

BANK DECISION FACTORS ANALYSIS IN GIVING CREDIT SMALL MEDIUM ENTERPRISES (SMEs)

(Case Study at PT. Bank Rakyat Indonesia (Persero) Tbk.

Unit Office Klojen Malang)

UNDERGRADUATE THESIS

**Submitted as Prerequisite of The Bachelor Degree
of Business Administration Brawijaya University**

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BRAWIJAYA UNIVERSITY

FACULTY OF ADMINISTRATIVE SCIENCE

DEPARTMENT OF BUSINESS ADMINISTRATION

CONCENTRATION OF FINANCIAL MANAGEMENT

MALANG

2013

MOTTO

Life is all about making choices.

Always do your best to make the right ones,

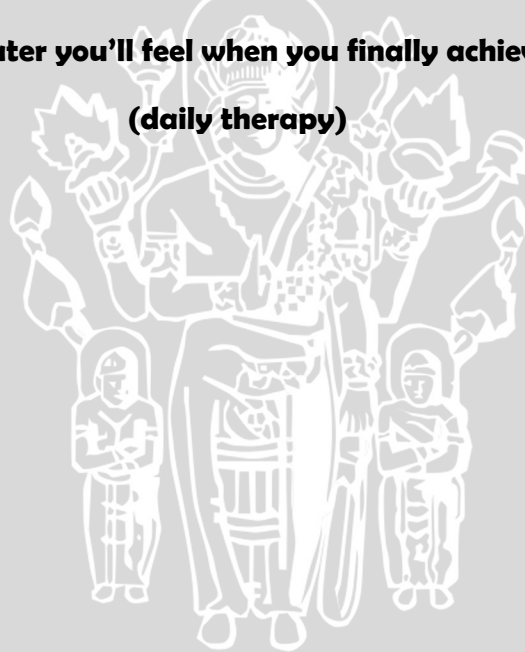
And always do your best to learn from the wrong ones.

(daily therapy)

The harder you work for something,

The greater you'll feel when you finally achieve it.

(daily therapy)



UNDERGRADUATE THESIS APPROVAL

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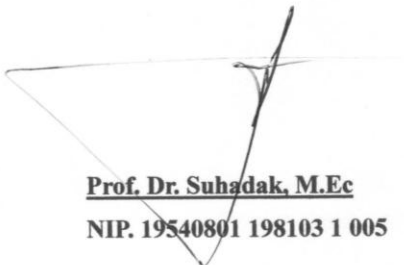
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ABSTRACTION

Amanda Dhani Previa Yuda, 2013, **BANK DECISION FACTORS ANALYSIS IN GIVING CREDIT SMALL MEDIUM ENTERPRISES (SMEs)** (Case Study at PT. Bank BRI Unit Office Klojen Malang), Prof. Dr. Suhadak, M.Ec, Drs. R. Rustam Hidayat, M.Si 85 Pages + xiv.

This research purposes to find out the most meaningful factors that become the consideration and indicator, in every single element of bank's decision in giving out the Small Medium Enterprises (SMEs) credit at PT. Bank BRI Unit Office Klojen Malang. The various conditions which are able to become affecting factors of giving the credit for debtor have been classified by the writer. The writer used 6C principles which are the basic of bank's consideration in giving the credit for debtor candidate. There are 5 important variables according to 6C like: credit collateral value, type of business, firm age, sales revenue and net income.

In this research, the writer used a quantitative descriptive approach. Here, there are 1357 populations from a unit office of Malang field. Then, the sample of this research has being counted by Slovin method, especially using logistic regression model. The writer tended to take 93 debtors as the sample of this research.

The result is gathered from PT. Bank BRI Unit Office Klojen Malang's decision in giving out the credit for Small Medium Enterprises (SMEs). In cases where that factor is a variable of credit collateral value amounts $0,000 < \text{Alpha score } (0,05)$ which can not refuse H_0 , that there is a significant influence between credit collateral value toward the decision of giving the credit for Small Medium Enterprises (SMEs). The variable types of business amounts $0,004 < \text{Alpha score } (0,05)$, then can refuse H_0 , that there is a significant influence between the variable types of business toward the decision of giving the credit for Small Medium Enterprises (SMEs). Firm age variable itself amounts $0,005 < \text{Alpha score } (0,05)$, then can refuse H_0 , that there is a significant influence between firm age variable toward the decision of giving the credit for Small Medium Enterprises (SMEs). Sales revenue variable amounts $0,007 < \text{Alpha score } (0,05)$, which can refuse H_0 , that there is a significant influence between sales revenue variable toward the decision of giving the credit for Small Medium Enterprises (SMEs). Net income variable amounts $0,004 < \text{Alpha score } (0,05)$, which can refuse H_0 , that there is a significant influence between net income variable toward the decision of giving the credit for Small Medium Enterprises (SMEs).

Key Words: 5 variables, bank's decision in giving the credit, logistic regression

PREFACE

Praising on the presence of Allah SWT for all overflow of mercy and guidance, so the author can compile and present the Minor Thesis entitled **“BANK DECISION FACTORS ANALYSIS IN GIVING CREDIT SMALL MEDIUM ENTERPRISES (SMEs) (Study at PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang)”**.

This minor thesis is the final assignment as prerequisite the Bachelor Degree of Business Administration at Faculty of Administration Science Brawijaya University Malang.

The author realizes that the preparation of Minor Thesis would not be realized without help and encouragement from various parties. Therefore, on this occasion the author would like to express the gratitude to the honorable:

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The author realizes that this minor thesis is still far from perfect. So, the author needs suggestions and constructive to the perfection of the minor thesis. Hopefully this minor thesis can be beneficial and contribute significantly to those who need.

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The Author

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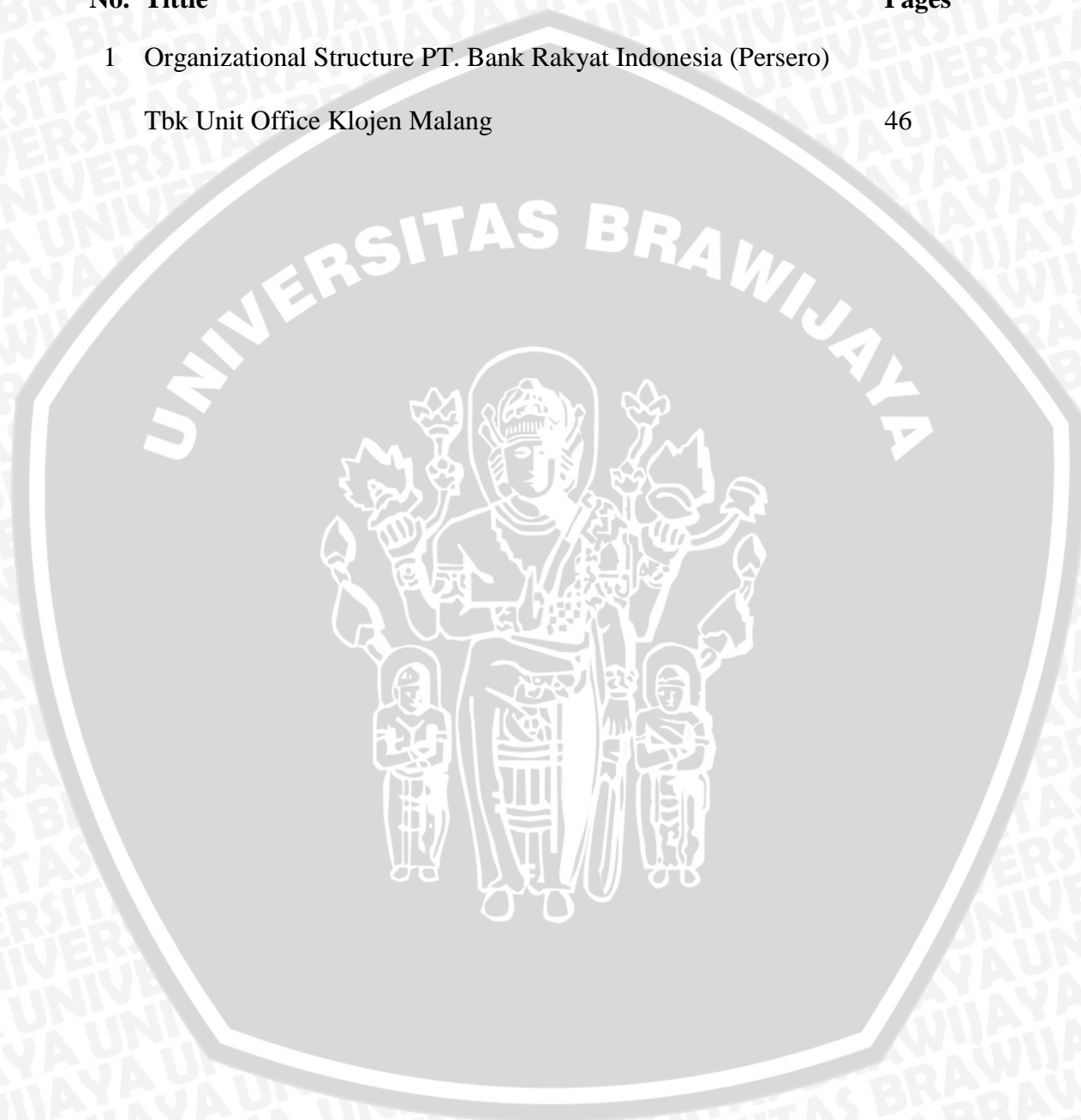
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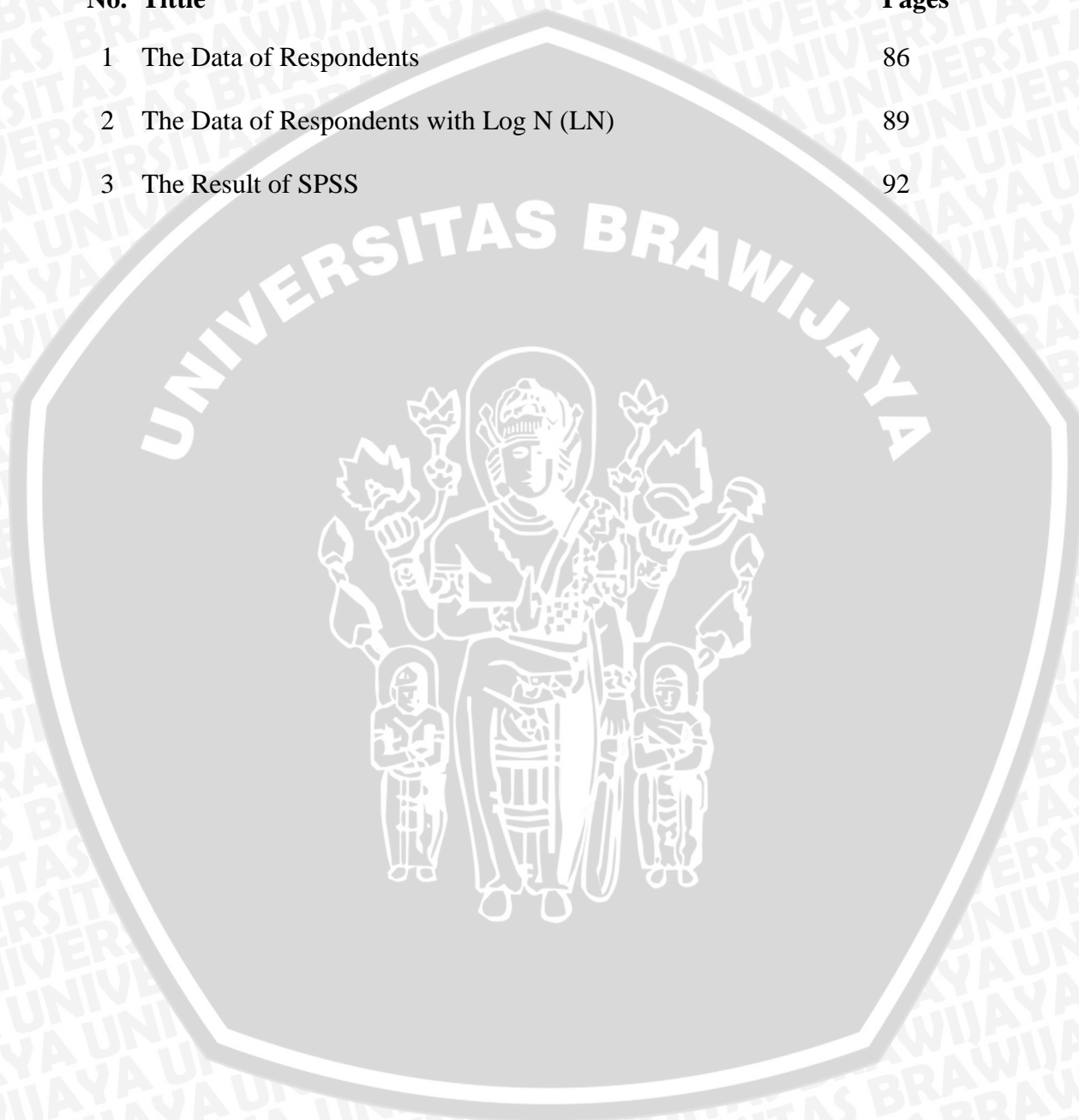
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CHAPTER I

INTRODUCTION

A. Background

The national development is a continuously development efforts in order to realize a fair society and a prosperous Indonesia based on Pancasila and the Constitution of the Republic of Indonesia Year 1945. In connection with the implementation of the national development in the provisions of Article 4 No. 10 of 1998 dealing with the bank, determined that: "Bank Indonesia aims at supporting the implementation of national development in order to improve equity, economic growth and stability in improving the welfare of the people."

From this provision, it is clear that banking institutions have an important and strategic role which is not only move the national economy, but also directed to be able to support the implementation of national development. This means that the development of national and international economy which moves continuously quickly also accompanied by an increasingly broad challenges and severe, need a quick response that should always be followed by the national banks which carrying out the functions and responsibilities. Thus, the national banks should be allowed to extend the range of services in all parts of the country, both as a general banking services that reach all levels of society and people's credit banks whose services are intended for economy class or small businesses (SMEs).

Small Medium Enterprises (SMEs) is a business carried on by the middle-low class. Therefore Small Medium Enterprises (SMEs) play an important role in economic development, because the highly absorption's labor rate which followed by small capital investment. This makes the Small Medium Enterprises (SMEs) are not susceptible to various external changes until the development sector of Small Medium Enterprises (SMEs) is able to support economic diversification and acceleration of structural change that became a requirement for long-term stable and sustainable economic development.

Society should make an effort to fulfill their life needed in order to enhance their welfare. In reality, not all people, especially people in middle class have enough financial capital to open or expand a business and productivity. So, in this case the middle class needs help in the form of loans or credits that they can easily find. One of them is in banking institutions. For small and medium businesses, credit is considered to be a quite important thing to keep the stability of company's progress even increasing their accumulate finance working.

The credit is needed by society both individually and corporately. Bank as the financial institutions have a strategic role for the economic life of society. It can be seen from its main function as an institution that raise and channel funds from the public. From those main functions of the bank, it can be regarded as intermediary institution which becomes a link between people who have money and people who need money.

In developing countries like Indonesia, especially in bank's activities of giving loan, becomes one of the most important and main activities. So that the

income from credit like interest, is the biggest component of revenue compared with Basic Income. The credit has a strategic position as a source of money needed to fund operations that can be emphasized as one of the key to life for every human being. A credit facility granted by the bank is a great asset for the bank.

On the banking system, currently has many financial institutions banks started expanding market segment of small and medium enterprises. The government also now emphasizes the lending fund to Small Medium Enterprises (SMEs). This is because Small Medium Enterprises (SMEs) are the most business activities cultivated by the people. One of bank that began expanding small and medium market segments, namely bank BRI. Bank BRI is one of the guarantors of credit / financing to Small Medium Enterprises (SMEs) listed in the MoU on October 9, 2007, in accordance with this, the bank in the form of BRI implement awareness programs on empowering Small Medium Enterprises (SMEs). The purpose of this program is to increase the income of the people engaged in the activities Small Medium Enterprises (SMEs). This program will facilitate capacity building and micro businesses as well as business management skills as well as encourage the certainty, protection and development effort.

