



PEOPLE'S BUSINESS CREDIT: OMNIBUS LAW AND BUSINESS REENGINEERING COMMUNITY FINANCIAL INSTITUTIONS

Tarsisius Murwadji*, Teguh Tresna Puja Asmara** and Sylvia Kusuma***

ABSTRACT

The Government's program to accelerate the development of the real sector and the empowerment of Micro, Small and Medium Enterprises (MSMEs), one of which is set forth in the policy package for the distribution of People's Business Credit (KUR). However, in its implementation, the KUR program experienced several problems and could not be carried out only by relying on funds from the Government or banks for the development of MSMEs. This is due to the fact that banks in conducting their business must always pay attention to the principle of banking prudence, while the KUR program requires banks to relax the conditions of their debtors who want to obtain credit or financing. This research uses the normative juridical approach method by emphasizing the study of literature and supported by data from field research. The results showed that the KUR program in its implementation could be synergized with the Corporate Social Responsibility (CSR) program. The CSR program can be a solution to the problems faced by the KUR program where later the CSR program can be used as a trigger for banking business reengineering in implementing the KUR program that can provide benefits for stakeholders.

Keywords: people's business credit; corporate social responsibility; business reengineering

I. INTRODUCTION

Government efforts in making equitable development in Indonesia still rely on development in the economic field, which is one of the sources in improving the welfare of the community in accordance with what is the goal of the Indonesian state stated in paragraph IV of the 1945 Constitution (UUD 1945). In the modern era, such as the one that has an important role in efforts to equalize the development of a country is in the banking sector. Almost all sectors

* Faculty of Law, Universitas Padjadjaran, Jalan Imam Bonjol No. 21 Bandung, email: t.murwadji@unpad.ac.id.

** Faculty of Law, Universitas Padjadjaran, Jalan Imam Bonjol No. 21 Bandung, email: teguh13001@unpad.ac.id.

*** Faculty of Law, Universitas Padjadjaran, Jalan Imam Bonjol No. 21 Bandung, email: sylviaokusuma14@gmail.com.

related to various financial activities always require banking services. Therefore, now and in the future, the community will not be able to escape from the banking world if they want to carry out financial activities both individuals and social institutions and companies.¹

Banking as a public financial institution has a duty to collect funds from the public and channel it to the public. Funds that are channeled back to the community can be distributed in the form of banking products, one of which is the distribution of People's Business Credit (KUR) to the Micro, Small and Medium Enterprises (MSMEs) that lack capital. Where the KUR grant comes from public funds. In addition to the institutions in the government structure, in the process of realizing public welfare, financial institutions such as banks are also expected to further enhance their functions and roles so that they are better able to accommodate and channel the aspirations and interests of the public to play an active role in national development efforts.

In order to empower MSMEs, create jobs, and reduce poverty, the Government has issued a Policy Package aimed at improving the Real Sector and empowering SMEs. The policy of developing and empowering MSMEs includes increasing access to sources of financing, developing entrepreneurship, improving product markets, and reforming MSME regulations. Efforts to increase access to funding sources include, among others, providing credit guarantees to MSMEs through KUR. On November 5, 2007, the President of the Republic of Indonesia launched KUR with Presidential Instruction Number 6 of 2007 concerning the Policy for the Acceleration of the Development of the Real Sector and Empowerment of Micro, Small and Medium Enterprises, which became the legal basis for the KUR program, with credit guarantee facilities from the Government through PT Askindo and Perum Jamkrindo. The Implementing Banks that distributed the KUR were BRI Bank, Mandiri Bank, BNI Bank, BTN Bank, Mandiri Syariah Bank, and Bank Bukopin.²

In its implementation, KUR often creates problems as well as other loans, this is due to collectability or a picture of the conditions of repayment of principal and interest on loans and the likelihood of receiving loans back. Credit collectability classifies loans based on the smoothness or non-smoothness of the loan repayment, both the principal and the loan. In the development of MSMEs there arises a problem wherein in terms of capital financing, MSMEs usually have little capital while banking institutions have excess capital to channel.

¹ Kasmir, *Dasar-Dasar Perbankan*, Jakarta: PT. Raja Grafindo Persada, 2010, p. 2.

