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# The Role of the People's Economic Bank in Dual Regulation in the Implementation and Information of Credit Provision Micro, Small and Medium Enterprises (MSMEs)

Hardi Mulyono Surbakti<sup>1\*</sup>, Muhammad Himan Fikri<sup>2</sup>, Wahyu Dwi Sulindra<sup>3</sup>, Dina Aprilla<sup>4</sup>, Ayunda Mayona<sup>5</sup>, Dinda Sasmita<sup>6</sup>, Syafrin Ananda Harahap<sup>7</sup>

<sup>1</sup> Universitas Muslim Nusantara Al-Washliyah, Indonesia, Indonesia, email: [hardisurbakti@gmail.com](mailto:hardisurbakti@gmail.com)

<sup>2</sup> Universitas Muslim Nusantara Al-Washliyah, Indonesia, Indonesia, email: [hilmansaff@gmail.com](mailto:hilmansaff@gmail.com)

<sup>3</sup> Universitas Muslim Nusantara Al-Washliyah, Indonesia, Indonesia, email: [wahyusulindra199@gmail.com](mailto:wahyusulindra199@gmail.com)

<sup>4</sup> Universitas Muslim Nusantara Al-Washliyah, Indonesia, Indonesia, email: [dinaaprilla6483@gmail.com](mailto:dinaaprilla6483@gmail.com)

<sup>5</sup> Universitas Muslim Nusantara Al-Washliyah, Indonesia, Indonesia, email: [ayundmayyona308@gmail.com](mailto:ayundmayyona308@gmail.com)

<sup>6</sup> Universitas Muslim Nusantara Al-Washliyah, Indonesia, Indonesia, email: [dinda.sasmita88888@gmail.com](mailto:dinda.sasmita88888@gmail.com)

<sup>7</sup> Universitas Muslim Nusantara Al-Washliyah, Indonesia, Indonesia, email: [frinharahap26@gmail.com](mailto:frinharahap26@gmail.com)

\* Corresponding Author: Hardi Mulyono Surbakti

**Abstract:** Bank Ekonomi Rakyat Mangatur Ganda has great potential in improving the performance of Micro, Small, and Medium Enterprises (MSMEs) through effective credit distribution and targeted information delivery, especially for segments that have not been optimally served. Optimizing the role of banking is carried out through various strategies, such as socializing credit programs, providing convenience in the credit application process, implementing outreach strategies, improving service quality, and financing in potential sectors. In addition, the use of information technology is key to expanding service coverage and increasing operational efficiency. Strategic partnerships with the government, other financial institutions, and MSME communities are needed to create an inclusive and sustainable business ecosystem. With management commitment and implementation of targeted strategies, Bank Ekonomi Rakyat Mangatur Ganda has a great opportunity to significantly encourage MSME growth and contribute to improving the welfare of the wider community.

**Keywords:** Credit landing, MSMEs, Service Improvement

## 1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in the structure of the Indonesian economy, becoming the backbone that supports economic growth in various regions. However, MSMEs are often hampered by limited access to adequate funding sources. In this context, Bank Perekonomian Rakyat (BPR), including Bank Perekonomian Rakyat Mangatur Ganda, emerged as a strategic solution to bridge the financial gap.

BPR Mangatur Ganda, as a financial institution oriented towards empowering the people's economy, has a unique and significant role in providing affordable banking services that are in accordance with the specific needs of MSMEs. Not just distributing loans, BPR Mangatur Ganda is here to drive the wheels of the local economy by providing financial support that allows MSMEs to grow, develop, and increase competitiveness.

Providing credit to the micro, small and medium enterprises (MSMEs) sector plays a very important role in supporting economic growth, especially at the local level. Bank Perekonomian Rakyat (BPR) has a strategic position in providing banking services that support the development of MSMEs. One of the main roles of BPR is as an institution that provides access to financing for small business actors with easier and more flexible procedures compared to other financial institutions.

Received: 15 March, 2025

Revised: 19 April, 2025

Accepted: 12 May, 2025

Published: 14 May, 2025

Curr. Ver.: 14 May, 2025



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Amidst increasingly complex global economic challenges, BPR Mangatur Ganda plays a vital role in implementing credit policies for MSMEs, which focus on empowering the community's economy. This bank provides various types of credit facilities that are expected to increase the competitiveness and productivity of micro, small, and medium enterprises. With proper management, BPR Mangatur Ganda not only contributes in providing financing, but also in providing information related to credit mechanisms that can be utilized by MSME actors.