Banks BRI have factors into consideration as well as the most significant indicator in any factor that into the decision of banks in providing credit to Small Medium Enterprises (SMEs). The Bank classifies based on the fundamentals / principles of lending them to 6C there are Character, Capital, Cash, Collateral, Capacity, and Condition (Rose and Hudgins,2008).

In this research the author used 5C principles from 6C principles. That mentioned by Rose and Hudgins (2008), namely Collateral, Cash, Capital, Condition and Capacity. Collateral showed by credit collateral value, Cash showed by sales revenue, Capital showed by net income, Condition showed by type of business, and Capacity showed by firm age. So the variables used in this research are credit collateral value, types of business, firm age, sales revenue and net income.

The value of the collateral is an important instrument for credit transactions, payment of collateral/guarantee debt function ensures customers if credit received cannot be paid under the contract. So as to reduce the risk of loss creditors, then held an assurance payable by the parties to submit the property of the debtor to the creditor. Therefore, the bank should do everything possible to find out the actual economic value of each object can be accounted for loan guarantees proposed by the prospective customer.

There are many types of business entities defined in the legal systems of various countries. Type of business consists of two kinds, namely, the business of selling goods/products and services. Different types of businesses, the risk of each is different. According to Firdaus and Ariyanti (2009: 35) states that the general type of business that the profit level high, the risks too high, while the types of businesses that profit level is low, then the risk was low.

Firm age in this case is the length of a Small Medium Enterprises (SMEs) conducted or the age of the business since the business is standing up at this time. Assuming that the business is running the longer it will lead to the development

of a significant effort towards positive or negative. Development of the business depends on the climate and trade competition happening in the world of business or market. And usually a longer standing businesses tend to be more developed because it already has a lot of experience in running the business. And also businesses that have a lifespan that could arguably be able to compete with well-established businesses / other SMEs.

Sales revenue is the amount of money received by the company from product sales activity and / or services to customers. Sales revenue shows how much prospects of the business carried on customers. The greater the sales revenue obtained showed that the business carried on by the customer has a good prospect.

Net income is calculated by starting with a company's total revenue. From this, the cost of sales, along with any other expenses that the company incurred during the period, is removed to reach earnings before tax. The goals believe in the ability of borrowers to provide their own funds to meet its obligations towards the bank both principal and interest in a timely manner in accordance with the agreed. Great income will encourage industrialists to invest in the company to expand its business and is also key to progress and success of the company to continue and expand its business.

Based on above, the author are interested to conduct research on PT. Bank Rakyat Indonesia (BRI) Tbk with the title: ***"Bank Decision Factors Analysis in Giving Credit Small Medium Enterprises (SMEs) (Case study at PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang"***

B. Problem Formulation

Based on the explanation above, it can be concluded that the main issue are:

1. Is the credit collateral value, type of business, firm age, sales revenue and net income can affect the bank's decision in giving credit Small Medium Enterprises (SMEs)?

C. Research Objective

In doing the research, the writer will definitely have target or purpose to be achieved. Objectives to be achieved in this research are:

1. To know the credit collateral value, type of business, firm age, sales revenue and net income can affect the bank's decision in giving credit Small Medium Enterprises (SMEs).

D. Research Contribution

The benefits that can be provided in this study are as follows:

1. Theoretical benefits
 - a. It can contribute to the development in science of Business Administration student of the Small and Medium Enterprises (SMEs).
 - b. It can be the reference material which can contribute for future research.

2. Practical Benefits

This research also being expected as the contribute ideas to the relevant agencies in order to provide a better change.

E. Systematic Implementation

Systematic Discussion:

1. CHAPTER I INTRODUCTION

This chapter explains the background of the problem, formulation of the problem, purpose of study, research contributions, and systematic discussion.

2. CHAPTER II REVIEW OF LITERATURE

This chapter the writer would discuss the theories of bank, Credit, Small Medium Enterprises (SMEs), research framework and Hypothesis.

3. CHAPTER III RESEARCH METHOD

This chapter describe the research approach, research location, research variables, population and sampling, data collection techniques and technique data analysis.

4. CHAPTER IV OF RESEARCH AND DISCUSSION

This chapter describe the results of research on the discussion of the factors that influence the bank in granting credit for Small and Medium Enterprises.

5. CHAPTER V CONCLUSION

This chapter contains the conclusions drawn from descriptions and analysis performed in the previous chapter. Besides containing the conclusion, in this chapter can be added suggestions to optimize the provision of credit Small and Medium Enterprises.

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CHAPTER II

LITERATURE REVIEW

A. Previous Research

To support the theoretical basis of the above, the researcher refers to several related studies that have been done before. The study of previous research can be used as a comparison to the research to be conducted. In addition to the relevance of previous studies may be useful as a basis for research to be conducted. The following will describe some previous research that has relevance to this study.

Research conducted by Nadhifa (2010), entitled "Analysis of Quality Loan Repayment Program Participants People's Business Credit ". Problems do is whether the level of education, number of dependents, loan amount, term, turnover, operating profit and other loans affect the return on installment credit program participants People's Business Credit and is there a difference between business credit program which smoothly returns to the level of arrears in terms returns the factors that influence it. This study uses logistic regression analysis model with the result was a significant influence on the probability of loan installments smoothly consists of dependents loan amount, loan term, turnover and operating profit. Meanwhile, another independent variable, namely the level of education and the other loans are not significant. Discussion This study is divided into two, namely the influence of these variables on the probability of

loan installment research well and difference between current installments debtors with arrears.

Furthermore, in other studies of the Maya Puspitasari, Moses Laksono Singgih (2011) under the title "Analysis and Evaluation System Repair Credit Eligibility Decision at Bank Syariah X". The problem that occurs is how to try to neutralize and minimize the risks that often arise from the existence of such financing. But efforts to minimize the risk of appearing still very small, the lack of accuracy and the selection of an improper decision Credit Officer often make mistakes in the analysis. The process is too long too often make time to be ineffective and inefficient. Factors influencing managerial decisions are very complex, so it is necessary to identify the various factors that are important and set the level of importance and set the level of influence of one factor against the other factors before it can be taken a clear decision. In this study, a customer will be determined feasible or not feasible to get credit from the Bank Syariah X. methods used in this research is a method of Analytical Hierarchy Process (AHP). It is hoped this research will provide appropriate recommendations for a Credit Officer in reaching a decision whether consumers who apply for credit has passed for submission of credit worthiness. Besides using AHP method also performed simulations, the expected time of the filing and granting decisions become shorter. Results from the study is that the highest priority in decision-making is emphasized credit application to business conditions with weights 0.35. This is because, of Islamic banking system based on the results of the effort factor is

emphasized. With Scoring System Model obtained more accurate results, as well as a faster time than the analytical system is run by the Bank Syariah X.

Furthermore, Zednita Azriani, Harianto, and Nunung Nuryartono (2008), entitled "The Role of Rural Banks against Small Business Performance in West Sumatra". Referred to in this research is to analyze the characteristics of small business credit customers at BPR in West Sumatra, and analyze the impact of rural bank credit to small business performance improvement in West Sumatra. This study uses simultaneous equation model with 6 equations and one equation structural identity and influential variable is age, the level of National Education, business experience, and the other variable is the sales turnover. The results of this study there was no significant difference of the characteristics of small business customers of the target BPR of Bank Nagari and small business customers of Bank Nagari non-supported BPR. Credits earned small businesses have a positive and significantly different business turnover (sales). But no influence on small business employment business performance BPR of Bank Nagari target was not significantly different from the performance of BPR non-Bank Nagari.

From exposure to previous studies above, there are several relevance to the research to be conducted. The equation of this study with other studies is the theme taken the bank's decision in deciding the loan is accepted or rejected. The difference is in the data analysis techniques and research sites. While some research has relevance to the analysis tools used are regression models using logistic regression to see if the credit application may be accepted or rejected.

Another difference also lies in the variable, but the variable of the study are listed because according to previous research to support the certainty of a study and not a fictitious only.

B. Bank

1. The Definition of Bank

A bank is a financial institution and a financial intermediary that accepts deposits and channels those deposits into lending activities, either directly by loaning or indirectly through capital markets. A bank is the connection between customers that have capital deficits and customers with capital surpluses.

Due to their influence within a financial system and an economy, banks are generally highly regulated in most countries. Most banks operate under a system known as fractional reserve banking where they hold only a small reserve of the funds deposited and lend out the rest for profit. They are generally subject to minimum capital requirements which are based on an international set of capital standards, known as the Basel Accords. (<http://en.wikipedia.org>)

Banks are special and therefore must run business based on prudential principles. The functions of banks in Indonesia are basically as financial intermediary that take deposits from surplus units and channel financing to deficit units. According to Indonesian banking law, Indonesian banking institutions are typically classified into commercial and rural banks. Commercial banks differ with rural banks in the sense that the latter do not involve directly in payment system and have restricted operational area. In term of operational definition, bank in Indonesia are classified into non-syariah and syariah-based principles commercial banks. (<http://www.bi.go.id>)

2. The Function of Bank

Indonesian banking functions is as collector, dealer and waitress services in payment traffic and the circulation of money in the community which aims to support the implementation of national development, in order to improve equity, economic growth and national stability towards improving the welfare of the

people. In summary functions of banks can be divided into the following

(Sujardjono, 2003: 3) :

- a. Bank as an institution that collects funds from the public in the form of deposits.
- b. Bank as an institution that channels funds to the community in the form of loans.
- c. Bank as an institution that launched the trade and circulation of money.

3. The Activities of Bank's

Activities of commercial banks complete the following activities (Kasmir, 2009: 42):

- a. Accumulating Fund (Funding)
Activity is an activity to raise funds to purchase funds from the public. This activity is also known by funding activities. Activity fund purchase can be done by offering various types of deposits. Deposits are often called by the name of the account or accounts. The types of deposits that exist today are:
 - 1) Demand Deposits
 - 2) Savings Deposits
 - 3) Time Deposit
- b. Channeling Funds (Lending)
Before the bank disbursed loans to first assess the creditworthiness posed by customers. Eligibility covers various aspects of the assessment. Recipients of credit will bear interest from the loan amount depends on the channel banks. The size of the interest rate greatly affect the profits of the bank, the bank is considering the main advantage of the difference between the mortgage interest rates on deposits. In general, the types of credit offered include:
 - 1) Investment Credit
 - 2) Working Capital Loan
 - 3) Trade Credit
 - 4) Earning Credit
 - 5) Consumptive Credit
 - 6) Credit Profession
- c. Providing services Other Bank (Services)
Other bank services is supporting activities to support the smooth operation of collecting and distributing funds. Even as support activities, these activities are very much beneficial to banks and customers, even today these activities contributed no small

advantage for the benefit of the bank, let alone profit from the spread has narrowed based, and even tend to be negative spread (interest savings greater than the interest credit).

The more complete the bank services that can be served by a bank, the better. Completeness is determined from bank capital and bank readiness to provide reliable human resources. Besides that, it also needs to be supported by its technological sophistication. In practice bank services offered include:

- 1) Remittances
- 2) Clearing
- 3) Collection
- 4) Safe Deposit Box
- 5) Bank Card
- 6) Bank Notes
- 7) Bank Guarantee
- 8) Bank Draft
- 9) Letter of Credit (L / C)
- 10) Travel checks
- 11) Accept deposits-deposits
- 12) Serving payment
- 13) Playing in the capital market

C. Credit

1. The Definition of Credit

Credit is defined as confidence in a borrower's ability and intention to repay. People use the credit they have with financial institutions, businesses, and individuals to obtain loans. And they use the loans to buy goods and services. The credit a person has typically determines how much they will be permitted to borrow, for what purpose, for how long, and at what interest rates.

The level of "confidence" lenders have in potential borrowers depends on many factors. A person's income is an indicator of a person's ability to repay, particularly when compared to the amount of debt they already have. The amount of borrowing a person has already done and how well they handled repayment is

an indicator of their intention and ability to repay. Some definitions of credit are as follows:

- a. Credit is the provision of money or bills that can be equated with it. Based on an agreement only between bank borrowing with another party that requires the borrower to repay the debt in return for a certain period or for the results (Veithzal, 2005:).
- b. In Law 10 of 1998 (article 21 paragraph 11), the credit is the provision of money or bills that can be equated with that based on an agreement between the bank lending to other parties requires the borrower to pay off the debt at a certain period of time by giving interest.

Loans disbursed by the bank is the biggest part of the assets owned by the bank in question, so that the income derived from the proceeds of mortgage interest is also the largest source of income for banks. Under normal conditions, total bank loans to reach 90% of the bank's assets. This impact will certainly encourage economic growth and income (Firdaus and Ariyanti, 2009:).

2. The Types Of Credit

The types or kinds of loans seen on various aspects of his review is very varied. The following types of loans based Firdaus and Ariyanti (2009:10).

- a. Credit According to their intended use:
 1. Consumer credit is the credit used to finance the purchase of goods or services directly to the DAPT satisfies human needs. For example, for housing loans, personal car loans, credit home furnishings, and other consumer loans.
 2. Productive credit is credit that is used to increase of the business or production or investment. Credit is given to produce goods or services. For example, loans to build a plant that will produce agricultural products, mining loan or credit industries producing mines will produce industrial goods.

3. Trade credit is credit given to traders to buy the merchandise. Often this credit is given to suppliers or trading agents that will buy goods in bulk. Examples of such credit export and import credit.
- b. In terms of time period:
 1. Short-term loans are loans that have a term of less than 1 year or a maximum of 1 year and normally used for working capital purposes. For example for the farms, for example chicken farm credit or if agricultural crops such as corn or rice.
 2. The medium-term credit loans, credit period ranging from 1 year to 3 years and this credit usually used to make-an investment. Examples of credit to agriculture such as citrus or goat farm.
 3. Long-term loans are loans that most long-term returns. Long term credit repayment period above 3 years or 5 years. Usually these loans for long-term investments such as rubber, palm oil, or manufacturing.
- c. In terms of usability:
 1. The investment loan is a long-term loan that is usually used for business expansion or building projects / new plants or for rehabilitation purposes. Examples of such investment loan to build a factory or buy the machines, period of usage for a relatively longer period and it takes a relatively large capital anyway.
 2. Working capital loans are loans that are used to increase of production and operational purposes. Examples of working capital loans given to buy raw materials, pay wages, or other costs associated with the production process of the company.
- d. In terms of security:
 1. Credit with a guarantee loans with a guarantee. The guarantee may take the form of tangible or intangible goods or collateral person. It means that any credits issued will be protected for a minimum worth of credit guarantees or warranties given by the number of credits that must be filed Prospective Borrowers.
 2. Credit guarantees represent unsecured loans for people or goods. This type of credit is given to the prospects for the business, as well as the loyalty of character or good name of the debtor for dealing with a bank or other parties.
- e. Seen from the business sector:
 1. Agricultural loans represent loans financed for plantations or agriculture. Agricultural sector can be either short term or long term.
 2. Farm loans represent loans to the livestock sector, both short term and long term.
 3. Industrial loans represent loans to finance industry, small industry, medium industry, or large industry.
 4. Mining Credit is a credit given to the mining business. Mine the type of business that usually financed in the long term, such as gold mining, oil, or tin.

5. Education loans represent loans to build the facilities and infrastructure or education can also be a credit to the students.
6. Credit profession is a credit given to the professionals such as teachers, doctors, or lawyers.
7. Housing credit is to finance the construction or purchase of housing and usually long term.

3. **The Elements of Credit**

Credit granted on the basis of trust that is a grantor trust lender. It is a given that the achievement is really believed to be returned by the recipient of the credit on the terms and conditions agreed upon. According Veithzal (2005: 5) that the loan contains the following elements:

- a. The existence of two parties, the lender and the loan recipient. Relationships giver and receiver is a credit cooperative relationship of mutual benefit.
- b. The existence of the trust to a beneficiary lender credit in the credit rating is based on credit recipients.
- c. Approval, in the form of an agreement with the bank promises to pay the other party from receiving loans to lenders. Promise to pay may be either oral promise, in writing or in the form of instruments.
- d. There is an element of time. Element of time is an element of credit essential. Credit may exist because of the time element, in terms of the part of lenders and loan recipients.

