



Bad Credit Problems in Financing Institutions In Makassar City

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ABSTRACT

This study focuses on the study of the Problem of Bad Loans of Financial Institutions in various agreements and the factors that affect the creation of bad loans in various agreements in Makassar City, South Sulawesi Province. The type of research is empirical legal research (nondoctrinal), which is research that observes social phenomena in society, in this case the problem of bad loans of financial institutions in various agreements. In addition, it also examines the factors that affect the occurrence of bad loans at financing institutions in various agreements in Makassar City, South Sulawesi Province. The influencing factors are, standard contract (regulation) factors, provit, legal awareness, business failure and the Covid 19 factor. The results of the study concluded that 1). The frequency or quantity of bad loans at financial institutions in Makassar City is quite high. 2). Factors that affect the occurrence of bad loans at financial institutions in Makassar City are standard contract (regulation) factors, provit, legal awareness, business failure and the Covid 19 factor.

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INTRODUCTION

In the Fourth Alinia of the Preamble to the Constitution of the Republic of Indonesia in 1945, it mandates that the Government of the Unitary State of the Republic of Indonesia protects the entire nation and all of Indonesia's bloodshed, promotes public welfare, educates the nation's life and participates in implementing a world order based on independence, lasting peace and social justice. As an implementation of this mandate, national development is carried out which aims to create a just and prosperous society that always pays attention to the right to livelihood and protection for every citizen within the framework of the Unitary State of the Republic of Indonesia. In this relationship, the Unitary State of the Republic of Indonesia is responsible for protecting the entire nation of Indonesia and all of Indonesia's bloodshed with the aim of

providing protection for life and livelihood including the protection of rights and obligations in various forms of agreements or contracts, especially regarding new contracts (Standard contracts).

Nowadays, companies create contracts as part of stabilizing market relations. The form of contract that has been prepared and determined in advance unilaterally is known as the standard agreement. A standard agreement is an agreement in which there are certain conditions made by business actors unilaterally, without involving consumers in drafting contracts, so that consumers have no other choice, and in a state under their control. Meanwhile, standard clauses are articles contained in standard agreements, either in electronic/digital or non-digital form.

The existence of standard agreements is often encountered in several cases, namely in financing institutions regarding credit agreements, all the conditions contained in the agreement, are entirely at the will of the goods and/or services business actors. For consumers, there is only a choice whether they want to or not want to at all.

This research is related to previous research in 2021 with the title *The Influence of Covid-19 as Overmacht on Various Agreements*, as well as related to the Research Strategic Plan (RSP) of the Muslim University of Indonesia (UMI) 2022-2027, especially those related to the Faculty of Law's Leading Topics, namely Halal Law and Justice.

The formulation of the problem in this study is: a). To what extent is the frequency or quantity of bad loans in financial institutions in Makassar City? What factors affect the occurrence of bad loans in financial institutions in Makassar City?

Research Objectives

1. To know, analyze and study and find the frequency or quantity of bad loans in financial institutions in Makassar City.
2. To know, analyze and study and find out the factors that affect the occurrence of bad loans in financial institutions in Makassar City.

The usefulness of the research is that Each of these studies is expected to be able to provide input on various aspects or to all parties which in general will be useful for various groups, both academics and practitioners.

Theoretical uses are; a.) The results of this research are expected to benefit the development of theory in the field of law, especially those related to contract law. b.) The results of this research are expected to provide theoretical benefits for academics as a basis for reference in various university tridharma activities, namely specifically in education and research, which are related to the law of agreement.

Practical Uses are: a). As a matter of consideration, reference to the drafters of laws and regulations (legal drafters) related to treaty law. b). As a legal basis for practitioners (Judges, lawyers and other law enforcers) in handling various cases or cases related to agreements with financing institutions. c). As a juridical consideration for business actors and banking circles in providing policies to debtors or customers who are constrained in fulfilling their obligations related to agreements with financing institutions.

