

THE ROLE OF KUR FROM BRI TO THE DEVELOPMENT OF UMKM IN SEI RAMPAH

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ABSTRACT: *KUR is a program initiated by the government but the funding comes entirely from bank funds. The government provides guarantees against the risk of KUR by 70%, while the remaining 30% is borne by the executing bank. The majority of micro-entrepreneurs in Indonesia has a background in economics, which is the main reason for doing these activities is to obtain the fixed income. This initiative shows that entrepreneurs seek income to meet the needs of everyday family life.*

KEYWORDS: KUR; UMKM; Bank; Business; Loan

INTRODUCTION

Basically, the principal function of the credit is to fulfill the needs of the community in order to encourage and expedite trade, production and services. It aims to improve people's lives. But this community always has a bad experience because the banks do not give loans without guarantees and the balance of the profit and loss while these small businesses and cooperatives do not have it at all.

Therefore, Bank Rakyat Indonesia launches credit for the micro and small enterprises (UMKM), and the cooperative form of business credit (KUR) in the office of Central Jakarta. The program is launched to support government programs in an effort to alleviate poverty and reduce unemployment. Credit for micro and small enterprises and cooperatives with the pattern of this guarantee is channeled to the productive sectors of the economy, with lending rates maximum 0,4 percent for every month, and the amount of the maximum credit limit of Rp. 500 million/ debtor.

KUR is a program initiated by the government but the funding comes entirely from bank funds. The government provides guarantees against the risk of KUR by 70%, while the remaining 30% is borne by the executing bank. KUR underwriting is given to improving UMKM access to financing sources in order to boost national economic growth. The managers of Micro and Small Enterprises (UMKM) may borrow money only with the guarantee of the feasibility and expected to managers of Micro and Small Enterprises (UMKM) which can develop their business.

METHODOLOGY

Definition of Bank

The word 'bank' is derived from the Italian word *banca*, means exchange. In general, the term bank is a financial intermediary that is generally established with the authority to accept deposits, lend money, and issue promissory notes or what is known as a banknote.

Bank as an institution which carries on business in the field of financial services is not just any business, but legally owns a powerful status with wealth itself. Bank is one of the financial institutions business entity aims to provide credit, either by means of payment itself, with the money he earned from other people or by way of distributing new payment tools in the form of demand deposits. The main points of the bank's activities cover three things namely:

1. Providing mechanisms and payment efficiently in economic activity
2. Creating money
3. Raising funds from the public
4. Offering financial services

Based on the definitions above, in practice, banks are divided into several types, namely:

Central Bank

The function of Bank Indonesia beside as a central bank but also as a circulation bank, bank to bank and lender of the resort. Function as the circulation means to regulate the circulation of a country's finances. While functioning as a bank to bank is set on the banks of a State. Then the function of lender of last resort is as a borrowing.

Services provided by Bank Indonesia is to the government and the banking sector. In other words, customers of Bank Indonesia in this regard is more to the banking institutions. The main objective of Bank Indonesia as the Central Bank is to achieve and maintain the stability of rupiah as the currency of Indonesia. To achieve these objectives, the Central Bank has the task to formulate and implement monetary policy, regulate and maintain the smooth foreign exchange system as well as regulating and supervising banks.

General Banks

General bank is a bank that serves the entire charge of banking services and serves all levels of society, both the individual communities and other institutions. General bank is also known as commercial banks and grouped into 2 types: foreign exchange bank and non-foreign commercial banks.

Rural Banks (BPR)

Rural Banks (BPR) is a bank conducting business in a conventional or shariah principles in their activities which do not provide services in payment traffic.

According to Article 5 of Law No. 10 of 1998 on the amendment of Law No. 7 of 1992 on Banking, there are two types of banks under the legislation, namely:

Viewed from the aspect of function:

Commercial Banks: Commercial banks are the bank of the collection proceeds, primarily accepts deposits in current accounts and deposits in its efforts mainly in providing short-term credit. Commercial banks have a lot of activities:

1. Creation of credit
2. Functions of demand deposits
3. Planting and billing
4. Accumulated savings and investment

5. Services trust
6. Other services
7. The profit for the benefit of the shareholders

Rural Banks: Rural bank is a bank conducting business in a conventional or based on sharia principles in their actions which do not provide services in payment traffic. This means that the activities of rural banks are much narrower than the activities of commercial banks. The shape of the rural bank activity is to collect funds in the form of savings deposits, make loans to the public, provide financing and placement of funds based on the principles of the shari'a.

