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Settlement of Bad Debts Through Non-Litigation Channels to Improve Community Economic Enterprises in Pasuruan

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Abstract. *This study discusses the non-litigation approach to resolving bad debts at PT. BPRS Daya Artha Mentari and its contribution to improving the economy of the Pasuruan community. The study employed a juridical-sociological approach, with data collection techniques including observation, interviews, documentation, and literature review. The results indicate that resolving bad debts through rescheduling, reconditioning, and restructuring is considered more effective, faster, and cheaper than litigation. Non-litigation resolving has a positive impact on improving the economy of the Pasuruan community, particularly for MSMEs, agriculture, industry, and fisheries businesses.*

Keywords: *Bad Credit; Community Economy; Non-Litigation.*

1. Introduction

Increasing public needs and economic growth encourage people to access banking financing facilities. PT. BPRS Daya Artha Mentari, as a sharia financial institution, plays a role in providing financing to the public. However, non-performing loans (NPLs) are a problem that impacts the bank's health. Non-performing loans can be resolved through litigation and non-litigation channels. The non-litigation channel is considered more efficient because it minimizes costs and time, and allows for a win-win solution. Based on these conditions, this study examines the non-performing loan resolution process and its impact on the economy of the Pasuruan community.

2. Research Methods

This study employed field research with a juridical-sociological approach. Primary data were obtained through interviews with PT. BPRS Daya Artha Mentari and several debtors. Secondary data were obtained from literature, laws and regulations, journals, and other supporting documents. Data collection techniques included observation, interviews, documentation, and library research.

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3. Results and Discussion

The research results show that the settlement of bad debts at PT. BPRS Daya Artha Mentari is carried out through:

1. Rescheduling: Rescheduling installments according to the debtor's ability.
2. Reconditioning: Changing some of the terms of the financing agreement without increasing the outstanding amount.
3. Restructuring: Restructuring the financing structure including changing the term or adding facilities.

The non-litigation method was chosen because it's faster, doesn't require a court process, and reduces settlement costs. Furthermore, PT. BPRS Daya Artha Mentari strives to assist debtors in developing business strategies to help them return to productivity.

Non-litigation settlements have been proven to help improve the economy of the Pasuruan community, particularly small businesses that rely on capital to operate. With the resolution of problematic financing, community businesses can return to normal operations, thereby improving the region's economic well-being.

4. Conclusion

1. The process of resolving bad debts at PT. BPRS Daya Artha Mentari is carried out through rescheduling, reconditioning, and restructuring, which are implemented through non-litigation channels. 2. Settling bad debts through non-litigation channels has been proven to help improve the economy of the Pasuruan community because it allows for business continuity and provides more humane solutions for debtors.

5. References

Journals:

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Regulation:

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Law Number 30 of 1999 concerning Arbitration and Alternative Dispute Resolution.