

Analysis Of The Impact Of The Covid-19 Pandemic On Credit Effectiveness In Savings And Loan Cooperatives (A Study Of The Kosayu Credit Cooperative, Blimbing Sub-District, Malang City).

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ABSTRACT

The research aims to identify the impact of the Covid-19 pandemic and the effectiveness of credit carried out by cooperatives by taking studies at the Kosayu Credit Cooperative, Blimbing District, Malang City. The results of the descriptive analysis show that cooperatives have been affected by the covid-19 pandemic. The results of the second analysis of the effectiveness of the Kosayu Kopdit both before and after the Covid-19 pandemic were stated to be quite effective.

Keywords: Cooperation, Effectiveness, Credit

INTRODUCTION

As one of the drivers of the Indonesian economy, cooperatives make a positive and significant contribution to increasing the income of the Indonesian State. On a family basis, co-operative members work together to advance common economic interests and provide services. This is the basis on which cooperatives are founded. The existence of cooperatives is very beneficial for the Indonesian government in achieving economic equality because it is always rooted in the Indonesian community, especially the lower classes. This is evidenced by the legal basis of cooperatives themselves as outlined in Article 33 paragraph 1 of the 1945 Constitution. Whether directly or indirectly, cooperatives contribute to Indonesia's economic growth. Co-operatives play an active role in the government's efforts to improve people's lives and aim to improve the welfare of members and society as a whole.

The global economy is paralysed by the Coronavirus or COVID-19. The pandemic, according to economists and researchers, has paralysed many aspects, including the economy. The global financial crisis is believed to be caused or brought about by this pandemic. Indonesia's economy is threatened because it is one of the Asia-Pacific countries affected by Covid-19. According to Putra (2021), Indonesia's domestic economy experienced the largest contraction in the second quarter of 2020, which fell sharply to minus 5.32 per cent. The pandemic has impacted tourism, hospitality, travel services, airlines, manufacturing, and finance, among other industries. On the other hand, the pandemic has also caused unrest in the financial and service industry, one of which is the problem of repaying debts or credit loans to members or customers. If it is determined that co-operative financial institutions are also worried about the continuity of their operations at this time, the decline in sales will result in lower income for co-operatives, forcing co-operatives to be more cautious when disbursing loan funds to members or customers. During the pandemic, the Government has issued policies to prevent economic collapse in the Co-operative and MSME sectors. Here are some of the policies, including entering the poor group, postponing payment of instalments, activating People's Business Credit, state spending on MSMEs, adaptation to online marketing.

The Covid-19 pandemic is also a call for more effective co-operation. As a result, giving co-operatives more power is a good way to help the country grow. The value of member welfare is certainly a good indicator of the success of cooperative empowerment.

Based on the description above, the researcher is interested in conducting research with the title "Analysis of the Impact of the Covid-19 Pandemic on Credit Effectiveness at Savings and Loan Cooperatives (Study at Kosayu Credit Cooperative, Blimbing District, Malang City)".

THEORETICAL REVIEW

Co-operative comes from the English word co-operation which means working together. In other words, it indicates that any and all joint work can be legitimately referred to as co-operation. However, in this context, the term "co-operative" refers not only to a specific type of regulation, but also a company established by a specific group of people to carry out certain activities.

Article 33 of the 1945 Constitution, as well as the 1945 Constitution and Law No. 1945 and Law No. 25 of 1992 on cooperatives, provide the legal basis for the existence of cooperatives in Indonesia. "The economy is structured as a joint effort based on the principle of kinship" is explained in Article 33 paragraph 1. "The national economy is organised based on economic democracy with the principles of togetherness, efficiency, fairness, sustainability, environmental awareness, independence, and maintaining balance," Article 4 reads. These are, among others, listed in the elaboration of Article 33 paragraph (1) of the 1945 Constitution. Meanwhile, in Article 1 of Law No. 25 of 1992, cooperatives are referred to as: "Based on its activities, a business entity incorporated as an individual or cooperative, as well as a people's economic movement based on the principle of kinship,"

The purpose of cooperatives in article 3 of Law No. 25 of 1992 is as follows: "Cooperatives aim to advance the welfare of members in particular and the community in general and participate in the development of the national economic order in order to create an advanced, just and prosperous society based on Pancasila and the 1945 Constitution."

