Obstacles of Micro and Small Business Access to Kredit Usaha Rakyat (KUR) Program

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Abstract: This study aims to examine the obstacles of small and micro businesses in accessing credit business programs called Kredit Usaha Rakyat (KUR). The method of collecting data and information is done by desk documents and interviews with local government officials, personal banks implementing KUR, the poor who still cannot access microfinance and micro and small businesses, along with micro and small business actors who have obtained KUR in 9 districts/cities in Indonesia. The data analysis method uses descriptive analysis and Analytic Hierarchy Process (AHP). Based on the results of the AHP, access to services and KUR performance can be improved by taking into account several factors including: prospective debtor prospects, technical service capacity, policies and resources of banking, and macro factors. For research related to the future distribution of Kredit Usaha Rakyat (KUR), it is necessary to conduct an in-depth study of the impact on the development of micro and small businesses that receive KUR and increase the economic capacity of business actors who receive KUR.

Abstrak: Penelitian bertujuan untuk mengkaji kendala usaha kecil dan mikro dalam mengakses program kredit usaha yang disebut dengan Kredit Usaha Rakyat (KUR). Metode pengumpulan data dan informasi dilakukan dengan desk document dan wawancara dengan pejabat pemerintah daerah, bank pribadi pelaksana KUR, masyarakat miskin yang masih belum dapat mengakses keuangan mikro dan usaha mikro dan kecil, serta pelaku usaha mikro dan kecil yang telah memperoleh KUR di 9 kabupaten/kota di Indonesia. Metode analisis data menggunakan analisis deskriptif dan Analytic Hierarchy Process (AHP). Berdasarkan hasil AHP, akses layanan dan kinerja KUR dapat ditingkatkan dengan memperhatikan beberapa faktor antara lain: prospek calon debitur, kapasitas layanan teknis, kebijakan dan sumber daya perbankan, dan faktor makro. Untuk penelitian terkait penyaluran Kredit Usaha Rakyat (KUR) ke depan, perlu dilakukan kajian mendalam mengenai dampak pengembangan usaha mikro dan kecil penerima KUR dan peningkatan kapasitas ekonomi pelaku usaha penerima KUR.

Introduction

Kredit Usaha Rakyat (KUR) is a solution to the problem of access to capital and increasing the role of micro and small businesses in the national economy **in** Indonesia (Rini & Aristanto, 2019). Even today, micro and small businesses have great potential and are expected to develop into competitive and integrated with the modern economy. However, various potentials owned by micro and small businesses cannot be utilized optimally, because there are various obstacles that are still difficult to be faced by micro and small business actors. According to (Aristanto, 2019a), general conditions make it difficult for micro and small businesses to develop faster, including: (i) difficulties in penetrating markets, (ii) weaknesses in business development and strengthening, and (iii) difficulties in accessing financing sources from formal financial institutions, micro and small businesses, which are mostly engaged in the informal sector, have weak access to bank credit (Motta, 2020; Pietrovito & Pozzolo, 2021; Rachmawati, Alamsyah, et al., 2019). This condition is strengthened by the fact that new business is often an important obstacle to lack of funds in developing a business (Reid et al., 2011).

Various findings in the field, related to the constraints of developing micro and small businesses, it seems that the need for capital is a fundamental problem that continues to overwhelm micro and small business entrepreneurs from day to day. Various studies also yielded the fact that the main difficulties faced by SMEs in obtaining development funding to grow and develop adequately (Minetti et al., 2019; Suparnyo et al., 2016; Tahi Hamonangan Tambunan, 2011), financial support, lack of experience and training, poor management (Bilal & Al Mqbali, 2015; Okpara, 2011), and high levels of corruption that harm access to credit (Wellalage et al., 2019).

