

**DEVELOPMENT OF MODEL OF CREDIT DISTRIBUTION FOR SMEs TO
ANTICIPATE THE DEVELOPMENT OF INFORMAL FINANCIAL INSTITUTIONS
(Case Study: In SMEs in Deli Serdang District)**

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Abstract

The classic problem that cannot be denied and that continually plagued some Small and Medium Enterprises (SMEs), is the problem of capital, which resulted in not maximally expected goals. Some qualified SMEs can use Banking services to meet their business capital needs and not many SMEs also uses informal financial institutions in this case are moneylender services for their business capital, although we know that the set interest rate is relatively higher than Bank, but because the procedures and requirements are easier then some SME actors use informal financial institutions or moneylender service. This study aims to provide input and development of the most relevant credit channel model that can assist some SMEs in fulfilling their business capital in Deli Serdang Regency, and it is expected that the government and other stakeholders should focus on solving the problem. However, the SME sector is one of the supporters of economic growth in an area, especially in Deli Serdang Regency. This research uses Research and Development (R & D) method. Data collection techniques in general using field study with the dissemination of the instrument (questionnaire) research to the sample in this case SMEs in Deli Serdang District. Data analysis Research instruments that have been collected will be analyzed using descriptive analysis method. Of the only 70 entrepreneurs who were respondents, only 10.9% believed that the capital owned was sufficient to develop the business, 64.6 % said they still need an injection even though they have and 24.6%, even said the capital injection is a very urgent need for the sake of continuity of his business.

Keyword: *Models of Credit Distribution, SME and Informal Financial Institutions*

Preliminary

Background

Small and Medium Enterprises or SMEs often referred to actively participate in investment activities in order to encourage the productive sector. At least there are three indicators that show the important role of SMEs in the economy. First, the amount of effort that many and in every sector of the economy. BPS data in 2008 noted that the number of SMEs reached 99.99% of the total business units in Indonesia. Second, SMEs have a great potential in employment. The SME sector absorbs 97.3% of the total labor force that works. From every penny of investment in SMEs can create more employment than the same investment in large enterprises. Third, SMEs make a major contribution to the national income. SMEs can contribute 53.6% of the total Gross Domestic Product (GDP) of Indonesia, Bank Indonesia (2009).

One of the main problems faced by SMEs are difficulties in accessing finance for their business development. Business conditions newborn (infant industry) should be supported by appropriate financing schemes in order to pass the critical period early in their business well. Various financing schemes launched by some formal financial institutions such as banks and non-banking has been available in the community. However, a number of credit financing program

issued a formal financial institution has not provide facilities for SMEs. This is because SMEs lack access to formal financial institutions.

Low SME access to formal financial institutions, so that only 12% of SMEs access to bank credit because: (1) the bank's products are not in accordance with the needs and circumstances of SMEs; (2) The presumption exaggerated the amount of the credit risk of SMEs; (3) Cost of SMEs credit transactions is relatively high; (4) The requirements of technical bank less fulfilled (collateral, proposal); (5) Lack of SME access to equity financing; (6) Monitoring and SME credit collection is inefficient; (7) Technical assistance has not been effective and they should be provided by the banks themselves so that the cost of servicing the SME expensive; and the Bank generally unfamiliar with financing to SMEs. The above conditions cause a shift of SMEs to informal institutions (loan shark), due to the financing offered have an easy and quick process that does not require a difficult bureaucracy.

Chairman of the Presidium of the National Forum of North Sumatra SMEs Sofyan Tan (2008) stated fact, SMEs tend to use the services of moneylenders to working capital lending even reached 20 percent. Moneylenders be a solution because there is no credit guarantee institutions for SMEs. According to Bustami Manurung (2013) reported the failure of the government program the soft loan without collateral to small and medium enterprises (SMEs) allegedly due to banks are still promoting the capitalist system in the banking industry that principle did not want to lose. So the impact of the growing proliferation of loan sharks. At the end of the SMEs into a cash cow sharks or illegal financial industry profited massively.

