

## REVIEW OF FUNDING PROCEDURES ON PT FIFGROUP CILEGON BRANCH

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**E-ISSN**

2961-9904

**P-ISSN**

2985-4873

**Volume 03 No 01 2024**

**Page:**

82-107

**DOI:**

10.  
61659/reaction.v3i1.167

**Received**

21 Oktober 2023

**Revised**

25 May 2024

**Accepted**

01 June 2024

*Abstract*

**Purpose** - This research aims to describe the procedures for granting credit to Fifgroup companies in Cilegon

**Design/methodology/approach** - Financing credit sales of Honda motorcycles to PT. FIFGROUP uses a system and credit financing procedures. The purpose of this study is (1) to analyze the effectiveness of procedures for providing credit funds to customers at PT. FIFGROUP Cilegon Branch (2) To analyze the customer's bad credit control system PT. FIFGROUP Celeron Branch

**Finding** - Observations were made on the results of this study shows In analyzing the feasibility of granting credit to consumers, besides using 5C analysis the company also uses five parameters feasibility in analyzing whether or not the prospective debtor is financed credit, this proves that the company has carried out the process credit approval in accordance with procedures established by the company. Appropriate division of tasks and segregation of functions is control internal company which is one way to minimize risk uncollectible accounts receivable.

**Originality -**

**Keyword** - *Financing, Funds, Credit.*

**Paper Type** – Research Paper



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## Introduction

Federal International Finance (FIFGROUP) is a financing company established in 1989 by Astra that provides conventional and sharia financing facilities for consumers who want to buy Honda motorcycles. FIFGROUP continues to grow by adding a wide range of financing products to meet the needs of its customers, which is done by implementing integrated risk management.

FIFGROUP with the largest portfolio contribution comes from financing Honda motorcycles with the FIFASTRA trademark. The multipurpose financing business unit under the SPEKTRA trademark is mainly for financing electronic products and household appliances. The micro working capital financing and religious tour business unit under the brand AMITRA financing is expected to become a portfolio that continues to grow in the coming years, to serve the Muslim consumer segment in Indonesia, FIFGROUP also equips each business unit with a selection of sharia products. At the end of 2017, FIFGROUP managed a sales network with 196 branch offices and 416 service points to provide the best service standards and a wide reach of customers throughout Indonesia.

Distribution access is also optimized through the development of business partnerships, including with dealers/retail networks/ATPM, such as Lotte Mart which provides lotte kiosk installation facilities, as well as cooperation in the group's customer scheme with corporations, including Glaxo Smith Kline, for the procurement of a motorcycle fleet that contributes a large amount of financing value with a controlled level of risk. In 2017, religious cooperation of travel agents for the financing of religious travel packages has grown rapidly, with the participation of 181 travel agents throughout Indonesia from only 14 travel agents in the previous year.

The credit system plays a fairly important role in the operational activities of a bank, one of its activities is very important with the implementation of a good credit system in the bank's business in the field of providing credit services to customers. The credit granting system and procedures implemented aim to provide convenience in the credit application process for debtors, as well as provide clear guidelines for the requirements for applying for credit.

In this case, a good credit system is needed so that customers can easily understand the procedures and requirements for applying for credit. At this time, the banking industry is experiencing quite rapid development, in order to keep pace with the development in the banking industry, it is mandatory to hold a better processing of accounting information, this is done in order to produce quality information to meet the needs of its users. Developments in the economic field are increasingly playing an important and increasingly decisive role in improving economic development in Indonesia.

Empowering credit businesses that are currently developing is a quite strategic step in improving the life of the existing economy, especially can contribute jobs and can reduce inequality and poverty levels, we can see that those who lack funds receive financial assistance from financial institutions or banks in the form of loans that are in accordance with their needs. Companies must implement a reliable information system, in this case it requires precision, accuracy, and structure, because to produce quality information requires a mature system design.

With the role of an adequate accounting information system in the process of granting credit in banking, it can show a prudent attitude in the banking body itself. In every company, it is mandatory to provide information that is planned to produce information used for its users. Before providing credit loans to customers, banks must conduct a careful assessment, considering that the funds distributed are not only from the bank itself but also from public funds, so the principle of prudence through advanced and accurate analysis is urgently needed.

The application of the principle of prudence in granting credit will be able to reduce non-performing loans, so that in granting credit, it must follow the right stage so as to avoid non-performing loans. In analyzing the requirements or policies for credit applications from customers, a system and procedure is needed that is really in accordance with the existing policies in credit applications. Granting credit that is not properly managed and ignores the principle of prudence, will cause the bank's operational performance to be poor so that it affects the continuity of the bank's performance in the future, therefore it is necessary to implement a good credit supervision policy to customers so that it can be returned in accordance with the agreement and time that has been determined.

Crediting activities that often occur are obstacles in providing credit such as bad loans and there are also possible other obstacles. To minimize errors in the credit granting process, banks usually need a crediting system, a good crediting system will help the bank's operational activities effectively and efficiently, as well as to control the occurrence of non-performing loans or bad loans. An adequate accounting information system in the process of granting credit to customers will be able to support the implementation of credit granting.

In providing procedures, the FIF also implements the 5C system, which consists of Character, Capacity, Capital, Collateral, and Condition, as for the elaboration starting from Character, the basic principle of giving, namely the character of the prospective debtor, must be the first consideration in granting credit, as for the indication of character risk that is considered by the leasing party, namely the prospective debtor has a bad reputation in relation to the community, business partners and banks, debtor relationship problems and debtors change suppliers and do not get accounts payable facilities. This is an indication that the debtor cannot be trusted because he often breaks his promises.

