

MECHANISM FOR APPLYING FOR CREDIT RELAXATION AT FINANCING INSTITUTIONS IN DENPASAR

Made Aditya Sathya Bhaskara^{1*}, I Made Dwi Dimas Mahendrayana²

^{1,2} Faculty of Law, Universitas Udayana

E-mail: ¹⁾ adithya.divi@yahoo.co.id, ²⁾ dimasmahendrayana@unud.ac.id

Abstract

This study aims to determine the mechanism of applying for credit relaxation at financing institutions in Denpasar and identify the inhibiting factors in applying for credit relaxation at financing institutions. The method used is empirical, with primary data sources consisting of interviews with respondents and informants, and secondary data sources consisting of library materials such as books, journals, and internet media. The results showed that there is a mechanism for applying for credit relaxation submitted by the debtor to the creditor, which is adjusted to the policies of each financing institution. The factors inhibiting credit relaxation in financing institutions are both internal and external. Internal factors include technological problems, while external factors include frequent interruptions in internet connectivity.

Keywords: *Credit, Financing Institutions, Mechanism, Relaxation*

1. INTRODUCTION

Credit relaxation procedures are guidelines for creditors and debtors to implement credit relaxation. The existence of credit relaxation is necessary for creditors and debtors because of the problems that can occur in credit (Santiago, 2021). The problems with credit in financing institutions usually arise from debtors who are no longer able to continue their credit or who default on their payments. Such debtors will undoubtedly experience difficulties when continuing their credit. Based on the credit, if the debtor is unable to pay, the pledged object will be confiscated by the creditor as the holder of the power of attorney for the pledged object.

Before foreclosure, the creditor will issue a warning to the debtor regarding any payment arrears that have been made (Pohan & Hidayani, 2020). The creditor may allow a grace period for the arrears to be settled. If the debtor fails to settle the arrears within the given time, the creditor may proceed with confiscation or execution (Yudistika & Putrawan, 2019). The creditor has the right to confiscate the debtor's collateral since the creditor holds the security right, which is given by the debtor when obtaining credit. Naturally, the debtor does not want their collateral to be confiscated since it is still essential for their daily needs. Collateral is a basic need in the debtor's life that must be fulfilled (Ayi, 2020). Therefore, the debtor takes steps to ensure that their collateral is not confiscated by the creditor. For example, vehicles used by debtors who work as online motorcycle taxis, vegetable drivers, or even newspaper vendors are essential for their livelihoods. When viewed from the perspective of their profession, the vehicles are crucial in fulfilling the needs of the community. Thus, vehicles can be considered as primary needs because without them, people will experience difficulties in their lives.

In light of this phenomenon, debtors may apply for credit relaxation from their creditors. The purpose of applying for credit relaxation is to alleviate the burden of debt or credit payments to financing institutions. The debtor must submit the application for credit relaxation since they are unable to continue paying their credit due to financial

objections. Heavy credit payments were particularly felt during the pandemic, as many debtors lost their jobs and could not generate income to continue paying their credit at the financing institution. Hence, debtors may apply for credit relaxation at financing institutions.

Submitting an application for credit relaxation to a financing institution is permitted, but the creditor must still refer to the previous agreement between the creditor and the debtor, namely the credit agreement. For creditors, the credit agreement serves as a guideline for the implementation of credit. Everything that has been agreed upon becomes a benchmark for both the creditor and the debtor. According to the provisions, it is mandatory for both the debtor and the creditor to refer to the agreement they have made.

Referring to the agreement made between the creditor and the debtor, there is no clause stating that the debtor is allowed to apply for credit relaxation at a certain time. Debtors do not have the right to apply for credit relaxation at any time. The credit agreement was made based on the conditions of the debtor and the creditor at that time. The credit agreement did not include a clause on the application for relaxation, a time limit for relaxation, or a specified amount of relaxation. The time limit and amount of relaxation were not regulated in the credit agreement. In essence, credit relaxation was not regulated in the credit agreement. If the creditor still refers to the credit agreement, the debtor is not legally allowed to apply for credit relaxation, based on Article 1338 of the Civil Code. This article is the main guideline for making a credit agreement. Everything that has been agreed upon by the creditor and debtor is stated in the agreement and is valid for both parties. Therefore, everything that is not regulated in the credit agreement cannot be disputed or considered a credit problem.