Bank Perekonomian Rakyat Mangatur Ganda in the implementation and information of credit provision for Micro, Small and Medium Enterprises (MSMEs) is very relevant in the context of the ever-growing Indonesian economy. MSMEs have a significant contribution to Gross Domestic Product (GDP) and employment absorption, but they often face various challenges in accessing financing. According to research conducted by Mardiasmo (2018), one of the main obstacles faced by MSMEs is limited access to formal financing sources, which is often caused by a lack of information and understanding of available financial products.

One of the biggest challenges faced by MSMEs is the limited access to adequate financial resources. Therefore, the role of BPR in providing easy, fast, and affordable credit access is very necessary to facilitate the growth of this sector. Implementation and management of information related to the credit granting process are equally important aspects in ensuring that credit can be used effectively and on target.

Bank Perekonomian Rakyat Mangatur Ganda, as a financial institution that focuses on providing credit to MSMEs, has a strategic role in overcoming this problem. However, in practice, banks often have difficulty in assessing the creditworthiness of MSMEs. This is due to the lack of accurate and transparent data regarding the financial and operational conditions of MSMEs. Research by Sari and Rahardjo (2020) shows that many MSME actors do not have adequate financial records, making it difficult for banks to conduct risk analysis. This uncertainty makes banks tend to be more careful in providing credit, which in turn hinders the growth of MSMEs.

In addition, the complicated and bureaucratic credit application process is also a barrier for MSMEs to gain access to financing. According to research by Hidayat and Sari (2019), many MSME actors find it difficult with the requirements set by banks, such as documents that must be prepared and procedures that must be followed. This creates a gap between the needs of MSMEs and the ability of banks to meet those needs. In this context, it is important for Bank Perekonomian Rakyat Mangatur Ganda to develop a more inclusive and responsive approach to the needs of MSME actors.

One solution proposed by experts is to improve financial literacy among MSMEs. Research by Nugroho (2021) emphasizes the importance of educational programs that can help MSMEs understand financial management and the importance of good record keeping. By improving their understanding, it is hoped that MSMEs will be better prepared to meet the credit application requirements. In addition, banks also need to consider simplifying the credit application process by reducing bureaucracy and speeding up processing times. The use of information technology in the credit application system can be an innovative step that helps speed up the process and increase transparency.

By implementing these steps, it is hoped that the role of Bank Perekonomian Rakyat Mangatur Ganda in providing credit to MSMEs can be more optimal. This will not only support local economic growth but also improve the welfare of society as a whole. Research by Prasetyo (2022) shows that with better access to financing, MSMEs can innovate and develop, which will ultimately contribute to national economic stability. Therefore, it is important for Bank Perekonomian Rakyat Mangatur Ganda to continue to adapt and innovate in providing services to MSMEs, so that it can play a more effective role in supporting the Indonesian economy..

## 2. Literature Review

### Definition of Rural Credit Bank (BPR)

People's Credit Bank (BPR) is a type of bank known to serve micro, small and medium entrepreneurs with locations that are generally close to where people need them. According to Law of the Republic of Indonesia Number 10 of 1998 concerning Banking, a People's Credit Bank is a bank that carries out business activities conventionally or based on Sharia Principles which in its activities does not provide services in payment transactions. People's Credit Bank (BPR) is a banking financial institution that only accepts deposits in the form of

savings, time deposits and/or other forms that are equated with that and distributes funds to improve the standard of living of people who carry out business activities through conventional principles or based on sharia principles which in their activities does not provide services in payment transactions.

### **The Role of the People's Economic Bank (BPR)**

Bank Perekonomian Rakyat (BPR) is a financial institution that focuses on providing financing for micro, small, and medium enterprises (MSMEs). BPR aims to expand financial access for business actors who are often not covered by conventional banking services. MSMEs themselves play an important role in the Indonesian economy because of their contribution to job creation and local economic growth.

