
EVALUATION OF MICRO CREDIT PROVIDING IN THE CASH EXPENDITURE ACCOUNTING SYSTEM BASED ON BANKING CREDIT PROCEDURE STANDARDS AT PT. BANK MANDIRI (PERSERO) Tbk. MANADO AREA

Diana Nova Lintong, Claudia WM Korompis

Undergraduated Programme Study of Accounting, Sam Ratulangi University, Bahu Sub-District, Malalayang District, 95115, Manado City, North Sulawesi, Indonesia.

Corresponding E-mail :
dianalintong@unsrat.ac.id
wanda_korompis@unsrat.ac.id

ABSTRACT

Providing microcredit is one of the bank's most basic businesses, so banks need to provide an assessment of customers who apply for credit and feel confident that the customer can repay the credit they have received. To act as a strong and independent business entity, the Bank, through its micro-credit business, must be able to increase the effectiveness of the credit distribution system and try as best as possible to reduce the risk of credit failure. The research aims to determine whether the Accounting System for Cash Expenditures in Providing Micro Credit is by Standard Banking Credit Procedures. Results of research regarding the system of providing micro-credit at PT Bank Mandiri (Persero) Tbk. The Manado area is rated very well. This can be seen from the system of providing microcredit which is carried out clearly in the division of tasks and responsibilities for each section which has been carried out well because its implementation at Bank Mandiri is by the Banking Credit Guidelines and Leadership Policies as well as the Bank Mandiri Standard Credit Procedures Guide.

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1. INTRODUCTION

The development of the national economy and changes in the strategic environment facing the business world, including small and medium enterprises, is currently very fast and dynamic. This condition requires every entrepreneur, both small and medium businesses, to make efforts to stabilize or further improve the existence of their business. One of the problems that generally hinders a business is the capital problem of small and medium businesses. Capital is the main factor needed to develop a business unit. SMEs lack capital because in general small and medium businesses are individual businesses or closed companies, which rely on very limited capital from the owner.

Banks are one of the service companies that provide funds to the community. In this day and age, the world of banking has greatly developed in the various services that can be offered to the wider community. It is hoped that all these activities will generate profits. With the role of banks towards small and medium enterprises in providing credit, small and medium enterprises can ease their capital problems and improve their businesses with good quality so that small and medium enterprises can help economic growth.

In the process of granting credit, an accounting system is needed that is directed and runs according to procedures. In principle, banks only decide to provide credit if the bank has



gained confidence about its customers. This belief is based on the results of an in-depth analysis of customers' abilities and capabilities to pay their debts to the bank. To obtain this confidence, before deciding on granting credit, the bank assesses the debtor's character, abilities, capital, collateral, and business prospects.

The aim of this research will of course be to answer the questions contained in the problem formulation above, namely: To evaluate the Cash Expenditure Accounting System in Providing Micro Credit whether it is by Banking Credit Procedure Standards or PT Bank Mandiri (Persero) Tbk Credit Procedure Standards.

2. LITERATURE REVIEWS

2.1 Accounting System

According to Mulyadi (2008: 3), an accounting system is an organization of forms, records, and reports that are coordinated in such a way as to provide the financial information needed by management to facilitate company management.

2.2 Role or Function of the Accounting System

The main role of the accounting system in a company is to help provide fast and reliable information, which is needed by company leaders as a tool for monitoring and controlling the course of company activities and making every decision.

2.3 Objectives of Preparing an Accounting System

In general, the aim of preparing an accounting system for a company is to increase appropriate and timely information, both quantitatively and qualitatively, to improve an adequate purchasing control system, and to be able to compare the costs that have been incurred with the benefits obtained.

2.4 Elements of the Accounting System

In general, the elements of an accounting system according to Mulyadi in his book "Accounting Systems" are as follows:

- a. There is a set of related activities, which involve income, processing and financial reporting.
- b. There are people who carry out these activities.
- c. There is recording and reporting to collect and process, store and transfer information.
- d. There are tools and machines.

2.5 Cash Disbursement Accounting System

The cash disbursement system is a system used by companies in carrying out transactions related to the disbursement of funds and the procedures that follow. The basic accounting system used to carry out cash disbursements is an expenditure accounting system using checks and a cash disbursement system using cash through petty cash funds, (Mulyadi-2001:509).