² Badan Pemeriksa Keuangan Republik Indonesia, *Laporan Hasil Pemeriksaan Pengelolaan KUR BNI Tahun Buku 2009 sampai dengan 2013*, Jakarta : BPK RI, 2015, p. 8.

To overcome these capital problems, banks can extend credit to MSMEs through the KUR program combined with the banking program linkage. Through this linkage program, commercial banks can minimize risks that arise because banks lack understanding in identifying which MSME actors have good potential and ability to manage capital from the KUR program.

One of the efforts to develop and develop the economy is through the KUR channeled by banks appointed by the Government. In addition, banks as a company can also play a role in economic development and development. The effort that can be done by banks is by carrying out corporate social responsibility or better known as Corporate Social Responsibility (CSR) which has been regulated in Act Number 40 of 2007 concerning Limited Liability Companies (PT Law). In the framework of sustainable development, one of the implementations is by regulating CSR.³ In the PT Law, CSR is regulated precisely in Article 74 Paragraph (1) which states that a company that carries out its business activities in the field and/or related to natural resources must carry out social and environmental responsibility.

Implementation of CSR by banks is normatively a moral obligation for every type of company.⁴ Where in this case CSR is a corporate social program to provide assistance and empower the community around the company as a form of social responsibility or compensation for things that are lost from the community due to the company's operation.⁵ The concept of CSR has developed from a philanthropic basis towards a more productive direction through Community Development which in essence, CSR activities that were previously thick with social voluntary patterns shifted towards patterns of community empowerment.⁶ The CSR program in its implementation can also be combined with other programs that can help the development of MSMEs, one of which is the KUR program.

One of the problems in implementing KUR is related to the source of KUR capital which is mixed with bank capital so that the bank can be disadvantaged. This is because the bank as a company is still required to make a profit while in the KUR program it is required to relax the conditions or in this case the precautionary principle of banking in order to

³ Teguh Tresna Puja Asmara dan Tarsisius Murwadji, "The Role of Academics in Corporate Social Responsibility to Increase Business Capacity of Micro Small and Medium Enterprises", *Jurnal Hukum Positum*, Vol. 4, No. 1, 2019, p. 2.

⁴ Rahmatullah dan Trianita Kurniati, *Panduan Praktis Pengelolaan CSR (Corporate Social Responsibility)*, Yogyakarta: Samudra Biru, 2011, p. 13.

⁵ Hartini Retnaningsih, "Permasalahan CSR Dalam Rangka Pemberdayaan Masyarakat, Pusat Pengkajian, Pengolahan Data dan Informasi (P3DI) Sekretariat Jenderal DPR RI", *Jurnal Aspirasi*, Vol. 6, No. 2, 2015, p. 177.

⁶ Nurul Fitri Ismayanti, "Akuntansi Corporate Social Responsibility pada Bank Syariah", *Jurnal An-Nisbah*, Vol. 1, No. 2, 2015, p. 5.

achieve the objectives of the KUR program. To overcome these problems, CSR can be used as a solution where the funds from CSR can later be used as capital for KUR distribution.

Based on the above, the author formulates several problems including how the implementation of the KUR program in the context of developing MSMEs and how to analyze legal efforts to develop MSME capacity through a combination of KUR programs with CSR. The objectives to be achieved in this study are to evaluate the application practices in the management of KUR distribution with a linkage program pattern for MSMEs and the practice of implementing KUR distribution combined with CSR.

II. RESEARCH METHOD

This study uses a normative juridical approach, namely legal research by conducting research on literature or secondary data through document studies. Normative research in this study includes research on the principles of law, research on systematic law, comparative law and legal history relating to Banking, KUR, linkage programs, and CSR. Data obtained from the results of the study were analyzed qualitatively to produce descriptive data which were then analyzed based on the theoretical framework used in this study.

III. DISCUSSION

A. Implementation of the People's Business Credit Program in the context of Developing Micro, Small and Medium Enterprises.

