

THE INFLUENCE OF LOAN ELIGIBILITY AND ABILITY TO REPAY ON THE LEVEL OF BAD CREDIT IN COOPERATIVES CU. OUR HOPES WILL BEFORE

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ABSTRACT

The aim of this research is to determine the influence of loan eligibility and repayment capacity on CU bad credit levels. Harapan Kita Belawan. The data collection techniques for this research are observation, questionnaires and documentation studies with data analysis techniques, namely multiple linear regression analysis. The conclusion in this research is that there is the influence of loan eligibility partially on the level of bad credit at CU. Harapan Kita Belawan, this is known as the t_{count} as big as 4,818 which compared to the t_{table} of 1.66055 then $4.818 > 1.66055$ which means the loan eligibility variable has a real (significant) and positive influence on the bad credit level variable. Besides that there is an influence on the ability to pay partially on the level of bad credit at CU. Harapan Kita Belawan, this is known as the t_{count} amounting to 18,086 Which compared to t_{table} is 1.66055 then $18.086 > 1.66055$ which means the ability to pay variable has a real (significant) and positive influence on the bad credit level variable. Next there is the influence of loan eligibility and ability to pay simultaneously on the level of bad credit at the CU Cooperative. Our Hope Against this is known from the $F_{value_{count}} = 200.015$ which is compared to F_{table} of 3.09 then $200.015 > 3.09$ which means the loan eligibility variable and ability to pay simultaneously has a real (significant) or positive influence on the variable level of bad credit.

Keywords: Loan Eligibility, Ability to Repay, and Bad Credit

I. INTRODUCTION

Research Background

Cooperatives are a people's economic movement as well as business entities that participate in creating an advanced, just and prosperous society. One form of cooperative is a savings and loan cooperative, where the savings and loan cooperative collects funds from its members in the form of savings in the form of time deposits, savings, or other similar forms. After obtaining funds in the form of savings from members, the cooperative then rotates these funds or returns them to the community in the form of loans or better known as credit. (*lending*). When granting credit, interest is charged to the credit recipient as well as administration fees.

In applying for a credit loan, the cooperative has confidence based on things that become benchmarks in the creditworthiness of each customer, as well as the customer's ability to pay or repay the loan in accordance with the agreement. Before credit is given, the cooperative carries out a loan feasibility test with the rules and regulations that apply to cooperatives in general.

However, in practice, credit is provided to the CU Cooperative. Harapan Kita Belawan indicates that there are loan terms and conditions that are difficult for customers to fulfill. Apart from that, credit distribution by cooperatives does not necessarily run smoothly because not all customers can return credit according to the agreement. Customer loan payments that have not gone smoothly have resulted in bad credit. And this is an obstacle that must be faced by cooperatives in their efforts to provide credit.

Before granting credit, a leader who is given the authority to decide on granting credit

must pay attention to factors for consideration. However, at the Harapan Kita Belawan CU Cooperative, it was found that there was still a lack of bad credit control team members in handling customer payments. This shortage of bad credit control team members results in less thorough credit analysis, resulting in bad credit. Below we will present credit data for the Harapan Kita Belawan CU Cooperative.

**Harapan Kita Belawan CU Cooperative Credit Data Table
Period 2021-2023//Semester (Rupiah)**

Period	Credit Distributed	Bad credit	% Bad credit
2021-1	3.877.130.973	301.330.619	7,77
2021-2	3.279.038.619	253.141.781	7,72
2022-1	4.286.118.125	200.976.078	4,69
2022-2	4.706.467.116	179.222.267	3,81
2023-1	3.958.985.155	140.543.973	3,55
2023-2	4.126.454.987	325.164.652	7,88
Amount	22.074.199.033	1.611.272.571	

Source: Harapan Kita Cooperative Credit Union, 2024.

Based on this data, it can be seen that the amount of credit disbursed each year has increased in accordance with the development of the cooperative business. This also shows that the occurrence of bad credit every year experiences fluctuations of increase and decrease and the performance of cooperatives in managing credit is still not optimal.

The importance of the influence of loan eligibility and ability to pay on the level of bad credit makes researchers interested in conducting research. Based on the description above, researchers are interested in discussing "**The Influence of Loan Eligibility and Repayment Ability on the Level of Bad Credit in CU Cooperatives. Harapan Kita Belawan**".

