Management and Business Review

Analysis credit risk management minimizing performing loans to credit business people

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Abstract : Aim from research thisfor analyze application management risk credit in minimizing nonperforming loans in the People's Business Credit (KUR) in Bank Jatim Branch of Sidoarjo and to determine the application of credit risk management effective in minimizing the problem loansthe People's Business Credit (KUR) in Bank of Sidoarjo East Java. This type of research used in this research is descriptive research. The results showed that at Bank Jatim Branch of Sidoarjo has implemented well the active supervision of commissioners and directors, policies, procedures and limits, the process of identification, measurement, monitoring and management information system of credit risk, and credit risk control. This study suggested that banks maintain the independence of credit staff and also improve credit monitoring well

Introduction

Credit Business People (KUR) is a program where the government to support the empowerment of Micro, Small and Medium Enterprises (SMEs) and cooperatives. Executing bank disbursed to KUR SMEs and cooperatives (MSME) are feasible, but not yet bankable. That is, feasible and have the ability to repay the loans but does not meet the requirements, for example in the case of collateral or guarantee. KUR as one form of provision of Credit that needs to be monitored for each lending their implementation is inseparable from risk. Credit risk is the risk that occurs due to uncertainty or failure of a business partner (counterparty) to fulfill its obligations (Ghozali, 2007). The encountered in the provision of credit is a credit crunch. Under the terms "Surat Edaran Bank Indonesia 15/28/DPNP perihal Penilaian Kualitas Aset Bank Umum" 2013) nonperforming loans can be classified into a collectability substandard, Bank must manage credit problematic that non-performing loans still exist at the level and cause harm to the bank mentioned because contribution most the income derived from lending.

Bank as give amenities credit required to implement a risk management effective. Implementation of risk management includes active supervision from all management bank, policies, procedures and the risk limits, the process of identification, measurement, monitoring, information systems, and risk management, as well as a comprehensive internal control system. Bank Branch Sidoarjo East Java is one of the participating banks Kredit Usaha Rakyat (KUR) in Sidoarjo. Bank Jatim Branch of Sidoarjo seeks to encourage the development of Micro, Small and Medium Enterprises to increase SME loans through the KUR program. Through KUR, SMEs can expand its business with a credit limit up to Rp. 500.000.000, - (five hundred million rupiah). However, the distribution, KUR is inseparable from the risk of non-performing loans.

During the period November 2013 to November 2014 credit problematic KUR in Bank Jatim Branch Sidoarjo experience fluctuation. amount credit problematic KUR most high is the month November 2013 is Rp2.562.670.595,56. The increase in the number of problem loans is highest KUR in February, from Rp. 1,326,657,214.62 in January to Rp. 2,168,522,651.38 in February, an increase of Rp. 841,865,436.76 of January. The decline in non-performing loans KUR most occurred in March 2014. Nonperforming loans declined KUR Rp. 1,277,874,899.13 of Rp. 2,168,522,651.38 in February 2013 to Rp. 890,647,752.25 in March 2013. However, in November 2013, nonperforming loans KUR Bank Jatim Branch of Sidoarjo again increased by Rp. 24,450,364.34 of Rp.332.191.145,66 in October 2013 to Rp. 356,641,510.00.

Enhancement credit problematic negative impact for a bank. According to Mahmoeddin (2001) non-performing loans have an impact on liquidity, solvency, and profitability of banks and the emergence of additional costs. Look at the track record of Bank Jatim Branch of Sidoarjo ever have a record of non-performing loans, KUR high as in November 2012 until February 2013, Bank Jatim Branch of Sidoarjo need anticipating by applying credit risk management, better that nonperforming loans did not rise further.

Credit

"The President Of The Republic Of Indonesia Act Of The Republic Of Indonesia Number 7 Of 1992 Concerning Banking As Amended By Act Number 10 Of 1998" 1998) states "provision of cash or credit equivalent claims that, based on agreements between bank lending that requires the borrower to repay the debt after a certain period with interest".

Appraisal Credit

According to the "The President of The Republic of Indonesia Law of The Republic of Indonesia Number 20 Year 2008 Regarding Micro, Small, And Medium Enterprises " 2008) Article 1 states: Financing / Credit SMEs is a provision of funds by the Government, local government, business world and society through banks, cooperatives, and non-bank financial institutions, to develop and strengthen the capital of Micro, Small and Medium Enterprises. Meanwhile, according to Calvary (2009) states: Credit for Micro, Small and Medium Enterprises is the activity of lending borrowing between individual or business entity or a legal entity, in particular, the level of micro, small, and medium enterprises, who qualified to take legal acts with the principle of trust.