Definition of agreement

In Indonesia's legislation, there are several terms used, namely engagement, agreement, agreement, and memorandum of understanding (MoU). A covenant is an event where a person promises to another person or where two people promise each other to carry out something. In the law of covenant there are several terms such as Creditor, debtor, achievement, overmacht and juridical along with other terms. Here the compiler wants to explain the terms used in an engagement in the preparation of research as stated above.

In Indonesia legislation, Article 1233 of the Civil Code contains that the source of the engagement, namely because of an agreement or agreement and because of the law. In Dutch terms, it is called *obligatio ex contractu* and *obligatio ex lege*. The word covenant is a general word that encompasses the legal acts of people/parties by making an agreement or people/parties not making an agreement but the law regulates that as a result of his actions he causes losses to others, the act has the right to hold him accountable. A covenant is an event where a person promises to another person or where two people promise each other to carry out something.

The agreement is a law for the parties (*pacta sunt servanda*), which in essence the agreement is carried out by the parties, where the terms and conditions in it are agreed upon by the parties because it is a law for the parties which is known as the adagium *Pacta sunt servanda*. *Pacta Sun Servanda* is an agreement between the parties that is outlined in an agreement that has been signed and must be respected, which gives birth to a guide or guidance for the parties to the agreement.

A creditor is a party that has a right to an agreement held with the debtor. In this case, the creditor provides a loan in the form of money or objects to the debtor. Furthermore, the debtor is the party that obtains a credit from a creditor, namely the debtor is included as one of the parties who conducts an agreement transaction with the creditor. Meanwhile, Achievement is an obligation that must be carried out which is the object of an engagement. In Article 1244 of the Criminal Code, the debtor provides about the existence of losses due to the non-implementation of the engagement that occurs due to unforeseen circumstances cannot be accounted for to him, meaning that if there is a default, the debtor in law pays compensation if he cannot prove that the default was caused by unforeseen circumstances or beyond the debtor's ability and is not in a bad situation.

Agreements in Islam can basically be carried out in all actions that can cause legal consequences (causes of the emergence of rights and obligations) for the parties involved. The form of agreement that occurs between the two parties to the agreement depends on the form or type of the object of the agreement being made. For example, agreements in buying and selling transactions (*Bai''*), rent-lease (*Ijarah*), profit sharing (*Mudharabah*), custody of goods (*wadi''ah*), companies (*shirkah*), borrowing and borrowing (*ariyah*), giving (grants), suspension of debts (*kafalah*), *waqf*, wills, work, pawns or peace agreements and so on.

The increasing openness of the national market as a result of the economic process should be able to ensure legal certainty, both in terms of quality, quantity, and safety of goods or services. Consumer independence is tested to protect themselves from the attitude of responsible business actors. In buying and selling, it is very closely related to the agreement, whether it is oral or written. Nowadays companies create forms of contracts as part of stabilizing market relations. The form of contract that has been prepared and determined in advance unilaterally is a standard agreement. According to Johanes Gunawan, a consumer protection expert, a standard agreement is an agreement in which there are certain conditions made by business actors, without involving consumers in drafting contracts, so that consumers have no other choice, and are under their control. While standard clauses are articles contained in standard agreements. whether in electronic/digital or non-digital form. The existence of standard agreements is often encountered in several cases, namely in financing institutions regarding credit agreements, all the conditions contained in the agreement, are entirely at the will of the goods and/or services business actors. For consumers, there is only a choice whether they want to or not want to at all. The birth of standard contracts is a development in the business world and various important shifts due to the

advancement of science and society. Such shifts are caused by:

- a. The growth of standard forms of contracts.
- b. The diminished meaning of freedom of choice and the will of the parties, as a result of widespread government intervention in people's lives;
- c. The entry of consumers as parties to contracts.