The existence of a credit agreement is essential for both creditors and debtors (Nugraheni & Aziza, 2020). However, if the agreement is considered a law for both parties, then the debtor cannot apply for credit relaxation. If the debtor is unable to apply for credit relaxation, the creditor may confiscate the collateral used as security. This would result in the debtor losing access to the collateral, such as a vehicle, and potentially losing their source of income. The inability to apply for credit relaxation can have a significant impact on the debtor's life, including their ability to work and support themselves. Therefore, it is important for creditors and debtors to consider the possibility of credit relaxation in their agreements and to seek mutually agreeable solutions in cases of financial hardship (Sumarni & Suprihanto, 2005).

Faced with this phenomenon, a very dilemmatic situation arises. On the one hand, if the creditor refers to the credit agreement, the debtor will experience destruction in their life (Nugrahaningsih & Utami, 2021). This will lead to a very difficult situation for debtors, especially in terms of their family economy. On the other hand, if the right to apply for credit relaxation is granted, the agreement must be set aside, or what has been previously agreed upon or considered as law for creditors and debtors must be disregarded. Thus, there is a waiver of the agreement that was made before. However, setting aside the credit agreement does not mean that there is no credit agreement anymore. Faced with this dilemma, creditors have made changes to the credit agreement. Therefore, the credit agreement can still exist and remain enforceable. Additionally, creditors cannot afford to lose income from credit. If the creditor experiences this situation, they will face financial chaos, which will have an impact on the country's economy.

Changes to the credit agreement are possible based on the state's speech. However, the time given for debtors is very short since after six months, debtors must continue their credit payments to financing institutions. The legal basis for these changes is contained in the implementing regulations, which provide relief to debtors from paying principal and interest. OJK's policy provides credit payment relief to debtors during the Covid-19 pandemic due to the economic conditions affecting the community, including job losses (Arbay & Nusantari, 2021).

The government established this program through a Government Regulation in Lieu of Law, based on the need for businesses to aid in the recovery of the national economy. As a result, creditors are obligated to make changes to credit agreements, including granting credit relaxation to debtors. However, technically, the submission of credit relaxation to financing institutions has not been officially regulated by the government, which only allows debtors to postpone credit payments. According to OJK Regulation Number 11/03/POJK/2020, the mechanism for applying for credit relaxation is left to each financing institution, including those in Denpasar. However, since the credit application mechanism is unclear and not officially stipulated, there is no uniformity in providing credit relaxation to each financing institution in Denpasar. This inconsistency is problematic for debtors because if the credit application is not in accordance with the mechanism determined by the financing institution, the application for relaxation can be rejected by the creditor, resulting in the debtor losing their collateral. Therefore, the mechanism for applying for relaxation is essential to be researched and developed to prevent future mistakes made by both parties. Mechanisms are needed to ensure that credit relaxation is granted correctly and uniformly.

The state of the art of this research includes the study conducted by Made Devarni Savitri Pertiwi and Ketut Westra (Pratiwi & Westra, 2020), titled "*Pelaksanaan Perjanjian Kredit Pemilikan Rumah (KPR) Pada PT. BANK PENGKREDITAN RAKYAT (BPR) Haneda Mitra Usaha Jakarta Timur*". This research examines the factors that hinder the implementation of credit in the bank, which is relevant to the current situation where many debtors are struggling to pay their loans due to the pandemic.

Another relevant study is the research by Mahayoni & Mayasari (2021) on "*Penyelamatan Kredit Bermasalah Sebagai Upaya Bank Menurunkan Non Performing Loan (NPL) PT BPR DINAR JAGAD*". This research looks into the issue of non-performing loans and how they can be reduced, which is crucial for the stability of the banking sector during times of economic downturn.

