

Navigating NPLs: Financial Health Analysis of BPR Bank Gresik

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ABSTRAK

Perusahaan Daerah Umum BPR Bank Gresik memiliki peran penting dalam mendukung usaha kecil di masyarakat pedesaan dan golongan ekonomi lemah di perkotaan melalui pemberian pinjaman kredit. Kredit sebagai aset produktif utama menjadi sumber penghasilan utama bagi bank, namun penyaluran kredit juga membawa risiko kredit yang dapat menyebabkan terjadinya kredit bermasalah. Penelitian ini bertujuan untuk mengidentifikasi penanganan kredit bermasalah dan dampaknya terhadap pertumbuhan laba di Bank Gresik. Metode penelitian yang diterapkan adalah deskriptif dengan pendekatan kualitatif. Analisis data dilakukan dengan menerapkan model Miles dan Huberman, yang mencakup tahap pengumpulan data, reduksi data, penyajian data, dan penarikan kesimpulan. Hasil penelitian menunjukkan bahwa faktor penyebab kredit bermasalah berasal dari internal dan eksternal bank. Penyelesaian kredit bermasalah melibatkan berbagai langkah, termasuk peringatan telepon, penagihan langsung ke rumah, surat peringatan, surat somasi, restrukturisasi, pemasangan spanduk pada jaminan, cession, gugatan sederhana, pencairan asuransi, dan pengambil alihan jaminan debitur. Meskipun tingkat kredit bermasalah meningkat, laba bank tetap mengalami peningkatan karena dipengaruhi oleh tingkat suku bunga.

Kata Kunci: Non Performing Loan, Kredit Bermasalah, Penyelesaian, Laba Bersih

ABSTRACT

The Regional Public Bank (BPR) Bank Gresik plays a crucial role in supporting small businesses in rural communities and economically vulnerable groups in urban areas through the provision of credit loans. Credit, as the primary productive asset, serves as the main source of income for the bank. However, credit disbursement also entails credit risk, which can lead to the occurrence of non-performing loans. This research aims to identify the handling of non-performing loans and its impact on profit growth at Bank Gresik. The research methodology employed is descriptive with a qualitative approach. Data analysis is conducted using the Miles and Huberman model, involving data collection, data reduction, data presentation, and drawing conclusions. The results of the research indicate that the causes of non-performing loans originate from both internal and external factors of the bank. The handling of non-performing loans involves various steps, including telephone warnings, direct home collections, warning letters, summon letters, restructuring, posting banners on collateral, cession, simple lawsuits, insurance disbursement, and the takeover of debtor collateral. Despite the increase in the non-performing loan rate, the bank's profit continues to grow due to the influence of interest rates.

Keywords: Non Performing Loan, Problematic Credit, Resolution, Net Profit

INTRODUCTION

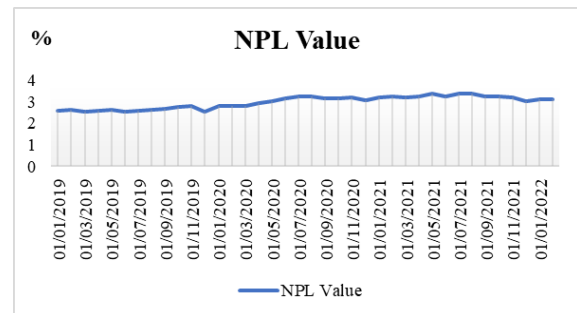
Basically, company established with the same goal, is grow, survive, make a profit, and give satisfaction to consumer with products and services provided by the company (Handayani, 2020). For Companies, reach level performance highest is condition it's important that something business can compete in a way effective. A performance company consists from a number of elements, such as finances, activities investment, and investment (Santoso & Handayani, 2018). Capital is very important thing Because can direct influential to finance company. For develop business, banking own role important in give capital requirements for actors business. The perpetrators business can obtain convenience in provision of funds from products and services offered by the bank. As entity businesses that provide service to society, banking pushed for role active in give contribution to condition finances and welfare society to make it possible they for overcome gap economic and social (Effendhi, 2019).

