

Legal Protection for Creditors in Providing People's Business Credit (KUR) Without Collateral at Bank Nagari, Siteba Branch, Padang City

Muhammad Hafizh Syofian

Faculty of Law, Universitas Islam Sultan Agung, Semarang, Indonesia, E-mail: hafizhsyofian@gmail.com

Abstract. *This study aims to analyze: 1) To determine and analyze the credit granting procedure at Bank Nagari, Siteba Branch, Padang City. 2) To determine the legal protection for creditors in the event of bad debt. The approach method used in this study is an empirical approach. An approach that focuses on field research by going directly to the object or field, so as to gain a deep understanding of People's Business Credit, and the problems faced in reality. The results of the research and discussion, after conducting research on creditor protection for debtors who experience bad debts on People's Business Credit financing, in carrying out the initial procedures before granting credit, have been carried out well, namely by applying the principle of prudence in providing credit. Bank Nagari, Siteba Branch, Padang City has done it in accordance with the regulations, with the aim of minimizing the risk of bad debts that are important and supporting economic stability and national development. The study found that legal protection for creditors for debtors who experience payment difficulties, in this case the most fatal to the point where their whereabouts cannot be found, can make a People's Business Credit insurance claim, with the aim of reducing losses for Bank Nagari, Siteba Branch, Padang City.*

Keywords: *Legal Protection; People's Business Credit; Problematic Credit.*

1. Introduction

Since the launch of the People's Business Credit (KUR) program by President Susilo Bambang Yudhoyono on November 5, 2007, access to capital, which has always been a major obstacle for MSMEs in developing their businesses, has slowly begun to be eroded by the KUR program. Through a credit or financing scheme without collateral, especially under Rp. 20,000,000 (twenty million rupiah), even small traders are confident in developing their businesses and upgrading them to become more developed business units. The increase in the

number of MSMEs must continue to be supported by the creation of an ecosystem that fosters the entrepreneurial spirit of the community in an effort to contribute to the performance of the national economy.¹

In practice, small businesses operating in the trade sector are the largest recipients of credit under the People's Business Credit (KUR) program. The legal basis for these micro-enterprises is Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises. One of the roles of banks, namely supporting the government's efforts to advance small and medium enterprises, is by acting as implementing banks for KUR distribution. One such bank is Bank Nagari, Siteba Branch, Padang City, which is one of the banks appointed by the government to implement KUR for MSMEs.

To ensure smooth credit disbursement, banks first conduct a survey and analysis of creditors' ability to repay the loan in accordance with the terms of the loan agreement. However, in practice, there are still debtors who default on their KUR payments, which creates a problem for banks, as the loans are made without any collateral. Initially, payments are made smoothly, but then installments begin to fall into arrears midway through the loan period. This phenomenon of defaulted payments has a significant impact on the banking system, as this study examined Bank Nagari's Siteba branch in Padang City.

The data obtained by the author from Bank Nagari Siteba Branch in this case is a case of bad credit on People's Business Credit, which occurred to Mr. I who had a loan amount of Rp. 80,000,000,- (eighty million rupiah), this loan is a type of People's Business Credit loan provided by Bank Nagari Siteba Branch. However, in the middle of the installment payment process, the Debtor in this case exchanged contact numbers and moved houses in this case it can be said to have "run away" from his residence. This is certainly a problem for the Creditor as a loan provider for the Debtor, considering that in this case the loan is given without any collateral.

Based on the description above, the author is interested in researching and analyzing the procedures and legal protection for creditors at Bank Nagari Siteba Branch in Padang City, considering that this People's Business Credit is a provision of credit without collateral based on one of the principles of trust and efforts made by the Debtor. Thus the title of this research is "Legal Protection of Creditors of Bank Nagari Siteba Branch Against the Provision of People's Business Credit (Kur) Who Do Not Have Credit Collateral in Padang City Area".

2. Research methods

This research can be classified as empirical legal research. The data types and sources used are primary and secondary data obtained through interviews and literature review. The data analysis method used is descriptive analysis.

¹ <https://www.mpr.go.id/berita-terus-tingkatkan-peran-umkm>, accessed on September 2, 2025, at 0:11 WIB.

