

Application of Business Law Principles to Universal Rural Banks in Pontianak City in the Framework of the Indonesian G20 Presidency 2022

Pidari Sinaga, Budi Santoso and Paramita Prananingtyas
Universitas Diponegoro, Indonesia

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Abstract: The dynamics of the development of the national economy, spurring developments in the field of law, namely the “rule of the game” of economic activity. Given the risks and challenges faced by the banking industry, one of them during the pandemic, the BPR Universal Pontianak city implemented a credit restructuring program. The G20 presidency in the midst of the pandemic has proven a good perception of Indonesia's economic resilience to the crisis. Is the application of credit restructuring program in BPR Universal Pontianak city in accordance with the principles of business law? This research uses normative juridical research methods and the results of the study show that the credit restructuring program at the Universal People's Credit Bank (BPR) in Pontianak city has helped the economy return to the growth path, and encouraged several important reforms in the company's financial sector that are in line with the principles of business law.

1 INTRODUCTION

One of the pillars supporting national economic development and nation building can be measured by a business activity which is reflected in the increase in the growth of the majority of business fields throughout the region. This dynamic economic development is predicted to continue, supported by increased mobility, financing sources, and other business activities. To supervise each of these business activities, legal tools are needed as in the business field for the advancement of business that is just and prosperity for the people, especially business people. In the legal order of business in Indonesia, the banking world has a very important role in economic activities where the Bank's very large role can be utilized by the public as a financial institution that helps make it easier for the public to carry out economic activities. One of the banking activities that really help the community is by providing credit facilities. Credit facilities are proven to help the community in developing businesses so that they can advance the economy of the community and the state (Halizah, 2022).

The provision of credit facilities to customers is part of business activities in the banking sector.

Credit is one of the applications of business law that has procedures based on applicable laws and regulations. Law Number 7 of 1992 concerning Banking, as amended by Law Number 10 of 1998, states that the business activities of Commercial Banks are to disburse credit (Article 6 letter b). The credit disbursed by the bank to its customers is a debt that when as promised must be returned by the customer as the debtor (Giffary, 2021). According to Bank Indonesia Regulation number 14/15/PBI/2012 concerning Asset Quality Assessment of Commercial Banks, credit is the provision of money or bills that can be equated with it, based on an agreement or loan agreement between the bank and other parties that requires the borrower to pay off his debt after a certain period of time with the provision of interest (Rismayani).

The Indonesian state has experienced a serious impact during the Covid-19 pandemic, which colored the dynamics of the country's economy. This has resulted in instability in all business activities so that special handling is needed to restore conditions in the economic field. One of the business activities affected by the Micro, Small and Medium Enterprises (MSMEs) sector has experienced a decrease in income, making it difficult for MSME

business actors as debtors who have loans to pay their obligations to the Bank every month. In fact, there are not a few debtors who default because of their inability to pay debts. This impact occurred mutually felt by the Bank as a credit facilitator who experienced instability and pressure in the turnover of money. Based on this condition, the Government through the Financial Services Authority (OJK) in dealing with economic instability experienced by Indonesia, has issued several stimuli and policies for the financial industry, as an effort to anticipate, such as stock buyback policies and credit restructuring. With the existence of POJK Number 11 / POJK.03 / 2020 concerning National Economic Stimulus as a Countercyclical Policy impacting the Spread of Coronavirus Disease 2019. Where the policy urges banks to provide relief by lowering lending rates or extending the credit period. The higher the interest rate on the loan given, the lower the bank liquidity rate (Kustina, 2022).

Universal People's Credit Bank (BPR) is a bank, financial institution that accepts deposits of third-party funds in the form of deposits and savings, then distributed back to the community in the form of loans with a guaranteed house certificate (Certificate of Property Rights / Certificate of Building Use Rights). BPR Universal is committed to helping entrepreneurs in various productive business sectors in order to develop their business and also help the wider community to improve the quality of life, in various aspects, including education, housing, work / business facilities, and so on. BPR Universal in Pontianak City also plays a role in implementing POJK 11/2020 as a stimulus policy in the face of the Covid-19 pandemic, to implement an asset quality assessment policy based only on the ability to pay principal and/ interest installments only and also implement a credit restructuring policy aimed at its customers (Dewi 2015).

The credit restructuring program provided by the government should be implemented by not bypassing the corridors of business law principles, because business activities in the banking sector are part of the scope of business law and supervision is needed in practice. In order to realize Indonesia's economic recovery during the COVID-19 pandemic, which is the agenda of the implementation of Indonesia's G20 Presidency 2022 which is directed at the interests of the community by involving the participation of the community directly and also sustainable finance from a macroeconomic point of view and financial stability considering that the G20 Presidency in the midst of a pandemic has proven a

good perception of Indonesia's economic resilience to the crisis.

