Analysis of the Effectiveness of the Joint Responsibility System on the NPL Ratio at PNM Mekaar Bekasi Region

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Abstract:- The Government of the Republic of Indonesia established PT Permodalan Nasional Madani (Persero) in 1999 as a financing institution for medium, small and micro businesses. One of the PNM business units is Mekaar (Fostering a Prosperous Family Economy), which is financing for underprivileged mothers who are combined in one group. There is no guarantee in this financing. However, a system called joint responsibility system is enforced. This system requires group members to bear installments from other members who do not pay installments. This research was conducted with the aim of finding out how the effect of implementing a joint responsibility system in minimizing the risk of non-performing loans or what is commonly called NPL. The type of research used in this research is qualitative research. The object of the study was the performance of PNM Mekaar Regional Bekasi for the period January - March 2022. The research was conducted using interviews, observation and documentation. The results showed that the joint responsibility system was effective in reducing the NPL ratio in the Bekasi Region.

Keywords:- Joint responsibility, NPL Ratio, PNM Mekaar, Ultra Micro.

I. INTRODUCTION

Ultra Micro Financing (UMi) is financing provided to individuals with a smaller business scale compared to micro businesses. From the website of the Ministry of Finance of the Republic of Indonesia, Ultra Micro Financing (UMi) is a follow-up program from the Government's social assistance program for micro business actors who are at the lowest level, who have not received financing from banks through the People's Business Credit (KUR) program. Micro entrepreneurs receive capital assistance of up to IDR 10 million per customer and it is channeled by Non-Bank Financial Institutions (LKBB). Ultra Micro Enterprises or commonly called UMi are micro businesses owned by individuals who run businesses to meet their daily needs, such as kilo laundry, home culinary, online fashion shop, souvenir business, wedding delivery, online grocery store, chicken business, beverage business packaging, and warmindo. So, broadly speaking, ultra-micro businesses are smaller in scale than micro-enterprises.

PT Permodalan Nasional Madani (PNM) was established on June 1, 1999 based on Government Regulation of the Republic of Indonesia number 38 of 1999 dated May 29, 1999 concerning the Capital Participation of the Republic of Indonesia for the Establishment of a Limited Liability Company (Persero) for the Development of Cooperatives, Small and Medium Enterprises. Initially PNM was established to help finance cooperatives, micro and medium enterprises. In 2015, PNM launched a new product called PNM Mekaar (Fostering a Prosperous Family Economy) which provides special services for underprivileged women who are ultra-micro entrepreneurs who wish to start a business or develop a business. This product adopted the Grameen Bank which was founded by Muhammad Yunus in Bangladesh in 1983.

According to Wikipedia, Grameen Bank is a microcredit organization started in Bangladesh that provides small loans to less fortunate people without the need for collateral. This system is based on the idea that the poor have abilities that are underused. What is different from this credit is that loans are given to groups of productive women who are still in a poor social status.

Like Grameen Bank, PNM Mekaar also applies a joint responsibility system. In the Bank's dictionary, quoted from Bank Indonesia, joint and several liability is joint and several liability, namely the responsibility of the debtors either jointly, individually, or specifically one of them to bear the payment of all debts; the payment of one debtor causes the other debtor to be free from the obligation to pay debts. According to Suharni (2003) the joint responsibility system is the joint responsibility of each member of the group to fulfill obligations together if there is a problem.

As mentioned above, as a Mekaar PNM customer, you must agree and be willing to implement the Mutual Responsibility system, where each customer as a group member is willing, together with other group members, to bear the installments of other members who do not pay installments. There is no physical guarantee to obtain financing from PNM, instead it is replaced by this joint responsibility system. The guarantee function in a financing is to secure customer repayment if a customer breaks a promise. At PNM Mekaar, the guarantee is the Joint Responsibility system. So that the total number of installments from one group that is deposited into PNM, the amount does not decrease even if one member does not pay the installments. In this study, an analysis of the effect of the joint responsibility system will be carried out on the NPL ratio value of PT PNM, Mekaar Bekasi Regional,

which consists of 2 regions, namely Bekasi 1 Regional and Bekasi 2 Regional. The research questions will be focused on the following questions: 1) What are the causes increase in the NPL ratio in the Bekasi region for the January-March 2022 period? 2) Is the Joint Responsibility system effective in reducing the NPL Ratio in the Bekasi Region?

