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Relativity Of Reschedule And Restructure Products To Non Performing Loan (NPL) Customers At Pnm Mekasar Singgahan Branch

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Abstract

Delinquent customers are an obstacle for the debtor to recover the capital provided. As the debtor, PNM Mekaar Singgahan Branch looks for ways from various negotiations for delayed payments to customers or creditors, to giving reprimands or sanctions to customers if the customer has been stuck or affected by a decrease in business income. In order for customers to be free from bankruptcy or default, Restructure and Reschedule products are present. The purpose of the study was to determine the effectiveness of rescheduling and restructuring on NPLs for PNM Mekaar customers in the Singgahan branch. This research uses qualitative methods with data collection techniques through in-depth interviews and correspondent observation, by collecting nominative data for the last 8 weeks. The data collection process was carried out collectively in 5 villages. The results show that reschedule and restructure products have different effectiveness in reducing NPL rates. Restructure products are proven to be more effective in reducing NPL rates compared to reschedule products. This is because restructuring products provide a more comprehensive and sustainable solution for NPL customers.

Keywords* : *Non Performing Loan(NPL); Reschedule; Restruktur.

INTRODUCTION

The Membina Ekonomi Keluarga Sejahtera program or commonly known as Mekaar, is an institution established by PT Permodalan Nasional Madani (PNM) in 2016. An institution that serves the community in the capital of Micro, Small and Medium

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Enterprises (MSMEs) with business assistance activities carried out in groups (Sagita & Imsar, 2020). The significant role of Micro, Small, and Medium Enterprises (MSMEs) in the Indonesian economy can be seen through their position in the business world. The existence of MSMEs in the Indonesian economy has a strong influence (Halim 2021).

The role of the Micro, Small, and Medium Enterprises (MSMEs) economic sector is very significant in driving the economic growth of the community. MSMEs have proven that Indonesia could survive when hit by the 1997-1998 economic crisis. This is partly because the economic crisis did not have much impact on the sustainability of its MSMEs, as they did not rely on large amounts of capital or foreign currency loans. Easy access to capital is one of the factors in the development of small businesses today (Primadhita and Budiningsih 2020).

Reporting from the news liputan6.com data on August 9, 2021 the number of people who joined PNM Mekaar has reached 10.1 million. These results show that many Indonesians depend on financial institutions to get capital. The results of this data have increased from the initial number of members who joined since PNM Mekaar was formed in 2016 to 2017, which only had 1.5 million members, this was explained by President Jokowidodo in a review of the capital provided to PNM Mekaar capital financial institutions (Ulfa, et al 2023). Taking into account the condition of MSMEs and the large role of this sector in the national economy as well as the prospects for future growth in this sector, in September 2021 the government realized the formation of an Ultra Micro Holding consisting of PT Permodalan Nasional Madani, PT Bank Rakyat Indonesia (Persero), Tbk. and PT Pegadaian as part of efforts to increase MSME empowerment in the country.

The joining of PNM into the Ultra Micro Holding gives a new spirit for the management and all PNM people to continue to increase its role in empowering the MSME sector in the country. Management realizes that in advancing this sector, especially the ultra-micro and micro sectors, it is necessary to increase the level of financial literacy and the introduction of digitalization to business actors. For this reason, PNM is committed to "Presenting Financial Literacy and Digitalization of Ultra Micro Business" in order to advance the MSME sector, especially to economically active underprivileged women's groups so that it is hoped that later they can provide many times the benefits to many people.(PNM.co.id, 2023).

In running its business, PNM Mekaar does not escape the risk of bad credit or Non-Performing Loan (NPL). NPLs occur when customers are unable to fulfill their installment payment obligations, which can be caused by various factors such as natural disasters, economic fluctuations, or customer personal problems (Lumintang, et al 2019).

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Most of the causes of business congestion were undertaken by customers at the beginning of the COVID-19 pandemic, which caused not only MSME business actors to be affected, but the whole world was also affected (Ulfa, et al 2020).

