Neo Journal of Economy and Social Humanities (NEJESH) **ISSN: 2828-6480**
Volume 3, Issue 4, 2024.
pp. 324-335 http://dx.doi.org/10.56403/nejesh.v3i4.244

Management of Bad Loans and Their Impact on Financial Performance at KSP Kopdit Suru Pudi Koting

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Article Information

Article History
Received, 10 February, 2025
Revised, 3 March, 2025
Accepted, 5 March, 2025
Published, 5 March, 2025

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ABSTRACT

This study aims to determine the management of bad loans and their impact on financial performance at KSP Kopdit Suru Pudi Koting. Descriptive qualitative data is used in this study. The qualitative data used in this study were obtained through interviews and observations. This interview was conducted with 1 administrator, 3 employees, and 1 General Manager at KSP Kopdit Suru Pudi Koting. The data used are data on the number of bad loans and data on the impact on financial performance. The results of the study show that KSP Kopdit Suru Pudi has implemented various strategies for managing bad loans, including rescheduling, routine collection, and good communication with members. Bad loans have a significant impact on the financial performance of cooperatives, especially in terms of assets and Residual Operating Results (SHU). KSP Kopdit Suru Pudi has recorded bad loans by separating the categories of current and non-current receivables in financial statements. Provisions for receivables loss reserves are also made to anticipate potential losses due to bad loans.

Keywords: Bad Loans, Financial Performance, Savings and Loan Cooperatives.

1. INTRODUCTION

A cooperative is a business entity consisting of individuals or a cooperative legal entity based on the principle of cooperatives as well as a people's economic movement based on the principle of kinship. Cooperatives are business entities based on Pancasila and the 1945 Constitution. According to the Constitution of the Republic of Indonesia Number 25 of 1992 concerning cooperatives, a cooperative is a business entity consisting of a person or a legal entity of a cooperative based on its activities based on the principle of cooperatives as well as a people's economic movement based on the principle of kinship. According to Constitution Number 25 of 1992 Article 3 of Cooperatives aims to advance the welfare of members in particular and society in general and participate in building the national economic order to realize an advanced, fair, and prosperous society based on

Pancasila and the 1945 Constitution. There are several types of cooperatives in Indonesia, one of which is the Savings and Loan Cooperative (KSP).

KSP Kopdit Suru Pudi Koting is a financial institution that is a partner of Nusa Nipa Maumere University. Kopdit Suru Pudi Savings and Loan Cooperative (KSP) is one of the non-banking financial institutions established on January 1, 1974, and incorporated on February 16, 1998, with Legal Entity Number 83/BH/KWK-24/II/1998 which is located in Wajongaur - Koting B Village, Koting District, Sikka Regency. The Suru Pudi Cooperative is one of the Savings and Loan Cooperatives (KSP) that in its business field provides loans or credit for its members and distributes the funds as loans to members. The activity carried out by the Savings and Loan Cooperative (KSP) is to collect funds from members.

Members' deposits at KSP Kopdit Suru Pudi Koting are, a number of funds collected from members in the form of stock deposits (compulsory deposits, principal deposits, voluntary), non-shares (sibuhar, sidandik, sisuka, simada, sihartu) and other income (book sales, stamp sales, tent rentals, admin withdrawal savings), then from the funds are redistributed to members in the form of credit or loans with relatively small loan interest. Loan is a type of debt provided by a financial institution, cooperatives have provisions in applying for a loan, namely, must be a member of the cooperative for at least 3 months where a certain amount of money is provided to be lent to the debtor, usually with loan interest. Based on the loan agreement, the debtor is required to pay off the loan debt along with the loan interest that has been determined in stages within a certain period. The form of loan that is more than Rp.5,000,000,- must use collateral in the form of shares and land certificates. The following is KSP Kopdit Suru Pudi Koting loan data.

Table 1 KSP Kopdit Suru Pudi Koting Loan Data

Year	Number of Borrowers	Loan Amount
2019	777	7.639.200.000
2020	665	5.709.600.000
2021	805	9.402.640.000
2022	801	8.490.550.000
2023	665	5.967.350.000

Data Source: KSP Kopdit Suru Pudi Koting Data, 2024

Based on the data from Table 1 above, it can be seen that the number of loans for KSP Kopdit Suru Pudi Koting for 5 years, in 2019, the number of loans was 7,639,200,0000 with a total of 777 borrowers, in 2020 the number of loans decreased by 5,709,600,000 with the number of borrowers 665, in 2021 the number of loans increased by 9,402,640,000 with 805 borrowers, in 2022 the number of loans decreased by 8,4900,550,000 with the number of borrowers 801, And in 2023 it decreased again by 5,967,350,000 with a total of 665 borrowers. The loans provided are certainly hampered by uncollectible loans or bad loans.