Capital forced to borrow from moneylenders have a negative impact to the community. All were caused by the magnitude of a given interest rate. Expected capital theoretically could increase the income did not materialize because the other expenses that must be paid to the extent that the expense of consumption just to pay the loan with interest. According to Iwan Gunawan Vice Chairman of the Chamber of Commerce of West Java and MSME Sector Partnership (2012) said unfortunately, the ease of loans moneylenders cause problems later on. Small businesses will have difficulty developing their business due to the high interest rate. Iwan admitted that high business relationship between money lenders and small businesses financing for SMEs indicates program initiated by the government through the national banking system has not been maximized.

This study will be conducted in Deli Serdang on the grounds that the Deli Serdang regency in North Sumatra is a region which has the largest area of the other regions compare. In addition the number of SMEs are scattered in this area quite a lot. Furthermore, based on a preliminary survey conducted by the author at the deli serdang district of North Sumatra, nearly 65% of SMEs in the deli serdang borrowing to loan sharks for reasons easily and quickly, not like borrowing to banks that require cumbersome procedural.

Besides the lack of SMEs which absorb the credit is due to overly high credit interest KUR, as dictated by Ihsan Taufiq (2013) Vice Chairman of the SMEs, cooperatives and Creative Industry Chamber of Commerce of North Sumatra, according to data from Bank Indonesia, the interest rate for business loans (KUR) micro by 22% per year, while the retail KUR 14% per year. Interest rates are at 22% this is very burdensome that necessary breakthroughs so that local small entrepreneurs can get support from government lending with low interest rates because they will face the ASEAN Economic Community.

Based on the problems faced by SMEs in obtaining this capital is necessary to develop a model of the distribution of relevant credit or financing to anticipate the participation of lenders in the capital of SMEs, which in turn SMEs could support the economy of the people in accordance with what is expected of government in general and the public in particular.

Theoretical Basis

Small and Medium Enterprises (SMEs)

The definition of SMEs stipulated in Law No. 20 of 2008 on SMEs using the criteria of wealth or net asset value without land and annual sales revenue. Based on these criteria, microenterprise is a business unit that owns an asset value of Rp 50 million or with annual sales turnover is Rp 300 million. Small businesses with assets worth more than Rp 50 million to Rp 500 million or an annual sales turnover of more than Rp 300 million to Rp 2.5 billion. While the medium-sized business is a business unit with a net asset value of more than Rp 500 million to Rp 10 billion, or an annual sales turnover of more than Rp 2.5 billion to Rp 50 billion. In addition, the definition of SMEs according to the Central Statistics Agency (BPS) with based on the criterion of the number of workers. According to BPS, A microenterprise is a business unit with the number of permanent workers for up to 4 people. Small business is a business unit with the number of workers between 5 and 19 workers. While medium-sized businesses have employees from 20 to 99 workers.

In Indonesia, many different types of business sectors on a scale of SMEs. Broadly speaking, the type of the business sector in the SMEs are grouped into four types, as follows:

1. Trading Business. Covering the agency, retail, export / import, and the informal sector.
2. Farming. Covers plantation, animal husbandry and fishery.
3. Industrial Enterprises. Covering food / beverage, mining, craftsmen and convection.
4. Services business. Covers consulting services, workshops, restaurants, transportation and education services.

Informal Financial Institutions

Informal financial institution is a financial institution that shaped the organization or individual that is usually formed according to the situation, without regulated by law and not protected by the government. (True, 1999: 92). These institutions tend to act according to their own rules that often lead to a loss in either party. This informal financial institutions, among others, that we are familiar with moneylenders, pengijon, plecit bank.

