



Analysis factors Reason The low Micro , Small and Medium Enterprises Loans at Bank Financial Institutions in Indonesia

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ABSTRACT

The main problem faced by MSMEs in Indonesia is related to capital. Where, based on data on access to MSME credit in bank financial institutions, it is still low. So the purpose of this study is to see how the government supports MSME capital and the factors that cause low MSME credit at Bank Indonesia Financial Institutions. This type of research is in the form of literature (library research). The results of the study show that basically there are several regulations made by the government to support the development of MSMEs which are faced with capital problems including Law No.20 of 2008, Bank Indonesia regulation No.14/26/PBI/2012 regarding Business Activities and Networks Offices Based on Bank Capital and Core, Bank Indonesia Regulation No.17/12/PBI/2015 in which banks are required to provide credit or financing to MSMEs regarding Amendments to Bank Indonesia Regulation No.14/22/PBI/2015 concerning Provision of Credit or financing by Commercial Banks and Technical Assistance in the Context of MSME Development. While the factors that cause low MSME credit in bank financial institutions are from the banking side and from the MSME side. From the bank's point of view, banks prefer to channel large funds to bankable entrepreneurs rather than channeling them to thousands of unbankable MSME actors. Meanwhile, from the MSME side, it consists of no bookkeeping of financial reports produced by UMKM as credit requirements in banks, unable to provide collateral, administrative procedures and documents are difficult and convoluted, interest rates are considered high.

INTRODUCTION

Unemployment rate in developed countries tend more low compared to with

developing ¹countries . one _ reason height unemployment in developing countries like in Indonesia is amount availability field no work _ comparable with many offer work on the market. According to data, numbers graduate of undergraduate / diploma reaches 1.5 million per year , meanwhile field available jobs _ only as big three hundred thousand . Royke Tumilaar as Main Director of PT BNI Tbk state that one _ method For overcome matter the with push public entrepreneurship , because with entrepreneurship later will can create field work so that absorb power work and in the end will impact on the decline number unemployment ².

Based on the Global Entrepreneurship Index shows that developed country own amount entrepreneur an average of 14% of amount its inhabitants . Meanwhile in Indonesia, the number entrepreneur be in position lowest in Southeast Asia ³. this _ showed from the Central Bureau of Statistics (BPS) data where the ratio amount entrepreneurs in Indonesia still by 3.47% or only about 9 million people of the total number resident . ⁴this value Still under Malaysia already reached 5% and Thailand by 4.5%⁵ as well as Still lost Far compared to erta Still lost Far compared to with Singapore which amounted to 8.6%. Even the average entrepreneur in developed countries Already up to 10% to 12%. ⁶because _ that , Indonesia will rely on one power you have namely in Micro , Small and Medium Enterprises (MSMEs).⁷ Based on data from Ministry Cooperatives and SMEs show that current number of SMEs This reached 64.2 million , figures This contributed to the National Gross Domestic Product

¹ Revita Yuni, Pasca Dwi Putra, and Dedi Lanova Hutabarat, "Sinergi Indonesia Menuju Negara Maju," Prosiding WEBINAR Fakultas Ekonomi Universitas Negeri Medan, 2020, 35–42.

² FEB UGM, "Usaha Rintisan Memiliki Potensi Yang Sangat Besar Untuk Berkembang," 2023, <https://feb.ugm.ac.id/id/berita/4009-usaha-rintisan-memiliki-potensi-yang-sangat-besar-untuk-berkembang>.

³ JawaPos.com, "Tingkat Wirausaha Indonesia Masih Rendah," JawaPos.Com, 2023, <https://www.jawapos.com/ekonomi/01440794/tingkat-wirausaha-indonesia-masih-rendah>.

⁴ OJK, "Sambut Era Society 5.0, Angela Tanoesoedibjo: Generasi Muda Harus Pacu Kemampuan Digital Natives 19," ojk.go.id, 2022, <https://www.ojk.go.id/ojk-institute/id/news/read/1060/sambut-era-society-5-0-angela-tanoesoedibjo-generasi-muda-harus-pacu-kemampuan-digital-natives#:~:text=Wamenparekraf menjelaskan%2C berdasarkan data BPS,orang dari total jumlah penduduk>.

⁵ JawaPos.com, "Tingkat Wirausaha Indonesia Masih Rendah."