4. **The Functions of Credit**

The function of credit transactions in the lives of the economy are as follows (Kasmir, 2009: 101):

- a. Credit can increase utility (usefulness) of the money.
The presence of money or capital held by the owners of money or capital to a financial institution (bank) or the like, will be disbursed by the financial institution to the productive sectors of business. This will increase the usefulness of the money, which was as deposits (savings and time deposits), can now be used as capital to carry out a business or project.
- b. Credit improving traffic circulation and money.
Through credit, currency circulation and demand deposits will be developed for creating credit that business mobility will increase the use of money, both quantitatively and qualitatively.

- c. Credit may heighten the excitement of trying.
With the loan, the borrower or the credit given will work as much as possible so she lived out of business generated huge profits so as to pay off the loan.
- d. Credit as a tool of monetary stability control.
Credit policy could be used to curb inflation, which is the only lending business sectors are productive and priority sectors which directly affects the livelihood of the community.
- e. Credit as a means of increasing national income.
With many employers both large and small scale industries which obtain credit facilities, are expected to increase their incomes and national efforts to improve the national income.

5. The Principles of Giving Credit

Before a credit facility granted the bank must be sure that the loans will actually return, confidence comes from credit assessment before the credit was disbursed. Credit assessment by banks can be done in various ways to be able beliefs about customers, such as through proper assessment procedures and earnest.

In conducting the assessment criteria and assessment aspects remain the same. Similarly, the measure set has become a standard assessment of each bank. Usually the common assessment criteria and must be done by the bank to get a bank customer who really deserves to be, done by analysis 6C (Rose and Hudgins, 2008: 522).

1. Character
The loan officer must be convinced the customer has a well-defined purpose for requesting credit and serious intention to repay. If the officer is not sure why the customer is requesting a loan, this purpose must be clarified to the lender's satisfaction. The loan officer must determine if the purpose, however, the loan officer must determine that the borrower has a responsible attitude toward using borrowed funds, is truthful in answering question, and will make every effort to repay what is owed. Responsibility, truthfulness, serious purpose, and serious intention to repay all monies

owed make up what a loan officer calls character. If the loan officer feels the customer is insincere in promising to use borrower fund as planned and in repaying as agreed, the loan should not be made, for it will almost certainly become a problem credit.

2. Capacity

The loan officer must be sure that the consumer has the authority to request a loan and the legal standing to sign a binding loan agreement. This customer characteristic is known the capacity to borrow money. The loan officer must be sure that the representative from a corporation asking for credit has proper authority from the company's board of directors to negotiate a loan and sign a credit agreement binding the company. Usually this can be determine by obtaining a copy of the resolution passed by a corporate customer's board of directors, authorizing the company to borrow money. Where a business partnership in involved, the loan officer must ask to see the firm partnership agreement to determine which individuals are authorized to borrow for the firm. A loan agreement signed by unauthorized person could prove to be uncollectible and, therefore, result in substantial losses for the lending institution.

3. Cash

In general, borrowing customers have only three sources draw upon to repay their loans: (a) cash flow generated from sales or income, (b) the sale or liquidation of assets or (c) fund raised by issuing debt or equity securities. Any of these sources may provide sufficient cash to repay a loan. However, lenders have a strong preference for cash flow as the principal source of loan repayment because asset sales can weaken a borrowing customer and make the lender's position as creditor less secure. Moreover, shortfalls in cash flow are common indicators of failing businesses and troubled loan relationship. This is one reason current banking regulation require that the lender document the cash flow basis for approving a loan.

4. Capital

Credit applicant's equity or net worth; signifies the financial strength as a credit risk and customer's ability to pay its obligations; business that shows increasing sales, profits, and net worth, and favorable trends of operations. Judge each case on its own merits, since many factors affect the financial condition of a business; some lines need a large investment in fixed assets; others require only a minimum investment in machinery and fixtures. Some lines need large amounts of ready cash and liquid assets to meet seasonal operating expenses, while others can rely on regular cash inflow to meet maturing debts.

5. Conditions

The loan officer and credit analyst must be aware of recent trends in borrower's line of work or industry and how changing economic condition might affect the loan. A loan can look very good on paper, only to have its value eroded by declining sales or income in a recession or by high interest rates occasioned by inflation. To assess industry and economic

conditions, most lenders maintain files of information on the industries represented by their major borrowing customers.

6. Collateral

In assessing the collateral aspect of a loan request, the loan officer must ask, does the borrower possess adequate net worth or own enough quality assets to provide adequate support for the loan. The loan officer is particularly sensitive to such features as the age, condition, and degree of specialization of the borrower's assets. Technology plays an important role here as well. If the borrower's assets are technologically obsolete, they will have limited value as collateral because of the difficulty of finding a buyer for those assets the borrower's income falter.

6. **Credit Decision**

The credit department must make decisions and take actions to implement those decisions every day. Some people enjoy being involved in the credit decision making process. Some do not - largely because in the credit field there are almost no absolutes - meaning there are no absolutely correct or totally incorrect credit decisions. Some people acknowledge the uncertainty and welcome the challenge, and others do not. A small number of individuals delegated the task of making credit decisions effectively freeze up and are incapable of making important decisions involving significant amounts of money in the form of offering credit terms exactly because the information available is insufficient to determine with sufficient certainty that the would-be customer has the ability and willingness to pay their debts to the creditor as they come due.

There are a number of factors that influence the credit decisions made by the credit department. In each company, the relative importance of each of these factors is different. What remains constant is the fact that credit managers do not operate in a vacuum unaffected by the goals, the problems, and the challenges facing the company they work for. Credit managers that fail to appreciate the

needs of their employer will be seen as lacking in business acumen at best, and as expendable at worst. Some of the more important factors affecting credit decisions include:

- a. Competition will affect your decisions relating to establishing a more lenient or a more rigid credit policy. The stiffer the competition, the more likely the credit policy will be more lenient.
- b. Terms offered by competitors. Generally speaking, the longer the terms competitors offer, the longer the dating your company must offer in order for its products to remain competitive.
- c. The laws of supply and demand. When demand for your company's goods and services exceed supply, the credit manager can have a more conservative philosophy than when supply exceeds demand.
- d. General business conditions. In a recession, business may be exceptionally slow. A liberal credit granting policy combined with relaxed collection efforts may be a way to increase sales revenues.
- e. Changes in demand for your company's products. When demand for your goods and services is in decline, additional pressure will be brought to bear to liberalize credit granting to retain existing customers and to attract new customers.
- f. The amount of bad debt losses experienced. If bad debt losses are higher than expected, senior management may insist on a more restrictive credit policy
- g. Inventory levels. High levels of inventory tend to result in pressure to offer marginal customer larger open account terms. The same is true if inventory is seasonal, subject to spoilage, or is custom designed.
- h. Profit margins. In theory, the higher the profit margin, the more credit risk companies are willing to take
- i. Market share goals and strategies. If your employer wants to increase market share, chances are good that credit terms will be one element of the negotiation process.
- j. The experience of the credit department staff. The more experienced and educated the credit manager and his or her subordinates are, the more sophisticated the credit risk mitigation and management process tends to be. ([Dennis:2010](#))

7. Credit Approval Process

Certain procedures must be followed before a credit decision can be made. The relationship with the customer must be established; essential information about the account must be obtained, analyzed and stored; and the data must be evaluated so that the processing of future orders may be facilitated. Customer relationships are usually initially established through the sales department by visits, marketing programs, and advertising and solicitation. Customer orders

come through the sales department, which furnishes the necessary credit information about the prospective customer.

Although the sales force is ordinarily not involved in the financial conversations with a customer, they should be kept informed about the fact that such discussions are ongoing or have been completed. Sales has the prime responsibility for dealing with customers, so communication should be a coordinated effort. Special documentation may be necessary. It may require participation of the attorneys for both the company and customer. A security agreement along with filings under the Uniform Commercial Code should be made if collateral is required. A guarantee or subordination, if agreed upon, should be prepared. A letter of credit and other special documentation may be called for in international dealings.

The credit file is the place for information on a customer's account, including its history and current status. It must be readily accessible but handled in a confidential manner. Many customers require that a confidentiality agreement be signed stating that all information will be held in confidence. Credit files should be reviewed periodically to sort out obsolete material and keep files manageable. Important documents such as those used to secure a credit transaction should be carefully stored, perhaps in a fireproof cabinet.

Financial statements should be analyzed, with appropriate tools and techniques to aid the evaluation. Statements received directly from the customer should be promptly acknowledged. All the information helps the credit manager to decide whether to approve or decline the request for credit. Determined lines or limits are an aid to processing further orders. A letter should be sent informing the customer of the credit decision and specifying the credit parameters of the relationship. This will minimize questions and future disputes. ([Dennis:2010](#))

D. Small Medium Enterprise (SMEs)

Small Medium Enterprises (SMEs) are an important part of the national economy in a country and plays an important role in social and economic life (Hua, 2009). Small Medium Enterprises (SMEs) according to the law No. 20 in 2008, SMEs are enterprises owned productive individuals and/or entities who meet the requirements of individual business enterprises as provided for in the legislation.

In Law No. 20 of 2008 on Micro, Small and Medium Enterprises there are several criteria used to define the definition and criteria of Small and Medium Enterprises. SME definitions are:

- a. Small Business: Productive economic stand-alone, carried by an individual or business entity that is not a subsidiary or branch company is not owned, controlled, or a part, either directly or indirectly from medium or large businesses that have a net Rp. 50 million till Rp. 500 million. Excluding land and buildings or annual sales of Rp. 300 million till Rp. 2.5 billion.
- b. Medium Business: Productive economic stand-alone, performed by individuals or entities that are not subsidiaries or branches of companies owned, controlled, or a part, either directly or indirectly with a small business or a large business with a minimum net wealth Rp. 500 million to till Rp. 10 billion, excluding land and buildings or annual sales Rp. 2.5 billion till Rp. 150 billion.

1. The Role of Small Medium Enterprises (SMEs)

Small Business and Medium Enterprises (SMEs) have an important role in the Indonesian economy. Because with the SME, unemployment due to labor force that is not absorbed in the world of work is reduced. SME sector has been promoted and used as the main agenda of economic development in Indonesia. SME sector has proved resilient, when the Economic Crisis in 1998, the SME sector only survived the economic collapse, while the larger sector actually fell by crisis. Mudradjad Kuncoro in *Bisnis Indonesia* on October 21, 2008 revealed that SMEs proved resilient to the crisis and was able to survive because, first, do not have foreign debt. Secondly, there is a lot of debt to the banks because they are considered un-bankable. Third, using local inputs. Fourth, export-oriented. During 1997 to 2006, the number of large-scale enterprises SMEs to reach 99% of all business units in Indonesia. SMEs contribution to gross domestic product reached 54% to 57%. Contribution of SMEs to employment around 96%. As many as 91% of SMEs export activities through a third party exporters / middlemen. Only 8.8% were associated directly with buyers / importers who are resident / citizen abroad.

Quality services can also be maximized with the mastery of technology. Mastery of this technology can make a positive contribution in the management, so organizations can more easily controlled. Therefore, organizations should always follow the dynamics of technological change occurs. There are several reasons why SMEs can survive in the midst of the financial crisis of 1997. First, most of the SMEs producing consumer goods and services with the income elasticity of demand is low, then the average income level of the community did not affect the demand for the goods produced. Instead rising income levels also had no effect on demand. Second, the majority of SMEs do not get capital from banks. Deterioration of the banking sector and the implications of rising interest rates, not much affect this sector. Unlike the troubled banking sector, the business

activities of SMEs involved subject. While large businesses can survive periodic. In Indonesia, SMEs use their own capital from savings and access to banking is very low.

Evident when the global crisis that occurred some time ago, SMEs present as a solution of the system of a healthy economy. SMEs is one of the few industries that did not even affected by the global crisis that hit the world. With this evidence, it is clear that SMEs can be taken into account in improving the competitiveness of the market and the stabilization of the existing economic system.

In economic development in Indonesia SME sector is always portrayed as having an important role, since most of the population is poorly educated and live in small business activities in both traditional and modern sectors. The role of small businesses to be part of a priority in the planning stages of development that are managed by two ministries, namely the Ministry of Industry and Trade, as well. Ministry of Cooperatives and SMEs. However, the development effort has been carried out the results are still not satisfactory because in fact the progress of SMEs is very small compared to the progress made great effort. SME policy implementation by the government during the New Order, few are implemented, more just a slogan just so the result was not satisfactory. Government is more in favor of large employers in almost all sectors, including trade, banking, forestry, agriculture and industry.

With the policies and greater support as licensing, technology, structure, management, training and financing, SMEs are expected to grow rapidly. The development of SMEs is expected to compete well with the big market in the middle of the free market is the case today. In addition, SMEs can be expected to increase incomes, employment opportunities, and prosperity of society as a whole thus creating competitiveness and stability of the Indonesian economy is good.

The Role of Small and Medium Enterprises (SMEs) in the Indonesian economy was basically big long ago. However, since the economic crisis hit Indonesia, the role of SMEs increased sharply. Data from the Central Bureau of Statistics (BPS). showed that the percentage of the total number of SMEs compared to the company in 2001 amounted to 99.9%. In the same year, the number of workers absorbed by the sector stood at 99.4% of the total workforce. Similarly, contribution to Gross Domestic Product (GDP) is also large, more than half of our economy is supported by the production of SMEs (59.3%). These data indicate that the role of SMEs in the Indonesian economy is central in providing employment and generating output.

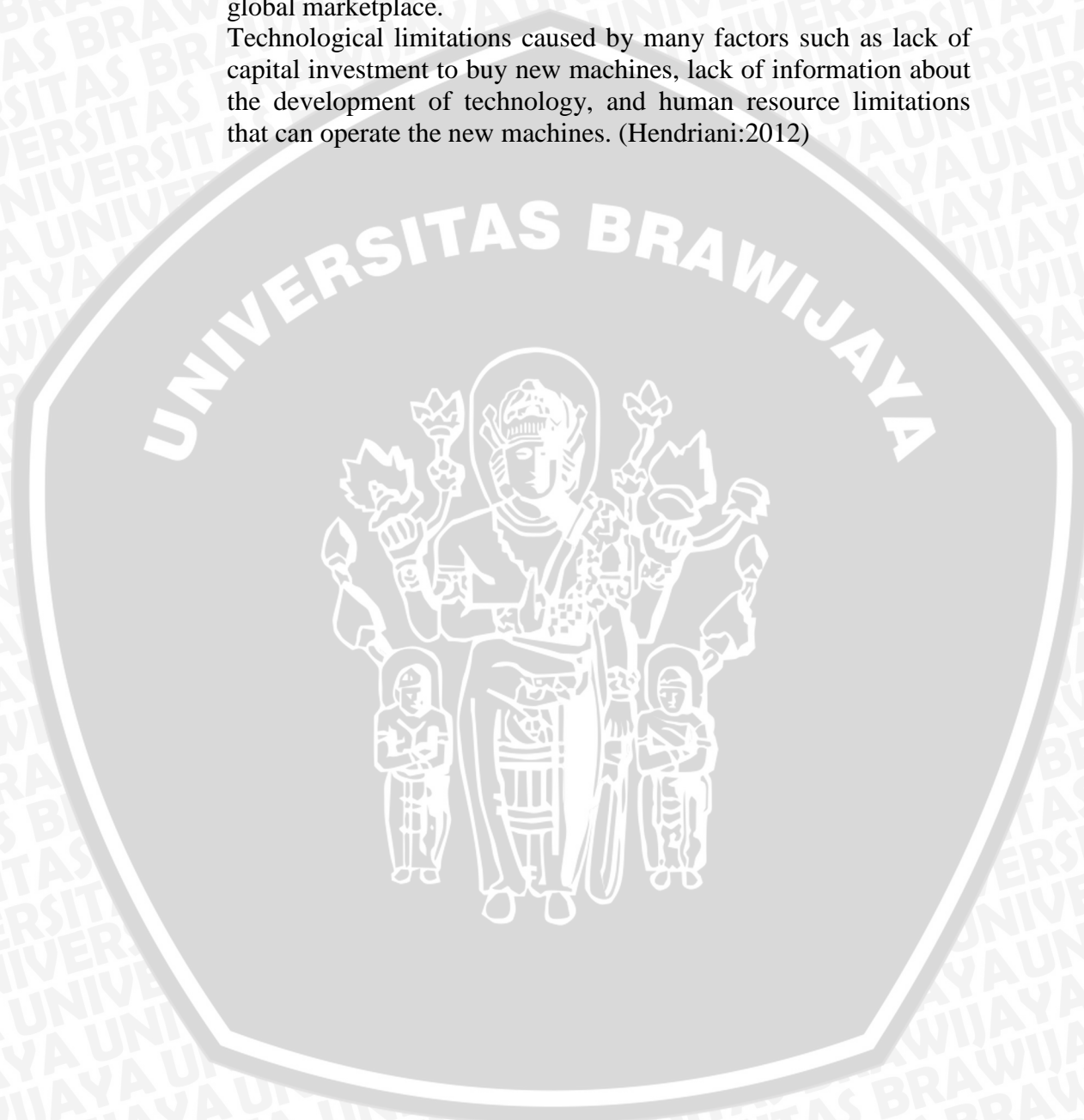
Although the role of SMEs in the Indonesian economy is central, but government policy or regulation that supports it until now felt not maximal. This can be seen even from the most basic things such as different definitions for inter-governmental agencies. Similarly, the measures taken are prone to exaggeration, but not effective until the policy becomes less comprehensive less focused, and is a patchwork. In fact, SMEs still have a lot of issues that need to be addressed by the authorities to address the limited access to bank credit / other sources of capital and access to markets. (Hasiolan:2011)