Informal financial institutions to function equally distribute funds to consumers in need. This credit institutions operating alongside formal institutions. This credit institutions tend to operate in the suburban and rural areas. Knowingly or not these institutions have positive and negative influences to rural development. In the wedged condition a lot of community members who fell in the grip of loan sharks or money lenders. Target borrower (debtor) informal institutions are usually those with a weak economy that lives in the city or suburbs, such as laborers, small employees and small artisans or with other terms the poor economically. Perkembangan informal institution or money lenders who offer credit services to the public micro-conducted with the individual from house to house, not only in the form of hawking credit services money but also with the mode of pitchman goods needs of the community and the payment will be repaid. (True, 1999: 106).

According to Muhammad Teguh (1999: 108) in his research on the Role of Informal Credit Institutions that there are six factors that influence people's choice of informal credit, namely:

- a. First, there retribusi (restrictions) made by formal financial institutions through regulations adopted by the agency.
- b. Second, the specific expertise of the informal credit providers in responding to the needs of society
- c. Third, due to public impatience
- d. Fourth, the urgent necessities of the community

- e. Fifth, the public perception is more oriented to the needs of current rather than future
- f. Sixth, the absence of other alternatives that can dimanfaatkan as a source of funds

There are five reasons why loan sharks by Wahyudi Iyuk as non-formal financial institutions remained in existence until now, especially among the poor and weak. (Lenders, between insult and flattery, Kompas, Monday, 23/09/2008), namely:

- a. Simple, non-bureaucratic and complicated belit. Sangat consider aspects of momentum. That is, a loan shark is able to provide its clients funds at the right time.
- b. Approach local culture, means moneylenders come as a friend / colleague is realistic.
- c. Transact with each other based on the know and trust.
- d. Deep understanding of the customers' business. That is, the moneylenders know when to harvest, when to sell, when in need of money, risk, even to the level of benefits to be obtained of its clients.
- e. Progressive and proactive, which means that more often moneylenders go directly to the business location of prospective customers.

Credit concept

Credit comes from the Greek meaning credere trust. Thus the credit terms have special meanings that lend money (or delay payments) (Suyanto et.al, 2007). According to Law No. 10 of 1998, the credit is the provision of cash or the equivalent, based on the approval or the borrowing and lending between banks and other parties who require the borrower to pay off debts after a certain period with the amount of interest in return.

Fortunately (2000) says that the credit has four elements: trust, grace period, the level of risk and credit objects (money or capital). Belief means lenders believe that funding provided to the loan recipients will be back within a certain period in the future. Credit in the economy has the function among others to improve the usability of money, improve traffic circulation and money, enhance business development and improve income distribution. Credit can be distinguished according to various criteria, some of them in terms of their intended use and scale of the business sector undertaken.

Based on the large-small scale enterprise sector followed, the credit can be grouped into four types:

- 1. Micro credit, ie credit given to customers microenterprises owned and operated with a maximum credit limit of Rp 50 million.
- 2. Small business loans, ie loans granted to entrepreneurs who are classed as small businesses with a maximum credit limit of Rp 500 million.
- 3. Medium business loans, ie loans provided to entrepreneurs medium-scale enterprises with a credit limit of more than Rp 500 million to Rp 5 billion.
- 4. Big business loans, ie loans granted to businesses whose assets are greater than the medium scale entrepreneurs

Research Methods

In line with the objectives to be achieved in this study, namely the preparation of SME lending model development and then optimize their applications, this study uses the Research and Development (R & D). According to Richey and Nelson (2009) method of Research and Development (R & D) that is focused on designing research and evaluation of the product or program with the aim to get an overview of the development process as well as studying the

conditions favorable to the implementation of the program. This study starts from a preliminary survey activities, design models, testing, final model, dissemination and implementation.

Data collection techniques in general use:

1. Field studies with the deployment of research instruments to sample in this case MSMEs in Deli Serdang where interviews will be conducted to identify the problems faced related to SME loans.
2. Library Studies regarding procedures for granting loans granted by financial institutions in this regard are banks and non-banks. Furthermore, reference literature and research to support the development of the design model.

Data analysis :

The research instrument that has been collected will be analyzed using descriptive analysis method.

