



## How Loan Distribution and Credit Troubled in Fostered Partners can be Done?

Case Study: CSR Fund from PT. Bukit Asam Tbk. Tanjung Enim, South Sumatra, Indonesia

Jefirstson Richset Riwukore<sup>1</sup>, Yohanes Susanto<sup>2</sup>, Fellyanus Habaora<sup>3</sup>, Irwan Pancasila<sup>4</sup>, R. A. Zubaidah<sup>5</sup>

<sup>1</sup>University of Indo Global Mandiri/Indonesia, <sup>2</sup>University of Bina Insan/Indonesia, <sup>3</sup>Bogor Agricultural University/Indonesia, <sup>4</sup>University of Tridinanti/Indonesia, <sup>5</sup>University of Trisna Negara/Indonesia

email: <sup>1</sup>[jefritson@uigm.ac.id](mailto:jefritson@uigm.ac.id), <sup>2</sup>[susantoyohanes60@gmail.com](mailto:susantoyohanes60@gmail.com), <sup>3</sup>[fellyanus\\_habaora@apps.ipb.ac.id](mailto:fellyanus_habaora@apps.ipb.ac.id), <sup>4</sup>[i\\_pancasila@gmail.com](mailto:i_pancasila@gmail.com), <sup>5</sup>[raz\\_zubaidah@gmail.com](mailto:raz_zubaidah@gmail.com)

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### ABSTRACT

This research aims to determine the Corporate Social Responsibility (CSR) partnership program implemented by State-Owned Enterprises, BUMN, namely PT. Bukit Asam, Tbk, Tanjung Enim, South Sumatra, as a form of concern for the community of small business actors by providing business capital loan assistance. Credit extension services cannot be separated from the risks, such as non-performing loans. Non-performing loans that happened in PT. Bukit Asam Tanjung Enim South Sumatra, namely small business actors as fostered partners, experienced a disaster, went bankrupt and fled, or business owners died. This research method uses descriptive qualitative analysis, administrative procedures for granting credit, analyzing systems for giving credit assessment, monitoring credit, calculating the level of the collectibility of non-performing loans, and analyzing efforts to rescue non-performing loans. The analysis results show that in 2015 to 2017 and 2018, non-performing loans dominate from other categories. In 2015, 2017, 2018, and 2019, the collectability in the current category experienced an increase from 1.8%, up 8.6%, up 35.40%, and up to 749.87%. The percentage of loan collectibility obtained shows that non-performing loans in 2015 to 2017, 2018, and 2019 fluctuated and tended to decrease, from 78.11% to 88.74%. Reduced to 60.45% and fell to 27.58%. This finding shows that there are efforts to improve credit performance to have no problem with credit. It is recommended to CSR managers of PT. Bukit Asam, Tbk. Agra must pay attention to the level of business turnover and the provision of collateral in anticipation of bad credit and for existing lousy credit to be rescheduled or reconditioned for loan arrears or submit evidence of problematic receivables or write-off of accounts receivable if the conditions are not collectible.

## **1. Introduction**

Article 74 of the Limited Company Law (in Indonesia: UUPT) Number 40 of 2007 confirms and requires every company to implement a Corporate Social Responsibility (CSR) program or corporate social responsibility. Martin, Salinding, & Akim (2017) explain the concept of CSR as a concept of the company's obligation to fulfill and pay attention to the interests of stakeholders in profit-seeking company operations, where the stakeholders in question are employees (laborers), customers, communities, local communities, Government, and non-governmental organizations (NGOs). Thus, CSR is a way for companies to regulate their business processes to affect society positively. It can even be a domino effect that benefits the community and stakeholders (both internal and external), and companies themselves (Yulianita, 2008).

State-owned enterprises have an essential role in implementing development in Indonesia, one of which is the partnership and environmental development program intended for micro, small and medium enterprises. This program is a corporate social responsibility (CSR) program from State-Owned Enterprises as a form of the company's concern for the community around the company. As one of the systems that carry out its production activities, the company plays an essential role in maintaining the impact caused by its business activities. The existence of a company amid society, like it or not, will have a social impact on the community around the operation of the company, the aspect of the existence of the company's presence has a positive effect, is very much needed in spurring development that is being implemented can open new jobs, various local products can be lifted through cooperation partnership patterns, but on the other hand, will also have a negative impact, namely: social relations will be measured by the material owned by a person, the environment will be explored on a large scale for optimal benefits. Therefore, it is one way to protect the community and the environment around the company.

