



RESEARCH ARTICLE

Implementation Of Risk Management And Restructuring In Minimising Non-Performing Loans Pt Mandiri Tunas Finance

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Abstract

This study aims to determine the factors that influence non-performing loans at PT. Mandiri Tunas Finance, the implementation of Risk Management in minimizing non-performing loans at PT. Mandiri Tunas Finance and restructuring carried out in overcoming non-performing loans. The research method uses descriptive qualitative research. The results of the study indicate that the factors that influence non-performing loans at PT. Mandiri Tunas Finance are divided into two factors, namely internal factors such as incorrect analysis and the Account Officer's lack of accuracy in analyzing 5C both before the loan is taken and after it is disbursed, while external factors such as uncertain economic conditions have caused customers' businesses to experience reduced income and can no longer pay. The implementation of Risk Management in minimizing non-performing loans at PT. Mandiri Tunas Finance, including: Carrying out financing settlements politely and persuasively with customers; Carrying out rescheduling, namely changing the payment schedule for customer obligations or their terms; Carrying out reconditioning, namely changing some or all of the financing requirements without increasing the remaining principal of the customer's obligations that must be paid to the bank; Restructuring, namely changing the financing requirements. Restructuring in overcoming problematic credit at PT. Mandiri Tunas Finance is carried out by prioritizing the element of wisdom regarding the situation faced by debtors and the debtor's ability to pay, including taking into account the direction and policies of the regulator.

Keyword: implementation, risk management

Introduction

To increase economic growth through the development of the business world in Indonesia, financial institutions play a very important role, both banks and non-banks, with their capacity as financial intermediary institutions. Currently, financial institutions have also developed rapidly, where people are increasingly aware of transactions, both borrowing, sending funds and other transactions through financial institutions. Economic development as part of national development is one of the efforts to realize fair and prosperous people's welfare based on Pancasila and the 1945 Constitution.

Financial institutions are financial asset institutions that collect public funds in various forms of loans or credits with a predetermined time period. Financial institutions are divided into two, namely, bank financial institutions and non-bank financial institutions. Bank financial institutions are institutions that provide financial services and collect funds from the public directly. While non-bank financial institutions are financial institutions whose purpose is to collect and distribute funds from the public to the public also in the form of loans (Suleman, et al., 2020). The thing that distinguishes the two is in the collection of funds. In collecting funds, it is expressly stated that banks can collect funds either directly or indirectly from the public, while non-bank financial institutions can collect public funds indirectly (Soleman & Nainggolan, 2022).

Financing Institutions are one form of business in the field of non-bank financial institutions that have a very important role

in financing and managing one of the sources of development funds in Indonesia. Financing institution activities are carried out in the form of providing funds and/or capital goods and consumer goods without directly withdrawing funds from the public through deposits, savings, current accounts and promissory notes (Ariyanto et al., 2020).

The number of financing institutions has shown a downward trend over the past five years. There were 209 financing institutions in 2022. Throughout the year, there were 8 (eight) financing companies and 6 (six) venture capital companies that closed or had their business licenses revoked. So that the number of financing and venture capital companies in that year was 153 and 54 companies respectively.

Table 1. Number of Financing Institutions 2018-2022

Company	Year				
	2018	2019	2020	2021	2022
<i>Finance Company</i>	18	18	17	16	15
<i>Venture Capital Company</i>	5	4	6	1	3
<i>Infrastructure Finance Company</i>	65	60	61	60	54
<i>Infrastructure Finance Company</i>	2	2	2	2	2

source: : Financing Institution Statistics 2022. OJK

The financing value in 2022 showed an increase from the previous year. In that year, the financing value of finance companies increased by 13.48 percent from the previous year to 441.02 trillion rupiah. Judging from its composition in 2022, multipurpose financing had the largest composition, namely 51.72 percent of total financing, or 228.10 trillion rupiah (OJK, 2022).