⁶ LIPUTAN6, "Indonesia Mau Jadi Negara Maju, Kejar Dulu Jumlah Pengusaha 4 Persen Total Penduduk," Liputan6.Com, 2023, <https://www.liputan6.com/bisnis/read/5229915/indonesia-mau-jadi-negara-maju-kejar-dulu-jumlah-pengusaha-4-persen-total-penduduk>.

⁷ JawaPos.com, "Indonesia's Entrepreneurial Level is Still Low."

(GDP) of 61.07% or valued at IDR 8,574 trillion . MSME Contribution to export national is also counted large , namely 15.69% or valued at IDR 339.2 trillion . Besides that , SMEs are also capable absorb power Work 97 % of the total power existing work _ or of 119.56 million power work .⁸

SMEs also become type efforts that have tested capable survive the moment shaken crisis economy as in a number of decades that have happened in Indonesia. ability For still endure This even more strong compared to with companies large (conglomeration) which is also more get incentive and attention big from government , however part big from companies large (conglomeration) with business large (conglomerate) which is precisely No capable survive . this _ as happened in a crisis economy in 1997-1998 in Indonesia.⁹

Although thus , SMEs have problem main that is in matter obtain pouring credit For have venture capital . this _ because MSMEs are activity business small so that often when face institution bank finance still difficulty in obtain bank loans .¹⁰ Based on SE2016 results stated that constraint capital in MSMEs reached more of 66%. Problems This more big compared to with problems other like marketing , competition , labor work and so on . SE2016 results also show that the capital used by MSMEs comes from from wallet Alone or Financial institution other .¹¹

Based on a study conducted by Pricewaterhouse Coopers (PwC) in 2019 shows that MSMEs in Indonesia have not obtain access For financing from institution formal finance by 74%. this _ aligned with realization distribution MSME loans by banks in 2018 that have not reach 20% of the total loans disbursed .¹² Whereas based on OJK data as of August 2022 , 77.6% of MSMEs in Indonesia have not obtain

⁸ FEB UGM, "Usaha Rintisan Memiliki Potensi Yang Sangat Besar Untuk Berkembang."

⁹ Darwin Syamsulbahri, "MSMES in Inclusive Financing Perspective in Indonesia," *Jurnal Ekonomi Pembangunan* 26, no. 1 (2018): 59–76, <https://jurnalekonomi.lipi.go.id/JEP/article/view/228>.

¹⁰ Tedy Ardiansyah, "Model Financial Dan Teknologi (Fintech) Membantu Permasalahan Modal Wirausaha UMKM Di Indonesia," *Majalah Ilmiah Bijak* 16, no. 2 (2019): 158–66, <https://doi.org/10.31334/bijak.v16i2.518>.

¹¹ Badan Pusat Statistik (BPS), "Hasil Pendaftaran Usaha/Perusahaan Sensus Ekonomi 2016" (Jakarta: Badan Pusat Statistik (BPS), 2017), https://se2016.bps.go.id/umkumb/files/buku/00_Indonesia.pdf.

¹² Bagus Santoso, "Laporan Kajian Kesenjangan Sisi Permintaan (Demand) Dan Penawaran (Supply) Terhadap Pembiayaan Usaha Mikro Dan Kecil UMK," 2020, [https://sikompak.bappenas.go.id/pembelajaran/view/23/id/other_doc/Laporan Kajian Kesenjangan Sisi Permintaan dan Penawaran terhadap Pembiayaan Usaha Mikro dan Kecil %28UMK%29/download.pdf](https://sikompak.bappenas.go.id/pembelajaran/view/23/id/other_doc/Laporan_Kajian_Kesenjangan_Sisi_Permintaan_dan_Penawaran_terhadap_Pembiayaan_Usaha_Mikro_dan_Kecil_%28UMK%29/download.pdf).

financing well in institutions formal and non-formal finance .¹³

Based on results FEB UI UKM Research Center also mentioned that obstacles encountered _ in the development of MSMEs in Indonesia namely difficulties in accessing capital and marketing .¹⁴ Research conducted by Merliyana et.al also explains that obstacle in building and developing SMEs lies in ability in access financing from banks and other institutions Still low .¹⁵ More Far explained by Soetrisno 2007 that problems of SMEs in Indonesia , though No completely , more stuck on aspect capital that is by 35%, on market certainty of 25.9% and materials raw by 15.4 percent .¹⁶

Problems in the field capital This If compared to with neighboring countries portion MSME credit in Indonesia is relatively the lowest . Portion MSME credit in Singapore already reached 39%, Malaysia and Thailand 50%, in South Korea reached 81%. So that need strengthened access MSME financing so that prospective MSME can get business capital as well as for SMEs have _ chance For develop capacity the business as well as strengthen Power competitive production .¹⁷

Based on exposure above _ so need is known How support government to MSME capital through policy as well as objective study this is also for analyze factors reason low access credit banking by SMEs. So that researcher lift title " **Analysis factors Reason The low Access Credit for Micro , Small and Medium Enterprises at Bank Financial Institutions in Indonesia**".