If we see from ownership, bank can be classified into some division:

Government-Owned Bank: Government-owned bank is a bank where both the deed and capital owned by the government, so that the entire profits of banks owned by the government anyway. For example, Bank Rakyat Indonesia (BRI), Bank Mandiri, BNI, etc. There is also a bank owned by the local government of the region level I and level II at each province. Examples Bank DKI, Bank Central Java, Bank Sumut and so on.

National Private-Owned Bank: National private bank is a bank which is wholly or largely owned by national private capital as well as its founding act is established by the private sector, as well as profit sharing is also performed for private anyway. Examples: Bank Mega, Bank Niaga, Bank Central Asia, Bank Danamon, Bank Lippo and others.

Foreign Banks: This type of bank is branch of the bank that is outside of the country, either privately owned foreign or foreign governments. Ownership is 100% owned by foreign parties (abroad). Examples of foreign banks are Standard Chartered Bank, Bank of Tokyo, City Bank, Bank of America, Hongkong Bank and others.

Bank Owned Cooperative: Ownership of bank shares is owned by a company incorporated in the cooperative. An example is the Bank Umum Koperasi Indonesia (Bank Bukopin).

Mixing Bank: This mixing bank shares owned by the two parties, namely the foreign and national private sector. Ownership shares are held by the majority of Indonesian citizens. For example, joint venture banks include: Bank Finconesia, Merincorp Bank, Sakura Bank Swardana and others.

Judging from the aspect of status

Commercial banks can be classified into two kinds in terms of its ability to serve the public. This classification is based on the position or status of the bank. Position or status indicates the size of the bank's ability to serve the public good of the amount of product, capital, and quality. Therefore, to obtain the status of the required assessments with certain criteriasuch as:

Foreign Exchange Bank: Foreign exchange bank is a bank letter of appointment from Bank Indonesia to be able to conduct banking business in foreign currencies. Foreign exchange banks can offer bank services related to foreign currency transfer abroad, buying and selling foreign currency, import export transactions, and services other foreign currencies.

Non Foreign Exchange Bank: Non Foreign Exchange Bank is the bank that performs banking activities except activities carried out by foreign banks. Commercial banks are still non-foreign status can only serve transactions within the country (domestic). Non-foreign commercial banks can improve their status to foreign banks after fulfilling provisions include: a minimum

business volume reaches a certain amount, the level of health, and ability to mobilize funds, and has an experienced workforce in foreign currencies.

Micro and Small Enterprises (UMKM)

Micro and small enterprises (UMKM) does not differ from the large business. But in the group of micro and small enterprises itself, there are differences between the characteristics of the micro small and medium enterprises in a number of aspects. These aspects include market orientation, the profile of the owner of the business, the nature of employment in the company, the system of organization and management which are applied in the business, the degree of the mechanism in the production process, sources of raw materials and capital, location place of business, external relations, and the degree of involvement of women as entrepreneurs.

In addition, there are some differences between micro and UMKM in the background or motivation of entrepreneurs doing business. Differences in motivation entrepreneur should actually be seen as the most important characteristic for distinguishing between micro and small enterprises with large businesses.

The majority of micro-entrepreneurs in Indonesia has a background in economics, which is the main reason for doing these activities is to obtain the fixed income. This initiative shows that entrepreneurs seek income to meet the needs of everyday family life. Background small businessman more diverse than micro, despite the economic background is the main reason, but some others have a more realistic background to look forward to the prospect business. Most small businesses in Indonesia have sought reasons for their business opportunities and secure market share and big.

There are also several small entrepreneurs who are trying with the main reason due to heredity or inheritance, provided expertise and create new jobs for the local community. Micro referred by the Minister of Finance on January 29, 2003, is a family-owned productive enterprises or individual Indonesian citizens and has the sales results at most Rp 100 million per year. Micro can apply for loans to banks at most 50 million. Characteristics of micro-enterprises are as follows:

- a. The type of goods/ business commodity is not always fixed, any time can be changed.
- b. Business are not always settled, any time can be moved.
- c. Not to do even simple financial administration, and do not separate the family finances with business finances.
- d. Human resources (entrepreneurs) do not yet have sufficient entrepreneurial spirit.
- e. Average education level is relatively low.
- f. Generally, access to banks, but some of them have access to non-bank financial institutions.
- g. Generally do not have a business license or other legal requirements.