Based on the December 2022 financial report, the value of receivables of Financing Companies increased compared to last

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year by IDR52.38 trillion or 13.48%, namely from IDR388.64 trillion in 2021 to IDR441.02 trillion in 2022. The quality of financing receivables can be seen from the *Non-Performing Financing* (NPF) ratio. There are five categories of financing receivables quality, namely current, special mention, substandard, doubtful, and bad. In 2022, the Gross NPF of Financing Companies decreased to 2.32% from 3.53% in the previous year. In the same period, the Net NPF of Financing Companies also decreased to 0.58% from 1.16% in the previous year.

Table 2. NPF Financing Receivables by Type of Business Activity 2018-2022

Business activities	Year				
	2018	2019	2020	2021	2022
Investment Financing <i>Investment Financing</i>	3.5 7%	3.1 3%	5.8 2%	4.5 9%	3.30%
Working Capital Financing <i>Working Capital Financing</i>	1.6 8%	2.0 0%	3.6 3%	2.7 5%	2.25%
Multipurpose Financing <i>Multipurpose Financing</i>	1.9 7%	1.8 1%	3.1 6%	3.0 6%	1.75%
Other Financing Based on OJK Approval <i>Other Financing Based on OJK Approval</i>	1.0 8%	0.8 3%	1.7 8%	2.0 4%	2.95%
Financing Based on Sharia Principles <i>Sharia Financing</i>	7.5 2%	6.9 2%	4.0 5%	3.4 0%	1.42%

Source: : Financing Institution Statistics 2022, OJK

NPF of Investment Financing, Working Capital Financing, Multipurpose Financing, Other Financing Based on OJK Approval, and Financing Based on Sharia Principles business activities are still below 5%, namely 3.30%; 2.25%; 1.75%; 2.95%; and 1.42% respectively.

PT Mandiri Tunas Finance is a business unit of the state-owned company PT Bank Mandiri which is engaged in multipurpose financing. Financing for cars, motorbikes and heavy equipment as well as providing funds in the form of credit with vehicle ownership document guarantees. PT Mandiri Tunas Finance currently has 100 branch offices spread throughout Indonesia. Credit is a form of financing provided by financial institutions to people who need funds for both working capital and consumption. There are risks in the implementation of credit distribution. The risk that must be faced by cooperatives is credit risk. Credit risk arises from customers who fail to fulfill their obligations. The credit risk that arises in providing credit is very dominant because the main activities of financial institutions are still in the credit distribution sector (Dewi, 2022).

Credit distribution activities to customers do not always go according to the plan expected by the credit provider, because there are various risks that will arise, both short-term and long-term risks. This problematic credit risk is certainly an obstacle and affects the financial performance of the credit-granting company. The greater the amount of problematic credit, the greater the company's responsibility in providing reserves for bad debts. The impact caused by this problematic credit makes the company have to find solutions or prevent dangers that may arise due to this problematic credit (Yuliani et al., 2020)

Non-performing loans are a risk contained in every credit given by a bank or non-bank financial institution. The risk is a situation where the debtor or customer cannot fulfill their obligations to the financial institution on time. Non-performing loans will affect the income that will be received by the financial institution, which will further impact the survival of the financial institution. To minimize the risks that may occur, the bank is required to take preparatory steps to implement its risk management. Credit Quality of PT. Mandiri Tunas Finance's financial assets as of December 31, 2022 and 2021, credit risk exposure to financial assets can be seen in the following table:

Table 3. Table 3 Credit Risk Exposure In 2022 (Million Rupiah)

	Not yet due and not experiencing any impairment		Due and not impaired		Experiencing a decrease in value	Allowance for impairment losses	Total
	High Grade	Standard Grade	High Grade	Standard Grade			
Cash and cash equivalents	826,834						826,834
Consumer Finance Receivables	7,735,074	8,154,741	650.144	134,456	(333,578)	16,340,837	
Finance Lease Receivables	3,389,312	2,197,104	168,820	26,789	(138,679)	5,643,346	
Factoring	42,469				(9,493)	32,976	
Other receivables	589,865				(140,425)	449,440	
Derivative receivables	24,534					24,534	
Other assets	35,184					35,184	
Total	12,643,272	10,351,845	818,964	161,245	(622,175)	23,353,151	