The way banks analyze risk indications of character aspects is with reputation, what is meant by reputation is information about the environment where you live and where you do business, as for business relationships, namely by way of trade checking and having a relationship with the bank for bank checking. Capacity, The second criterion is capacity or often called capability, which is how the ability of prospective borrowers to pay their credit. This criterion is seen from how the customer runs his business or how much income he receives each month. If the bank considers that the customer does not have enough ability to pay the credit, then it is likely that the credit application will be rejected. Capital, The next criterion is the capital or capital owned by the prospective borrower, which is specifically applied to customers who borrow for their business or business.

By knowing the capital or assets owned by the customer's business, the bank can get the source of financing it has. In addition, the bank can also see how the financial statements of the business run by the customer are then used as a reference whether it is indeed worthy of credit or not. Collateral, The fourth criterion is the collateral or guarantee given to prospective borrowers when applying for credit to the bank. As the name implies, this guarantee will be a guarantor or protector for the bank if later the customer is unable to pay the loan taken. Therefore, ideally, the amount of physical or non-physical collateral is larger than the credit given. And the last one is Condition, the last criterion of the 5C principle is condition, which is the condition of the economy, whether it is general or special in the business field run by the customer. If indeed the economic condition is not good or the customer's business sector is not promising, usually the bank will reconsider in providing credit. This is related to how the customer's ability to pay his loan later which of course is affected by economic conditions. In the world of goods and services trading, the common type of transaction is payment by way of cash or credit.

Transactions with cash payments can be said to be risk-free for sellers, because direct payments are made when there is an exchange of ownership of goods between sellers and buyers. However, if payment is made on credit, there will be risks on the seller's side. This risk arises from the time of transfer of ownership (the goods are already outside the seller's warehouse/in the hands of the buyer) until the transaction is paid in full (declared in full).

## **Literature Review**

### **Definition of Multipurpose Financing**

Multipurpose financing is a form of financing that is consumptive and is provided to the community as an alternative in meeting the needs of goods or services based on sharia principles accompanied by guarantees in the form of valuable goods such as SHM, SHGB or BPKB. This financing is a solution for people who need funds quickly. The amount of funds given is adjusted to the value of the estimated collateral provided. This is to adjust the ability of the recipient of funds to the value of the guarantee in returning the funds given.<sup>17</sup> Multipurpose is usually used by the community to meet household needs, home renovations, purchase of motor vehicles or event costs. This financing can be owned by submitting to financial institutions such as banks, pawnshops and other non-bank financial institutions. There are several criteria that need to be known before applying for multipurpose financing, namely:

1. Relatively high financing ceiling <sup>17</sup> Andri Soemitra, MA, Sharia Banks and Financial Institutions (Jakarta: Kencana, 2009), 349. <sup>17</sup> The amount of financing provided is quite large, many financial institutions set high limits in providing financing. Some are up to 50 million to 40 billion. However, this is also adjusted to the guarantee provided and the ability of the recipient to return the loan funds at the beginning of the financing application.
2. Relatively long return period Because this financing is intended to address needs, financial institutions usually provide a relatively long period of time. However, it depends on the amount of funds provided and the provisions of the financial institution. Some are 1 year to 3 years, 5 years to 10 years, and some are even up to 20 years.

3. The interest rate given is very low in general, the interest rate given to the lender in this multipurpose financing is relatively low. This ranges from 0.2%-0.3% depending on the provisions of the applicable financial institution. d. Easy and fast disbursement of funds the process of disbursing funds starting with the application of funds is relatively very easy and fast. If the prospective applicants have brought the required documents to the financial institution, the process will be carried out as soon as possible and the disbursement of funds will take about 1 day to 2 weeks of the company's working days.

#### Purpose of Multipurpose Financing

The purpose of multipurpose financing is to assist the community in meeting consumptive needs or services through sharia loans. This financing can help people who need funds but find it difficult to return, so this multipurpose financing comes with a repayment system that can be paid in installments. In multipurpose financing, the following are the objectives of this financing, namely:

1. Making it easier for the community to meet their consumptive needs.
2. Assisting the community in repaying financing with an easy system.
3. Helping the needs of community funds quickly and trusted.

#### Benefits of Multipurpose Financing

Multipurpose is very beneficial for the community because it can provide solutions in meeting the increasing number of consumptive needs and service needs in accordance with sharia principles. This multipurpose financing is useful in relieving people who need funds quickly, safely and reliably. This financing is considered very beneficial such as:

1. Meet the relatively large funding needs needed by the community.
2. It is a solution in finding urgent funds.
3. Ease the community with the facilities obtained.

#### Final Project Writing Method

##### Research Object

The research was conducted at PT. Federal International Finance Cilegon Branch. The address is JL. KH Aliyudin No.2015, Jombang Wetan, Jombang District, Cilegon City, Banten. Starting from August 8, 2022 to November 08, 2022.

##### Research Methods

This research uses a qualitative method by describing the phenomena and facts that exist or occur in the object of research. The data was obtained from the results of observations and interviews conducted at PT. FIFGROUP Cilegon Branch.

##### Types and Data Sources

##### Data Type

- a. Primary data is data obtained directly from the research location, in this case the staff of the general department, finance department, financing department of PT. Federal International Finance Cilegon Branch.
- b. Secondary data is data that is already available to the company such as: organizational structure, and a brief history of the company.

researchers from existing sources (second-hand researchers).

#### Data Source

The source of data was obtained from interviews with several employees/staff of PT. FIF Group Cilegon Branch.

#### Data Collection Methods

To collect the data and information needed in this study, the authors did by:

- a. The interview holds direct questions and answers to the employee concerned and other parties related to the problem being researched.
- b. Documentation by directly citing the data owned by the company according to the problem being researched.

