

The Juridical Review of the Agreement on the Provision of People's Business Credit (KUR) to Micro, Small and Medium Enterprises (MSMEs)

Muhammad Zen and Aryani Witasari^{*)}

^{*)} Faculty of Law, Universitas Islam Sultan Agung Semarang, Indonesia, E-mail: zenmuhammad021@gmail.com

Abstract. *People's Business Credit (KUR) is one of the credit distributions to increase the income of Micro, Small and Medium Enterprises (MSMEs). KUR aims to accelerate the development of economic activities in the real sector in the context of poverty reduction and alleviation as well as the expansion of employment opportunities to increase their income. This study aims to find out and analyze the procedure for distributing people's business credit (KUR) at the BRI Pelemkerep Unit of the Jepara Branch Office. To find out and analyze the obstacles in the distribution of people's business credit (KUR) to micro, small and medium enterprises (MSMEs) at the BRI Pelemkerep Jepara Branch Office and its solutions. This research is a type of empirical juridical research, with analytical descriptive research specifications, using data collection methods through observation and interviews of sources, as well as analyzing field materials and library materials. Meanwhile, the data analysis method in this study uses qualitative analysis methods. The distribution of KUR at BRI Unit Pelemkerep Jepara Branch Office includes: credit application, data identification, survey and field review, financial data analysis, credit recommendations, credit decision making, credit agreement making, credit disbursement according to standard operating procedures (SOP) for disbursing funds. Obstacles in the distribution of KUR are: 1) internal obstacles including improper credit analysis, weaknesses in conducting credit coaching and monitoring. 2) External barriers include invalid identity, lack of business, non-current loan history. The solution in the obstacles to the distribution of KUR credit analysis must pay attention to the principle of prudence, the activities of coaching and monitoring are carried out at least once every one month,*

Keywords: Agreement; Business; Credit.

1. Introduction

Article 33 paragraph (4) of the 1945 Constitution states that the national economy is organized based on economic democracy with the principles of togetherness, efficiency with justice, sustainability, environmental awareness, independence, and by maintaining a balance of progress and national economic unity. The national economy is very important in the development life of a country because it will have an impact on the prosperity and welfare of the people in a country. Banking financial institutions have an important role for economic development in Indonesia. This role is as an infrastructure for collecting funds and channeling funds as well as helping improve the community's economy.¹

People's Business Credit (KUR) is one of the loan disbursements to increase the income of Micro, Small and Medium Enterprises (MSMEs). People's Business Credit (KUR) aims to accelerate the development of economic activity in the real sector in the context of reducing and alleviating poverty as well as expanding employment opportunities to increase income.²

Bad People's Business Loans are likely to originate from a wrong perception or understanding of the public regarding people's business credit, considered funds from the government, and guaranteed by the government are not loans from the Bank. This affects the rate of return (installments) and the quality of the general business credit. The loss of the bank implementing the KUR program has an impact on the decline in prime lending, this is due to the decrease in the return on total assets used as a reserve for bad credit KUR. The phenomenon of the problem of stalled KUR installment payments has had a systemic impact on the Indonesian banking system.³

The relationship between the Bank and the debtor is based on mutual trust. Therefore, the relationship between the two parties is an interpersonal relationship. This relationship is then brought to a written contract, commonly

¹Riskha Amaliya Lubis, and Maryanto. "Outcome Measures of Non-Performing Loans on BPR Sejahtera Klaten Of Central Java". *Journal of Sovereign Law* Vol 1 No 3 (2018). p.s. 779. urls :<http://jurnal.unissula.ac.id/index.php/RH/article/view/3400/2509> accessed on 10 September 2018.

²V. Wiratna Sujarweni, and Lila Retnani Utami. "Analysis of the Impact of KUR (People's Business Credit) Revolving Fund Financing on MSME Performance (Case Study in the Special Region of Yogyakarta)". *Journal of Business and Economics* Vol 22 No 1 (2015). p.s. 12. urls :<https://www.unisbank.ac.id/ojs/index.php/fe3/article/download/4119/1156> accessed on 30 March 2015.