Source: PT. Mandiri Tunas Finance, 2022

To prevent and overcome problematic credit, companies need to implement risk management against the risk of problematic credit. This credit risk management itself can be done by implementing risk management. Financing companies are certainly advised to implement this risk management in order to control the risk of problematic credit that will arise later (Desda & Yurasti, 2019).

In accordance with POJK NO. 44/POJK.05/2020 dated August 28, 2020 concerning the Implementation of Risk Management for Non-Bank Financial Services Institutions, the implementation of Mandiri Tunas Finance (MTF) risk management is supported by 4 (four) important pillars as follows: (1) Active supervision of the board of directors, board of commissioners, and Sharia supervisory board; (2) Adequacy of risk management policies and procedures and determination of risk limits; (3) Adequacy of risk identification, measurement, control, and monitoring processes and risk management information systems; (4) Comprehensive internal control system. One of the risks inherent in Mandiri Tunas Finance's business processes is Compliance Risk which is managed through periodic parameters, and supported by the Compliance Management System (CMS).

In addition, the rescue of problematic credit can be followed up by implementing restructuring efforts on credit facilities owned by borrowing customers. Restructuring itself as an effort to improve or reorganize which is carried out in this case is a credit activity for debtors who have difficulty in fulfilling their obligations (Dewi, 2015). The credit restructuring program will provide debt payments with softer or lighter terms compared to the debt payment terms before the debt restructuring process was carried out so that it can improve the debtor's financial position (Sihotang & Sari, 2019). Restructuring can be done by rescheduling, reorganizing so that existing credit risks can be controlled.

In 2020, credit restructuring was carried out by non-bank financial institutions (LKNB) with a value of IDR 181.3 trillion with 4.87 million approved contracts. Meanwhile, credit restructuring by microfinance institutions (LKM) amounted to IDR 26.44 billion from 32 LKM and micro waqf banks (BWM) amounted to IDR 4.52 billion from 13 BWM. Overall, credit restructuring (banks and non-banks) until the end of October

2020 had reached IDR 1,113.93 trillion (Rasbin, 2020). In order to support the government's efforts to maintain economic stability, PT Mandiri Tunas Finance (MTF) has restructured financing for debtors. In 2020, the Company has restructured credit payments with a value of IDR 13.15 trillion to more than 86 thousand units. In carrying out this restructuring, PT. Mandiri Tunas Finance continues to prioritize the element of wisdom regarding the situation faced by debtors and the debtor's ability to pay, including taking into account the direction and policies of the regulator. The Company is making efficiency efforts by prioritizing the principle of added value. Operating Expenditure (OPEX) cost efficiency is carried out in a number of posts.

The implementation of credit restructuring is carried out by considering the principles of prudence, risk management and good corporate governance based on the authority of each financing company adjusted to the ability and capacity of its business activities and which economic sectors of the debtor can apply for credit restructuring. The credit risk management process must be carried out effectively in distributing credit funds to creditors. Effectively implemented risk management can minimize and prevent losses due to default by creditors.

The results of previous research conducted by Mukhlis & Pavita (2023) showed that credit restructuring was able to reduce the number of problematic loans for Bank Jatim with a pattern of extension, postponement, reduction of principal and interest installments as well as the addition of credit facilities and a combination of these patterns. The inhibiting factors are in the form of restrictions on appointments with debtors due to restrictions on the movement of people by the government and also errors by the bank's internal party in analyzing the debtor's business which will result in losses for the Bank.

