



# Variables Affecting the Repayment of the Community Business Credit *KUR* by Farmers in Coffee Farming

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## A B S T R A C T

Coffee productivity experiences fluctuations where production from year to year always fluctuates but judging from the development of the business world which is increasing, especially in agriculture with coffee producing centers. Natural coffee cultivation activities certainly require maintenance costs which are not a few things this also cannot meet from one's capital alone and requires additional capital from other parties. In doing this business, not all farmers have sufficient capital to run their business, so the community needs additional capital to increase their business. One of the financial institutions that provide loans is bandages through the KUR guarantee program, which is 80 percent of which is indeed allocated to the agricultural sector. Meanwhile, in South OKU District itself, almost all coffee farmers are banking customers who get KUR credit facilities from several banks in Muara Dua OKU Selatan. During the pandemic, it can be said that it has not experienced the problem of bad debts which is so meaningful. So this attracted researchers to further examine the factors that affect the Repayment of KUR by farmers in coffee farming in Runjung Agung District, Ogan Komering Ulu Selatan District. The focus of this study will be to review more deeply what factors affect the repayment of KUR on coffee farming in Runjung Agung District, Ogan Komering Ulu Selatan District (ownership status, income from coffee farming, land area, coffee farming costs, number of family dependents, loan amount, and credit repayment period)

## 1. INTRODUCTION

### 1.1. Research Background

The government as one of the parties responsible for the welfare of farmers, has launched several program credits or capital assistance for farmers and agricultural business actors through several agricultural financings, one of which is the Community Business Credit (*KUR*). *KUR* is a new agricultural credit launched by the government on June 8, 2007, through presidential instruction number 6 of 2007. This credit program aims to help credit accessibility for farmers developed in collaboration with several commercial banks appointed by the government with a credit ceiling of up to 500 million rupiahs and a maximum interest rate of 14 percent for Retail *KUR* and 22 percent for micro *KUR* [1].

The *KUR* is financing MSMEs in the form of providing working capital and investment supported by guaranteed facilities for productive businesses. *KUR* is intended for productive businesses that are *feasible* but not yet *bankable*. The objectives of the *KUR* program are to accelerate the development of primary sectors and the empowerment of small-scale enterprises, increase

accessibility to credit and financial institutions, reduce poverty rates, and expand employment opportunities. The principal collateral of *KUR* is a financed project, while the additional collateral is partially covered by the guarantee program (PT. Askindo and Jamkrindo) of 80 percent for the agricultural, marine and fisheries, forestry, and industrial sectors, and for the Indonesian Workforce *KUR* and 70 percent for other sectors [2].

This unsecured credit loan program is given for the empowerment of MSMEs with an interest rate of 6 percent per year as of January 1, 2016. This credit distribution is carried out through banking institutions and non-bank financial institutions that have been appointed and determined by the government because they are eligible as parties to distribute *KUR* funds, The government hopes that the distribution of *KUR* is as expected, right on target, and useful for strengthening MSME institutions in Indonesia [3].

Credit is now the backbone of the banking world. The influx of funds from customers who save must be channeled again through credit given to customers who need additional business capital and investment. The flow of funds between incoming and spent money must be balanced. This is what will be monitored by auditors from inside and outside the Bank. If there is an imbalance, it will be reviewed more deeply to find out what errors

are in the management of the banking. As a bank that has work units in almost all sub-districts, There are three groups of variables that need to be determined for credit analyzers. Variable based on individual characteristics, business characteristics, and credit characteristics [4]. Due to the current pandemic, the income has decreased drastically. As a result, the merchant cannot Repayment his credit [5], [6].

In South Sumatra, about 40 percent of South Sumatra Coffee Plantations are produced by South OKU District. Coffee plantations are the main agricultural subsector in Ogan Komering Ulu Selatan District, with robusta coffee commodities as its superior product. Based on data obtained from the Ministry of Agriculture (Kementan) claims that KUR's bad debts from the agricultural sector are very small. Of the total Rp. 55 trillion, only about 0.06 percent are problematic. Banks continue to facilitate financing in the agricultural sector since in this sector there are almost no losses. Moreover, the agricultural sector was not affected by the Corona pandemic [7].