II. LITERATURE REVIEW

Joint Responsibility System according to Suharni (2003) is the shared responsibility of each member of the group to fulfill obligations together if there is a problem. Quoted from Bank Indonesia, joint and several liability is "joint and several liability" namely the responsibility of the debtors both jointly, individually, and specifically one of them to bear the payment of all debts; the payment of one debtor causes the other debtor to be free from the obligation to pay debts. Joint responsibility can be useful to ease the burden on one of the borrowers. If one of the members cannot make credit payments, then the other members are obliged to carry out joint or joint responsibility. The definition of default is contained in article 1243 of the Civil Code, namely "reimbursement of costs, losses and interest due to non-fulfillment of an agreement, only then begins to be required, if the debtor, after being declared negligent in fulfilling the agreement, continues to neglect it, or if something must be given or made, only can be given or made, can only be given or made within the grace period that has passed.

According to Herman Darmawi (2011: 16) the notion of Non-Performing Loan (NPL) is one measurement of a bank's business risk ratio that shows the magnitude of the risk of non-performing loans in a bank. The Non-Performing Loan (NPL) ratio is one of the ratios to measure the Bank's credit quality. According to Slamet Riyadi (2006), the NPL ratio is a comparison between the amount of credit extended to the collectibility level which is a non-performing loan compared to the total credit extended by the bank.

Non-performing loans according to Mahmoedin (2013: 2) are loans that do not meet the installment schedule so that arrears occur. From the definition above, it can be concluded that if the loan installments are not returned according to the specified schedule, causing arrears is referred to as a Non-Performing Loan.

Based on Bank Indonesia Regulations, the ideal NPL ratio is around 5%. A ratio above 5% indicates more bad loans than current loans. The NPL ratio used to measure banking performance is the net NPL ratio.

The key concept according to Reitz (2012) is a prominent word (significant) in the title, subject heading, content notes, abstract or text of an entry in online catalogs and bibliographic databases and can be used as a search term in a free search to find all entries containing the word the key. Another definition of keywords is as a word that is used as a key and also a prominent word that can be used to describe the contents of a document. From this understanding that the keyword has a role.

III. THEORITICAL FRAMEWORK

The Mutual Responsibility System implemented by PT PNM as collateral for financing provided to ultra-micro business actors aims to prevent defaults due to customers who do not pay installments. However, from the data obtained from the Remedial Division, PT PNM, there are still customers who are in arrears, and there has even been an increase in the NPL ratio in the January - March 2022 period. Ideally, a joint responsibility system will keep the NPL ratio at zero. Because of this, it is necessary to conduct research whether the cause of the NPL ratio in the Bekasi Region has increased, even though there is a joint responsibility system. The framework in this study is the Joint Responsibility System, Account Officers, Mekaar Group members and the NPL Ratio.

IV. METHODOLOGY

This type of research is qualitative research. Qualitative research is research that is not carried out using statistical formulas and symbols. This study also aims to explain the phenomenon through data collection. So in this study the issue of depth (quality) of data is more emphasized, not the amount (quantity) of data. According to Prof. Dr. Lexy J. Moleong (2016: 6) states that qualitative research is research that intends to understand phenomena about what is experienced by research subjects such as behavior, perceptions, motivations, actions, etc., holistically, and by means of descriptions in the form of words and language, in a context. The approach used in this study is an analytical descriptive approach. According to Sugiyono (2017: 147) "Descriptive analysis is a method used to describe or analyze a research result but not used to make broader conclusions."

The descriptive approach also aims to obtain an in-depth description of speech, writing, and observable behavior of an individual, group, community or organization in a certain setting which is studied from a comprehensive point of view.