Functions and Objectives of the People's Economic Bank (BPR)

- a. Credit Providers: BPRs offer credit products with simpler procedures than large banks, making it easier for MSMEs to obtain business capital.
- b. Financial Inclusion: BPR helps improve access to financial services for people in remote areas that are underserved by commercial banks.
- c. Local Economic Development: By supporting MSMEs, BPR contributes to local economic development and poverty reduction.

### **Understanding Credit**

According to Kasmir (2016:73) Financing or credit is the provision of money or bills that can be equated with it, based on an agreement or agreement between the bank and another party that requires the financed party to return the money or bill after a certain period of time with compensation or profit sharing. According to Banking Law number 10 of 1998, concerning credit: Credit provided by a bank can be defined as the provision of money or bills that can be equated with it, based on an agreement or agreement for lending between the bank and another party that requires the borrowing party to repay their debt after a certain period of time with the provision of interest.

According to Kasmir, the objectives of providing credit in practice can be categorized into three main aspects. First, credit serves as a means for banks to seek profit, which is primarily obtained through the interest charged on loans as well as credit administration fees paid by customers. Second, credit aims to support customer businesses by providing the necessary funds for both investment and working capital. With adequate financing, debtors can develop and expand their businesses more effectively. Third, credit distribution also plays a vital role in supporting government objectives. The greater the volume of credit disbursed by banks, the more it contributes to national development, particularly in stimulating growth in the real sector. Thus, credit functions not only as a profit-generating tool for banks but also as a facilitator of economic development and empowerment of the business community.

### **Principles of Credit Granting**

According to Kasmir (2016: 91) the principle of providing credit with analysis of the 5C credit can be explained as follows:

#### 1. Character

A belief that the nature or character of the people who will be given credit is truly trustworthy, this is reflected in the background of the customer, both in terms of work background and personal nature such as the way of life or lifestyle that is adopted, family circumstances, hobbies, and others. All of these are measures of "willingness" to pay.

#### 2. Capacity

To see customers in their business capabilities that are related to their education, business capabilities are also measured by their ability to understand government regulations.

#### 3. Capital

To see whether the use of capital is effective, look at the financial reports (balance sheet and profit and loss statement) by taking measurements such as in terms of liquidity, solvency, profitability and other measures.

#### 4. Collateral

It is a guarantee given by prospective customers, both physical and non-physical. The guarantee should exceed the amount of credit given. The guarantee must also be examined for its validity, so that if a problem occurs, the deposited guarantee can be used as quickly as possible.

#### 5. Condition

In assessing credit, the current and future economic and political conditions should also be assessed according to each sector, as well as the business prospects of the sector it operates. The assessment of the prospects of the financed business sector should really have good prospects, so that the possibility of the credit being problematic is relatively small.

The principle of providing credit with analysis using the 5Ps of credit can be explained as follows:

1. People

People is an assessment of prospective debtors including people or institutions that support their business activities such as business partners, funders, suppliers and customers who are considered important.

2. Purpose

Purpose is an assessment of the purpose of a prospective debtor's credit application submitted to the bank so that the use of the credit is directed, safe, productive, and brings benefits to the debtor, the community, the bank and regional development.

3. Payment

Payment is an assessment of primary and secondary funding sources, to determine the proportion of credit repayment as a basis for determining policies by both debtors and banks.

4. Protection

In anticipation of one prestation or failure in credit repayment, there needs to be an assessment of collateral that can possibly be controlled with legal binding in accordance with applicable provisions. Also, there is the possibility of cooperating with a credit guarantee institution.

5. Perspective

Perspective is an assessment of a business's ability to adapt to economic conditions, including financial and fiscal conditions, in the future.

### **Implementation of Credit for MSMEs**

Financing programs such as People's Business Credit (KUR) are designed to expand access to capital for MSMEs who need funds to develop their businesses. The process involves several steps:

- a. Credit Application: MSMEs submit a credit application by fulfilling the requirements determined by the bank.
- b. Feasibility Analysis: Banks evaluate business feasibility based on business potential and profit prospects, without relying entirely on collateral.
- c. Disbursement of Funds: Once approved, funds are provided to MSMEs to be used as working capital or investment.