It is known that coffee productivity fluctuates where production from year to year always fluctuates but judging from the development of the business world which is increasing, especially in agriculture with coffee producing centers. Coffee cultivation activities, of course, require maintenance costs, which are not small, this is also unable to meet from one's capital alone and requires additional capital from other parties. In doing this business, not all farmers have sufficient capital to run their business, so the community needs additional capital to increase their business. One of the financial institutions that provide loans is banks through the KUR guarantee program, which 80 percent of which is indeed allocated to the agricultural sector [8].

Meanwhile, in South OKU District itself, almost all coffee farmers are banking customers who get KUR credit facilities from several banks in Muara Dua OKU Selatan. During the pandemic, it can be said that it has not experienced the problem of bad debts which is so meaningful.

## 1.2. Literature Review

### 1.2.1. Description of KUR

KUR is a credit/financing to MSMEs and Cooperatives that are not currently receiving program loans from the Government, at the time the credit/financing application is submitted, as evidenced by the debtor information system, excluded for types of mortgages, KKB, Credit Cards, and other consumer loans. The financed business is productive (www.bi.go.id).

The National Team for Poverty Reduction Stated that KUR is a program that is included in the poverty reduction program group based on the empowerment of Micro and Small Economic businesses (cluster 3). This cluster aims to increase access to capital and other resources for micro and small enterprises [2].

The People's Business Credit Program (KUR) is one of the government's programs in increasing access to financing for Micro, Small, and Medium Enterprises (MSMEs) which are channeled through financial institutions with a guaranteed pattern. The KUR program is intended to strengthen business capital capabilities in the context of implementing policies to accelerate the development of the real sector and empower MSMEs [9].

Based on the description above, it can be concluded that KUR is a credit given to MSMEs that aims to increase access to capital and other resources for micro and small businesses. The types of

KUR distributed by Bank BRI according to the Regulation of the Minister of Finance Number 135 / PMK.05 / 2008, namely:

KUR Retail Commercial Bank BRI is working capital or investment for debtors who have productive and decent businesses with a ceiling ranging from Rp. 25 million to Rp. 500 million per debtor, but with the condition that you have collateral or guarantees that are following the loan amount

KUR TKI Bank BRI is a credit given to finance the departure of prospective migrant workers to the country of placement with a ceiling of up to RP25 million and is given individually (individually)

KUR Mikro Bank BRI is a working capital credit given to debtors as working capital or additional working capital for the continuation of the business that is being carried out. This credit is intended for small economic sectors such as traders, industry, services, and farmers with a ceiling of up to IDR 25 million. Based on the explanation above, it can be concluded that several KUR is provided by Bank BRI, including Commercial Retail KUR, TKI KUR, and Micro KUR. The KUR aims to assist according to their respective types which are generally used as working capital assistance for business development and to finance the departure of migrant workers.

The purpose and function of the KUR according to the Regulation of the Minister of Finance Number 135 / PMK.05 / 2008 concerning Facilities and Agreements for People's Business Credit are to accelerate the development of primary sectors and empower small-scale businesses to increase accessibility to credit and financial institutions, reduce poverty rates, and expand employment opportunities. KUR is working capital and investment credit that is provided specifically for productive business units through a credit guarantee program. Individuals, groups, or cooperatives can access this program with a maximum credit of Rp. 25 million. The source of funds comes from the Government which is channeled through designated banks with a maximum interest rate of nine percent per annum. The percentage of secured credit is 70 percent of the total credit allocation provided by the Government. The period of credit loan for working capital is a maximum of three years. Feasible business fields are production inputs to the provision of agricultural tools and machinery and the management of agriculture [2].

Based on the objectives and functions that have been described, it can be concluded that the purpose of the KUR as working capital assistance is to increase accessibility to credit and financial institutions, reduce the level of poverty, and expand employment opportunities to increase production results which in turn can increase income

The purpose and function of the KUR according to the Regulation of the Minister of Finance Number 135 / PMK.05 / 2008 concerning Facilities and Agreements for People's Business Credit are to accelerate the development of primary sectors and empower small-scale businesses to increase accessibility to credit and financial institutions, reduce poverty rates, and expand employment opportunities. KUR is working capital and investment credit that is provided specifically for productive business units through a credit guarantee program. Individuals, groups, or cooperatives can access this program with a maximum credit of Rp. 100,000,000. The source of funds comes from the Government which is channeled through designated banks with a maximum interest rate of six percent per annum. The percentage of secured credit is 70 percent of the total credit allocation provided by the Government. The period of credit loan for

working capital is a maximum of three years. Feasible business fields are production inputs to the provision of agricultural tools and machinery and the management of agricultural products.