The Government requires companies to carry out a corporate social responsibility (CSR) program through the Company Law. PT. Bukit Asam, Tbk (PTBA) Tanjung Enim South Sumatra has implemented a CSR program as an element of the company's approach to get closer to society and a harmonious environment as one of the leading coal companies. This fact is also following the Ministerial Decree BUMN Number of PER-02/MBU/7/2017 date of July 5, 2017, concerning the second amendment to the Regulation of the Minister of BUMN Number PER-04/MBU/04/2015 regarding partnership programs and environmental development programs for State-Owned Enterprises. In addition, it is also based on the Investment Law Number 25 of 2007, which states that every investment is obliged to carry out corporate social responsibility, Law Number 4 of 2009 concerning Mineral and Coal Mining,

wherein companies engaged in mineral and coal mining are required to carry out the development and empowerment of local communities. PT carries out one form of CSR. Bukit Asam, Tbk (PTBA) Tanjung Enim South Sumatra is through the provision of credit to MSMEs (in Indonesia: UMKM). PT carries out credit services. Bukit Asam is provided to small business partners who cannot be separated from the risks, such as non-performing loans. Problems arise because the assisted partners experience a disaster, go bankrupt and run away, or the business owner dies. The analysis in this study aims to reduce non-performing loans and identify procedures for granting credit from PT. Bukit Asam, Tbk.

## 2. Literature Review

### 2.1. State-Owned Enterprises

State-Owned Enterprises (In Indonesia: BUMN) are companies owned by the Government either fully or partially through direct participation originating from separated state assets. The Government exerts control over them as regulated in Law Number 19 of 2003. According to Ikhwanayah, Chandrawulan, & Amalia (2018), BUMN is a legal entity with capital in the form of wealth separated from state assets and part of national economic development because the economic rotation of BUMN influences national economic growth. BUMN aims and objectives to contribute to the development of the national economy in general and state revenue to actively provide guidance and assistance to economically weak entrepreneurs, cooperatives, and the community.

### 2.2. Corporate Social Responsibility (CSR)

CSR (Corporate Social Responsibility) is a company's commitment to fulfilling its obligations to take policies and actions to care for the community and the company's environment based on applicable legal provisions. Budiarti & Raharjo (2014) state that CSR activities are based on many reasons and demands, combining internal and external factors. Riwu Kore (2020) states that the company's considerations in carrying out CSR activities are mainly due to (1) compliance with laws and regulations; (2) as a corporate social investment to get a positive image; (3) part of the company's business strategy; (4) to obtain a license to operate from the local community, and (5) part of the company's risk management to reduce and avoid social conflicts. García-Sánchez & García-Sánchez (2020) stated that CSR is a form of continuous ethical commitment from the company (the business world) to contribute to the economic development of the local community and the general public, including improving the standard of living of workers and their families. Carroll (2018) stated that CSR is identical to CSP, Corporate Social Policy, a company roadmap, and strategy that integrates corporate

economic responsibility with social, legal, and ethical. Balqiah, Astuti, Yuliati, & Sobari (2017) explains that CSR is a company's commitment to improving community welfare through sound business practices and contributing part of the company's resources. Yang, Lin, & Chang (2010) describe three CSR principles: sustainability, accountability, and transparency. Sustainability shows the company's part in making society use its resources to pay attention to future generations. Accountability is a company's effort to be open and responsible for activities that affect the external environment. This concept explains the quantitative influence of company activities on internal and external parties. Transparency is a company reporting activity that has an impact on external parties.

### **2.3. Partnership Program and Community Development (PPCD)**

Partnership Program and Community Development, based on the Regulation of the Minister of State-Owned Enterprises, Number of PER-02/MBU/7/2017 date of July 5, 2017, is a program to improve the capacity of micro, small and medium enterprises to become strong and independent. The main targets of this program are micro, small, and medium entrepreneurs who can be said to have a non-bank status or have not had access to a capital loan from a bank. Compared to banking, the specialty of the partnership program is that a loan given by a PPCD entity to its fostered partners is only subject to 6% flat interest per year and given free coaching, both in the form of capacity building in the form of training and promotion.