2 METHODOLOGY

The research method used is the normative juridical method. Normative juridical research methods are literature law research carried out by examining literature materials or mere secondary data (Soekanto, S., & Mamudji, S, 2003: 13). This type of normative legal research is the process of finding the rule of law, legal principles and legal doctrines to answer the legal problems faced (Fajar, M., & Yulianto Achmad, 2004: 34). With the approach method used, namely with the approach of laws or other laws and regulations and conceptual with literature studies and deductive logic analysis techniques related to this problem.

3 RESULTS AND DISCUSSION

People's Credit Bank is a bank that carries out business conventionally or based on sharia principles that in its activities do not provide services in payment traffic. By itself, the People's Credit Bank is not a bank that creates giral money, because the People's Credit Bank does not participate in providing services in payment traffic (Usman, 2001: 63). Article 1 of the Banking Law number 2 defines banks as business entities that collect funds from the public in the form of deposits and distribute them to the public in the form of credit and/or other forms in order to improve people's living standards.

Provisions regarding the Business of People's Credit Banks (BPR) are regulated in article 13 of Law No.10/1998, including:

- a) Collect funds from the public in the form of deposits in the form of time deposits, savings, and/or other forms that are equated therewith;
- b) Provide credit;
- c) Providing financing and a placement of money based on the principle of Shari'a, in accordance with the provisions stipulated by Bank Indonesia;
- d) Placing its funds in the form of Bank Indonesia Certificates (SBI) for time deposits, certificates of deposit, and/or savings in other banks.

The main business activity of the People's Credit Bank (BPR) is to serve small businesses and communities in rural areas that are adjusted to the limitations of the types of services. As well as BPR Universal which has a commitment to help entrepreneurs in various productive business sectors in order to develop their business and also help the wider community to improve the quality of life, in various aspects, including education, housing, work / business facilities, and so on. One type of business activity from BPR Universal in Pontianak City is to provide credit facilities to customers in need. During the Covid-19 pandemic, BPR Universal in Pontianak City also played a role in implementing POJK 11/2020 as a stimulus policy or debt relaxation program and the implementation of this policy was given to 119 debtors. One of the considerations for the implementation of POJK 11/2020, is that the implications of the Corona Virus Disease 2019 pandemic have had an impact, among others, on slowing national economic growth, decreasing state revenues, and increasing state spending and financing, so that various government efforts are needed to save health and the national economy, focusing on spending on health, social safety nets, and economic recovery, including businesses and affected communities. Credit restructuring is a policy carried out by banks to provide ease of credit payments to debtors, in order to avoid bad debts (Giffary, 2021).

In the implementation of bank loan restructuring referred to in POJK 11/2020, it still refers to POJK 40/2019. Based on POJK 40/2019, credit restructuring is carried out under the scheme of (Elucidation of Article, 53):

- 1) The credit interest rate is lowered,
- 2) The credit period is extended,
- 3) Reduction of principal installments of credit,
- 4) Reduction of credit interest installments,
- 5) Addition of credit facilities; and/or,
- 6) Conversion of credit into Temporary Capital Participation.

In determining whether the debtor is affected by Covid-19 or not in the credit restructuring application based on the bank's self-assessment, the bank has guidelines that at least explain the criteria for debtors determined to be affected by Covid-19, the disclosure of information provided by the debtor greatly affects the bank's analysis process. Apart from submitting a credit restructuring application from a direct debtor, the bank also directly offers a restructuring scheme to debtors who are considered affected by Covid-19, of course, with the obligation

to explain the scheme given and its consequences. Banks in implementing POJK 11/2020 are required to provide regular reporting to the OJK regarding the implementation of the policy (Interview, Dr. Benny Djaja, 2021).

In the process towards economic recovery during this pandemic, BPR Universal in Pontianak City has participated in implementing mass policies of the Government of Indonesia for improvement in the financial sector, especially banking. In order to restore stability in business activities themselves, business actors in the banking sector should not pass through corridors based on the principles of business law, namely as follows:

- 1) The principle of autonomy. Autonomous business people are aware of the obligations carried out following the norms or values of goodness and the positive impact on them;
- 2) The principle of honesty. By upholding honesty, business people will easily gain the trust of customers and clients;
- 3) The principle of justice. The principle of justice requires that everyone treats everyone according to the rules, objectives, and responsibly. Moreover, fairness can also mean that neither party is harmed or disregarded in its interests;
- 4) The principle of mutual benefit. In doing business, it must instill this principle so that all parties involved can benefit and be able to give birth to a win-win situation;
- 5) The principle of moral integrity. This principle is what keeps the business running well with a good reputation.

