

Strategy For Solving Bad Loans at Saving and Loans Cooperatives Melati Jaya Bondowoso District

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of officers and provide rewards to officers who are able to excel.

Abstrack : This study aims to determine the Strategy for Settlement of Bad Loans at the Melati Jaya Bondowoso Savings and Loans Cooperative. This type of research is descriptive. The population in this study were company owners and employees at KSP Melati Jaya, with the sampling technique using purposive sampling method. Data was collected by questionnaire and analyzed by SWOT. The results of the study show that the main factor that is a strength is Human Resources, the number of which is quite a lot with 0.60. The main weakness of the company based on the calculation of the IFAS Matrix is the lack of contributions made by employees in the form of innovation and creation with a score of 0.30. The biggest opportunity for KSP Melati Jaya is the large number of people who need credit with a score of 0.73, while the main threat to KSP Melati Jaya is that credit is often disbursed without sound credit principles with a score of 0.14. The right alternative strategy to be implemented by KSP Melati Jaya is to increase the expertise

Keywords SWOT analysis, saving and loan cooperative

INTRODUCTION

People's lives cannot be separated from meeting needs. In an effort to meet the needs of life, a person will try to get income, both from a permanent job, entrepreneurship, and so on. In an effort to meet the needs of life, people sometimes have obstacles such as needs whose value is higher than their income. Another condition that is inversely comparable to this is when income is higher than the need to meet the needs of life. Facing these problems, one solution that can be used is to save excess income or obtain a loan if you face difficulties in meeting the needs of life at bank financial institutions and non-bank financial institutions.

Savings and loan cooperatives are one type of cooperative engaged in financial services in running a business, namely by collecting funds in the form of savings and deposits, and distributing them with easy and fast procedures (Otoritas Jasa Keuangan Republik Indonesia, 2017). One of the business activities of savings and loan cooperatives is financing or providing credit. Credit distribution to prospective debtors is generally required to go through the credit application process and carry out an analysis process of credit distribution to the intended credit, after completing administrative

procedures. The analysis used in cooperatives is the analysis of five (5) C's, namely capacity, character, collateral, capital and condition (Kumala, 2021).

Savings and loan cooperatives in Indonesia consist of primary and secondary levels. As many as 92% are dominated by primary-level cooperatives. The cooperative is established and consists of individuals formed by at least 20 people. Meanwhile, there are only 8% of secondary level savings and loan cooperatives in Indonesia. The increase in SHU for savings and loan cooperatives in 2020 was 14.85 percent, to an average of 210 million rupiah per cooperative from the previous 183 million rupiah in 2019. The increase in SHU was contributed by an increase in operating income, especially interest income. In 2020, revenue rose 2.72 percent, to 766.14 million rupiah. In addition to the increase in interest income, the decrease in tax burden has a large contribution to the increase in SHU. The tax burden in 2020 decreased by 21.11 percent from the previous year (Badan Pusat Statistik, 2020)

One of the business activities of savings and loan cooperatives is financing or providing credit. Credit risk must bear the correct handling, this is because credit risk has the greatest influence on cooperatives. In general, Kasmir, (2014) revealed that non-performing loans can occur because they are based on two things. The first is the error of the cooperative caused by inaccurate analysis or collusion between creditors and debtors so that the analysis is carried out subjectively. Second, from the customer's side which occurs because of an element of intentionality from the creditor not to pay or an element of inadvertence that makes the creditor not pay. According to research (Suardana et al., 2022), the factors that cause problematic loans in savings and loan cooperatives are due to disasters experienced by companies or customer-owned businesses so that these debtors become losses and failure to pay installments indirectly affects credit payments that should still take place, the existence of bad faith from customers as well as factors hampering credit payments.