³Maisa. "Juridical Analysis of Guidelines for Implementing People's Business Credit". *Maleo Law Journal* Vol 2 No 2 (2018). p.s. 182. urls :<https://jurnal.unismuhpalu.ac.id/index.php/MLJ/article/download/773/517> accessed on 24 September 2019.

known as a credit agreement.⁴The credit agreement is a consensual agreement between the debtor and the creditor that creates a debt-receivable relationship, in which the debtor is obliged to repay the loan provided by the creditor, based on the terms and conditions agreed by both parties.⁵

Of course, the implementation of lending carried out by banks does not always run smoothly as desired, so that in practice the bank must be careful. Banks must be wise in providing loans or credit to the public so that in this case the bank must pay attention to the principle of distributing or extending credit.⁶

The lending procedure is a stage that must be passed before a credit distribution decision occurs. The aim is to make it easier for banks to assess the feasibility of a loan.⁷In order for the credit given to be smooth, the bank must be selective in giving credit to the debtor, where before credit is given to the debtor, the bank must analyze the credit provision to determine the creditor's ability to repay the loan in accordance with the terms contained in the loan agreement. Therefore, banks must be able to establish procedures or credit implementation processes and anticipate problems that arise with bad loans. Because it will affect the banking activities themselves, especially on the operational work of banks in distributing credit for the welfare of society.⁸Based on this, this study aims to

⁴Sriwati Sutomo. "The Foreclosed Collaterals As A Resolution For Bad Credit In Indonesia Banking System". *Journal of Sovereign Law* Vol 4 No 4 (2018). p.s. 289. url :<http://jurnal.unissula.ac.id/index.php/RH/article/download/18061/6153> accessed November 28, 2021.

⁵Rachman Subiyantoro, Slamet Suhartono, and Sri Setyadi. "Legal Reasons for Credit Risk Mitigation in Credit Disbursement". *Akrab Champion Journal* Vol 5 No 1 (2020). P. 66. url :<https://www.akrabjuara.com/index.php/akrabjuara/article/view/921/813> accessed December 30, 2020.

⁶Dhika Rachmat Pratama, and Amin Purnawan. "Default In And Credit Agreement And Implementation Of Solution Efforts (A Case Study Of Decision 336 / Pdt / G / 2016 / Pn.Smg)". *Journal of Sovereign Law* Vol 1 No 2 (2018). p.s. 345.url :<http://jurnal.unissula.ac.id/index.php/RH/article/download/3272/2407> accessed on 15 June 2018.

⁷Kustriyo, and Aryani Witasari. "Abuse of authority in position and redemption of credit fictitious apparatus for civil state (ASN) PD. People's Credit Bank (BPR) Sumber Cirebon District ". *Journal of Sovereign Law* Vol 1 No 1 (2018). p.s. 753. url :<http://jurnal.unissula.ac.id/index.php/RH/article/download/3396/2505> accessed on 10 September 2018.

⁸Wayan Arsane, and Nyoman Ari Surya Darmawan. "Procedure for Distribution of People's Business Credit (KUR) at PT. Bank Rakyat Indonesia (Persero)". *Widya Accounting and Finance* Vol 3 No 1 (2021). p.s. 13. url :<https://ejournal.unhi.ac.id/index.php/widyaakunansi/article/view/1217/783> accessed on 28 February 2021.

determine and analyze the procedures for channeling people's business loans (KUR) to the BRI Jepara Branch Office Pelemkerep Unit.

2. Research Methods

The approach method used in this study is an empirical juridical method. With research specifications in the form of descriptive analytical research. Methods of data collection in this study were carried out by means of observation, interviews, document studies and literature studies. Data analysis in this study used qualitative analysis methods.

3. Results and Discussion

The ceiling for people's business loans (KUR) at BRI Units starts from IDR 1,000,000 (one million rupiah) to IDR 100,000,000 (one hundred million rupiah) with a stipulation that the term for working capital loans (KMK) is up to 36 months, while for investment loans (KI) up to 60 months. Customers who wish to apply for people's business credit (KUR) must meet several conditions including:

1. Indonesian citizens
2. Not legally disabled
3. Already 21 years old or married
4. Maximum age 70 years
5. Address at the local domicile
6. Running an active production business for at least 6 months
7. Do not get other credit from banks except the lending system consumption (Credit Card, KBB, or KPR).⁹