Data Analysis And Discussion

Research result

Data Description

The number of samples in this study were 170 respondents consisting of entrepreneurs or SMEs located in Deli Serdang from various districts, with various categories. Here the researchers restricted the sample based on the category of processing or through the production process (Home Industry), in which 170 respondents only 70 respondents based processing (Home Industry), is as shown in the following table:

Table: 1.1
Data MSMEs in Deli Serdang (Category: Home Industry)

No	Nama Usaha	Alamat
1	Manis Telekung Bordir	Jl.P.Diponegoro Gg Sukses Dsn V Cinta Rakyat, Percut Sei Tuan, Deli Serdang
2	Bunga Bordir Collection	Jl.Pendidikan I Dsn X Sei Rotan, Percut Sei Tuan, Deli Serdang
3	Manis Bordir	Jl.Sudirman Gg Laksana Dsn IV Desa Cinta Rakyat,Percut Sei Tuan, Deli Serdang
4	Keripik Pisang Rotan	Jl.Pendidikan 1 Dsn 9 Pasar 11 Sei Rotan,Percut Sei Tuan, Deli Serdang
5	Sejahtera	Jl.Pasar Melintang Dsn V Sei Rotan, Percut Sei Tuan, Deli Serdang
6	Rengginang Sarti	Jl.Pendidikan 1 Desa Sei Rotan,Percut Sei Tuan, Deli Serdang
7	Eriza Souvenir & Undangan	Jl.Kemuning Dsn XIII Komplek Ar Rahman Blok B No.37 Desa Sampali Percut Sei Tuan, Deli Serdang
8	Mahar Hantaran Kota Medan	Jl. Karya Jaya Komplek. Kencana Asri No.65, Deli Tua, Deli Serdang
9	Toko Kaca Citra	Jl.Dusun IV Pasar Bengkel Perbaungan, Deli Serdang
10	Rumah Kita	Perumahan Griya Angsana Blok A-5 Dsn VIII,Bandar Khalipah, Percut Sei Tuan, Deli Serdang
11	RM. Sungai Garingging	Jl.Siantar Simpang Timbangan, Lubuk Pakam,Deli Serdang
12	Peralatan Rumah Tangga	Jl.WR.Supratman No.52,Deli Serdang