According to OJK, People's Credit Banks are banks that conduct business activities conventionally or based on Sharia principles but do not provide payment services. People's Credit Banks play a significant role in providing credit loans. The distribution of credit loans is one of the company's, including banks', efforts to utilize available opportunities. This relates to the situation in which a cigarette company is required to be more responsive to every opportunity in accessing investments or funding sources by utilizing the company's capital structure (Handayani, 2020).

Credit as assets productive biggest is source income main bank, therefore, in the loan disbursement process, banks must be prepared to face credit risks that may lead to non-performing loans. According to Utami and Uluan (2018), credit risk is the risk that a bank may suffer due to the non-repayment of loans granted to borrowers. Non-performing loans refer to a condition where loan repayments are not made in a timely manner as agreed upon in

the loan agreement or face the risk of default. To assess the quality of productive assets in the form of loans, the Non-Performing Loan (NPL) ratio is used, with the maximum healthy category threshold set at 5%. The bank's management capability in handling non-performing loans can be indicated by the NPL ratio, where a higher NPL indicates poorer credit quality for the bank, leading to a larger amount of non-performing loans.

Based on Statistics Indonesian banking is taken from Otoritas Jasa Keuangan (OJK), value credit problematic banking in Indonesia still recorded enough tall reaching IDR 176.93 trillion in January 2022. Following This is ratio Credit Banking Problems (NPL) (January 2019-January 2022).



Source: Kata Data (2022)

Figure 1: Banking NPL Value 2019-2022

From the data, it can be seen that the Non-Performing Loan (NPL) ratio in January 2022 reached 3.1% of the total credit value of Rp5.71 quadrillion. This ratio increased from the previous month, which was 3%. The phenomenon of high non-performing loans in Indonesia becomes the focus of research on Non-Performing Loans at Regional Public Company BPR Bank Gresik. Here is the data received from Regional Public Company BPR Bank Gresik regarding the collectability of troubled credits over the last five years.

Table 1: Collectibility List Credit Problems PERUMDA BPR Bank Gresik 2018-2022

Info	2018	2019	2020	2021	2022
Kol	371,8	1,313	197,3	331,1	1,149
1	96,63	,173,	13,59	56,68	,166,
	8	711	4	3	624
Kol	509,6	80,99	307.1	597,8	1,265
2	99,32	1,910	88.18	06,40	,804,
	0		5	0	807
Kol	600.3	533,7	1,524	1,360	1,491
3	13.15	47,79	,144,	,393,	,434,
	1	1	978	610	419
Kol	1,481	1,927	2,028	2,289	3,906
4	,909,	,913,	,646,	,356,	,405,
	109	412	757	693	850
Kol	27,32	42,88	49.24	51.08	54,98
5	3,804	1,231	4.080	6.285	0,752
	,610	,963	.118	.166	,840
NPL	5.42	4.50	4.12	4.48	7.11
	%	%	%	%	%

Source : Data processed by PERUMDA BPR Bank Gresik

Table 1 above illustrates the collectability credit and total amount of non-performing loans (NPL) at Perumda BPR Bank Gresik during a 5-year period. The credit is measured as being too sluggish, uncertain, and stuck when compared to the credit that was issued at the time. According to the statistics above, Perumda BPR Bank Gresik's development credit issues fluctuated (up-down instability). This is evident from the NPL amount for the year. It increased by 5.42% in 2018, declined by 4.50% in 2019, decreased by 4.12% in 2020, increased by 4.48% in 2021, and increased by 7.11% in 2022.

While NPL increases significantly, it's critical to act quickly to handle credit issues and assess the situation by using bank financing to assess the individual's degree of health through financial distress financing. This measure was taken to protect stability financing firm and avoid the risk of bankruptcy

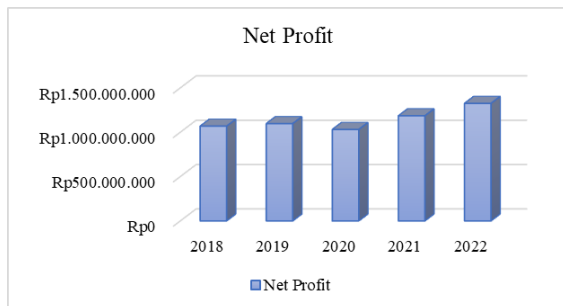
as a result of surge loan issues (Handayani, 2018).