#### Results of Industrial Internship and Discussion

##### Discussion

##### Information on the procedure for lending funds at PT. FIF

Before applying for a loan, there are criteria that must be met by a customer and are eligible to be accepted or rejected for the application, including the following:

1. The motorcycles that are financed are motorcycles that are still worth proposing, while the minimum years that must be submitted are for the Honda type at least 2010, for Yamaha in 2012, for Suzuki and Kawasaki at least in 2014 and there is also a minimum limit for applicants to be 21 years old.
2. The applicant's ID card must be in accordance with the place of residence, if the meal is different, the leasing will ask for a domicile letter to the customer.
3. The minimum and maximum levels and limits of loans provided by leasing, at PT. FIF there is a level of eligibility that customers can do, if the customer has a level in RO1 (Good Loyal), then the maximum loan obtained is 75% of the market price listed in the FIF system, if RO2 (Good) then the maximum loan is 70%, if RO3 (medium) then the maximum loan is 60% and if New order, the financing is only 50% of the market price.

**Figure 1 Attendance**



The stages of the submission procedure are as follows:

- a. Automotive Funding Loan Procedure Application Stage To be able to obtain financing facilities, customers must have a permanent business or job, and have an adequate income to make the loan.

The conditions that must be met by a prospective customer are:

1. Copy of KTP of prospective borrower customers
2. Copy of the ID card of the prospective borrower's husband or wife
3. Copy STNK
4. Copy BPKB
5. NPWP (Taxpayer Identification Number)
6. KK (Family Card) and Marriage Certificate (If married)
7. Salary slip and ID card (If working at the company)
8. SKU (Business Certificate) If you have your own business
9. Electricity Account
10. And other important letters as the validity of a document.
11. Submission of approval letter (if the consumer is private, the husband and wife submission letter while the company uses an approval letter from the company's commissioner

**Figure 2** Customer Consent Signature

**Figure 3** Checking Customer Data



- b. At the stage of checking whether customer data is feasible or not to be submitted and accepted, the FIF checks the customer's Slik on the FIF system according to the information written by the customer, if the data is all appropriate and the customer's history is good, then the FIF immediately conducts a survey to the customer's residence.



- c. The next stage is the checking and field inspection based on the application from the applicant with analysis and evaluation of the data and information received by the surveyor, then followed by a visit to the applicant's place of residence and then a visit to the applicant's place of business or company and also confirming the surrounding environment whether the applicant really lives in that place and asking about character and eligibility customers. If all the data is in accordance with the submission data and the facts are appropriate, it will go through the next stage.

**Figure 3** Checking Customer Data

The screenshot shows a software interface for checking customer data. On the left, there is a form with fields for Program (MP02), REF1, Customer (Individual), CORI, and various identification details. A pop-up window titled 'Customer Main No Message' is displayed in the center, showing a 'SYSTEM PASSED' status. This window contains a 'Customer Identity' section with the following details: Customer No. : 102170010937, CORI : GOOD LOYAL, KTP No. : 3672051902690004, Name : SIGIT TRISWANTO, Birth Date : 19-02-1969, Birth Place : PURWOREJO, and Mothers Name : MULYANI. Below this, a 'System Summary' section lists six verification points: 1. Dukcapil : Dukcapil Found, Compare Match; 2. RO : Customer Repeat Order; 3. Black List : Black List Not Found; 4. Relaksasi : Relaksasi Not Found; 5. CORI : Cori Found (Good Loyal, Good, Medium, Bad); 6. Covadex : Covadex Not Found.

- d. The The predetermined requirements and the customer voluntarily agrees to the rights and obligations that must be fulfilled by the customer.

The content of the statement agreement is as follows:

1. In this case acting for and on behalf of oneself, and in doing this law has received the consent of the husband / wife, namely... (KTP holder) who also witnessed this letter. Explain first:

- That the debtor has submitted an application for financing for the purchase of a number of goods/services to PT. FIF.
- That related to the submission of a financing application to PT. The FIF, the debtor will sign documents in any form and name required for the submission and implementation of the financing.

In connection with the foregoing, I hereby declare and warrant that:

- The debtor understands and agrees that the signature affixed through the digital form will also be applied to other documents related to financing that will be provided by FIFGROUP to the debtor, namely financing application form documents, financing agreements, basic information for consumers, husband/wife consent letters (if married coupled), power of attorney, power of attorney for the imposition of fiduciary guarantees (if there is a charge of 25 guarantees), a statement letter with a different signature (if there is a difference/change in signature), and a statement of ownership of the taxpayer's identification number.
- The Debtor understands that the signature affixed through the digital form media is valid and has the same legal force as the wet signature, and therefore



will bind the debtor regarding all rights and obligations based on the submission and implementation of financing between the debtor and FIFGROUP, and will exempt FIFGROUP from all lawsuits and/or demands related to the signatory through the digital form.

Then the customer must fill out a wet application form consisting of:

1. Personal data according to ID card
2. Personal data according to Family Card
3. Employment or business data
4. Monthly income data
5. Emergency call data
6. And fill in the information data of RT/RW and surrounding residents.

Furthermore, the survey party conducts a feasibility check on the guarantee guaranteed to FIFGROUP in accordance with the procedures in the FIFGROUP system and the most important thing is to adjust the frame number and engine number listed on the vehicle must be in accordance with the customer's BPKB submitted to FIFGROUP.