2.6 Related Functions and System Forming Procedures

Several functions related to the cash disbursement accounting system with checks and giro bills in connection with payments for credit purchase transactions are, (Mulyadi, 2001):

a. Financial function

In this function, those directly involved are the cash section which is responsible for making checks or giro based on requests from the accounts payable department and paying them to suppliers.

b. Accounting function

This function is involved in the debt section which will prepare all debt supporting documents for which a check or giro must be immediately made. This function also records payment transactions on the debt card or debt subsidiary book.

Meanwhile, the network of procedures that form a cash disbursement system for debt payments consists of, (Mulyadi, 2001):

- a. Procedure for making cash/bank outgoing evidence

Based on supporting documents collected through the credit purchasing system, the debt department creates proof of cash/bank outgoings. This proof of cash out serves as an order to the cash (finance) function to make a check or demand deposit for the amount stated in the proof of cash out and hand it over to the supplier.

b. Cash payment procedures

In this procedure, the cash function fills in the check, requests a signature from the authorized official and pays the check to the supplier.

c. Procedure for recording cash disbursements

In this procedure, the accounting function records cash disbursements in the cash disbursement journal, and debits the accounts payable card or accounts payable ledger.

2.7 Required documents, records and information

The documents used in the cash disbursement system are:

a. Proof of cash/bank outgoing

b. Check or Giro

The accounting records used in the cash disbursement system are:

a. Check or Giro Register

b. Cash disbursement journal book

The information needed is:

a. Check and giro reports that have been issued and paid

b. Cash balance report per specific date

2.8 Internal Control of the Cash Disbursement System

As with all existing accounting systems, internal control elements are very important to implement in order to achieve an adequate level of supervision. In the cash disbursement accounting system, internal control elements include organizational aspects, authorization systems and recording procedures as well as healthy practices (Mulyadi, 2001).

2.9 Internal Control

According to Mulyadi, the Internal Control System includes organizational structure, methods and measures that are coordinated to maintain organizational assets, check the accuracy and reliability of accounting data, encourage efficiency and encourage compliance with management policies. Internal control must provide confidence that all transactions have been authorized and carried out correctly according to company policy, and that transactions are recorded correctly.

2.10 Credit

According to Malayu (2008: 87), credit is all types of loans that must be paid back with interest by the borrower in accordance with the agreed agreement.

2.11 Elements of Credit

The elements contained in credit according to Kasmir (2002:95) are:

a. Trust

b. Agreement

c. Time period

d. Risk

e. Remuneration

2.12 Credit Objectives

According to Warman Djohan (2000: 18), credit is given with the aim of:

a. Looking for Profits

b. Helping Customers

c. Helping the Government

2.13 Credit Function

According to Kasmir (2006: 97), credit has certain functions, namely:

a. To increase the usability of money



- b. To increase the circulation and traffic of money
- c. To increase the usability of goods
- d. As a tool for economic stability
- e. To increase enthusiasm for business
- f. To increase income equality
- g. To improve international relations

2.14 Types of Credit

General Types of Credit:

a. Commercial credit or productive credit is credit provided by banks to companies or individuals for commercial purposes. By obtaining this credit facility, the company can increase sales volume which also increases operating profits. Credit repayment and credit interest payments come from the profits obtained by the company.

b. Consumption credit is credit that is usually given to individuals for consumption purposes, for example home ownership credit, vehicle credit, credit for school children and so on. The source of funds for credit installments and interest payments comes from the fixed income received by the individual debtor every month.

Types of Credit Based on Financing Objectives:

a. Working capital credit is credit provided by banks to companies or individuals to increase their working capital. Working capital includes the costs of purchasing raw materials, auxiliary materials, labor wages, overhead costs and others. Usually the turnover period for these funds is no more than one year.

b. Investment credit is credit provided by banks to companies for the purchase of capital goods. For example, credit for purchasing machines, vehicles, equipment and building factory buildings. This credit is long-term, exceeds a period of one year and is repaid in installments.

Types of Credit Based on Term:

a. Short-term credit is credit with a term of up to one year, usually working capital credit.

b. Medium-term credit is credit with a term of more than one year to five years, usually credit used to purchase vehicles, equipment and machinery.

c. Long-term credit is credit with a term of more than five years, namely credit provided to finance the construction of new factories and long-term project financing.