Judging from the banking interests, microenterprise is a considerable potential market segment to be served in order to increase its intermediation role for micro-enterprises which have a positive and unique characteristics that are not always owned by a non micro enterprises, among others:

- a. Business turnover is quite high, its ability to absorb the funds are expensive and in a situation of economic crisis, it is still running even continue to grow

- b. Not sensitive to interest rates
- c. Still growing despite the economic crisis and monetary
- d. In general character of an honest, hardworking, innocent and can receive guidance if done with the right approach.

Characteristics of small businesses, according to Law No. 9 of 1995 is as follows:

- a. Has a net worth of at most Rp. 200 million, excluding land and buildings
- b. Having an annual sales turnover of Rp. 1 billion
- c. Owned Citizen Indonesia
- d. Standing alone, not subsidiaries or branches of companies that are not owned, controlled or affiliated directly or indirectly with Medium Business or Large Business
- e. Shaped individual business, a business entity that is not a legal entity, or entities with legal status, including cooperatives.

E. KUR

Definition of KUR

Some of the strategic role of micro and small enterprises according to Bank Indonesia, among others are: the large numbers and found in every sector of the economy, absorbing a lot of manpower and every investment to create more employment opportunities, has the ability to utilize local raw materials and produce goods and services needed the general public at an affordable price.

In a strategic position, on the other side of the micro and small enterprises, it still faces many problems and obstacles in implementing and developing its business activities. Actual problem and obstacle is still a classic that has been frequently expressed, among other things: management, capital, technology, raw materials, information and marketing, infrastructure, bureaucracy, as well as partnerships.

Business credit, called KUR, is a credit/financing to the cooperative micro small medium eEnterprise (UMKM) in the form of working capital and investment-backed guarantee facility for productive business. KUR is a program initiated by the government but the funding comes entirely from bank funds. The government provides guarantees against the risk of KUR by 70% while the remaining 30% is borne by the executing bank. KUR is delivered by 6 banks executing, they are: Mandiri, BRI, BNI, Bukopin, BTN, and Bank Syariah Mandiri (BSM).

Terms of Business Credit (KUR)

Distribution of KUR is regulated by the government through the Minister of Finance No. 135/PMK.05/2008 on the People's Business Credit Guarantee Facility amended by the Finance Minister Regulation No.10/PMK.05/2009. Some of the provisions required by the government in the distribution of KUR are as follows:

- a. UMKM can accept the the facility of credit if it is a productive enterprise which is feasible but not bankable with the following provisions:

1. It is a new debtors who have never received the credit/financing from banks evidenced by the Debtor Information System (SID) when the Request Credit/Financing filed and / or had never obtained credit facilities from the government program.
 2. Specific to the closure of KUR financing between the date of the Memorandum of Understanding (MoU) Guarantee KUR and before the first addendum (dated October 9, 2007 s.d. May 14, 2008), then the guarantee facility can be granted to borrowers who never get credit financing other programs.
 3. KUR agreed upon between the executing bank with UMKM are concerned.
- b. KUR is channeled to UMKM for working capital and investment with the following provisions:
1. For loans up to Rp.5 million, the interest rate loans or margin financing subject to a maximum of 24%, equivalent to an effective annual.
 2. For loans Rp. 5 million up to Rp. 500 million, the loan interest rate or margin financing is subject to a maximum of 16% effective or equivalent per year.
- c. Bank executive decides people's business credit (KUR) is based on an assessment of the feasibility of the business in accordance with the principles of a healthy credit, as well as to the provisions in force.

The Purpose and Function of Business Credit (KUR)

Interest in KUR program is to accelerate the development of primary sectors and the empowerment of small-scale enterprises, to improve accessibility to credit and financial institutions, reducing poverty, and expanding employment opportunities. Basically, KUR is working capital and investment loans which are reserved exclusively for productive unit through the loan guarantee program. Individuals, groups or cooperatives can access this program with a maximum credit of Rp 500 million.

DISCUSSION

Description of Research Areas

Sei Rampah is a district located in the east bordering districts Tebing Tinggi, in the south bordering districts Pirdaus, in the west bordering the Bedagai districts as well as the north is directly adjacent to the Strait of Malacca. Sei Rampah total area is 178.49 km². As for the limit of this region is as follows:

North	: District of Tebing Tinggi
South	: District of Pirdaus
West	: District of Bedagai
East	: District of Malacca Strait

Climate

Sei Rampah tropical climate with a change of rainy and dry seasons. The rainy season between November - April is influenced by the west monsoon being the dry season between the months

of May to October which is influenced by the north-east monsoon. Average amount of rainfall is 2641.07 mm and the number of rainy days 167.64 days with average rainfall 220,09mm.