**Figure 4** Filling in the Customer Form



The conditions that must be considered by a surveyor include:

1. Mandatory requirements
  - a. Engine condition
  - b. CDI
  - c. Carburetor
  - d. Document groups
    - 1) Swipe chassis number, engine number, and police number
    - 2) Copy STNK
    - 3) BPKB
2. Reduction conditions

- a. Front and rear wheels
- b. Tire
- c. Starter contact
- d. Front and rear shockbreakers
- e. Steering wheel
- f. Gas tank
- g. Accu
- h. Front and rear coverbody
- i. Front and rear sparkboards
- j. Saddle leather
- k. Muffler
- l. Complete taillights
- m. Complete headlights
- n. Speedometer
- o. Master/ front brake caliper
- p. Disk front brake
- q. BPKB and STNK invoices must be alive

The next stage is that the customer submits a nominal loan to the leasing party if the application is in accordance with the applicable regulations, then the customer can determine how much the loan nominal, installments and how long the customer can afford to pay the installments.

**Figure 5** Physical Checking of Vehicles



The installment price list below after making an agreement between the customer and FIFGROUP, the next action is to input customer data by FIFGROUP with system application (DAF). This application is useful for adjusting the submitted data to match

the existing system in FIFGROUP. Furthermore, what the surveyor must do is input the Market Price Assessment of the motorcycle unit by logging in to the FIFGROUP system application, namely with Grand Mobile by entering the frame number, engine number, and unit type code of a motorcycle so that the market price of a motorcycle unit appears and as a benchmark for funds to be given to customers. The next thing customers have to do is download the Astrapay and FMC (FIFGROUP Mobile Customer) applications, the purpose of this application is to make payments to make it easier for customers to pay and find out the remaining installments, fines and other information. After the input of customer data, the next thing is for the surveyor to inform important matters regarding the rights and obligations that must be fulfilled, including:

1. Risk level
  - a. The debtor is obliged to pay a penalty for any delay in installment payment.
  - b. Every time a collection is made, and the debtor makes a payment to the collection officer, the debtor is obliged to pay a collection fee of Rp 25,000.
  - c. Debtors are not facilitated by any insurance.
2. Where to pay installments
  - a. All FIFGROUP offices.
  - b. Payment point
    - 1) Alfamart, Alfamidi, Lawson outlets.
    - 2) Through mbanking BCA, Mandiri, BNI, and Permata.
3. The maturity date is according to the time of the disbursement to the debtor, if the debtor wants to move to maturity, the debtor must pay the admin Rp 10,000 / day from the time the debtor receives the funds.
4. Late penalty for debtors 0.5% of installments.
5. Rights and obligations the debtor has the right to use the product and is obliged to pay obligations to creditors until they are paid in full and comply with the agreement.

**Figure 6** Survey of Customer Business Places



The next stage after the survey process and input of all customer data, the survey will inform all data and survey analysis to the Unit Head as the superior to input the Customer Profile, including customer personal data, Objects, Credit Structure, Customer Address, Documents, and guarantees. After that, if the input is complete, the Unit Head provides a PO to the Admin for the input of the disbursement of funds, including the admin inputs all the data that must be inputted by the admin, namely the customer according to the KTP, STNK, BPKB (which is guaranteed), after that the admin inputs E-Filing with a list of customer documents. After all the input processes are in order, the last process is the disbursement process carried out by the admin with the customer carried out in a closed room. So, the disbursement process from the first to the end has been carried out and the contract payment number for the customer will be given H+1 after the disbursement is all completed and disbursed by the Unit Head.

**Figure 7** Proof of Receipt of Funds



#### Bad Credit Control Information

For internal control of FIFGROUP's bad loans, an assessment of the organizational structure, authority system, procedures, and human resources in FIFGROUP is used.

1. The organizational structure of FIFGROUP has a good and complete organization in accordance with its duties and authorities according to its limits, with the existence of an organization in FIFGROUP in order to prevent abuse of power and can help bad loans with internal control, with the presence of a branch head, for employees who are active and perform well at work so as to motivate other employees to work effectively and with the achievements achieved, the head of the The branch provides bonuses or incentives, this certainly spurs employees, especially the collection department, to be able to collect as much as possible in order to minimize the bad loans in Dififgroup.
2. The system of authority and procedures with the authorization of authority in carrying out operational activities, this can be seen from the provision of credit to

customers with financing provided by fifgroup and through the approval of superiors with the authority in accordance with their authority, with examples and for financing below 15 million only needs the authorization of the Unit Head if the financing is above 15 million then authorization from the Branch Head is required. By doing this financing, the fifgroup carries out the 5C principles including Character, Capacity, Capital, Collateral, and Condition. This is the most important thing in providing credit. So that the company is able to know the customer's ability to pay installments. If the customer cannot make a payment in full and is several months late in installment payments, the fifgroup will withdraw the pledged goods, and take legal steps this is an effort made by the company to save credit.

3. Human Resources Employees who are always on time in carrying out their duties will certainly improve the performance of a company. With the discipline of an employee with tasks that must be done persistently and deftly, eating will be applied by billing customers in a timely manner.
4. A healthy practice is to match the record of the number of receipts with the amount brought by the collector, this is done by the company to prevent manipulation by collectors with embezzlement of payments made by customers. In this case, the branch head always reviews with the collection supervisor which is carried out 2 times a month as a form of supervision from the leadership of his subordinates.

#### Analysis of the provision of motor vehicle loans to PT. FIF Group Credit

##### 1. Definition of Credit

The term credit comes from the Greek credere which means belief in truth. Credit in an economic sense is the delay in payment of achievements given now, either in the form of goods, money, or services. The definition of credit according to Law Number 10 of 1998 concerning the amendment of Law Number 7 of 1992 is, "Credit is the provision of money or bills that can be equated with it, based on an agreement or lending agreement between the bank and another party that requires the borrower to pay off its debt after a certain period of time by providing interest".