Identification of problems

1. Loan eligibility It is indicated that there are loan terms and conditions that are difficult for customers to fulfill.
2. Judging from the ability to pay, it shows that customer loan payments have not been smooth.
3. Lack of bad credit control team in handling customer payments.
4. Increase in the value of bad loans, especially for the 2 year 2023 period compared to previous years

Problem Formulation

1. Does loan eligibility have an effect on CU's bad credit level? Our Hope in Belawan?
2. Does the ability to pay affect the level of CU bad credit? Our Hope in Belawan?
3. Does loan eligibility and repayment ability affect the level of CU bad credit? Our Hope to Fight Simultaneously?

II. THEORETICAL BASIS

Cooperative

Kasmir (2013:180), Cooperatives are a collection of people who have common goals or interests. This group of people will become members of the cooperative which was founded based on the principles of kinship and mutual cooperation, especially to help its members who need assistance in the form of goods or cash loans.

Kasmir (2013:81), the word credit is often interpreted as obtaining goods by paying in installments or installments at a later date or obtaining a loan of money where payment is made at a later date in installments or installments in accordance with the agreement. Credit is an attempt to obtain goods and payment is made in installments. And during the payment process, it is carried out according to the time and agreement that has been determined in accordance with the agreement.

Ability to Pay

Latumaerissa (2013:140), ability to pay (*ability to pay*) is a measure of existing wealth and income in the past as well as the ability to produce in the future.

Kasmir (2013: 104), ability to pay aims to see customers' ability in business which is linked to their education, business ability is also measured by their ability to understand government regulations.

Ability to pay is a comprehensive measure of the income that will be given as a step to pay for a proposed credit.

Rani (2019:15), indicators of ability to pay are:

1. There is an allocation of costs for paying obligations, the greater the allocation of costs provided by a family to pay its debt or credit obligations, the greater the ability to pay its contributions will automatically increase.
2. The greater the current needs, the higher the income, the portion of household expenditure will shift from spending on food to non-food spending.
3. Income adequacy is described as the maximum limit of a person's income allocated to pay for the services they receive.
4. The perception of the price paid is ideal. is often the target of investigation in a study, compared to *objective price*.

Bad credit

Hery (2020:61), bad credit is credit where the return of principal and interest payments have been delayed for more than one year since the maturity date according to the promised schedule. A credit can be said to be bad if:

1. There are arrears in payment of principal and/or interest installments that have exceeded 270 days
2. Operational losses are covered with new loans
3. From legal aspects and market conditions, collateral cannot be cashed out at fair value

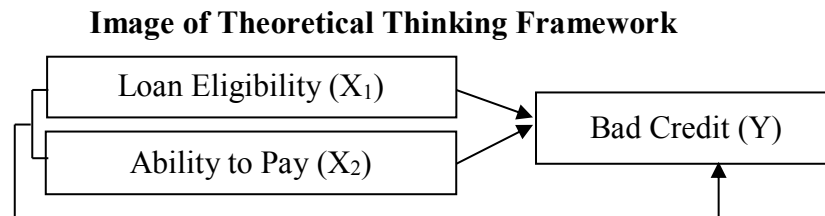
Credit Qualification

Loan eligibility is very important to pay attention to before approval of a credit. For this reason, various analyzes need to be carried out regarding the feasibility of the loan. Subagyo (2021:29) credit analysis can also be carried out using feasibility study analysis, especially for relatively large amounts of credit.

The credit analysis with loan feasibility studies includes things namely:

1. Legal aspect, aspect to assess the validity and authenticity of documents or letters owned by the prospective debtor.
2. Market and marketing aspects, aspects for assessing customer product marketing prospects now and in the future.
3. Financial aspects, aspects to assess the potential debtor's ability to finance and manage their business.
4. Operational/technical aspects, aspects for assessing business location, room layout, and production capacity of a business which are reflected in the facilities and infrastructure it

- has as well as the ease of procurement of logistics.
5. Management aspect, aspect for assessing the human resources owned by the Company, both quantity and quality
 6. Economic/social aspects, aspects to assess the economic and social impacts caused by the existence of a particular business, especially on the surrounding community
 7. AMIDAL aspect, an aspect that assesses the environmental impacts that will arise from the existence of a particular business activity.



Hypothesis

- H₀ : There is no influence on loan eligibility and ability to pay on bad credit in CU Cooperatives. Harapan Kita Belawan, both partially and simultaneously.
- H_a : There is an influence on loan eligibility and ability to pay on bad credit in CU Cooperatives. Harapan Kita Belawan, both partially and simultaneously.