### 1.2.2. Factors affecting KUR Repayments

A country's economy should be an efficient and supportive mix of real sector activities. Currently, it can be said that the provision of various financial services (banking) is a *strictly well-regulated sector*. This happens because banking concerns the interests of a large number of people. The situation in Indonesia is something that is enough to give an idea that banking is a highly regulated sector. although banking is a *strictly well-regulated* sector, problems in KUR Repayments can occur among others can be caused by [10]:

#### a. Appraisal errors

Not all debtors have good faith when applying for credit or when the credit given is running. This bad faith is indeed difficult for the bank to know and analyze because this concerns the morals or morals of the debtor. It could be that the debtor when applying for credit covers up the financial depravity of his company and only expects fresh funds from the bank, or the debtor provides false financial data or various other actions.

#### b. Financing the project from the owner / affiliated

Credit can also become bad due to the debtor's mistakes in managing his finances such as investing too much, being too hasty in expanding his business, or in a trading business, hoarding too much stock of goods without taking into account the smooth turnover of his merchandise. This can cause the capital provided by the bank to settle on the purchase of the goods, while the distribution or market demand is reduced and even non-existent. Of course, these conditions, will not benefit the entrepreneur and eventually lead to the inability to Repayment the loan to the bank.

#### c. Financing projects recommended by certain forces

Various statutory provisions become corridors for banks in carrying out business activities for the disbursement of funds. Such as the provisions regarding the maximum limit of crediting or BMPK, the crediting ratio seen from the value of the guarantee provided, and various other rules. However, sometimes officers and decision-makers of lending do not pay attention to this, where to pursue the target, banks are very aggressive in disbursing their funds without considering the risk factors that can arise at any time.

#### d. Macroeconomic impact/ un-forecasted variable

The decline in economic activity can be caused by economic cooling policies or due to the tightening of monetary policies carried out by Bank Indonesia which causes the interest rate to rise and in turn, debtors are no longer able to pay principal installments and credit interest.

#### e. Delinquency of the client

Credit collection is expected to be used entirely to increase capital, but it is not necessarily done by all entrepreneurs because some use the loan for daily purposes or to pay off debts to other parties so the loan is not optimally used.

Meanwhile, according to Ref. [6] said that non-performing loans can arise apart from causes on the part of the creditor, most non-performing loans arise due to things that happen to the

debtor, including The decline in the condition of the company's business is caused by the decline in general economic conditions or the field of business in which they operate. There is mismanagement in the management of the company's business ventures, or because of a lack of experience in the field of business they handle. Family problems, such as divorce, death, prolonged illness, or waste of funds by one or several members of the debtor's family. The debtor's failure in their other field of business or company.

#### f. Serious financial liquidity difficulties.

The emergence of events beyond the power of the debtor, for example, wars and natural disasters. The bad disposition of the debtor (who from the beginning had indeed planned not to Repayment the credit).

Most non-performing loans do not appear suddenly. This is because basically, the case of non-performing loans is a single process, which is likened to a fire in the chaff. Many of the unfortunate symptoms that lead to cases of non-performing loans have sprung up long before the case itself came to the fore. If these symptoms can be detected appropriately and treated professionally as early as possible, there is hope that the credit concerned can be helped. On the other hand, if the fire that burns in the chaff is not detected or left alone, the credit transaction will end in disaster, especially for the creditor [6].

### 1.3. Research Objective

This study aims to analyze the influence of factors of Farm Income, Characteristics of debtors, and allocation of loan funds on the Repayment of KUR by farmers in coffee farming in Ogan Komering Ulu Selatan District. The usefulness of this research can be a consideration in using KUR to work on coffee farming commodities, as inputting for the renewal of coffee farming for government.. as input for consideration in the realization of KUR in coffee farming for Banking. For the next research as reference material for the next research with additions.