##### 2. Elements of Credit

According to (Kasmir, 2017) are as follows:

###### a. Belief

That is a credit belief (bank) that the credit given either in the form of money, goods or services will really be received back at a certain time in the future. This trust is given by the bank because before the funds were disbursed, 11 in-depth research and investigations had been carried out on customers. Research and investigation are carried out to determine the willingness and ability to pay the credit disbursed.

###### b. Deal

In addition to the element of trust in credit, it also contains an element of agreement between the lender and the recipient of the credit. This agreement is outlined in an agreement where each party signs its own rights and obligations. The credit distribution agreement is outlined in the credit agreement signed by both the bank and the customer.

c. Period

Each credit given must have a certain period of time, this period includes the agreed credit repayment period. It is almost certain that there is no credit that does not have a term.

d. Risk

The risk factor of loss can result from two things, namely the risk of loss caused by the customer deliberately not wanting to pay the credit even though he is able to afford it, and the risk of loss caused by the customer unintentionally, namely due to the occurrence of a disaster such as a natural disaster. The cause of non-collection is actually a grace period for returns. The longer the term of a credit, the greater the risk of not being collected, and vice versa. This risk is borne by the bank, both intentional and unintentional risks.

e. Reply

As a result of providing bank credit facilities, of course, expect a certain amount of profit. The advantage of providing a credit or service is known as interest for conventional principal banks. Remuneration in the form of interest, provision and commission fees, and credit administration fees are the main advantages of banks, while for banks based on sharia principles, the remuneration is determined by profit sharing.

#### Legal basis for credit agreement regulations

Until now, the scope of the legal rules regarding credit agreements is as follows: (Budi Untung, 2005)

- a. Chapter XIII of the Civil Code, regarding money lending agreements.
- b. Banking Law No. 7 of 1992 (Banking Law):
  - 1) Article 1 paragraph 12 concerning credit agreements
  - 2) Receivables agreement, which is a financing agreement in the form of purchase and/or transfer and management of receivables or short-term bills of a company from domestic or foreign trade transactions.
  - 3) Credit card agreement, which is a trade agreement using a credit card which is then considered to make payments through the credit card issuer.
  - 4) Lease agreement, which is a lease agreement to lease goods that ends with the option to continue the agreement or buy and sell.
- c. Hire purchase agreement, which is an agreement in which payment is made in installments and the ownership of the goods is transferred to the buyer after the installments are paid in full (Decree of the Minister of Trade No.34/KP/II/80).
- d. The borrowing agreement in the Law releases money.
- e. An agreement to borrow money in the Riba Act (Wolker Ordonantil S.193.N:524).

#### Functions and Objectives of Credit

The function of credit in economic life and trade includes the following:

1. Increase the use of money  
The existence of credit used for productive business purposes, which means that the usability of money has increased, which is limited to a measuring tool and payer only.
2. Credit can increase money circulation with the spread of credit recipients in several

- regions, it has indirectly helped the circulation of money to become wider.
3. Credit can increase the usability of goods by using credit to process the purchase of goods or services from raw materials into finished materials, the benefits of these materials increase.
  4. Credit can increase income equity with the increase in productive businesses in an area supported by credit, it will bring new labor force opportunities. Meanwhile, for businesses, it will certainly increase profits
  5. Credit as a tool for economic stability. One of them is to control inflation, which is increasing every year.

#### Credit Distribution

Credit distribution is a business activity that dominates the allocation of bank funds. The use of funds for credit distribution reaches 70% - 80% of the bank's business volume. Therefore, the 15 main sources of bank income come from credit distribution activities in the form of interest income (Siamat, 2005). According to Ismail (2010) Credit distribution is the activity of distributing funds from banks to customers (debtors), and customers are obliged to return the loan funds in accordance with the agreed period.

#### Credit Analysis

Credit analysis is very important and useful to determine the risks faced, knowing the type of credit, the amount of credit and the credit term needed by consumers, so that the leasing party can adjust. In addition, it also minimizes credit risks that may occur, so according to Mulyono (2010) briefly explained the concept of the "5 C's" is:

##### 1. *Character*

It is an analysis carried out on the personality of individual customers or administrators of a business entity, the belief that potential consumers have morals, dispositions or traits that can be trusted, this is reflected in their background, both those that are in the form of work and personal ones such as the way of life or lifestyle that is adopted in the family. Therefore, bank officers conduct an in-depth investigation by seeking information from people in their social environment and this will greatly affect their credit repayment.



2. *Capacity*

It is an analysis of the customer's ability to realize the business plan and its development and assess whether it is realistic in setting a plan that includes technical, production, marketing, and so on.

3. *Capital*

The assessment in this aspect assesses the customer's ability to realize his business, because credit is basically only a fund for the customer, this is intended so that the customer is also responsible for the risks that may occur.

4. *Collateral*

Collateral is an analysis that is carried out by assessing the given network. Guarantee is one of the efforts to reduce the risk of possible losses that occur due to credit repayment failure,

5. *Condition of economy*

Credit assessment is based on the economic condition of the prospective debtor's business sector and several related business sectors.

General credit procedure

According to Suyatno, et al. (2007) the general credit procedure consists of:

1. Credit Application The application for credit facilities includes:

- a) A new application for a type of credit facility
- b) An additional application for an ongoing credit
- c) Application for extension or renewal of credit life that has expired
- d) Other applications for changes in the terms of the ongoing credit facility, including the exchange of guarantees, changes or postponement of installment schedules and so on.