The same thing was conveyed by (Aristanto, 2019a) who said that "access to finance is a basic human right". Providing access to finance on a large scale requires the banking sector. Without access to adequate funding, like a wall, it prevents micro and small business actors from increasing businesses and improving the quality of people's lives. Banks see great potential opportunities in micro and small businesses to be developed, but often banks cannot help given the technical bank requirements that must be met by micro and small business actors (Aristanto, 2019b; Ickhsan et al., 2018). These conditions, generally occur when efforts to develop micro and small businesses, are often constrained by two main problems in the financial aspect, namely, first, mobilization of start-up capital and access to working capital, and secondly, long-term finance for investment (Hidayatullah & Djaka SBW, 2011). These conditions make obstacles to the improvement and sustainability of micro and small businesses (Kusumaningtuti & Setiawan, 2018; Oosthuizen, 2005). Government support is needed in an effort to increase access, through banks can help finance/ capital for micro and small businesses. This effort has long been carried out by the government through credit programs with interest subsidies (Rachmawati et al.,

2019). But the reality on the ground, credit programs launched by banks with government intervention through interest subsidies are still not running satisfactorily. Problems that hamper the expansion of program credit to micro business actors, are still struggling with administrative issues that cannot be met properly by micro and small business actors. In addition, micro businesses are still in the valley to gain access to information and access to program credit services. Based on this description, this study was conducted to examine more deeply the obstacles of small and micro businesses in accessing KUR and how the solutions must be made from all parties involved in the KUR program, whether debtors, banks or the government.

Method

This research uses qualitative and quantitative approaches by using descriptive analysis. The method of collecting data and information is done by desk documents and interviews with local government officials, personal banks implementing KUR program, the poor who still cannot access microfinance and micro and small businesses, along with micro and small business actors who have received KUR in 9 regencies/cities in the study area which included Deli Serdang, Kotabaru, Bone, Badung, Kudus, East Lombok, Kupang, Central Maluku and Mimika. Data Analysis Method uses descriptive analysis which is a method to describe existing conditions in the form of data, facts and information as an empirical basis which is depicted narratively, both on qualitative data and quantitative data to produce recommendations regarding conditions and Analitic Hierarchy Process (AHP) to find out priority level of factors that influence the distribution of KUR. Analitic Hierarchy Process (AHP) according to Saaty (1987) is a measurement theory that is used to find the ratio scale from the ratio of discrete and continuous pairs. The measurement can be actual or from a basic scale that reflects feelings and preferences.

Result

In this study of barriers to access for micro and small businesses to People's Business Credit, it was carried out in 9 (nine) selected regencies/cities namely Deli Serdang, Kotabaru, Bone, Badung, Kudus, East Lombok, Kupang, Central Maluku and Mimika. Field data shows that the province in the study area with the largest distribution of KUR is Central Java province, amounting to Rp. 21,222 billion (17.63%) and the lowest is Maluku province with Rp. 504 billion (0.04%). For the distribution of Kredit usaha Rakyat (KUR) as of December 2018 for the category of commercial banks in the largest study area, Bank Rakyat Indonesia carried out Rp. 69,885 billion and the smallest implementing bank for the distribution of KUR for the commercial

bank category, namely Bank BTN, amounting to Rp. 623 Million. For the Regional Development Bank (BPD), the largest distribution of People's Business Credit, namely the East Nusa Tenggara BPD, is Rp. 28.68 billion, while the smallest credit distribution for the BPD category is South Kalimantan BPD at Rp. 9.9 billion. Meanwhile, the largest number of micro and small business actors receiving People's Business Credit from banks is Central Java province with 15,442,910 debtors and the smallest is Maluku province with 373,379 debtors. However, when viewed from the distribution of areas related to the distribution of Kredit usaha Rakyat (KUR), it shows that the distribution of KUR is mostly still in urban areas within a radius of reach that is not too far from the channeling bank office. In addition, the dominance of the trade, restaurant and hotel sectors also shows that the distribution of KUR is concentrated in crowded centers or urban areas. Meanwhile, the distribution of KUR to other sectors, mostly outside urban areas, such as agriculture, fisheries and mining