Article 44 of Law No. 25 of 1992 on Cooperatives states that savings and loan business activities can be used by cooperatives to raise funds from members and prospective members, as well as from other cooperatives and their members. Co-operatives can now organise a savings and loan business as one or the only co-operative business based on this provision which becomes the foundation and legal force.

The purpose of savings and loan cooperatives is to provide easy and low-interest loan opportunities to members. Prevent members from falling into the trap of loan sharks when they need money by activating savings and organising loans at the lowest possible interest rates.

The word "effective" comes from the English word "effective" which means "something that has been implemented well", such as a policy, programme, or activity. As a result, effectiveness has become very important in almost every aspect of life.

Effectiveness according to Ravianto (2014: 11). The extent to which individuals produce outputs that match expectations is an indicator of effectiveness. This shows that a project is said to be effective if it can be completed according to plan both in terms of time, cost, and quality.

Credit comes from the Italian "credere" which means trust. The creditor's trust that the debtor will return the loan and interest in accordance with the agreement between the two parties is called credit.

Kasmir (2012: 81) According to its origin, the word "credit" comes from the Latin word "credere" which means "trust". Therefore, receiving credit means receiving trust. On the other hand, for the lender, it means ensuring that the borrowed funds will be returned.

Based on article 1 paragraph 11 of Law No. 10 of 1998 concerning banking, the definition of credit is as follows: "Credit is the provision of bills or money that

can be equated with it, based on a loan and borrowing agreement or agreement between a bank and another party that requires the borrower to repay the debt with interest after a certain time."

RESEARCH METHODS

Researchers in this study used a qualitative research approach. According to Creswell (2017), qualitative research is a type of research that looks at and tries to find out what social problems mean for a number of individuals or a group of people. According to Nasution (2020) Basically, qualitative research requires observation and interaction with people to understand their language and interpretation of the world around them. The main purpose of qualitative research is to describe, investigate, improve, advance, and produce theories or current social issues.

The type of data used in this research is qualitative data sourced from primary data and secondary data. 1) Primary data is data obtained or collected directly from the field by researchers. This primary data is also called original data or new data. Primary data in the study was obtained from the Kosayu Credit Union Management. 2) Secondary data is data that is not directly obtained by the researcher himself from the source. In this study, secondary data include: documents, archives, records, and official reports from Kosayu Credit Union. Data collection techniques are methods used by researchers to collect data.

There are three research techniques used, namely: 1) Observation also means observation or monitoring of an object using all the senses in order to obtain data in the form of field notes that are collected systematically. Moleong (2018). The observation used by researchers is non-participant observation, which means that observations are made of objects without being directly involved. Usman & Akbar (2009). For this reason, researchers will observe the activities carried out by the management and members of Kopdit Kosayu. 2) Interview, as defined by Lexy J. Moleong (2018), is a conversation with a specific purpose. The interviewer and the interviewee are the two parties involved in this conversation. This research uses the guided interview method, where interviews are conducted in accordance with predetermined guidelines. Nawawi, Hadari (2015). 3) According to Sugiyono (2014) Documentation study is data collection carried out by examining documents, archives, and reports in the form of pictures, books, or records to serve as supporting data in research.

RESULTS AND DISCUSSION

The financial condition of the cooperative can basically be seen from the results of the Annual Members Meeting (RAT) which is held at the end of the financial year. In the RAT, it can be known about several financial reports listed such as the balance sheet, income statement, cash flow statement, and statement of changes in equity. The financial condition of the cooperative is also inseparable from the loyalty of customers who make deposits and loans.

"If the most loans are made here, yes, mas, to open a business, if they borrow for business, we usually immediately accede, we immediately give any capital, yes, so that the business, the umkm is developed and it is also a lot of profit for us".

Based on the researchers' interviews with informants, it can also be seen that the most loans made by customers are loans for business capital. That way, Kosayu Cooperative can indirectly help business actors and MSMEs as well as customers to develop.

"If the umkm is progressing, their business is progressing, they need capital continuously for shopping, so automatically they will make loans to us continuously with a large nominal, and we get the profit from the interest paid."