Based on previous research, there are differences in the approaches to handling problem loans. Nuraini (2017) emphasizes that the handling of problem loans tends to be based on community awareness and a familial approach without involving authorities, contributing to a high level of arrears or non-performing loans. Conversely, Firmansyah & Jhon (2019) argue that addressing problem loans can involve various methods, such as sending warning letters, providing interest relief, reducing overdue principal, and encouraging the sale of collateral. These actions are in line with the research conducted by Dewi, dkk (2022), where addressing problem loans is done through various methods, including sending warning letters, providing interest relief, reducing overdue principal, and encouraging the sale of collateral, including issuing written warnings, rescheduling payment schedules, active communication with borrowers, and legal actions such as civil lawsuits or simple lawsuits, mediation, and the use of dispute resolution institutions.

Therefore, reducing Non-Performing Loans (NPL) is an essential component of efforts to fortify the financial system and maintain stable bank financing. Rescue credit refers to actions taken by a bank to manage troubled loans while maintaining its ability to conduct business as a means of lowering the likelihood of consequential losses for banks (Andrianto, 2020:188).

According to research conducted by DeYoung & Rice in 2004 and Saksonova in 2014, as mentioned in Muhammad's study in 2023, the interest margin is the primary driver of bank revenue, and banks with higher interest margins tend to be more profitable. Consequently, non-performing loans (NPL) tend to increase in the absence of effective credit risk management, which reduces interest income and results in a decline in net interest margins.

Therefore, the bank must continue its efforts to minimize the value of Non-Performing Loans (NPL) so that the generated profit does not experience a decline. Because the more big Non Performing Loans so PPAP expenses for cover credit problematic will the more big , too, the consequences the resulting profit will be the more down. Here is the development of net profit at PERUMDA BPR Bank Gresik from 2018 to 2022.



Source: Data processed by PERUMDA BPR Bank Gresik (2023)

Figure 2: Bank Gresik Profit Growth 2018-2022

According to a picture of PERUMDA BPR Bank Gresik's profit net in 2018, which was IDR 1,068,136,000, in 2019 IDR 1,096,923,000 experienced growth from the year before, and in 2020 IDR 1,031,194,000 experienced reduction from the year before It had already increased to IDR 1,185,355,000 in 2021 from the previous year, and it will do so once more in 2022 to reach IDR 1,325,160,000.

Credit problematic can give impact negative to institution finance or bank, like decline profit caused by a decrease income flower credit (Esti, 2023:27). The NPL (Non-Performing Loan) ratio has connection negative with change profit ; If NPL ratio increases , profit tend decreases , and vice versa (Abraham, 2021). Loan problematic from potential customers too influence bank losses, causing decline income company and profit clean in a way simultaneously (Retno, 2022).

Based on the statement above, a gap phenomenon and a discrepancy between theory and the observed phenomenon in the field were found. Therefore, the researcher is interested in examining the research with the title “Navigating NPLs: Regional BPR Bank Gresik's Financial Health Analysis”. The purpose of the research carried out is for know handling credit problems and their impacts to growth profits at Bank Gresik.

LITERATURE REVIEW

According to Widyastuti & Dewi (2016), Bank Perkreditan Rakyat (BPR) is a financial institution that follows conventional operations and does not offer payment services based on Sharia. Supporting rural communities and small enterprises is the main goal of BPR initiatives.

OJK defines Bank Perkreditan Rakyat (BPR) as a bank that does not provide payment transaction services in the course of its operations, regardless of whether it operates under conventional or Sharia principles. Long-term savings or comparable products are the primary services provided. A wide range of goods and services are provided by Bank Perkreditan Rakyat (BPR), including as credit, savings, deposits, and Bank Indonesia Certificates .