Not only business people are affected, of course all financial and financial companies are also affected. Similar to what is faced by PT Permodalan Nasional Madani (PNM) Mekaar Syariah is that many customers are late in making loan installment payments, this is due to the decline in customer income due to the pandemic and the implementation of the PSBB so that many customers have lost their customers and for workers at PT Permodalan Nasional Madani (PNM) Mekaar Syariah itself they must meet targets to maintain the stability of company income and the return of funds borrowed by the customers themselves.

The Indonesian government finally provides a solution and provides a credit relaxation policy or what is known as restructuring as an effort to maintain the stability of market forces and reduce the risk of bad credit. With restructuring, it is hoped that creditors or customers affected by maturity will prevent bankruptcy of the affected customers (Asyhadi, 2020), one of the objectives of this credit restructuring is targeting micro, small and medium enterprises (MSMEs) which are the most affected part of society due to the pandemic. POJK 48/2020 explains that debtors who get special treatment in this POJK are debtors including MSME debtors who have difficulty fulfilling obligations to banks because debtors are affected by the spread of COVID-19 either directly or indirectly. (POJK, 2020)

Reschedule or rescheduling is a change in the payment schedule of customer obligations and the period, excluding the extension of financing that meets the current quality and has matured and is not due to a decrease in the customer's ability to pay. Based on research relative to the effectiveness of the reschedule procedure in controlling banking financial problems, Rusydah Bariroh (2022) argues based on related research and concludes that the implementation of the reschedule is the most effective step taken by BRI Syariah KCP Mojosari to solve financial problems in the COVID-19 pandemic. In contrast to the results of Maghfiroh's research (2017), he argues that the reschedule procedure can cause a surge in problem customers, because reschedule products have a longer tenor, which is considered to take a lot of time.

Not only that, the company must be able to understand maximally to reach customers who have credit problems with debtors/companies. Based on the two studies, the first study suggests that reschedule implementation is an effective way to solve financial problems. In the second study, although the reschedule procedure can solve the

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problems of the customers involved/affected, the procedure is not very effective because it takes a long time, and, there must be a maximum approach to the affected customers. Ultimately, the effectiveness of the reschedule product depends on different populations that affect the surrounding social environment that has been studied (Hidayati & Marsono, 2023).

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Several studies have been conducted to study the effectiveness of rescheduling and restructuring on NPLs in the financial sector. Based on research (Lestari & fauzan, 2018), found that rescheduling and restructuring can help reduce NPL rates and increase loan recovery rates. In addition, research conducted by (Purwanto & Dewi, 2020), found that rescheduling and restructuring are more effective for customers who have good economic potential and have a high commitment to pay their obligations.

At PNM Mekaar Singgahan branch, the NPL rate is still relatively high. This can have a negative impact on the company's financial performance and hinder new lending. Therefore, it is necessary to conduct research to determine the effectiveness of rescheduling and restructuring on NPLs for PNM Mekaar customers in the Singgahan branch.

LITERATURE REVIEW

NPL, or Non-Performing Loan, is a loan that is non-performing, substandard, doubtful, or bad. NPLs occur when borrowers do not pay their loan installments on time, both principal and interest. The period of time considered untimely can vary, but is usually 90 or 180 days, NPLs are one indicator of the health of a financial institution's assets. A high NPL ratio can reduce bank income, lower bank performance, and hamper lending. Therefore, Bank Indonesia and OJK use the NPL ratio as a basis for evaluating the performance of banking companies. According to Bank Indonesia Regulation Number: 6/10/PBI/2004 dated April 12, 2004, the higher the NPL value (above 5%), the unhealthy

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the bank. Bank Indonesia Regulation Number 15/2/PBI/2013 limits the maximum NPL value of banks to 5% (Khotul Hamidah, et al. 2023).

Rescheduling in banking is the rescheduling of non-performing financing. This is one way for banks to overcome the risk of non-performing financing. Rescheduling can involve changes to the payment schedule, term, grace period, and/or amount of installments. Rescheduling, is the first action of the bank in saving credit by changing the credit terms regarding the payment schedule of funds or the time period.