The results of Rosadi & Wondabio's (2023) research show that the restructuring process is only reviewed by a monitoring committee consisting of members from the Credit Rescue and Settlement work unit and from the Credit Risk work unit. One of the functions of internal audit in the third line is to carry out a review of the reliability of the risk management framework which includes policies, organizational structure, allocation, resources, Risk Management process design, information systems, and Bank risk reporting, but at this restructuring stage it is not yet visible. This allows the Bank to actually experience certain risk exposure.

This study aims to determine what factors influence non-performing loans at PT. Mandiri Tunas Finance, the implementation of Risk Management in minimizing non-performing loans at PT. Mandiri Tunas Finance and the restructuring carried out by PT. Mandiri Tunas Finance in overcoming non-performing loans.

This research is expected to increase insight and deepen knowledge about risk management and restructuring in minimizing problem loans, as input material about risk management in minimizing problem loans when making decisions for future improvements and as a scientific reference, especially for those who are interested in conducting research on problem loans. The results of this study can be used as a reference for further research and improve understanding of risk management and reconstruction.

Method

This research is included in qualitative research. Qualitative research is a research process to interpret human and social phenomena through comprehensive and complex descriptions so that they can be presented through words, convey detailed thoughts sourced from sources, and made naturally (Fadli, 2021). The method used in this study is qualitative descriptive. Descriptive research aims to systematically and accurately describe the facts and characteristics of a particular field (Abdussamad, 2021). The type of data used by researchers to support the variables studied is qualitative data, namely data in the form of an explanation of statements about the application of risk management to minimize the risk of bad credit at PT. Mandiri Tunas Finance in 2018-2022.

The analysis technique used in this study is descriptive analysis, namely an analysis method carried out by describing or depicting the data that has been collected so that it can provide a clear picture of the problem being studied (Morissan, 2019). (Nugrahani, 2014). The following is an interactive analysis pattern proposed by Miles and Huberman.

Data Reduction

Data reduction is analyzing qualitative data that is intended to sharpen, direct, clarify and focus, by setting aside useless things and organizing data in such a way that the data can be presented well and easily understood and lead to conclusions that can be accounted for (Nugrahani, 2014). The work carried out by researchers when conducting data reduction is selection, focusing or centralization, simplification and abstraction of all information relating to research data and recorded during the data collection process at the research location. The data reduction process begins when the researcher determines the case to be studied and continues throughout the research.

Data Presentation

Data presentation is a collection of facts that allow researchers to draw conclusions and take action. Data presentation is a statement in the form of a complete description and narrative and is arranged into main parts and presented using the researcher's logical and systematic narrative which can then be easily understood (Nugrahani, 2014). The purpose of data presentation is to answer the problems studied through the data analysis process. In this case, data presentation is arranged systematically which aims to facilitate researchers in the analysis process. Researchers carry out data analysis in order to formulate findings in the study and present the final conclusions of the study.

Conclusion Drawing/Verification

Data verification is interpreting data and analysis results. Conclusions must be verified during the research so that they can be calculated and accounted for. Explanations derived from daily data are always checked for authenticity and completeness to ensure their validity. The final conclusion is written briefly, clearly and concisely so that it is easy to understand and the final conclusion is in line with the research objectives. The conclusion is the essence of the research results that describe the final view of the researcher.

The technique often used is checking the validity of data using other sources. In this study, the triangulation carried out was: Source triangulation, which directed researchers to collect data from various sources. This was done by providing a comparison between data from subjects and data from informants with the intention that the resulting data would be reliable, because it was not only obtained from one source but from several sources.