Furthermore, the research conducted by Yoni Priyacitta & Yustisia Utami (2022) on "*Pelaksanaan Kredit Tanpa Agunan Pada PT. BANK PERKREDITAN RAKYAT (BPR) Padma Denpasar*" is also relevant. This research explores the implementation of unsecured credit agreements in a specific banking institution and the legal consequences that may arise if employees resign or there is a termination of employment. This is particularly important in the current economic climate where many individuals may be facing job losses or reduced income, making it difficult for them to repay their loans.

The research aims to address two main legal issues related to credit relaxation in financing institutions in Denpasar. Firstly, the study aims to investigate the mechanism for applying for credit relaxation at financing institutions in Denpasar. Secondly, the research aims to identify the factors that hinder the application of credit relaxation at financing institutions in Denpasar. Therefore, the problem formulation of this research consists of two main questions: What is the mechanism for applying for credit relaxation

at financing institutions in Denpasar? and What are the inhibiting factors in applying for credit relaxation at financing institutions in Denpasar? By answering these questions, the research aims to contribute to a better understanding of the legal framework for credit relaxation in financing institutions in Denpasar.

2. RESEARCH METHODS

The research method used in this study is the empirical juridical method, which involves assessing legal problems in society and relating them to statutory regulations (Ishaq, 2017). The approach used involves examining the experiences of debtors and creditors in applying for credit relaxation. In addition, the study also employs a statutory approach by analyzing Civil Code regulations through literature materials such as books, journals, and internet media.

3. RESULTS AND DISCUSSION

3.1. Mechanism for Applying for Credit Relaxation at Financing Institutions in Denpasar

The mechanism for applying for credit relaxation at a financing institution has several requirements that must be fulfilled by the debtor before submitting an application. These requirements include:

1. The public must wait for further announcements related to credit information from the government through OJK by visiting the official website of the government, which contains announcements to apply for credit relief.
2. Debtors have priority to obtain credit relief by fulfilling the following conditions:
 - a) They are directly affected by COVID-19, with credit lower than ten billion, informal workers with daily income, and micro and medium enterprises.
 - b) The time period specified for the granting of credit is one year in the form of principal and interest instalments, and extended time by banks and non-banks.
 - c) Application to banks and non-banks by making an application through channels communicated with banks or non-banks.
 - d) If through a company that is carried out jointly, the board of directors is obliged to validate the data submitted to the bank or non-bank.
3. Debtors who fulfil the above conditions can contact banks or non-banks directly through the facilities available or provided by banks or non-banks to obtain credit relief, without the need to visit the office or bank concerned.
4. Official information from banks and non-banks must be followed by the debtor to ensure the accuracy of the information obtained. Do not easily believe in hoax information, and if a debt collector approaches, the debtor must report it to the bank or non-bank.
5. Debtors and banks or non-banks provide credit relief with a full sense of responsibility.
6. Debtors can report to OJK via telephone or OJK's official website if there is any discrepancy with the above provisions (Sutrisno, 2020).

Debtors do not need to physically visit financing institutions to apply for credit relaxation. Instead, they can wait for announcements regarding credit relaxation through official websites. This regulation also applies to PT Bunas Finance Indonesia and PT Artha Sedana, located in Denpasar. At PT Artha Sedana, for instance, debtors can apply for credit or financing relief by filling out an application form on the official website. Mr. Ferry Raharja, a staff member at PT Artha Sedana, provided the following steps for filling out the form:

- a) Provide correct identity information and select the waiver the debtor wishes to apply for, such as restructured credit or other financing.
- b) Pay attention to the supporting data related to the application for credit relief that should be uploaded to the email.
- c) Click the submit button, then select the email address the debtor wishes to use.
- d) The email used by the debtor will automatically adjust to the choice of product and availability of the email address, so the debtor does not need to change the subject line.
- e) The debtor is requested to inform the data and attach documents as required in the second stage, to ensure that the application for credit relief can be processed immediately. The documents should be attached to the email in PDF format with a maximum capacity of 2 MB. (This information was obtained from an interview conducted on March 28th, 2022).