The problems experienced by several cooperatives in Bondowoso are caused by several things such as corruption from staff or leaders, inadequate human resources, fictitious credit provided by staff, records of debtor deposits that do not match between customer handbooks and cooperative records, and other reasons. In addition to this, there are several other causes that can result in a decrease in the performance of a cooperative, namely bad debts. This bad credit usually occurs because the borrower of funds does not fulfill his obligations. This is a dilemma for cooperatives because sometimes the collateral provided by the debtor is not in accordance with the amount that should be collateral. Sometimes the guarantee provided is something that is difficult to sell or cash such as land in a less strategic place. If this has happened, the only thing the cooperative can do is wait until the debtor can fulfill its obligations. Funds that should be able to rotate, eventually settle on the bad credit. The more often this happens, the more unhealthy a cooperative becomes. Customers who deposit their money in cooperatives will find it difficult when they want to withdraw some money.(Nursaid et al., 2021)

Because credit is very bad for financial health which causes losses. So that non-performing loans must be resolved immediately so that conditions can harm financial institutions. Therefore, solutions and strategies are needed so that banks can avoid non-performing loans (Yulia, 2017) with the title "Settlement of Bad Loans with Collateral at Bank Rakyat Indonesia Tegal Branch." In the event of a bad credit guaranteed by the Right of Dependent, the efforts made by PT. BRI to settle bad loans with the guarantee of the Right to Dependent, that is, if the debtor is cooperative, a peaceful credit settlement is carried out between the bank and the debtor's customer. Meanwhile, if the debtor is not cooperative, the settlement of bad debts is carried out through legal channels.

Table 1 Bad Loans of Melati Jaya

Year	Total bad debts	Description
2018	65.578.000	0
2019	98.400.000	33%
2020	108.933.000	10%
2021	116.760.000	7%
2022	120.536.500	3%

Data source: KSP Melati Jaya 2023

Based on the table above related to the credit of the savings and loan cooperative melati jaya Bondowoso in the last 5 years shows fluctuating figures. In 2019, bad loans increased by 33% from the previous year. In the following year, bad loans increased until 2022. This gives a clear picture with bad loans that increase every year. The increase in bad loans is caused by several things, one of which is due to national economic problems that are disrupted due to the Covid-19 outbreak. This increase in the number of bad loans will have an adverse impact on business development (Putri et al., 2020). So a way or strategy is needed in suppressing the incidence of bad loans in business. The strategy is integrated, that is, all parts are compatible with each other. Non-performing loans can be measured by applying the classification of debtor quality status (based on substandard, doubtful and bad criteria) as a measure of the amount of bank loans that have been disbursed (Tampubolon, 2017).

Based on the problems previously described, this study is focused on the analysis of problem loan settlement by identifying techniques in resolving non-performing loans and analyzing factors included in strength, weakness, opportunity, and threats or better known as SWOT (Dkw & Awatara, 2018). The application of SWOT in companies aims to provide complaints so that the company becomes more focused, so that the placement of SWOT analysis can later be used as a comparison of

mindsets from various points of view, both in terms of strengths and weaknesses as well as opportunities and threats that may occur in the future (Ulpah, 2020). The application of SWOT as a tool to analyze company conditions has been considered as an analysis model that is generally accepted and more familiar. Some profit and non-profit organizations use SWOT as one of the analytical tools in their organizations. Using SWOT as a basis for company analysis in making decisions, SWOT can also be used as one of the representative analysis models in analyzing company risk management in a business (Rangkuti, 2016).

With the increase in non-performing loans in the Melatui Jaya KSP from year to year, cooperatives need an appropriate strategy to deal with this problem, with the right strategy so that the goals or vision and mission of the cooperative can be achieved. Based on these problems, with the increase in bad loans from month to month, to analyze and describe the strategy of the bad loan approach at the Melati Jaya Bondowoso cooperative using the SWOT analysis approach (Sanora, et al., 2022). The application of SWOT in companies aims to provide complaints so that companies become more focused so that the placement of SWOT analysis can later be used as a comparison of thinking patterns from various points of view, both in terms of weaknesses and opportunities and threats that may occur in the future (Fahmi, 2018).