In qualitative research, the research setting is a research location that is directly attached to the research focus that has been determined from the start. The author chose PNM Mekaar, Bekasi 1 and 2 Region, West Java as the location for this research. This research will be conducted at PNM Mekaar, Tambun Utara Unit 3, Bekasi Region 1 and Teluk Jambe Timur Unit, Bekasi Region 2, West Java. This research is expected to last 4 (four) months starting in February 2023. In this study several informants were needed as sources of information to support the completion of this research. The informants were taken from employees of PT Permodalan Nasional Madani, Mekaar business unit, Bekasi Regional, namely 5 (five) employees representing Bekasi Regional 1 and 5 (five) employees representing Bekasi Regional 2. Based on the source, the data used in this research is primary data, namely data sources obtained directly from the first subject of a study. In this study, the primary data source in the form of oral answers was obtained from interviews with

informants. Direct interviews were conducted with research informants (10 PT PNM employees).

As secondary data is data obtained from intermediaries or parties who have previously collected data. Secondary data sources are sources of literature and other references such as data on Distribution of Monthly Financing, Non-Performing Loans (NPL), Portfolio at Risk (PAR) and Outstanding. The author also explores data related to Mekaar financing from the official PNM website.

The author conducted centralized interviews in this study, namely research that requires a face-to-face debriefing process between the researcher and the subject under study. The author conducted one-on-one face-to-face interviews with informants at two Mekaar Unit offices, namely North Tambun Unit 3, Regional 1 on March 11 2023 and Teluk Jambe Timur Unit, Regional 2 on March 22 2023. The author prepared a table of questions as a guide for conducting interviews . Interview recording was done manually and using an electronic recording device.

Data collection will use semi-structured interview techniques. According to Sugiyono (2013: 318) semi-structured interviews are interviews where the subject under study can give free and unrestricted answers, but the subject under study may not deviate from the theme that has been determined. The results of the interviews are outlined in a summary, starting with an explanation of identity, situation or context, identity of the problem, questions and answers. In this study, the author will interview employees of PT PNM, Bekasi Regional, West Java. Research problems can be answered by collecting information and answers from employees of PT PNM, Bekasi Regional, West Java.

Apart from interviews, the author has also attempted to collect the expected data and information by reviewing various documents related to Mekaar financing. According to Sugiyono (2018: 476) "documentation is a method used to obtain data and information in the form of books, archives, documents, written numbers and pictures in the form of reports and information that can support research". Various documents originating from PT PNM's Remedial Division, such as NPL, NOA, PAR and outstanding data, reports can be used as a source of data and information in this research. Data obtained from interviews and documentation from the field were collected. Data from informants are basically still emic, that is, they are still based on the informant's own point of view. Therefore this data still has to be analyzed and interpreted by the author so that it becomes ethical data, namely data based on the author's point of view. While the data from the documentation still needs to be described first according to the author's point of view to be analyzed based on the research focus.

V. RESULTS AND DISCUSSIONS

After the author has found some of the necessary data, both from interviews and documentation, the author will analyze the existing findings and modify the existing theory, then build a new theory and explain the

implications of the research results on the Analysis of the Effectiveness of the Joint Responsibility System on the NPL Ratio in the Bekasi Region.

As explained in the data analysis technique in the research, the researcher used the descriptive analysis method (exposure) and the data obtained by the researcher both through interviews and documentation from parties who know about the data needed by the researcher.

A. Increase in the NPL Ratio
The NPL ratio arises when there are uncollectible installments. The causes of uncollectible installments are as follows:
- There are several groups, where group members object to being jointly and severally responsible for more than 3 (three) installments. Therefore, the number of installments collected, the amount is less. So the group members, ask that the AO and the Group Leader bill the members who don't pay.
- During the pandemic, PKM was abolished, and there were even regions that did not allow AO to enter, even if it was only to collect installments. So that the number of installments is less.
- Many customers cannot pay installments because their business is closed so they have no income.
- There are customers who disappear and do not repay their loans, such as customers who become migrant workers or go "disappeared", move house or return to their hometown.