To measure the level of effectiveness of lending following the provisions of the Decree of the Minister of State-Owned Enterprises No: KEP 100/MBU/2002 date of June 4, 2002, the performance achievement for the partnership program is calculated based on the effectiveness of loan repayments by summing the collectability weighted average of performance achievement/loan amount disbursed X 100 %. The standard of the partnership program loan's weighted collectability is the multiplication of the collectability weight (%) with the loan balance for each collectability category until the end of the financial year.

- a. smooth  $x \leq 3$  month : 100%
- b. not that smooth ( $3 < x < 6$  month) :75%
- c. double-minded ( $6 < x < 9$  month) : 25%
- d. jammed  $x \geq 9$  month : 0%

Community Development is a program to empower the community's social conditions by State-Owned Enterprises through funds from the operating profit share. The form of assistance is in the form of: natural disaster response, namely assistance provided by PPCD for people affected by natural disasters, then education/training, namely service provided by the

PPCD division in the field of education, usually in the form of scholarships to state schools and holding training aimed at developing human resources, In addition, assistance is also provided in the health sector, usually in the form of compensation to the nearest Integrated Service Post where the State-Owned Enterprise is established, also by holding a free health check, then assistance in public infrastructure & facilities, namely assistance provided by repairing existing public facilities around the place where State-Owned Enterprises is established, building religious facilities, preserving nature, as well as community social assistance in the context of poverty alleviation, and other forms of service related to efforts to increase the capacity of the fostered partners of the partnership program.

#### **2.4 Non-Performing Loan (NPL)**

Credit is the provision of trust from financial institutions to customers to profit (Habaora et al., 2019). Munyua (2016) explains that bad credit (loan default) is an existing payment deviation (deviation) on the terms of lending agreed upon in the repayment of the financing so that there is a delay. According to Klein (2012), this situation requires juridical action or is suspected of a potential loss that will affect the company's health. Bholat, Lastra, Markose, Miglionico, & Sen (2018) states that non-performing loans are all loans that contain high risk or credit that has weaknesses or does not meet the quality standards that have been fixed.

Non-performing loans are calculated using the Non-Performing Loan (NPL) ratio, where this ratio is one of the critical indicators in the successful performance of credit institutions. This ratio is directly proportional to the higher the ratio, the worse the credit quality of the credit provider, which causes the number of non-performing loans to increase, calculated based on Bank Indonesia Circular Letter Number: 3/30 / DPNP, namely:

$$\text{Total Non-performing loans} / \text{Total Credits} \times 100 \%$$

#### **2.5 Non-Performing Loan Rescue**

Rescue of problem loans can be done through rescheduling, reconditioning, restructuring, combination, and confiscated the guarantee or confiscation of collateral (Kasmir, 2008; Klein, 2012; Bholat, Lastra, Markose, Miglionico, & Sen, 2018; Muneem, Mohd Razif, & Ali, 2020). Each has its drawbacks and advantages.

Rescheduling, This activity is done to extend the credit period. The debtor is given relief in terms of the credit period, for example, an extension of the credit period from 6 months to 1 year. The debtor has a longer time to return. Extending the installment period is almost the same as the credit term. In this case, the period of credit installments is opened, for example, from 36 times to 48 times, and this, of course, the amount of installments decreases along with the increase in the number of installments.

Reconditioning is carried out by changing various existing requirements, such as interest capacity (interest is turned into principal debt); postponement of interest payments up to a specific time, meaning that only the claim can be postponed, while the principal still has to be paid as usual; interest rate reduction; lower interest rates to further ease the burden on customers. A decrease in interest rates will affect the smaller amount of installments so that it is expected to help relieve customers; interest exemption is given to the customer on the basis that the customer is no longer able to pay the credit, but the customer still must pay the principal until it is paid off.

Restructuring is a bank action to customers by increasing the customer's capital considering that the customer needs additional funds and the business being financed is still feasible. This action is carried out by increasing the amount of credit by increasing equity. The combination is a combination of rescheduling, reconditioning, and restructuring. Confiscation of collateral is the last resort if the customer does not have good ethics or can no longer pay all his debts.

Kasmir (2008) and Klein (2012) stated that non-performing financing is categorized as substandard, doubtful, and loss. The financing category is substandard if it meets the following criteria, including (1) there are arrears of principal or interest installments that have exceeded 90 days, (2) overdrafts often occur, (3) the frequency of account mutations is relatively low, (4) there are violations of contracts that are promised more from 90 days; (5) there are indications of financial problems faced by debtors and (6) weak loan documentation. Classified as doubtful financing if it meets the criteria (1) there are arrears of principal and or interest installments that have exceeded 180 days, (2) there is a permanent overdraft, (3) there is default of more than 180 days, (4) capitalization occurs interest, (5) weak legal documentation for both the financing agreement and the guarantee binding.