III. RESEARCH METHODS

The research was conducted at the CU Cooperative. Our Hope Belawan Jl. Medan Belawan KM. 20.5 No. 2 AB, Ex. Belawan Bahari, District. Belawan Field. In this study, the research population was determined to be only customers who had problems with bad credit in payments, namely 720 customers and employees of the CU Cooperative. Harapan Kita Belawan has 23 employees. Sampling is calculated based on the Slovin formula as follows:

$$n = \frac{720}{1 + 720(10)^2}$$

$$n = \frac{720}{8,2} = 87,8 \text{ Rounded up to 90 customers}$$

With a total of 90 respondents from customers taken randomly, plus all CU Cooperative employees. Harapan Kita Belawan has 23 employees, so the sample in this research is 113 respondents.

Data Collection Methods: observation, questionnaires, interviews and documentation.

Data Analysis Techniques: validity test, reliability test, multiple regression analysis, classical assumption test (normality test, heteroscedasticity test, multicollinearity test), and hypothesis test (t test, f test and coefficient of determination)

Variable Operational Definition Table

Variable	Definition	Indicator	Scale
Loan Eligibility (X1)	It is likely that the borrower will fulfill his payment obligations, where the assessment of loan eligibility must go through several aspects Subgyo (2021:29)	1. Payment Capacity 2. Guarantee 3. Loan Purpose Cashmere (2013:94)	Liked

Ability to Pay (X2)	A measure of existing wealth and past income and future earning capacity Latumaerissa (2013:140)	1. Ease of perception 2. Trust pays 3. Payment system Singer (2019:36)	Liked
Bad Credit (Y)	Credit where the return of principal and interest payments has been delayed for more than one year since maturity according to the promised schedule. Source: Hery (2020:61).	1. Breach of contract 2. Credit extension 3. Follow up on bad credit Alexandri and Sujatna (2020: 80)	Liked

IV. RESULT AND DISCUSSION

Table of Characteristics of Research Respondents

No	Characteristics	Amount	%
1	1. Boy	58	51,33
	2. Female	55	48,67
	Amount	113	100
2	1. > 20 years	0	0
	2. 20 – 30 years	38	33,63
	3. 31 – 40 years	42	37,17
	4. 41 years and above	33	29,20
	Amount	113	100

Source: Processed Data, 2023.

Table of Data Normality Test Results

One-Sample Kolmogorov-Smirnov Test				
		Loan Eligibility	Ability to Pay	Bad credit
N		113	113	113
Normal Parameters ^a	Mean	22.5664	22.9204	23.0885
	Std. Deviation	2.22757	2.21255	2.23430
Most Extreme Differences	Absolute	.117	.180	.158
	Positive	.114	.103	.102
	Negative	-.117	-.180	-.158
Kolmogorov-Smirnov Z		1.244	1.917	1.678
Asymp. Sig. (2-tailed)		.091	.201	.107
a. Test distribution is Normal.				

Source: Processed Data, 2023

Based on table above shows that value probability > 0.05 , namely 0.091 for the loan eligibility variable, 0.201 for the ability to pay variable and 0.107 for the bad credit level variable, so that the distribution test results are declared normal.

**Table of Multicollinearity Test Results
Coefficients^a**

Model		Colinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Loan Eligibility	.871	1.148
	Ability to Pay	.871	1.148

a. Dependent Variable: Level of Bad Credit

Source: Research Results, 2023 (processed data)

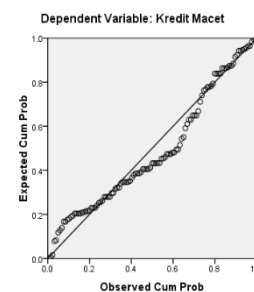
The multicollinearity test results show value *tolerance* > 0.10 and VIF value < 10 for the loan feasibility research variable and ability to pay, this shows that there is no multicollinearity in the regression model so the data is said to be good and can be used for further testing.

Normality Test Results with Graphs *P-P Plot*

Based on the image to the side, it can be seen that the distribution of the data is not spread to the left or not spread to the right, meaning that the data has a pattern that follows a normal distribution line, meaning that the data is suitable to be used as material for research.