A large amount of credit distributed will determine the profits ". The theory is reinforced by research suggested by Wulandari (2009), Sukarno and Syaichu (2006), stated "major microcredit disbursement has to influence no significant effect on operating profit. "And research conducted by Handayani (2009) whose results stating "Loans but no significant influence on operating profit ". From theory and some research results, it can be concluded distribution credit has an effect on operating profit, as if channeling credit increases, followed by an increase in operating profit.

Before providing credit, the bank mustconvinced that the debtor is believed that the bank must make an assessment or credit analysis. Assessment to get a decent debtors do with the principle of 5C. 5C principle according to Firdaus, Rachmat, and Ariyanti (2011), namely: character, capacity, capital, condition of economy, collateral.

Classification Credit Quality

Corresponding "Surat Edaran Bank Indonesia 15/28/DPNP perihal Penilaian Kualitas Aset Bank Umum" 2013) concerning Assets Quality Rating for Commercial Banks, credit quality levels are divided into categories of current, special mention, substandard, doubtful, and loss.

Non-Performing Loans

Arthesa, Ade, and Handiman (2006), Almilia and Herdinigtyas (2005) state that the general problem loans are all loans that contain high risk or problem loans are loans credit containing weaknesses or does not meet a predetermined quality bank. Under the terms of Bank Indonesia at *Bank Indonesia Circullar Letter No.12/11/DPNP concerning Commercial Bank Quarterly and Monthly Published Financial Reports and Certain Reports Submitted to Bank Indonesia* 2010) states that non-performing loans classified into the collectability substandard, doubtful, and loss and the guidelines on the calculation of financial ratios NPL can be calculated by the formula.

Risk Credit

Ghozali (2007) interpret risk credit as a risk that happens because uncertainties or failure pair business (Counterparty) meet obligations.

Management Risk for Commercial Banks

Based on regulation "Bank Indonesia Regulation Number 11/25/pbi/2009" 2009) about Application management Risk For Bank General, "is a series of risk management methodology and procedures used   to identify, measure, monitor, and control risks arising from all the business activities of the bank. " Corresponding section 2 of Bank Indonesia Regulation Number 11/25 / PBI / 2009 on Amendment to "Bank Indonesia Regulation Number 5/8/PBI/2003" 2003), the application of risk management at least include:
1. Supervision Active Board of Commissioners and Directors of the Bank.
2. Adequacy of policies, procedures, and limit existing risk management.
3. Adequacy process identification, measurement, monitoring, and control risk as well as the bank's risk management information system.

Bank's internal control system is thorough Rivai and Veithzal (2007) explains more about the process of credit risk management, namely:
1. Supervision Active Board of Commissioners and Board of Directors
    a. Commissioner responsible active in approval and periodic review of strategies and policies on bank credit risk.
    b. The Board of Directors supports sound crediting standards, monitors and controls credit risk, and identifies and handles nonperforming loans.
    c. Bank identify, manage, and ensure the credit risk inherent in all   product   and   activity new has been through   process control   proper risk management.
2. Policies, Procedures and Limit
    a. Criteria for sound lending Bank   must   have   information   enough to help bank in assesscomprehensive to profile customer risk.
    b. Selection credit risk transactions, 1). Selection   to   transaction   credit   and commitment in take *exposure* risk must consider level of profitability. 2). Price amenities credit assigned taking into account   level   risk   of the relevant transaction. 3). management must gain result performance analysis of the profitability of a given credit transaction.
    c. Analysis, approval and registration of credit, namely : 1). Procedure taking decision for loan must formalized in clearly in line bank characteristics. 2). The separation of functions between conducting approval,   analysis   and   admininistrative credit. 3). Bank   have unit work who do *review* for set collectibility. 4). Bank ensure operational efficiency and effectiveness of credit administration, accuracy and timeliness of information, adequate separation of functions, the feasibility of the entire back control officer, and compliance with internal policies and procedures in writing and applicable regulations.

4). documenting all information in the archive. 5). Bank must complete record on file at least every three months.

   d. Limits

     1.) Bank must describe factor which can affect credit risk limits that exist.

     2.) Bank set limit for all customers before the transaction. Limit can be different from one another dependent condition.

     3.) Limit for credit risk at least include exposure to customers, exposure to the relevant parties, and exposure to a particular economic sector or geographic area respectively.

