



## Analysis of Collateral Risk Mitigation Without Collateral Rights at PT. Permodalan Nasional Madani Branch Office Jakarta

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**Abstract:** This study aims to analyze the implementation of strategic risk management activities for non-mortgage guarantees, analyze risk management that occurs if a guarantee is not installed with mortgage rights in it and analyze the executor's efforts if there is bad or problematic financing at PT. Permodalan Nasional Madani Branch Office Jakarta. Researchers used a type of field research (field research), with a qualitative approach, using data obtained directly from employees PT. Permodalan Nasional Madani Branch Office Jakarta. Data was collected by means of interviews, observation and documentation. Data validity analysis used source triangulation, data analysis used data reduction, data presentation and conclusion. Identification and measurement of non-mortgage credit risk is carried out by PNM before extending credit to prospective customers. PNM conducts assessments, surveys of customer backgrounds, businesses and guarantees provided by customers. Monitoring and controlling credit risk is carried out when credit has been given to customers. Steps taken include persuasive billing and visits to troubled customers.

**Keyword:** Risk, Guarantee, No Mortgage Rights

### INTRODUCTION

The banking sector has a central position in the economic development of a country where the main function of banking is to collect and distribute public funds. Banks have the main objective in transactions in the form of increasing people's living standards to collect funds in the form of savings and can be distributed to other communities in the form of credit or otherwise (Hardiansyah, 2021). In order to carry out its function as a distributor of funds, the banking sector has facilities in the form of credit. This facility is in great demand by the community in an effort to meet their needs.

The course of economic history in Indonesia, including the economic crisis in 1998, has resurrected the micro, small and medium enterprise sector and cooperatives. Looking at these prospects, this strategic value is realized by the Government by establishing PT. Permodalan Nasional Madani on June 1, 1999 which was established based on Government Regulation of

the Republic of Indonesia Number 38 of 1999 concerning State Capital participation for establishment perusahaan (Perseroan) in the framework of the Development of Cooperatives, Small, Medium and Micro Enterprises.

One of them on PT. Permodalan Nasional Madani which has capital loan services for micro and small businesses with direct financing to individuals and business entities through the Micro Capital Service Unit (ULaMM) or commonly called PNM ULaMM. The business phenomenon that occurs is the Non-Performance Loan (NPL) for PNM ULaMM's business products which has increased every year.

Program to encourage lending and banking financing to Micro, Small and Medium Enterprises (MSMEs), Bank Indonesia has required Commercial Banks to provide Credit or Financing to MSMEs, with stages of achievement in 2013 and 2014 adjusted to the capabilities of Commercial Banks, in 2015 which was set at a minimum of 5%, in 2016 the lowest was 10%, in 2017 the lowest was 15% and since 2018 the lowest was 20% (PBI, 2012).

PT. Permodalan Nasional Madani in the ULaMM sector it has two products namely conventional financing and Islamic financing. As for the financing of this product, it is mandatory to submit guarantees in the form of immovable goods such as certificates of ownership, certificates of building use rights, certificates of business use rights and other certificates that are permitted or permitted based on policies issued by PT. Permodalan Nasional Madani. Furthermore, for guarantees in the form of certificates based on the provisions of the Mortgage Act No. 4 of 1996 it is explained that the Granting of Mortgage Rights to Guarantees (Certificates) functions as a guarantee of debt repayment by the debtor to the creditor. The binding of financing can be said to be perfect if the Mortgage Right has been charged in the Collateral (certificate) belonging to the debtor. But what about risk management that occurs if there is a Collateral (Certificate) that does not have a mortgage right in it, and how does risk management look at its executorial efforts.

Where is the granting of credit done PT. Permodalan Nasional Madani provide convenience to customers or the public in terms of applying for credit by providing loan facilities that can be given to anyone, in the sense that it is not limited to certain economic sectors so that PT. Civil National Capital will be faced with risk problems. Unsecured credit or unsecured credit is one of the banking products in the form of providing unsecured loan facilities or it can be interpreted that there is no asset that is used as collateral for the loan. Therefore because there is no collateral guaranteeing the loan on PT. Permodalan Nasional Madani then the decision to grant credit is solely based on credit history. However, in practice there are lots of bad loans or non-performing loans with very diverse background factors. Meanwhile, for unsecured loans, there is no collateral in the form of goods, which will certainly complicate settlement

Departing from these problems, it is necessary to have a strategy to overcome this, because the determination of the right strategy has a very important role in realizing the vision and mission and at the same time how to solve it. In this research, we want to analyze the risk management that occurs when a guarantee is not installed with mortgage rights in it, and analyze how risk management looks at how the executor's efforts are in the event of bad or problematic financing.