2. Credit investigation and analysis

a. Credit Investigation What is meant by credit investigation is work that includes:

1. Interview with credit applicant or debtor
2. Collection of data related to credit applications submitted by customers, both internal bank data and external data. This includes interbank information and checks on blacklists and bad credit lists.
3. Examination or investigation of the truth and obligations regarding matters stated by the customer and other information obtained.
4. Preparation of reports as necessary regarding the results of investigations that have been carried out.

b. Credit Analysis What is meant by credit analysis is a job that includes:

1. Preparing decomposition works from all aspects, both financial and non-financial to find out the possibility that a credit application can or cannot be considered.
2. Prepare the necessary analysis report, which contains the description and conclusion as well as the presentation of alternatives as consideration for the leadership decision-making of the credit application.
3. Decision on Credit Application In this case, what is meant by a decision is any action of an official who, based on his authority, has the right to decide in the form of rejecting, approving or proposing an application for a credit facility to

- a higher official.
- 4. Rejection of Credit Application Rejection of credit application can occur:
  - a. By the credit department or branch, this refusal is for credit applications that are clearly considered by the bank to technically not meet the requirements.
  - b. By the credit department or branch after receiving a decision to reject the board of directors.
- 5. Approval of credit application What is meant by approval of a credit application is the decision of the bank to grant part or all the credit application from the prospective debtor. To protect the interests of banks in the implementation of the agreement, it is usually first emphasized the terms of credit facilities and procedures that must be taken by customers.
- 6. Disbursement of credit facilities Disbursement of credit facilities is any transaction using credit that has been approved by the bank. In 20 practices, this credit disbursement is in the form of payment or bookkeeping on the burden of loan accounts or other facilities.
- 7. Repayment of credit facilities Credit repayment is the fulfillment of all customer debt obligations to the bank which results in the deletion of credit agreement bonds.

#### Credit Risk

Credit risk is a risk related to the possibility of a consumer failing to pay off his debt, both principal and interest, at the time specified in the agreement. Credit risk is generally faced by the banking services industry, although individuals or financial institutions that are not banks are not covered with the possibility of being exposed to this risk. Credit risk can arise due to several things, including: (Imam Ghozali, 2007)

- a. There is a possibility that loans provided by banks or bonds (debt securities) purchased by banks are not paid
- b. Non-fulfillment of obligations, where banks involved in it can go through other parties, for example failure to fulfill obligations on derivative contracts
- c. Settlement with exchange rates, interest rates, and derivative products.

Analyzing credit risk in addition to analysis, can be done by credit scoring. This credit scoring model basically aims to look at potential defaults based on a specific score.

### Credit Granting System

The credit system is an integrated pattern for assessing and making decisions in credit granting. Common steps in the credit granting system are credit application, survey, investigation, analysis, approval or rejection decision, disbursement.

The documents used in granting credit include:

- a. Financing Application Form
- b. Required documents
- c. Additional documents
- d. Financing Agreement
- e. SKPJF (Power of Attorney for Fiduciary Guarantee)
- f. Power of attorney
- g. Husband/Wife Consent Letter
- h. Motor Vehicle Insurance Closing Statement
- i. Payment Information Summary

### Credit Disbursement Process

#### 1. Submission of credit application

Consumers (lessees) who want to own a motorcycle by credit, can go to the nearest FIFGROUP branch office. Furthermore, prospective consumers will be served by the COC (customer services) section of FIFGROUP at FIFGROUP branch offices to fill out the credit application form and interview by FIFGROUP CS and consumers determine the unit and negotiate installments, after which choose which dealer to choose.

#### 2. Completeness of Consumer Documents

Consumers attach mandatory documents that must be included in the form of original ID cards and family cards, if not married attach original ID card documents of parents and consumers, family cards for married people attach husband and wife ID cards and family cards.

#### 3. Order data input

After that, consumer data that has been received by CS FIFGROUP is provided to the COC (credit order clerk) also known as an order by direct or indirect means through WA media. The order data received is filtered by the COC through the FIFGROUP system. If the consumer has a bad credit history, the COC will immediately inform the CS and not continue to input the consumer's order data.

If the RO or Clear consumer data is then entered or input data into the screen one system. Every order submission that enters branches and kiosks must be entered into an order, then the entry will be validated on the customer id.

The entry order input process must be carried out until the application number is formed. After the order entry process is completed, the order entry will automatically generate SIP (Smart Identification Profile), Grade RO (Repeat Order), and Scoremeter. The goal is to standardize in handling orders.

As a result of filling in screen one data, a SIP (Smart Identification Profile) classification and RO (Repeat order) recommendation will appear. The details of the SIP in question are as follows:

- Platinum

- Gold
- Silver
- Bronze

Furthermore, in the order distribution process, the results of the formation of the application number will appear according to the system's recommendations. For orders with the Low-Risk category (SIP Platinum and Gold), the order is directly distributed to Cac (Credit Analyst Coordinator) for verification by phone, then for High-Risk category orders (SIP Silver and Bronze) distribution to Verivayer for verification visit.

#### 4. Survey process

Verivayer receives orders from manual distribution orders or monas whose area has been determined for FV and then makes a visit (meeting with consumers and checking the community).

Broadly speaking, verification activities for individual consumers or business entities are carried out through a series of activities such as checking the completeness of documents and the validity of consumer data (matching the contents of the application with the real conditions of consumers in the field).