METHOD

This study uses descriptive research, namely by making direct observations with a list of questions or questionnaires. Qualitative research methodology aims to analyze and describe phenomena or research objects through social activities, attitudes and perceptions of people individually or in groups (Sugiyono, 2017). In summary, research data sources can be divided into primary data which is data obtained directly from data that is not obtained from or the original source or directly at the research location. Secondary data, which is data that is not obtained directly by researchers themselves, can be through various media obtained and published by other parties (Arikunto, 2016). The definition of population according to (Nursalam, 2020) is a generalized area (a group) consisting of objects or subjects that have certain qualities and characteristics set by researchers to be studied and then drawn conclusions. The population in this study is the management of melati jaya Bondowoso, with sampling techniques using the purposive sampling method. The informant in this study was the head of the company. Data were collected by questionnaire and analyzed with SWOT.

RESULTS AND DISCUSSION

A. Matrix IFAS (*Internal Strategic Faktors Analysis Summary*)

Based on the IFAS Matrix analysis above, it is known that the main factor that is the strength of the KSP Melati Jaya company is that Human Resources are quite a lot with 0.60. This situation

gives the fact that KSP Melati jaya has high activity. Normally a company or cooperative only consists of management and administration, but KSP Melati jaya has 3 mantra heads and has 18 manteri. Each of these spells has a few more subordinates such as mistresses, and financing. The high activity contained in KSP melati jaya makes this cooperative widely recognized by consumers and has a very wide range.

The main weakness of the company based on the calculation of the IFAS Matrix is the lack of contribution made by employees in the form of innovation and creation with a score of 0.30. This situation shows that KSP Melati Jaya still lacks employee creativity in carrying out activities either in savings or loans / credit. Creativity or creation is defined as the ability to do and launch something that is different from his habits.

B. Matrix Efas (*Eksternal Strategi Faktor Analisis Summary*)

From the calculation of the EFAS Matrix above, it can be seen that the indicator on external environmental factors that is the greatest opportunity for KSP Melati Jaya is the number of people who need credit with a score of 0.73. People today are indeed dependent on credit because of the need also caused by the long effects of the Covid-19 pandemic, with some economic activities falling and not developing. As a recovery of economic activity, the solution taken by the community is to make credit.

The main threat of the largest company for KSP Melati Jaya is that credit distribution is often carried out without sound credit principles with a score of 0.14. The high incidence of non-performing loans today, especially experienced by KSP Melati Jaya, is a manifestation of its failure to carry out proper and productive credit analysis. Productive credit distribution has a higher potential for development than for consumptive activities. In obtaining credit, some customers or consumers tend to give a good response to the assessment submitted by the Melati Jaya KSP officer, so that credit can be realized. Sometimes several ways are taken by customers or consumers by applying for new credit, while the previous credit was less smooth or bad. This situation is often faced by cooperative officers.

C. Diagram SWOT

Strategy positioning on the SWOT matrix is based on the calculation results on the IFAS and EFAS Matrices, where strengths have a score of 2.0, weaknesses have a total score of 1.70, odds have a total score of 2.36 while threats have a total score of 1.41.

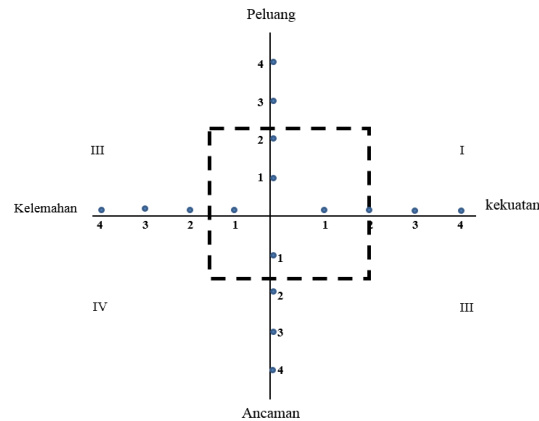


Figure 1 SWOT Matrix Diagram at KSP Melati Jaya

According to the SWOT Matrix Diagram, it is known that the company is in quadrant I, this position shows that KSP Melati Jaya is in an aggressive condition. This is a very favorable situation for KSP Melati Jaya because it has opportunities and strengths that can be utilized. This aggressive position supports the company to develop strategies by improving the quality of its products or services. The strategy that must be applied in this condition is to support an aggressive growth policy (Growth oriented strategy)

