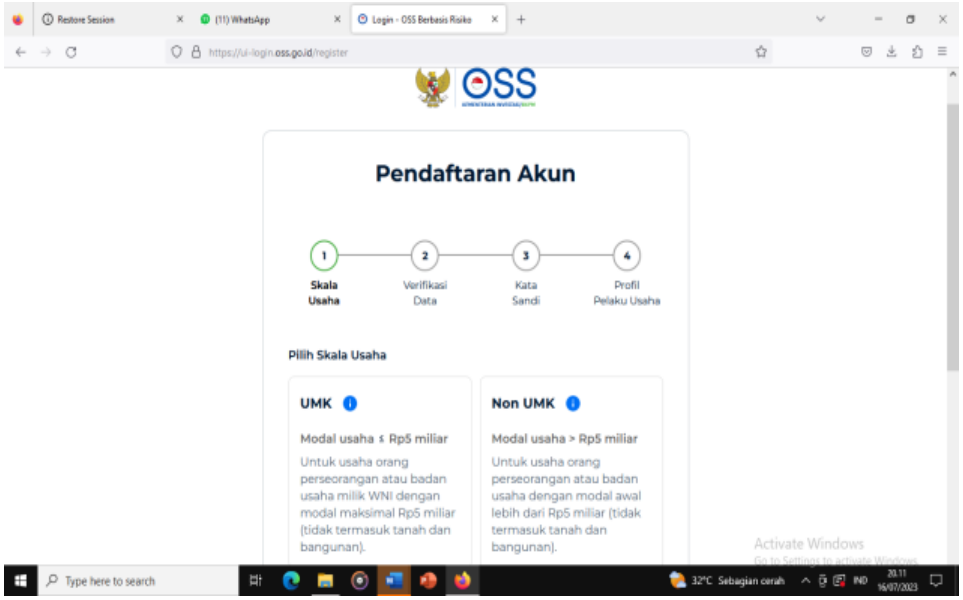

Figure 1 Opening the oss.go.id web link

2. Registration of new oss account, there are two types of business actors here, namely: individual business (individual) and business entity (jointly owned). By filling in NIK for individual business and filling in NPWP for business entity and filling in email data or active whatshap number to get verification code.