2.15 Credit Assessment

Warman Djohan (2000: 37) explains that there are three main principles in credit assessment, namely:

1. 5C Principles

- a. Character (Character or Personality)
- b. Capacity (Capability)
- c. Capital (Capital)
- d. Condition of Economic (Economic Condition)
- e. Collateral (Guarantee)

2. 5P Principles

- a. Party (Group)
- b. Purpose (Purpose)
- c. Payment
- d. Profitability (Profit)
- e. Protection

3. 3R Principles

- a. Returns (Results Achieved)
- b. Repayment (Repayment)
- c. Risk Bearing Ability (Ability to Bear Risks)

2.16 Bank Functions

According to Totok Budisantoso (2006: 9) the functions of banks are:

a. Agent of Trust

The main basis of bank activities is trust, both in collecting funds and distributing funds.

b. Agent of Development

Community economic activities in the monetary sector and the real sector cannot be separated.

c. Agent of Service

Banks have a function in offering other banking services, one of which is bank guarantees.

2.17 Sources of Bank Funds

According to Muchdarsyah Sinungan (2000: 85), bank funds used as operational capital come from:

a. 1st party funds, namely funds originating from own capital, namely deposits from shareholders. Capital obtained from:

1) Paid-in capital

2) Share premium

3) Backups

4) Retained earnings

b. 2nd party funds are funds obtained from loans from other banks. Sources of funds obtained from:

1) Loans from other banks in the country which are usually referred to as call money.

2) Loans from banks abroad.

3) Loans from non-bank financial institutions.

4) Loans from the central bank in this case are Bank Indonesia.

c. 3rd party funds are funds obtained from the collection of funds from the public in the form of:

1) Current account

2) Deposits

3) Savings

2.18 Allocation of Bank Funds

According to Muchdarsyah Sinungan (2000: 93), the allocation of funds is divided into two parts of bank assets, namely:

a. Non Earning Assets (assets that do not produce income)

b. Earning Assets (assets that produce)

2.19 Banking Accounting System

For banking industry businesses, it is necessary to design and develop a good banking accounting system, which can accommodate all interests, so that the Indonesian Accounting Association (IAI) in collaboration with Bank Indonesia issued Accounting Standards that specifically regulate banking businesses, namely the Financial Accounting Standards Statement (PSAK) no. 30 on September 7 1994. The general credit granting system implemented in accordance with Bank Indonesia Standards begins with the submission of a customer application. Customers who come to the bank to get credit, of course the bank cannot immediately give the credit they want, credit contains risks, so before deciding to provide credit, the bank needs information about the data of potential credit recipients. Approval for granting credit must be based on a comprehensive assessment of all credit facilities that have been granted or will be granted simultaneously to the credit applicant in question. Before making a decision regarding granting credit, the bank carries out an assessment of the debtor's character, abilities, capital, collateral and business prospects.

3. RESEARCH METHOD

3.1. Research Approach



This study uses a qualitative approach to find out about applying management audits to the marketing function at PT. bank Mandiri,Tbk.

3.2 Data Resources

The data sources in this research are:

- a. Primary Data is data obtained from the research location, namely from the section (Credit Division).
- b. Secondary Data is data obtained from reference books, for example the Bank Mandiri Standard Credit Procedures manual, Micro Credit Business and Accounting Information Systems.

3.3 Data Collection Techniques

In an effort to obtain data and information relating to this research as well as material for discussion purposes, the data collection techniques used are as follows:

1. Field research in the form of observations, interviews and questionnaires
2. Literature Study

3.4 Operational Definition

This research uses several related variables, including the following:

1. Evaluation is a planned activity to determine the condition of an object using instruments and the results are compared with benchmarks to obtain conclusions.
2. Microcredit is one of the main businesses in the banking world. Microcredit is an activity of channeling or lending funds to small and medium businesses that need capital or additional funds for the continuity of their business.
3. A system is elements that are interrelated and influence each other in carrying out an activity to achieve a certain goal.
4. Accounting is the process of recording, classifying, summarizing, reporting, analyzing transaction data and events related to finance which is useful for decision making for external and internal parties of the organization (company).
5. Cash Expenditures are transactions that result in a reduction in the company's cash balances or bank accounts. In this case the bank issues money for microcredit loans.
6. Standard Banking Credit Procedures are guidelines or references in granting credit which contain provisions starting from credit application to credit disbursement.
7. PT. Bank Mandiri (Persero) Tbk. Area Manado is a service company that provides facilities to collect funds from the community in the form of savings and distribute funds to the community in the form of loans.

3.4 Analysis Method

In analyzing the data, this method uses a qualitative descriptive method, namely a method of collecting data that is compiled and grouped and then analyzed by comparing it with existing theories and then drawing conclusions from the comparison results, thus providing a true picture of the microcredit granting system at PT Bank Mandiri. (Persero) Tbk. Manado area.

3.5 Analysis Techniques

The analysis technique used is comparing standard banking credit procedures with standard credit procedures of PT Bank Mandiri (Persero) Tbk. Manado area.