According to another opinion, Rescheduling is a change in the payment schedule for customer obligations, or the time period. According to PBI number 13/9/PBI/2011, it is an amendment to PBI number 10/18/PBI/2008 regarding changes in the payment schedule for customer obligations or the time period. In line with the above definition, SEBI number 13/18/DpbS changes to SEBI number 10/34/DpbS is one of the efforts to minimize potential losses caused by non-performing financing by changing the payment schedule of customer obligations and the time period (Nasution, Nurselina. 2021).

According to OJK, credit restructuring is an improvement effort carried out in credit activities against debtors who have the potential to experience difficulties in fulfilling their obligations. The credit restructuring policy carried out by the bank includes, among others, a reduction in credit interest rates, an extension of the credit period, a reduction in credit interest arrears, a reduction in credit principal arrears, an increase in credit facilities, and / or conversion of credit into temporary equity participation. There are several requirements to apply for credit restructuring to the bank, namely: Debtors experiencing difficulties in paying principal and/or interest; and Debtors have good business prospects and are considered capable of fulfilling obligations after the credit is restructured (https://sikapiuangmu.ojk.go.id/)

RESEARCH METHODS

This research uses qualitative methods with data collection techniques through in-depth interviews and correspondent observation. In-depth interviews were conducted with NPL customers of PNM Mekaar Singgahan Branch, and PNM Mekaar Singgahan Branch officers. Participant observation was carried out by following the activities of PNM Mekaar Singgahan Branch in handling NPL customers accompanied by a collection of nominative data for the last 8 weeks as support. The data collection process is carried out collectively in 5 villages with the highest NPL rates every week, where correspondents are interviewed and voluntarily provide statements as a form of participation in the data collection, Thus, the key informants in this study were 5 informants.

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Table 1. List of key informants

No	Coding	Length Of Work	Job
1	NFF	2 Years 2 Months 12 Days	Account Officer team Hunter (collection of problem customers)
2	FR	3 Years 10 Months 23 Days	Senior Account Officer (SAO)
3	JMN	25 Years	Customer/business actor MSMES
4	SM	23 Years	Customer/business actor MSMES
5	ST	12 Years	Customer/business actor MSMES

Source: Data Processed, 2024

Based on the data from the interviews above, along with other supporting data, it aims to analyze the process of how relative the role of Reschedule and Restructure products is in efforts to reduce the number of NPL customers at PNM Mekaar Singgahan Branch.

RESULTS AND DISCUSSION

Based on the research results, reschedule and restructure products have different effectiveness in reducing NPL rates. Restructure products are proven to be more effective in reducing NPL rates compared to reschedule products. This is because restructuring products provide a more comprehensive and sustainable solution for NPL customers.

The data used in this study involves an analysis of the loan portfolio and the effectiveness of the reschedule and restructuring strategies adopted by the financial institution. Because the tenor given to reschedule products tends to be longer than

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restructuring products, customers who return to become regular customers, or who have been released from the "NPL" status, are mostly customers who have followed the restructuring procedure with smooth installments afterwards. Accompanied by special assistance, so that customers again comply with financing procedures properly and correctly, NPL customers with reschedule products tend to be more vulnerable to the return of these customers to NPL status compared to NPL customers with restructuring products.

Based on table 2, shows the number of NPL customers in the first month of research which tends to be higher than the month after. Data is updated every week, where the first week is obtained before the research takes place. There was a decrease from week two to week four using the product offering and introduction method.