Bad credit is something that is very often found or often occurs in every cooperative that operates. Bad loans or non-performing financing are financing conditions in which there are deviations or terms of lending agreed upon in the repayment of the financing so that there is a delay, juridical action is required, or it is suspected that there is a possibility of potential loss (Arisandi et al., 2023). The following is data on bad credit for KSP Kopdit Suru Pudi Koting:

Table 2 Bad Credit Data of KSP Kopdit Suru Pudi Koting

Year	Number of Borrowers	Number of Bad Credit Members	Bad Credit Amount
2019	777	661	5.428.726.799
2020	665	760	6.409.050.445
2021	805	422	8.046.199.568
2022	801	431	9.512.806.657
2023	665	934	5.693.919.089

Data Source: KSP Kopdit Suru Pudi Koting Data, 2024

Based on the table above, it can be seen that the number of delinquents in Kopdit Suru Pudi Koting is quite large for a CU without branches and fluctuates (up and down). In 2019 the number of bad loans was 5,428,726,799, in 2020 the number of bad loans increased by 6,409,050,445, in 2021 it increased by 8,046,199,568, in 2022 it also increased again by 9,512,806,657, due to the large disbursement of loans in 2021 so that until 2022 there was an increase in the number of bad loans, because it was carried over from the previous year calculated by loan interest which every month was increasing, Each member must also have different loans, some have large loans and some have small loans, so even though the number of borrowers is small, if the loan amount is large, the amount of bad credit will be large. Bad loans in 2023 decreased by IDR 5,693,919,089.

It can be seen from the table above that the number of bad loans increases more often every year and in certain years will also decrease. This kind of thing needs to be considered again because interest income from credit loans is the largest income of the cooperative to finance the operational activities of the cooperative Bad credit can arise because, having a problem from the cooperative itself, namely the lack of precision from the cooperative in providing credit to each member of the borrower, in addition to that there is a weakness in the supervision section in applying for credit or loans, and credit guarantees that are quite binding and communication with members. As for the members themselves, namely the existence of disasters that befall members due to the deterioration of economic conditions or the business field in which the member runs them, there are also problems in the family, such as the death of a biological member, prolonged illness that makes members suffer economically and also the bad character of members who have indeed from the beginning of borrowing already have the intention or plan not to return credit or loans.

Previous research conducted by Muhhamad Arsyad, et al. (2022) with the research title "The Effect of Interest Rates, Inflation, and Non-Performing Loans on Credit Provision and Its Impact on Financial Performance in Banking Companies Listed on the Indonesia Stock Exchange" The purpose of this study is to determine the influence of inflation, interest rates, and non-performing loans on credit provision and their impact on the financial performance of banking companies listed on the stock exchange Indonesian effect. The results of the study found that Interest rates and inflation did not have a significant impact on credit provision, and non-performing loans hurt credit provision for the first channel. Meanwhile, for the second path, interest rates and inflation were found to have no significant effect on the financial performance of banking companies listed on the Indonesia Stock Exchange.

Yuyun Ibrahim with the title "The Effect of Bad Loans on Financial Performance in Financing PT. Mandiri Utama Finance Palopo Branch" The purpose of this study is to find out whether the variable of bad loans or Non-Performing Loans (NPL) affects financial performance or Return On Equity (ROE). The results of this study show that bad loans have a positive effect on economic performance or Return On Equity (ROE). Brigita Yustika Sari (2023) with the title "The Effect of Bad Loans and Liquidity Levels on the Financial

Performance of People's Credit Banks (BPR) in Tegal Regency for the 2020-2022 Period" The purpose of this study is to determine the effect of bad loans and liquidity levels on financial performance at People's Credit Banks in Tegal Regency. This research is also in line with the research conducted by Brigita Yustika Sari, which makes this research in line because it wants to find and find out bad loans and what impacts they have, while the difference with the research conducted by Muhhamad Arsyad, Sitti Hartati Haeruddin is that bad loans do not affect interest rates, inflation and do not affect financial performance.