13	Karya Utama	Jl.P.Siantar No.137 Lubuk Pakam, Deli Serdang
14	Mustika Toko Kaca	Jl.Raya Deli Tua Desa 1, Deli Serdang
15	Lesehan Bambu	Jl.Pengabdian, Deli Serdang
16	Agency MM	Jl.Meteorologi Raya No.30, Deli Serdang
17	BPU Yanti	Dsn Kloni 3 Bulu Cina, Deli Serdang
18	Konveksi Gordyn	Dsn 22 PD Rawa Sampali, Deli Serdang
19	Asryl Bakery	Jl.Kartini Lubuk Pakam, Deli Serdang
20	Somay Bandung	Jl.Kenari IX Sampali, Deli Serdang
21	Kedai Makanan Sutarno	Dsn 22 PD Rawa, Deli Serdang
22	Industri Tempe	Dsn 12 Desa Sei Rotan, Percut Sei Tuan, Deli Serdang
23	Bakso Sabar	Jl.Tuasan Sp.Tempuling, Deli Serdang
24	Dani Mie	Jl.Cemara, Deli Serdang
25	An – Nur	Dsn 9 Pasar Besar Sunggal, Deli Serdang
26	Bengkel Las	Jl.Pasar Hitam Dpn Gudang Aqua, Deli Serdang
27	Ramadan Com	Jl.Batang Kuis Pasar VIII Tj.Morawa, Deli Serdang
28	Aya Q	Jl.Pasar Kecil No.84 Km.13,5, Deli Serdang
29	Pengrajin Sepatu	Jl.Pasar V Tembung, Percut Sei Tuan, Deli Serdang
30	Seroja	Jl.Pendidikan No.2, Deli Serdang
31	Setia Jaya	Jl. Gambir VIII Percut Sei Tuan, Deli Serdang
32	Ratu Collection	Jl.Merica Raya No.106, Deli Serdang
33	Kaligrafi	Jl.Keadilan Lorong 2 Brt 218, Deli Serdang
34	Amanda UD	Jl.Sempurna Dsn II Mawar No.18 Tembung, Deli Serdang
35	Kartika Cemara	Jl.Pasar Hitam No.22 Percut Sei Tuan, Deli Serdang
36	Subur Jaya	Jl.Zainal Abidin Dsn III Hamparan Perak, Deli Serdang
37	Susan Pilar	Jl.Pertanahan No.59-AA, Deli Serdang
38	Konveksi Gordyn	Jl.Datuk Kabu Psr III Komplek Griya Angkasa Percut Sei Tuan, Deli Serdang
39	Ternak Lembu	Jl.PD Rawa, Deli Serdang
40	Ternak Kambing	Jl.Pondok Rawa Dsn 22/12, Deli Serdang
41	Redha	Jl.Sei Mencirim Gg Amplas, Deli Serdang
42	Arin UD	Dsn VI Desa Bangun Rejo, Deli Serdang
43	Konveksi Baju Koko	Psr V Dsn XIV Gg Kamirin Percut Sei Tuan, Deli Serdang
44	Sofie Collection	Dsn III Suka Ramai Tandam Hulu, Deli Serdang
45	Saudara Jaya	Jl.Medan – Batang Kuis Psr IX, Deli Serdang
46	Ternak Ikan	Desa Sidomulio BI B/34, Deli Serdang
47	Furniture	Dusun I Kamboja, Deli Serdang
48	Laksana	Psr VII Tembung Dsn VIII, Deli Serdang
49	Sri Tani UD	Jl. Binjai Km.13,6 Dsn X Psr Kecil, Deli Serdang
50	Sate Padang	Jl.Datuk Kabu Gg Mesjid Psr 3 Percut Sei Tuan, Deli Serdang
51	Berkah Mulia	Dsn XXII PD Rawa Sampali, Deli Serdang
52	Madirsan Flowers	Gg.Mardisan No.68, Deli Serdang
53	Burung Mbak Gita Warung	Jl.Irian Barat 2 Pasar VII Sampali, Deli Serdang
54	Hari Bagus Semua	Gg Sosial No.151 A Konggo, Deli Serdang
55	Dagang Makanan Ringan	Jl. Kemuning No.9 Sampali, Deli Serdang
56	Bu Aisyah	Komplek Veteran Percut Sei Tuan, Deli Serdang
57	Tree F Collection	Jl.Irian No.106 Tanjung Morawa, Deli Serdang

58	Tekstil	Psr V Dsn XIV Gg Swadaya Percut Sei Tuan, Deli Serdang
59	Supra Tani	Dsn I Percut Sei Tuan, Deli Serdang
60	Jati Agung	Jl.Jati Rejo Dsn XXI, Deli Serdang
61	Penjahit	Dusun II Sukaramai, Deli serdang
62	Dahlia UD	Jl.Surya Haji No.58, Deli Serdang
63	Petani Buah	Jl.Paya Bakung, Deli Serdang
64	Peternakan Ayam Ras	Jl.Kuntalin Baru No.185, Deli Serdang
65	Industri Tali Ban	Dsn V Gg. Gembira Sm Diski Sunggal, Deli Serdang
66	Ivan Nast	Dusun IX Pendowo Pasar III Saentis, Deli Serdang
67	Sidik Jaya	Jl.Labuhan Deli Kec.Lubuk Pakam, Deli Serdang
68	Harapan Jaya	Dusun VIII Karang Rejo, Sunggal Deli Serdang
69	Jamilah Pesta	Jl. Medan Bt Kuis Gg.Harjo, Deli Serdang
70	Ternak Jangkrik	Dsn 22 PD Rawa Sampali, Deli Serdang

Based on the data gathered from the 70 (seventy) of respondents namely SMEs in Deli Serdang regency with regard to the principle of lending 5 C (Character, Capacity, Collateral, Capital and Condition of Economy). In general the SMEs disagree that the character they do not have good integrity in running the business and did not keep his promise to those who cooperated to them both formal and informal institutions. A total of 95.7% said that they have the ability and determination to develop its business and only 4.3% are pessimistic about his ability.