3. Research Results and Discussion

3.1. Procedures for Providing People's Business Credit at Bank Nagari Siteba Branch in Padang City

The process of granting People's Business Credit (KUR) at Bank Nagari, Siteba Branch, consists of several stages that adhere to banking principles. Granting credit requires the bank to carefully assess the debtor's character, capabilities, capital, collateral, and business prospects. Collateral is a key element in providing credit, making it impossible to grant credit without adequate collateral. However, this would certainly lead to uncertainty about providing credit facilities if the debtor lacks sufficient collateral. Therefore, granting unsecured credit should be viewed from a different perspective, such as within civil law. In short, since the bank does not initially determine the collateral, based on Articles 1131 and 1132 of the Civil Code, the debtor's entire assets serve as collateral for the debt.

Article 8 paragraph (1) of Law Number 10 of 1998 concerning Banking has emphasized the issue of risk, stating that credit or financing based on sharia principles provided by banks contains risks, so that in its implementation banks must pay attention to the principles of sound credit or financing principles. To reduce this risk, guarantees for the provision of credit or financing based on sharia in the sense of confidence or ability and capability of the debtor customer to pay off obligations in accordance with what was agreed by the Bank are matters that must be carefully considered.

The principle of prudence should undeniably be consistently applied to ensure banks remain healthy and maintain high public trust. Under such circumstances, the public will be confident in depositing funds with banks. Banks must avoid hasty or rash decisions regarding credit applications, as they must consider various factors wisely to avoid future credit risks.

Based on the results of the author's interview with Mr. Oky Ulya Rahman, in the Credit Analyst section, in providing unsecured People's Business Credit loans, Debtors must go through several stages as a manifestation of the Bank's prudential principle in providing or distributing People's Business Credit to the right target. Several procedural stages that Debtors must go through are: OJK SLIK Check for People's Business Credit, formerly known as BI Checking, is mandatory to ensure that the Debtor has a smooth credit history with collectibility 1 or 2. The check is carried out by the banking marketing team independently on the official website provided by the Financial Services Authority. If there are problematic records, then in this case the Creditor can give the Debtor time to complete the records, to prepare the requirements for passing the Credit.

Once the prospective debtor's SLIK OJK is declared safe and can be followed up, the marketing team will input the data and identity documents required to obtain or apply for a People's Business Credit loan. The team will conduct a survey to determine the debtor's eligibility for the People's Business Credit, including visiting the business owned by the debtor, in accordance with the

purpose of providing the People's Business Credit. If all are deemed eligible by the bank's internal audit, an agreement will be signed with the debtor who is deemed eligible and capable of repaying the People's Business Credit loan, with the hope that it will be on target.²

Bank Nagari, Siteba Branch, has established a commitment to implementing the principle of prudence in providing credit. The process of providing People's Business Credit is then bound by an agreement in the loan. This relates to the theory of agreements, between the Debtor and the Creditor. The Creditor acts as the lender or provider of the loan, and the Debtor acts as the applicant and recipient of the loan. According to Black's Law Dictionary, an agreement is an agreement between two or more people. This agreement creates an obligation to do or not do something partially. The core definition contained in Black's Law Dictionary is that a contract is seen as an agreement between the parties to carry out an obligation, whether to do or not to do something partially.³

3.2. Legal Protection for Bank Nagari Siteba Creditors in Padang City When Debtors Default on Payments

Unsecured loans are a banking product that provides loans without any assets as collateral. This lack of collateral also means these products typically charge relatively higher interest rates than loans that require collateral. However, unsecured loans do require collateral, not collateral, but rather the applicant's salary. Generally, the primary requirement for obtaining a loan is a payslip from those with a fixed salary and income. This fixed income is expected to be the source of loan installment payments.

In situations of bad debt, several legal strategies can be used to assist debtors, particularly those experiencing financial difficulties that make it impossible to repay their debts. These strategies allow debtors to gradually meet their obligations, allowing both creditors and debtors to benefit from a fair and measured resolution.

Bad debts are certainly detrimental to creditors as providers or distributors of People's Business Credit, which is generally for loans under Rp. 100,000,000 (one hundred million rupiah) up to Rp. 50,000,000 (fifty million rupiah), which do not require collateral. This means that creditors in this case have no collateral at all.