METHOD

This research is an empirical and sociological legal research on law enforcement in the regional elections against campaigns carried out through social media, social integration efforts and finding solutions to solve them. Population and Sample, In this study, the number of population is not determined, but adjusted to the needs of the research, with a sample, namely informants through interviews from related parties, in this case financing institutions in Makassar City.

Types and Data Sources

The data used in this study includes 2 types of data, namely as follows:

1. Primary data, namely data and information obtained directly through interviews with respondents as predetermined.
2. Secondary data, namely data obtained through the study of reading materials in the form of scientific writings, laws and regulations, theories of experts and official government documents related to data on violations during the election of regional heads that have been held in Barru Regency. Scientific references are in the form of books, journals, and other scientific works (dissertations, theses, theses, and papers).

The methods to collect data according to the type of data needed, include:

1. Field research is by visiting the location being researched at the office of the General Election Supervisory Agency in Barru Regency, then conducting interviews with predetermined respondents (interviewed respondents are selected based on their competence).
2. Library research, which is by collecting data through literature such as books related to the problem being researched, laws and regulations, official government documents, as well as references to scientific works such as dissertations, theses, theses, and journals related to or related to this research.

In the legal research method, library research is a doctrinal legal research method that conducts research through the medium of legal materials in an external sense.

The data obtained which are primary data and secondary data will be processed and analyzed qualitatively to be further described in order to provide understanding by describing, describing and explaining what is focused on which is then correlated with primary data. The data analysis used is a data analysis that seeks to provide a clear and concrete picture of the object discussed quantitatively and qualitatively, and then the data is presented descriptively, namely explaining, describing and describing in accordance with the problems that are closely related to this research.

RESULTS AND DISCUSSIONS

The Essence of the Contract (Agreement) for the Parties

According to the primary data obtained through a closed questionnaire, the following is presented as a frequency distribution table as a result of the recapitulation of the primary data. The results of the study confirm or explain the nature of the contract (agreement) for the parties in Makassar City, South Sulawesi Province. Listening to the results of the above research, it is clear about the nature of the contract (agreement) for the parties. The table above confirms that 70% of respondents answered that the essence of the contract (agreement) for the parties is the creation of certainty, justice and usefulness, and 16% of respondents answered that the essence of the contract (agreement) for the parties is the creation of legal protection for the parties. Furthermore, the table above confirms that 16% of respondents answered that the essence of the contract (agreement) for the parties is the creation of protection for the debtor. Furthermore, it is stated below which confirms or explains about standard contracts, which tend to be detrimental to debtors/consumers in Makassar City, South Sulawesi Province.

Standard Contract, Tends to Harm the Debtor/Consumer

The following is a review of the respondents' opinions about Standard Contracts, which tend to be detrimental to debtors/consumers in Makassar City. The results of the above study confirm or explain the standard contract, which tends to be detrimental to the debtor/consumer in Makassar City, South Sulawesi Province. Listening to the results of the above study, it is clear that 84% of respondents answered that standard contracts are detrimental to debtors/consumers in Makassar City, and it also appears that 10% of respondents answered that standard contracts are less detrimental to debtors/consumers in Makassar City. Furthermore, the results of the above study confirm that 6% of respondents answered that standard contracts do not harm debtors/consumers in Makassar City. Furthermore, it is stated below which confirms or explains the factors that affect the existence of a standard contract in Makassar City, South Sulawesi Province.

Factors that affect the existence of a standard contract

There are 5 (five) factors that are suspected to affect the existence of a standard contract in Makassar City, namely: provit/profit factors, time efficiency factors, community legal awareness factors, easy process factors and debtor economic factors.

Provit/Profit Factor

The following is table 4 regarding the influence of provit/profit factors on the existence of a standard contract in Makassar City. The results of the above study confirm or explain the influence of provit/profit factors on the existence of a standard contract in Makassar City, South Sulawesi Province. Listening to the results of the study, it is clear that 78% of respondents answered that the provit/profit factor has an effect on the existence of a standard contract in Makassar City, and it also appears that 14% of respondents answered that the provit/profit factor has less effect on the existence of a standard contract in Makassar City. Furthermore, the results of the above study confirmed that 8% of respondents answered that the provit/profit factor had no effect on the existence of a standard contract in Makassar City. Furthermore, it is stated below which confirms or explains the influence of time efficiency factors on the existence of a

standard contract in Makassar City, South Sulawesi Province.