Research on bad credit management and its impact on financial performance in Savings and Loan Cooperatives (KSP) has high relevance and urgency, especially in the context of KSP Kopdit Suru Pudi Koting. Bad loans are one of the main problems faced by microfinance institutions such as KSP, which can have a significant impact on the sustainability and financial performance of cooperatives. Sound financial performance is the foundation for the sustainability of KSP operations. Bad loans can interfere with the liquidity, profitability, and solvency of KSP, thereby affecting the cooperative's ability to provide services to its members. KSP has an important role in supporting the local economy by providing access to financing for the community, especially micro and small business actors. Effective management of bad loans will increase the effectiveness of the role of KSP in community economic empowerment.

This study will answer research questions regarding how to manage bad loans in KSP Kopdit Suru Pudi Koting and the impact of bad loans on financial performance. Bad credit management is part of risk management that must be carried out by KSP. This research is relevant in providing insight into effective credit risk management practices, which can be applied by KSP Kopdit Suru Pudi Koting and other KSPs. This study will provide empirical data on the impact of bad loans on the financial performance of KSP Kopdit Suru Pudi Koting. This data can be used as a basis for decision-making by KSP management and related parties. This research can contribute to the development of policies and regulations that support the management of bad loans in KSP.

2. LITERATURE REVIEW

Grand Theory

Agency theory explains that agency relationships arise when one or more people (principals) hire another person (agent) to carry out an activity and then delegate that decision-making authority to an agent (Jensen & Meckling, 2019). For the contractual relationship to run smoothly, the owner will delegate decision-making authority to the manager. An appropriate contract planning to resolve the interests of the manager and the owner in the event of a conflict of interest is the essence of agency theory. In cooperatives, the principal is a member who is the owner. The principal (member) gives a mandate and trust to the agent (management and management) to manage the cooperative. The goal is that agents can maximize their financial and principal potential to achieve ideal performance. From the perspective of bad loans, the principal expects that agents can manage bad loans effectively so that there are no financial losses to the cooperative.

Cooperatives and Savings and Loan Cooperatives

Cooperatives etymologically come from the word cooperation, which consists of the word co which means together and operation which means to work or try. So the word cooperation can be interpreted as working together or working together for the common good. The word "cooperative" comes from the word Cooperation (English) literally meaning cooperation, cooperation in order to achieve common goals for common interests and benefits.

According to Law No. 25 of 1992, a cooperative is defined as "A business entity consisting of a person or a cooperative legal entity based on its activities based on cooperative principles as well as a people's economic movement based on the principle of kinship". Based on the above understanding, a cooperative is a people's economic organization based on the principle of kinship to run a business, to enhance the physical welfare of its members and the community in general. Cooperatives are open to the public. Everyone regardless of class, stream, belief, or religion, can be accepted as a member of the cooperative. Cooperatives are one of the institutions that unite the underprivileged and economically disadvantaged, to work together to improve their fate and improve their living standards.

According to Suayanto and Nurhadi (2019), Savings and Loan Cooperatives are cooperatives that improve the welfare of their members with low-interest credit activities. The Savings and Loan Cooperative is one of the non-bank financial institutions that is tasked with providing community services, in the form of loans and money storage places for the community. Based on some of the above understandings, it can be concluded that the Savings and Loan Cooperative is an institution that has the task of being a place for the community to store funds and will be channeled back to the community in the form of providing loans.

Loans and Bad Loans

The term credit comes from the Latin word "credere" which means trust. It can be interpreted that credit is an activity carried out by a business entity to provide loans on the basis of trust. In the trust between the lender and the recipient of the credit, there must be an agreement that must be fulfilled, namely the obligations that have been agreed beforehand.

Credit According to Chadijah (2017) is an offer of money or bills that can be likened to, a loan agreement – borrowing between a bank and another party that the borrower makes to pay off a debt after a certain period with interest. According to Kasmir (2016), financing or credit is the provision of money that can be equated with it, based on an agreement or agreement between the bank and another party that obliges the financed party to return the money or bill after a certain period in exchange or profit sharing.

From some of the definitions of credit above, it can be concluded that credit is the provision of money loans based on trust from creditors that will be paid by the agreement between the borrower and the loan provider, as well as the terms and interest that have been set.