1. Character

		frequency	Percent	valid Percent	Cumulative Percent
valid	Disagree	15	4.3	4.3	4.3
	Agree	249	71.1	71.1	75.4
	Strongly agree	86	24.6	24.6	100.0
	Total	350	100.0	100.0	

SMEs also believe that their efforts Capacity is very promising and able to complete the loan payments if loans granted by financial institutions 0020 (92.8%), only a small fraction is less convinced that its business prospects for the future were able to repay their debts (7.2%).

2. capacity

		frequency	Percent	valid Percent	Cumulative Percent
valid	Disagree	25	7.1	7.1	7.1
	Agree	244	69.7	69.7	76.9
	Strongly agree	81	23.1	23.1	100.0
	Total	350	100.0	100.0	

Owners valuables as collateral for the Bank to provide credit is something that is not owned by the SMEs, only 13.1% who own the remaining 74.9% did not believe that its goods can be used as collateral even 12% of them do not have any.

3. collateral

		frequency	Percent	valid Percent	Cumulative Percent
valid	Strongly Disagree	42	12.0	12.0	12.0
	Disagree	262	74.9	74.9	86.9
	Agree	46	13.1	13.1	100.0
	Total	350	100.0	100.0	

Minimal working capital also an obstacle to SMEs in Deli Serdang are also a credit assessment for channeling institution. Of the 70 entrepreneurs are only used as only 10.9% of respondents who believe that possessed sufficient capital to develop the business, 64.6% said that they still need injections although it has had and 24.6% even declare a capital injection is an urgent need for the sake of its survival.

4. Capital

		frequency	Percent	valid Percent	Cumulative Percent
valid	Strongly Disagree	86	24.6	24.6	24.6
	Disagree	226	64.6	64.6	89.1
	Agree	38	10.9	10.9	100.0
	Total	350	100.0	100.0	

Economic Conditions is not an obstacle for SMEs because the resulting product is marketed in the country alone, especially in the province of North Sumatra. Global economic uncertainty and currency fluctuations is not a hindrance to them. Only 5.7% are entrepreneurs who alarming state of the national and global economy, the rest of which 94.3% expressed no problem with it.

5. Condition Of Economy

		frequency	Percent	valid Percent	Cumulative Percent
valid	Disagree	20	5.7	5.7	5.7
	Agree	274	78.3	78.3	84.0
	Strongly agree	56	16.0	16.0	100.0
	Total	350	100.0	100.0	

Discussion

In general the SMEs disagree that the character they do not have good integrity in running the business and did not keep his promise to those who cooperated to them both formal and informal institutions. A total of 95.7% said that they have the ability and determination to develop its business and only 4.3% are pessimistic about his ability. SMEs also believe that their efforts Capacity is very promising and able to complete the loan payments if loans granted by financial institutions 0020 (92.8%), only a small fraction is less convinced that its business prospects for the future were able to repay their debts (7.2%). Owners valuables as collateral for the Bank to provide credit is something that is not owned SMEs, only 13.1% who own the remaining 74.9% did not believe that its goods can be used as collateral even 12% of them do not have any. Minimal working capital also an obstacle to SMEs in Deli Serdang are also a credit assessment for channeling institution.