Based on the results of the interview, researchers found the causes of non-performing loans. Among them are, as follows:

"Yes, to some extent the pandemic yesterday had an effect, when members were affected by the pandemic, for example losing their jobs, which means that income is also lost, automatically the instalments cannot be paid. Because the pandemic also makes it difficult for many people. Yes, that's one of them"

Since the covid-19 pandemic, many members have lost their jobs, leaving them with no income. So that with this problem, members have difficulty paying instalments.

"There are many, one of which is borrowing names and losing jobs"

Another factor that causes non-performing loans is the borrowing of names, what is meant by borrowing names is that members apply for loans that are used for other people.

"Obviously the influence, yes mas, maybe the outstanding loans are influential. Because many members borrow when they lose their jobs, not for business "

Due to the large number of members who borrowed money to be used for daily needs, where they also had no income due to job loss. With these problems, the cooperative suffered losses.

The results of the researcher's analysis, it can be seen that before the pandemic the financial turnover in the cooperative was considered effective because there were many credit realisations and also the funds channeled were used properly by members. Non-performing loans that occur are included in the healthy criteria because they are below 5% (NPL is at 0.0190%-0.0195%).

In 2020 when covid began to enter Indonesia, the Cooperative world began to be affected. There were many credit realisations, but also many non-performing loans that began to appear. Compared to before the pandemic occurred, the number of NPLs experienced a significant increase because many people lost their jobs but borrowed funds from cooperatives which resulted in non-payment of loan instalments. Non-performing loans have increased compared to the previous year. After the researcher calculates, the 2020 NPL is at 2.11%, which is still considered healthy. The financial turnover that occurred in 2020 was considered ineffective, because the amount of funds disbursed was not proportional to the number of incoming instalments.

In 2021, Kosayu Cooperative felt a huge impact due to the rapid increase in the number of loans disbursed. The total increase in loans disbursed compared to 2020

was IDR 8,515,112,556. Non-performing loans increased very significantly by 15%, which is considered very unhealthy (based on the PEARLS standard from WOCCU, the World Credit Association). With the rapid increase in the NPL rate, the credit turnover at Kosayu Cooperative is considered ineffective.

After seeing the problems that occurred the cooperative made a policy to reduce the rate of NPLs, the following policies were made: 1) Relaxation Programme. 2) Write Off. 3) Confiscation of Collateral

"For handling from the cooperative, yes mas, using the 3R principle (Rescheduling, Reconditioning, and Restructuring)."

Referring to the theory of handling non-performing credit financing, Kosayu Cooperative issued several policies to overcome it:

- 1) Rescheduling, Ismail (2010) said that rescheduling means trying to overcome financing problems by rescheduling payments made to debtors who are ethical and willing to pay their bills. *"Kosayu Cooperative does this (Rescheduling) by extending the loan tenor."*

Kosayu Cooperative has done Rescheduling by increasing the tenor (period) of the customer's loan, so that the customer gets relief in paying monthly instalments.

- 2) Reconditioning, Financial institutions use reconditioning, which eases the payment of profit sharing without reducing the principal obligation, as a way to resolve financing problems. As a result, the customer only gets profit-sharing relief, not the principal loan. Customers who wish to recondition their financing must submit a written request letter explaining the reasons for the customer's request for reconditioning and stating the customer's nominal ability to repay their obligations. This requirement is almost identical to rescheduling. Kashmir (2015). *"For reconditioning, we usually add to the ceiling. So the term is top up the ceiling."*

The next principle in overcoming non-performing loans, Kosayu Cooperative also applies the principle of Reconditioning. Kosayu Cooperative applies Reconditioning by increasing the ceiling of customers who experience delays in installment payments.

- 3) *Restructuring*, Restructuring is the bank's action on behalf of the customer by increasing the customer's capital by taking into account the customer's need for additional funds and the business being financed can still be carried out. Kashmir (2015). *"Usually for Restructuring, we transfer the type of credit. So for example, customers whose loans are for commercial purposes are transferred to consumptive loans."*

To overcome the existence of non-performing loans, Kosayu Cooperative applies the Restructuring principle by transferring the type of customer loan that is experiencing delays so that the customer gets interest relief according to the new type of loan.