Bank BRI migrated the microcredit process from a manual input process to a fully digital one. In the process of working on customer credit proposals, marketing and micro analysts use the BRISPOT application. BRISPOT is a special application for BRI micro marketers to process loans. This application is useful for simplifying, automating and digitizing the process of submitting to loan disbursement at BRI.¹⁰

The following is the procedure for channeling people's business loans (KUR) to the BRI Jepara Branch Office Pelemkerep Unit:

1. Requirements for People's Business Credit (KUR) Application Documents

How to apply for a people's business credit loan (KUR) in 2022 can be done online and offline. Here's how to apply for BRI people's business loans (KUR)

⁹Interview with Mr. Agung Setiawan, Mantri BRI Pelemkerep Unit, July 22 2022.

¹⁰Kontan.co.id, "BRI Steps to Digitize Microcredit Distribution Via BRISPOT", <https://keuangan-kontan.co.id/news/jurus-bri-mendigitalisasi-penyialuran-credit-mikro-via-brispot>, Accessed on 19 February 2020.

online:

- a. Open the kur.brico.id page
- b. Select "submit a KUR loan" to apply for a KUR BRI loan.
- c. Login using your email address and password.
- d. After clicking "submit a KUR loan", then select "I am a BRI customer" then "agree and submit a loan".
- e. Verify by clicking "I'm not a robot".
- f. Next, fill in personal information such as full name, NIK, address, biological mother's name, and others.
- g. Then fill in business data such as type of business, income, business expenses, BRI account number, and others.
- h. Then upload the required documents such as KTP, business certificate, passport photo, and business photo.
- i. To enter the loan application page, click "next".
- j. Fill in the filing data or filing nominal and time period.
- k. To see the amount of installments to be paid, click "calculate installments".
- l. Then, click "submit a loan", next, a page for submitting information regarding the loan is approved or not will appear.

The procedure for channeling people's business loans (KUR) refers to Permenko Number 11 of 2017 concerning Guidelines for Implementation of People's Business Credit. If the submission procedure is appropriate and approved, the BRI Pelemkerep Unit, in this case marketing and micro analyst (MANTRI), will carry out field On the Spot activities for prospective borrowers to immediately follow up on the application. However, if the submission procedure is not approved because it does not meet the criteria, the BRI Pelemkerep Unit will immediately contact and provide confirmation to the prospective debtor.

Then prospective borrowers who wish to apply for an offline People's Business Credit Loan (KUR) can come directly to the nearest BRI Unit to register their loan application by bringing the necessary documents, such as:

- a. *Photocopy*identity card (KTP)
- b. *Photocopy*family card
- c. *Photocopy*marriage book (for married customers)
- d. Certificate of business permit from the local village hall
- e. *Photocopy*NPWP (for loan applications above fifty million rupiah)
- f. Passport photo

2. Checking Prospective Customer Data

After the customer has completed all the application documents for a people's business credit loan (KUR), the BRI Pelemkerep Unit, in this case

marketing and micro analyst (MANTRI), will check the authenticity of the file by checking whether or not the KTP and KK are original. Furthermore, the bank will input prospective customer data through BI Checking. This BI checking aims to find out a customer's loan history and ensure that the prospective customer does not have a working capital loan in either a bank or non-bank financial institution.

3. *SurveysField*

After checking the prospective customer's data, the marketing and micro analyst (MANTRI) will conduct a survey and visit directly to the field. This survey activity aims to reconfirm the initial information provided by prospective customers, whether it is in accordance with actual conditions or not and to find out whether or not prospective debtors are given a people's business credit (KUR), these activities include:

a. Interview

1) Extracting information regarding the domicile of the suitability of the place of residence with that listed on the identity card (KTP).

2) Extracting information regarding the prospective debtor's business whether it really exists and in accordance with what is stated by the prospective debtor.