2. The Advantages and Disadvantages of Small Medium Enterprises (SMEs)

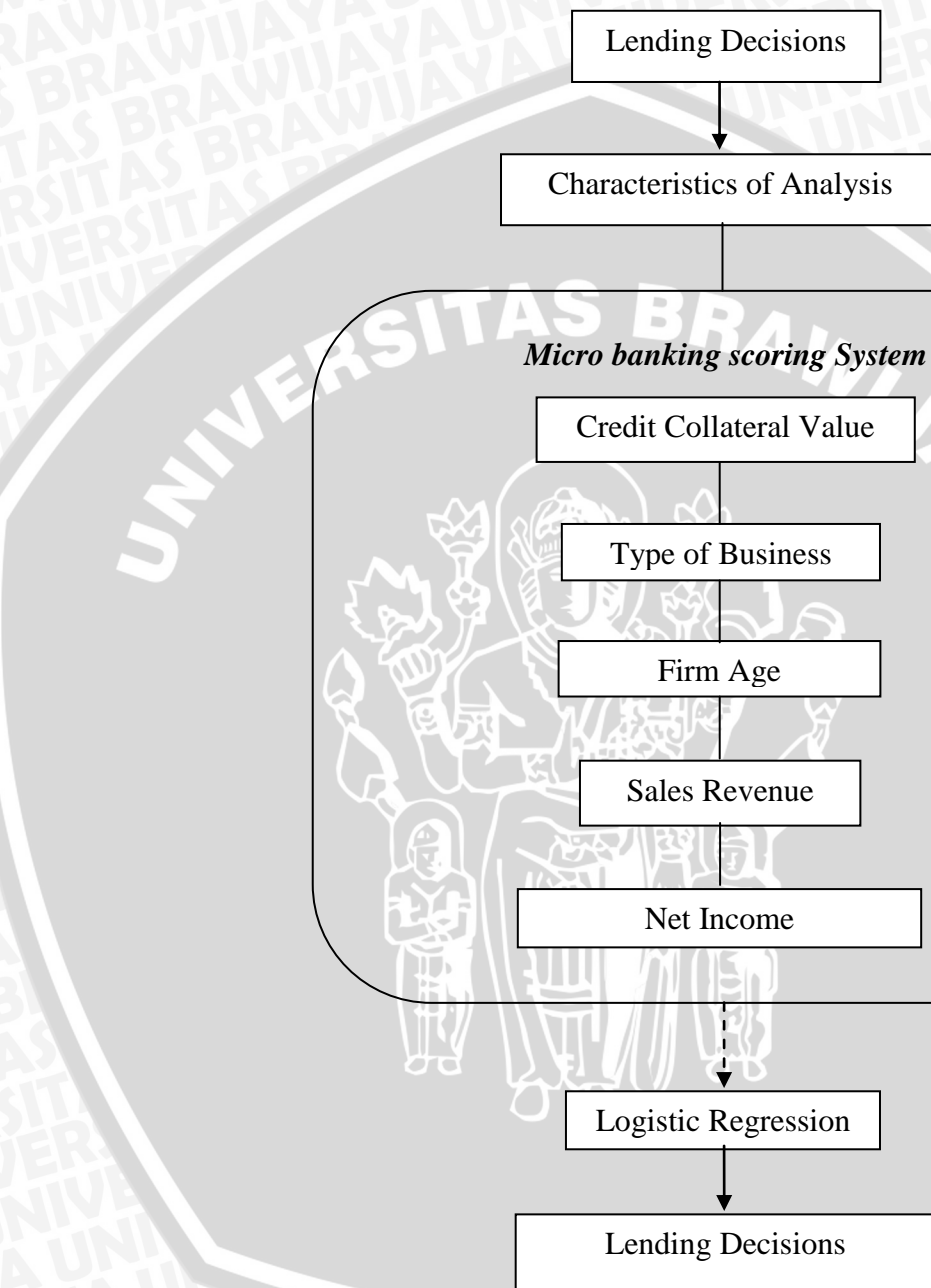
- a. Advantages of Small Businesses medium enterprises (SMEs):
 - i. Innovations in technology which easily occurs in product development.
 - ii. Relationships are familiar humanity in small companies.
 - iii. Flexibility and adaptability to changing market conditions quickly in comparison to large-scale enterprise in general bureaucratic.
 - iv. There is a role of managerial and entrepreneurial dynamism.
- b. Weaknesses of the Small and Medium Enterprises (SMEs):
 - i. Difficulty marketing
 - ii. Results from cross-country study conducted by James and Akarasane (1988) in a number of ASEAN countries concluded one of the aspects related to the common marketing problems faced by SMEs are competitive pressures, both in the domestic market of similar products made businessman -large employers and imports, as well as export market.
 - iii. Limited financial
SMEs in Indonesia faced two major problems in the financial aspects, among others: capital (both initial capital and working capital) and long-term financial investment required for long-term output growth.
 - iv. Limitations of Human Resources (HR)
Shortage of human resources is also one serious obstacle for SMEs in Indonesia, especially in the aspects of entrepreneurship, management, production engineering, product development, quality control, accounting, machinery, organization, data processing, engineering, marketing and market research. All of these skills is necessary to maintain or improve product quality, increase efficiency and productivity in the production, expand market share and penetrate new markets.
 - v. The problem of raw materials
Limitations of the raw materials and other inputs are also often become one of serious concern for the growth of output or production continuity for SMEs in Indonesia.
Especially during times of crisis, many centers Small and Medium Enterprises as shoe and textile products having trouble getting raw materials or other inputs because of the price in dollars to be very expensive due to the depreciation of the exchange rate against the U.S. dollar.
 - vi. Limitations of technology
Unlike the developed countries, SMEs in Indonesia are still using traditional technology in the form of old machines or the means of

production that are manual. Technological backwardness is not only made a low number of production and efficiency in the production process, but also low quality products are made, and the capability for SMEs in Indonesia to be able to compete in the global marketplace.

Technological limitations caused by many factors such as lack of capital investment to buy new machines, lack of information about the development of technology, and human resource limitations that can operate the new machines. (Hendriani:2012)



E. Research Framework



Information:

—————→ : Influence

-----→ : Analysis tools

Description:

The framework starts from the economic policy of the government. Brazilians banking one of the sources of capital or financing that is needed by the community in running the business. In general banking practice in the decision to extend credit to customers to finance their business activities in a certain amount and the period of time agreed upon in accordance with banking procedures, both among banks as lenders and clients as a debtor.

Credit procedures are steps that must be done in a credit application. Starting from loan application to loan disbursement. Starting from the loan application process. Investigation and analysis of credit, a decision on a credit application, credit application rejection, loan application approval, disbursement of credit facility, repayment of the credit facility.

Feelders in Lieli and White (2010: 111) to the problem of creditors consists of two parts: first, the selection mechanism or decision and secondly, the mechanism results. The former refers to a decision rule whereby the lender decides whether to accept or reject a loan application. While the mechanism of the results, determine whether to study the characteristics of the borrower to pay back the loan in accordance with the terms of its filing. Lieli and white assume that there are only two possible reasons: first, the borrowers fully comply with the filing requirements or, secondly, adherence to a certain percentage of the principal amount can be recovered at the end of the loan maturity is paid the debtor.

Through the stages of the procedure, then the lender (bank) easily establish a good credit rating consistently and population profiles of prospective borrowers, the goal is to produce profits by minimizing risk and know the obedience of lower prospective borrowers, as well as fundamental decisions quickly based on socio-economic characteristics of the debtor to agree to the loan application in accordance with the provisions of contracts or requirements (Lieli and White, 2010: 110).

F. Hypothesis

Based on the literature and previous similar studies that have been presented previously, the hypothesis proposed in this study is thought to credit collateral value, types of business, firm age, sales revenue and net income have an influence on the bank's decision to give credit for Small and Medium Enterprise (SMEs).

CHAPTER III

RESEARCH METHODS

A. Research Approach

This is a quantitative descriptive research, which aims to describe and reveal a problem, situation, event facts as they are revealed in greater depth about the factors that influence the bank's decision in giving credit Small Medium Enterprises (SMEs).

Quantitative research is the systematic scientific research on the parts and phenomena and their relationships. The purpose of quantitative research is to develop and use mathematical models, theories or hypotheses pertaining to natural phenomena. Measurement process is a central part in the quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships.

While according Sukardi (2009:14) descriptive research is research that attempted to describe the research activities. Descriptive research is also called pre-experimental study was conducted as exploratory research, describes the goal of being able to explain and predict a phenomenon that applies to elementary data obtained in the field. This descriptive study was just trying to describe clearly and sequentially to the research questions that have been determined before the researchers go into the field and they do not use the hypothesis to guide research directions. Therefore, this study was not intended to test the hypothesis. This study provides a description of a variable pressure without connecting with other

variables, so that the information obtained is in what circumstances do exist at the time of the study.

B. Research Location

In the analysis of factors that influence the decision of the Bank of Credit Small and Medium Enterprises, the authors chose the scope of research at PT Bank BRI Unit Office Klojen Malang. The reason for choosing this location as Bank BRI is long enough experience in lending to small and medium enterprises. In addition, Bank BRI has the opportunity to develop business in the financing of micro-credit for productive purposes and versatile considering the potential of small and medium business loan market is quite broad. This is the area of Malang, the majority community of small and medium enterprises trading. This is due to the location is quite convenient and close to a variety of activities of small and medium enterprises. The research was conducted in March 2013 with a sample of the data used in the form of customer credit Small Medium Enterprises (SMEs) participants.

C. Operational Definition and Measurement of Research Variables

In this study, variable according to the relationship can be divided into independent variables and the dependent variable (tied). Meanwhile, the dependent variable is a variable that is affected by the independent variable (free). The following will explain what variables into independent and dependent variables in this study.

1. The Independent Variable (x)

The independent variable is one of that influences the dependent variable in either a positive or negative way. That is, when the independent variable is present, the dependent variable is also present, and with each unit of increase in the independent variable, there is an increase or decrease in the dependent variable also (Sekaran, 2003: 89). Variable are classified into five categories:

a. Credit Collateral Value (X_1)

Is the debtors assets are pledged to the creditor if the debtor cannot repay them.

b. Type of Business (X_2)

That suit what will be done. According to the model analysis, the variables are classified in two categories.

(1= Trade, 0 = Non-Trade)

c. Firm Age (X_3)

The number of years a firm is running.

d. Sales Revenue (X_4)

Income from customer activities sales product and services

e. Net Income (X_5)

The total revenue in an accounting period minus all expenses during the same period before tax.

2. The Dependent Variable (Y)

The dependent variable is the variable of primary interest to researcher.

The researcher's goal is to understand and describe the dependent variable, or to

explain its variability (Sekaran, 2003: 88). Dependent variable in this research is credit decision be accepted or rejected by the debtor filing a credit application.

Variable are classified in two categories:

- a. If the credit decision received = 1
- b. If the credit decision rejected = 0

Table 1: Dummy Variables on Bank Decision

Decisions	Dummy Variable
Accepted	1
Rejected	0

Source: Data Processed 2013

D. Population and Sampling

1. Population

Population refers to the entire group of people events or things of interest that the researcher wishes to investigate. The populations in this study are all participants of credit SMEs application submission BRI Malang in 2012, totaling 1357 people.

2. Sample

The samples are part of the population. It comprises some members selected from it. The method used to determine the sample in this study conducted by sampling without opportunities (nonprobability sampling) that does not allow us to calculate odds election of certain members of the population into the sample.

The number of samples taken based on the Slovin method (or other suitable method). The formula :

$$n = \frac{N}{1 + Ne^2}$$

Description:

n = sample size

N = Size of Population

e = Percent Allowance for sampling imprecision that is tolerated is 10 percent

$$n = \frac{1357}{1 + (1357 \times 10\%^2)} = \frac{1357}{14.57} = 93.13 \text{ (rounded to 93)}$$

So, the number of samples considered quite representative of the overall population of 1357 people in this research are 93 people.

E. Data Collection Techniques

Data can be obtained from primary or secondary sources. Primary data refers to information obtained firsthand by the researcher on the variable of interest for the specific purpose of the study. Secondary data refer to information gathered from sources already existing (Sekaran, 2003: 219). In this study the authors used secondary data, where the data is data that is already available at the Bank BRI Malang.

F. Techniques Data Analysis

1. Logistic Regression

In this study, the method used by the author is the logistic regression analysis. Logistic regression is a statistical analysis tool models that describe the response of affairs between the variables that have two or more categories with one or more explanatory variables or interval scale category (Hosmer and Lameshow, 2004).

Used logistic regression models to explain the relationship between X and $\pi(\chi)$ which is not linear, abnormal distribution of Y , diversity is not constant and cannot be explained by ordinary linear regression model. Data observations has p independent variables $\chi_1, \chi_2, \dots, \chi_p$ with the response variable Y which has two possible values of 0 to indicate that the response does not have criteria and a value of 1 to indicate that the response has criteria. (Kuncoro, 2004):

- a. Do not have the normality assumption on the independent variables used in the model.
- b. Dependent variable consists of continuous variables, discrete, and dichotomous.
- c. Distribution of expected response variable nonlinear.

Kinds of logistics are divided into binary logistic regression and multinomial logistic regression. In this study, the response is a binary variable that is an acceptable credit decisions or decisions of credit denied, then the incident at the time of granting credit decisions by potential Small Medium Enterprises (SMEs) borrowers recommended or accepted by the influence of a particular

variable. The model used in the logistic regression analysis is $\text{logit}(\pi_i) = \beta_0 + \beta_1 * X$ with $\text{logit}(\pi_i)$ is the value of the logit transformation to a successful event opportunities, β_0 is the regression intercept, β_1 is the slope of the regression line models, and X is the explanatory variables (Nachrowi, 2002: 307):

Thus, the estimation model used in this study is:

$$Li = \ln \left[\frac{p}{1+p} \right] = \beta_0 + \beta_1 + \beta_2 + \beta_3 + \beta_4 + \beta_5$$

Descriptions:

$Li = \ln \left[\frac{p}{1+p} \right]$: Credit accepted / rejected

β_0 : Credit Collateral Value

β_1 : Type of Business

β_3 : Firm Age

β_4 : Sales Revenue

β_5 : Net Income

2. Significance Testing Model and Parameters

a. Significance Test Model (Mc Fadden R-square (R²))

Significance test of the model done by considering the value of chi-square distribution of the Pearson method, Deviance, and Hosmer and Lemeshow. Mc Fadden R-square value can be interpreted as the value of R square in regression.