Credit is a financial product offered by banks to individuals or companies that have met the established requirements set by the bank (Puji, 2020: 18). From an etymological perspective, the origin of the word "credit" can be traced back to the Latin language, specifically "credete," which means "to believe" or "to trust." In other words, the fundamental concept behind providing credit is based on trust. In an economic context, credit can be explained as a deferral of payment. This refers to the idea that the repayment of funds or goods received does not occur simultaneously with their receipt but takes place in the future.

According to Esti (2023:22), troubled loans are loans that have been granted by the

bank to customers. However, over time, customers are unable to make payments or complete installments as per the agreement signed by the bank and the customer.

According to Patersson and Wadman in IHEMEJE (2023), non-performing loans (NPL), or loans that are not performing, are defined as loans that have failed or cannot provide benefits to the bank. These are loans that cannot be recovered within the time frame specified by the country's laws.

Non-Performing Loans (NPL), represents loans in the banking industry that cannot be repaid by borrowers according to the agreed-upon terms and conditions. NPL poses significant challenges to banks and has broader impacts on the financial system and the economy (Muhammad, 2023).

According to Muhajir (2020), Net profit is excess all over income on all over cost for something period certain after reduced tax income presented in form report profit make a loss. Profit is required for evaluate possibility change potency source power economics that can control cash flows generated in the future from source existing power, and for formulation consideration about effectiveness company in utilise addition source.

METHOD

This research employs a qualitative method with a post-positivist philosophy approach, conducted through data triangulation (observation, interviews, and documentation) (Sugiyono, 2023:9). The data used consist of both primary and secondary data. Primary data are obtained through interviews, while secondary data are collected from documents such as profit and loss reports and collectibility reports of PERUMDA BPR Bank Gresik (Sugiyono, 2023:102). The study is conducted at PERUMDA BPR Bank Gresik, East Java, involving two informants: the Head of Marketing Section and the Head of Collection Section. Data collection techniques involve interviews and documentation (Anggito, 2018:225).

This research applies data analysis using the Miles and Huberman model. The analysis stages include data reduction, data presentation, and drawing conclusions (Sugiyono, 2023:133). The criteria for selecting respondents include:

1. Employees currently working at PERUMDA BPR Bank Gresik
2. Employees directly involved in the troubled credit handling process
3. Employees with authority in decision-making related to credit handling.

Regarding data validity, this study employs source triangulation by combining data from various sources, including observations, interviews, and documents such as profit and loss reports and collectibility reports from PERUMDA BPR Bank Gresik. It also uses technique triangulation by employing various data collection techniques such as interviews to gain direct insights from the bank, especially employees directly handling credit, and document analysis to evaluate financial reports for diverse perspectives (Sugiyono, 2023:125).

RESULTS

Bank Gresik, as a financial institution actively involved in credit disbursement, needs to anticipate potential credit risks that may arise with the increasing amount of loans disbursed. Therefore, the results of the qualitative research emphasize the importance of swift actions in handling non-performing loans by PERUMDA BPR Bank Gresik to prevent negative impacts on the company's future profit growth.

Data analysis

1. Data Reduction

The data reduction process means summarizing, selecting and choosing the core things, by emphasizing significant things, identifying themes and patterns. In this way, the results of data reduction will provide a more focused picture, and make it easier for researchers to carry out further data collection and search if necessary (Sugiyono, 2023: 135).

In the data reduction stage, the researcher collects the main data and summarizes the data which can be described as follows

Table 2: Display of Non-Performing Loan and Net Profit Data

Year	NPL (%)	Net profit (IDR)
2018	5.42	1,068,136,000
2019	4.50	1,096,923,000
2020	4.12	1,031,194,000
2021	4.48	1,185,355,000
2022	7.11	1,325,160,000

Source : Data processed by PERUMDA BPR Bank Gresik (2023)

From table 2 above, the level of non-performing loans that occurred during 2018 to 2022 at PERUMDA BPR Bank Gresik has increased and is in the range of above 5%, although in 2019 to 2020 it was able to decrease from 2018 which was initially 5.42%, decreasing to 4.50 % in 2019 and 4.12% in 2020, then experienced an increase compared to the previous year, namely 4.48% in 2021 and further increased until it reached 7.41% in 2022.