Financing that is classified as non-performing financing if it fulfill the following criteria, namely: (1) business prospect, where business continuity is in doubt, the industry is in decline and it is difficult to recover; there is a high probability that business activities will cease; market losses in line with declining economic conditions; and management is very weak, and company affiliation is very detrimental to debtors; (2) financial condition, because suffered a significant loss; the debtor is unable to fulfill all obligations and business activities; the debtor's business cannot be sustained; very high debt to equity ratio; liquidity difficulties; cash flow analysis shows that creditors are unable to cover production costs; business activities are threatened because of fluctuations in foreign exchange rates and interest rates; and new loans are used to cover operating losses; and (3) the ability to pay, due to arrears of principal and / or interest that has exceeded 270 days, no credit documentation and / or collateral binding.

### 3. Research Method

This research was conducted for 5 (five) months, starting from January to May 2020, in locations that implement the CSR program of PT. Bukit Asam Tbk Tanjung Enim, South Sumatra. The research method used is a descriptive approach from primary and secondary data sources. Data collection techniques utilize interviews and documentation toward reports on the realization of partnership programs and community development from 2015, 2017, 2018, and 2019. This study focuses on the problems associated with providing credit to minimize non-performing loans. The focus of research and data analysis was carried out on (1) Analysing the implementation of the credit distribution program PT. Bukit Asam, Tbk, includes: (a) Analyse crediting procedures, and (b) Analyse credit-granting supervision; (2) Calculate the level of non-performing loans, namely substandard credit, doubtful credit, and bad credit in 2015, 2017, 2018, and 2019 based on their respective annual collectability levels; and (3) Analysing the efforts to rescue non-performing loans carried out by the CSR department of PT. Bukit Asam Tbk, Tanjung Enim, South Sumatra, including: (a) Outbound call, (b) Giving a warning letter, (c) Rescheduling and Reconditioning, and (d) Submission of evidence for problematic receivable.

### 4. Result

#### 4.1 Analyzing the implementation of the credit distribution program PT. Bukit Asam, Tbk

##### (a) Crediting Procedure

1. File submission stage. At this stage, the procedures and completeness of the files have been carried out correctly. All the required documents have been completely attached by the prospective fostered partners and represent the information needed by the CSR section of PT Bukit Asam Tbk in analyzing potential encouraged partners.
2. Examination stage of loan requirements documents. A file has been carried out correctly at the scene of checking the loan. A checklist when checking the file is a good way and is maintained by the document analysis section.
3. Interview stage. This stage has been carried out well, which was carried out directly by the Assistant Manager PKBL PT. Bukit Asam Tbk and very well, because the author can immediately find out the potential partners.
4. Field Survey Stage. The survey is usually carried out for prospective fostered partners who have never received a loan, and for encouraged partners who have received a loan, a field survey is not carried out.

5. Credit analysis stage. The credit analysis stage is the most challenging because this stage determines the amount of credit to prospective fostered partners. This stage is subjective, so the PKBL Assistant Manager needs a reference in making credit analysis decisions.
6. Credit Negotiation Stage. It has been carried out quite well at this stage, and this stage has adjusted the financial capabilities of the fostered partner candidates. The PKBL Manager Assistant will provide several recommendations on the loan amount to the PKBL manager. If approved, it can be realized, and if it is not supported, it is canceled.
7. Credit Recommendation Stage. At this stage, the Assistant Manager PKBL has done it well. The Assistant Manager makes a list of potential foster partners recommended to the PKBL Manager, just waiting for approval. If it is approved, continue with the following process.
8. Credit decision stage. This stage has been carried out well, and it is recommended that the credit decision be carried out in addition to via telephone. It is necessary to send an official letter sent to prospective fostered partners.
9. Credit Agreement Stage. At this stage, the prospective fostered partners have officially become encouraged partners from the CSR Program of PT. Bukit Asam Tbk has done very well, following applicable legal procedures.
10. Credit Realisation Stage. This stage has been carried out well, with a pattern of cooperation with the banking sector, to ease the CSR of PT. Bukit Asam Tbk to transact with fostered partners by providing accessible facilities for opening new accounts for encouraged partners is very profitable.
11. Credit Disbursement Stage. At this stage, there needs to be coordination between the banking sector and the CSR of PT. Bukit Asam Tbk, to ascertain whether the fostered partners have disbursed their credit loans.