Hypothesis:

H_0 = No significant difference between the value of observations with model predictions

H_1 = There is a significant difference between the value of observations with model predictions

If the p-value of the statistic is greater than the real level ($\alpha = 5\%$), the decision is to accept H_0 , which means the model is enough to be used in the prediction.

b. Eligibility Test Model (Likelihood Ratio Test)

To test the suitability of the model together or simultaneously from all the parameters, use likelihood ratio test (LRT). LRT method closely related to MLE method (Casella and Berger, 2002).

$$H_0 = \beta_1 = \beta_2 = \dots = \beta_p$$

$$H_1 = \text{there is at least one } \beta_j = 0$$

Statistical test used:

$$G = -2 \ln \left(\frac{\text{likelihood (model B)}}{\text{likelihood (model A)}} \right)$$

Model B: The model consists only of constants only

Model A: The model consists of all variables

If H_0 is rejected, meaning that the model A was significant at significance level of α .

c. Significance Testing In Individuals predictor variables (Wald test)

Tests on the significance of each predictor variable individually performed with Wald test (Wj), with the formula:

$$W_j = \frac{\beta_j}{SE(\beta_k)}$$

Description:

β : β estimators

SE : standard error estimator of β

β_k : predictor variables the coefficient k

Hypothesis : $H_0 = \beta_1 = \beta_2 = \dots = \beta_k = 0$

$H_1 = \beta_k \neq 0, k = 1, 2, \dots, k$

W_j statistics follow a normal distribution (Z), if the value of $W_j > Z_{\alpha/2}$ two-tailed p-value of the statistic W_j smaller than the real level ($\alpha = 0.1$) then the decision is to reject H_0 means the k predictor variables affects real or significant impact on the response variable.

d. Interpretation (Odds Ratio)

Interpretation of logistic regression models done by looking at the value odds ratio (hazard ratio) or the adjusted probability (probability) value of the odds ratio is used to describe the relationship between the response variable with the predictor variables. Value odds ratio (θ) is negative with an indication of the further value of 1 indicates the stronger the degree of relationship. Meanwhile, if (θ) = 1 states that there is no relationship between the variables response and predictor variables. In this model analysis odds ratio is defined as follows:

$$\Psi = \exp(\beta_i) = [g(1) - g(0)]$$

Odds ratio is to free variable x nominal scale that has a tendency $y = 1$ at $x = 1$ for Ψ times compared to $x = 0$. Logit model coefficients β_i reflects the change in value logit function $g(x)$ for a unit change in independent variables x (Hosmer

and Lemeshow, 2004;50). If the independent variable is continuous scale, so if not less than one, the greater the x, the greater the tendency for $y = 1$ (Hosmer and Lemeshow, 2004: 51).



CHAPTER IV

RESULT AND DISCUSSION

A. The Historical PT. Bank Rakyat Indonesia (Persero) Tbk

Bank Rakyat Indonesia (BRI) is one of the largest government owned bank in Indonesia. At first Bank Rakyat Indonesia (BRI) was established in Purwokerto, Central Java by Raden Bei Aria Wirjaatmadja with the name De Poerwokertosche Hulp en Spaarbank der Inlandsche Hoofden or "Help and Savings Bank Owned Priyayi The Navan", a financial institution serving the people nationals Indonesia (native). The institute was established on December 16, 1895, which is then used as the birthday of BRI.

In the period after independence, based on Government Regulation no. 1 of 1946 Article 1 stated that the BRI was the first state-owned banks in the Republic of Indonesia. In wartime maintain independence in 1948, BRI was stopped for a while and just starting off again after the Renville agreement in 1949 with the renamed United Bank Rakyat Indonesia. At that time through No. PERPU. 41 of 1960 established the Cooperative Bank Farmers and Fishermen (BKTN) which is a fusion of the BRI, Bank Farmers and Fishermen and Nederlandsche Maatschappij (NHM). Then based on Presidential Decree (Presidential Decree) No.. 9 of 1965, BKTN integrated into the name of Bank Indonesia Bank Indonesia Affairs Cooperative Farmers and Fishermen.

After walking for a month, Presidential Decree No. 17 of 1965 concerning the establishment of a single bank under the name of Bank Negara Indonesia exit. In the new regulations, Bank Indonesia Affairs Cooperative, Farmers and Fishermen (ex BKTN) integrated with the name of Bank Negara Indonesia unit II Rural areas, while NHM to be Bank Negara Indonesia unit II for Export Import (Exim).

According to the Law No.14 of 1967 on Basic Banking Law and Law No.13 of 1968 on the Law of Central Bank, which essentially restore function as a central bank, Bank Indonesia and Bank Negara Indonesia Unit II of Rural and Export import each separated into two banks, Bank Rakyat Indonesia and Bank Indonesia Export import. Furthermore, based on Law no.21 of 1968 set back from the main tasks of BRI as a commercial bank.

Since August 1, 1992 by the Banking Law 7 of 1992 and Government Regulation 21 of 1992 BRI status changed to a limited liability company. BRI ownership when it was still 100% in the hands of the Government of the Republic of Indonesia. In 2003, the Indonesian government decided to sell 30% stake in the bank, so it became a public company with the official name of PT. Bank Rakyat Indonesia (Persero) Tbk., Which is still used until now.

1. Vision and Mission PT. Bank Rakyat Indonesia (Persero) Tbk

a. Vision

Become a leading commercial bank that always prioritizes customer satisfaction.

b. Missions

Best banking activities with emphasis on services to micro, small and medium enterprises to support community economic development. Providing excellent service to customers through a network of widespread and supported by professional human resources to implement good corporate governance practices.

2. Motto PT. Bank Rakyat Indonesia (Persero) Tbk

In accordance with the vision and mission of PT. Bank Rakyat Indonesia, which is owned by the motto is "Serve wholeheartedly". The motto meaning that all employees of PT. Bank Rakyat Indonesia must believe that the success of the company is strongly influenced customer satisfaction, therefore, each employee must meet the needs and satisfaction of its customers by providing the best service, with due regard to the interests of the company and the applicable regulations.

3. Products and Services at PT. Bank Rakyat Indonesia (Persero) Tbk

Unit Office Klojen Malang

a. BritAma savings

Customer deposits and withdrawals can be made across remittance Bank BRI in Indonesia and is equipped with facilities PrimeCard BritAma card. BritAma saving life easier affair, flexible and profitable with System Real Time On-Line in all of Indonesia.

b. BRI savings Simpedes

BRI savings Simpedes is in the form of savings deposits of Bank BRI for people with services that are practical and beneficial to the rupiah currency that can be served in Special Branch Office / Branch Office (KCP) / BRI Unit, which remission is not limited both the frequency and number along with the prevailing regulations.

c. Deposit

Deposits are time deposits denominated in dollars issued by BRI which may only be withdrawn within a certain period.

d. Giro BRI Rupiah

Giro BRI Rupiah is a product of third party deposits denominated in rupiah which may be withdrawn at any time by using a script check / bank draft or other withdrawal orders.

e. BRI ATM

ATM (Automated Teller Machine) is a product offered by the Bank BRI with various types of services such as balance inquiry and cash withdrawal, transfer between accounts, bill payments, purchase refill pulse, the registration e-banking, and other services.

In addition to a variety of banking products offered by PT. Bank Rakyat Indonesia Unit Office Klojen also offer various types of loans. The types of credit offered are as follows:

a. People's Business Credit (KUR)

This credit is a credit for working capital or investment loans granted to micro-enterprises that have a productive individual. Ceiling up to Rp 20.000.000, -.

b. General Rural Credit (Kupedes)

General credit, individual, selective and reasonable interest aimed to develop or enhance viable micro enterprises (eligible). Ceiling up to Rp 100.000.000, -.

In addition to offering products and credit PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang also provides service for customers. The services include:

a. Clearing

Clearing is a delivery of securities is not an obligation for banks, which securities are delivered by towing bank, until the ratification by interested banks through the clearing house, which are denominated in dollars.

b. Bill Payment

Bill Payment is a means of paying bills by making use of public facilities and services in teller ATM BRI. Types of bills that can be paid is PLN bills, telephone and others.

c. Collection

Collection is billing by the bank acting for and on behalf of a person on the basis of a copyright bill in the form of securities.

d. Western Union

Western Union is a kind of remittance in BRI and out of the country safely and quickly using Western Union. Regular customers who use this service include

family workers and migrant workers, foreigners working in Indonesia, business interests, and the interests of foreign tourists emergency / emergency.

e. Deposit Receipt

Deposit receipt is a service deposit transaction receipt or payment (Payment) for a variety of purposes. For example, deposit payment of electricity bills, phone bills, payroll deposits and deposit pilgrimage.

f. Transfer

Transfer is a remittance service in the form of rupiah and foreign currency.

g. Traffic Demand (LLG)

Traffic Demand (LLG) is a money transfer service to another bank through the clearing system.

4. Organizational Structure PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang

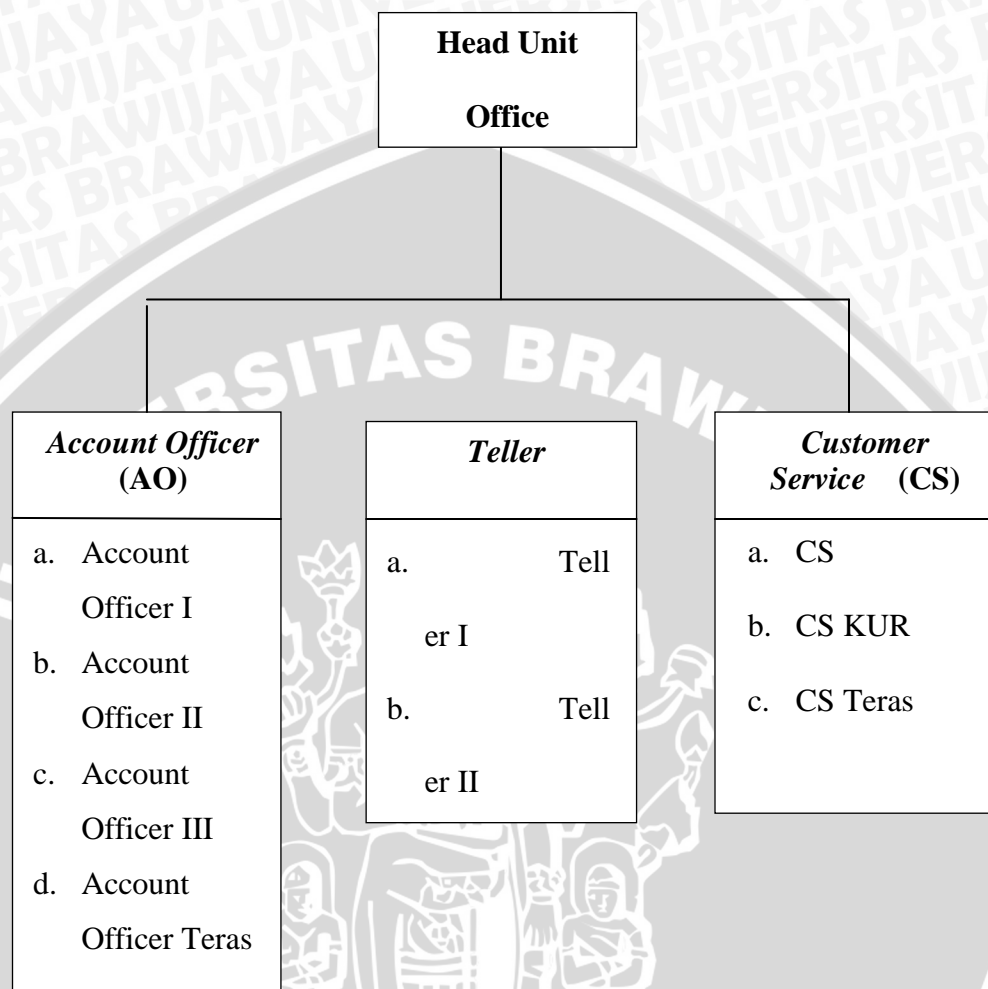
The organizational structure that existed at PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang as shown in figure 1. Job description of the organizational structure of PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang are as follows:

a. Head of Unit

- 1) Implementing procedures Working Capital in the unit works correctly in accordance Credit Guidelines - Micro Business (PPK-BM).

Figure 1: Organizational Structure PT. Bank Rakyat Indonesia

Unit Office Klojen Malang



Source: PT. Bank Rakyat Indonesia Unit Office Klojen Malang

- 2) Negotiate a Work Plan Budget (RKA) with BRI Branch Manager / Area Leadership Micro / Micro Business Manager (MBM) or the Assistant Business Manager Micro (AMBM).
- 3) Take an active role in the achievement of the Work Plan Budget (RKA) to optimize the performance of BRI Unit.

- 4) Identify the economic potential in the working area, so as to support the achievement of the Work Plan Budget (RKA) BRI Unit.
- 5) Participate actively in the development strategy of working capital loans BRI and professional relationship with the debtor and the third party concerned.
- 6) Delivering the issues related to working capital loans to his superiors.
- 7) Be responsible for the accuracy of analysis of working capital that will be broken by the Unit Head / Assistant Business Manager Micro (AMBM) / Micro Business Manager (MBM) / Branch Manager.
- 8) Decide on working capital loans and recommends appropriate authority.
- 9) Implement appropriate authority independent judgment in analyzing / evaluating / recommending and decided working capital loans.
- 10) Representing BRI Units in negotiations with third parties in order to increase the marketing / development loans.
- 11) Monitor and evaluate the performance of working capital based on early recognition of data and perform the next action plan.

12) Following up on the findings of the internal auditor / external Auditor of Resident Unit (RAU) / Overseer.

13) Carry out other official duties relating to working capital loans in accordance with the orders of their superiors.

b. Account Officer (AO)

- 1) Implement procedures working capital loans in the unit works correctly according to the Guidelines for Credit - Micro Business (PPK-BM).
- 2) To study and conducted an analysis of its economic potential in the region, so as to identify business opportunities that exist to provide input in developing and supporting the achievement of the Work Plan Budget (RKA) BRI Unit.
- 3) Prepare and implement a business plan to the borrowers / debtors and debtors prioritize development over its management.
- 4) Acting as an official proponent / analyzer and recommending for any application or working capital.
- 5) Carry out an independent judgment in accordance with the authority in analyzing / recommending evaluate and working capital loan application.

- 6) Report the situation and condition of the debtor's business whether they are smooth or deteriorate and provide suggestions, advice or mitigation solutions.
- 7) Deliver the issues related to working capital loans to his superiors.
- 8) Propose review of documents on non-performing loans to the Head of Unit and Unit Heads follow up on the disposition of the documents that have been reviewed by the Head of Unit and Customer Service (CS).
- 9) Representing BRI in negotiations with third parties in order to increase the marketing / development of working capital loans.
- 10) Monitor and evaluate the performance of working capital based on early recognition of data and perform the next action plan.
- 11) Following up on the findings of the internal auditor / external auditors and Resident Unit (RAU) / Overseer.
- 12) Carry out other official duties relating to working capital loans in accordance with the orders of their superiors.

c. Customer Service (CS)

- 1) Provide administrative services to clients or potential clients, of the customers who will use other banking services on BRI Unit as well as possible in order to improve the quality of service to customers.

- 2) Organize registers associated with the loan servicing process for the smooth management of the loan.
- 3) Organize registers deposits to prevent bank losses.
- 4) Organize the smooth operation of eradicating arrears to support the smooth operation of eradicating arrears.
- 5) Save the file and the loan collateral in order to secure the bank's assets.
- 6) Organize archiving accounting evidence and file storage management for loans and deposits orderly administration.
- 7) Print List Daily Movements (DMH) and perform initial verification to prevent any fraud / breach took place during service hours.
- 8) Create and administer reports for purposes of determining the BRI Unit management policy submitted to the Head of Unit and Branch Office Management Information reports covering Report (MIR), Financial Statements, Report of Commercial Banks (LBU) and Debtor Information System (SID), as well as personnel strength reports and special reports findings.
- 9) Scheduled incoming and outgoing mail to and from the BRI Unit for the orderly administration.

10) Make a notes to the Branch Office for calculation of liquidity debts.

11) Memorandum of Organize supplies and to the Branch Office for orderly administration.

12) Organize logistics inventory BRI that there is a match between the physical inventories with accounting.

d. Teller

1) Provide services to clients or potential borrowers as well as possible for the benefit of BRI business.