This increase shows that PERUMDA BPR Bank Gresik must make maximum efforts to rescue and resolve problem loans, because if it is not resolved immediately, it is feared that it will have an impact on Bank Gresik's future profit growth. The net profit of PERUMDA BPR Bank Gresik in 2018 was IDR 1,068,136,000, in 2019 IDR 1,096,923,000, an increase from the previous year, in 2020 IDR 1,031,194,000, a decrease from the previous year, in 2021 it reached IDR 1,185,355,000, an increase from the previous year and in 2022 it will increase again to reach IDR 1,325,160,000.

Thus, even though credit is the main contributor and product that has the most influence on bank profits, if you look at the data above, even though the NPL in 2022 has increased, Bank Gresik's net profit has also increased and in fact 2020 has the lowest NPL

level. also experienced a decline in net profit. So it can be concluded that the decline in profits was also caused by other factors.

Table 3: Data Display of Statements Regarding Non-Performing Loans

Informant	Sub-themes	Theme
Head of Division Marketing	Causing factors of rising and falling profits	Non Performing Loans
	Attempts to resolve	

Source: Researcher Mechanism (2023)

Table 4: Data Display of Statements Regarding Non-Performing Loans

Informant	Sub-themes	Theme
Kasi Billing	Completion Obstacles Settlement Procedure	Non Performing Loans

Source: Researcher Mechanism (2023)

2. Data Presentation

The presentation of the data shows that to reduce the risk of problematic credit, it is necessary to find complete information about customers who will be given credit and the handling must be resolved immediately so that it does not affect future profit growth. The following is a presentation of the data in this research:

Table 5: Non-Performing Loan Risk Profile Ratings

Rating	Criteria	Predicate
1	NPL < 2%	Very healthy
2	2% ≤ NPL < 5%	Healthy
3	5% ≤ NPL < 8%	Enough
4	8% ≤ NPL < 12%	Unwell
5	NPL ≥ 12 %	Not healthy

Source: Bank Indonesia Circular No 13/24/DPNP/2011

The following is the formula for calculating credit risk by calculating the non-performing loan ratio :

$$NPL = \frac{\text{Kredit Bermasalah}}{\text{Total Kredit yang disalurkan}} \times 100\%$$

Table 6: Data Display Regarding the Level of Non-Performing Loans

Year	Total non-performing loans	Total credit disbursed	NPL	Category
2018	1,481,909,109	27,323,804,610	5.42%	Enough
2019	1,927,913,412	42,881,231,963	4.50%	Healthy
2020	2,028,646,757	49,244,080,118	4.12%	Healthy
2021	2,289,356,693	51,086,285,166	4.48%	Healthy
2022	3,906,405,850	54,980,752,840	7.11%	Enough

Source: Data processed by PERUMDA BPR Bank Gresik (2023)

Based on the NPL data above, to prevent non-performing loans (NPL), banks need to ensure credit maintenance so that the NPL level remains below or equal to 5% of the total credit given to customers (Maulida and Handayani, 2022). Based on collectibility data from PERUMDA BPR Bank Gresik over a five year period, from 2018 to 2022, the Non-Performing Loan (NPL) level reached its highest peak in 2022, reaching 7.11%, in a category that can still be considered quite healthy. In that year, total non-performing