Based on the author's interview with Riki Gusti Mahardika, the credit recovery section at Bank Nagari, Siteba Branch, Padang City, provided two examples of bad credit problems in Mr. I, with a People's Business Credit Loan Ceiling of Rp. 80,000,000,- (eighty million rupiah), who has a pharmacy business, initially the credit ran smoothly in terms of payments until in the 14th month it began to experience arrears, resulting in bad credit. Likewise in the case of Mrs. Y with a People's Business Credit ceiling of Rp. 50,000,000,- (fifty million rupiah) with a daily goods business, which experienced a jam in the third year of the loan. All of

² Interview Results with Mr. Oky Ulya Rahman, Credit Analyst, Bank Nagari, Siteba Branch, Padang City.

³HS Salim, 2003, Development of Innominaat Contract Law in Indonesia, Sinar Grafika, Jakarta, p.16.

these things were caused by the business not running smoothly which then caused the installment obligations to become stuck or arrears in payments.⁴

Riki mentioned several obstacles in demanding credit payments from the Debtor, one of which was the existence of bad behavior from the Debtor, when a re-survey was conducted, the Debtor was stated to have no news or had moved from the previously registered residence, could not be found and changed his cellphone number. Next, the form of bad faith from the Debtor, it was found that the People's Business Credit financing was not allocated properly by the Debtor, with the loan money then being distributed to family members, so that the allocation of the Credit was not appropriate which caused the problem credit to arise.

In an effort to resolve problematic People's Business Credit (KUR), Bank Nagari, Siteba Branch, implemented various measures to assist debtors experiencing financial difficulties. This was done with the aim of supporting the sustainability of small businesses, which are a vital part of the economy. As a banking institution committed to the success of its debtors, Bank Nagari, Siteba Branch, Padang City, implemented a personal and strategic approach, ensuring that the resulting solutions were not only effective but also understandable and well-received by debtors.

However, the next problem is that debtors who do not act in good faith, abandon obligations that are certainly detrimental to Bank Nagari Siteba Branch as a distributor of People's Business Credit loans. The bank in this case cannot do anything because the nature of People's Business Credit with loans under 100 million provides the opportunity for debtors to not include collateral, but can be seen from the business prospects and capabilities of the debtor. In this case, to protect creditors, Bank Nagari Siteba Branch will ultimately make a People's Business Credit insurance claim, as a form of claim against obligations not paid by the debtor. This is a form of protection and legal certainty for Bank Nagari Siteba Branch Padang City, against debtors who do not act in good faith. Legal protection as intended, according to Philipus M Hadjon: that legal protection is the dignity and respect, as well as the recognition of human rights owned by legal subjects based on legal provisions from arbitrariness. The protection provided by law is also related to the existence of rights and obligations in this case owned by humans as legal subjects in their interactions with other humans and their environment. As legal subjects, humans have rights and obligations regarding a legal action.⁵

The form of legal protection determines what the debtor must do and how the protection for creditors will be provided when the KUR loan defaults, which is inherently detrimental to the banking sector. In Peter Mahmud's view, legal certainty can be understood through two main concepts. First, the existence of general rules that provide individuals with an understanding of permissible and impermissible actions. Therefore, in this case, the option of filing an insurance

⁴ Research Data Research.

⁵ Philipus M Hadjon, 1987, Legal Protection for the Indonesian People, Bina Ilmu, Surabaya, p.45.

claim for People's Business Credit provides legal certainty for creditors who, in this case, can be said to be disadvantaged.

4. Closing

Legal protection for creditors in the event that the debtor acts in bad faith, by failing to fulfill their obligations in paying installments, is carried out in several stages first until the debtor is declared a bad debt. The creditor will first provide options ranging from holding a discussion first to requiring the debtor to only pay the principal portion of the debt. However, the problem, he continued, is for debtors who do not act in good faith by not paying installments, even disappearing from news and moving from their previous residence. The form of protection and legal certainty for creditors, namely Bank Nagari Siteba Branch, Padang City, is by making an insurance claim against the debtor's default.

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