D. Matrix SWOT

1. Strategy SO

a. Improve officer skills in crediting (S1,S2, S3, O1, O4)

This strategy can be utilized by KSP Melati Jaya by increasing the flexibility in providing credit services to consumers to avoid bad loans. Improving expertise means that in assessing prospective customers should have several approaches such as character, surveys of the closest people to consumers and daily behavior or income potential owned by consumers. The ability of officers to analyze potential customers before providing credit facilities will determine the level of copying of credit returns that have been distributed. In order to improve this expertise, KSP Melati Jaya needs to conduct education and training which is prioritized to credit distribution officers.

b. Provide rewards for achievements and increase credit (S4,S5, O2, O3, O4)

This strategy can be utilized by KSP Melati Jaya to increase the high participation and responsibility of officers in providing credit to consumers. Officers with low peling bad credit risk need to get appreciation by the company in this case is KSP Melati Jaya. This aims to provide space for officers to develop and be careful in lending. The existence of this reward will make officers more detailed and provide credit and evaluative for the credit that has been disbursed. The effect of the strategy will provide tremendous benefits to the problems faced by KSP Melati Jaya related to bad loans.

c. Crediting authority through surveyors (S5, O3)

This strategy can be done and implemented at KSP Melati Jaya in distributing credit by involving surveyors. Forever, credit distribution is carried out and given rights to field officers without going through the surveyor process. The involvement of surveyors in analyzing credit is expected to minimize the existence of non-performing loans.

2. Strategy ST

a. Expanding the network in lending in the face of competition (S1, S2, S3, S5, T1, T2, T3, T4)

Increasing expansion or expanding new networks with new customers, this is done considering the potential of people who need higher credit, especially after the Covid 19 pandemic. New networks can be a breakthrough in increasing customers and winning the competition. The wider the network built, the easier it is to distribute credit. Indirectly, this will trigger loyalty to the company.

b. Rewarding loyalty building (S4, T3, T4, T2)

This strategy can be utilized by KSP Melati Jaya by innovating customers who have good achievements in paying credit. This is done to increase consumer loyalty and immunity to competitors. The need for KSP to bind consumers with good achievements for the progress or development of KSP amid high competitors and high bad loans. There is a reward or form of appreciation given by KSP to consumers in the form of the creativity of officers and work systems. The existence of rewards to consumers or customers is considered to be able to build emotional bonds or customer loyalty to KSP Melati Jaya. Consumers will be happy when the form of appreciation given by KSP to customers with good credit performance.

3. Strategy WO

a. Improve relationships or cooperation with other officers in providing credit (W1, W2, O1, O2)

This strategy can be utilized by KSP Melati Jaya by expanding relations with other parties and other people including relations with competitors. Maintain cooperation with field tasks in credit distribution. This is pursued by the existence of many relations, officers will have a lot of information from relations about bad credit problems and ways to resolve bad loans. Officer relations can also be done with several figures such as RT and RW who more or less understand the conditions of their area or the personal of their citizens. Information from RT RW will be a reference in the settlement and distribution of credit to customers.

b. Provide space or policy to officers in credit issues (W3, W4, O2, O3, O4)

This strategy can be utilized by KSP Melati Jaya by improving the performance of credit distribution and credit settlement officers. Providing space or opportunity in credit settlement is a form of giving full responsibility to officers in completing credit in their own way. In this section, officers are required to be creative and innovative in solving bad credit problems.