### **Challenges in Credit Distribution**

Although BPR has a strategic role, there are a number of obstacles in distributing credit to MSMEs:

1. High Credit Risk: Many MSMEs do not have a good credit record or adequate collateral, increasing the risk for banks.
2. Lack of Information: MSMEs often do not understand the credit products available, which hinders them in accessing financing.

### **Information and Guidance**

In addition to providing credit, BPR also plays a role in providing information and guidance to MSMEs through:

1. Business Management Training: A training program that aims to improve the managerial skills of business actors.
2. Business Mentoring: Support in the form of marketing strategies and product development so that MSMEs are able to compete in the market. With this approach, BPR not only becomes a capital provider but also a strategic partner for MSMEs in achieving the sustainability of their businesses..

## **3. Proposed Method**

In this study, secondary data is utilized, namely information from documents and parties related to MSME credit at Bank Perekonomian Rakyat Mangatur Ganda. This qualitative research combines the quality and results of research with comprehensive data (Moleong, 2020). Data collection always considers questions about who, where, when, and how. This study relies on data triangulation from interviews, organizational record assessments, and participation.

Secondary data is used in this qualitative research, where researchers apply parameters with observable data sets and documents to identify the frequency, nature, or characteristics of the research. Document and literature analysis involves reading, summarizing, or reviewing writings, and collecting relevant information. This data comes from books, magazines,

newspapers, journals, and papers, as well as company documents such as credit distribution realization information. Data analysis uses a qualitative descriptive approach to describe the situation, conditions, and information collected, which is then connected to relevant theories.

#### 4. Results and Discussion

The importance of the role of Bank Perekonomian Rakyat (BPR) Mangatur Ganda in advancing Micro, Small, and Medium Enterprises (MSMEs). The implementation of the credit program by BPR Mangatur Ganda has proven effective in providing access to capital for MSMEs who often have difficulty getting loans from general banks. The presence of BPR Mangatur Ganda provides a solution for small business actors who need financial support to develop their business. By providing credit that is in accordance with the needs of MSMEs, BPR Mangatur Ganda not only provides financial assistance, but also contributes to increasing the capacity and competitiveness of MSMEs as a whole.

The effectiveness of delivering information about the credit program is also a key factor in the success of BPR Mangatur Ganda. The communication strategies used, such as direct socialization, utilization of local media, and cooperation with the MSME community, are effective in reaching the target market. By providing clear information about the requirements, procedures, and benefits of credit, BPR Mangatur Ganda has succeeded in increasing MSME participation and expanding its service reach. The name change from Bank Perkreditan Rakyat to Bank Perekonomian Rakyat also aims to increase public trust and services to MSMEs.

Overall, the evidence shows that BPR Mangatur Ganda has made a significant contribution to advancing the MSME sector. The role of BPR Mangatur Ganda is not only limited to providing capital, but also includes mentoring, training, and marketing support. With this comprehensive approach, BPR Mangatur Ganda creates an environment that supports the growth of MSMEs, which in turn improves community welfare and local economic growth. This study confirms that BPR, with its focus and commitment to MSMEs, can be a strategic partner in realizing inclusive and sustainable economic development. The Law on the Development and Strengthening of the Financial Sector (UU P2SK) provides momentum for BPR to increase its competitiveness and introduce technology-based services.

The following are the terms and conditions for applying for MSME credit at Bank Perekonomian Rakyat Mangatur Ganda ([mangaturganda.com](http://mangaturganda.com)), namely:

1. Photocopy of ID card
2. Photocopy of Family Card
3. Salary slip
4. 3x4 passport photo of husband and wife
5. Original BPJS Employment Card and photocopy of BPJS Balance
6. Employee Appointment Decree
7. Bank Statement for the last 3 months

The requirements for applying for a loan at BPR are generally not much different from the requirements for a loan at a general bank. Some documents that are generally needed to apply for a loan at Bank Perekonomian Rakyat Mangatur Ganda, include:

1. Photocopy of identity card (KTP)
2. Photocopy of marriage certificate for prospective customers who are married
3. Photocopy of family card
4. Photocopy of savings account book or bank statement
5. Photocopy of proof of monthly salary
6. Photocopy of electricity or water bill payment receipt
7. Important documents such as land documents or documents for goods that will be used as collateral
8. Photocopy of NPWP or Taxpayer Identification Number

- Then the following are the stages of applying for MSME Credit from the People's Economic Bank Mangatur Ganda:
1. Credit Application Submission: Prospective customers submit an application credit and fill out the application form along with the requirements to the Customer Service section.
  2. File Check and Interview: Customer Service checks the completeness of the files and conducts an initial interview.
  3. E-KTP and Debtor Information (IDEB) Check: Officers check the authenticity of the prospective customer's E-KTP and Debtor Information (IDEB) to find out the

prospective customer's loan history. If the IDEB results are not good, the application will be immediately rejected.