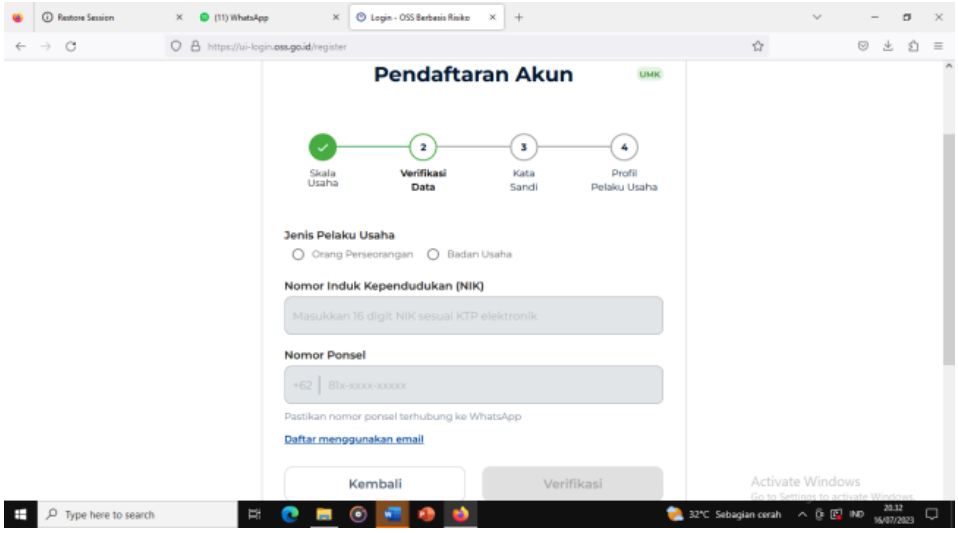

Figure 2 New OSS account registration

3. Create a business license by submitting a new application

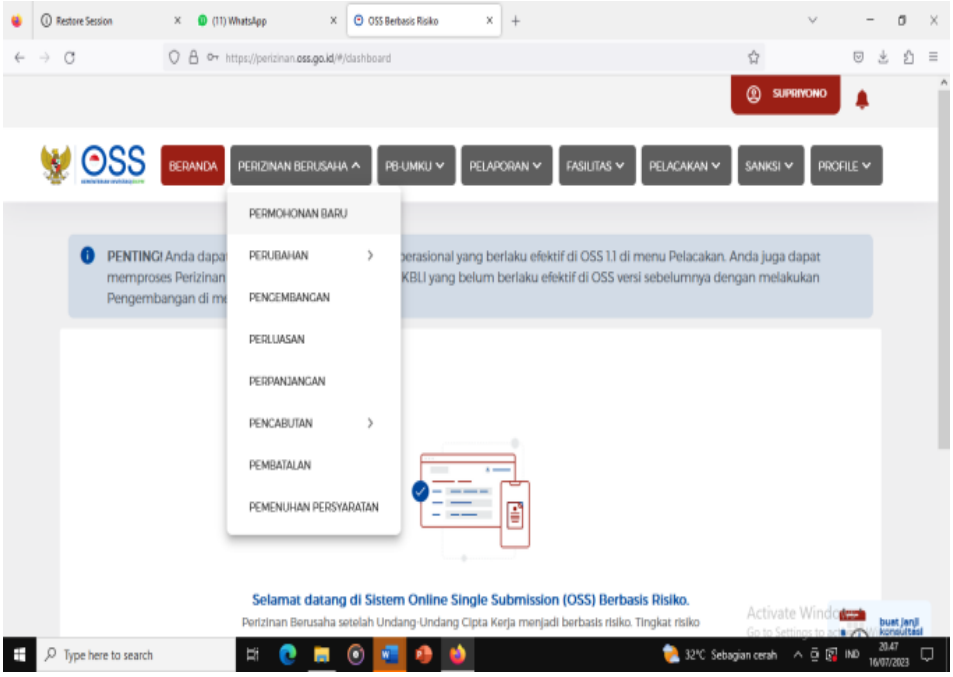

Figure 3 Creating a business license

4. Fill in the business actor data, complete the business actor data, and save the data