2) Management of cash with the Head Unit to secure the bank's assets.

3) Ensure the smooth and precision service and payment of the deposit receipt to the customer and to the business interests of BRI.

4) Depositing any excess cash during business hours and depositing cash at the end of the rest of the cash to the parent for cash security BRI.

5) Ensure the safety and suitability of the existing cash in the teller area to smooth customer service.

6) Ensure completeness proofs cash and cash Over Booking (OB), which is in its oversight to avoid the cash deposit teller.

7) Make a teller cash registers for the orderly administration.

5. Lending Procedures Small Medium Enterprises (SMEs) in PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang

Working capital lending procedures conducted by PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang are as follows:

a. Customer Service to receive credit application files working capital as per the requirements of the prospective debtor administration determined, namely:

- 1) Copy of Identity Card (KTP) applicable 1 sheet. Debtor who is a candidate for marriage, it must submit a photocopy of ID card of husband and wife is still valid.
- 2) Copy of Family Card (KK) is still valid.
- 3) Certificate of Business (SKU) of the village or villages or photocopy of Business License (Business License of Trade).
- 4) Collateral to be pledged as collateral, such as land titles, reg (The Book of the Motor Vehicle Owners) and others.

b. Customer Service check the completeness and validity of the files that were taken by the prospective borrowers and preparing the loan application form, then fill in the Customer Service Data prospective borrowers on the loan application form.

c. Customer Service requested SID (Debtor Information System) in Bank Indonesia or BI Checking online. Checking BI will then be checked by Customer

Service to find out if prospective borrowers have a loan at another bank or credit vehicle. If the debtors have loans or credit at another bank or have a vehicle loan, then the loan was denied and the filing of administrative requirements document photocopy of ID card, photocopy KK, SKU and collateral / guarantee will be returned. As for debtors who do not have credit at another bank, or auto loans, the loan application is processed. Debtors then signed the loan application form which has been filled by a Customer Service Data him before.

d. SKPP file (Loan Application Letter) belongs to the prospective debtor is then recorded in the register SKPP date of submission of credit and are numbered base.

e. Customer Service SKPP submit the file to the Head of Unit for completeness examined and acted upon.

f. SKPP file that has been given a base number is then submitted to the Head of Unit for completeness examined. The next Head of Unit provides SKPP disposition on file. Disposition SKPP files that have been returned to Customer Service.

g. Customer Service received back SKPP file that has been checked and disposition by the Head of Unit, Customer Service record date subsequent disposition in a register SKPP.

h. Then Customer Service immediately prepare a report form collateral valuation, appraisal report form examination results in the field.

i. Form security assessment report, appraisal report forms in the field and the results that have been disposition SKPP file by the Head of Unit and then submitted to the Accounts Officer for a visit to the customer.

j. Accounts Officer to sign the register file submission SKPP as receipt of Customer Service. If SKPP file to be checked more than one, then it should be arranged sequentially SKPP according to the area or place to be visited, so it will not be a waste of time when on the spot.

k. Accounts Officer after receiving and checking back SKPP file completeness of Customer Service, the disposition by Head of Unit, Accounts Officer conducted a survey, analysis (based on the principle 6C) and evaluation of the business and collateral / guarantee debtors. The purpose of this visit is to find out the true state of the client, especially the state of the site which will be used as collateral in accordance with the market price. The price of the collateral must be at least equal to or more than the amount of the loan so that in case of problems or bad credit, collateral value to cover the loan amount.

l. Further Accounts Officer to make suggestions and recommendations addressed to the Head of Unit. SKPP file that has disposition, security assessment report, and report the results of field assessment submitted to Customer Service to note the date of receipt at the register SKPP. Furthermore disposition SKPP file and the recommendation be submitted to the Head of Unit.

m. Head of Unit received SKPP file disposition and recommendations. The head units then check the file SKPP disposition and recommendations.

n. Head of Credit Unit to give verdict accepted credit or denied credit.

1) Head Unit decided to reject the proposed credit, the Customer Service to make a decision accompanied by a letter of credit denial reason for disapproval.

2) Head Unit approve the proposed loan then submitted to Customer Service for review credit documents. The head unit also provides decision nominal value of loans approved.

o. Customer Service received and checked the file SKPP disposition and recommendations that have been examined, and it was decided that the nominal value of loans approved by the Head of Unit. Further Customer Service record date of the decision of the nominal amount of loans and credits approved by the Head of Unit at the register SKPP, and then in the archives.

p. Customer Service prepares SPH (Debt Agreement), SPA (Letter of Assurance Collateral), and receipts, and contact debtors. Debtors then perform signature loan documents consisting of SPH (Debt Agreement), SPA (Collateral Guarantee Letter), and receipts. This process is commonly referred to as Real / Actual. After all the data is loaded, SPH, SPA and receipts are submitted to the head of the Unit for signature requested.

q. After SPH, SPA and receipts signed by the Head of Unit, SPH and SPA submitted to Customer Service, while the 3 double bills submitted to the Teller.

r. After signing SPH, SPA and receipts, Head of Unit provides guidance to the debtors.

s. Once debtors receive coaching from Head Unit, headed Teller debtors to receive disbursement of funds through accounts. Then the debtor received a receipt 1. Teller 2 receipts submitted to Customer Service to archive, while the 3 receipts kept by Teller as an archive.

t. Customer Service received SPH, SPA and 2 receipts are then archived.

u. Debtor received a receipt and disbursement of funds in the account.

6. Forms and Documents Used in Giving Credit Small Medium Enterprises (SMEs) in PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang

Use of forms and documents on SME lending procedures in PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang is not much. Forms and documents used include:

a. Loan Application Information Form Kupedes

b. Remarks Form Related to General Rural Credit Demand (KUPEDES) through the BRI Unit

c. Forms and Documents Used in Working Capital Lending at PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang

d. Use of forms and documents on working capital lending procedures in PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang is not much. Forms and documents used include:

- i. Loan Application Information Form Kupedes
- ii. Remarks Form Related to General Rural Credit Demand (KUPEDES) through the BRI Unit

7. Principle Analysis of Small Business Credit Medium Enterprises (SMEs) in PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang

Analysis principles established by PT. Bank Rakyat Indonesia (Persero) Tbk Malang Klojen Unit Office of the Working Capital Loan application is more focused to 6C as follows:

a. Character

Character on the basis of the assessment is to determine the borrower or the value of good faith shown by the prospective debtor to pay its debts as specified. Character assessment is one factor that is very important, because it can be seen from this side of the nature or intentions of prospective debtors to pay back their debts.

To know the character of debtors, then the PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang perform the following analyzes:

1. Conduct interviews in person at the time of initial loan application and at the time of credit analysis.

2. Conducting BI checking, which is looking for information on whether the debtor has been a debtor in another bank and classified in the black list of Bank Indonesia.

b. Capacity

The purpose of this analysis is to measure the ability of debtors to repay or pay off its debts on time. The PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang performs the following analyzes:

1. Experience of the work done by the debtors. Is it ever had prior business experience or not.
2. Managerial capabilities include:
 - i. Production management is to determine the ability of debtors to produce. This analysis includes machinery and production equipment, production processes and business location.
 - ii. Management of marketing is to see whether the debtors are able to sell the goods in accordance with the volume, price / profit.
 - iii. Financial management is the ability of the investment and financing capabilities.
 - iv. Personnel management is assessing the strength of a company seen quality workforce, assess the company's ability to maintain good relations between labor and employers / companies / owners.

c. Cash

Cash assessment can be seen through the debtors from cash flow generated from sales or income, the sales or liquidation of assets or fund raised by issuing debt or equity securities. Any of these sources may provide sufficient cash to repay a loan. However, lenders have a strong preference for cash flow as the principal source of loan repayment because asset sales can weaken a borrowing customer and make the lender's position as creditor less secure. Moreover, shortfalls in cash flow are common indicators of failing businesses and troubled loan relationship. This is one reason current banking regulation requires that the lender document the cash flow basis for approving a loan.

d. Capital

Capital assessment can be seen through the debtors financial statements, namely the composition and amount of capital that is listed in the articles of association. Analyzing the development of profitability and debt composition by looking at the financial statements of the company at least 2 years. Debtors should be able to at least have 30% of the financing itself.

e. Collateral

Assurance assessment aims to reduce the risk that in the event of bad credit. PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang in providing credit guarantees imposed in the form of movable property and immovable property. In addition to guarantees in the form of material such as BPKB and land certificate, PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang can also receive intangible collateral deposits as collateral certificate issued by the bank itself. Special Credit Small and Medium Enterprises (SMEs), collateral used is itself financed projects.

f. Condition of Economy

In conducting this analysis PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang observed economic developments that occurred, the development raises the possibility of affecting the smooth running of business debtors by monitoring the condition of the economy through the Target Market that has been assigned to monitor the RKA and also through the mass media and then assess the condition place of business and type of business, business prospects debtors in the future.

B. Description of Respondents

1. Credit Collateral Value

Credit collateral value is one of the aspects analyzed from the customer. The goal is to ensure customer collateral granted if the request qualifies as a credit guarantee credit. Credit collateral value is the right and power over tangible or intangible, which is delivered by the client and the owner or a third party as collateral for bank customers to ensure debt repayment, if credit received cannot be paid according to the agreement.

Table 2: Respondents Description based on the Credit Collateral Value

Credit Collateral Value	Accepted		Rejected		Total	
	Respondent	Percent	Respondent	Percent	Respondent	Percent
< 10,000,000	7	10.4%	6	23.1%	13	14.0%
10,000,001 - 50,000,000	27	40.3%	2	7.7%	29	31.2%
50,000,001 - 100,000,000	18	26.9%	9	34.6%	27	29.0%
100,000,001 - 150,000,000	7	10.4%	8	30.8%	15	16.1%
150,000,001 - 200,000,000	4	6.0%	0	0.0%	4	4.3%
> 200,000,001	4	6.0%	1	3.8%	5	5.4%
Total	67	100%	26	100%	93	100%

Source: Data Processed 2013

From the table 2 can be concluding in applying for a loan, customers are required to provide security for money borrowed. The collateral can be in the form of SHM, BPKB etc. In filing collateral, the value of collateral should be able to cover the amount of the proposed loan, which means it must be greater than the amount of the proposed loan.

2. Types of Business

Type of business is one of the aspects assessed from the customer. There are many types of business entities defined in the legal systems of various countries. Type of business consists of two kinds, namely, the business of selling goods/products and services. Different types of businesses, the risk of each is different.

Table 3: Respondents Description based on the Types of Business

TYPES OF BUSINESS	Accepted		Rejected		Total	
	Respondent	Percent	Respondent	Percent	Respondent	Percent
Trade	60	90%	17	65.4%	77	82.8%
Non Trade	7	10%	9	34.6%	16	17.2%
Total	67	100%	26	100%	93	100%

Source: Data Processed 2013

From the table 3 it can be concluded the majority of respondents accepted have a business in the field of trade products or goods as much as 60 (90%), while the 7 (10%) have in business services sector.

3. Firm Age

Firm age including management capacity to believe in the ability of borrowers to repay its obligations to the bank as well as the ability to optimize resources to achieve the business goals and profit growth. From the data obtained, the old minimum-owned business debtor must be more than 12 months. The description of the firm age in the table below, the author divides into three groups, namely firm age <5 years, 6 years to 10 years and >10 years.

Table 4: Respondents Description based on the Firm Age

FIRM AGE	Accepted		Rejected		Total	
	Respondent	Percent	Respondent	Percent	Respondent	Percent
< 5 years	36	54%	23	88.5%	59	63.4%
6 years - 10 years	29	43%	3	11.5%	32	34.4%
> 10 years	2	3%	0	0.0%	2	2.2%
Total	67	100%	26	100%	93	100%

Source: Data Processed 2013

From Table 4, it can be seen the number of respondents who have had a firm age longest acceptable level of probability of bank credit is greater than the long-term effort a little time. And banks provide long terms business stand at least 2 years.

4. Sales Revenue

Sales revenue is the amount of money received by the company from product sales activity and / or services to customers. Sales revenue shows how much prospects of the business carried on customers. The greater the sales

revenue obtained showed that the business carried on by the customer has a good prospect.

Table 5: Respondents Description based on the Sales Revenue

Sales Revenue	Accepted		Rejected		Total	
	Respondent	Percent	Respondent	Percent	Respondent	Percent
< 50,000,000	31	46%	22	84.6%	53	57%
50,000,001 - 100,000,000	20	30%	0	0.0%	20	21.5%
100,000,001 - 150,000,000	6	9%	3	11.5%	9	9.7%
150,000,001 - 200,000,000	6	9%	1	3.8%	7	7.5%
> 200,000,001	4	6%	0	0.0%	4	4.3%
Total	67	100%	26	100%	93	100%

Source: Data Processed 2013

From the data in Table 5 it can be seen the number of respondents accepted who have a < Rp. 50,000,000 that showed the demand of product or services is high and have good prospect. The high revenue from selling product and services means that the business has grown well.

5. Net Income

Net income is calculated by starting with a company's total revenue. From this, the cost of sales, along with any other expenses that the company incurred during the period, is removed to reach earnings before tax.

Table 6: Respondents Description based on the Net Income

Net Income	Accepted		Rejected		Total	
	Respondent	Percent	Respondent	Percent	Respondent	Percent
< 5,000,000	27	40%	11	42.3%	38	40.9%
5,000,001 - 10,000,000	17	25%	6	23.1%	23	24.7%
100,00,001 - 50,000,000	16	24%	7	26.9%	23	24.7%
50,000,001 - 100,00,000	7	10%	2	7.7%	9	9.7%
Total	67	100%	26	100%	93	100%

Source: Data Processed 2013

From the data in Table 6, it can be concluded the majority of respondents accepted had a net income of < Rp. 5,000,000 as much as 40.9%. Net income is one of the important criteria in lending. Because of the greater income, the more trust worthy businesses to accept credit bank.

C. The Data Analysis

Based on data analysis and has been applied to the logistic regression model, Table 7 shows that the number of borrowers who were sampled in this model are 93 respondents. From these samples, all variables used in the analysis as a whole which is indicated by the 100% figure in Table 7.

Table 7: Case Precessing Summary

Case Processing Summary			
Unweighted Cases ^a		N	Percent
Selected Cases	Included in Analysis	93	100.0
	Missing Cases	0	.0
	Total	93	100.0
Unselected Cases		0	.0
Total		93	100.0

Source: Data Processed 2013

Then, described in Table 8 that the variable bound by the categories received a value of 1, and for the rejected category is 0.

Tabel 8: Dependent Variable Encoding

Dependent Variable Encoding	
Original Value	Internal Value
Credit Rejected	0
Credit Accepted	1

Source: Data Processed 2013

1. Assessing Overall Model Fit

The initial step used in this analysis to assess the overall fit statistic data models that are used in the likelihood function (-2log Likelihood). The hypothesis used in this model are:

H_0 : the hypothesized model fits the data

H_1 : the hypothesized model does not fit the data

From the results of logistic regression with 90% confidence level ($\alpha = 0.1$) gives two values -2log Likelihood, first for models that only include constants, while the second contains the constants and variables in the model as a whole. For the analysis of the first -2log Likelihood values obtained 110.293 are shown in Table 9.

Tabel 9: Iteration History^{a,b,c}

Iteration History ^{a,b,c}			
Iteration		-2 Log likelihood	Coefficients
			Constant
Step 0	1	110.293	.882
	2	110.214	.946
	3	110.214	.947

Source: Data Processed 2013

Then for the result-2log Likelihood latter obtained a value of 71.598 as shown in Table 10 with value-2log Likelihood large enough it can be concluded that all the variables in this study can be incorporated into the model.

Tabel 10: Model Summary

Model Summary			
Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	71.598 ^a	.340	.489

Source: Data Processed 2013.

Table 10 also shows the coefficient of determination being used to determine how much a variable - the independent variable is able to explain the variability of the dependent variable. The coefficient of determination for this model is shown through the Nagelkerke R^2 value of 0.489. This means that the variability of the dependent variables that can be explained by the independent variables consist of the credit collateral value, type of business, firm age, sales revenue and net income. The other one is the influence of other variables that are not incorporated into the model.

2. Eligibility Testing Regression Models

Next is testing the eligibility of the logistic regression model used in this study.