## 2. MATERIALS AND METHODS

### 2.1. Scope of Research

This research was carried out in Runjung Agung District, South OKU District, where the determination of the area was carried out intentionally (*survey*), considering that this area had the most coffee farmers who received KUR loan facilities. The focus of the research is customers who are coffee farmers and get a KUR loan facility from Bank BRI. The debtor comes from the Runjung Agung district with an average land area of 1 ha. The research has been carried out from February to March 2022.

### 2.2. Research Model

The method used in this study is the survey method. Survey research methods are research that describes a comprehensive explanation of aspects of an individual, a group, or an organization so that in the study researchers must process as much data as possible regarding the subject under study [11].

### 2.3. Sample Withdraw

The sampling method used in this study is the saturated sample method where the total population of coffee farmers who get the capital facility KUR Bank BRI Pasar Ilir unit Muaradua OKU

Selatan is as many as 100 farmers, with an indicator homogeneity area of 1 Ha, namely as many as 53 farmers then calculated the sample using the Slovin formula:

$$n = \frac{N}{1 + N(d)^2}$$

Where:

n = Sample Size

N = Population Size

e = Sample stabilization Error that can still be tolerated by 10%

Using the Slovin formula above, the number of the sample obtained is:

$$n = \frac{53}{1 + 53(0.1)^2}$$

$$n = 34.6 \text{ rounding } 35 \text{ sample}$$

## 2.4. Analytical methods

The data collected is in the form of primary and secondary data. Research survey data were collected through direct interviews with farmers using questionnaires. Data are tabulated and processed or analyzed using logistics analysis [12].

## 2.5. Data Processing Method

This study used multiple linear regression data analysis such as using classical assumption tests. The linear regression test is simple because in this study it is covered by three variables X with one variable Y, whereas in linear regression the multiple variable Y is a bound variable that depends on two or more variables (X). Multiple regression analysis is a statistical technique useful for conducting regression analysis between independent (free) and dependent variables (bound) [13].

Then the multiple linear regression equation in this study is

$$PK = \beta_0 + \beta_1PU + \beta_2KD + \beta_3AP$$

Where:

$\beta_0$  = constate value

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$  = value of the regression coefficient of the free variable

PK = KUR Repayment

PU = Income from coffee farming (Rp)

KD = Characteristics of the Debtor

AP = Loan Allocation

## 3. RESULT AND DISCUSSION

### 3.1. History of KUR

The People's Business Credit Program (KUR) is one of the government's programs in increasing access to financing for

Micro, Small, and Medium Enterprises (MSMEs) which are channeled through financial institutions with a guaranteed pattern. The KUR program is intended to strengthen the ability of business capital in the context of implementing policies to accelerate the development of the real sector and empower MSMEs.

To realize this, the government issued Presidential Instruction Number 6 of 2007 concerning policies to accelerate the development of the real sector and the empowerment of MSMEs. The KUR program was officially launched on November 5, 2007. The financing disbursed by KUR comes from banking funds or financial institutions that are KUR Distributors. The funds provided are in the form of funds for working capital needs and investments distributed to individual MSME actors/ individuals, business entities, and/or business groups that have productive and decent businesses but do not yet have additional collateral or *feasible* but are not yet *bankable*.

KUR is a form of the government's spirit in increasing access to financing for MSMEs, through financial institutions with a guaranteed pattern. At that time, the credit guarantors were Perum Sarana Pengembangan Usaha (SPU) and Asuransi Kredit Indonesia (Askrindo). At the beginning of its appearance, KUR only involved six banks, namely PT Bank Mandiri (Persero) Tbk., PT Bank Negara Indonesia Tbk., PT Bank Bukopin Tbk., PT Bank Tabungan Negara Tbk. and PT Bank Syariah Mandiri. The funds provided for working capital and investment target five business sectors, namely agriculture, fisheries, marine, cooperatives, forestry, industry, and trade. Loan interest is pegged at 16 percent, with a maximum credit ceiling of IDR 500 million per debtor.