B. Prevention Measures
There are several efforts to prevent NPLs from occurring, ranging from preventive measures to billing customers who do not pay installments such as:
- Reaffirm to prospective customers, during the Preparation of Financing, that customers must agree to a joint responsibility system and will comply with it when there are members of their group who do not pay installments.
- When the customer does not agree to be jointly responsible, AO and KUM will remind again that the customer is committed and keeps his promise.
- Choose a group leader who is respected by group members, even has strong influence in his area, so that if you have to take responsibility jointly, the members will obey and not fight.
- When a customer is absent and does not entrust his installments to the Group Leader, the AO and the Group Chair after the PKM will come to his house and collect the installments. If it isn't there yet, then the customer is given the opportunity to collect it first, and it will be picked up by the AO in the afternoon.
- For customers who have "disappeared", the AO and the Group Leader try to request information from family, relatives or friends about the customer's whereabouts. Or if no one knows, then the family will be asked to repay the loan.
- Because they can no longer do business, there are several customers who work as migrant workers abroad. The AO and the Group Leader go to the family and ask

for help reminding the customer to pay off or pay the weekly installments.

C. Effectiveness of the Joint Responsibility System

In simple terms, this system is designed to prevent NPLs. When there are customers who do not pay installments, it means that the total amount of installments that must be deposited from one group will be less. And if it is lacking, it means that there is a loan repayment that is not smooth or the payment is not on time. This condition is called NPL or Non Performing Loan.

When there are members who do not pay their installments, other group members will jointly bail out, and it is hoped that on the same day in the afternoon, this bailout money can be returned. So the total amount of installments deposited is not less.

What is difficult is when the customer disappears and there is no family who can help pay off, then the group members will bail out until it is paid off. Then the group members have to bail out until the financing is paid off. AO and the Group Leader are trying hard to provide understanding and support to group members so that they are willing to take joint responsibility until it is finished.

VI. CONCLUSSION AND SUGGESTIONS

A. Conclusion

This research is a descriptive qualitative study that aims to analyze the effect of the Joint Responsibility System on the NPL ratio in the Bekasi Region, West Java. Data was obtained by conducting direct interviews with employees on duty in the field such as Mekaar Regional Managers, Area Heads, Mekaar Unit Heads, Senior Account Officers and Account Officers.

PNM Mekaar is financing as business capital for underprivileged communities, and only for women, whether they already have a business or not. This financing is based on groups consisting of 10 to 15 members in one group. PNM Mekaar implements a Joint Responsibility System with the aim of making installments smooth and then it becomes the responsibility of the group.

Based on the research results, it can be concluded that the joint responsibility system is effective in reducing the NPL ratio. Ideally, with the implementation of the Joint Responsibility system, the NPL ratio at PNM Mekaar is at 0.00. In January – March 2023, there was an increase in the NPL ratio in the Bekasi Region as shown in Table 1.0 Data for Bekasi Regional NPL for the Jan – Mar 2022 period. In the Apr – May 2022 period there was a significant change in the Bekasi Regional NPL ratio. The NPL ratio has decreased as shown in Table 1.1 Bekasi Regional NPL Data Apr – May 2022.

Even though there was an increase in the NPL ratio from January 2022 to March 2022, in the following month the NPL ratio was successfully reduced because PNM firmly and disciplinedly required every PNM Mekaar customer to carry out the Joint Responsibility System, and

was supported by hard work and solid cooperation between Field Officers and Group.

B. Suggestions

The following are recommendations for financing PNM Mekaar:

- Weekly Group Meetings to be held again in a disciplined manner and on schedule.
- Select the Group Leader selectively and carefully. Prioritize Group Leaders who are influential and are role models.
- Carry out strict selection in determining group members.
- Collect complete data and documentation for each member of the group including data on parents and biological family.

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