4. RESULTS AND DISCUSSIONS

4.1. Result

As a credit provider, PT Bank Mandiri (Persero) Tbk. The Manado area must carry out a careful assessment of its potential debtors. The assessment is carried out from the start when the prospective debtor fills out the credit application form. This assessment aims to ensure that the credit distributed is in accordance with the goals of the prospective debtor, for example to increase sales turnover or add new businesses. Before providing credit, the bank must have confidence that the credit to be provided can be returned by the debtor. The way to obtain this

confidence is through the results of a credit assessment.

The assessment criteria commonly carried out by banks to find customers who are believed to be truly worthy of receiving credit facilities by means of a 5C analysis are:

1. Character (Personality Character)
2. Capacity (Ability)
3. Capital (Capital)
4. Collateral (Guarantee)
5. Condition (Economic Conditions)

The microcredit granting system run by PT. Bank Mandiri is in accordance with generally accepted standard banking credit procedures, starting from the micro credit application process to the micro credit disbursement process. The sections involved in the credit granting process are: Micro Credit Sales (MKS), Micro Credit Analyst (MKA), Micro Mandiri Collection (MMC) and Micro Mandiri Manager (MMM). These sections function for micro credit products, micro credit applications, collecting micro business credit and even analyzing micro credit applications.

Documents/Forms used in micro credit distribution activities at PT Bank Mandiri (Persero) Tbk. The Manado area is:

1. Credit Application Form

This application form contains personal data, business data, financial data, purpose of using micro credit facilities.

2. Customer Visit Report

This report contains the results of MKS visits to the debtor's place of business, residence and collateral.

3. Notes on Analysis and Scoring Results

The analysis note contains the results of the credit analysis process, identification of the applicant and his business. The scoring result is an assessment carried out by the bank on the customer's credit application.

4. Credit Decision

The credit decision contains the decision number, applicant's name, credit application number, credit decision number and credit decision.

5. Credit Offer Letter (SPPK)

SPPK is a Letter of Offer for Providing Credit to a debtor (potential debtor) for a credit application submitted by him or based on an offer from the Bank, which states the terms and conditions of the credit facility being offered.

6. Credit Agreement (PK)

A Credit Agreement (PK) is a written money lending and borrowing agreement between the Bank (as creditor) and another party (as debtor/customer) which regulates the rights and obligations of the parties as a result of borrowing and borrowing money.

7. Credit Disbursement Receipt

A credit disbursement receipt is a receipt issued by the bank teller department which is stamped and signed by the debtor.

The steps in the process of providing micro credit are:

1. Credit Application

The first stage of the microcredit granting process is submitting a credit application. This credit application is submitted in writing by filling in the credit application form. At this stage, the prospective debtor directly states information about the debtor's personal data and data about the business being run.

MKS will pre-qualify prospective debtors and their businesses based on the data in the credit application form. If the qualifications are met, MKS will ask the prospective debtor to complete the specified requirements.

2. Verify

MKS needs to carry out verification to ensure the accuracy and correctness of the data and documents submitted by the prospective debtor, by visiting the prospective debtor's place of business, residence and collateral. The results of the visit are outlined in the Customer Visit Report.

3. Credit Collateral Assessment

MKS carries out credit collateral assessments to ensure that prospective debtors have collateral and the ability to repay credit loans.

4. Credit Analysis/Scoring

Credit analysis aims to ensure that prospective debtors have the will and ability to fulfill their obligations for the credit they obtain. Apart from that, it also analyzes the risks that may arise from providing credit and looks for solutions.

This credit analysis process is outlined in the Credit Analysis Note. This analysis note is accompanied by scoring results carried out by MKA based on customer credit applications.

5. Credit Decisions

A credit decision is a step to determine whether a credit application submitted by a prospective debtor is accepted or rejected. Credit decisions are made by MMM after confirming and verifying the data and business feasibility of the prospective debtor.

6. Making SPPK and PK

When MMM decides to accept a prospective customer's credit application, MMM then assigns MKA to make a SPPK and PK. This SPPK is intended so that prospective debtors understand in advance the matters relating to the requirements for granting credit and prepare everything needed by the bank. PK is a loan agreement between creditors and debtors. The PK is made in writing and signed by the bank as the creditor and the customer as the debtor before the credit disbursement is carried out.