LITERATURE REVIEW

¹³ OJK, "Peran Industri Jasa Keuangan Dalam Mendukung Inklusi Dan Digitalisasi UMKM," ojk.go.id, 2022, <https://www.ojk.go.id/ojk-institute/id/capacitybuilding/upcoming/1220/peran-industri-jasa-keuangan-dalam-mendukung-inklusi-dan-digitalisasi-umkm>.

¹⁴ Universitas Indonesia, "UKM 2018: Isu Akses Pembiayaan Ekonomi Kreatif, Dan E-Commerce," ui.ac.id,n.d., <https://www.ui.ac.id/umkm-2018-isu-akses-pembiayaan-ekonomi-kreatif-dan-ecommerce/>.

¹⁵ Merliyana Merliyana et al., "Literasi Pembiayaan UMKM," PROGRESIF: Jurnal Pengabdian Komunitas Pendidikan 2, no. 1 (2022): 70–79, <https://doi.org/10.36406/progresif.v2i1.608>.

¹⁶ Noerm Seotrisno, *Konomi Rakyat-Usaha Mikro & UKM Dalam Perekonomian Indonesia: Suatu Pandangan Struktural Alternatif* (Jakarta: SMECDA, 2007).

¹⁷ Indonesia.go.id, "Indonesia.Go.Id Porsi Kredit Diperbesar, Sektor UMKM Segera Naik Kelas," INDONESIA.GO.ID, 2022, <https://indonesia.go.id/kategori/indonesia-dalam-angka/6721/porsi-kredit-diperbesar-sektor-umkm-segera-naik-kelas?lang=1>.

Micro , Small and Medium Enterprises (MSMEs)

MSMEs consist from Micro , Small and Medium Enterprises . Micro Business is business productive owned by individuals and or business entities compliant individuals _ Micro Business criteria as arranged in Constitution this . Small Business is business economy standing productive _ themselves , which are carried out by individuals or other business entities _ is child company or No branch company owned , controlled , or _ become part Good direct nor No direct from Medium Enterprises or Large Enterprises that meet small business criteria as meant in Constitution this . Medium Business is business economy standing productive _ themselves , which are carried out by individuals or other business entities _ is child company or branch company owned , controlled _ or become part Good direct nor No direct with business small or big with amount riches clean or results sale annual as arranged in Constitution this .¹⁸

SMEs are divided become a number of criteria based on assets and osemnt . Following MSME criteria according to Law Number 20 of 2008:¹⁹

1. micro business

Something business can said as business micro If business the own the highest assets (assets) are 50 million and the turnover is at most 300 million . Calculated assets No including land and buildings place business

2. small business

small business is group business with assets starting at 50 million up to 500 million as well as own mark sale at least 300 million up to 2.5 billion . Counted assets _ No including land and buildings place business

¹⁸ Office of Small and Medium Enterprises Cooperatives, "Law No. 20 of 2008 Concerning Micro, Small and Medium Enterprises," 2008, <https://kukm.babelprov.go.id/content/uu-no-20-tahun-2008-about-business-micro-small-and-medium>.

¹⁹ IDinas Koperasi Usaha mikro Perindustrian dan Perdagangan, "Klasifikasi UMKM Menurut UU Nomor 20 Tahun 2008," 2021, <https://dkupp.semarangkab.go.id/2021/01/07/klasifikasi-umkm-menurut-uu-nomor-20-tahun-2008/>.

3. Medium business

Medium business is group business with assets of 500 million up to 10 billion , as well sales of 2.5 billion up to 50 billion . Counted assets _ No including land and buildings place business

Credit in Bank Financial Institutions

MSME credit is all provision of money or bills that can equated with That in rupiah and foreign currencies , based on agreement or agreement borrow borrow between reporting banks with banks and parties third not a fulfilling bank criteria business in accordance Constitution about existing SMEs .²⁰

this _ as meaning of the bank alone . Where the bank is a business entity that collects funds from public in form savings , and distribute them to public in framework increase level people 's lives ,²¹ Meaning from distribute This is in form credit or form other .