3) Extracting information regarding matters related to the prospective debtor's business, namely:

- a) business profile
- b) length of business
- c) Capital
- d) Business Turnover
- e) Cost of goods sold
- f) rental costs
- g) Miscellaneous expense.

b. Retrieval of geotagging on Google maps and input of photo documentation on the BRISPOT application which includes:

1) Taking photos of the original documentation of KTP, KK, NPWP

2) Taking geotagging on Google maps and inputting photo documentation at the location where the prospective debtor lives

3) Taking geotagging on Google maps and inputting photo documentation at the location of the prospective debtor's place of business

4. Credit Analysis

After completing the field survey activities and proven to be true, then

marketing and micro analyst (MANTRI) will conduct data analysis on the BRISPOT application by inputting customer financial data regarding:

- a. Turnover
- b. Cost of goods sold (HPP)
- c. Total manpower
- d. Labor wage costs
- e. Tax costs
- f. Rental costs
- g. electricity costs
- h. household expenses
- i. Side income
- j. Total profit and loss

Credit analysis must be made in a complete, accurate and objective manner which at least includes:

- a. Describes all information related to the business and data of prospective debtors, including the results of research on the bad credit list.
- b. Assessment of the eligibility of the number of credit applications with the business activities to be financed, with the aim of avoiding the possibility of mark-up practices that could be detrimental to the bank.
- c. Presents an objective assessment and is not influenced by parties with an interest in credit applications.
- d. Assessment of the source of credit repayment is focused on the results of the business carried out by the applicant and provides a juridical aspect of credit with the aim of protecting the bank against risks that may arise.

5. Credit Recommendation

After completing the input of customer financial data, then marketing and micro analyst (MANTRI) will continue to input credit recommendation data into the BRISPOT application regarding:

- a. Input the type of credit use according to the intended use of credit by the prospective debtor
- b. Enter the economic sector according to the type of business of the prospective debtor
- c. Input the nominal loan ceiling that will be recommended
- d. Inputting the credit period
- e. Input nominal installments adjusted to the repayment capacity (RPC)/ability to pay installments by the prospective debtor.

- f. Inputting the installment payment pattern (there are three types of installment payment patterns, namely: monthly, seasonal, as well as paid off)
- g. Input loan interest rates (in this case the KUR BRI interest rate is 6% per year)
- h. Loan insurance input

6. Credit Verdict

After completing providing credit recommendations, the following will be sending credit initiatives to the BRISPOT application. Credit initiatives that have passed the Scoring will be forwarded to the Unit Head. Decision whether the credit application is approved or rejected, in this case the Unit Head makes a decision based on the results of a credit analysis conducted by marketing and micro analyst (MANTRI), in the event that a credit application is rejected, marketing and micro analyst (MANTRI) will immediately contact and notify prospective debtor, and if the credit application is approved, the prospective debtor's loan can be disbursed. The fiat authorities for people's business credit (KUR) decisions at the BRI Pelemkerep Unit are as follows:

- a. Loan IDR 1,000,000 (one million rupiah) to IDR 75,000,000 (seventy-five million rupiah) loan decision authority by the Unit Head
- b. Loan IDR 76,000,000 (seventy six million rupiah) to IDR 100,000,000 (one hundred million rupiah) loan decision authority by the Curious Assistant Manager (AMP)

7. Credit agreement

Credit initiatives that have received credit decisions must be included in the credit agreement. Making a credit agreement is made in writing and then recorded in a letter of acknowledgment of debt (SPH) which is signed by the debtor on a duty stamp as proof of approval that the debtor has entered into a credit agreement with the BRI Pelemkerep Unit. In the letter of acknowledgment of debt (SPH) must include:

- a. Provisions regarding the credit facilities provided, including regarding the maximum credit amount, credit period, credit purpose, credit form.
- b. Interest rates and costs incurred in connection with granting credit, including stamp duty and overdrawing fines.
- c. The power of the bank to charge the credit recipient's credit account for interest rates on overdrawn fines and interest in arrears as well as all kinds of costs incurred due to and for the implementation of specified matters that are borne by the credit recipient.

- d. *Representation* and warranties, which are statements from credit recipients on charges and all assets of credit recipients as collateral for credit repayment.
- e. *Condition precedent*, namely tough conditions that must be met by credit recipients in order to withdraw credit for the first time.
- f. *Affirmative* and negative covenants, namely obligations and restrictions on the actions of credit recipients as long as the credit agreement is still valid.
- g. Bank actions in the context of credit supervision and rescue.
- h. *Events of default/default/default/trigger clause* opeisbaar clause, i.e. the bank's actions at any time can end the credit agreement and will immediately collect all the money along with interest and other fees that arise.
- i. The choice of domicile/forum/law if there is a dispute in the settlement of credit between the bank and the customer receiving the credit.
- j. Provisions for the entry into force of the credit agreement and the signing of the credit agreement.