The credit relaxation application mentioned above is submitted through the website. However, this method does not provide any immediate feedback to inform the debtor whether their application has been accepted or rejected. The submission process only covers the initial steps of applying for credit relaxation, and there is no credit analysis conducted by the debtor or the creditor during this stage.

Mr. I Putu Agus Adinata, a Collection Staff at PT Bunas Finance, explained that in order to receive credit relief, customers or debtors must follow several procedures. The first step is to apply for credit relaxation online at financial institutions. Next, the creditor will conduct a credit analysis based on the debtor's credit history and other conditions. Once the assessment process is completed, the creditor will decide whether to approve or reject the debtor's application for credit relaxation.

3.2. Factors Hindering Credit Relaxation Submission at Financing Institutions in Denpasar

Applying for credit relaxation through online media can experience obstacles and is divided into two, namely internal and external obstacles to the debtor. According to I Komang Nugraha, as the debtor does not master the internet. By not mastering the internet, the debtor cannot carry out the submission of a credit relaxation application. Submission of credit relaxation is felt to be too complicated and does not make I Komang Nugraha easily apply for credit. The obstacles experienced by I Komang Nugraha included not having an email and not knowing the pdf form desired by the online system. (Interview on 29 March 2022).

Mastery of technology is needed in applying for relaxation online. The proposed credit relaxation must first fill in the data, then choose restructuring or credit relief. In filling in your name and choosing the product that will be submitted for the restructuring

process or credit or financing relief, the debtor feels difficult. Debtors do not understand about the options available in the online relaxation submission column. Debtors do not understand the difference between credit restructuring or relaxation. The choice is felt to be difficult for the debtor and confusing for the debtor, so that the debtor fails to understand the choices presented in the online system. Debtors do not know clearly and correctly about credit restructuring or relaxation.

Credit relaxation is a strategy implemented by creditors to deal with default activities from debtors who have the potential to result in bad credit. This approach also includes efforts to repair debtor credit that cannot fulfill their obligations. The credit relaxation policy implemented by PT Bunas Finance includes a reduction in credit interest rates, which provides credit relief by decreasing the interest paid by the debtor. This reduction in interest rates allows the debtor to allocate more of their income towards paying the principal amount owed. However, to make this happen, a revision or amendment to the previous credit agreement must be made. Additional credit facilities can also be made available to the debtor, such as maturity facilities, administrative deduction facilities, and leeway facilities for monthly payments. Extending the credit period is another form of credit restructuring that aims to ease the debtor's burden of interest and principal (Aris Kaya & Dharmawan, 2020). This method can help relieve the burden on credit debtors and provide opportunities for them to fulfill their obligations. According to Mr. Agus Adinata in an interview on 28 March 2022, these measures can help the debtor to pay their debt more easily.

Credit relaxation in the form of restructuring provides relief to debtors in terms of both interest and principal debt. This relief is given solely to ease the burden on the debtor, and in some cases, it may even be possible to write off the debtor's arrears (Anggraeni et al., 2013). If arrears are written off, then a credit restructuring is required (Widiarta & Purwanto, 2017), which involves creating a new agreement and new interest and principal debts (Wardhani et al., 2019). However, such restructuring efforts are still challenging to carry out because banks and financing institutions need to consider many factors, and credit analysis must be conducted carefully to make a decision or policy for eliminating debtor credit arrears.

4. CONCLUSION

Based on the above discussion, several conclusions can be drawn. Firstly, the mechanism for applying for credit relaxation at financing institutions in Denpasar is conducted through online media. However, the submission mechanism does not provide direct certainty regarding the acceptance or rejection of relaxation, and debtors must wait for an announcement from the official websites of PT Artha Sedana and PT Bunas Finance to proceed to the next stage.

Secondly, the inhibiting factors in applying for credit relaxation at financing institutions in Denpasar are both internal and external. Internal factors include debtors not understanding internet technology and the concept of credit relaxation or credit interest relief, which can cause confusion during the application process. External factors include internet network interference or slow internet networks that are frequently disconnected, which can hinder the application process.

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