KUR is a Government program in collaboration with domestic national banks with the aim of being a means for the smooth running of MSMEs and small rural and urban investments. KUR based on Article 1 of the Coordinating Ministerial Regulation Number 8 of 2015 concerning Guidelines for the Implementation of People's Business Credit (Permenko KUR) is credit or financing working capital and/or investment to productive and decent business debtors but does not yet have additional collateral or additional collateral is not enough.

The KUR program is a follow-up to the signing of a Memorandum of Understanding (MoU) on October 9, 2007, concerning Credit Guarantee or Financing to MSMEs and Cooperatives between the Government (the State Forestry Minister, the Minister of Maritime Affairs and Fisheries, the Minister of Industry, the National Insurance Corporation for Business Development Facilities and PT. Indonesian Credit Insurance) and domestic banks (Bank BRI, Bank Mandiri, Bank BNI, Bank BTN, Bank Bukopin, and Bank Syariah Mandiri). This KUR

is also supported by the Ministry of State-Owned Enterprises (BUMN), the Coordinating Ministry for Economic Affairs and Bank Indonesia.

KUR is a credit given by MSMEs that is feasible, but not yet bankable. Not yet bankable, it means that MSMEs have not been able to meet the credit requirements of the lending bank, among others in terms of providing collateral and fulfilling credit requirements in accordance with bank regulations. The KUR distribution pattern is divided into three, namely direct (direct) to MSMEs, indirect (linkage) through linkage institutions (financial institutions), and cooperation (Joint Financing). Based on Article 2 of the KUR Permenko, the objectives of KUR distribution are:

- a. increase and expand access to finance for productive businesses;
- b. increase the competitiveness capacity of micro, small and medium enterprises; and
- c. encourage economic growth and employment.

The purpose of the KUR Program is basically to accelerate the development of primary sectors and empower small-scale businesses, to increase accessibility of credit and financial institutions, reduce poverty levels, and expand employment opportunities. Basically, KUR is working capital and investment credit specifically provided for productive business units through a credit guarantee program. Individuals, groups or cooperatives can access this program with a maximum credit of Rp. 500 million. Sources of funds are designated banks with a maximum interest rate of 16 percent per year. The percentage of credit guaranteed is 70 percent of the total loan allocation provided by the bank. The maximum loan period for working capital is 3 years and 5 years for investment. For agribusiness, viable business fields are production inputs to the supply of agricultural equipment and machinery, on-farm activities, and processing and marketing of agricultural products.

KUR in its implementation can also be indirect (linkage) or through linkage institutions (financial institutions). Linkage institutions are legal entities that can lend KUR from KUR Distributors to KUR recipients based on cooperation agreements. Linkage institutions include secondary cooperatives, primary cooperatives, rural credit banks/Syariah rural credit banks, finance companies, venture capital companies, conventional or sharia-based microfinance institutions, other non-bank financial institutions, and business groups.

The implementation of KUR through linkage institutions is realized in the form of linkage programs. Linkage program is a partnership financing program, where banks issue financing to micro-businesses indirectly. The linkage program funding is usually channeled

through the Micro Finance Institution, one of which is a cooperative. Linkage program cooperation between commercial banks and cooperatives is regulated through the Minister of Cooperatives and Small and Medium Enterprises Regulation Number 03/Per/M.KUKM/III/2009 concerning General Guidelines for Program Linkage between Commercial Banks and Cooperatives (Permenko Linkage Program). While the rules regarding the obligations of commercial banks to provide credit assistance to MSMEs have been regulated through Bank Indonesia Regulation Number 14/22/PBI/2012 concerning Lending or Financing by Commercial Banks and Technical Assistance in the framework of Micro, Small and Medium Enterprises Development (PBI Linkage Program). As explained in Article 2 of the PBI Linkage Program that banks are obliged to provide cooperation with cooperatives so that cooperatives as intermediaries in lending can filter out MSMEs that are members to participate in examining MSMEs.