Since then, the realization of KUR disbursements and the number of debtors accessing the financing have continued to increase significantly. As of December 27, 2021, the Coordinating Ministry for Economic Affairs stated that the distribution of KUR reached IDR 278.71 trillion to 7.35 million debtors. Not only that, but the number of KUR dealers has also increased. From what originally only involved 6 banks, there are now 46 KUR dealers consisting of government banks, private commercial banks, regional development banks (BPD), finance companies, and cooperatives. In terms of guarantees, the KUR program is now supported by 10 credit guarantee institutions. The presence of guarantees in this program aims to support the principle of prudence during the period of financing distribution to the community [14].

Based on Table 1, it is known that PT. Bank Rakyat Indonesia (Persero), Tbk. is a bank that distributes KUR loan programs to 418,185 debtors with a ceiling value of Rp. 11,427,660,332,155. further followed by PT. Bank Mandiri and PT. Bank BNI.

**Table 1.** KUR Allocation in 2020.

No.	Distributed by	Total Distribution	
		Plafon	Debtor
1	PT. Bank Rakyat Indonesia (Persero), Tbk.	11.427.660.332.155	418.185
2	PT. Bank Mandiri (Persero), Tbk.	2.145.055.550.200	25.279
3	PT. Bank Negara Indonesia (Persero), Tbk.	1.565.039.078.111	10.912
4	PT. Bank Tabungan Negara (Persero), Tbk.	4.905.000.000	17
5	PT. Bank Central Asia, Tbk.	14.399.640.000	288
6	PT. Bank Bukopin, Tbk.	0	0
7	PT. Bank Maybank Indonesia, Tbk.	300.000.000	1
8	PT. Bank Sinarmas, Tbk.	40.525.068.000	144
9	PT. Bank Permata, Tbk.	2.200.000.000	10
10	PT. BTPN, Tbk.	0	0
11	PT. OCBK NISP, Tbk.	4.000.000.000	9
12	PT. Bank Artha Graha Internasional, Tbk.	1.369.292.000	104
13	PT. BRI Syariah, Tbk.	0	0
14	PT. BRI Agroniaga, Tbk.	1.114.840.000	10
15	PT. Bank CTBC Indonesia, Tbk.	1.476.126.000	92
16	PT. Bank Nationalnobu, Tbk.	1.266.000.000	44
17	PT. Bank Mandiri Taspen	20.401.000.000	582
18	PT. BPD Bali	107.985.000.000	643
19	PT. BPD Kalimantan Barat	200.000.000	1
20	PT. BPD NTT	0	0
21	PT. BPD DIY	21.778.000.000	380
22	PT. BPD Sulselbar	4.149.000.000	33

No.	Distributed by	Total Distribution	
		Plafon	Debtor
23	PT. BPD Sumut	34.618.000.000	347
24	PT. BPD Sumatra Barat (Bank Nagari)	39.646.000.000	283
25	PT. BPD Sumatera Selatan Babel	82.957.520.000	1.602
26	PT. BPD Jawa Barat dan Banten, Tbk.	57.990.670.000	420
27	PT. BPD Kalimantan Selatan	18.525.000.000	166
28	PT. BPD Riau Kepri	35.868.000.000	303
29	PT. Bank NTB Syariah	185.000.000	5
30	PT. BPD Lampung	6.792	227
31	PT. BPD Papua	0	0
32	PT. BPD Bengkulu	2.132.000.000	17
33	PT. BPD Kalimantan Timur Kalimantan Utara	3.083.000.000	29
34	PT. BPD Jambi	250.000.000	1
35	PT. BPD Jateng	136.204.000.000	1.042
36	PT. BPD Sulawesi Tenggara	7.235.900.000	37
37	PT. BPD Kalimantan Tengah	502.000.000	8
38	PT. Bank SolutGo	0	0
39	PT. Internusa Tribuana Citra Multi Finance	18.476.570.000	1.213
40	PT. Indosurya Inti Finance	0	0
41	PT. First Indo American Leasing	0	0
42	Koperasi Obor Mas	150.000.000	7
43	Koperasi Kospin Jasa	5.556.000.000	186
44	KSP Guna Prima Dana	1.725.000.000	48
Total		15.808.928.593.258	462.675

Source: [9]

### 3.2. Overview of Research Areas

Runjung Agung Subdistrict is one of the sub-districts located in Ogan Komering Ulu Selatan District which is 50km from the city of Muara Dua. With the condition of areas with topography such as hills and highlands, the livelihoods or sources of income of the people are mostly livelihoods in the plantation sector.