     4.) Limit for customer could based on the result analysis data quantitative and qualitative economy.

     5.) Determination customer credit risk limit must be thoroughly documented. Policies, procedures, and credit risk limits, in addition to meet these guidelines, the bank also refers to the Guidelines for Preparation of Credit Policy Bank (PPKPB) there.

3. Process Identification, Measurement, Monitoring and Management Information System applicable Credit Risk

   a. Identification Credit risk Credit lending activities and financing servicestrade customers' financial situation and pay attention to timely pay. Rate for a client's risk include environmental analysis of customer, business partner characteristics, quality of shareholders and managers, the condition of the latest financial report, the projected cash flow, quality of business plans and other documents. Assessment should pay attention to financial counterparties, rating, characteristics of the instrument, type of transaction, market liquidity, and other factors for treasury and investment activities are very important.

   b. Credit risk measurement

     1.) Banks should have written procedures allows for the centralization of exposure on balance sheet and off balance sheet containing the credit risk of each customer, the assessment of different categories of credit risk level by using a combination of qualitative and quantitative aspects of data and risk information distribution measurement results are complete for monitoring by related work units.

     2.) System measurement risk expensive credit the characteristics of each type of credit risk transactions, the financial condition of customers, credit period, aspects of the guarantee, the potential for failure (default), and the ability of banks to absorb potential failure.

     3.) Bank that use internal approach *risk rating*, must Data validation was done on a regular basis

     4.) Parameter that be used in the measurement credit risk ie NPLs, loans and credit concentration by economic sector, adequacy of collateral, credit growth, non-performing treasury and investment portfolio, adequacy of reserves treasury and investment transactions, trade financing transactions that default, and the concentration of trade finance facilities.

     5.) *Mark to Market* on Credit Risk Transactions To measure credit risk due to transactions Over the Counter (OTC) or on a particular market, especially the derivatives market, the bank uses the mark to market valuation method. Credit risk exposure should be measured and updated at least every month or more intensively.

     6.) Use *credit scoring tools* Bank could wear system and methodology statistical / probabilistic risk measurement tools such as credit scoring. Bank conducts periodic review of the accuracy of the models and assumptions used to project failure, as well as assumptions adjust to the changes in internal and external conditions. If a large risk exposure, the decision-making process should be supported by means of measuring

other risks. Bank credit must document such assumptions, data, information including amendments and send them periodically. determination system must support the process taking decision and adherence to the delegation of authority. determination system to go through procedure security decent and do the review reset by an independent working unit.

c. Credit Risk Monitoring

1.) Bank develop and implement information systems and procedures to monitor the condition of each customer so that the bank knew the last financial condition of customers, monitor compliance with the credit agreement, assess the adequacy of collateral compared with customer or counterparty obligations, and identify the inappropriateness of payment and classify problem loans in a timely manner.

2.) Bank monitoring exposure to credit risk as compared to credit risk limits that have been established, among others, the collectability or by using internal risk rating.

3.) Monitoring *exposure* risk do credit in periodic and risk management work unit must prepare a report on the development of the credit risk on a regular basis.

4.) Procedure use system *internal risk rating* must documented. System must could identify early changes pofil risk and should evaluated in periodic by an independent party. If the bank's internal risk rating to apply to determine the magnitude of asset quality and provisioning, then there should be a formal procedure to ensure the improved asset quality and provisioning together with the relevant provisions.

d. System Information management Risk

Bank Loans must have systeminformation management that provide reports and data in accurate and right time to support decision-making management and official more.As well as providing data on the total credit exposure of individual borrowers and counterparties. The information system should enable the directors to identify the concentration of risk in the loan portfolio. Management information systems in order to produce reports monitoring actual exposure against limits set.

4. Credit Risk Management

a. Bank must establish a system of assessment (internal credit review) independent and   the effectiveness of the implementation of sustainable process management risk credit. The review contains the credit administration process evaluation, assessment of the accuracy of the application of internal risk rating, or other monitoring tool usage, and effectiveness of the implementation of the work unit or the officer monitoring the quality of individual loans.

b. knowledge repeated held by officer independent to unit work conducting transactions credit risk.

c. Banks should ensure that the unitswork credit and other risks of transactions being managed adequately.

d. Bank must set and implement control internal for ensure deviation from the policies, procedures and limit reported right time to directors or relevant officials.

e. Internal Audit Unit (SKAI) at the time of audit internal must testing of the effectiveness of internal control for ensure that control systems have been effective, safe, and in accordance with the provisions.

f. Bank have procedures in handling the management of non-performing loans include non-performing loans detection system in writing and apply it effectively. If bank have credit problematic significantly, banks will have to separate the functions of the completion of the non-performing loans with a function that decides lending. Credit management strategies and results problematic administered in a back-up documentation.