Based on the Permenko Linkage Program, it is explained that the linkage program model between commercial banks and cooperatives is as follows:

- a. Linkage Program with Channeling Patterns Loans provided by commercial banks to cooperative members through cooperatives that act as agents and do not have the authority to decide on credit unless they get a power of attorney from a commercial bank. Listing at a commercial bank is a loan to members of the cooperative while recording at the cooperative is on an off-balance sheet.
- b. Linkage Program with Executing Patterns Loans provided by commercial banks to cooperatives in the context of loans to be distributed to members of the Cooperative. Registration in a Commercial Bank as a loan to the Cooperative. Meanwhile, listing in cooperatives as loans to cooperative members.
- c. Linkage Program with Joint Financing Patterns. Joint financing is joint financing by commercial banks and cooperatives towards cooperative members. Recording outstanding credit for commercial banks and cooperatives for the portion of financing to cooperative members. Joint financing is increasingly widespread because of the increased demand for credit for ownership of fixed assets and business development funds by debtors, not accompanied by sufficient capacity from financial institutions to provide funds. Financing institutions partner with banks to finance the financing of ownership of fixed assets through agreements or joint financing contracts.

Unlike the pattern of other linkage programs, in a joint financing scheme financing institutions and banks work together to sell financing services by combining the resources

they have to form a synergy. Financial institutions have a broad marketing network that includes the ability to reach debtors, namely MSMEs and has a relatively well established retail credit management system, while banks have funds or access to funds that are greater than financial institutions.

This channeling pattern is as a facilitator so that cooperative members are familiar with the 5C principles of Character, Capacity, Collateral, Capital, and Conditions. Cooperatives practice selecting cooperative members who meet the requirements of this 5C principle, both for collecting fees, supervising, and teaching their members to resolve disputes in case of problems. In implementing this pattern the end result is an increase in the cooperative's ability to analyze the 5C, the skills to monitor the use of credit, and the dispute resolution strategy. In addition, the cooperative obtain compensation for services because it has helped commercial banks in lending.

The second phase is the pattern of executing, cooperatives as borrowers, here the concept is the concept of accountability of cooperatives, cooperatives must take responsibility for what is done including in returning loans to banks, besides cooperatives must also select members who want to borrow funds into cooperatives. This phase can be carried out if the cooperative has passed the first phase, namely the application of channeling patterns. The knowledge and skills of cooperatives in the first phase can be applied by cooperatives as debtors (borrowers) from commercial banks. In this phase, after the cooperative receives credit from a commercial bank, the cooperative has a new function, namely as a creditor (lending) money to its members who are domiciled.

After the cooperative has funds, then the third phase of joint financing/capital is entered, here the cooperative cooperates with the bank. The name of the cooperative already has a good image. So the cooperative must maintain a good name and always improve its performance. In the context of legal reconstruction in the field of linkage program, the quality of law needs to be developed as a new legal theory, quality science from the management aspect is not new, but quality science from the aspect of legal science is a new opinion which is the development of quality theory from the aspect existing management.

By carrying out the banking program linkage from the channeling pattern to the Joint Financing mentioned above, there has actually been a change in the paradigm of cooperatives that were originally "raised their hands" in the sense of always receiving financial assistance to "reaching out" in the sense of becoming an intermediary institution. Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia

Number: 03/Per/M.KUKM/III/2009 becomes a means to gradually change the community. Cooperative education and health must be a program that is not only realized, but a program planned to re-engineer the cooperative business (business re-engineering) of the cooperative.

Linkage program is a strategy that aims to empower and provide access to capital for small and medium enterprises through involving participation in the financial industry. Through this program, a financing agreement is made between parties, commercial banks, microfinance institutions (Bank Perkreditan Rakyat, Baitul Mall Tanwil, or Cooperatives) to MSMEs that will benefit each party. The commercial banks benefit from the absorption of funding funds channeled to MSMEs through microfinance institutions, while microfinance institutions can obtain funding sources from commercial banks, as well as small business actors who have been deemed not bankable or are still in the feasible stage can obtain banking financing.

Based on data from the Coordinating Ministry for Economic Affairs in 2014, the MSME category that was feasible but not yet bankable was 16.6 million, the ratio of the number of KUR debtors to the MSME category reached only 68 percent. The ratio shows that the challenge and opportunity for the KUR program in the future is to increase its reach to serve MSMEs that are already feasible but do not yet have access to this program. The challenges and opportunities to increase outreach are also wide open because some micro-businesses out of a total number of 38.2 million may be upgraded from the category of not feasible to bankable to feasible but not yet bankable.