Tabel 1. Priority Scale Factors and Sub-Factors Inhibiting KUR Access

Classification	Factor dan Sub Factor	Weigth	Determinant Scale
Factor	Prospective Debtor	0.5398	1
Sub Factor	Collateral	0.3091	1
Sub Factor	KUR information	0.2507	2
Sub Factor	Administration	0.1861	3
Sub Factor	Feasibility	0.1854	4
Sub Factor	Credit Allocation	0.0687	5
Factor	Technical Service Capacity	0.1979	2
Sub Factor	Business Assistance	0.6379	1
Sub Factor	Regional Regulations	0.2057	2
Sub Factor	Socialization and Coordination	0.1564	3
Factor	Policy and Resources of Banking	0.1715	3
Sub Factor	Collateral	0.3587	1
Sub Factor	Information Media	0.2973	2
Sub Factor	Credit Risk	0.2358	3
Sub Factor	Network	0.0634	4
Sub Factor	Account Officer	0.0449	5
Factor	Macro Environment	0.0908	4
Sub Factor	Economic Uncertainty	0.5507	1
Sub Factor	Banking Policy	0.2344	2
Sub Factor	Interest Rates	0.2149	3

Source : Data processed

is still limited. This condition is inseparable from various obstacles faced by banks, as well as weak information on KUR for micro and small business actors. Various efforts need to be continuously made in order to increase the distribution of KUR, including increasing the allocation of credit funds from banks which is balanced with an increase in the allocation of guarantee funds from the government, loosening the requirements for the distribution of KUR to micro and small business debtors while still paying attention to the business character and prudential banking principles, improve and expand the reach of KUR distribution, increase the capacity and competence of KUR implementers in the context of accelerating distribution and securing loan repayments, and improving the quality of coordination among KUR stakeholders to create harmony between policy stipulation at the central level and technical-operational implementation in the regions.

Based on the results of the Analytical Hierarchy Process (AHP) analysis on the prospective debtor factor, the capacity of the technical service, policy and banking resources and the macro environment explained at the level of analysis of the combined opinions of the respondents indicating that the debtor candidate weighing (0.5398) is the most important factor that inhibits the expansion of access KUR The next factor to consider is the technical service (0.1979); banking factors (0.1715) and macro environmental factors (0.0908). Each factor considered in determining obstacles to expanding KUR access is presented in Table 1.

Discussion

AHP analysis results indicate that prospective debtor factors as the main priority that inhibits the expansion of KUR access need to get serious attention, because it reflects that so far, the expansion of KUR access is constrained by debtor internal factors, in this case micro and small businesses. There are main things that become important implications in the relation between the expansion of KUR access and the debtor's internal factors. The implication is that the success of KUR expansion depends very much on the readiness of the debtor in meeting various requirements in accessing KUR. Debtor factors raised in this study include several criteria, namely: 1) information about KUR, 2) business feasibility; 3) completeness of administration; 4) collateral provided and 6) credit allocation. Of the five criteria, the criteria seen by respondents in determining the priority of the main obstacle in accessing KUR is the guarantee factor (0.309). Further criteria starting from criteria that have high to low weight values in a row are information about KUR (0.251); administrative completeness (0.186); business feasibility (0.185); and credit allocation (0.069). This explicitly shows that the main problem in expanding KUR access related to debtors is the problem caused by the absence of collateral. This indicates that it is better that issues related to collateral issues must immediately get solutions and attention from the government. In addition, this condition further confirms the fact that banks

actually still place the collateral factor as the main consideration in providing KUR funds. The administrative completeness criteria have a weight value of 0.186 (almost the same as the business eligibility criteria of 0.185).

