

ANALYSIS OF CREDIT FOR MICRO SMALL AND MEDIUM ENTERPRISES EFFECTS ON PRODUCTIVITY OF STATE BANK OWNED IN INDONESIA

(Abstract)

This study aims to determine the development of SME loans and nonperforming SME loans and its influence on the productivity of state-owned banks. SME loans disbursed by state-owned banks were fluctuated but showed a positive trend during the period 2010-2013. BRI that has long been known as a pioneer in credit for small businesses ranked top in terms of number of SME loan portfolio compared to the other three state-owned banks. In 2013 BRI managed to channel the SME Credit Rp 6.73 trillion with a positive growth trend during the period 2010-2013. BNI is a state-owned bank which has decreased the number of SME lending fairly significantly by 33.8% from Rp 2.71 trillion in 2012 to Rp 1.79 trillion in 2013. Bank Mandiri and BTN experienced an average growth of SME loans which is almost equivalent during the period 2013 respectively 23.9% and 23.6%. Both state-owned banks were also experiencing positive growth in SME loans during the period 2010-2013. The number of nonperforming SME loans in BRI continued to decline over the period 2010-2013 while the three other banks indicated an upward trend except BNI which experienced significant decreased in nonperforming SME loans in 2013. In terms of productivity achieved the highest ROA with positive growth during the period year.

Using the data from the years 2010-2013 this study proves that the two independent variables (percentage of SME loans to total loans and NPL of SME credit) are simultaneously significant in affecting the productivity (ROA) of state-owned banks. Partially, SME loan has positive and significant impact on the productivity of state-owned banks while nonperforming SME loan has negative and significant effect on the productivity of state-owned banks. Independent variables can explain 65,2% of the variation dependent variable (ROA), while the remaining 34,8% is explained by other factors not included in the model with the Standard Error of the Estimate (SEE) of 0,59194%.

Keywords: SME Loans, NPL, state-owned banks