#### (b) Implementation of Crediting Supervision

The implementation of supervision and monitoring and billing throughout 2015, 2017, 2018, and 2019 were carried out on fostered partners in South Sumatra Province (Muara Enim, Lahat, East OKU, OKU, Lubuk Linggau City, Pagar Alam), West Sumatra Province, West Java, Central Java, and East Java. Based on the number of foster partners, some partners have not been able to make payments during monitoring because: (1) the partner has passed away, (2) the partner has gone bankrupt, (3) the partner has moved address without notification to PT. Bukit Asam Tbk, (4) did not meet the business owner, (5) the fostered



partners had an intention to pay, (6) the encouraged partners had paid off, (7) the encouraged partners whose payments had not been inputted / current.

Efforts made to reduce arrears of fostered partners include: (1) carrying out managerial training in collaboration with relevant agencies and training instructors, involving lecturers from universities, state prosecutors, and local religious departments, (2) monitoring and coaching carried out through cooperation with related agencies, (3) intensifying billing both in writing and direct billing to the foster partner's business premises, (4) increasing marketing activities for the development of the foster partner's business by involving related agencies, (5) finding solutions for fostered partners whose business is not developing / jammed, and (6) include fostered partners in exhibition events.

4.2 Calculate the level of non-performing loans, namely substandard credit, doubtful credit, and bad credit, in 2015, 2017, 2018, and 2019 based on their respective annual collectability levels

Table 1. Loan Collectability in 2015

Category	Receivable	Score/ Weighted	Weighted Average
Not in arrears	Rp 4.443.818.194	100 %	Rp.4.443.818.194
Not that smooth	Rp 636.069.500	75 %	Rp. 477.052.125
Doubtful	Rp 454.019.000	25 %	Rp. 113.504.750
Troubled	Rp.19.756.928.419	0 %	-
Total	Rp 25.290.835.113		Rp. 5.034.375.069

Source: Internal Company PT. Bukit Asam Tbk

Table 2. Loan Collectability in 2017

Category	Receivable	Score/ Weighted	Weighted Average
Not in arrears	Rp 2.041.493.000	100 %	Rp. 2.041.493.000
Not that smooth	Rp 608.582.000	75 %	Rp. 456.436.500
Doubtful	Rp 26.508.000	25 %	Rp. 6.627.000
Troubled	Rp.21.112.952.242	0 %	-
Total	Rp 23.789.535.242		Rp. 2.504.556.500

Source: Internal Company PT. Bukit Asam Tbk

Table 3. Loan Collectability in 2018

Category	Receivable	Score/ Weighted	Weighted Average
Not in arrears	Rp 12.331.375.686	100 %	Rp. 12.331.375.686
Not that smooth	Rp 1.159.764.000	75 %	Rp. 869.823.000
Doubtful	Rp 282.534.000	25 %	Rp. 70.633.500
Troubled	Rp.21.058.657.862	0 %	-
Total	Rp.34.832.331.548	-	Rp. 13.271.832.186

Source: Internal Company PT. Bukit Asam Tbk

Table 4. Loan Collectability in 2019

Category	Receivable	Score/ Weighted	Weighted Average
Not in arrears	Rp 26.479.228.674	100 %	Rp.26.479.228.674
Not that smooth	Rp 10.235.267.221	75 %	Rp.7.676.450.416
Doubtful	Rp 1.730.560.919	25 %	Rp.432.640.230
Troubled	Rp.14.642.287.843	0 %	-
Total	Rp.53.087.344.656		Rp.34.588.319.319

Source: Internal Company PT. Bukit Asam Tbk

Rate of Analysis Collectability Per Year:

2015	: 5.034.375.069/25.290.835.113 = 19,905 %
2017	: 2.504.556.500/23.789.535.242 = 10,527 %
2018	: 13.271.832.186/34.832.331.548 = 38,102 %
2019	: 34.588.319.319/ 53.087.344.656 = 65,153 %

Tables 1, 2, and 3 above show that the collectability rate of loan repayments in 2015, 2017, 2018 is not reasonable because it is below 60%. Although the target to be achieved by PT Bukit Asam's CSR is 60% annually, for 2019, it is considered good because the achievement of loan repayments is above 65.153% or 60%.