Third Party Information, filling out FV Working Papers. Explanation of important matters to consumers (the number of installments and tenors is appropriate, the maturity of installment payments, BPKB collection, insurance, Bank Indonesia Checking). The signing of credit documents, and the most important thing to explain to the consumer is the place of installment payment. Consumers can make installment payments:

- Through the FIFGROUP office, it can be at the nearest branch office, head office, and FIFGROUP kiosk.
- Through FIFGROUP payment points, namely:
  - Banking Channel
    - Bank teller
    - ATM
    - Internet Banking
    - Phone Banking
    - Mobile Banking
    - Autodebit
    - Electronic Banking
  - Post office
  - Alfamart

There are two types of documents required by the credit division from consumers for credit requirements as follows:

- Mandatory individual documents
  - KTP/SIM
  - KK (Family Card)
  - Payslip (if employee consumer)
- Additional documents
  - Electricity account, telephone
  - Passbook
- Replacement of mandatory documents
  - KTP-SK domicile
  - KK-Marriage certificate
- Business entity documents
  - TDP
  - SIUP
  - Business owner's ID card
  - TIN

When meeting with consumers for verification, FV needs to confirm the customer's credit structure, to obtain certainty about the credit structure, obtain the right information from the consumer, and provide appropriate creditworthiness information to the CAC. Furthermore, the report on the results of FV's visit to CAC in the office by telephone and monas (*Mobile Network Application System*) This method is carried out so that the data is accurate and minimizes document manipulation in monitoring the results of the visit. As well as making it easier for CAC to analyze.

#### 5. Credit feasibility analysis.

Reporting conducted by FV via phone and monas will be considered by CAC to conduct an analysis of the order, so that it will be known whether the credit application by the consumer is approved or rejected. CAC is an important part of this task. Furthermore, CAC will conduct an analysis of the order using the 5C Analysis (Mulyono, 2010) which includes Character, Capacity, Capital, Condition, Collateral. More details are as follows:

- a. *Character* (Willingness and Reputation) analysis based on information, reputation in the environment, whether there is bad credit in other leasing, indications in the name, natives or just immigrants, third person information can be from neighbors, family, colleagues recommend or not. The most common occurrence encountered by surveys in the field is if indeed the character of consumers is bad, usually the survey meets with dept collectors from other companies such as banks or previous leasing whose payments are in arrears (usually information is obtained from the results of survey visits when visiting consumers' homes) this will greatly affect the repayment or credit payment to consumers because there is no good faith from consumers.
- b. *Capacity* (willingness to pay) CAC analyzes based on information, whether the consumer's work really works in the company or not, income, consumer expenses if the expenses are greater than the income obtained, family dependents that are

borne for example wives, parents and children whether it is in accordance with the consumer's income capacity.

- c. *Capital* (material assets owned) CAC analyzes based on information on the status of home ownership, whether it is a self-owned house, rent or boarding house, this analysis is more about the assets owned by consumers. The vehicle owned whether the credit has previously been paid off or not for smooth payment or not because it is a burden from the consumer, from the home furnishings owned by the consumer because it also affects the ability to purchase an item.
  - d. *Condition* (Social conditions, economic conditions) This analysis is based on information on the residential environment, for example, consumers are closed with residents who have never socialized, residences whose conditions are in the category of able or minimal, consumer businesses if consumers are self-employed in trade (whether or not their business is crowded determines for the long term in credit payments will be late or smooth), analysis of the consumer's business field in accordance with government policy or not.
  - e. Collateral (collateral and guarantor) to reduce the risk of possible losses, for example BPKB collateral, land / building certificates (in credit applications at FIFGROUP there is no guarantee). The things that must be observed for the guarantor are the relationship between the guarantor (for example, parents or siblings) with the consumer, the reputation of the guarantor, the capacity and capital of the guarantor.
2. Credit disbursement

Here, CAP plays an important role in the disbursement process because it is the final stage of receiving credit benefits for consumers. The main task of CAP is to verify pre-existing documents such as contracts, financing agreements (credit agreement agreements), consumer terms, bill-tellers. Then CAP follow-up or consumer phone call to ensure that the unit has been received by the consumer or the consumer's family, ensuring that the maturity is known to the consumer, the credit structure (installments, tennor, dp is appropriate). And CAP continues the entries that have been entered by the COC in the screen one system such as additional data entry, bill data entry.

Furthermore, CAP will send a bill (request for disbursement of funds) to HO. And the final process is the disbursement of funds to the deler carried out by Finance HO. The request for disbursement of funds sent from the branch will be validated by Finance HO. Finance HO will transfer funds to the dealer in accordance with the request for disbursement of funds, for example to the Astra Siliwangi dealer.

3. Installment payments

And finally, consumers can pay monthly installments according to the agreement that has been agreed by both parties. Installment payments are made according to the due date. 51 Usually the due date in FIFGROUP corresponds to when the motorcycle is delivered or received by the consumer. If the due date is exceeded, a fine will be imposed. For example, if the payment is due on Sunday, the consumer is obliged to pay the installment one day before Sunday. Because late payments will affect the consumer's payment history in the FIFGROUP system.

## Accounting Recording at PT. FIF Group Cilegon Branch Analysis of Accounting and Reporting Treatment

The scope of discussion and analysis of leasing accounting treatment and its reporting on PT. FIF Group Cilegon Branch is related to recognition and disclosure, presentation and reporting.

### a. Recognition and Measurement

In carrying out the leasing transaction of PT. FIF Group Cilegon Branch records every vehicle sales transaction as follows:

Cash	Xxx	
Consumer financing receivables		Xxx

Furthermore, to record VAT as follows:

Cash	Xxx	
VAT		Xxx
Consumer financing receivables		Xxx

As for the payment of the journal registration DP as follows:

Cash	Xxx	
Consumer Financing Receivables DP		Xxx

For the receipt of installment payments, it is noted:

Cash	Xxx	
Leasing Interest Fee		Xxx
Consumer financing receivables		Xxx

For revenue amortization journals

Consumer financing receivables	Xxx	
Advantages/disadvantages of devaluation		Xxx

For the transfer of vehicle ownership at the end of the period

Cash	Xxx	
Consumer financing receivables		Xxx
Leasing Interest Fee		Xxx
Accumulated depreciation of financing assets		Xxx

Every transaction is recorded, and recognition at the end of the leasing period of a transfer of ownership is also recorded. This is a measure that PT. FIF Group Cilegon Branch adheres to the Capital Lease system where this lease can transfer ownership at the end of the lease period.