In all business activities, the application of business law principles serves to build and maintain business stability that can produce values, norms and behaviors based on business ethics, as well as in the financial sector, especially banking. The implementation of the credit restructuring program of BPR Universal in Pontianak City is carried out as an effort to maintain financial and banking stability, this policy is also an effort to protect consumers of financial services, especially in banking credit agreements. Credit restructuring itself changes the credit agreement, both in a number of its clauses and other aspects that come with it. For banks as creditors, credit restructuring efforts are an important effort to avoid greater losses. In the banking books and Bank Financial Statements which are annual reports, it will be known that non-performing loans include bad loans, so the choice through restructuring is a form of credit rescue that is beneficial for banks in avoiding greater losses

(Giffary, 2021). This is certainly in line with the principle of business law, namely the principle of justice, which the principle of justice itself instills an attitude to be fair to all parties, by not discriminating from all aspects, such as economic, legal, or other aspects and justice can also mean that no party is harmed or ignored its interests.

Then, on the principle of honesty instill an attitude as it is based on actual facts, situations and conditions. The application of this principle also provides compliance in carrying out various contracts, commitments, and agreements, which in this case are credit agreements. By upholding honesty, the Bank as a creditor gains the full trust of customers as its debtors.

During the COVID-19 pandemic, the Financial Services Authority (OJK) provided stimulus in the form of credit restructuring to banking debtors affected by COVID-19. The stimulus has yielded significant results. Based on this, pressures and crises in various aspects due to the COVID-19 pandemic have encouraged the G20, which has the capacity to drive recovery on the financial path led by the Ministry of Finance and Bank Indonesia, the G20 Indonesia Presidency will present six priority agendas, namely exit strategies to support a fair recovery, discussion of scarring effects (pandemic impacts) to secure future growth, Payment Systems in the Digital Age, Sustainable Finance, Financial Inclusion: Digital &SME, and International Taxation. In addition, it will also discuss ten legacy agendas that are global issues from previous G20 Presidencies. The implementation of Indonesia's G20 Presidency 2022 is directed at the benefit of the community by involving the community's participation directly in the implementation of a series of G20 activities. If classified, there are two benefits of the G20 Presidency for Indonesia, namely: (Gumilang, 2022)

1. Strategic Benefits
 - a. The G20 is a strategic forum to discuss global issues: Global health, financial stability, climate change.
 - b. Showcasing efforts to recover the Indonesian economy during the Covid-19 pandemic.
 - c. Showcasing Indonesia's role as a meeting leader that will support the formation of global policies.
2. Direct Benefits
 - a. Increase foreign exchange delegation visits to Indonesia.
 - b. Reviving the hospitality sector.

- c. Support the increase in domestic consumption.
- d. Optimizing the role of MSMEs.
- e. Increase labor absorption.

In the recovery strategy in the financial sector, the G20 must be present to help low-income countries carry out debt restructuring and debt management. The G20 Presidency is collectively working together to ensure the world can recover quickly after the Covid-19 pandemic. BPR Universal in Pontianak City, which has implemented several credit restructuring schemes due to the Covid-19 pandemic, namely in the form of lowering interest rates, extending the term, suspension of part of interest obligations, suspension of principal installments (grace period), as a form of participation from the G20 Presidency to change the face of global financial governance, by initiating a coordinated fiscal and monetary stimulus package, on a very large scale and is considered to have helped the world return to the path of growth, as well as pushed for several important financial reforms in the banking sector.

4 CONCLUSION

One type of business activity from BPR Universal in Pontianak City is to provide credit facilities to customers in need. During the Covid-19 pandemic, BPR Universal in Pontianak City also played a role in implementing POJK 11/2020 as a stimulus policy or debt relaxation program and the implementation of this policy was given to 119 debtors. In the process towards economic recovery during this pandemic, BPR Universal in Pontianak City has participated in implementing a stimulus policy in the form of credit restructuring based on the principles of business law, namely the principle of fairness and the principle of honesty and has produced significant results. So the Universal BPR in Pontianak City, which has implemented several credit restructuring schemes, is a form of participation from the G20 Presidency, which aims to recover the global crisis in the financial sector, especially in the banking sector.

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