Table 2. Number of customers NPL

Village Name	Number of customers NPL			
	Week-1	Week-2	Week-3	Week-4
Lajo Kidul	40	40	35	32
Lajo Lor	47	30	35	28
Tunggulrejo	73	71	68	68
Mulyoagung	42	33	33	21
Trembulrejo	31	30	19	21

Source: Data Processed, 2024

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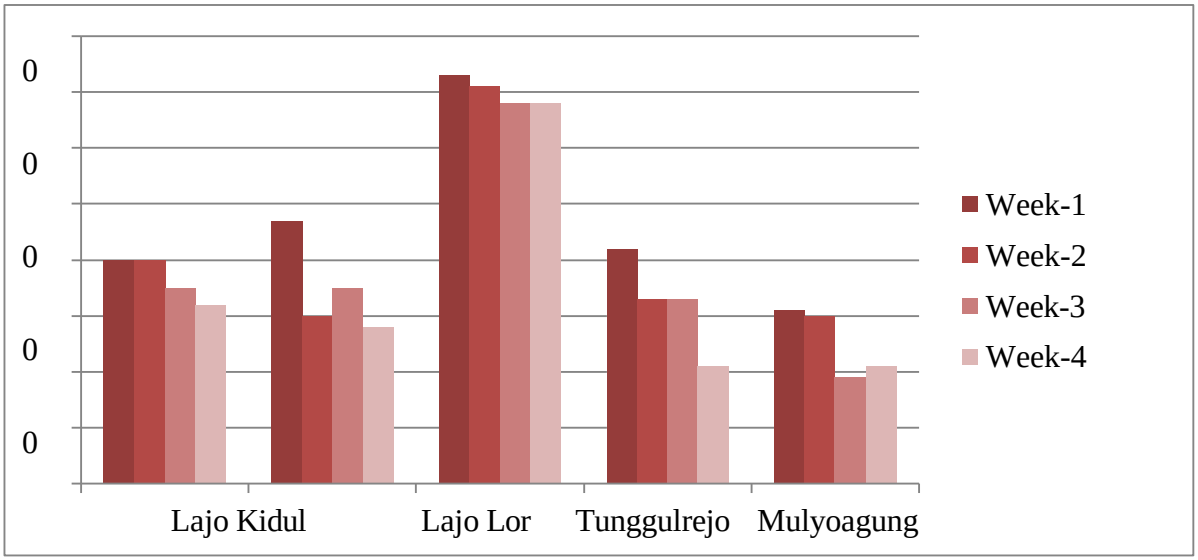


Figure 1. Number of customers NPL

Source: Data Processed, 2024

There was a rather drastic decline after the offer and product introduction, however, the researcher tried the last method for research in the last four weeks, namely the intensive approach method, in table 3, there is a decline again with a more significant decline.

Table 2. Number of customers NPL

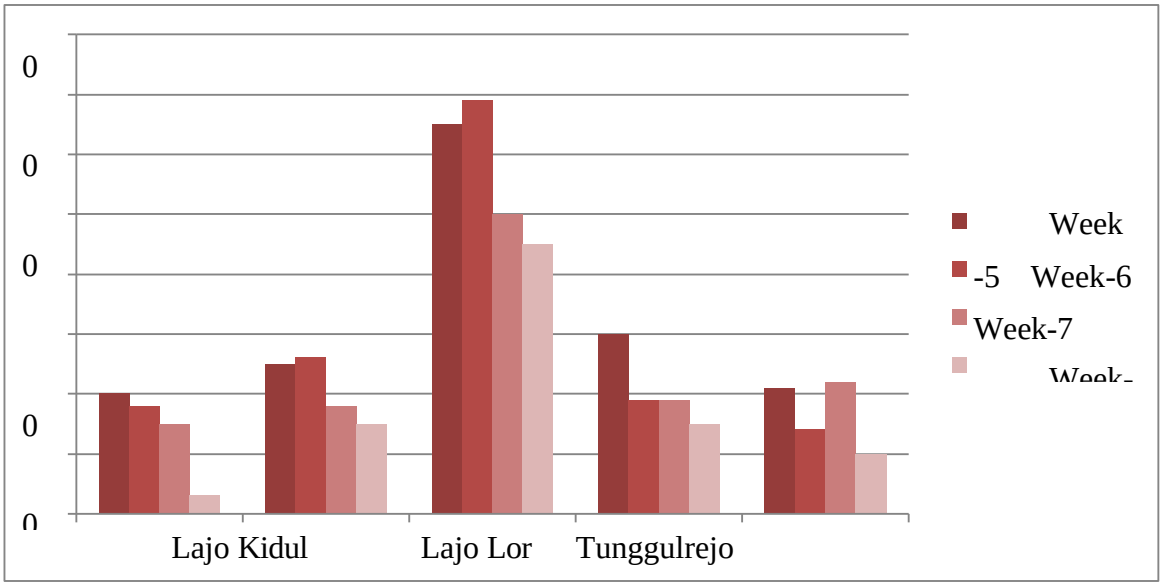
Village Name	Number of customers NPL			
	Week-5	Week-6	Week-7	Week-8
Lajo Kidul	20	18	15	3
Lajo Lor	25	26	18	15
Tunggulrejo	65	69	50	45
Mulyoagung	30	19	19	15
Trembulrejo	21	14	22	10