### b. Reporting and Disclosure

PT. FIF Group Cilegon Branch reported the balance sheet as follows:

#### ASSET

Cash and cash equivalents		Xxx	
Consumer financing receivables	Xxx		
Reduced impairment loss allowance	Xx	Xxx	
Murabahah financing receivables	Xxx		
Reduced impairment loss allowance	Xx	Xxx	
Net investment in lease financing	Xxx		
Reduced impairment loss allowance	Xx	Xxx	
Prepaid expenses			Xxx
Miscellaneous receivables			Xxx



Derivative assets			Xxx
Net deferred tax assets			Xxx
Investments in associated entities			Xxx
Fixed assets	Xxx		
Reduced depreciation	Xx	Xxx	
ASSET AMOUNT			Xxx
LIABILITIES AND EQUITY			
LIABILITY			
Vehicle dealer debt		Xxx	
Miscellaneous debts			Xxx
Accrual			Xxx
Tax liability			
Corporate income tax	Xx		
Other taxes	Xx		Xxx
Derivative liabilities			Xxx
Loan			Xxx
Securities issued			
Bond			Xxx
Work rewards			Xxx
AMOUNT OF LIABILITIES			Xxx
EQUITY			
Share capital – par value			Xxx
Agio stock		Xxx	
Profit Balance		Xxx	
Hedge cash flow reserve			Xxx
AMOUNT OF EQUITY			Xxx
AMOUNT OF LIABILITIES AND EQUITY		xxxx	

PT. FIF Group Cilegon Branch reported a loss on impairment in the current year due to exchange rates. Furthermore, depreciation is only recorded for the company's fixed assets, but depreciation is not recorded for leased assets.

c. Reporting

Things reported by PT. FIF Group Cilegon Branch in the Notes on the Financial Statements is as follows:

- a. Consumer financing receivables 2 years.
- b. Fixed assets in it recorded a depreciation in the current year.
- c. General policies include agreements with lenders, which contain guarantees provided in connection with business lease transactions.
- d. The gains and losses of impairment are reflected in the financing records of consumer receivables.

Under PSAK 30, a leasing transaction must disclose the following:

- a. The amount of rental payment that must be paid is at least for the next 2 (two) years.

- b. Depreciation of leased assets charged in the current year.
- c. Guarantees provided in connection with business lease transactions.
- d. Profits or losses that are deferred and amortized in connection with sale and leaseback transactions.

Thus, it can be seen that PT. FIF Group Cilegon Branch has followed the PSAK 30 standard. However, in point 2 regarding the depreciation of leased assets, it has not been listed in the Notes on the financial statements, only the depreciation of fixed assets belonging to the company is recorded.

d. Taxes on PT. FIF Group Cilegon Branch

The tax on PT. FIF Group Cilegon Branch is an income tax consisting of current and deferred income tax. This income tax is recognized in Profit and Loss. Meanwhile, deferred income tax is presented using the Balance Sheet Liability Method.

The current applicable tax rate is used to determine deferred income tax is presented using the Balance Sheet Liability Method. The current tax rate is used to determine deferred income tax. The tax registration of PT. FIF Group Cilegon Branch was created based on PSAK 46 (revised 2010).

### Problem Analysis

During the research, the researcher must be able to carry out the work given correctly and appropriately. Researchers experience several obstacles that must be faced in completing the research. Here are the obstacles faced by practitioners:

1. Adjusting or adapting to an office environment that researchers have never encountered before.
2. In addition to having obstacles to adapt to their environment, researchers also found difficulties in adapting to FIFGroup employees because the position of the practical desk was not too close to the position of other employees' desks.
3. In the first week, researchers still do not routinely get jobs, assignments that are not routine and unsystematic because the agency does not have a special program for students who carry out research.
4. The researcher found it a little difficult to ask the supervisor about the work given because the position of the practical desk was not too close to the supervisor.

### Conclusion and Advice

#### Conclusion

Based on the results of the review and discussion carried out regarding the Review of Procedures for Providing Funds to PT. FIFGROUP Cilegon Branch, the following conclusions can be obtained: In analyzing the feasibility of providing credit to consumers, in addition to using the 5C analysis, the company also uses five feasibility parameters in analyzing whether or not the prospective debtor is eligible to finance its credit, this proves that the company has carried out the credit approval process in accordance with the procedures that have been set by the company. The proper division of duties and separation of functions is the company's internal control which is one way to minimize the risk of uncollectible receivables.

#### Suggestion

From the implementation of the research, there are several suggestions that can be used as an evaluation for parties involved in this research activity:

- a. For students, namely:
  1. Seek and submit a research application letter to the company/institution at least one month before the implementation of the research;
  2. Requesting confirmation from the company/institution regarding the continuation of the receipt of the submission of the research application letter; Conducting research activities in divisions in accordance with the study program/concentration;
  3. Comply with every code and rule that applies in the company/institution; and
  4. Carry out every task given by the company/agency with a sense of responsibility and high discipline.
- b. For universities, namely:
  1. Improve the provision of information regarding the time and procedure of conducting Research;
  2. Improving the quality of academic services as a whole, especially at the research preparation stage.

- c. For the Institution, namely:
1. Increasing and improving existing facilities and infrastructure;
  2. Improve the quality of services to the population so that the good name of the institution is always maintained;
  3. Developing consolidated products and services in line with the development of population needs;
  4. Improve the overall performance of the institution.

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