Results and Discussion

Factors Causing Problematic Credit at PT. Mandiri Tunas Finance

As for distributing funds in the form of credit, it will not be separated from the occurrence of problematic credit, which can be caused by various factors, both from within the company (internal) and from customers (external). The following are factors that cause problematic credit at PT. Mandiri Tunas Finance:

- a. Internal factors
 - 1) *The Account Officer (marketing)* was not careful in analyzing the 5Cs both before the credit was taken and after it was disbursed.
 - 2) Incorrect analysis before taking out financing which is generally incorrect analysis of the customer's ability to pay.
 - 3) Lack of monitoring of financing customers

- 4) Daily pick-up for financing customers is not carried out.
- b. External Factors
 - 1) Moving residence.
 - 2) The uncertain economic conditions have caused customers' businesses to experience a reduction in income.
 - 3) The customer is sick and cannot work.
 - 4) Bad customer character.
 - 5) The customer's ability to pay is no longer sufficient.
 - 6) Financing customers who have died.

Implementation of Risk Management in Efforts to Prevent Problematic Credit at PT. Mandiri Tunas Finance

The implementation of risk management aims to maintain the Company's capital, increase the Company's value, optimize the risk-return profile, support the decision-making process and protect the Company's reputation. This is in accordance with OJK Regulation NO. 44/POJK.05/2020 dated August 28, 2020 concerning the Implementation of Risk Management for Non-Bank Financial Services Institutions. Implementation of Integrated Risk Management for Financial Conglomerates. Through this compliance, the implementation of the Company's risk management is an integrated and consistent approach in conducting reviews, measurements, monitoring and managing risks for all components of the Company's group. The development of this consolidation has been periodically communicated by Bank Mandiri to the regulator.

Based on the research results, the researcher found that PT. Mandiri Tunas Finance has taken several ways to overcome or prevent the occurrence of problematic credit customers. The steps used by the bank to prevent problematic financing are contained in every action starting from before the financing occurs until the financing is completed. Prevention of problematic credit begins before the customer takes financing which applies the principle of caution in every action, especially in credit distribution.

Financing activities are provided in the form of motor vehicle ownership credit with the provision of repayment in fixed installments every month. The Company classifies its financing facilities into three types, namely new cars, used cars and motorbikes. Therefore, the Company also applies different requirements for these three types of businesses. In general, the financing period is set at 1 (one) to 7 (seven) years with the maximum financing period being 4 (four) years. As collateral for the credit is in the form of an original Motor Vehicle Ownership Certificate (BPKB) which is held and stored by the Company. The document will be submitted to the customer if all of his obligations to the Company have been paid off.

Based on the results of interviews conducted by researchers with the *marketing department* at PT. Mandiri Tunas Finance, it can be seen that the actions taken by PT. Mandiri Tunas Finance before customers take credit are the implementation of 5C analysis, namely the analysis to see whether the customer is eligible to be given credit so that with this analysis it can identify if in the future the customer will experience problems in carrying out their obligations. The 5C analysis applied by PT. Mandiri Tunas Finance is in the form of *Character, Capacity, Capital, Collateral* and *Condition* as follows:

- a. *Character*, first PT. Mandiri Tunas Finance looks at the character of prospective customers in order to see whether the prospective customer is honest in trying to fulfill his obligations or not. This method is carried out during interviews with prospective customers, neighbors or the community around where the prospective customer lives.
- b. *Capacity*, PT. Mandiri Tunas Finance sees the ability or efforts of customers in paying the credit that will be taken. This can be done by looking at educational history, business experience and problems that have been faced and how to overcome them.

- c. *Capital*, PT. Mandiri Tunas Finance sees whether the prospective customer's business is running smoothly or not. This can be seen from the sales report.
- d. *Collateral*, PT. Mandiri Tunas Finance sees collateral that may be confiscated if it turns out that prospective customers cannot fulfill their obligations and this is the last alternative to overcome problematic credit problems.
- e. *Condition*, the bank considers economic conditions that are linked to the income prospects of customers, because there are businesses that are very dependent on economic conditions.