Bad credit is a condition in which a person is unable to pay or repay the credit by the due date. Bad loans are the part of non-performing loans where the debtor is unable to pay the minimum maturity or more than three months. Bad loans or non-performing financing is a condition where there is a deviation from the terms of lending agreed upon in the repayment of the financing so that there is a delay, juridical action is required or it is suspected that there is a possibility of potential loss. According to Riva (2013), bad loans are experiencing difficulties in resolving their obligations, both in the form of principal repayment of funds, interest payments, late fines, and bank charges that are the burden of the debtor concerned. This can affect various aspects including the income/profit and health of the financial institution.

Financial Performance

The performance of a company is how efficient and effective an organization is or how well it sets and achieves adequate goals. For investors, the information about the performance can be used to see if they will keep their investment. Financial performance According to Irham Fahmi (2018:2) is an analysis carried out to see the extent to which a company has implemented using financial implementation regulations properly and correctly The financial performance of a cooperative can be interpreted as the cooperative's ability to generate profits, return its business capital and its ability to finance its debts to finance assets. Meanwhile, Jumingan (2011) explained financial performance as an overview of the company's financial condition in a period as measured by the ratio of capital adequacy, liquidity, and profitability.

3. RESEARCH METHOD

In this study, descriptive qualitative data is used to collect data in the form of words or pictures, so that it does not emphasize numbers (Bogda and Biklen in Sugiyono, 2020:7). The data that has been collected after analysis is then described so that it is easy for others to understand. The qualitative data used in this study were obtained through interviews and observations, the qualitative research method is a research method used to research the natural condition of the object.

Primary data is a data source that directly provides data to data collectors. The data was collected by the researcher himself directly from the first source or place where the research object was carried out, Sugiyono (2018:456). The primary data used in this study is sourced from the results of observations and interviews conducted on the research object. According to Sekaran Uma, (2011:76), secondary data is data that refers to information from existing sources. The data in this study are: data on the number of bad loans and the impact on financial performance.

This study focuses on the internal and external factors of savings and loan cooperatives, namely the management of cooperative institutions and cooperative members that are closely related to Bad Loans and their Impact on Financial Performance. This interview was conducted with 1 administrator, 3 employees, and 1 General Manager at KSP Kopdit Suru Pudi Koting. The author went directly to the field to observe the behavior and activities of individuals at the research site in this observation, the author recorded/recorded both in a structured and semi-structured way.

In this study, the data analysis technique used by the researcher used the Miles and Huberman model. Data analysis in qualitative research is carried out at the time of data collection and after the completion of data collection in a certain period. At the time of the interview, the researcher had analyzed the answers interviewed. Miles and Huberman (1984), stated that activities in qualitative data analysis are carried out interactively and take place continuously until they are complete so that the data is saturated. Activities in data analysis, namely, data reduction, data display, and conclusion drawing/verification (Sugiyono, 2007:246).

The analysis technique used in this study is by using an interactive analysis model. This model is used to dig up information about the credit risk that occurs. According to Miles & Huberman (1992), this interactive analysis model has three components of its analysis, namely data reduction, data presentation, and conclusion drawn/verification, the activity is carried out in an interactive form with the data collection process as a cyclical process. The three flow of activities is data reduction, data presentation, and conclusion drawn/verification. The data analysis model proposed by Miles and Huberman is often referred to as the interactive analysis model.

4. RESULTS AND ANALYSIS

a. Bad Credit Management

Bad credit management is carried out based on criteria to identify a loan as bad credit. Criteria comes from the English language, namely criterion which means the measures used to consider or determine something. Criteria are measures or standards used to assess, evaluate, or select something. The criterion is to inventory members who have had bad loans for more than 12 months, i.e. members who have receivables or loans that have not been repaid in more than 12 months or 1 year, must be recorded in a special list. Loans that are not repaid or paid according to the time will be considered insolvent.

In the process of traveling, a KSP Kopdit Suru Pudi will experience the influence of external factors such as economic conditions or local situations on the occurrence of bad loans. External factors are factors from outside the cooperative that affect the direction and actions of the company which ultimately affect the internal process of the cooperative. According to Mahanani (2014), external factors are factors from outside the individual that affect the individual and are factors that cannot be controlled. External factors are the amount of competition and economic conditions of cooperative members, and what is happening is that more and more micro institutions have a faster way for people to obtain funds, therefore people are very quickly influenced by their mindset. In micro institutions, the community is not asked for fairly complete data so that people feel easy and do not make it complicated, so the community is very easily influenced. As a cooperative institution that has members who are included in the criteria for bad credit, there needs to be communication between officers and members who have bad credit to find a solution so that they can pay off their obligations.