The application of such clauses is an attempt by Bank BRI Pelemkerep Unit to apply the precautionary principle in extending credit. Creditors do not want to experience losses caused by debtors who are unable to pay off their debts. Even though at the time of signing the credit agreement, the bank was in a strong position, on the other hand, when implementing the bank credit agreement, the bank became a weak party, because there was a possibility that the return or repayment of credit would experience a bottleneck.

8. Credit Disbursement

After the process of signing the debt agreement (SPH), the next process is that the debtor has the right to disburse loan funds which is the realization of the credit. The BRI Pelemkerep Unit is willing to disburse credit to debtors if all of the prescribed procedures have been fulfilled. Credit disbursement payments are made by the teller based on the receipt received from the head of the unit by first examining its validity.¹¹

After going through the stages of implementing people's business credit (KUR), the credit agreement was automatically born after being signed by both parties, namely the debtor and the BRI Pelemkerep Unit, where the debtor has received money for his loan from the bank. This is in accordance with the nature of the agreement itself, namely consensual obligatoir. The consensual nature of the agreement exists after an agreement has been reached between the creditor and the debtor as outlined in the form of signing the credit agreement itself, while the

¹¹Interview with Mr. Agung Setiawan, Mantri BRI Pelemkerep Unit, July 22 2022.

obligatory nature is evident in the existence of rights and obligations arising from the existence of the agreement. Upon the birth of the People's Business Credit Agreement (KUR), a legal relationship between the two was automatically born, namely the customer as the debtor and the bank as the creditor. The legal relationship in the agreement begins with the rights and obligations of each party that are different from each other. For the BRI Pelemkerep Unit, the obligation it has is a right that must be accepted by the debtor, and vice versa.

The rights and obligations of creditors are:

1. Creditor rights

The creditor has the right to receive a return on credit extended to the debtor, either in the form of installments or in other forms that have been agreed upon by both parties.

2. Creditor Obligations

Creditors have an obligation to submit an amount of money that has been previously agreed upon as a people's business credit loan (KUR). The BRI Pelemkerep Unit also has other obligations, namely conducting credit coaching to debtors.

Debtor's Rights and Obligations, namely:

1. Debtor's rights

The debtor has the right to receive a certain amount of loan money at a time agreed by both parties. The amount of loan money given is based on the smooth running of the business by the debtor. In addition, the debtor also has the right to determine the pattern of installments that must be paid to the creditor. In the case of submitting a credit application, the debtor has the right to receive guidance from the bank so that the credit runs smoothly.

2. Obligations of the Debtor

The debtor is obliged to use credit according to the terms of the credit agreement, return all credit loans that have been lent along with interest to be paid, the debtor is also required to comply with all the rules that have been included in the credit agreement and the rules set by the BRI Pememkerep Unit .

The BRI Pelemkerep Unit provides a timeframe for repaying credit based on the type of loan, namely:

1. Loans for working capital (KMK), the repayment period is 3 years.
2. Loans for investment (KI), the payback period is 5 years.

The people's business credit (KUR) installment pattern is in accordance with applicable regulations, at the BRI Pelemkerep Unit the usual installment pattern is paid monthly, seasonal and at the same time paid off. For Micro KUR debtors

whose business is increasing and requires additional credit, supplements and/or term extensions can be given to the same debtor, for the same loan amount or for additional loans as long as the following conditions are met, namely:

1. The said debtor cannot be categorized as bankable.
2. The maximum total loan exposure is IDR 100,000,000 (one hundred million rupiah).
3. The maximum extension period that can be granted is 6 years for working capital loans and 10 years for investment loans starting from the date of the initial credit agreement.¹²

Not all of the customers who obtained people's business loans (KUR) at the BRI Pelemkerep Unit were able to return them properly at the agreed time. In fact, there are always some customers who for some reason cannot return credit to the bank that has lent them. As a result, customers cannot pay off their debts in full, causing the credit process to stop or jam. Such a situation in civil law is called default or broken promise. As it is well known that credit is a loan agreement, a debtor who cannot pay off his debt after the expiration of the term is a default. Classification of credit at PT. Bank Rakyat Indonesia (Persero) Tbk is carried out based on several categories, namely as follows:

1. Current (Collectability 1)

Is a credit that has the following criteria:

- a. Timely payment of principal and/or interest installments.
- b. Have an active account mutation.
- c. Portion of loans secured by cash collateral.