The National Research Team for the Acceleration of Poverty Reduction (TNP2K) looks at the performance of MSMEs after receiving KUR from the ability to create job opportunities and ownership of business assets. The performance of MSMEs is assumed to increase if they have the perception that the employment opportunities created and business assets owned after receiving KUR are higher than before getting KUR. Data in the field shows, of 232 MSME KUR recipients in 19 provinces, the majority of MSME recipients channeled through BRI, BSM, and 19 BPD have the perception that after receiving KUR they are able to increase job creation and ownership of business assets. Implicitly this shows that KUR has an important role in the process of empowering MSMEs.⁷

⁷ Meby Damayanti dan Latif Adam, *Naskah Kerja TNP2K 27 April 2015 : Program Kredit Usaha Rakyat (KUR) sebagai Alat Pendorong Pengembangan UMKM di Indonesia*, Jakarta: TNP2K, 2015, p. 15.

Banking as a financial intermediary institution plays an important role in the national development process.⁸ The role of banking is very strategic in the world of the economy causing the banking sector has a high risk because it directly affects the development of a country so it must be managed properly accompanied by adequate supervision. The provision of credit, which is the main activity of banks, carries risks that have a significant influence on the health and sustainability of bank business activities. The scope of lending activities is quite complex because it covers various aspects including sources of credit funds, allocation of credit funds, organization, and management of credit, documentation, and administration of credit. The lending itself is based on the principle of trust of the bank to its customers that the customer will be able to repay the loan he has received in accordance with the terms agreed upon together. Lending itself must pay attention to the ability of customers so that banks must apply the principle of prudence properly in the implementation of its operations. The application of the principle of good prudence aims to achieve good corporate governance in order to realize the ideals of the nation, namely the economy of a stable future.

The success of the KUR program in empowering recipient MSMEs has not gone linear with its ability to accelerate poverty reduction. The reason, conceptually KUR is categorized as a passive poverty reduction program. This means that the KUR program design does not make poor households (RTM) the main target recipient of KUR (targeted recipient). In addition, in carrying out the KUR program, implementing banks remain bound and must follow banking macroprudential rules, such as NPL (Non-Performing Loans), LDR (Loan to Deposit Ratio), CAR (Capital Adequacy Ratio), and GWM (Statutory Reserves)). In such conditions, it is reasonable if the implementing bank prefers to channel KUR to prospective MSMEs that are considered capable of returning loans that are generally owned by non-poor households. Conversely, channeling KUR to MSMEs owned by RTM (Poor Households) is seen to increase the risk of banks violating macroprudential principles, such as rising NPLs. The government guarantee amounting to 70-80 percent also translates to banks that they must bear the possibility of bad credit (NPL) around 20-30 percent. To minimize the increase in NPLs, there is a tendency for implementing banks to continue to require collateral to MSMEs that apply for KUR. The problem is that RTM often does not have something (according to the bank) that can be used as collateral.

⁸ Agus Budiman, Ety Mulyati, Supraba Sekarwati Widjayani, and Tarsisius Murwadji, "Bank Responsibility and Supply Chain Management in Banking System Effects Due to Debt Collectors Intimidation to its Customers", *International Journal of Supply Chain Management*, Vol. 8, No. 4, 2019, p. 622.

At the implementation level, as discussed in the previous section, only a small portion of KUR is distributed to Eastern Indonesia (IBT) and the low allocation of KUR in the agricultural sector. The problem is, poverty in Indonesia tends to be concentrated in the IBT region. By sector, the proportion of the poor also tends to be in rural areas and work in the agricultural sector. Thus, the inability of the KUR program to reach rural areas in IBT and the agricultural sector will reduce the ability of this program to be directly involved in poverty alleviation.⁹

B. Legal Analysis of Capacity Building for Micro and Small and Medium Enterprises through the Combination of the People's Business Credit Program with Corporate Social Responsibility.