METHOD

Type study library (library research) used in study this . Where, in collect sourced data from information related literature _ with object study Then done discussion in a manner deep to content from every data or the ²²information obtained . Data and information in study This obtained from various media such as books , journals , proceedings , articles or online news .

RESULTS AND DISCUSSION

Support Government To Credit For MSMEs

Basically _ support the government made A opportunity gift credit or financing for MSMEs in Indonesia already there , like Law No. 20 of 2008 concerning MSMEs which contains expand source funding and facilitating MSMEs to access credit from

²⁰ BI, "Usaha Mikro Kecil Dan Menengah (UMKM)," 2016, https://www.bi.go.id/id/statistik/Metadata/SEKI/Documents/9_Kredit_Usaha_Mikro_Kecil_dan_Menengah.pdf.

²¹ JDIIH Kemenkeu, "Undang-Undang Republik Indoneisa Nomor 7 Tahun 1992 Tentang Perbankan," n.d., <https://jdih.kemenkeu.go.id/fulltext/1992/7tahun~1992uu.htm>.

²² Sugiyono, *Metode Penelitian Kuantitatif, Kualitatif Dan R&D* (Bandung: Alfabeta, 2016).

financial institutions , as well expand Financing institutions and expand network so that can accessed by SMEs.²³

Then , issued and enforced related Bank Indonesia regulation No.14/26/PBI/2012 Business Activities and Office Networks Based on Bank Capital and Core which states that the Bank can do Opening Office Network if do distribution credit or financing to MSMEs and MSEs, where for MSMEs it is at least 20% of the total portfolio credit or financing and for MSEs at least 10% of the total portfolio credit or financing . Regulation This aims to increase MSME financing . If the disbursed financing bank to MSMEs at most 20% and UMK 10% of the total portfolio credit or financing so will get incentive amount opening network .²⁴

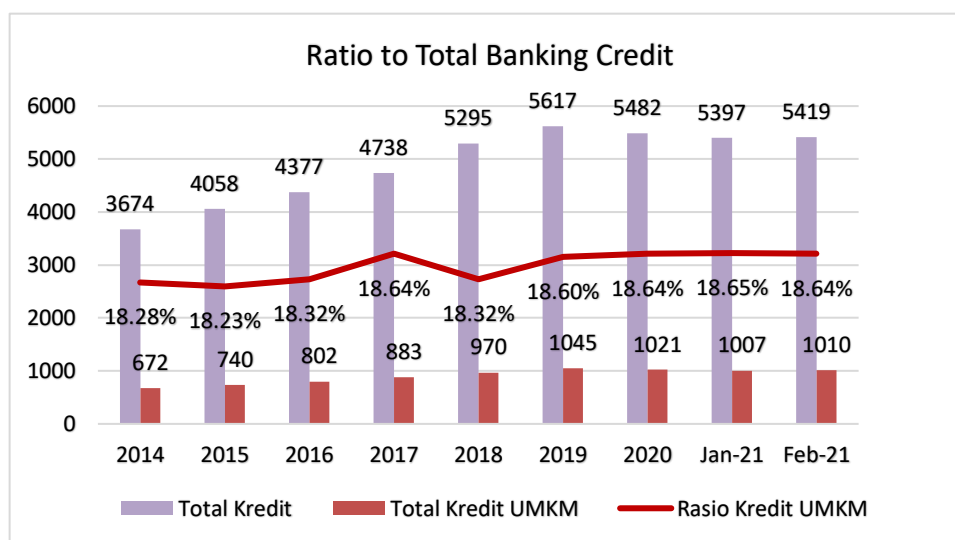
More carry on he released Bank Indonesia Regulation No.17/12/PBI/2015 in which banks are required give credit or financing to MSMEs about Amendment to Bank Indonesia Regulation No.14/22/PBI/2015 Concerning Giving Credit or financing by Commercial Banks and Internal Technical Assistance Order MSME Development . Supporting regulations _ gift credit or MSME financing already done in a manner gradually as in 2013 and 2014 accordingly with listed bank capabilities in Plan Bank business , in 2015 at least 5%, 2016 at least 10%, 2017 at least 15% and since in 2018 at least 20% gift ratio credit or MSME financing to total credit or financing .²⁵ If No fulfilled so banking must give training to MSMEs that have not Once get MSME financing .

²³ BPK RI, "Undang-Undang (UU) No. 20 Tahun 2008 Usaha Mikro, Kecil, Dan Menengah," 2008, <https://peraturan.bpk.go.id/Home/Details/39653/uu-no-20-tahun-2008>.