2. Under Special Mention (Collectability 2)

Is a credit that has the following criteria:

- a. There are arrears in payment of principal and/or interest installments that have not exceeded 90 days.
- b. Overdrafts sometimes occur
- c. It is rare that there is a breach of the agreed contract.
- d. Movement of accounts is relatively low.
- e. Supported with new loans.

3. Substandard (Collectability 3)

Is a credit that has the following criteria:

- a. There are arrears in payment of principal and/or interest installments that exceed 90 days.
- b. Overdrafts often occur.
- c. There was a breach of the contract that was agreed upon for more than 90 days
- d. The frequency of account mutations is relatively low.

¹²Interview with Mr. Rudi Hardika, Mantri BRI Pelemkerep Unit, July 22 2022.

- e. There are indications of financial problems faced by debtors.
- f. Weak loan documents.

4. *Non Performing Loans*(Collectability 4)

NPL is a doubtful credit that has the following criteria:

- a. There are arrears in principal and/or interest installments that have exceeded 180 days.
- b. There is a permanent overdraft.
- c. There was a default of more than 180 days.
- d. There is capitalization of interest.
- e. Weak legal documents, both for credit agreements and collateral binding.

5. Blacklist (Collectability 5)

Is a credit that has the following criteria:

- a. There are arrears in payment of principal and/or interest installments that have exceeded 270 days.
- b. Operating losses were covered with new loans.
- c. From a legal perspective and market conditions, guarantees cannot be liquidated at a fair value.¹³

In this study, the theory of legal certainty is used to analyze the first problem formulation, namely regarding the procedure for channeling people's business loans (KUR) to the BRI Pelemkerep Unit, Jepara Branch Office.

According to Sudikno Mertokusumo, legal certainty is a guarantee that the law must be implemented in a good way. Legal certainty requires efforts to regulate law in legislation made by authorized and authoritative parties, so that these rules have a juridical aspect that can guarantee certainty that the law functions as a rule that must be obeyed.¹⁴

In the credit distribution process, it often happens that the creditor is harmed when the debtor defaults, so a legal rule is needed in the implementation of the people's business credit agreement (KUR) contained in a credit agreement, which aims to provide legal certainty guarantees for related parties. especially for the creditor if the debtor defaults or does not fulfill his obligations. The people's business credit agreement (KUR) is made in writing to protect the interests of creditors. In this case, the people's business credit agreement (KUR) is included in the private deed. The deed which is the most important written evidence in civil cases is a letter signed, containing information about events or matters that form the basis of an agreement, It can be said that the deed is a writing by which a legal action is stated. a private deed that is recognized against anyone is undeniable

¹³Interview with Mr. Rudi Hardika, Mantri BRI Pelemkerep Unit, July 22 2022.

¹⁴Zainal Asikin. (2012). Introduction to the Indonesian Legal System. Jakarta: Rajawali Press. matter. 46.

proof that the parties concerned have put a statement as written in the deed. The deed proves the statement of the will or intention of both parties, proves that there is an agreement if the deed is fulfilled by one of the parties against the other party in the deed, then that party can thus prove that he has the right to sue his opponent.¹⁵

In credit transactions or borrowing money, it is known as the type of agreement without collateral. The following is the meaning of the type of unsecured credit transaction agreement:

1. There is no guarantee (not guaranteed) or no protection (not protected) for the fulfillment of debt repayments.
2. In this case, the repayment of debt repayment is not guaranteed by an item that has a value or price that equals or exceeds the loan amount.
3. Viewed from various aspects, these transactions can be categorized as:
 - a. From a business perspective, transactions like this are called unsecured debt.
 - b. From a juridical perspective, it is in the category of unsecured claims, and the creditors are in the category of unsecured creditors.

A debt is called unsecured, if the transaction:

1. Not guaranteed by certain objects or goods that are deliberately given by the debtor to guarantee the fulfillment of debt repayments.
2. Thus, debts or loans are not protected by collateral items that are specialists with separatist and preferential rights, so creditors do not have the primary right to fulfill payments from other creditors.
3. the creditor's position on the debtor's assets in the context of fulfilling debt repayments, is concurrent or competitive with other creditors.