7. Credit Realization

After the PK signing is complete, the debtor is asked to open a savings account at the bank concerned. Next, MMM will carry out the booking process on the Micro Segment Loss system and send a form to fulfill the credit document requirements to the Cluster Manager to request a compliance review. The Cluster Manager will activate the loan account based on a compliance review signed by MMM and MKA. Then MMM makes a note posting the transfer to the debtor's savings account.

8. Distribution/Withdrawal of Funds

This activity is the process of disbursing money from an account as a realization of granting credit and can be taken in accordance with the terms and objectives of the credit.

The credit process begins with submitting a credit application. Prospective debtors are required to fill out a credit application form which states information about the debtor's data and business data. The data to be filled in is the prospective debtor's application which states the amount of credit limit requested and the purpose of its use, business data and financial data, banking data in the form of information on the prospective debtor's checking or savings and loan accounts, employment information, data on collateral owned and supporting documents such as copy of identity card, family card, birth certificate and other complementary documents.

All of this data will be checked by Micro Credit Sales (MKS) and if it meets the qualifications, MKS will ask the prospective debtor to complete other predetermined requirements. MKS needs to verify the documents submitted by prospective debtors by visiting the prospective debtor's place of business, residence and collateral to obtain confidence and accuracy of the documents. The results of the visit are made in the Customer Visit Report.

Micro Credit Analysts (MKA) are tasked with carrying out credit analysis based on existing data and documents to ensure that prospective debtors have the ability to repay credit loans. As well as analyzing credit risks that may occur and looking for solutions. Credit analysis is carried

out by paying attention to all aspects, and the results of the analysis are stated in a Credit Analysis Note and Scoring Results which are then submitted to the Micro Mandiri Manager (MMM) section. MMM will verify data and business feasibility of prospective debtors to determine whether the credit application is accepted or rejected. Credit decisions include the amount of money received, credit period, costs to be paid and time for credit disbursement.

If the credit application is rejected, MMM will assign MKA to create a Credit Rejection Letter (SPK) to be submitted to the prospective debtor. But if the credit application is accepted, MKA will make a Credit Offer Letter (SPPK) and Credit Agreement (PK). SPPK is intended so that prospective debtors understand matters relating to the requirements for granting credit, while PK is a written loan and borrowing agreement signed by the bank as the creditor and the customer as the debtor.

After the PK has been signed, the debtor is asked to open a savings account at the bank concerned. MMM will carry out the booking process on the Micro Segment Loss system and send a form to fulfill the credit document requirements to the Cluster Manager. The Cluster Manager will carry out a compliance review and activate the loan account. Then MMM will make a note posting the transfer to the debtor's savings account. And in the final stage, the debtor can withdraw the loan money from the account as a realization of granting credit.

Based on the results above, it can be concluded that this micro credit system has had a significant influence on Bank Mandiri companies in the Manado area, which includes the micro credit section. The credit granting system and accounting system used or implemented by PT. Bank Mandiri is increasingly motivating the credit department/credit division to do their work well and responsibly. Because with this system, the company can have many potential debtors to use one of the types of credit that the company excels at.

5. CLOSING

5.1. Conclusion

Based on the research conducted by the author, the following conclusions can be drawn:

1. Micro Credit Provision System implemented at PT Bank Mandiri (Persero) Tbk. The Manado area has been run very well in accordance with generally applicable credit standards that apply to companies as stated in the Standard Credit Procedures Guide.
2. Documents or forms provided in micro credit distribution activities at PT. Bank Mandiri (Persero) Tbk. Manado area, namely: Credit Application Form, Customer Visit Report, Analysis Note and Scoring Results, Credit Decision, Credit Offer Letter (SPPK), Credit Agreement (PK) and Credit Disbursement Receipt. Meanwhile, the document required by prospective debtors is a credit application form. The first stage that prospective debtors take is submitting a credit application. At this stage, the prospective debtor directly states information about the debtor's personal data and data about the business being run.
3. In the micro credit granting system, there are several related parts, namely: Micro Credit Sales (MKS), Micro Credit Analyst (MKA), Micro Mandiri Collection (MMC) and Micro Mandiri Manager (MMM). These parts each have a function in each part of the microcredit granting system.
4. Internal control at PT. Bank Mandiri (Persero) Tbk. The Manado area has been fully implemented in carrying out the company's main activities. By using elements of an internal control system, it is clear that the distribution of responsibilities to organizational units is carried out well and under control.

5.2 Suggestions

The suggestions that the author can give in this research are:

PT Bank Mandiri (Persero) Tbk. The Manado area must continue to maintain the systems and work methods that have been implemented. Improving services and maintaining existing commitments in Micro Credit services in order to avoid certain undesirable mistakes.



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