CSR comes from the business ethics literature in the United States known as corporate social responsibility or social responsibility of corporations. CSR translates to Corporate Social Responsibility. The word Corporate has been Indonesianized with understanding or interpreted as a large company. Judging from the origin of the word, "company" comes from Latin, which is "corpus/corpora" which means body. The company is a legal entity established to serve the public interest in addition to profits.¹⁰

The use of the term CSR in modern history began to be known by the publication of Howard R. Bowen's book entitled "Social Responsibilities of The Businessmen" in the era of the 1950s which states that the obligation of companies to implement business objectives in line with community values. From the 1950s to the 1960s the company carried out the concept of social responsibility by giving priority to the principle of charity and the principle of guardianship. The concept of responsibility with the principle of charity stems from the personal awareness of company leaders to do something to the community while the principle of trust states that the company is a trusted trustee in resource management so the company must carefully consider the various interests of those affected by the decisions and practices of the company's operations.¹¹ The World Bank Group defines CSR as a business commitment to contribute to sustainable economic development, through collaboration with employees and their representatives, their families, the local community and the general

⁹ Meby Damayanti dan Latif Adam, *Op. Cit.* p. 18.

¹⁰ Mas Achmad Daniri, *Kewajiban Tanggung Jawab Sosial Perusahaan dalam Undang-Undang Perseroan Terbatas*, Jakarta: Kadin, 2007, p. 10.

¹¹ Archie B. Carol, *A History Of Corporate Social Responsibility : Concept and Practice*, in *The Oxford Handbook Of Corporate Social Responsibility*, Great Britain : Oxford University Press, 2008, p. 25.

public to improve quality of life in ways that benefit both the business itself and for development.¹²

As a company, the Bank is also expected to carry out CSR in accordance with existing regulations. A bank is a business entity that collects funds from the public in the form of deposits and channels them back to the community in the form of credit and or other forms in order to improve the lives of many people. While the banking business includes three activities, namely raising funds, channeling funds, and providing other bank services.¹³ Banks play a central role in national development by providing strategic capital support to national economic activities.¹⁴

The basic principles of social responsibility that are the basis for the implementation that animates or becomes information in making decisions of social responsibility activities according to ISO 26000 include:

- a. decision on law;
- b. respect for international instruments/bodies;
- c. respecting stakeholders and their interests;
- d. accountability;
- e. transparency;
- f. ethical behavior;
- g. take precautions;
- h. respect the basics of human rights.

The implementation of banking institutions' activities in providing an active contribution to national development prioritizes economic, social and environmental aspects supported by Regulation of the Financial Services Authority Number 51/POJK.03/2017 concerning the Application of Sustainable Financial Binding for Financial Services Institutions, Issuers, and Public Companies. With this regulation, banks are encouraged to apply sustainable financial principles, especially in the application of social and environmental risk management by realizing the development of sustainable financial products/services, internal capacity development, and organizational adjustment, risk

¹² Raul Anibal Etcheverry, "Corporate Social Responsibility – CSR", *Peen State International Law Review*, Vol. 23, No. 3, 2005, p. 498.

¹³ Kasmir, *Op. Cit.*, p. 14.

¹⁴ Tarsisius Murwadji and Imamulhadi. "Green Banking: The Model and Its Implementation". *Environmental Policy and Law*, Vol. 48, No. 3/4, 2018, p. 219.

management, governance, and operational procedures based on financial principles. sustainable so that it can contribute to promoting economic development and stability.

Banks as a company must implement CSR even though the banking industry is not a company engaged in the field of natural resources directly as stipulated in the Act of PT. Implementation of CSR is an important part that can determine the future of the company and can maintain long-term performance in this case for banks. The sustainability of the company's growth and the development of the welfare of the surrounding community can continue to grow if the community where the company is located also grows with it.

One of the efforts carried out by banking institutions as business entities in overcoming social problems also manifests its role as a financial institution, specifically to alleviate poverty, social inequality, and to encourage welfare and environmental improvement in Indonesia by conducting CSR. Although the Law of the Republic of Indonesia Number 10 of 1998 Concerning Amendments to Law Number 7 of 1992 concerning Banking (Banking Law), there is no article that requires banking institutions to carry out CSR, but in its development, CSR has become a common thing to do by banks, both state-owned banks, and private banks.