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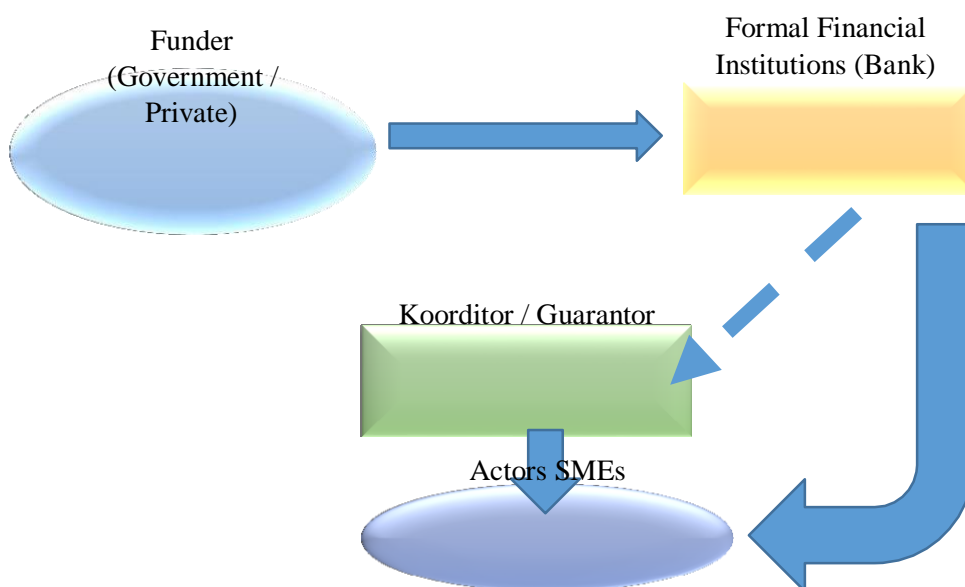
has had and 24.6% even declare a capital injection is an urgent need for the sake of its survival. Economic Conditions is not an obstacle for SMEs because the resulting product is marketed in the country alone, especially in the province of North Sumatra. Global economic uncertainty and currency fluctuations is not a hindrance to them. Only 5.7% are entrepreneurs who alarming state of the national and global economy, the rest of which 94.3% expressed no problem with it.

The ability of SMEs to access bank financing resources are always hampered by technical Governing Terms banking, Where to meet the capital requirements, SMEs face various problems, among others, are as follows:

1. The low or limited access of SMEs to information and service facilities provided by the formal financial institutions, both banks and non banks.
2. Governing Terms banking procedures and complicated, so that the loans obtained does not suit your needs, both in terms of numbers and time. Most of the banks still give priority to the collateral material as the Governing Terms and tend to rule out the feasibility.
3. Levels of flower given by the banks considered still quite high.
4. Still the lack of guidance, especially in the case of credit or capital for SMEs.

This condition must lead SMEs can not get the various credit schemes provided by the government. In line with the development and progress in the banking sector today, the Government, in this case the financial institution is expected to provide credit to SMEs be improved, with easier procedures and Governing Terms, so as to motivate SMEs to more advanced and able to deal with Competitive claims.

Based on the conditions that have been experienced by SMEs, it is expected that there is a model of lending specifically targeted for SMEs, so that the model of credit expansion can provide solutions to problems faced by SMEs associated with the capital and to SMEs more advanced and able to withstand other competitors in producing the product and be able to face competition in the future. The model is designed for the distribution of funds or credit for SMEs, are as follows:



Picture: 5.1 MSME Lending Model

Seen in the above model, funders, formal financial institutions, coordinator or guarantor for SMEs. The following explanations designed models, are as follows:

Funders, in that it is the government or the private sector, providing financing funds (credit) to formal financial institutions. Furthermore, formal financial institutions would channel capital or the credit scheme for SMEs. Formal financial institutions can be a bank or microfinance institution entrusted by the government to channel credit scheme for SMEs. To strengthen cooperation among SMEs, it is necessary to coach or coordinator for SMEs. The coach or coordinator should not be individuals but can also be incorporated, such as cooperatives or other forms. The purpose of the establishment of the coordinator is to expand access to banking and other formal financial institutions for SMEs. In the distribution of funds, financial institutions relate only to the coordinator, it means all kinds of administrative procedures and filling out the borrowing of funds made by the coordinator.