Source: Processed Data, 2023

Normal P-P Plot of Regression Standardized Residual

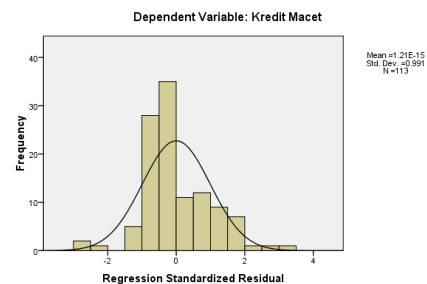


Histogram Graph

From the image on the side it is known that the resulting points form a certain graphic pattern, the data distribution forms a graph which has the highest point on the zero vertical line. The results of this test show that this regression model is normally distributed, in other words the variables that will be tested in this research are normal.

Source: Processed Data, 2023

Histogram



Multiple Linear Regression Results Table

Coefficients ^a						
Model		Unstd Coefficients		Std Coeff	t	Say.
		B	Std. Error	Beta		
1	(Constant)	8.633	1.944		4.440	.000
	Loan Eligibility	-.085	.075	-.085	-1.132	.260
	Ability to Pay	-.714	.075	.707	-9.461	.851

a. Dependent Variable: Level of Bad Credit

Source: Processed Data, 2023.

From the magnitude of the value α and bx_1 These are then entered into the multiple regression equation, namely: $Y = 8,633 + (- 0.085 X_1) + (-0.714 X_2)$

Explanation :

1. From this regression equation it shows the value α or constant at 8,633, which means that the loan eligibility variable and the ability to pay is non-existent or constant, the level of bad credit is 8,633 units.
2. This regression equation shows a negative relationship, meaning that the loan eligibility variable (X_1) increasing by 1 unit will reduce the level of bad credit (Y) by 0.085 units.
3. This regression equation shows a negative relationship, meaning that if the ability to pay (X_2) increasing by 1 unit will reduce the level of bad credit (Y) by 0.714 units.

T Test Results

Based on the above, obtained as follows:

1. t value_{count} the loan eligibility variable is -1.132. t value_{count} is compared with t_{table} where the number n = 113 based on the error rate α 0.05 and dk = n – 2 = 113 – 2 = 111 obtained t value_{table} amounting to 1.66008. From the results presented it is known that -1.132 < 1.66008 so H₀ rejected and H_a accepted, then the loan feasibility variable has a negative and real (significant) influence on the bad credit level variable.
2. t value_{count} the ability to pay variable is -9.461. t value_{count} is then compared to t_{table} with a number where the number n = 113 based on the error rate α 0.05 and dk = n – 2 = 113 – 2 = 111 obtained t value_{table} amounting to 1.66008. From the results presented it is known that -9.461 < 1.66008 so H₀ rejected and H_a accepted, then the ability to pay variable has a negative and real (significant) influence on the bad credit level variable.

Table of F Test Results (Simultaneous)

ANOVA ^b						
	Model	Sum of Squares	df	Mean Square	F	Say.
1	Regression	259.689	2	129.845	47.701	.000 ^a
	Residual	299.426	110	2.722		
	Total	559.115	112			
a. Predictors: (Constant), Repayment Ability, Loan Eligibility						
b. Dependent Variable: Bad Credit						

Source: Processed Data, 2023

Based on the table above, the F value is known_{count} = 47,701. F value_{count} The F value is then compared_{table} with a total of df = 113 – 3 = 110 based on the error rate α 0.05 obtained F_{table} of 3.08. From the results presented it is known that 47.701 > 3.08 then H₀ rejected and H_a accepted, then the loan eligibility variable and the ability to pay simultaneously has a positive and real (significant) influence or has a positive effect on the variable level of bad credit.

Table of Determination Coefficient Test Results

Model Summary ^b										
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Say. F Change	
1	.682 ^a	.464	.455	1.64986	.464	47.701	2	110	.000	1.004

a. Predictors: (Constant), Repayment Ability, Loan Eligibility
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b. Dependent Variable: Bad Credit

Source: Processed Data, 2023.

From the table above it can be seen that the influence of loan feasibility and the ability to pay the level of bad credit was 0.464 or 46.4% while the remaining 53.6% was influenced by other factors not examined in this research.

The Influence of Loan Eligibility on the Level of Bad Credit in CU. Harapan Kita Belawan

Based on the results of data analysis, partial hypothesis testing was obtained mark t_{count} variable loan eligibility amounting to -1.132 which is then compared with the value t_{table} where with total $n = 113$ based on error rate $\alpha 0.05$ and $dk = n - 2 = 113 - 2 = 111$ obtained t_{table} value amounting to 1.66008, so it is known that $t_{count} > t_{table}$ namely $-1.132 < 1,66008$ face H_1 accepted, which means The loan feasibility variable has a negative and real (significant) influence on the bad credit level variable.