Plantations in Runjung Agung District are dominated by Coffee plantations, covering an area of 2,750 ha followed by plantations covering an area of 590 ha. The following is a table of plantations in the Runjung Agung District (Table 2).

**Table 2.** Plantations in Runjung District in 2020

District	Palm	Coconut	coffee	Pepper
Buay Rawan	20	50	2750	110

Source : BPS OKU Selatan, 2022

Based on the table data above, it is known that coffee plantations are the dominant commodity cultivated by the community in The Runjung Agung district. The geographical state of the region is on land surrounded by rice fields, hills, and other agricultural land areas that have a Regional type of soil with black soil. Runjung Agung Subdistrict is located between 400-650 meters above sea level which has 2 (two) tropical climates with an average temperature of 16/27°C and has two types of seasons, namely the rainy and dry seasons. This is what makes it suitable as a Robusta coffee plantation area. The coffee harvest period in Runjung Agung Subdistrict begins in February and lasts for four months. As for the productivity of coffee plantations around 560Kg / Ha / Th. this can be seen in Table 3.

**Table 3.** Plantations in Runjung District in 2020

	Palm	Coconut	coffee	Pepper
Buay Rawan	0	50	1550	130

Source : BPS South OKU Selatan, 2020

Based on the Table 3 data, it is known that the total coffee production in Runjung Agung district is 1,550 tons/year. This is

influenced by human resources and economic capabilities in the coffee cultivation process. Where few farmers have implemented good and correct coffee cultivation practices.

### 3.3. Analysis Result

#### 3.3.1 Characteristics of Respondents

The characteristics of respondents in this study included gender, age, and education with a total of 35 respondents. The respondents in this study were coffee farmers in Sub-District Runjung Agung, based on the data taken as follows:

#### a. Gender

The characteristics of respondents by age can be described in Table 4.

**Table 4.** Characteristics of Respondents By Gender

Gender	Frequency (People)	Percentage (%)
Male	29	83%
Woman	6	17%
Total	35	100 %

Based on the table above, it shows that of the 35 respondents observed, it is known that respondents who are male are 29 people or 83 percent, and those who are female are 6 people or 17 percent. About the KUR loan facility, it is dominated by men because as the head of the family, it is so much about the name of a collateral asset.

#### b. Age

The characteristics of respondents by age can be described in Table 5.

**Table 5.** Characteristics of Respondents By Age

Age	Frequency (People)	Percentage (%)
19-25 years	6	17%
26-35 years	18	51%
> 35 years old	11	32%
Total	35	100%

Table 5 shows that of the 35 respondents observed, it is known that 6 respondents who have a lifespan of 19-25 years (17 percent), respondents who have an age of 26-35 know as many as 18 people (51 percent), who have a > age of 35 years as many as 11 people (32 percent).

#### c. Education

The characteristics of respondents by education can be described in Table 6.

**Table 6.** Characteristics of Respondents Based on education

Education	Frequency (People)	Percentage (%)
Primary school	0	0%
Junior High Schools/MTs	2	6%
High School/MA	26	74%
Diploma I-S1	7	20%
Total	35	100%

Based on Table 6, shows that of the 35 respondents observed, it is known that 2 respondents with high school / MTs education (6 percent), respondents with high school / MA education as many as 26 people (74 percent), who have Diploma I-S1 education as many as 7 people (20 percent).

#### d. Religion

The characteristics of respondents by religion can be described in Table 7.

**Table 7.** Characteristics of Respondents Based on religion

Religion	Frequency (People)	Percentage (%)
Islam	35	100%
Catholic Christianity	0	0%
Protestant Christianity	0	0%
Hindu	0	0%
Buddhist	0	0%
Confucianism	0	0%
Total	35	100%

Based on Table 7, it shows that of the 35 respondents observed, it is known that the respondents who became KUR debtors were all Muslims (100 percent)

#### e. Number of Family Members

The characteristics of respondents based on the number of family members can be described in Table 8.

**Table 8.** Characteristics of Respondents Based on the Number of Family Members

Number of Family Members	Frequency (People)	Percentage (%)
0-2	16	46%
3-5	11	31%
6-8	8	23%
Total	35	100%

Source: Processed primary data, 2022

Based on Table 8, shows that out of the 35 respondents observed, it is known that respondents who have 0-2 members as many as 16

people (46 percent), respondents who have members 3-5 people as many as 11 person (31 percent), who have the age of 6-8 people as many as 8 people (23 percent).