## **LITERATURE REVIEW**

### **Loan**

Credit is the provision of achievements (eg money, goods) with compensation for achievements (counter-performance) that will occur in the future (Daeng, 2020). It can be said that the creditor in a credit relationship with the debtor within the terms and conditions that have been mutually agreed upon, can return or repay the credit in question. Every credit that

has been approved and agreed upon between the creditor and the debtor must be stated in a written credit agreement (credit contract) (Djumhana, 2006).

### **Grand Theory**

Agency theory explains that agency relationships arise when one or more people (principal) hire another person (agent) to carry out an activity and then delegate the decision-making authority to the agent (Jensen & Mecking, 2019). The principal (public) and agent (banking management) relations in banking companies are influenced by the existence of a regulator, namely the government through Bank Indonesia. This is the basis that the principal gives responsibility to the agent in accordance with the work contract that has been agreed upon in accordance with policies approved by the regulator (Bank Indonesia). Given the complex capital structure in banking, there are at least three agency relationships that can lead to information asymmetry, including: (1) the relationship between the depositor, the bank and the regulator, (2) the relationship between the owner, manager and regulator, (3) the relationship between borrowers, managers and regulators.

### **Credit Guarantee**

Collateral is the delivery of wealth or a statement of one's ability to bear the repayment of a debt. Meanwhile, according to Hartono Hadisaputro, a guarantee is something that is given by the debtor to the creditor to create confidence that the debtor will fulfill obligations that can be valued in money arising from an agreement (Salim, 2007).

### **Risk Management**

Risk is a hazard, result or consequence that can occur as a result of an ongoing or ongoing or future process (Hanafi, 2006). Risk can be interpreted as a state of uncertainty, where if an unwanted condition occurs it can cause a loss. According to AS/NZS Standard 4360:1995 risk is the chance of something happening that has an impact on goals that are measured in terms of consequences and probabilities. Risk is the effect of target uncertainty, the effect of uncertainty can be positive or negative, in other words risk is a possible situation or circumstance that may threaten the achievement of the goals and objectives of an organization or individual (Airmic, 2010).