Loan eligibility or atrack This very flexible method makes small entrepreneurs calmer in running their business, because if the income at that time is not enough to pay the installments then it can be done at another time. This installment model that suits the capabilities of small businesses makes consumers happier and more satisfied with the services provided by the cooperative.

The Influence of Repayment Ability on the Level of Bad Credit in Credit Unions. Harapan Kita Belawan

Based on the results of data analysis, partial hypothesis testing was obtained mark t_{count} variable ability to pay as big as -9,461 which is then compared with the value t_{table} where with total $n = 113$ based on error rate $\alpha 0.05$ and $dk = n - 2 = 113 - 2 = 111$ obtained t_{table} value amounting to 1.66008, so it is known that $t_{count} > t_{table}$ that is $-9,461 < 1,66008$ face H_1 accepted, which means ability to pay has a negative and significant influence with level of bad credit at CU. Harapan Kita Belawan.

There is a dispensation to repair the loan by making a re-agreement, providing relief in payments and not giving harsh warnings, such as withdrawing collateral on the loan or withdrawing savings for loan payments. "The controlling team will give a strong warning, by making a sign on the house or land that is collateral for the loan, although it is not necessarily 100% successful, it is quite helpful so that members can carry out their obligations in loans at KSP.Credit Union Harapan Kita."

The Influence of Loan Eligibility and Repayment Ability on the Level of Bad Credit in Credit Unions. Harapan Kita Belawan

Based on the results of simultaneous hypothesis testing data analysis, values were obtained $F_{count} = 47.701$, while the value F_{table} on $\alpha = 0.05$ with $n = 113$ with the sum $df = 113 - 3 = 110$ value obtained $F_{table} 3.08$ of this result is known as $F_{count} > F_{table}$, namely $47,701 > 3,08$ So the position of the significance test point is in the region or it can be concluded that H_1 accepted which means that loan eligibility and ability to pay simultaneously have an effect on the level of bad credit at CU. Harapan Kita Belawan.

The lack of a bad credit control team in handling customer payments means that the increase in the value of bad credit every year fluctuates, increasing and decreasing. This is because in the credit selection process it turns out that the CU Cooperative credit control

team. Our hope is that Belawan will be less selective regarding its ability to pay in conducting surveys of prospective customers before being approved for credit so that bad credit still occurs.

V. CONCLUSION

1. There is no influence on loan eligibility partially on the level of bad credit at CU. Harapan Kita Belawan, this is known as the $t_{value_{count}}$ amounting to -1.132 which is compared with the t_{table} of 1.66008 then $-1.132 < 1.66008$ which means the loan eligibility variable has a negative and real (significant) influence on the bad credit level variable, even though the creditworthiness of the loan It is indicated that there are provisions, types and amounts and loan conditions that are difficult for customers to fulfill.
2. There is an influence on the ability to pay partially on the level of bad credit at CU. Harapan Kita Belawan, this is known as the $t_{value_{count}}$ amounting to -9.461 compared to t_{table} equal to 1.66008 then $-9.461 < 1.66008$ which means the ability to pay variable has a negative and real (significant) influence on the bad credit level variable, even though looking at the ability to pay shows that customer loan payments have not been smooth.
3. There is an influence on loan eligibility and ability to pay simultaneously on the level of bad credit at the CU Cooperative. Our Hope Against this is known from the $F_{value_{count}} = 47.701$ which is compared to F_{table} of 3.08 then $47.701 > 3.08$ which means the loan eligibility variable and ability to pay simultaneously has a real (significant) or positive influence on the bad credit level variable and the determination test shows the magnitude of the influence of loan feasibility and the ability to pay the level of bad credit, namely $r_{count} = 0.682$ which means it has a strong level of influence.

SUGGESTION

1. CU Cooperative. Our hope is that Belawan can further increase the types and number of eligible loans offered according to customer finances to minimize the occurrence of bad credit.
2. CU Cooperative credit control team. We hope that Belawan will be stricter regarding the ability to pay in conducting surveys of prospective customers before being approved for credit.
3. CU. Harapan Kita Belawan provides several types of credit with appropriate loan amounts and ability to pay which is adjusted to the customer's income or ability to pay so that bad credit can be anticipated.

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