After the analysis is done, PT. Mandiri Tunas Finance can see whether the customer is eligible or not to be given credit. After the customer is declared eligible for credit or a loan, the next step is for the customer to complete several documents to be reviewed by the bank. Credit risk comes from financing activities. Credit risk management aims to measure, anticipate, and minimize losses due to debtor failure to fulfill their obligations. Some things that PT. Mandiri Tunas Finance does in anticipating the risk of problematic credit, include:

- a. Financing Policy

The financing policy is outlined in the Standard Operating Procedures (SOP). The company's financing policy stipulates that the financing process to debtors is carried out by independent parties to ensure the implementation of the principle of prudence.

- b. Financing Approval

In assessing credit applications, the Company always refers to regulations and prudential principles, including factors such as the ability to pay, business prospects and debtor performance. The Company has implemented a mobile survey in order to improve the quality of credit disbursement. The credit process and credit risk management of the retail segment are carried out through an end-to-end process integrated into the e-Star system. The decision-making process in the retail segment is carried out through a credit scoring system. The credit scoring model is periodically validated to ensure its accuracy. To accelerate the credit decision-making process, the Company has given the authority to decide on credit to appointed officials based on certain qualifications.

The decision-making process in the corporate fleet segment is carried out through a circular Financing Analysis Note, and a Financing Committee Meeting in accordance with the amount of financing facilities proposed. The Company has also prepared a portfolio guideline and has set an industry limit as the basis for the direction of business growth in the Corporate Fleet segment in 2022. The preparation of the Portfolio Guideline and Industry Limit is adjusted to current macroeconomic conditions and industry prospects in the coming year, so that the company appropriately chooses the development of a healthy industry with a low risk level and is able to limit the growth of an unhealthy industry with a high risk level.

- c. Financing Monitoring

Monitoring of financing in the corporate fleet segment is carried out using the Watchlist method, which is a standard, structured and comprehensive method in monitoring the performance of corporate debtors. Monitoring is carried out periodically together with the marketing work unit as the account manager, credit work unit and collection work unit. In addition, a Monthly Performance Review is also carried out between the business work unit, credit work unit, collection work unit and risk work unit in order to monitor and evaluate the performance of the Corporate Fleet segment portfolio every month.

Retail credit monitoring is conducted at the portfolio level. Portfolio analysis is conducted periodically and outlined in a monthly report submitted to the Board of

Directors. The Risk Management function also conducts periodic monitoring of the quality of decisions by officials with the authority to decide on credit and provides recommendations to the Board of Directors based on the results of the monitoring. As an anticipatory step (early warning signal), a simulation and stress testing process is conducted on the portfolio periodically to determine changes in portfolio quality in response to macroeconomic changes. The results of stress testing provide guidance for the Board of Directors to anticipate possible macro conditions.

d. Credit Collection and Recovery

The company has prepared a policy for handling collection and recovery based on the type of product and based on the days of the debtor's arrears. Collection activities for problematic debtors are supported by an end-to-end Automatic Collection System in helping to ensure that the collection process is carried out in accordance with applicable procedures. In carrying out collection activities, employees who handle the collection and collateral execution functions have professional certificates in the field of collection. In addition, employees are equipped with mobile collection devices equipped with EDC (electronic data capture) machines to ensure accountability for the implementation of the collection process to debtors.

In providing credit to customers, the Company pays attention to the limitations as stated below:

- 1) Down payment of a certain percentage of the car price.
- 2) For used car financing, the maximum age is 12 years.
- 3) The credit term is a minimum of 6 (six) months and a maximum of 5 (five) years.
- 4) During the credit period, the car must be protected by insurance from an insurance company designated by the Company.