Demographic

Sei Rampah population are 42 587 inhabitants (based on population census 2011), in which the man as much as 21,490 people, and women 21 097. In general, the tribes who inhabited the region of Sei Rampah majority is Malay ethnicity, while the majority embraced religion is Islam and Christianity.

The State of Livelihood and Potential Areas

In general, the area of Sei Rampah has potential as agricultural. Prominent sectoral contribution to the GDP formation Sei Rampah the agricultural sector amounted to 52.42%, the manufacturing sector is 18.61%, trade, hotels and restaurants amounted to 12.09%, the services sector amounted to 6.07%, construction sector by 4.11%, 3.29% of the financial sector, transport and communications sector amounted to 2.79%, the sector of electricity, gas and water supply amounted to 0.53%, as well as mining and quarrying sector by 0.09%.

Characteristics of Respondents

The respondents are entrepreneurs of micro and small enterprises (UMKM), which receives business credit (KUR) from BRI in Sei Rampah, Serdang Bedagai. In conducting this study, the author chooses respondents from some employers of micro and small enterprises (UMKM) randomized 32 people with various backgrounds of age groups and education levels considered to represent the entire population.

Description of Respondents

Realization of business credit (KUR) channeled by BRI Sei Rampah priority on employers of micro and small enterprises (UMKM) is expected to build/improve the income and welfare of the debtors from various sectors of micro and small enterprises (UMKM), of course, by utilizing the credit received from Bank BRI, Sei Rampah efficiently.

32 respondents who are interviewed, as much as 90.62% their income increased after borrowing small loans from the bank BRI Sei Rampah, 6.25% of the respondents have same income or no increase, and income dropped 3.1% after the credit borrowing for the use of credit that are not productive.

Table. 1: The Relationship between Level of Education and Income after Receiving KUR

No	Income per Month	Education Level									
		SD	%	SMP	%	SMA	%	D3	%	S1	%
1	Increase			4	12,%	7	21,8%	12	37,5%	6	18,7%
2	Stabil			1	3,1%	1	3,1%				
3	Decrease	1	3,1%								
	Total	1	3,1%	5	15,%	8	24,9%	12	37,5%		18,7%

Source: Data has been calculated based on the questioners

The results showed that the level of education affects the success in increasing revenue. Higher levels of education tends to be better to take advantage. Income level increasing from the research shows that the educational level of the 32 respondents, 3.1% completed primary school, 15.6% graduated from junior high school, 24.9% high school graduates, D3 graduates 37.5% and 18.7% Bachelor graduates.

Table. 2: The Age of Respondents

No	Age (Year)	Number of Debtors	(%)
1	≤ 30	2	6,2 %
2	31 – 40	11	34,3 %
3	41 – 50	18	56,2 %
4	≥ 50	1	3,1 %
	Total	32	100 %

Source: Based on the questionnaires

From the interview with respondents consisting of 32 businessmen of micro and small enterprises in Sei Rampah, overall revenue values obtained prior to receiving credit from the bank BRI is Rp 52.65 million and an average income is Rp. 1,645,313 per month, which ranges between Rp. 1,000,000 to Rp. 2.65 million.

Loans granted by the Bank BRI in Sei Rampah is generally intended to increase working capital in production. Therefore, the credits earned by entrepreneurs of micro and small enterprises (UMKM) should only be actually used for development business efficiently. The role of this credit is needed for the purchase of raw materials or capital business with a better quality. Thus the micro and small enterprises (UMKM) in Sei Rampah can develop and increase the income of their communities.

The problem faced by entrepreneurs of micro and small enterprises in Sei Rampah especially from the questionnaire has been circulated as follows:

1. Lack of capital
2. Lack of facilities and infrastructure
3. Lack of knowledge about marketing

Interpretation Model

The model equations are as follows:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \mu \dots\dots\dots(1)$$

Note:

Y = The Income of the entrepreneur of UMKM

X_1 = Own capital

X_2 = Capital from credit (KUR)