#### f. Farm Income

Operating income is obtained after total receipts minus costs that have been used, but does not include calculated costs (depreciation). The higher the business income obtained, the higher the ability to meet their needs. Related to credit arrears, the business income will be a source of funds in paying credit installments every month until they are paid off. The number and proportion of respondents of current and non-current KUR debtors Bank BRI Pasar Ilir unit Muaradua OKU Selatan according to operating income can be seen in Table 9.

**Table 9.** Coffee Farming Revenue

Operating Income per Season	Repayment		Percentage (%)
	Fluent	Not Fluent	
10,000,000 - 15,000,000	3	2	14%
> 15. 100,000 - 20,000,000	13	16	83%
> 20,100,000 – 25,000,000	1	0	3%
Total	17	18	100%

Based on the table above, it is known that the income of farmers who get KUR capital facilities from Bank BRI Pasar Ilir is 14 percent earning between Rp.10,000,000 to Rp. 15,000,000, 83 percent is between > Rp. 15, 100,000 to IDR. 20,000.000 while the income is more than Rp. 20,100,000 as much as 3 percent.

### 3.4. Characteristics of the Debtor

The character is in the first place of the aspects analyzed because this concerns his human being (the credit applicant). The character is "inherent" and resides within the human being regarding traits, behaviors, or habits. Credit applicants can change residences and then submit applications in other cities. You can also be domiciled in the same city and apply to another financing institution or a different bank that is still in the city. However, the character of the applicant is likely to be the same. However, in practice, not all debtors have the same sense of responsibility for the loan burden. There has the number and proportion of respondents to debtors of KUR Pasar Ilir Muaradua OKU Selatan who are smooth and not current, the characteristics of debtors can be seen in Table 10.

**Table 10.** Characteristics of the Debtor

Characteristic	KUR Repayments		Percentage (%)
	Fluent	Not Smooth	
Responsible	17	0	49%
Irresponsible	0	18	51%
Total	17	18	100 %

Based on the characteristic in Table 10, it is known that as many as 17 people or 49 percent have the responsibility to fulfill their obligations to their loans while 18 people, or 51 percent have no sense of responsibility in fulfilling their obligations to pay off the loan burden.

#### 3.3.4 Loan Allocation



Loan allocation is the use of KUR facility loan funds whether it is following the application to support farming business activities or even used for other consumptive needs. The number and proportion of respondents to debtors of KUR Pasar Ilir Muaradua OKU Selatan who are current and not current according to the credit repayment period can be seen in Table 11.

**Table 11.** Allocation of Loan funds

Loan Allocation	Repayment		Percentage (%)
	Fluent	Smooth	
Farming Activities	14	0	40%
Other	0	21	60%
Total	14	21	100 %

Based on the loan allocation in Table 11, it is known that as many as 14 debtors or 40 percent allocate their loan funds to support farming activities while 21 debtors or 60 percent of others use KUR loan funds for other consumptive needs such as buying land, renovating houses, education costs, and purchasing vehicles.

### 3.5. Regression Analysis

This study uses simple linear regression data analysis such as using classical assumption tests. The linear regression test is simple because in this study it is covered from three variables with one variable Y and seven variables X, whereas in linear regression the multiple variable Y is a bound variable that depends on two or more free variables (X). The regression analysis in this study aims to determine the effect of Income (X1), Debtor Characteristics (X2), and Loan Allocation (X3) on the income of coffee farmers in Runjung Agung District (Y), using the Statistical Software Program For Social Science (SPSS).

**Table 12.** Model Summary of Regression Analysis

Model Summary				
Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.855 <sup>a</sup>	.731	.705	.20774

Based on the regression analysis in Table 12, it is known that the value of the coefficient of determination or  $R^2$  shows the number 0.731 which means that the variable X together affects the variable Y by 73.1 percent while the remaining 26.9 percent is influenced by other variables outside this regression equation or variables that are not studied.