After the entire data completion process, PT. Mandiri Tunas Finance holds a committee meeting for approval from the financing committee members that the amount submitted by the customer is feasible or not given and the amount given is in accordance with the application or less than the customer submitted. Then after getting approval from the financing committee, the customer can disburse the financing submitted either at the head office, branch office or cash office. After the customer takes the financing, the role of *marketing* (AO) is very important where the *marketing department* must always monitor the financing so that it can avoid bad debts. This can be done in the following ways, including:

- a. Routinely visit customers to do daily pick-ups. Always remind customers of the payment due date. After monitoring is carried out, but there are still problematic loans, the *marketing team* will divide the problematic financing category into 3 categories which are useful for grouping customers and facilitating decision making, namely smooth, less smooth and stalled.
- b. Smooth, the smooth customer category is a customer who routinely pays financing every month, but if they are late in making financing payments, it is no more than 3 months, namely 0-90 days late.
- c. Less smooth, this category of less smooth customers are customers who experience delays starting from 91-120 days.
- d. Default, this default customer category is a customer who has been late in making payments starting from 120 days and above, where this customer will be handled more specifically by the remedial department.

When a customer experiences a default in financing, there are several things that PT. Mandiri Tunas Finance does to overcome this, namely:

- 1) Conducting financing settlements politely and persuasively with customers. If the customer is still considered cooperative, efforts are made to resolve the financing through deliberation.

- 2) Rescheduling, which is changing the customer's payment schedule or time period.
- 3) Reconditioning, which is changing some or all of the financing requirements without increasing the remaining principal of the customer's obligations that must be paid to the bank, including: changing the payment schedule; changing the amount of installments; changing the term; or providing discounts.
- 4) Restructuring, which is a change in financing requirements. Restructuring can be in the form of changing requirements such as adding a financing period accompanied by additional financing.

If the customer is still unable to complete the financing, PT. Mandiri Tunas Finance will give a verbal warning and if there is no response, the bank will issue a Billing Notification Letter, warning letters I, II and III and a final warning letter up to the execution letter. In the event that rescue efforts have been carried out optimally but the customer is still unable to complete the financing, the next step is to execute the collateral withdrawal. After the collateral withdrawal, a discussion will be held again regarding the settlement of the financing, if the customer no longer has the ability to pay, they will advise selling the collateral to cover the principal or to pay off the financing. If the customer still has the ability to pay, they will take *rescheduling, reconditioning and restructuring actions*.

Table 4. Consumer Financing Receivables Arrears

Information	2022 (Rp-Million)		2021 (Rp-Million)		Increase (Decrease)	
	Nominal	Contribution (%)	Nominal	Contribution (%)	Nominal	Contribution (%)
Amount of Receivables	46,507,804	100.00	40,730,279	100.00	5,777,525	14.18
Fluent	44,534,718	95.75	38,549,986	94.65	5,984,732	15.52
1 - 90 days arrears	1,626,085	3.50	1,765,290	4.33	(139,205)	(7.89)
91 - 120 days arrears	158,343	0.34	158,194	0.39	149	0.09
121 - 180 days arrears	67,501	0.36	229,778	0.56	(62,277)	(27.10)
Arrears >180 days (non-performing receivables)	21,157	0.05	27,031	0.07	(5,874)	(21.73)

Source: PT. Mandiri Tunas Finance (2022)

Based on the table above, it can be seen that current receivables from 2021 to 2022 increased by 15.52%, Arrears of 1 - 90 days decreased by 7.89%, Arrears of 91 - 120 days increased by 0.09%, Arrears of 121 - 180 days decreased by 27.10% and Arrears > 180 days (*non-performing receivables*) decreased by 21.73%.

Table 5 Consumer Financing Receivables of PT. Mandiri Tunas Finance 2021-2022

Information		2022 (Rp-Million)	2021 (Rp-Million)	Increase (Decrease)	
				Nominal	%
Joint Financing Receivables		25,720,307	24,192,239	1,528,068	6.32
Self-Financing Receivables		20,787,497	16,538,040	4,249,457	25.70
Amount of Managed Financing Receivables		46,507,804	40,730,279	5,777,525	14.18

Principal Financing Receivables	Joint	22,526,092	21.146.246	1,379,846	6.53
Principal Amount of Managed Financing Receivables		39,200,507	34,362,800	4,837,707	14.08
Allowance for Doubtful Accounts		(333,578)	(327,003)	(6,575)	2.01
Total Financing Receivables - Net	Consumer	16,340,837	12,889,551	3,451,286	26.78
Managed Performing Receivables (%)	Non-	0.72	1.13	(0.41)	36.28