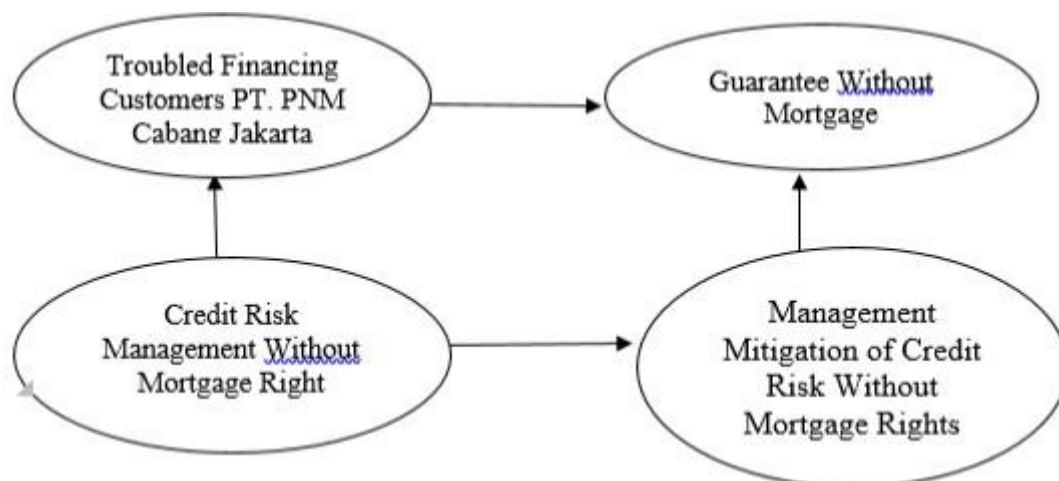
### **Mitigation Risk**

After the risk has been identified and measured, it is hoped that the risk can be stopped as much as possible, but if it turns out that the risk still occurs, it is necessary to carry out mitigation efforts so that the impact caused by the risk can be minimized as small as possible. After mitigation is done, all risks need to be documented. Things that need to be included in the documentation include: causes, forms, impacts, and lessons learned that can be taken. All of this documentation must be circulated to other related departments and archived so that in the future the same risk will not be repeated. (Muamalat Institute, 2013) Mitigation of financing risk is a number of techniques and policies in managing financing risk to minimize the possibility of occurrence or impact of financing losses. (Rustam, 2013).

### **Collateral**

Collateral is an agreement between the creditor and the debtor, in which the debtor promises a number of his assets to repay the debt according to the applicable laws and regulations if within the specified time there is a delay in paying the debtor's debt (Supramono, 2012). In Kamus Besar Bahasa Indonesia (KBBI,1989), guarantee comes from guarantee which means to bear. Collateral is a guarantee for a loan received or someone's guarantee or promise to bear the debt or the obligation is not fulfilled.

## Framework



## RESEARCH METHODS

Research conducted by researchers using qualitative methods is different from quantitative methods which use more data in the form of numbers. In the qualitative method there is a subjective orientation towards research so that the researcher interprets and explains a situation holistically or as a whole and in depth with words. For this reason, researchers will use a type of field research (field research), with a qualitative approach, namely an approach where in conducting data analysis a lot of descriptive inductive reasoning is used and then through a sequential process, using deductive reasoning. This research departs from the problem of troubled customer financing PT. Permodalan Nasional Madani which ultimately researchers are interested in analyzing strategic risk management on non-mortgage guarantees in PT. Permodalan Nasional Madani Cabang Jakarta.

## RESULT AND DISCUSSION

### Non Mortgage Credit Risk Management Analysis

In the analysis of non-mortgage credit risk management, PNM has carried out activities well. Starting from risk identification to risk control. This is done to prevent the occurrence of credit risk that will occur in a financing.

Risk is a hazard, threat, or possibility of an action or event that has an impact contrary to the objectives to be achieved. Banking risk is a potential event, both predictable (anticipateld) and unpredictable (unanticipated) that has a negative impact on bank income and capital (Wandayani, 2015). A service company engaged in the financial sector must have the ability to manage risk in each of its financing activities for the smooth running of the company's activities. A good bank will have strategic management or risk management controls that are useful to be the foundation of success in any financing. Risk management is basically adjusted to the objectives, business policies as well as the business complexity and capabilities of the bank. Risk management is the most important process that must be determined to minimize the risks that may occur (Juliansyah, 2018).

When a customer submits a credit application, a credit assessment is necessary (Kasmir, 2012). The credit assessment in question is an assessment of the feasibility of the credit submitted by the customer before the credit is decided. The result of this assessment is the decision to grant credit, namely to find out how far credit requests can be trusted. The decision to grant credit is the considerations of the lender before deciding whether to give a loan or not.

In carrying out risk management, PNM can carry out more intensive risk measurements. Customer capacity is not only measured by the customer's income or business alone, but can

also see things that are the obligations or responsibilities of other customers. Such as the obligation to send children to school, household and so forth. From here the PNM can measure how much the customer's ability to return the credit given. In addition, risk monitoring can be carried out even more deeply, not only in relation to the payment process but also to monitor the customer's business. This can provide an overview of how customers manage their business so as to prevent credit risk.

### **Non Mortgage Credit Risk Mitigation Analysis**

Even though a risk management analysis has been carried out in granting non-mortgage credit, there are still bad loans at PNM. If this happens, the PNM can mitigate risk or minimize the impact if a risk occurs, such as bad credit. The most basic thing for risk mitigation carried out by PNM is to maintain customers in a more intense and persuasive manner. In addition, there is a time period given by the PNM for customers whose credit is bad. As revealed in the results of the interview, namely for loans whose credit exceeds the maturity of more than 61 days, it can be taken over to other financing institutions. This aims to prevent uncollectible loans and minimize losses experienced by PNM.