Regarding people's business credit collateral (KUR), in this case it refers to the Regulation of the Coordinating Minister for the Economy of the Republic of Indonesia Number 1 of 2022 concerning Guidelines for Implementation of People's Business Credit, Article 14 paragraphs 1, 2, 3 and 4 which reads that:

¹⁵Richard Cisanto Palit. "Strength of Deeds Under Hand as Evidence in Court". Lex Privatum Vol 3 No 2 (2015). p.s. 140. urls :<https://ejournal.unsrat.ac.id/v3/index.php/lexprivatum/article/download/7842/7406> accessed on 04 May 2015.

(1) KUR collateral consists of:

- a. principal collateral and
- b. additional collateral.

(2) The main collateral as referred to in paragraph (1) letter a is a business or object financed by KUR.

(3) Additional collateral as referred to in paragraph (1) letter b applies to small KUR above IDR 100,000,000.00 (one hundred million rupiah) and special KUR above IDR 100,000,000.00 (one hundred million rupiah) according to the policy/assessment of the KUR dealer.

(4) Additional collateral as referred to in paragraph (1) letter b is not required for super micro KUR, micro KUR, special KUR up to IDR 100,000,000.00 (one hundred million rupiah), and KUR for the placement of Indonesian migrant workers.

Legal certainty for creditors in credit agreements for people's business credit (KUR) if the debtor defaults or defaults, while credit transactions are not bound by assessors with certain goods guarantee agreements, so that the guarantee of fulfillment is subject to the provisions of Article 1131 of the Civil Code, the ways of fulfillment that can be taken and the creditor is trying to:

1. Filed a Civil Lawsuit to the District Court

If an attempt is made to compromise or reconcile but the debtor does not want to correct his negligence, the only way that can be taken is a litigation process, namely suing the debtor to fulfill his obligations through the court.

2. Ask for Collateral Confiscation of the Debtor's Assets

In order for the lawsuit to be more effective and not pampa (illusoir), the creditor can ask the Court to place collateral against the debtor's assets (conservatoir beslag).

In Article 1234 of the Civil Code it says that each engagement is to give something to do something or not to do something. Default can be in the form of not fulfilling obligations at all or being late in fulfilling obligations, or fulfilling obligations, but not as what has been agreed. Furthermore, the non-fulfillment of the provisions of Article 1320 of the Civil Code regarding the legal requirements of an agreement is a reason for canceling or being able to cancel an agreement/agreement through a lawsuit. According to Article 1320 of the Civil Code that the terms of the agreement are:

1. Agreed those who bind himself
2. The ability to make an engagement

3. A certain thing
4. A lawful reason

According to Article 1266 of the Civil Code, if there is a breach of contract which results in a loss for the creditor, the creditor can sue, namely:

1. Engagement fulfillment
2. Fulfillment of engagement with compensation
3. Compensation
4. Cancellation of mutual consent
5. Cancellation with compensation.¹⁶

The results of this study were reviewed using the theory of legal certainty. According to Gustav Radbruch legal certainty is one of the objectives of the law itself. justice and legal certainty must be considered and maintained for the security and order of a country. Law is a positive thing that is able to regulate the interests of every human being in society and must always be obeyed. Based on the theory of legal certainty and the values to be achieved are the values of justice and happiness. With legal certainty, it will guarantee that someone can carry out a behavior that is in accordance with the provisions of the applicable law and vice versa. Without legal certainty, an individual cannot have a standard provision to carry out a behavior.

4. Conclusion

Legal certainty is a guarantee regarding the law that contains justice. According to Gustav Radbruch legal certainty is one of the objectives of the law itself. justice and legal certainty must be considered and maintained for the security and order of a country. Law is a positive thing that is able to regulate the interests of every human being in society and must always be obeyed. In the case of people's business credit (KUR) collateral, which refers to the Regulation of the Coordinating Minister for the Economy of the Republic of Indonesia Number 1 of 2022 concerning Guidelines for the Implementation of People's Business Credit, Article 14 paragraph (2) which confirms that the principal collateral is a business or object financed by KUR. So legal certainty for creditors in the people's business credit agreement (KUR) if the debtor defaults or defaults, while the credit transaction is not bound by an assessor with a guarantee agreement on certain goods, so that

¹⁶Jamillah. "Implementation of Article 1131 of the Civil Code on Guarantees of Objects belonging to the Debtor". *Mercatoria* Vol 10 No 2 (2017). p.s. 143-144. url :<https://ojs.uma.ac.id/index.php/mercatoria/article/view/1150/1207> accessed December 30, 2017.

the guarantee of fulfillment is subject to the provisions of Article 1131 of the Civil Code, the method of fulfillment that can be taken and strived by creditors.