Source: PT. Mandiri Tunas Finance (2022)

Based on the table above, it can be seen that the Company's consumer financing receivables in 2022 were recorded at IDR16.34 trillion, an increase of IDR3.4 trillion or 26.78% compared to the Company's consumer financing receivables in 2021 which amounted to IDR12.89 trillion. The increase was due to the increase in new financing realized in 2022 compared to 2021. While consumer financing receivables in 2022 increased compared to 2021, managed non-performing receivables decreased compared to 2021 by 0.41%, meaning that in 2022. This means that customers are able to fulfill their debt responsibilities to the Company. This means that the risk management implemented by PT. Mandiri Tunas Finance is quite good in reducing non-performing loans.

Restructuring

2020 is a year full of history for human civilization. The emergence of the Corona Virus Disease 2019 (COVID-19) pandemic has had a tremendous impact on all aspects of life, including the economy, especially the financing sector. The government has implemented a number of policies and incentives, including the National Economic Recovery (PEN) program which is expected to provide a stimulus for the community's economy. Through the PEN program, the Indonesian government implements credit relief or credit restructuring for debtors, where PT Mandiri Tunas Finance ("MTF") supports the program for a greater purpose.

In order to support the government's efforts in maintaining economic stability, PT. Mandiri Tunas Finance has restructured financing for debtors affected by the COVID-19 pandemic. In addition, as a precautionary measure in dealing with the COVID-19 pandemic, the Company has implemented a prudent financing strategy to deal with the main risk, namely Credit Risk. The following are efforts that have been made by the Company:

- a. Selective acquisition of financing from certain industrial sectors The COVID-19 pandemic has had a major impact on many industrial sectors, with some sectors being hit harder than others, such as the hospitality and mining industries. Therefore, the Company only approves applications received from industrial sectors that are relatively safe from the impact of the COVID-19 pandemic.
- b. Selective financing for certain vehicle brands In addition to certain industrial sectors, the Company also decided to approve applications originating from fast-moving brands, to prevent sharp price declines from non-fast-moving brands.

By the end of 2020, the Company had restructured credit payments with a value of IDR13.15 trillion to more than 86 thousand units. Restructured consumer financing receivables as of December 31, 2022 were 0.22% of the gross consumer financing receivables balance (December 31, 2021: 2.48%). In carrying out this restructuring, the Company continues to prioritize the element of wisdom regarding the situation faced by debtors and the debtor's ability to pay, including taking into account the direction and policies of the regulator. The Company's support for the credit relaxation policy as part of the PEN program by the Indonesian Government is certainly an important note, considering that financing receivables are the Company's core business.

Conclusions and Recommendations

Based on the results and discussion above, the following conclusions can be drawn:

1. Factors that influence non-performing loans at PT. Mandiri Tunas Finance are divided into two factors, namely internal factors such as incorrect analysis and the Account Officer's lack of accuracy in analyzing 5C both before the credit is taken and after it is disbursed, while external factors such as uncertain economic conditions cause customer businesses to experience reduced income and can no longer pay.
2. Implementation of Risk Management in minimizing problematic credit at PT. Mandiri Tunas Finance, including:
 - Carry out financing settlements in a polite and persuasive manner with customers.
 - Rescheduling, which is changing the customer's payment schedule or time period.
 - Reconditioning, which is changing some or all of the financing requirements without increasing the remaining principal of the customer's obligations that must be paid to the bank.
 - Restructuring, namely changing financing requirements.
3. Restructuring in overcoming problematic credit at PT. Mandiri Tunas Finance is carried out by prioritizing the element of wisdom on the situation faced by debtors and the debtor's ability to pay, including taking into account the direction and policies of the regulator.

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