Credit risk is the risk of loss associated with the opportunity for the counterparty to fail to fulfill its obligations when they fall due. In other words, credit risk is a risk because the borrower does not pay his debts (Hardanto, 2016). So it is necessary to carry out a series of efforts called credit risk mitigation (Manusiwa, 2013). Mitigating credit risk means efforts to reduce the risk of extending credit to someone. Credit Mitigation is part of risk management in Cooperatives. One way to mitigate credit risk is to implement a credit application decision support system.

In the journal Proceedings of SNAM PNJ 2022, it is known that in mitigating credit risk on BNI Fleksi, before giving credit the bank will provide conditions as an initial screening for borrowers. The second step is to apply the 7P principles in financing distribution, namely personality, party, purpose, prospects, payment, profitability and protection. After the borrower passes this assessment, the bank will provide credit. The Bank will continue to monitor returns from customers. By paying attention to payments made by customers, the bank will classify customers into groups according to the results of the bank's assessment. Then the bank will take action according to the customer group (Khumairah, 2022).

In the legal journal of rescuing bank credit in dealing with problem customers, it is revealed that billing must be carried out in accordance with established procedures and in accordance with the principles of billing ethics. If billing is done using the services of a third party as a collector, the financing provider must guarantee that the quality of the billing is the same as if it was done by the financing provider, this billing is only used for bad loans with a certain maturity (Mynelrpha, 2017).

PNM has carried out risk mitigation properly, to prevent any adverse impact from the occurrence of credit risk. Even so, the existence of bad credit cannot be avoided by PNM. So that PNM needs to mitigate this risk by preventing large losses. However, actions related to the execution of guarantees on non-mortgage guarantees need to be further improved, considering that there are still bad loans. The methods adopted by PNM must be more assertive. Such as more persuasive billing, and strict enforcement of the guarantees provided. There is no research gap in this research with previous research, PNM conducts credit risk mitigation in accordance with existing procedures and is supported by research by previous studies. In previous research, it was explained that risk mitigation for troubled customers is carried out in stages, starting with giving warning letters, persuasive approaches to making visits to problem customers.

## CONCLUSION AND RECOMMENDATION

### Conclusion

This research aims to analyze the risk mitigation of guarantees without mortgage rights in PT. Permodalan Nasional Madani Cabang Jakarta. Based on the findings of this research which have been described in the previous chapter, the conclusions that can be drawn from this research are as follows:

1. PT PNM Jakarta Branch has carried out credit risk management for non-mortgages in accordance with the established procedure. Credit risk management carried out by PNM starts from risk identification, risk measurement, risk monitoring and risk control. This is done to prevent the occurrence of credit risk that will occur in a single financing.
2. Identification and measurement of non-mortgage credit risk is carried out by PNM before purchasing credit to prospective customers. PNM conducts assessments, surveys of customer backgrounds, businesses and guarantees provided by customers. Credit risk monitoring and control is carried out when credit has been issued to customers. Steps taken include collection carried out persuasively to visits to problem customers
3. Non-mortgage risk mitigation analysis is carried out by PNM by carrying out intellectual maintenance on customers, especially customers with problems. In addition to that, steps have also been taken to take over credits for loans with maturities of more than 61 days to prevent large losses from PNM.

### Recommendation

1. The results of this research can be used as input for PT PNM Jakarta Branch to carry out credit risk management for non-mortgages so that it can reduce the number of NPL or problem loans.
2. The results of this research can be used as input for PNM to carry out billing more effectively in order to increase customer credit returns.
3. PT PNM is expected from the start to be able to use a credit guarantee institution for non-mortgage loans with a certain ceiling to avoid huge losses arising from problem loans.
4. PT PNM Jakarta Branch is expected to be able to improve good communication between customers and management before purchasing credit cards so that the customer understands both the procedures and conditions for buying non-mortgage credit, because research results still show that customers who have problems are customers who do not understand about non-mortgage credit.
5. The results of this research can be used as a reference source for conducting evaluations regarding the elective collection system for non-mortgage credit customers.
6. Customers are expected to be accountable for credit that has become their obligation so that they do not harm themselves and the financing institutions related to said credit.

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