²⁴ Bank Indonesia, "Peraturan Bank Indonesia No.14/26/PBI/2021 Tentang Kegiatan Usaha Dan Jaringan Kantor Berdasarkan Modal Inti Bank," 2021, https://www.bi.go.id/id/publikasi/peraturan/Pages/pbi_142612.aspx.

²⁵ Bank Indonesia, "Peraturan Bank Indonesia No. 17/12/PBI/2015 Tentang Perubahan Atas Peraturan Bank Indonesia No.14/22/PBI/2012 Tentang Pemberian Kredit Atau Pembiayaan Oleh Bank Umum Dan Bantuan Teknis Dalam Rangka Pengembangan Usaha Mikro, Kecil Dan Menengah.," 2015, https://www.bi.go.id/id/publikasi/peraturan/Documents/pbi_171215_rev.pdf.

Graph 1. Ratio MSME Credit Against Total Credit Banking



Source : PKSK, 2021

Based on chart above _ show that MSME loans from banking Still under provision government in 2014 -February 2021. Meanwhile based on Bank Indonesia's report on MSME loans as of October 2022 reached IDR 1,237.8 trillion , or grew 17.7% on an ongoing basis annual or year on year (yoy). this _ means For portion MSME credit to total credit banking reached 19.9%. this value No Far different For position june 2022.²⁶

Although so , government still give support with still still optimistic and steady support MSME financing . Support This as stated by the Ministry Cooperatives and Small and Medium Enterprises which have a target of increasing portion MSME credit for in 2024 at least 30 % of total credit banking as desire President Joko Widodo.

Reason The low MSME Credit in Financial Institutions

a. From the side banking

Based on research by PRKKEK-BRIN Organization and the Ministry of Finance mention there is huge gap in accessibility _ financing between business large and SMEs. Where, Bank Indonesia noted that portion credit banking For big

²⁶ iBank indonesia.go.id, "Porsi Kredit Diperbesar, Sektor UMKM Segera Naik Kelas," 2022, <https://indonesia.go.id/kategori/indonesia-dalam-angka/6721/porsi-kredit-diperbesar-sektor-umkm-segera-naik-kelas?lang=1>.

effort _ namely 81%, while 19% for MSMEs.²⁷

In Kompas.com also mentions that Often SMEs are assessed No fulfil conditions (*unbankable*) whereas If seen in a manner prospects for SMEs including *feasible* or many viable MSMEs For given access credit at the bank. Thus , many MSMEs do not capable access credit people's business (KUR). Meanwhile , KUR was allocated For public small , incl MSME actors .

Member Commission X1 DPR Mukhamad Misbakhun criticize that the bank is more like distribute large funds to bankable entrepreneur _ than distribute to thousands of *unbankable* MSME actors . _ this _ because the bank rate that if distribute credit to MSMEs there is potency big administration and credit problem .²⁸

Besides that , financial institutions are also likely avoid MSMEs that still new operate activity operational Because more risky . New venture operate Not yet own record footsteps enough business _ promise .²⁹

b. From the MSME side

First , bookkeeping report financial generated by MSMEs as condition bank credit . _ Condition This for SMEs often _ _ considered as one _ complexity of the delivery process credit by banks to MSMEs. this _ meant as form caution creditor in give credit to MSME actors . Where is the report finance containing recording from every existing transactions _ in something business in time and period certain . So that bookkeeping report finance for SMEs is urgently needed . as in Bond Indonesian Accounting 2020 creation report finance aim to be push finance for MSMEs in Indonesia so that more easy in get more access _ wide in matter financing or capital on the part creditor . as in research conducted by Setiaji et.al (

²⁷ Tim Riset PRKKEK-BRIN, "Definisi Dan Model UMKM Naik Kelas (Scaling Up)," 2022, https://fiskal.kemenkeu.go.id/files/beritakajian/file/1672296348_studireferensimodelumkmnaikkelasbri nbkfpdf.pdf.

²⁸ KOMPAS.com, "Masalah Klasik UMKM, "Feasible: Tetapi Tidak "bankable"," 2017, <https://money.kompas.com/read/2017/02/14/210000726/masalah.klasik.umkm.feasible.tetapi.tidak.bankable.?page=all>.