Table 1. Data on Number of Borrowers, Total Loans Disbursed, Total Non-Performing Loans

Tahun	Jumlah Peminjam	Total Kredit Disalurkan	Total Kredit Bermasalah
2018	3438 Anggota	Rp 132.891.427.978	Rp 15.208.514.578
2019	5212 Anggota	Rp 137.224.945.602	Rp 22.748.681.666
2020	5391 Anggota	Rp 145.849.191.475	Rp 20.122.239.285
2021	5496 Anggota	Rp 154.364.304.031	Rp 40.171.417.604

Source: Kosayu Credit Union Malang City, processed by researchers 2022

Table 1 shows the total non-performing loans of Kosayu Credit Union in the last four years. The total loans disbursed by Kosayu Credit Union to its members managed to increase every year, this is a pride and achievement because people feel that they trust Kosayu Credit Union in terms of savings and loans. Although there is a note that must be a big job for Kosayu Credit Union, which is that every year the total loans disbursed increases followed by the total non-performing loans that also increase. The most striking total increase in non-performing loans was in 2020-2021, which increased by approximately twice as much as the previous year, 2020. Even though in the previous year 2019, in 2020 the total non-performing loans managed to decrease by Rp. 2,626,442,381. The increase in total non-performing loans is none other than due to the wave of the Covid-19 pandemic which began to enter Indonesia at the end of 2019 and began to feel its impact in 2020.

Table 2. Data on the total classification of non-performing loans

Tahun	Total Kredit Bermasalah	Kredit Kurang Lancar	Kredit Diragukan	Kredit Macet
2018	15.208.514.578	5.127.169.768	8.644.839.114	1.436.505.696
2019	22.748.681.666	9.541.785.126	11.504.842.740	1.702.053.800
2020	20.122.239.285	8.110.763.910	10.181.521.750	1.829.953.625
2021	40.171.417.604	17.581.409.315	20.452.179.197	2.137.829.092

Source: data processed by researchers 2022

Kosayu Credit Union classifies non-performing loans into three categories: 1) Substandard Loans. It is said that credit is substandard if the debtor is in arrears with principal and / or interest payments between 91-120 days. It can be seen from table 2 that some substandard loans in 2018 are not problematic. The average member whose business is mostly opening a shop whose income cannot be ascertained, usually they are late on average 100 days. According to the Financial Services Authority Regulation Number 40 /Pojk.03/2019 concerning Assessment of Asset Quality of Commercial Banks, this is considered a problem when in fact it is not, because on average this substandard credit has been paid off there is no problem at Kosayu Credit Union. For 2019, substandard credit increased by Rp 4,414,615,358. Non-current loans experienced this increase because the Cooperative experienced an increase in outstanding loans, but actually for Kosayu Credit Union still provides tolerance / relief. In 2020 Kosayu Credit Union succeeded in reducing substandard loans. This is an effort of the management of the Cooperative which runs programmes on target and is considered effective. Only in 2021, Kosayu Credit Union's substandard credit increased significantly. This is because the impact of the Covid-19 pandemic has caused almost all customers' businesses to experience problems, but they are guaranteed by physical collateral,

and this is still safe for the Cooperative. According to the Financial Services Authority Regulation Number 40 /Pojk.03/2019 concerning Assessment of Asset Quality of Commercial Banks, this has been considered a problem when in fact it is not, because on average the substandard loans of these members/customers have been paid off and there are no problems at Kosayu Credit Union. 2) Doubtful Loans. It is said that credit is doubtful if the debtor is in arrears with principal and / or interest payments between 121-180 days. It can be seen in table 2 that in 2018 the number of doubtful loans was the smallest compared to other years, because in 2018 the Covid-19 pandemic had not occurred. Likewise what happened in 2019 and 2020. Meanwhile, in 2021 the Kosayu Credit Union has felt the impact of the Covid-19 pandemic, because in 2021 the number of doubtful loans has increased significantly, namely by 13% so that the Kosayu Credit Union has strengthened more in the collateral / asset guarantee section. 3) Bad Debt. Bad credit is said if the debtor is in arrears with principal and / or interest payments for more than 180 days.

$$\text{Bad debts in 2018} = \frac{1.436.505.696}{15.208.514.578} \times 11\% = 1\%$$

In 2018 the number of non-performing loans was still relatively small, because the covid-19 pandemic had not yet had an impact on Kosayu Credit Union, which was 1% of the total non-performing loans.