5. References

Arsane, Wayan., & Nyoman Ari Surya Darmawan. (2021). "Procedure for Distribution of People's Business Credit (KUR) at PT. Bank Rakyat Indonesia (Persero)". *Widya Accounting and Finance* Vol 3 No 1 (2021). url :<https://ejournal.unhi.ac.id/index.php/widyaakunansi/article/view/1217/783> accessed on 28 February 2021.

Enjoy, Zainal. (2012). *Introduction to the Indonesian Legal System*. Jakarta: Rajawali Press.

Jamillah. (2017). "Implementation of Article 1131 of the Civil Code on Guarantees of Objects belonging to the Debtor". *Mercatoria* Vol 10 No 2 (2017). url :<https://ojs.uma.ac.id/index.php/mercatoria/article/view/1150/1207> accessed December 30, 2017.

Kustriyo, & Aryani Witasari. (2018). "Abuse of authority in position and redemption of credit fictitious apparatus for civil state (ASN) PD. People's Credit Bank (BPR) Sumber Cirebon District ". *Journal of Sovereign Law* Vol 1 No 1 (2018). url :<http://jurnal.unissula.ac.id/index.php/RH/article/download/3396/2505> accessed on 10 September 2018.

Lubis, Riskha Amaliya., & Maryanto. (2018). "Outcome Measures of Non-Performing Loans on BPR Sejahtera Klaten Of Central Java". In the *Sovereign Law Journal* Vol 1 No 3 (2018). url :<http://jurnal.unissula.ac.id/index.php/RH/article/view/3400/2509> accessed on 10 September 2018.

Maisa. (2018). "Juridical Analysis of Guidelines for Implementing People's Business Credit". In *Maleo Law Journal* Vol 2 No 2 (2018). url :<https://jurnal.unismuhpalu.ac.id/index.php/MLJ/article/download/773/517> accessed on 24 September 2019.

Palit, Richard Cisanto. (2015). "Strength of Deeds Under Hand as Evidence in Court". *Lex Privatum* Vol 3 No 2 (2015). url :<https://ejournal.unsrat.ac.id/v3/index.php/lexprivatum/article/download/7842/7406> accessed on 04 May 2015.

Pratama, Dhika Rachmat., & Amin Purnawan. (2018). "Default In And Credit Agreement And Implementation Of Solution Efforts (A Case Study Of Decision 336 / Pdt / G / 2016 / Pn.Smg)". *Journal of Sovereign Law* Vol 1 No

2 (2018). url
:<http://jurnal.unissula.ac.id/index.php/RH/article/download/3272/2407> accessed on 15 June 2018.

Subiyantoro, Rachman, Slamet Suhartono, & Sri Setyadji. (2020). "Legal Reasons for Credit Risk Mitigation in Credit Disbursement". *Akrab Champion Journal* Vol 5 No 1 (2020). url
:<https://www.akrabjuara.com/index.php/akrabjuara/article/view/921/813> accessed December 30, 2020.

Sujarweni, V. Wiratna., & Lila Retnani Utami. (2015). "Analysis of the Impact of KUR (People's Business Credit) Revolving Fund Financing on MSME Performance (Case Study in the Special Region of Yogyakarta)". In the *Journal of Business and Economics* Vol 22 No 1 (2015). url
:<https://www.unisbank.ac.id/ojs/index.php/fe3/article/download/4119/1156> accessed on 30 March 2015.

Sutomo, Sriwati. (2018). "The Foreclosed Collaterals As A Resolution For Bad Credit In Indonesia Banking System". *Journal of Sovereign Law* Vol 4 No 4 (2018). url
:<http://jurnal.unissula.ac.id/index.php/RH/article/download/18061/6153> accessed November 28, 2021.