4. Strategy WT

a. Tighten credit disbursement for customers with potential bad loans (W1,W2,,T1,T2,T3,)

This strategy can be utilized by KSP Melati Jaya by tightening or making it difficult for prospective customers with poor credit records, or also prospective customers with poor recommendations. This aims to be able to save credit problems in the future. exercise prudence in lending. This means that every certain loan or a certain amount must be guaranteed. The guarantee becomes a consumer will be more careful in using his loan and try to be able to repay his loan. Other caution can be done by conducting a detailed survey and analysis of prospective customers at least by finding out the character to other people at least five sources, so that the decision in giving or not giving credit is more accurate.

b. Create products with different services (W3, W4, T4)

This strategy can be utilized by KSP Melati Jaya by creating a variety of different credit services such as the responsibility system, or the group-based credit system. So that whenever there is a bad credit problem, the group is responsible for resolving the bad credit in the group. In addition, cooperatives can also create a harvest-based credit system. It is known that the livelihood of the community or customers [aling many are farmers, so providing credit with a deposit for each harvest is an option that can save the turnover of cooperative gauze.

DISCUSSION

Based on the results of SWOT analysis, it shows that KSP Melati Jaya is in quadrant I, which is the company's position that supports aggressive growth policies. Position in quadrant 1, means the company has opportunities and strengths. The strategy that must be taken in conditions like this is to support an aggressive growth policy or growth oriented strategy by utilizing existing opportunities and internal strengths owned by the company. Strategies that can be applied to this aggressive position are 1. Improve the expertise of officers, 2. Provide rewards to officers who are able to excel.

The results of a similar study were also carried out by (Fadil, 2022) handling the problem at BPRS Al Salam by conducting intensive collection, taking policies to save financing, compromise settlements, and even by executing financing guarantees. The necessary strategies needed for handling based on SWOT analysis are improving human resources, utilizing technology, increasing supervision, and expanding the work area of BPRS Al Salam.

Appreciation for outstanding officers means that minimal occurrence of bad loans needs to be the company's strategy in reducing the risk of bad credit events in the present and future. Increasing skilled and detailed human resources in analyzing potential customers or customers needs to get intensive and continuous debriefing by the company. Bad loans need to be anticipated by KSP Melati Jaya because they can interfere with operational activities and company opinions. If the condition of bad credit is not resolved immediately, it will worsen the debtor's credit history or score. With a

bad credit history, it will have an impact when the debtor will apply for financing elsewhere. Debtors with poor credit history will have difficulty getting approval for financing applications.

Bad loans at Koperasi Melati Jaya Bondowoso with the criteria that customers cannot make payments on the due date or repayment. This means that if the customer in the middle of the term has not been able to make credit payments has not been considered a bad credit, bad credit if the customer is unable to pay off or pay installments on the completed loan contract. Some preventive steps taken by the Melati Jaya Bondowoso Cooperative are by taking several approaches such as rash visits outside working hours, giving customers a tempo in paying off, for those who submit collateral, the sale and purchase contract process will be synchronized. This step for companies is considered effective in credit settlement, because by approaching and visiting homes, they will carefully know the customer's ability to pay credit and also get detailed information about the causes of customers not paying credit. The company also provides solutions for customers whenever bad loans occur. This bad credit will be periodically eliminated or closed with the supervision of supervisors and leaders, The period of elimination of bad loans is carried out every three years.

CONCLUSION

Based on data analysis, it is known that the main factor that is the strength of the KSP Melati Jaya company is Human Resources the number is quite a lot with 0.60. The main weakness of the company based on the calculation of the IFAS Matrix is the lack of contribution made by employees in the form of innovation and creation with a score of 0.30. The biggest opportunity for KSP Melati Jaya is the number of people who need credit with a score of 0.73, while the main threat of the largest company for KSP Melati Jaya is that credit distribution is often carried out without sound credit principles with a score of 0.14. The right alternative strategy to be implemented by KSP Melati Jaya is to improve the expertise of officers and provide rewards to officers who are able to excel.

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