This test uses Hosmer and Lameshow's Goodness of Fit Test. Hypothetical criteria used are:

H_0 is rejected if the value is < 0.1

H_0 is accepted if the value is > 0.1

Table 11: Hosmer and Lameshow Test

Hosmer and Lemeshow Test			
Step	Chi-square	df	Sig.
1	9.169	8	.328

Source: Data Processed 2013

On testing Hosmer and Lameshow in Table 11 shows the value of 9.169 counts with a significance value of 0.328 and the value obtained for comparison Chi square table with 8 degrees of freedom at 15.507. Because value of Chi square count smaller than value of Chi square table ($9.169 < 15.507$) and value significance greater than alpha 5% ($0.328 > 0,050$), then it can be concluded that the model of who used has a probability predictions the same with a probability which observed so that can is said that the this model feasible used.

3. Hypothesis Testing

Testing this hypothesis serves to see whether the independent variables consist of the credit collateral value, type of business, firm age, sales revenue and net income have an influence on the analysis of SME lending decisions. Tests conducted using the Wald test to test each of the independent variables with the following hypothesis:

$$H_0 : \beta_j = 0 \text{ for, } j = 0, 1, \dots, p$$

$$H_0 : \beta_j \neq 0$$

H_0 rejected if W_j statistics follow a normal distribution (Z), if the value of $W_j > Z_{\alpha/2}$ two-tailed p-value of the statistic W_j smaller than the real level ($\alpha = 0.1$) then the decision is to reject H_0 means the k predictor variables affects real or significant impact on the response variable.

Tabel: 12 Variables in the Equation

Variables in the Equation							
		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a	X1	-1.862	.502	13.738	1	.000	.155
	X2(1)	-2.769	.957	8.372	1	.004	.063
	X3	2.633	.932	7.980	1	.005	13.909
	X4	1.144	.422	7.354	1	.007	3.138
	X5	1.040	.363	8.214	1	.004	2.828
	Constant	-1.867	4.922	.144	1	.704	.155

Source: Data Processed 2013

Processing the data in Table 12 show that the Wald test results for each variable are as follows:

a. Variable Value Credit Guarantee (X1)

Of the Wald test is done the figure Sig. of 0.000 which is smaller than 0,050. So, variable X1 is significant.

b. Variable Type of Business (X2)

Of the Wald test is done the figure Sig. of 0.004 which is smaller than 0,050. So, variable X2 is significant.

c. Variable of Firm Age (X3)

Of the Wald test is done the figure Sig. of 0.005 which is smaller than 0,050. So, variable X3 is significant.

d. Variable Sales Revenue (X4)

Of the Wald test is done the figure Sig. of 0.007 which is smaller than 0,050. So, variable X4 is significant.

e. Variable Net Income (X5)

Of the Wald test is done the figure Sig. of 0.004 which is smaller than 0,050. So, variable X5 is significant.

Results of the test can be concluded that all variables be included in this study is a significant result. Based on the results of logistic regression coefficients in Table 12, it can be established a logistic regression equation is as follows:

$$\ln \frac{p}{1+p} = -1,867 - 1,862 X1 - 2,769 X2 + 2,633 X3 + 1,144 X4 + 1,040 X5$$

The equation can be determined from the magnitude of the probability of respondents, based on the results of the analysis using SPSS (Statistical Product Service Solution) release 17.00 it can be seen the probability of respondents overall. Has a significance value of 0.704 and more than 5% alpha ($0.704 < 0.050$) the respondent is included in the distribution of the respondents who received the Small Medium Enterprise (SME). If the probability is $> 0,050$ respondents were then grouped the respondents were dismissed on the distribution of Small Medium Enterprise (SMEs), as well as when it is done until the last respondent. The results of the probability of each respondent and the distribution of opportunities to show

Table 13: Classification Table

Source: Data Processed 2013.

D. Research Discussion

From the analysis of the data above shows that the independent variables in the model have a significant effect on the probability of the decision to giving credit SMEs consisting of the credit collateral value, type of business, firm age,

sales revenue and net income. Discussion of research on the probability of acceptable in giving credit SMEs and the variables which have a dominant influence in giving credit SMEs.

1. The influence of Credit Collateral Value, Type of Business, Firm Age, Sales Revenue and Net Income on The Probability of Acceptable in Giving Credit Small Medium Enterprises (SMEs)

This section will explain how the variables influence the research consists of the credit collateral value, type of business, firm age, sales revenue and net income on the probability of acceptable in giving credit Small Medium Enterprises (SMEs).

2. The Influence of Credit Collateral Value in Giving Credit Small Medium Enterprises (SMEs)

Variable X1 (Credit Collateral Value) has a significance value of 0.000 and less than 5% alpha ($0.000 < 0.050$), it can be concluded that the variables X1 (Credit Collateral Value) gives a noticeable effect on the response variable (bank loan) with a limit an error rate of 5%. Coefficient value of -1.862 is negative and stated that the influence of the variable X1 (Credit Collateral Value) of the response variable (bank) is negative or in other words that banks will tend to give credit if X1 value is higher than the value of the proposed loan. So the higher the value of collateral than the amount of the proposed loan, then the bank will consider it to be accepted.

The existence of significant influence can be said that the credit collateral value can show the size of the guarantee provided prospective customers into banks consideration to provide credit. Indeed, it is not merely to be the cause of the debtor will not be can meet its obligations, but when its revenue decline, of course this will burden the debtor in paying the loan installments. According to Fransiscus Haloho (Suyatna, 2007) stated credit collateral is a guarantee that affect the smooth lines of credit because of the greater value of the guarantees given the debtor at the time of acceptance of the credit, the credit will be seriousness in restoring order to guarantee the higher the return. Existence the value of credit guarantees as a measure of credit guarantees to secure the repayment of the credit if the debtor cannot fulfill the agreement that has been agreed upon. Object disbursement of loan collateral proceeds expected to be used to pay off debts debtor to the bank. Creditors just assess the security object to determine the value (price). Based on some of the economic aspects related to object credit guarantees, as mentioned above it can be concluded about the feasibility of economically object credit guarantees. In connection with that the banks should do everything possible to find out the actual economic value that can be accounted for on every object credit guarantees proposed by the prospective customer. In establishing the value of credit assurances, the bank should not be overly guided by the price (value) mentioned (applied) by the loan applicant. This is to prevent the occurrence of price bubbles is then problematic for banks and bank officers because they had hurt the bank. Prospective borrowers always tries to inflate the price (value) object filing credit guarantees to banks and therefore,

banks are required to vote fairly in accordance with the bank's internal regulations. Bank is also one of the implementation of the principle of prudence in giving credit.

3. The Influence of Type of Business in Giving Credit Small Medium Enterprises (SMEs)

X2 (Types of Business) has a significance value of 0.004 and less than 5% alpha ($0.004 < 0.050$), it can be concluded that the variable X2 (Types of Business) provides a marked influence on the response variable (bank) to limit error rate by 5%. Coefficient value of -2.769 and a negative sign states that the effect of the variable X2 (Types of Business) of the response variable (bank) is negative or in other words the higher value of X2 can affect lending decisions. Highest value of X2 is 1 which is the type of business trade. Type of business in the field of trade is prioritized because it is considered to have better future prospects than the type of business in non-trade areas, in addition to the type of business in the field of trade has less risk than other types of businesses in non-trade areas.

4. The Influence of Firm Age in Giving Credit Small Medium Enterprises (SMEs)

X3 (Firm Age) has a significance value of 0.005 and less than 5% alpha ($0.005 < 0.050$), it can be concluded that the variable X3 (Firm Age) providing any real effect on the response variable (the bank) to limit error rate of 5%. Coefficient value of 2.633 is positive and stated that the influence of the variable X3 (Firm Age) to the response variable (bank) is positive or in other words that the bank

would likely issue a decision to provide the loan along with the value of X3 (Firm Age) which is increasingly high. Firm age have a positive impact on the continuity of the work done. One's ability to generate revenue depends on a long business sector (Reed & Gill, 2005:186). It can be concluded that the longer the run the debtor's business, then the bank can give the decision to giving credit.

5. The Influence of Sales Revenue in Giving Credit Small Medium Enterprises (SMEs)

Variable X4 (Sales Revenue) has a significance value of 0.007 and less than 5% alpha ($0.007 < 0.050$), it can be concluded that the variable X4 (Sales Revenue) gives a noticeable effect on the response variable (bank loan) with a limit of error rate by 5%. Coefficient value of 1.144 is positive and stated that the effect of variable X4 (Sales Revenue) on the response variable (bank) is positive or in other words that the bank would likely issue a decision to provide loans in line with the value of X4 (Sales Revenue) is the higher.

The existence of significant influence can be said that the sales revenue can be measured by business conditions, income of the business which can reflect the level of liquidity and probability of business. Customer who has high revenue from selling, showed that the demand of product or services is high and have good prospect. The high revenue from selling product and services means that the business has grown well.

6. The Influence of Net Income in Giving Credit Small Medium Enterprises (SMEs)

Variable X5 (Net Income) has a significance value of 0.004 and less than 5% alpha ($0.004 < 0.050$), it can be concluded that the variables X5 (Net Income) providing any real effect on the response variable (bank loan) with a limit of error rate by 5%. Coefficient value of 1.040 and is positive states that the effect of the variable X5 (Net Income) of the response variable (bank lending) is positive or in other words that the bank would likely issue a decision to provide loans in line with the value of X5 (Net Income) which higher. The existence of significant influence can be said that the net income directly support the financial ability possessed prospective customers, which directly affects the ability to process credit returns. According to Francis Haloho (Suyatna, 2007) states that the expected sales of the positive effect of the credit for the smooth return of the higher net income will be higher chance to repay the loan in accordance with a predetermined schedule bank at the time the credit agreement. It also states that in relation to ability and the ability of borrowers to repay the principal along with interest and other terms of the credit agreement.

CHAPTER V

CONCLUSION AND SUGGESTION

A. Conclusions

Based on the results of the study “Bank Decision Factors in Giving Credit Small Medium Enterprises (SMEs)” (Case Study at PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang) and the discussion that has been done, it can be concluded that the partial variable credit collateral value, type of business, firm age, sales revenue and net income have significant effect on the probability in giving credit Small Medium Enterprises (SMEs) in the PT. Bank Rakyat Indonesia (Persero) Tbk Unit Office Klojen Malang as follows:

1. Variable credit collateral value it can be said that the influence of variable collateral against the credit decision SME and shows the size of the guarantees given to the prospective customer into consideration the bank to extend credit. With a coefficient of -1.862 makes the variable credit collateral value to be a variable that has a significant influence in making decision to giving credit Small Medium Enterprises (SMEs). With coefficient value is negative, in other words that banks will tend to give credit if X1 value is higher than the value of the proposed loan. So the higher the value of

collateral than the amount of the proposed loan, then the bank will consider it to be accepted.

2. Variable types of businesses it can be said that the effect between the variable types of businesses to SME lending decisions, which in accordance with the policies and provisions of the bank and has been agreed by both parties. With a coefficient of -2.769 make variable types of businesses to be a variable that has a significant influence in making decision to giving credit Small Medium Enterprises (SMEs). With coefficient value is negative, in other words the higher value of X2 can affect lending decisions. Highest value of X2 is 1 which is the type of business trade. Type of business in the field of trade is prioritized because it is considered to have better future prospects than the type of business in non-trade areas, in addition to the type of business in the field of trade has less risk than other types of businesses in non-trade areas.
3. Variable firm age can be said to have a significant impact on lending decisions Small and Medium Enterprises (SMEs), where it is a barometer of how the ability of borrowers to manage their business, because the longer their business, the experience and the ability to manage their business will increase, in addition to the old business bias is also a picture of the endurance competition in the world. So that when business borrowers are progressing then this will greatly affect his credit. With a coefficient value of 2.633

makes variable firm age to be a variable that has a significant influence in making decision to giving credit Small Medium Enterprises (SMEs).

4. Variable sales revenue can be said to affect sales revenue between variable lending decision to small and medium enterprises (SMEs) which are directly measured by business conditions, income of the business which can reflect the level of liquidity and probability of business. Customer who has high revenue from selling, showed that the demand of product or services is high and have good prospect. With a coefficient of 1.144 make variable sales revenue to be a variable that has a significant influence in making decision to giving credit Small Medium Enterprises (SMEs).
5. Variable net income can be said to affect net income between variable lending decisions to small and medium enterprises (SMEs) which are directly owned by financially supporting the ability of borrowers, and this will greatly affect the ability of the credit repayment process. With a coefficient value of 1.040 makes variable net income to be a variable that has a significant influence in making decision to giving credit Small Medium Enterprises (SMEs).

B. Suggestions

1. For Customers

- a. In an effort to provide assurance that the proposed credit is accepted by the bank the requirements associated with any form of credit application procedures must be met.
- b. Customers are expected to always provide data in accordance with the identity-owned banks that process can be carried out in accordance with the expectations of the customer and the bank.

2. For Others

- a. For academics who are interested in continuing this research is expected to enhance by using other variables that affect the decision of the bank in lending Small and Medium Enterprises (SMEs) in the hope of this study to further develop and expand their horizons. Expected for the next researcher to analyze the micro or macro so that the process can be run in accordance with banking regulations expected.

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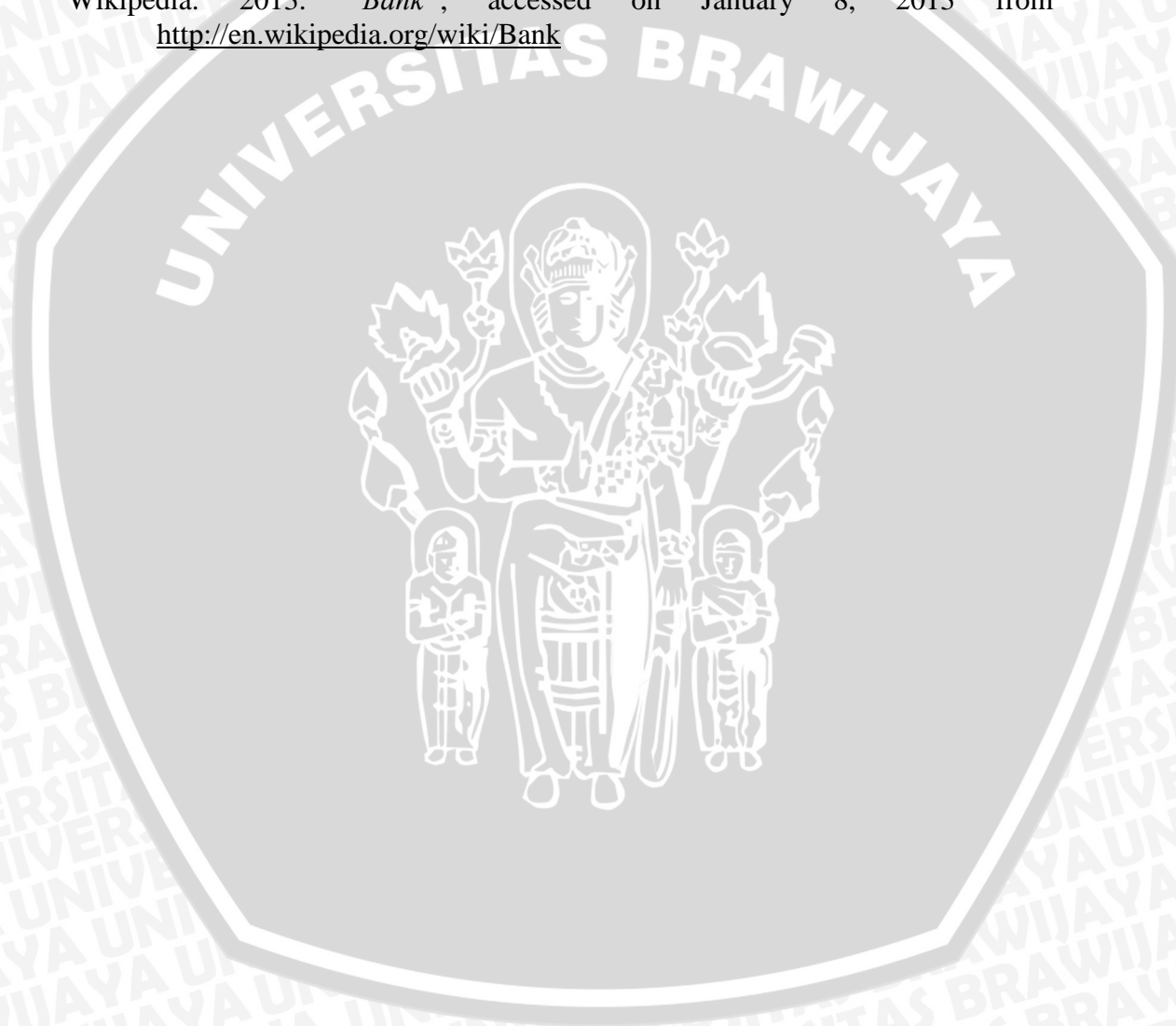
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APPENDIX 1