α = Constanta

β_1, β_2 = Coefisien or parameter calculated

ε = Error estimator

From this simple regression linear analysis, it can be arranged in the equal regression as follows:

$$Y = 957014,9 + 0,058 X1 + 0,320 X2$$

$$t\text{-stat} = (2,565) (0,636) (0,000)$$

$$\text{Std-error} = (373033,4) (0,121) (0,066)$$

$$R^2 = 0,528$$

$$\text{Adjusted } R^2 = 0,496$$

$$D\text{-}W = 1,840$$

$$F\text{-stat} = 16,226$$

From the estimation above, it can be explained that the effect of independent variables that own capital and the capital from credit (KUR). The dependent variable is income of entrepreneurs of micro and small enterprises (UMKM) as follows:

1. Constant (a) amounted to 957,014.9 shows the amount of income levels of entrepreneurs from micro and small enterprises (UMKM) if there is an influence of their own capital.
2. The regression coefficient 0.058 of its own capital is the influence of the independent variables X1 (equity) to changes in the level of income from entrepreneurs of micro and small enterprises. This influence is positive or it can be said the higher the capital itself, the higher the level of income employers will get in Sei Rampah.
3. Regression coefficients credit (KUR) of 0.320 is the influence of the independent variable X2 (loan capital) to changes in the level of income. This influence is positive or it can be said the higher capital loan, the higher the level of income changes in Sei Rampah.

From two independent variables (X1, X2) used in this study, X2 (capital of business credit) is the independent variable that has more dominant influence than the independent variables X1 (equity). It can be seen from the free variable X2 regression coefficient (0.320) is greater than X1 variable regression coefficient (0.058).

Test of Goodness of Fit

Coefisien Determinasion (R-square)

Table. 3: Coefisien Determinasion (R-square)

Model Summary

Model	R	R Square	Adjusted R Square	Std.Error Of the Estimate	Durbin-Watson
1	.727 (a)	.528	.496	379104,66655	1.840

a Predictors : (Constant), X2, X1

b Dependent Variable : Y2

Determinant coefficient is done to see how much the independent variables included in the estimation model simultaneously or together can be a member explanations on the dependent variable, or tied. From the result of regression R-square = 0.528 or 52.8% and the remaining 47.2% is explained by other variables not included in the estimation model.

Test T-statistics

T test statistic is a partial test that aims to determine whether the regression coefficient is significant or not partially dependent variable to consider other variables constant, used in this test decision-making criteria as follows:

- $H_0: b_1 = 0$, respectively independent variable does not affect the dependent variable.
- $H_0: b_1 \neq 0$, respectively independent variables affect the dependent variable.

The test results will yield two conclusions, namely:

H_0 if $t\text{-table} \leq t\text{-stat} \leq t\text{-table}$, it means the independent variable dependent variable does not affect significantly.

- H_0 if $t\text{-table} > t\text{-stat} > t\text{-table}$, it means independent variables affect the dependent variable

Significantly

Variable Equity (X1)

From the analysis, t-test is 0,479

$$\begin{aligned}\alpha &= 5\% \\ df &= n - k - 1 \\ &= 32 - 2 - 1 \\ &= 29\end{aligned}$$

Then the T-table = 2.045

From the estimation above, it can be seen that the value t count (0.479) < t-table (2.045). Thus H_0 accepted, it means equity (X1) had no significant effect to the income of entrepreneurs of UMKM in the district of Sei Rampah at 95% confidence level.

T-statistics capital of UMKM (X2)

Based on the above information, it is known that both independent variables analyzed turns variable (X1, X2) has a decision hypothesis that H_0 rejected and H_a accepted, meaning that independent variable can explain the dependent variable and there is influence between the two variables tested.

From the results table regression above, it can be explained also that the variable of capital of UMKM (X2) has tcount greatest when compared tcount variable own capital (X1), so that the second hypothesis states that a variable capital KUR (X2) is variable the dominant against income levels of entrepreneurs of micro and small enterprises (UMKM).

CONCLUSION

Based on the research that has been described previously on the comparison own capital and capital from credit (KUR) provided by Bank BRI units in Sei Rampah to increase income of entrepreneurs of micro and small enterprises (UMKM), it can be concluded as follows:

1. The calculation of own capital regression coefficient (X1) is the influence of the independent variables X1 (equity) to changes in the level of income from entrepreneurs of micro and small enterprises. This influence is positive or it can be said the higher the capital itself, the higher the level of income that would be obtained by UMKM. Where any increase in equity (X1), income of entrepreneurs will also increase in Sei Rampah.
2. From the calculation of the regression coefficients of (KUR) is the influence of the independent variable X2 (capital of KUR) to changes in the level of income. This influence is positive or it can be said the higher capital of KUR, it will be increasingly the higher the income level changes that would be obtained by businessman in UMKM.

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