$$\text{Bad debts in 2019} = \frac{1.701.503.800}{22.748.681.666} \times 17\% = 1\%$$

$$\text{Bad debts in 2020 (start of covid-19)} = \frac{1.829.953.625}{20.122.239.285} \times 14\% = 1\%$$

Likewise in 2019 and 2020, the covid-19 pandemic has not had much impact. Each bad credit rate is approximately the same, which is 1%.

$$\text{Bad debts in 2021 (start of covid-19)} = \frac{2.137.829.092}{40.171.417.604} \times 26\% = 1\%$$

In 2021, the covid-19 pandemic has impacted Kosayu Credit Union, causing a sluggish national and global economy. The bad credit rate in 2021 jumped compared to the previous years, which was 1%.

According to Bank Indonesia, as a banking regulator in Indonesia, in Bank Indonesia regulation No.15 /2 / PBI / 2013, it has set the maximum standard value of the NPL rate at 5%. According to the Regulation of the Financial Services Authority of the Republic of Indonesia Number 40 / Pojk. 03 / 2019 concerning Asset Quality Assessment of Commercial Banks, credit in a type of business is said to be bad, namely, business activities have very doubtful business conditions, and it is difficult to recover and / or it is likely that business activities will stop. However, the Kosayu Credit Cooperative during the covid-19 pandemic had anticipated by using member guarantees. And the last anticipation from the cooperative is that a write-off will be carried out through the sale of pledged assets. Because the value of bad debts is small, it does not interfere with the operations of Kosayu Credit Union.

SUMMARISED

Based on the results of the discussion, it can be concluded as follows: 1) Kosayu Credit Union is an official financial institution with Legal Entity: No. 7004/BH/II/91. Has applied the 5C principle (Character, Capacity, Capital, Collateral, Condition), namely the provision of credit with full caution and without coercion from related parties, with the application of this prudential principle is expected to create safe credit and in accordance with the expected credit objectives. 2) The covid-19 pandemic has a huge impact on credit effectiveness. In 2021, Kosayu Cooperative felt a huge impact due to the increase in the number of loans disbursed. The total increase in loans disbursed compared to 2020 was IDR 8,515,112,556. Non-performing loans increased very significantly by 15%, which is considered very unhealthy (based on PEARLS standards from WOCCU, the World Credit Association). With the rapid increase in the NPL (Net Performing Loan) rate, the credit turnover at Kosayu Cooperative is considered ineffective. This is because many members have difficulty paying their instalments, as a result the NPL rate will be high in 2021 (after the covid-19 pandemic). Another impact experienced by Kosayu Cooperative is that many members decided to leave due to the economic impact / covid-19 which caused most members to lose their jobs and have difficulty paying their obligations. 3) In order for credit to remain effective during the Covid-19 pandemic, the Kosayu Cooperative's efforts/strategy is to apply the 5C principle (Character, Capacity, Capital, Collateral, Condition) which is carried out before members apply for a loan, this is done in order to prevent non-performing loans and if not done it will have a negative impact on the institution and also members. Regarding the obstacles faced. Kosayu Cooperative also carries out ways to deal with defaulting members, namely by means of: Rescheduling, an effort to overcome problematic financing by rescheduling which is carried out to members who have good faith to pay their obligations. Reconditioning, members are given relief by increasing the ceiling of customers who experience delays in installment payments. Restructuring, to overcome the existence of non-performing loans, Kosayu Cooperative conducts restructuring by transferring the type of customer loan that is experiencing delays so that the customer gets interest relief according to the new type of loan. Based on the conclusions of the research results above, the suggestions in this study are as follows: 1) Kosayu Credit Union should carefully evaluate all strategic plans that have been decided by members in the RAP (Planning Member Meeting) in the previous year. The evaluation is carried out to obtain valid data. This valid data will be used as a foothold for programme improvements or even changes / changes programme enhancements, to the extent necessary, as long as it does not deviate from the decisions of the members or the vision and mission of Kosayu Credit Union. 2) Kosayu Credit Union should be able to reduce non-performing loans, so that the cooperative's balance sheet can be effective during the Covid-19 pandemic. 3) For further researchers, it is hoped that they can find detailed information from informants in order to improve the shortcomings and weaknesses of this research so that the next one is expected to be more perfect.

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