b. Bad Credit Management: Reporting Bad Loans in Financial Statements

1) Bad Credit Recording

Savings and Loan Cooperatives have a way to record bad loans in financial statements. A balance sheet is a financial statement that provides a brief overview of what the company owns and owes, as well as the amount invested by shareholders. The way to record bad loans in the financial statements at KSP Kopdit Suru Pudi is to be included in the balance sheet recorded as a reduction in the accounts of assets and receivables. This is because uncollectible receivables are money that is impossible to collect, and in bad credit balances and financial statements separated into several groups are debtors who are always on time in repaying their debts and installments. Less fluent is the debtor who starts to show signs of late payment but the problem can be resolved immediately. It is doubtful that the debtor may not be able to repay his obligations, if there is no confirmation it will become stuck, with the stuckness is the debtor who is very late in paying off his debt shortly. Then it is calculated how many percent and totaled thoroughly, that is, the number of each category will be totaled thoroughly.

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2) Provision and Elimination of Bad Loans

There is a loss to the KSP Kopdit Suru Pudi, which must have a reserve for losses prepared. Losses to cooperatives are losses suffered by cooperatives due to the intentional or negligent actions of the management. The cooperative management is responsible for these losses, either jointly or individually. The process of establishing a reserve for receivables losses is a step taken by financial institutions to anticipate the possibility of uncollectible receivables. A receivables loss reserve is an allocation or allowance of funds made by a company to cover potential losses arising from non- collectible receivables.

Bad credit write-off is a policy to remove debtors' obligations for credits that have been written off the books and are not collected back. According to Kasmir (2021), the elimination of bad loans occurred after cooperative financial institutions assessed that the loans given to debtors were in bad standing and could not be paid within a reasonable time, even though various collection efforts had been made. The elimination of bad loans on the cooperative's financial statements aims to issue accounts of unproductive assets, but the elimination of credits does not mean the elimination of debtor obligations. The cooperative still has the right to collect the bad loan, in the hope that the debtor is willing to pay off its obligations. Bad loans are considered to have to be written off from the financial statements, which happened to KSP Kopdit Suru Pudi, namely when the loan is due, it will be abolished, but the cooperative has never done this because if bad loans are removed, it must have a significant large risk reserve.

3) Disclosure in Notes to Financial Statements (CALK)

Bad credit is a term used to describe loans that cannot be repaid by the terms agreed upon by members. The information disclosed related to bad loans is information conveyed in the financial statements of cooperatives or other financial institutions regarding the condition of receivables that are not collected or that are difficult to collect (stuck). In the records of each financial report, there is certainly information disclosed related to bad loans. The information disclosed is that loan interest is a fee paid in exchange for the use of borrowed money, the principal balance of the loan, which is stated on the amount of debt or loan that still has to be paid by the member, an obligation that refers to an obligation that arises due to a loan or credit that cannot be repaid by the agreed terms. Equity is showing how much the owner or shareholder claims against the company's assets member capital is an asset that must be paid by members to the cooperative to become or remain a permanent member of the cooperative, and participation capital is a sum of money or goods invested to strengthen the capital of a business entity.

Donation capital is funds donated to the cooperative by outside parties or members of the cooperative itself to help increase the financial strength of the cooperative, especially for certain purposes such as business development, financing social projects, or other activities that support the cooperative's goals. Reserve is the amount of money obtained from the SHU (Residual Business Proceeds) allowance, this reserve fund is used to cultivate its capital and cover the cooperative's losses if necessary, and the remaining undivided business proceeds are the amount of profits or profits obtained by the cooperative from business activities carried out during a certain period, but have not been distributed to members or other parties by the applicable provisions in the cooperative.

c. **The impact of bad loans on the financial performance of cooperatives in terms of assets and residual business results (SHU).**

1) **Impact on Assets**

Bad loans or non-performing loans will certainly have an impact that will affect the value of receivables in the cooperative's balance sheet. According to Rivai (2013), non-performing loans are loans that have not reached the target. The value of receivables in the cooperative balance sheet is a bill that will arise as a result of the handover of money from the cooperative to its members which will be repaid in a certain period or the future. In KSP Kopdit Suru Pudi, bad loans affect the value of current receivables that are not collectible because when a loan cannot be repaid by the debtor, the receivables become current or even unrecoverable. Receivables, which were originally expected to be returned shortly, changed their status to bad receivables, which could reduce the total value of current receivables in the financial statements. This means that these uncollectible receivables reduce liquidity and reflect a higher risk for financial institutions, and also affect profits or revenues because when a loan cannot be repaid by the debtor (bad credit), the financial institution or bank will not receive the payment as expected.