²⁹ Agus Santoso, "Laporan Kajian Kesenjangan Sisi Permintaan (Demand) Dan Penawaran (Supply) Terhadap Pembiayaan Usaha Mikro Dan Kecil (UMK) (Bappenas Dan Australia Government)," 2020, https://sikompak.bappenas.go.id/pembelajaran/view/23/id/other_doc/Laporan_Kajian_Kesenjangan_Sisi_Permintaan_dan_Penawaran_terhadap_Pembiayaan_Usha_Mikro_dan_Kecil_%28UMK%29/download.pdf.

2021) in which participants took part activity making report finance simple on MSME actors stated that one _ conditions requested by the parties creditor is report bookkeeping finance although very simple and deep period two years time last . this _ used party creditor For monitor How current finance debtor before decide give credit to debtor .³⁰

Second , ability provide building . In do credit need condition guarantee or building , because with exists building will more increase deep bank confidence give credit to debtor . Condition This often be _ cause SMEs do not can access credit banking Because No capable provide building . this _ as in research conducted by Azriani (2014) which shows that determinant accessibility source formal financing for actors _ business like UMKM lies in its eligibility seen daru ability provide building ³¹. Besides In addition , research conducted by also shows that guarantee or building influential become factors that affect the Bank in give financing to MSMEs.³² Even Member Commission VI of the DPR RI Intan Fuzi also stated what had happened problem from MSME actors is often difficult _ get KUR because considered not feasible and not bankable is related building .³³

Although buildings are very influential access credit banking , however No all product financial services provided by financial institutions require exists building if loan submitted _ still below certain limits . _ However perception that agreement loans by financial institutions depending on value building that was made as guarantee so that in matter this also exists information asymmetry / difference information .³⁴

Third , Procedure nor document difficult administration _ or convoluted so

³⁰ Wahyu Setiaji, Mei Handayani, and Dewi Sulistianingsih, "Pembuatan Laporan Keuangan Sederhana Pada Pelaku UMKM Sebagai Syarat Pengajuan Kredit," *Jurnal Bina Desa* 3, no. 2 (2021): 133–39.

³¹ Zednita Azriani, "Aksesibilitas Dan Partisipasi Industri Kecil Dan Rumah Tangga Pada Sumber Pembiayaan Dan Pengaruhnya Terhadap Kinerja Usaha Dan Kesejahteraan Rumahtangga Di Kabupaten Bogor Jawa Barat" (Institut Pertanian Bogor University, 2014).

³² Alim Handayani, Fitri dan Murtani, "Analisis Faktor-Faktor Yang Mempengaruhi Bank Dalam Memberikan Pembiayaan Kepada Usaha Mikro Kecil Menengah (Ukm) (Studi Kasus Di Pt. Bank Syariah Mandiri Kantor Cabang Setia Budi Medan)," *Jurnal FEB* 1, no. 1 (2018): 395–406.

³³ DPR, "DPR Soroti Permasalahan UMKM Tak 'Bankable' Dapatkan KUR," 2021, <https://www.dpr.go.id/berita/detail/id/35976/t/javascript>;

³⁴ Santoso, "Laporan Kajian Kesenjangan Sisi Permintaan (Demand) Dan Penawaran (Supply) Terhadap Pembiayaan Usaha Mikro Dan Kecil (UMK) (Bappenas Dan Australia Government)."

that This become reasons why SMEs are reluctant For do credit at the bank. On the other hand , there are many alternative to other financing institutions that are used by MSMEs for get credit with reason procedure For earn credit more easy and more fast . Whereas from side document administrative like document legality / administration , incl permission effort and certification . this _ as in SE2016-Continued which also states that reason the main MSME is not Once accept credit is how difficult given procedure . _

Fifth , tribe flower credit rated relatively high by SMEs, so SMEs tend to reluctant access product credit banking for MSMEs. this _ as in APF Canada ³⁵research 2018 as well as PWC2019 ³⁶which has same statement _ that Like flower high credit _ become why SMEs choose For No access credit at the bank when need capital.

CONCLUSION

Support government to true development of SMEs Already held through regulations made and enforced _ government . Regulations the containing related access MSME capital or MSME loans in bank financial institutions . this _ answer problem of MSMEs in Indonesia namely related capital . It's just in reality access MSME loans in bank financial institutions still low . this _ caused various thing , fine from the side of financial institutions and banks from the MSME side is not Can access or reluctant access MSME loans in bank financial institutions .

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³⁵APF Canada 2018, "Survey of Enterpeneruship and MSMEs in indonesia: building the capacity of MSMEs through human capital", Asia Pacifik Foundation of Canada.

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