THE DATA OF RESPONDENTS

NO	X1	X2	X3	X4	X5	Y
1	40,000,000	1	4	6,000,000	1,800,000	0
2	8,000,000	1	3	5,850,000	1,755,000	0
3	11,000,000	1	3	65,750,000	17,250,000	1
4	7,000,000	1	3	63,500,000	10,500,000	1
5	90,000,000	1	8	75,000,000	4,500,000	1
6	80,000,000	1	5	67,500,000	2,250,000	1
7	120,000,000	1	6	88,075,000	8,422,500	1
8	95,000,000	1	7	85,000,000	7,500,000	1
9	10,000,000	1	3	61,750,000	3,525,000	1
10	15,000,000	0	7	69,000,000	2,700,000	1
11	135,800,000	1	3	36,000,000	10,800,000	0
12	120,000,000	1	7	37,000,000	29,100,000	0
13	70,000,000	1	5	7,800,000	2,340,000	0
14	7,000,000	1	9	7,875,000	2,362,500	1
15	90,000,000	0	3	37,840,000	11,352,000	0
16	11,000,000	1	3	12,000,000	3,600,000	1
17	16,000,000	1	3	9,500,000	2,850,000	1
18	17,000,000	1	5	6,500,000	1,950,000	1
19	65,000,000	1	12	60,000,000	18,000,000	1
20	5,000,000	1	4	4,025,000	1,207,500	0
21	17,000,000	1	6	57,757,000	17,327,100	1
22	16,000,000	1	5	22,000,000	6,600,000	1
23	15,000,000	1	3	9,000,000	2,700,000	1
24	125,000,000	1	8	28,000,000	8,400,000	1
25	80,000,000	1	3	44,250,000	13,275,000	0
26	85,000,000	1	2	35,000,000	10,500,000	0
27	10,000,000	1	3	8,000,000	2,400,000	1
28	16,000,000	1	3	11,500,000	3,450,000	1
29	15,000,000	1	2	8,750,000	2,625,000	1
30	9,000,000	1	5	10,225,000	3,067,500	1
31	102,000,000	0	4	7,550,000	2,265,000	0
32	15,000,000	1	6	29,000,000	8,700,000	1
33	90,000,000	1	9	105,000,000	31,500,000	1
34	11,000,000	1	4	6,700,000	2,010,000	1

35	150,000,000	1	8	103,805,000	31,141,500	1
36	16,000,000	1	4	13,150,000	3,945,000	1
37	16,000,000	1	3	29,000,000	8,700,000	1
38	167,000,000	1	15	98,750,000	29,625,000	1
39	140,000,000	0	4	20,850,000	6,255,000	0
40	187,000,000	1	5	30,300,000	9,090,000	1
41	80,000,000	1	5	25,700,000	7,710,000	1
42	75,000,000	1	3	17,000,000	5,100,000	1
43	10,000,000	1	5	2,750,000	825,000	0
44	200,000,000	1	6	60,750,000	18,225,000	1
45	15,000,000	1	3	25,625,000	7,687,500	0
46	10,000,000	1	4	6,500,000	1,950,000	0
47	105,000,000	1	8	60,000,000	18,000,000	1
48	10,000,000	1	3	8,000,000	2,400,000	0
49	12,000,000	1	5	23,600,000	7,080,000	1
50	7,000,000	1	4	6,300,000	1,890,000	1
51	12,000,000	1	4	33,000,000	9,900,000	1
52	15,000,000	1	5	26,250,000	7,875,000	1
53	11,000,000	1	6	24,500,000	7,350,000	1
54	15,000,000	1	5	17,000,000	5,100,000	1
55	11,000,000	1	6	10,500,000	3,150,000	1
56	16,000,000	1	4	33,250,000	9,975,000	1
57	11,000,000	1	4	10,500,000	3,150,000	1
58	98,000,000	1	8	28,750,000	8,625,000	1
59	90,000,000	1	6	12,000,000	3,600,000	1
60	125,000,000	0	3	23,000,000	6,900,000	0
61	75,000,000	1	6	39,000,000	11,700,000	1
62	165,000,000	1	5	105,000,000	31,500,000	1
63	8,000,000	1	3	18,250,000	5,475,000	0
64	90,000,000	0	4	12,900,000	3,870,000	0
65	90,000,000	1	4	11,500,000	3,450,000	0
66	75,000,000	0	5	29,350,000	8,805,000	0
67	80,000,000	1	6	25,000,000	7,500,000	1
68	150,000,000	0	5	173,255,000	51,976,500	0
69	80,000,000	1	8	160,303,000	48,090,900	1
70	80,000,000	0	6	122,230,100	36,669,039	1
71	100,000,000	0	5	18,750,000	5,625,000	0
72	150,000,000	0	8	2,500,000	750,000	0
73	225,000,000	1	4	182,364,400	54,709,320	1
74	140,000,000	1	5	179,875,900	53,962,770	1
75	100,000,000	1	6	156,300,200	46,890,060	1

76	265,000,000	1	4	200,890,500	60,267,150	1
77	130,000,000	0	7	140,673,600	42,202,080	1
78	100,000,000	1	6	201,098,000	60,329,400	1
79	100,000,000	1	3	273,540,200	82,062,045	1
80	100,000,000	1	2	62,300,230	18,690,069	1
81	100,000,000	1	3	141,312,300	42,393,690	0
82	120,000,000	0	9	159,360,200	47,808,060	1
83	275,000,000	1	8	137,980,300	50,394,090	0
84	90,000,000	1	3	112,203,100	33,660,930	1
85	120,000,000	1	4	128,990,700	38,697,210	0
86	220,000,000	1	6	198,540,200	59,562,045	1
87	255,000,000	0	8	230,200,900	69,060,264	1
88	16,000,000	1	5	62,320,000	3,696,000	1
89	14,000,000	1	8	63,150,000	3,945,000	1
90	10,000,000	1	2	69,250,000	2,775,000	1
91	16,000,000	1	7	69,750,000	2,925,000	1
92	19,000,000	0	5	62,350,000	3,705,000	1
93	17,000,000	0	6	60,000,000	3,000,000	1



APPENDIX 2

THE DATA OF RESPONDENTS WITH LOG N (LN)

NO	X1	X2	X3	X4	X5	Y
1	17.50	1	1.386	14.33	14.40	0
2	15.90	1	1.099	12.54	14.38	0
3	16.21	1	1.099	12.54	14.36	1
4	15.76	1	1.099	12.25	13.86	1
5	18.32	1	2.079	15.02	15.32	1
6	18.20	1	1.609	14.55	14.63	1
7	18.60	1	1.792	14.55	15.95	1
8	18.37	1	1.946	15.02	15.83	1
9	16.12	1	1.099	12.25	15.08	1
10	16.52	0	1.946	12.94	14.81	1
11	18.73	1	1.099	14.55	16.20	0
12	18.60	1	1.946	14.84	17.19	0
13	18.06	1	1.609	14.44	14.67	0
14	15.76	1	2.197	12.43	14.68	1
15	18.32	0	1.099	14.44	16.25	0
16	16.21	1	1.099	12.94	15.10	1
17	16.59	1	1.099	13.35	14.86	1
18	16.65	1	1.609	13.35	14.48	1
19	17.99	1	2.485	14.19	16.71	1
20	15.43	1	1.386	12.25	14.00	0
21	16.65	1	1.792	13.35	16.67	1
22	16.59	1	1.609	13.35	15.70	1
23	16.52	1	1.099	12.94	14.81	1
24	18.64	1	2.079	14.84	15.94	1
25	18.20	1	1.099	12.94	16.40	0
26	18.26	1	0.693	13.86	16.17	0
27	16.12	1	1.099	12.65	14.69	1
28	16.59	1	1.099	13.35	15.05	1
29	16.52	1	0.693	13.16	14.78	1
30	16.01	1	1.609	12.65	14.94	1
31	18.44	0	1.386	14.65	14.63	0
32	16.52	1	1.792	12.94	15.98	1
33	18.32	1	2.197	15.65	17.27	1
34	16.21	1	1.386	12.94	14.51	1

35	18.83	1	2.079	14.84	17.25	1
36	16.59	1	1.386	13.35	15.19	1
37	16.59	1	1.099	13.35	15.98	1
38	18.93	1	2.708	15.24	17.20	1
39	18.76	0	1.386	14.55	15.65	0
40	19.05	1	1.609	14.81	16.02	1
41	18.20	1	1.609	14.19	15.86	1
42	18.13	1	1.099	13.86	15.45	1
43	16.12	1	1.609	12.25	13.62	0
44	19.11	1	1.792	14.84	16.72	1
45	16.52	1	1.099	13.35	15.86	0
46	16.12	1	1.386	12.25	14.48	0
47	18.47	1	2.079	14.55	16.71	1
48	16.12	1	1.099	12.25	14.69	0
49	16.30	1	1.609	12.65	15.77	1
50	15.76	1	1.386	12.25	14.45	1
51	16.30	1	1.386	12.94	16.11	1
52	16.52	1	1.609	13.12	15.88	1
53	16.21	1	1.792	12.94	15.81	1
54	16.52	1	1.609	12.94	15.45	1
55	16.21	1	1.792	12.94	14.96	1
56	16.59	1	1.386	12.72	16.12	1
57	16.21	1	1.386	12.25	14.96	1
58	18.40	1	2.079	12.25	15.97	1
59	18.32	1	1.792	13.63	15.10	1
60	18.64	0	1.099	13.86	15.75	0
61	18.13	1	1.792	14.04	16.28	1
62	18.92	1	1.609	14.84	17.27	1
63	15.90	1	1.099	12.94	15.52	0
64	18.32	0	1.386	14.19	15.17	0
65	18.32	1	1.386	13.63	15.05	0
66	18.13	0	1.609	14.19	15.99	0
67	18.20	1	1.792	14.44	15.83	1
68	18.83	0	1.609	15.77	17.77	0
69	18.20	1	2.079	15.51	17.69	1
70	18.20	0	1.792	15.24	17.42	1
71	18.42	0	1.609	14.89	15.54	0
72	18.83	0	2.079	17.08	13.53	0
73	19.23	1	1.386	16.84	17.82	1
74	18.76	1	1.609	15.71	17.80	1
75	18.42	1	1.792	15.58	17.66	1

76	19.40	1	1.386	14.84	17.91	1
77	18.68	0	1.946	15.71	17.56	1
78	18.42	1	1.792	15.77	17.92	1
79	18.42	1	1.099	15.65	18.22	1
80	18.42	1	0.693	14.96	16.74	1
81	18.42	1	1.099	12.10	15.56	0
82	18.60	0	2.197	15.58	17.68	1
83	19.43	1	2.079	12.84	17.74	0
84	18.32	1	1.099	15.77	17.33	1
85	18.60	1	1.386	12.58	17.47	0
86	19.21	1	1.792	15.94	17.90	1
87	19.36	0	2.079	14.84	18.05	1
88	16.59	1	1.609	13.35	15.12	1
89	16.46	1	2.079	14.94	15.19	1
90	16.12	1	0.693	14.94	14.84	1
91	16.59	1	1.946	12.94	14.89	1
92	16.76	0	1.609	13.47	16.13	1
93	16.65	0	1.792	13.35	16.91	1



APPENDIX 3

THE RESULT OF SPSS

Case Processing Summary

Unweighted Cases ^a		N	Percent
Selected Cases	Included in Analysis	93	100.0
	Missing Cases	0	.0
	Total	93	100.0
Unselected Cases		0	.0
Total		93	100.0

a. If weight is in effect, see classification table for the total number of cases.

Dependent Variable Encoding

Original Value	Internal Value
Credit Rejected	0
Credit Accepted	1

Categorical Variables Codings

		Frequency	Parameter coding
			(1)
X2	Non Trade	16	1.000
	Trade	77	.000

Block 0: Beginning Block

Iteration History^{a,b,c}

Iteration		-2 Log likelihood	Coefficients
			Constant
Step 0	1	110.293	.882
	2	110.214	.946
	3	110.214	.947

a. Constant is included in the model.

b. Initial -2 Log Likelihood: 110.214

c. Estimation terminated at iteration number 3 because parameter estimates changed by less than .001.

Classification Table^{a,b}

Observed			Predicted		Percentage Correct
			Y		
			Credit Rejected	Credit Accepted	
Step 0	Y	Credit Rejected	0	26	.0
		Credit Accepted	0	67	100.0
Overall Percentage					72.0

a. Constant is included in the model.

b. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 0	Constant	.947	.231	16.784	1	.000	2.577

Variables not in the Equation

	Score	df	Sig.
Step 0 Variables X1	1.724	1	.189
X2(1)	7.680	1	.006
X3	6.577	1	.010
X4	.715	1	.398
X5	3.269	1	.071
Overall Statistics	32.393	5	.000

Block 1: Method = Enter

Iteration History^{a,b,c,d}

			Coefficients					
			Constant	X1	X2(1)	X3	X4	X5
Iteration		-2 Log likelihood						
Step 1	1	79.009	.776	-1.011	-1.407	1.253	.536	.546
	2	72.543	-.479	-1.527	-2.183	2.086	.889	.837
	3	71.629	-1.586	-1.797	-2.651	2.530	1.094	1.000
	4	71.598	-1.856	-1.859	-2.764	2.628	1.142	1.038
	5	71.598	-1.867	-1.862	-2.769	2.633	1.144	1.040
	6	71.598	-1.867	-1.862	-2.769	2.633	1.144	1.040

a. Method: Enter

b. Constant is included in the model.

c. Initial -2 Log Likelihood: 110.214

d. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

Omnibus Tests of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step	38.616	5	.000
	Block	38.616	5	.000
	Model	38.616	5	.000

Model Summary

		Cox & Snell R Square	Nagelkerke R Square
Step	-2 Log likelihood		
1	71.598 ^a	.340	.489

a. Estimation terminated at iteration number 6 because parameter estimates changed by less than .001.

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	9.169	8	.328

Contingency Table for Hosmer and Lemeshow Test

		Y = Credit Rejected		Y = Credit Accepted		Total
		Observed	Expected	Observed	Expected	
Step 1	1	9	8.145	0	.855	9
	2	5	5.605	4	3.395	9
	3	2	3.871	7	5.129	9
	4	5	3.107	4	5.893	9
	5	1	2.084	8	6.916	9
	6	1	1.317	8	7.683	9
	7	2	.881	7	8.119	9
	8	0	.557	9	8.443	9
	9	1	.310	8	8.690	9
	10	0	.123	12	11.877	12

Classification Table^a

Observed			Predicted		
			Y		Percentage Correct
			Credit Rejected	Credit Accepted	
Step 1	Y	Credit Rejected	14	12	53.8
		Credit Accepted	4	63	94.0
	Overall Percentage				82.8

a. The cut value is .500

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1 ^a	X1	-1.862	.502	13.738	1	.000	.155
	X2(1)	-2.769	.957	8.372	1	.004	.063
	X3	2.633	.932	7.980	1	.005	13.909
	X4	1.144	.422	7.354	1	.007	3.138
	X5	1.040	.363	8.214	1	.004	2.828
	Constant	-1.867	4.922	.144	1	.704	.155

a. Variable(s) entered on step 1: X1, X2, X3, X4, X5.



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- 2013 : Internship Report The Systems and Procedures of
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- 2013 : Undergraduate Thesis Bank's Decision Factor
Analysis in Giving Credit Small Medium
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