If SMEs need additional capital, SMEs are the only contact the coordinator and coordinators assess the feasibility of SMEs to obtain credit. Furthermore coordinator associated with bank lending. To get the credit in question and coordinator also acts as a guarantor for SMEs. In the credit installment payment is received, the SMEs are more comfortable with daily or weekly payment, because the SMEs find it difficult to collect, and in a certain amount for a certain time for repayment of the loan. Therefore, many SMEs are more like mortgage payments daily or weekly basis, especially when they do not need to go somewhere for a payment installment loans, so no need to sacrifice their businesses, because the lender (creditor) who directly come to take a loan installment , That is why it is preferred non-formal financing by SMEs, where they often call these "Walk Cooperative".

Judging from the status of a legal entity., Non formal financing is more accurately described as "loan sharks", meaning that most SMBs prefer moneylenders as the source of their capital increase, due to the loan repayment models appropriate or desirable by SMEs. This is where the function and role of coordinators as intermediaries for financial institutions in this regard is a bank that provides loans, called the coordinator of the guarantor. Coordinators can quote directly installment loans to SMEs on a daily or weekly, then monthly installments coordinator deposit to a financial institution or lender. It is expected that with this model, it is the SMEs continue to progress and develop into a strong and independent entrepreneurs that can eventually improve the economy of the State.

Conclusions And Recommendations

Conclusion

1. SMEs still face many problems, particularly in venture capital in addition to other problems that are internally and externally.
2. Sources of financing used by SMEs to smooth its still prevalent than non-formal sources of financing, the reason is easy and fast procedures and daily or weekly repayments.
3. The role and function of banks as a source of obtaining credit or loans for SMEs is relatively small because the credit procedures are complicated and convoluted.
4. Financing model desired by the SMEs is financing model is simple and involves funding, formal financial institutions (banks) and the guarantor or coordinator.

Suggestion

1. Should the Government and the banking financial institutions in this regard is the bank is required to be totally committed and consistent in lending capital for SMEs

2. Should the banks need to simplify administration and requirements in lending to SMEs, so that the SMEs had no difficulty in dealing with banks.
3. The government needs to increase the support device in an increase in financing such as loan guarantor.

Required further studies to formulate a model of lending, which is good and effective for SMEs, so that SMEs do not use financial institutions non-formal education for their capital, because the model shown above is a model that is desired by the SMEs, it would require good cooperation in the determination or reformulate model of lending between SMEs, government and financial institutions in this regard is the bank.

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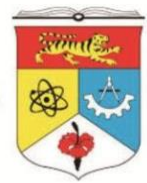
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Panitia Seminar Internasional Pendidikan Global VI
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No : 029/ABSTRAK/ICGEVI/III/2018
Date : March 29th 2018

Dear,

Presenter at Internasional Conference on Global Education VI

On behalf of the Sekretariat Internasional Seminar On Global Education VI Universitas Ekasakti (UNES) – Universitas Kebangsaan Malaysia (UKM) committees, we are very pleased to inform you that your Abstract entitled **DEVELOPMENT OF MODEL OF CREDIT DISTRIBUTION FOR SMEs TO ANTICIPATE THE DEVELOPMENT OF INFORMAL FINANCIAL INSTITUTIONS (Case Study: In SMEs in Deli Serdang District) by JULITA** it has been evaluated by the team and it is accepted as poster presentation. The presenter will be able to continue it to the fullpaper at International on Global Education on 8-9 of Mei 2018 in Polytechnic Seberang Perai, Penang-Malaysia.

For the follow up please pay attention and be prepare with the follow up of the full paper. And it will be compiled in the International proceedings. The instructions are already written in the brochure of ICGE VI. For further Information please contact this email icge6@unespadang.ac.id.

Best regards

Chief of the committee,



Dr. Agussalim M, M.S.



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