The CSR program covers 3 main pillars namely in the fields of environment, education, and economics. The main pillar of the implementation of CSR by the banking sector is the economic pillar which aims to increase the capacity of MSMEs to be an alternative solution to the difficulty of MSMEs to access financing facilities for their businesses. One of the financing facilities can be obtained through the KUR program. However, in various cases, the distribution of KUR can cause bad credit due to the capacity of the UMKM itself which has not yet met the requirements. As a prospective debtor to get access to finance for their businesses, MSMEs often experience problems where the status is still feasible and not bankable.

A systemic, comprehensive and accurate effort or concept is needed from various stakeholders in implementing CSR to develop the MSMEs so that it can run well and effectively.¹⁵ Efforts to increase the capacity of MSMEs through this CSR program can be an alternative solution for KUR channeling financial institutions to minimize the possibility of various credit risks arising from debtors who are not yet bankable but can qualify to receive

¹⁵ Tarsisius Murwadi, "Audit Mutu Hukum dan Mitigasi Terhadap Badan Usaha Milik Petani sebagai Wujud Pertanggungjawaban Sosial Perusahaan Menghadapi Asean-China Free Trade Area", *LITIGASI Jurnal Ilmu Hukum*, Vol. 13, No. 2, 2012, p. 1432.

financing facilities compared to lowering the standard conditions for gaining access. increasingly made easier. The support of the bang through CSR can be realized by providing education, training, and assistance related to the world of entrepreneurship.

The attention of banking institutions in social responsibility will provide long-term benefits for the community and the bank itself. With the existence of education, training, and assistance for the community of SMEs, it is expected that it can improve business instincts and high leadership spirit and have the will to carry out visionary business development. This CSR category in the social field will provide positive benefits by improving the quality of human resources which will improve employee performance to produce goods from the MSME industry that are of higher quality and of higher selling value so that they are able to compete in wider market scope. Besides being useful for internal MSMEs whose businesses are increasingly developing with an increase in business quality in terms of human resources and the quality of their products, it is hoped that they can expand their businesses so that they can create more job opportunities for residents around the MSMEs.

The second pillar of CSR that can be implemented is the economic pillar where after providing education about entrepreneurship for MSME actors, banks can also help MSME actors by providing financial assistance and physical or material assistance to develop their businesses. Funds obtained from the CSR program are expected to be used to purchase various types of production equipment and also to support product marketing. However, the granting of these funds must also always be monitored so that the allocation can be right on target and appropriate so that it really helps MSMEs develop their businesses first before later MSMEs can access other financing facilities.

The KUR implemented by banks can be integrated with CSR in the banking itself. The KUR fund source must be a free and non-binding source of funds so that the bank does not feel burdened with potential losses or bad credit from the implementation of the KUR program. KUR currently does not benefit the banking sector because banks must relax the conditions for granting credit. As a first step, in order to overcome the problem of KUR which can be integrated with CSR, where later KUR funds can come from CSR funds. CSR can be used as an initial trigger for banking business reengineering in the KUR program. In addition, the implementation of KUR can also be more effective with the Government program in the form of omnibus law. Omnibus law is a way for the Government to reduce the number of regulations to be more effective and efficient. One omnibus law that can support the KUR program is by making an omnibus law on small business financing.

IV. CONCLUSION

The role of MSMEs in a country's economic growth is very important. But nowadays, UMKM has several problems, one of which is related to funding or capital problems. The government's effort in overcoming the MSME capital problem is to create a KUR program. KUR is credit or financing provided by banks to MSMEs that are feasible but not yet bankable. The government program through KUR is intended to make it easier for MSMEs to access financing facilities in order to increase the capacity and quality of MSMEs so that they have higher competitiveness.

The implementation of KUR by banks has several risks, one of which is related to bad credit. Efforts to increase the capacity of MSMEs through CSR programs can be an alternative solution for KUR channeling financial institutions to minimize various possible credit risks arising from debtors who are not yet bankable but can qualify for receiving financing facilities compared to lowering the standard conditions for gaining more access made easy. KUR currently does not benefit the banking sector because banks must relax the lending conditions while the bank as a company is required to continue to make a profit. As a first step, in order to overcome the problem of KUR which can be integrated with CSR, where later KUR funds can come from CSR funds and MSMEs can increase their business capacity through training and education management companies through banking CSR programs.

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