The results of the research above show that even though Bank Gresik's NPL value has increased, this has no effect on the growth of its net profit level, because it can be seen that in 2018 to 2022 the net profit at PERUMDA BPR Bank Gresik continues to increase even though in 2020 it experienced a decline. In fact, if you look at the non-performing loan value of PERUMDA BPR Bank Gresik, the smallest was in 2020 with a value of 4.12%,

loans reached IDR 3,906,405,850, with details of substandard credit amounting to IDR 1,149,166,624, doubtful credit amounting to IDR 1,265,804,807, and bad credit amounting to IDR 1,491,434,419. This figure shows a significant difference compared to previous years, where the NPL level remained below or equal to 5% of total credit disbursed. For example, in 2018 the NPL level was 5.42%, which was still in the quite healthy category. Even though that year experienced similar conditions to 2022, it was included in the quite healthy category, but in the following year, namely 2019, Bank Gresik succeeded in reducing the NPL value to 4.50%. In 2020 it was 4.12%, and in 2021 it was 4.48%, where in the 2019 to 2021 period, the NPL value was in the healthy category.

However, even though there is an increase in the level of non-performing loans (NPL) in 2022, this has no effect on the profits of PERUMDA BPR Bank Gresik. The following is data regarding Bank Gresik's profit growth:

Table 7: Data Display Regarding Net Profit Levels

Year	Net profit
2018	IDR 1,068,136,000
2019	IDR 1,096,923,000
2020	IDR 1,031,194,000
2021	IDR 1,185,355,000
2022	IDR 1,325,160,000

Source: PERUMDA BPR Bank Gresik data (2022)

this value can be said to be in the healthy category because it is below 5%.

Factors that cause problem credit (Non-Performing Loans).

Based on the results of an in-depth interview with the Head of Marketing, Mr. Trio Luqman said that the main factors that cause credit problems come from internal factors and external factors. Internal factors, namely the

bank's own mistakes, such as the lack of monitoring carried out by the Account Officer by monitoring the due date of the nominative report and the lack of mitigation on the part of the bank in seeking more in-depth information from its customers. Apart from that, approval of the provision of credit funds to customers who have experienced credit problems in the past but are still approved by the bank.

Meanwhile, external factors originate from the customer's side, such as the failure of the debtor's business which causes the inability to pay installments. Other factors include disasters experienced by customers, such as layoffs, accidents, deaths or disasters.

Handling Credit Problematic (Non Performing Loan)

Based on the results of in-depth interviews with those directly involved in credit handling, namely the Head of Marketing, Mr. Trio Luqman and the Head of the Billing Section, Mrs. Ratna Pravita. Handling Bank Gresik's high level of Non-Performing Loans includes the following:

1. Telephone and Field Visits (Direct billing)
The Collection Account Officer meets the debtor and guarantor and applies pressure to pay the debt.
2. Provide a warning letter
A warning letter is given to the debtor when in the 1st month they are late in paying, the bank will give SP 1, then the next week they still haven't paid, continue to SP 2, then in the third week but they still haven't paid their obligations, they will be given SP III and if they are not paid, a settlement will be processed through the Court Institution.
3. Submitted to the billing department
Debtors with collectibility 3, 4 and 5 are starting to be handed over to the collection party accompanied by warning letters 1, 2 and 3.
4. Submitted to the insurance company

Debtors starting from collectibility 4 must start submitting claims to Jamkrida or the insurance company to submit claims if the customer cannot pay.

5. Provide a somasi letter
If in the fourth week of the eighth month the debtor still has not paid off his obligations, notification will be given to the debtor and guarantor that credit settlement will be taken through a legal process through the Court, namely by giving a warning letter made by Bank Gresik's lawyer.
6. Restructuring
Restructuring can be proposed starting from collectibility 1. So if the customer cannot pay the installments then the bank will give the option to restructure, but if the customer does not want to restructure the credit and if the customer has restructured but still cannot pay the installments then the next step is banner installation. This restructuring was quite effective because installment payments became more affordable due to the reduction in interest rates and extension of the term.
7. Installation of banners
Placing a banner is an action taken if the customer does not take action when they have been given a warning letter and the customer also does not want to carry out restructuring. Thus, the Billing Account Officer has the right to place a banner on the collateral that has been determined at the beginning of the application. This is done as a notification and warning that the object is being used as collateral. The banner placement method is considered quite successful in handling customers who are stuck in making payments.
8. Cessie
Cessie is the transfer of receivables in the name of where the receivables are sold by the old creditor to someone who will later become the new creditor, but the legal relationship between the debt and

receivables is not erased for a moment, but in its entirety is transferred to the new creditor. However, transferring the cessie will only pay off the principal debt.