People's Business Credit

Business Credit (KUR) is credit or financing that be given bank to Enterprises Micro, Small, secondary (SMEs) and Cooperative that *feasible* however not yet *bankable*, That is, the business is viable and has the ability to repay the loans but does not meet the requirements of bank loans, for example in case collateral. KUR be guaranteed by underwriters that give partially credit guarantee in automatic conditional to KUR executing bank.

Methods

The data obtained in the study are presented descriptively. According Indriantoro and Supomo (2002) "a descriptive research study of the problems of the form current factsThis from a population ". In accordance with the title of the research on the analysis of credit risk management in minimizing the problem loans in the People's Business Credit (KUR), the focus of this study are as follows:

1. Application management risk credit minimizing credit problematic on Business credit People (KUR) in Bank Jatim Mojokerto branch include:
   a. Supervision Active Board of Commissioners and Board of Directors.
   b. Policies, procedures and limits.
   c. Process identification, measurement, monitoring, and credit risk management information system
   d. Credit risk control.
2. Nonperforming loans Kredit Usaha Rakyat (KUR) in Bank Jatim Branch Mojokerto the period November 2013-November 2014
   a. Value non-performing loans in the People's Business Credit Bank Branch of Sidoarjo in East Java rupiah.
   b. *Non Performing Loan* (NPLs) Credit Usaha Rakyat (KUR) BankJatim Branch of Mojokerto.

Result and Discussion

Analysis of Non-Performing Loans Business Credit People (KUR) Bank Branch of Sidoarjo East Java. Based on Table 2, the balance of outstanding loans has decreased. This decrease was due to the payment of arrears by some debtor so that the collectability of debtors changes. It caused payment of arrears, the policy at Bank Jatim Branch of Sidoarjo eventually suspend KUR if non-performing loan (NPL) ratio is too high KUR also causes balance of outstanding loans declined sharply. KUR NPLs at Bank Jatim Branch of Sidoarjo period of November 2012 to November 2013 fluctuated. Increased highest NPL change was in February 2013, namely from 6.88% in January to 11.91% in February, an increase of 5.03% from January. While the decline in NPL greatest change occurred in March 2013. NPL decreased by 6.06%, from 11.

Table 2. Percentage of non-performing loans (NPL) KUR
Bank Jatim Branch of Sidoarjo November period 2012 until November 2013

At month	Credit balance distributed (in rupiah)	Total Credit problematic (in rupiah)	NPL
November 2013	23,643,681,540.70	2,562,670,595.56	10.84%
December 2013	21,625,030,292.00	1,599,717,193.55	7.40%
January 2014	19,273,007,054.93	1,326,657,214.62	6.88%
February 2014	18,205,560,178.26	2,168,522,651.38	11.91%

At month	Credit balance distributed (in rupiah)	Total Credit problematic (in rupiah)	NPL
March 2014	15,209,265,477.53	890,647,752.25	5.86%
April 2014	14,952,196,790.15	721,850,027.84	4.83%
May 2014	15,230,854,222.87	102,127,060.92	0.67%
June 2014	15,499,176,440.13	206,385,566.01	1.33%
July 2014	16,957,883,655.05	158,316,197.95	0.93%
August 2014	16,725,190,033.88	327,313,135.15	1.96%
September 2014	17,270,477,996.68	350,592,176.44	2.03%
October 2014	17,586,840,958.34	332,191,145.66	1.89%
November 2014	16,736,630,106.00	356,641,510.00	2.13%