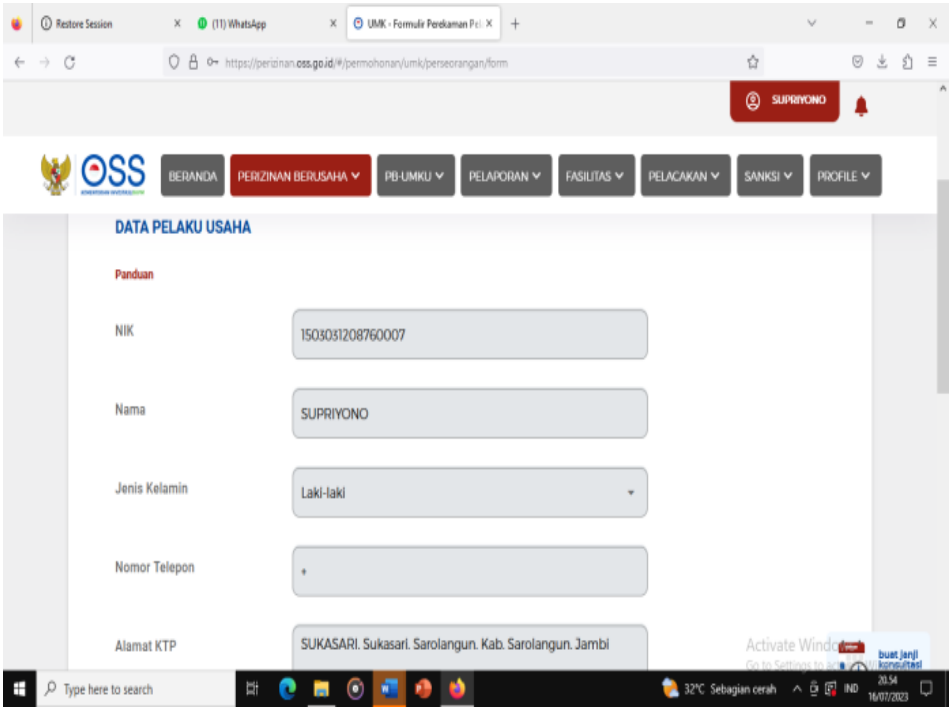

Figure 4 Filling in business actor data

5. Fill in business data

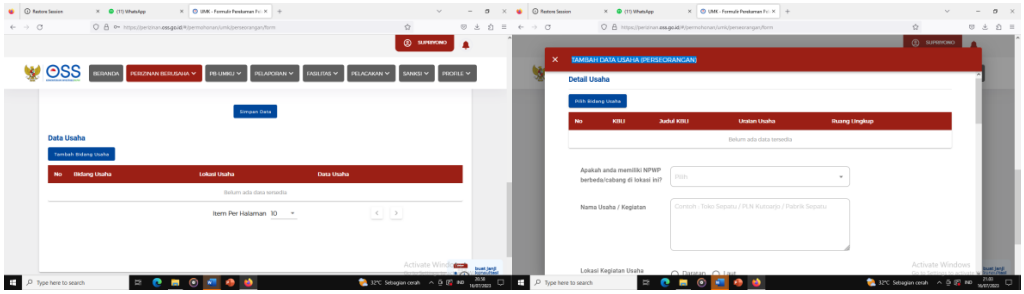

Figure 5 Filling in business data

Complete the business data, follow the instructions for filling in the business data correctly