Time Efficiency Factor

The following is the result of a study on the influence of time efficiency factors on the existence of a standard contract in Makassar City. The results of the study confirm or explain the influence of time efficiency factors on the existence of a standard contract in Makassar City, South Sulawesi Province. Listening to the results of the study, it is clear that there are 60% of respondents who answered that the time efficiency factor affects the existence of a standard contract in Makassar City, and it also appears that 24% of respondents answered that the time efficiency factor has less effect on the existence of a standard contract) in Makassar City. Furthermore, the results of the study confirmed that 16% of respondents answered that the time efficiency factor had no effect on the existence of a standard contract in Makassar City. Furthermore, it is stated below which confirms or explains the influence of the legal awareness factor of the community on the existence of a standard contract in Makassar City, South Sulawesi Province.

Community Legal Awareness Factor

The following is the result of a study on the influence of community legal awareness factors on the existence of a standard contract in Makassar City. The results of the study confirm or explain the influence of the Community Legal Awareness factor on the existence of a standard contract in Makassar City, South Sulawesi Province. Listening to the results of the study, it is clear that 78% of respondents answered that the community legal awareness factor has an effect on the existence of a standard contract in Makassar City, and it also appears that 16% of respondents answered that the community legal awareness factor has less effect on the existence of a standard contract (standard contract) in Makassar City. Furthermore, the results of the study confirmed that 6% of respondents answered that the factor of community legal awareness had no effect on the existence of a standard contract in Makassar City. Furthermore, it is stated below which confirms or explains the influence of easy process factors on the existence of a standard contract in Makassar City, South Sulawesi Province.

Easy Process Factor

The following is the result of a study on the influence of easy process factors on the existence of a standard contract in Makassar City. The results of the study confirm or explain the influence of easy process factors on the existence of a standard contract in Makassar City, South Sulawesi Province. Listening to the results of the study, it is clear that there are 76% of respondents who answered that the easy process factor has an effect on the existence of a standard contract in Makassar City, and it also appears that 16% of the respondents answered that the easy process factor has less effect on the existence of a standard contract) in Makassar City. Furthermore, the results of the study confirmed that 8% of respondents answered that the factor of easy process did not affect the existence of a standard contract in Makassar City. Furthermore, it is stated below which confirms or explains the influence of debtor/consumer economic factors on the existence of a standard contract in Makassar City, South Sulawesi Province.

Economic Factors of Debtors.

The following is the result of the research on the influence of debt/consumer economic factors on the existence of a standard contract in Makassar City. The results of the study confirm or explain the influence of debt/consumer economic factors on the existence of a standard contract in Makassar City, South Sulawesi Province. Listening to the results of the study, it is clear that 80% of respondents answered that the economic factors of debtors/consumers have an effect on the existence of a standard contract in Makassar City, and it also appears that 12% of respondents answered that the economic factors of debtors/consumers have less influence on the existence of a standard contract) in Makassar City. Furthermore, the results of the study confirmed that 8% of respondents answered that the economic factor of debtor/consumer has no effect on the existence of a standard contract in Makassar City.

CONCLUSION

That the frequency or quantity of bad loans at financial institutions in Makassar City is quite high. That the factors that affect the occurrence of bad loans in financial institutions in Makassar City, namely standard contract (regulation) factors, provit, legal awareness, business failure and Covid 19 factors. It is necessary to carry out legal counseling to entrepreneurs, financial institutions and the community regarding the law of agreements. It is necessary to supervise every agreement made by the financing institution, so that it does not violate the law and the legal principles of the agreement.

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