Data Sources processed, 2014

Application of Credit Risk Management in Business Credit (KUR) Bank Jatim Branch Sodoarjo Pengawasan Active Board of Commissioners and Board of Directors. Oversight of risk management is divided into two, that is supervision external and internal. external oversight conducted by the Board of Commissioners and Board of Directors. while surveillance internal do by Branch Manager.
1. Supervision External Bank
      The Board of Directors and Board of Commissioners to supervise properly through the periodic review about strategy and Policy risks, evaluation of policy implementation, supervision of the level of non-performing loans (NPLs), and the Company Manual (BPP) of Credit.
2. Supervision Internal Bank
      Internal monitoring done by Bank Jatim Branch Branch dilingkup Sidoarjo. Leader branch already do current supervision before realization credit and after credit realization corresponding with BPP Credit. Before the realization of the credit, Leader Branch ensure proper credit and ensure that credit will distributed no digress from Bank Indonesia regulations. After credit thawed, leader branch did   monitoring to   debtors and conduct supervision in handling non-performing loans in accordance with the Credit BPP. It reflects branch   already   has   supervision and support standard administration credit that healthy to minimize the risk of bad debts.
Policy, Procedure and Limit
1. Criteria Lending Healthy
    Information mentioned obtainable with performing credit analysis. Things that are taken into consideration in analysis between other character debtors, reports finance debtor, circumstances business debtor, collateral debtor, and circumstances economy at that time. the case mentioned corresponding with principle 5C in doing appraisal credit that presented by (Firdaus et al., 2011) namely character capacity (ability/capacity), capital a condition of an economy and collateral bank. However, Bank Jatim Branch of Sidoarjo needs to be more careful in giving KUR facility to prospective borrowers. In accordance with (Firdaus et al., 2011) October 15, 2010, the time of filing facilities KUR debtors may not currently have a credit facility from other banks as evidenced by the results of the Debtor Information System (SID) of Bank Indonesia at the time of application for credit/financing proposed, but can currently receive consumer credit. Provision of KUR to prospective borrowers who are having a loan from another bank can increase the potential for problematic credit risk associated with the debtor's ability to pay the installments.

2. Selection Transaction Bank Credit Risk

   Selection transaction risk credit Bank Jatim Branch Sidoarjo already considering the level profitability transaction that based on result analysis credit. determination price (pricing) or ceiling amenities credit has done with taking into account the level of risk of the transaction, that is condition debtor and the level of ease melting security that based on analysis credit. the case mentioned already in accordance with the Rivai and Veithzal (2007) on the selection of credit risk transactions.

3. Analysis, as well as Note Credit Approval

   Taking the decision on the loan is based on the consent of Credit Analyst, Credit Operations Supervisor, and Branch Manager. Credit approval is determined from analysis of the credit. Approved credit is creditworthy, are in compliance with lending procedures, do not deviate from the provisions of the credit limit and government regulations, have been considered regarding the security of credit, and terminated in accordance with the loan approval authority. Illustrates that the selection of bank creditworthy and unworthy is a form of risk control so that credit problems can be minimized. Bank Jatim Branch of Sidoarjo start has implemented the separation of functions between conducting approval, analysis, and credit administration. However, Bank Jatim Branch of Sidoarjo has not implemented the separation of functions at the stage of receiving the credit of borrowers. This stage is carried out by all parts of the credit, both Admin Credit, Credit Analyst, and Marketing staff. The absence of segregation of duties. Acceptance of credit proposal likely to reduce the independence of the Bank Credit Analyst. Banknote yet applies separation task and authority between part analyst credit, marketing staff and supervision credit. Analyst credit and marketing staff still serves as a credit supervision. Analyst Credit still duty manage credit with credit collectibility 1 and 2 and Marketing Staff manage rescue collectibility 3, 4 and 5. By because of that, Bank Jatim Sidoarjo branch require their part Supervision of Credit so that no concurrent positions so debtor could monitor active and the problem can be solved optimally. archiving document debtor Bank Jatim Branch Sidoarjo do by Admin Credit. Bank Jatim Branch of Sidoarjo need more attention completeness administration credit and writing data so that no cause problems in the day.

   When bad debt, bank difficulty in doing insurance claim because of file as System Borrower information (SID), photocopy certificate collateral, ID card, family card or incomplete. Determination Limit. Limits be affected by the results of each analysis debtor. Bank set limit to all customers before making a transaction, which may be different limit each other corresponding with result analysis of qualitative and quantitative data of each debtor. Once the credit is analyzed, it was determined ceiling KUR. Limits on the provisions KUR Lending Limit (LLL). Bank Jatim in the Guidelines for Implementation (BPP) set LLL Credit Business Credit (KUR) of Rp 500 million. Bank Jatim Branch of Mojokerto to provide credit may not exceed the LLL. Micro KUR ceiling provisions for working capital and / or a maximum investment of Rp.20.000.000, - (two pulu million). While KUR Retail for working capital and / or investment above Rp.20.000.000, - (twenty million rupiahs) up to Rp.500.000.000, - (five hundred million rupiah). Credit ceiling to the Institute Linkage pattern of executing up to Rp 2 billion while the Institute Linkage to SMEs up to Rp 100 million. Credit ceiling and whose distribution through channeling patterns comply ceiling KUR KUR Micro and Retail.