This affects the income that should be obtained from the interest and principal installments of the loan, on liquidity also affects the availability of capital or funds in the cooperative where the capital is very helpful for the cooperative in dealing with bad loans is that liquidity (the ability of the cooperative to convert assets into cash quickly) is directly related to the availability of funds or capital needed to deal with the problem of bad loans, And also in the risk assessment if the bad credit is high, the work performance assessment is also ineffective, which means that in the field officer section, it is less effective because, at the time of billing, there are members whose houses are empty or deliberately not at home which makes the field officer's target not meet, so that the assessment from the institution of work performance is not good.

2) **Impact on Residual Operating Results (SHU)**

In cooperatives, it must have an influence arising from bad credit problems. According to H. M. Syamsuddin (2011) bad loans as loans that cannot be repaid by cooperative members by existing agreements, which cause losses to cooperatives. This happens if the installments or installments that must be paid by the borrower are not paid by the agreed terms, both in terms of loan principal and interest. One of them affects the cooperative's net profit, namely in the income that will decrease as a result of the interest paid by the borrower is less than the interest that must be paid, so it greatly affects the cooperative's income that the cooperative experiences a decrease in income due to bad loans or non-performing loans, where borrowers are unable to pay their loan installments according to the specified schedule. In these cases, the borrower simply pays less interest than it should, thus reducing the cooperative's interest receipts and in turn reducing the total income the cooperative earns.

Bad credit problems are conditions when debtors are unable to pay installments or pay off their debts on time. The problem of bad loans in cooperatives must have a large burden of receivables losses on the decline in cooperative SHU. When the cooperative faces the problem of bad credit (loans that cannot be repaid by members according to the agreed schedule), it will have a direct effect on the losses of receivables that must be borne by the cooperative. This loss of receivables, in turn, will reduce the SHU (Residual

Operating Results) of the cooperative which should be income or profit for the cooperative and its members.

The amount of receivables loss burden is a loss that affects SHU so uncollectible receivables affect SHU, therefore uncollectible receivables can be a burden on the cooperative which means that it will increase in uncollectible receivables and cooperative burdens. Uncollectible receivables contribute directly to the burden of receivables losses recorded in the cooperative's financial statements. This burden reduces the cooperative's profits, which in turn leads to a decrease in SHU that can be distributed to members. Uncollectible receivables become a burden due to losses incurred by the cooperative due to non-receipt of payments from borrowers. As a result, the cooperative's SHU is reduced, and the cooperative's finances are negatively affected.

3) Efforts to Reduce Impact

From the bad loans that have occurred, the KSP Kopdit Suru Pudi cooperative, there are steps taken by the cooperative to mitigate the impact of bad loans on assets and SHU. The step taken by the cooperative itself is to maintain a loan that has matured so that it can be rescheduled. According to Kasmir (2014), rescheduling is an action taken by extending the credit term or installment period. According to Faisal (2021), rescheduling is a rescheduling mechanism related to the payment period of customer obligations. Rescheduling is one of the efforts made to overcome bad loans, including in cooperatives. Rescheduling is a change in credit terms, especially related to the payment schedule and period. These changes include the amount of installments and the grace period. Rescheduling in the context of credit or loans is a process in which the terms of credit that have been agreed upon, especially those related to the repayment schedule and repayment term, change.

5. CONCLUSION

Based on the analysis conducted on the management of bad loans and its impact on the financial performance of the Savings and Loan Cooperative (KSP) of Kopdit Suru Pudi Koting, it can be concluded that:

1) Bad Credit Management: KSP Kopdit Suru Pudi has implemented various strategies for bad credit management, including rescheduling, regular collection, and good communication with members. This management aims to minimize the risk of default and maintain good relations with members.
2) Impact on Financial Performance: Bad loans have a significant impact on the financial performance of cooperatives, especially in terms of assets and Residual Operating Results (SHU). Bad loans reduce the value of collectible receivables, affect liquidity, and reduce income from loan interest. This leads to unstable fluctuations in SHU, which can affect the distribution of profits to members.
3) Recording and Reporting: KSP Kopdit Suru Pudi has recorded bad loans by separating the categories of current and non-current receivables in the financial statements. Provisions for receivables loss reserves are also made to anticipate potential losses due to bad loans.

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