figure 2. Number of customers NPL

Source: Data Processed, 2024

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Source: Data Processed, 2024

Product Relativity to NPL Decrease

Senior account officer argues "Data analysis shows that reschedule and restructure products have a significant effect on reducing the NPL rate at PNM Mekaar Singgahan Branch". (FR, 2024) Rescheduling payments and modifying loan conditions provides an opportunity for customers experiencing financial difficulties to improve their payment performance. This result is in line with findings in related literature, including the journal "The Impact of Loan Rescheduling and Restructuring on Non-Performing Loans: Evidence from Emerging Markets" which highlights the effectiveness of similar strategies in managing NPLs.

Effectiveness of Restructuring and Rescheduling Objectives on NPLs

Restructure and reschedule are loan product programs that have been found to be quite effective in overcoming NPLs at PNM Mekaar Singgahan Branch. Through restructuring and rescheduling, financial institutions can adjust loan conditions to the customer's repayment ability, thereby reducing the risk of default. ".... The restructuring program helped me start my business back up during the COVID-19 pandemic, the lighter installments from the regular product helped me when restarting my small business." (JMN/Customer/business actor MSMES, 2024). This finding supports the importance of

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implementing appropriate restructuring and rescheduling strategies in optimizing loan portfolio performance.

Efforts to Prevent Return to NPL

Although rescheduling and restructuring products can help reduce the initial NPL rate, it is important for PNM Mekaar Singgahan Branch to take appropriate preventive measures to prevent restructured loans from becoming NPLs again.

"Communication and private visits are needed so that the delivery of products is more intense, so that it is better understood by customers affected by NPLs, it does require more time, however, delivery with a more relaxed but persuasive language is more likely to be accepted by NPL customers. Because, almost all NPL customers themselves are afraid of being approached by us as officers, because they must think they are going to collect debts... ..... Therefore, a successful visit must have gone through days of negotiations." (NFF/Account Officer team Hunter (collection of problem customers), 2024).

This involves careful monitoring of the customer's financial condition and the implementation of proactive risk management strategies.CONCLUSION

The results of this study confirm the importance of reschedule and restructure strategies in managing NPLs at PNM Mekaar Singgahan Branch. This finding is consistent with the literature that highlights the effectiveness of both strategies in reducing NPL levels and improving the quality of the loan portfolio. In addition, this study also highlights the need for ongoing preventive efforts to prevent the re-occurrence of NPLs after restructuring is carried out.

Reschedule and restructure strategies are important instruments in overcoming NPLs in financial institutions such as PNM Mekaar Singgahan Branch. By understanding the relative merits of these products and implementing appropriate preventive measures, financial institutions can improve their financial health and minimize the risk of losses due to NPLs. And with the study results obtained, it can be concluded that, communication techniques and intensive approaches are very important for improving the status and good credit score of customers. When the customer's loan or credit history improves, the customer will regain the trust to restart the loan, this also benefits the borrower such as PNM Mekaar Singgahan Branch.

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