Process Identification, measurement, monitoring, and Information Systems Credit Risk Management

1. Identification Credit risk

   The bank branch of Sidoarjo East Java identifying credit risk by taking into account the reputation of the debtor, the performance of the financial statements, legal aspects, and collateral,

management, marketing aspects, aspects of the technical/operational and financial aspects. Bank has identified by analyzing the data of each debtor KUR.

2. Measurement Credit risk

Bank Jatim have written procedures that BPP Credit that allows for assessment difference category level risk credit use combination aspect Qualitative and quantitative data. Through combination on aspects qualitative/quantitative, Bank Jatim can measure credit risk ratings are summarized in the credit rating tools. These aspects include the financial aspects, management, product marketing, the length of endeavor, industrial risk and assurance aspects. The higher scoring results obtained, the better the credit rating level. In addition to credit rating tools, other parameters used by the Bank Jatim for People's Business Credit is the level of non-performing loans (NPL). Through the NPL can be measured how high the risk of People's Business Credit Bank Branch of Sidoarjo East Java.

3. Monitoring Credit risk

Risk monitoring is done by the staff of credit operations and marketing staff in charge credit debtor. monitoring is carried out to business debtor is accordance with the provisions and objectives exerts credit. The monitoring on credit in Bank Jatim Sidoarjo branch not yet do corresponding under the condition Letter Number 048/014 / KMK Supervision concerning Credit. Bank should monitoring to debtor and report the results of the visit in accordance with the call report provision that apply. such monitoring do for knowing the financial condition debtor, obedience debtor to agreement credit, adequacy security   debtor, identification   tardiness payment   installment, classification of non-performing loans in on time,   and   help   bank   in carry out preventive measures.

4. System Credit Risk Management Information

Rivai and Veithzal (2007) outlines that   bank   must   have a system   information management that provide report and data accurate and on time for decision support directors and other officials. The information system in banks should be allowed management for identify the concentration of risk in its credit portfolio. It has been applied by the Bank Jatim. Bank Jatim already have an information system that is Management Information System (MIS).

5. Control Credit risk

Bank Jatim Branch of Sidoarjo carry out the review or evaluation of the credit granting process and process administration credit. All credit roses were evaluated by using standard quality and guidance which has assigned Bank the Control intern in Bank Jatim Branch Sidoarjo do by Auditor Branch. Aspects of internal control of loan that be given be divided in some stage process namely credit loan application process step, the process of credit analysis, credit disbursement process and the feedback process implementation of local credit. Bank Jatim already have procedures for handling problem loans is divided into two stages: a. credit rescue and Credit completion stage. Rescue loans made to prevent possible further losses on a loan that is not smooth over relations with the debtor approach. While the settlement of non-performing loans taken by way of insurance claims, eraser bukuan, and auction the collateral. Thus, Bank Jatim has implemented risk controls in accordance with the description and Veithzal Rival (2007) which says that the bank must have proceduresor how to manage the handling of non-performing loans occur.

Conclusion

Based on the analysis that already carried on in minimizing credit risk management credit problematic on Business Credit (KUR) Bank Jatim Branch of Sidoarjo, it can be concluded that: Credit risk management at Bank Jatim Branch of People's Business Sidoarjo has been carried out properly. However, in practice there is still a shortage, among other things: a). Not available staff special

receiving credit applications from prospective borrowers, b). Bank Jatim Branch of Sidoarjo does not have a special section Supervision of credit. c). Analyst Credit less be careful thus giving amenities KUR to debtor moderate have amenities loans other than consumer loans from other banks. d). Monitoring of the debtor and reporting of results visit in call report has not been implemented in accordance with applicable regulations.

Nonperforming Loan (NPL) on Bank Jatim Branch Sidoarjo period November 2012 to with November 2013 fluctuation. Overall, the NPL Bank Jatim Branch Sidoarjo still in limit which can tolerate, that is no exceed The maximum limit NPL as big as 5% that Bank Indonesia and the provisions set maximum limits NPL Bank Jatim as big as 2%. However, based on tracks record Bank Jatim Sidoarjo branch that ever has record NPL KUR that high on month November 2012 to with month March 2013, the banks need to anticipate through better risk management so that the NPL does not rise further.

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