9. Taking over collateral

If it cannot be resolved after maximum handling efforts are made, the debtor must submit it voluntarily by providing proof of statement because he is unable to pay his credit payment obligations, or take the collateral by the bank by submitting a collateral auction through the court office. Then the bank pays for the collateral auction based on the terms of the auction results. An auction is carried out if the debtor does not want to hand over the collateral voluntarily, then the bank has the right to hold an auction. Then the bank will submit an appraisal application to the Public Appraisal Services Office (KJPP) for the assessment of the collateral that will be auctioned.

10. Simple suit

A simple lawsuit, namely the settlement of bad credit, is reviewed with the adjustment indicators that have been determined in the first objective in the district court with a maximum claim of 500 million. With this settlement depends on the judge's decision. Credit applications with large amounts will then be sued in court with the following conditions:

- a. The warning letter must be complete with 1, 2 and 3
- b. All customer data must be complete
- c. Maximum claim is 500 million
- d. A simple lawsuit can be successful if the customer is in Gresik along with the collateral.

Obstacles in Settlement of Problem Loans (Non Performing Loans)

In handling problem loans, banks also still experience problems in collecting. Ratna Pravita as Head of the Billing Section stated

that there were several difficulties experienced when carrying out billing, including:

1. The debtor runs away
So if the debtor runs away, the bank then makes an insurance claim to cover the credit. And blacklisting customers through the OJK system.
2. The business goes bankrupt
Failure of the debtor's business which causes the debtor to be unable to pay the installments.
3. Credit in someone else's name
The debtor uses someone else's name to take out his credit.

Factors that cause increases and decreases in profits

Based on the results of research, Bank Gresik's NPL value has no effect on the growth of its net profit level, because it can be seen that from 2018 to 2022, the net profit at PERUMDA BPR Bank Gresik continued to increase even though in 2020 it experienced a decline. In fact, if you look at the non-performing loan value of PERUMDA BPR Bank Gresik, the smallest was in 2020 with a value of 4.12%, this value can be said to be in the healthy category because it is below 5%.

From the results of an interview with the Head of Marketing, Mr. Trio Luqman stated that the main factor in increasing and decreasing profits is the interest rate, if the credit interest rate given is high then the profit will also be higher, and conversely if the interest rate given is low then the profit will also go down. Apart from that, the increase in the number of savings and deposit customers was also a factor in the decline in profits, this was because the interest rate for deposits given was higher than the credit interest rate. So the bank must provide high interest to customers.

According to Maria (2016), the interest rate is the price of borrowing money to use its purchasing power. In Kasmir's theory (2012) there are two types of interest given to customers, namely:

- a. Deposit interest is a payment given by the bank to customers in return for saving money. The function of this interest is to provide incentives to customers who save their funds in the bank. Examples of these payments include checking interest, savings interest, and deposit interest.
- b. Loan interest is an additional fee charged to the debtor or the price that must be paid by the borrowing customer to the bank. For banks, loan interest is the income or price charged, and an example of this price is credit interest (Haqiqi, 2022)

CONCLUSSION

Based on research, it can be concluded that PERUMDA BPR Bank Gresik is facing an increase in Non-Performing Loans (NPL) exceeding the set standards. The highest level of non-performing loans was recorded in 2022, this was caused by customer business bankruptcy, disasters, and lack of monitoring and mitigation on the part of banks. Bank Gresik has taken various handling steps, including telephone warnings, direct collections, warning letters, subpoenas, restructuring, and legal actions such as small lawsuits. Even though the NPL level is high, PERUMDA BPR Bank Gresik's net profit is still continuing to increase, this is influenced by the interest rate provided. It is hoped that future research will be able to analyze banking health more deeply in order to provide relevant and better results. Due to the weakness of this research, it only analyzes descriptions of NPL and profits at one bank over a 5 year period.

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