6. Business licensing process, by filling out an independent statement

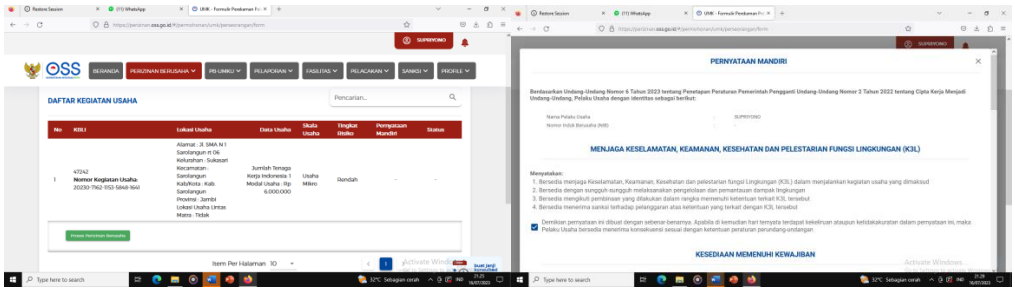

Figure 6 process

7. Issue business permits and print NIB

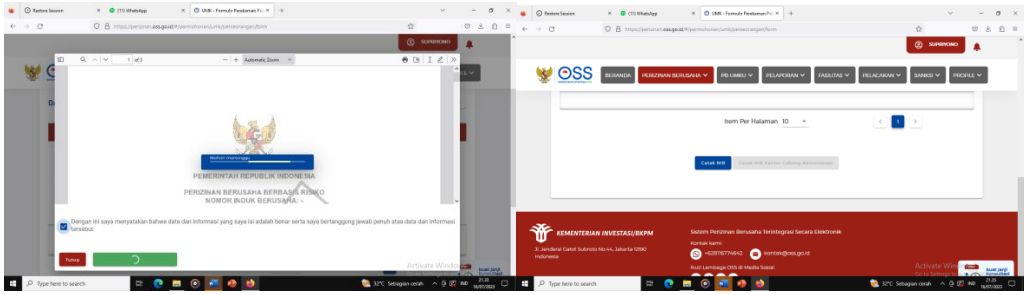

Figure 7 NIB issued

8. It will display like this if it is successful, then download and save.

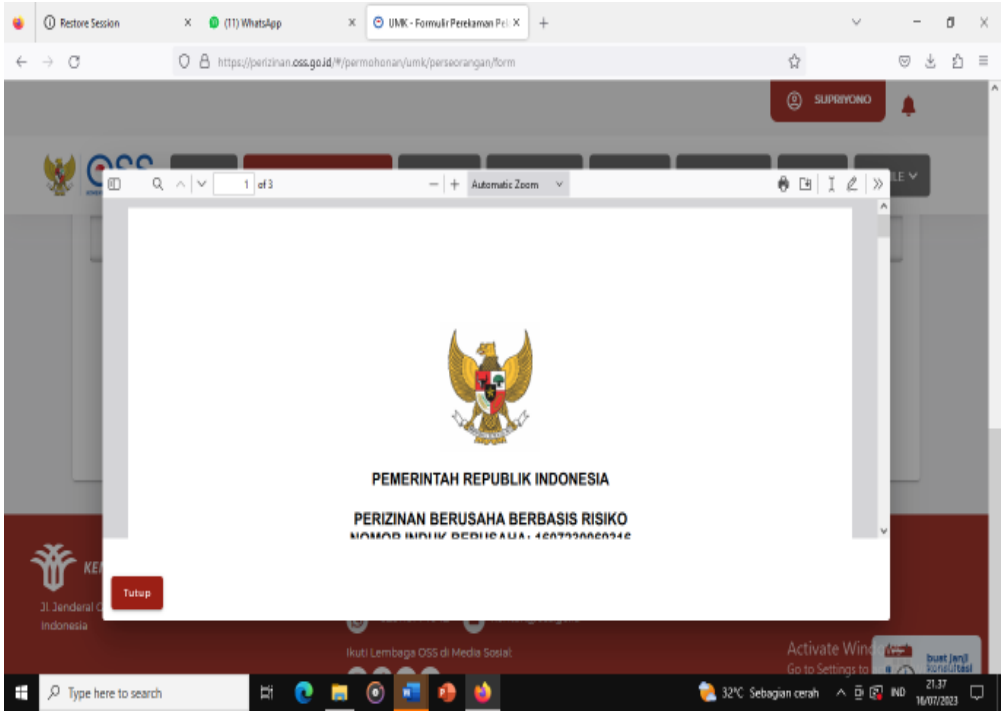

Figure 8 download NIB

These requirements are intended to ensure that prospective borrowers have a viable and trustworthy business, and have the ability to meet loan repayment obligations in accordance with applicable provisions. This also ensures that implementing banks can channel funds to MSMEs that really need and have the potential to grow.

Assessment of the Feasibility of Providing KUR

Before a credit applicant can be declared accepted as a recipient of People's Business Credit (KUR), of course there is a series of assessments carried out by the Marketing Relationship Manager (RM) to determine whether or not the applicant is eligible to receive credit (Putri, 2021; Yolanda, 2024). This assessment begins by ensuring that all application requirements are complete and meet applicable provisions. In addition, in the process of assessing the eligibility of providing KUR, banks usually use two main approaches, namely the 5 C factor and the 3 R factor (Hamu et al., 2023).