This may be that the two conditions are considered equally important in hampering KUR access. In fact, administrative completeness is often a complaint of business actors in accessing KUR, so they assume that accessing KUR procedures and administration is complicated and long. The third factor that needs to be considered in assessing KUR access barriers is the banking factor as a lender. In the banking factor, the criterion that becomes the main priority is the process of the guarantee facility provided (0.359). Then successively followed by the information media (0.297), the bank's view of credit risk (0.236); network (0.063) and Account Officer (0.045). Based on banking opinion, one of the reasons why KUR access is hampered is because of the guarantee facility provided by the government. This is compounded by the fact that claim withdrawal of funds also requires a relatively long time. The second criterion, namely the bank's view of credit risk, shows that in any credit channeling of any kind, any program, banks always apply the prudential aspect considering that the disbursed funds are publicly owned funds that must be accounted for. Therefore, when the business feasibility factor does not allow banks to withdraw KUR, the main consideration is the availability of collateral. The fourth factor that needs to be considered in assessing KUR access barriers is the macro environmental factor. In the macro environmental factor, the criterion that becomes the main priority is economic uncertainty (0.550), followed by banking policy criteria (0.234) and an increase in interest rates (0.215).

Based on the opinion of respondents, one of the reasons why KUR access is hampered, because in terms of economic uncertainty causes business conditions both banks and business actors become uncertain. This is in line with research by (Ter Wengel & Rodriguez, 2006) which states that one of the obstacles to KUR distribution is changes in macroeconomic conditions such as inflation and rising interest rates. This is the reason why banks and business operators are more careful in lending and accessing funds. Furthermore, the next criterion that impedes expansion of KUR access is banking policy. By basing on the principle of prudence in extending credit, the view of credit risk is often the banks make policies by taking safe steps such as giving credit to the trade sector, hotels and restaurants that have more certainty, while to the agriculture, plantation and other sectors that have their high uncertainties tend to shy away.

Conclusion

Based on the results of the AHP, access to services and KUR performance can be improved by taking into account several factors and sub-factors that influence it, including: 1) Prospects of Debtor Prospects: prospects of prospective debtors can be considered as customers of KUR, the existing conditions of micro and small business

actors are still not can access capital because it is deemed not bankable, the KUR initiator institution can act as an institution that provides a database of micro and small business actors and provides guidance to MSMEs to improve MSME performance so that they have standard criteria in accessing capital. For that, 3 things must be fulfilled, namely: guarantee, business feasibility and administration that need to be socialized to MSMEs; 2) Capacity of the Technical Service: the technical service as the supervisor is expected to be able to identify various potential micro and small business actors and at the same time understand the problems faced by business actors. Therefore, the technical office has a database of prospective micro entrepreneurs to submit capital through the People's Business Credit Program. Besides that, the technical office can also help strengthen the institutions of micro and small business actors; 3) Banking Policies and Resources: banks as fund providers and KUR executors need to improve the performance of the bank itself both bank perceptions, network availability, and the availability of Account Officers (in BRI Bank terminology better known as Mantri KUR) to serve the expansion of access to KUR . The banking sector can collaborate with the technical offices in each region as a database provider of micro and small businesses. Through a database of micro and small businesses that could potentially increase the absorption of KUR so as not to have problems in paying off KUR by MSMEs; 4) Macro Factors: Macro factors are factors that must always be monitored, the party responsible for these macro factors is BI as the banking authority. BI can coordinate with implementing banks to share information on matters related to macro factors that cannot be predicted. Through the AHP table can provide an overview of the things that need to be considered as well as the job desk of each institution and the resulting outputs which all lead to improving the performance of KUR. Various strategies through AHP are expected to improve the performance of KUR with indicators: KUR absorption according to plan, banks that are ready to facilitate KUR, bankable MSMEs and clear regulations. Some of the limitations are only to measure obstacles by basing the perceptions of KUR credit recipients and KUR Executing Banks. For research related to the future distribution of People's Business Credit (KUR), it is necessary to conduct an in-depth study of the impact on the development of micro and small businesses that receive KUR and increase the economic capacity of business actors who receive KUR.

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