4. Customer Data Check: Account Officer (AO) checks the accuracy of customer data in the credit application file and views the IDEB results of the prospective customer.
5. Customer Location Check: Account Officer (AO) arranges a time to conduct a check at the customer's location.
6. Credit Analysis: Data obtained during the site review is analyzed by the Account Officer (AO) from all aspects. The results of the analysis will be presented in writing.
7. Credit Approval: The credit application files that have been analyzed by the AO are then submitted to the Legal department.

Bank Persekonomian Rakyat Mangatur Ganda can provide capital assistance for MSME actors. Bank Persekonomian Rakyat Mangatur Ganda is supervised by the Financial Services Authority (OJK) and guaranteed by the Deposit Insurance Corporation (LPS). The advantages of Bank Persekonomian Rakyat Mangatur Ganda can be found in the easy requirements and detailed stages in applying for credit. For the most accurate and up-to-date information regarding the MSME Credit application process, it is recommended to contact the nearest Bank Mangatur Ganda branch directly.

The following is a more detailed explanation of the Mangatur Ganda People's Economic Bank Credit distribution ceiling:

1. Maximum Credit Ceiling: BPR Mangatur Ganda provides a maximum credit of Rp. 50,000,000,- (fifty million rupiah) with a term of 5 (five) years.
2. Types of Credit Offered: BPR Mangatur Ganda offers several types of credit, namely working capital credit, consumer credit, and investment credit. Working capital credit is intended for production activities in the trade, agriculture, home industry, services, and restaurant sectors. Investment credit is provided for the purchase of capital goods and services for business rehabilitation in various sectors.
3. Additional Guarantee: If the debtor wants to get a ceiling above the maximum amount, it must be accompanied by additional guarantees in the form of a vehicle BPKB (2 wheels from 2012 and above or 4 wheels from 2010 and above), land certificate SKGR/SKT, or certificate (BPN).

In general, BPRs can boost MSME credit performance in several ways. BPRs can conduct direct socialization and education to the market and MSME community to introduce their credit products. The "pick up the ball" strategy, by visiting MSMEs directly, is also effective for offering products and building relationships. In addition, BPRs can improve the quality of service and strengthen financing to economic sectors that can become pillars of economic growth, and focus on the micro, small, and medium (MSME) market segment, as well as local economic sectors that are underserved by conventional banks. BPRs can also improve the quality of service and strengthen financing to economic sectors that can become pillars of economic growth, as well as focus on the micro, small, and medium (MSME) market segment, as well as local economic sectors that are underserved by conventional banks..

## 5. Conclusions

Bank Persekonomian Rakyat (BPR) Mangatur Ganda has great potential in improving the performance of Micro, Small, and Medium Enterprises (MSMEs) through effective credit distribution and targeted information delivery. Although specific information regarding BPR Mangatur Ganda's strategy is limited, BPR can generally optimize its role by conducting direct socialization and education, offering easy and fast credit processes, and implementing a "jempit bola" strategy to get closer to MSMEs. By focusing on the micro, small, and medium (MSME) market segment, as well as local economic sectors that are underserved by conventional banks, BPR Mangatur Ganda can be a strategic partner in driving inclusive and sustainable economic growth.

To maximize the positive impact of BPR Mangatur Ganda on MSMEs, continuous efforts are needed to improve service quality, strengthen financing to economic sectors that have the potential to become pillars of growth, and utilize technology to expand reach and operational efficiency. In addition, it is important for BPR Mangatur Ganda to collaborate with various parties, including local governments, other financial institutions, and MSME communities, in order to create an ecosystem that is conducive to MSME growth. With a strong commitment and the right strategy.

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