The 5 C factors include Character, Capacity, Capital, Condition, and Collateral (Akhmadi et al., 2022; Setyowati et al., 2022). Character aims to assess the integrity and nature of the prospective borrower. Here, the bank will evaluate whether the applicant has a trustworthy attitude in running a business and in fulfilling loan repayment obligations. Capacity measures the applicant's ability to pay or repay credit based on the business to be financed. In this case, the bank will assess whether the prospective borrower's business is profitable enough and has good prospects. Capital is used to measure the applicant's ability to provide their own capital as a form of support for the financing to be provided (Gunawan et al., 2022; Tambunan, 2023). The greater the own capital owned, the smaller the portion of financing that will be provided by the bank. Condition aims to assess the prospects of the business to be financed, whether the business has the potential to grow or not (Rachmawati, 2024).

Finally, Collateral refers to collateral provided by the applicant to be a guarantee if the credit given is problematic. In addition to the 5 C factors, the assessment also considers the 3 R factors, namely Returns, Repayment capacity, and Risk bearing (Mangopa et al., 2020; Nurmadewi et al.,

2024). Returns aim to assess how the credit obtained will be used to support business development and generate profits (Ayun et al., 2024). Repayment capacity assesses the applicant's ability to repay the loan according to the agreed schedule. Risk bearing aims to evaluate whether the applicant has the ability to bear the risk of possible business failure and how he can deal with it (Muheramtohadi, 2017) If a microcredit applicant meets all the criteria in the 5 C and 3 R factors, then the applicant is considered eligible to receive KUR which can support their business capital.

Development of MSMEs Receiving KUR

Along with the distribution of KUR, many customers have felt a positive impact on the development of their businesses. The characteristics of KUR recipients vary, but there are several patterns that often emerge (Putri, 2021). Some KUR recipients experience a smooth installment period for the first 1 to 2 years. However, the tight business competition today is a challenge for some MSME actors (Hamu et al., 2023; Yolanda, 2024). However, the bank always provides constructive solutions so that business actors can recover, such as payment restructuring or installment rescheduling (Setyowati et al., 2022). A study shows that this restructuring plays an important role in helping MSMEs continue to operate despite facing difficulties (Akhmadi et al., 2022).

In addition, there are also KUR recipients who have experienced rapid development in their businesses. With additional capital from KUR, MSME actors are able to expand their businesses and increase production capacity, so that their installments remain smooth and their businesses continue to grow (Gunawan et al., 2022; Tambunan, 2023). Research shows that KUR not only has a positive impact on increasing productivity but also helps MSMEs enter wider markets and overcome obstacles to innovation for business sustainability (Mangopa et al., 2020; Rachmawati, 2024). The KUR program, with various support mechanisms, has been proven to make a significant contribution to the progress of MSMEs, especially in facing the challenges in a highly competitive market (Nurmadewi et al., 2024).

The success of KUR recipients in accelerating their business development is supported by training programs provided by the government and other institutions. This training covers various aspects ranging from financial management to digital marketing, which are increasingly prioritized in the current era of technological development (Ayun et al., 2024; Muheramtohadi, 2017). Thus, government support in providing financing facilities through KUR, as well as accompanying education and training programs, is key to strengthening the MSME sector in Indonesia (Ahmar et al., 2020; Rabah & Ardiansyah, 2023).

CONCLUSION

The People's Business Credit (KUR) program has made a significant contribution to the development of MSMEs in Indonesia, especially in providing access to capital with low interest rates that can accelerate the growth of the micro and small business sector. Based on this study, assessment factors such as borrower character, financial capacity, business conditions, and collateral play an important role in the eligibility of credit. This program has also helped MSMEs in dealing with financial difficulties arising from tight competition in the market, although challenges in the application and administration process are still obstacles that need to be fixed.

The success of KUR in supporting MSMEs is not only limited to providing funds, but is also supported by training programs that improve managerial and marketing skills for business actors. This shows the importance of more holistic support for MSMEs so that they can utilize available resources more effectively. In the future, strengthening the training system, simplifying application procedures, and increasing the socialization of the KUR program will greatly support the

sustainability and development of MSMEs, which will ultimately have a positive impact on the Indonesian economy as a whole.

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