Analysis of the Percentage of the Annual Loan Collectability Level from 2015, 2017, 2018, and 2019 is illustrated in the table below:

Table 5. Percentage of Loan Collectibility in 2015,2017, 2018 and 2019

Year	Not in arrears	Not that smooth	Doubtful	Troubled
2015	1,8 %.	2,5 %	1,8 %	78,11 %
2017	8,6 %	2,6 %	0,1 %	88,74 %
2018	35,40%	3,3 %	0,8 %	60,45 %
2019	49,87%	19,3 %	3,3 %	27,58 %

Table 5 shows that in 2019 the category of not in arrears dominates from other categories. From 2015 to 2019, collectability in the arrears category increased from 1.8% to 8.6%, up 35.40% and 49.87%. However, 2019 experienced a significant decline from 60.45% down to 27.58%, indicating efforts to improve credit performance so that non-performing loans do not occur.

#### 4.3 Analysis of Troubled Credit Rescue Efforts at PT. Bukit Asam CSR

PT can carry out efforts to resolve non-performing loans. Bukit Asam CSR are as follows:

- a. Outbound Call, namely billing for late installments by telephone.
- b. Providing a warning letter and, if possible there is a loan collateral letter
- c. Suppose it has been two years in arrears for the first six months. In that case, rescheduling is carried out, namely by extending the credit period, but if it is still not completed in the next six months, reconditioning is carried out, namely changing some of the requirements that were made at the beginning, especially in loans in 2015 and 2017 where the collectability level is low.
- d. Implementing a collateral system in providing credit loans to fostered partners as a moral responsibility for the foster partner's business actors
- e. Submission of problematic receivables evident, namely a list of fostered partners recommended being written off to high officials or Directors of PT. Bukit Asam Tbk.

## 5. Discussion

The procedure for granting credit from the CSR program at PT. Bukit Asam Tbk is carried out through stages, namely: (1) submission of files, (2) examination of loan documents and documents, (3) interviews, (4) field surveys, (5) credit analysis, (6) credit negotiations, (7) credit recommendations, (8) credit decisions, (9) credit agreements, (10) credit realization, and (11) credit disbursements. The procedure for granting credit is intended to ensure the purpose of giving credit, the principle of credit benefit, administrative validity, the credit process is running well, benefits both parties, and as a condition for evaluating, monitoring, and reporting performance. The crediting procedure is a sequence of activities to produce a goal. According to Habaora et al. (2019), the procedure is a clerical sequence that usually involves several people in a department to ensure uniform handling. More precisely, this word can indicate activities, tasks, steps, calculations, and processes carried out through a series of jobs that produce an objective desired by a product or an effect. Each fostered partner must pass all stages. Putra, Kertahadi, & Zahro (2015) state that the stages of the credit-giving procedure are the flow of activities for disbursing credit and become a necessity or obligation through all stages of the credit-giving process.

The supervision of credit distribution, which the CSR program of PT has carried out. Bukit Asam Tbk is intended to find out the obstacles in the fostered partners and is also considered an evaluation of implementing credit extension to the encouraged partners. As a result, some customers are experiencing problems in their business so that they are in arrears in payment of funds from the CSR program, although there are still customers who are not in arrears. Customers who have finished making credit payments from the implementation of credit extension supervision can prioritize the customer's business development. The performance of credit granting supervision means to control and evaluation. Therefore, credit management is essential in distributing funds so that programs with good objectives do not experience lousy credit because, in reality, loans are given by customers only experience problems, namely carrying out the supervisory function properly (Flannery, 1998). According to Martini & Indriyani (2019), the factors that cause non-performing loans include a lack of supervision of prospective customers, a lack of credit analysis, and a lack of goodwill from customers. Credit supervision is an effort taken by a funding institution (bank, company, or organization) to avoid the possibility of bad credit or arrears for loans that have reached their maturity date. In essence, monitoring lousy credit is an action used to prevent the occurrence of ongoing credit congestion, so watching bad credit is helpful to prevent lousy credit from occurring.