**Table 13.** Analysis of Variance

ANOVA					
Type	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	3.634	3	1.211	28.067	.000 <sup>b</sup>
Residual	1.338	31	.043		
Total	4.971	34			

a. Dependent Variable: SMOOTH/NOT SMOOTH

b. Predictors: (Constant),

While the value of F in can be 28.067 with significance at  $\alpha = 0.001$ . This shows that in addition to the independent variable (X1,

X2, X3) is significant to the dependent variable (Y) at  $\alpha = 0.01$  with a value of 28.067.

Based on the calculated value of t all free variables (income, characteristics, and allocations) showed significance to the bound variables (Repayment of KUR by farmers). While based on the sign of the coefficient also all free variables correspond to the hypothesis or according to the existing theory (Table 14).

**Table 14.** Calculated Value of t

Coefficients		Unstandardized Coefficients		Std. Error	t	Sig.
Type		B	Std. Error	Beta		
1 (Constant)		-.579	.323		-1.794	.083
INCOME		4.500E-8	.000	.233	2.440	.021
CHARACTERISTIC		.448	.099	.475	4.500	.000
ALLOCATION		.394	.085	.486	4.643	.000

a. Dependent Variable: SMOOTH/NOT SMOOTH

#### 3.5.1. Revenue (X1)

The value of the variable coefficient of income (X1) is 4.500E-8, this means that the increase in income of 1 rupiah will increase the Repayment of KUR by farmers by 4,500E-8 rupiah and vice versa (*ceteris paribus*). Meanwhile, if you look at the significance level, it shows that the income variable is significant to the KUR Repayment variable at the confidence level  $\alpha = 0.05$  ( $0.021 < 0.05$ ). This is following [4] with result analysis showing that the business income owned by the customer has no real effect on KUR because it has a P-value greater than the real level ( $P = 0.211 > \alpha = 0.05$ ). This means that how much a debtor's business income does not have much effect on the value of his arrears.

#### 3.5.2. Characteristics of debtors (X2)

The value of the Debtor Characteristic coefficient (X2) is 0.448, this means that the increase in the character of the debtor in one unit or the better the record of the character of the debtor of one unit will increase the Repayment of KUR by farmers by 0.448 rupiahs and vice versa (*ceteris paribus*). Meanwhile, if you look at the level of significance, it shows that the variable characteristics of the debtor are very significant to the variable Repayment of KUR at the confidence level  $\alpha = 0.01$  ( $0.000 < 0.01$ ). This is following the results of the study [15] which states that the debtor's character has a significant effect on collectibility with a correlation of 0.659 or has a strong relationship with an influential contribution of 43.4%. Hypothesis testing obtained the calculated t value  $> t$  table or ( $8.449 > 1.986$ ). Thus the first hypothesis proposed that there is a significant effect between the character of the debtor on collectibility is accepted.

#### 3.5.3. Loan Fund Allocation (X3)

The value of the Loan Fund Allocation coefficient (X3) of 0.394 means that the increase in the allocation of loan funds of one rupiah will increase the Repayment of KUR by farmers by 0.394 rupiahs and vice versa (*ceteris paribus*). Meanwhile, if you look at the significance level, it shows that the variable allocation of borrowed funds is very significant to the KUR Repayment variable at the confidence level  $\alpha = 0.01$  ( $0.000 < 0.01$ ). This is following the results of the study [4] stated that the result of this analysis shows that the variable percentage of credit funds used for business has a real effect on the Repayment of KUR credit because the p-value is lower than the real level ( $P = 0.001 < \alpha = 0.05$ ).

#### 4. CONCLUSION

Based on the results of the study using a survey method on debtors of PT. Bank BRI Pasar Ilir, the factors that have a real influence on the Repayment of KUR by coffee farmers in Runjung Agung District, Ogan Komering Ulu Selatan District, are the variable income (X1), the characteristics of the debtor (X2), and the allocation of borrowed funds (X3) have a significant effect on the Repayment of KUR (Y). Suggestions that can be given are to the management of PT. Bank Rakyat Indonesia (Persero), Tbk to conduct a complete analysis of the income and characteristics of prospective debtors. It is up to the debtor to allocate KUR loan funds appropriately and wisely to support the cost of farming so that it can fulfill its obligations to the loan funds provided by PT. PT. Bank Rakyat Indonesia (Persero), Tbk.

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