The results showed that the collectability rate of loan repayments in 2015, 2017, and 2018 was in the poor category compared to 2019. However, based on the collectability results, management is an effort to continue improving and evaluating loans, especially non-performing loans. The primary strategy undertaken is to tighten the procedures for granting credit, monitor credit distribution, and calculate the economic value of implementing credit extension from PT. Bukit Asam Tbk. This issue is why in 2019, collections in the current category achieved an increase, namely by 1.8% in 2015 to 49.87% in 2019, which was positively correlated with the decline in non-performing loans from 60.45% in 2018 to 27.58% in 2019. The results showed that there were efforts to improve the performance of credit disbursement to prevent non-performing loans. Non-performing loans are a condition in which debtors break their promise to pay interest and or master loans due, resulting in late payments or absolutely no payments (Turmudi, 2016). According to Alessi & Detken (2018), credit is classified as problematic if: (1) there is a delay in interest or master credit, more than 90 days from the due date; (2) not in full payment, or; (c) it is necessary to renegotiate the terms of loan repayment and interest stated in the credit extension.

Furthermore, loans classified as current and under special mention are considered performing loans, while loans categorized as substandard, doubtful, and loss are considered non-performing loans. Credit is said to be substandard if there are arrears in principal and or interest payments that exceed 90 days to 120 days, doubtful credit, namely arrears between more than 120 days to 180 days, and bad credit, which is arrears of more than 180 days (Nazila, Moch. Dzulkrirom, & Sudjana, 2016).

The management of PT carried out various strategies and methods. Bukit Asam Tanjung Enim South Sumatra to minimize non-performing loans from distributing company CSR program funds. This strategy is done through outbound calls / contacting fostered partners, letters/correspondence, rescheduling and reconditioning grace, and submission of evidence. These various methods and procedures are considered quite effective because they can reduce the number of arrears from 2015 to 2019. The leading cause of problematic receivables from fostered partners is because the business owner does not have the good faith to pay his loan and thinks the loan is a grant while his business is still running, the company went bankrupt, the business owner fled without permission of the local Government, and or the business owner died. These factors lead to different approaches to solving non-performing loans. For example, for assisted partners who have passed away, loan bleaching or evidence submissions are provided. The choice of the non-performing loan settlement approach is closely related to the actual situation and conditions. This approach is known as a non-litigation approach. The company's management carries out a settlement of non-performing loans through non-

litigation channels, hoping that the debtor can return to make his credit payments appropriately through rescheduling, reconditioning, or restructuring, which is better known in banking terms 3R. Administratively, loans that are settled through the non-litigation channel are initially classified as substandard, doubtful, or non-performing, which are then attempted to be repaired to have smooth collectibility (Lou, 1998).

During the settlement of non-performing loans, the distributor of CSR program funds owned by PT. Bukit Asam, Tbk, has never completed a non-performing loan until the litigation line. According to Susatyo (2011), the settlement of non-performing loans through litigation is the last attempt by the bank "the last action" to make efforts to repay debtor credit either by executing credit collateral, collecting credit from the guarantor, taking over credit collateral by banks, selling collateral by voluntarily, or by filing a civil suit for the settlement of debtor's debt obligations. If the settlement of non-performing loans through the non-litigation channel can no longer be used, the creditor can carry out credit settlement through the litigation channel. This strategy is done if the credit provider has decided to do business with the debtor, where the non-performing loan action through litigation can be pursued through 2 (two) stages of settlement, namely: (1) out of court settlement and (2) the settlement of non-performing loans through the judiciary (Susanto, Riwukore, Riance, Sardiyo, & Habaora, 2020).

## 6. Conclusion

The results showed the level of non-performing credit on the CSR of PT. Bukit Asam, Tbk has increased from 78.11% in 2015 to 88.74% in 2018 and shows a gradual decline to 60.45% in 2018 and 27.58% in 2019. Strategies for lowering the level of non-performing loans are determining the limits for lending and setting outbound calls, issuing warning letters, rescheduling, reconditioning, and finally submitting evidence of problematic receivables. This strategy change is to change the lending model, which previously did not limit non-performance loans for lending. This program is one of the Corporate Social Responsibility programs, which harms the number of non-performing loans and the distribution of loan funds not channeled to the appropriate party. Recommendations that can be given to PT. Bukit Asam, Tbk is an evaluation of the existing survey model because it has not shown the reality of the survey report following the truth in the field. Therefore, it is necessary to apply for litigation settlement and business development for the fostered partners who provide the best examples.

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