



## Settlement of problematic credit disputes in the process of conversion of conventional bank mandiri to Bank Syariah Indonesia in Banda Aceh

Hazrina, Sanusi, Teuku Ahmad Yani

Faculty of Law, Syiah Kuala University, Darusalam, Banda Aceh, Indonesia

### Abstract

Qanun Aceh LKS should be applied to financial institutions operating in Aceh including banks. In order to support the implementation of Qanun LKS, every conventional bank that has previously existed in Aceh must convert to Islamic bank. With the conversion of the conventional bank system to Sharia requires deposition customers and conventional bank debtor customers to immediately convert their accounts from conventional banks to Shariah. However, regarding this transition whether the customers, such as debtor customers involved with problematic credit problems in conventional banks before, can also convert their data to Islamic banks. The results showed that, the form of settlement of problematic credit disputes at Bank Mandiri at the time of this conversion, namely by restructuring credit. After the parties agree to restructurization, a restructuring deed will be signed by both parties. When restructuring efforts cannot be made, then the last effort that will be taken by the bank is, by carrying out the execution of collateral that has been promised in the letter of agreement, and obstacles are certainly in the system of conversion of conventional banks to Indonesian Islamic banks, especially in the problem of problem credit, where problematic credit cannot be converted to Indonesian Islamic banks, Making Bank Mandiri itself have difficulty dealing with this problem, based on Qanun Aceh LKS, conventional banks must be closed.

**Keywords:** dispute resolution, problematic credit, conversion of conventional banks to Islamic banks

### Introduction

Banks are financial institutions and have an important role in advancing the economy of the community, which works based on trust. The mechanism of the bank's work is that the bank collects funds from people who have more money, then the funds are channeled back to the people who need it. Banking is an institution that has an important role in prospering the community economy, so that the bank becomes one of the institutions that become public trust as a loan service in the form of credit. This is based on the mechanism of bank institutions that receive money storage from the community in the form of savings, current accounts and deposits, the funds collected will be channeled to the community in the form of loans.

One of the functions of banks is to distribute credit to both individuals and business entities. Credit or loans provided by banks to their customers are bank products that are well known in the community. This credit facility for the community is needed both for business purposes and for consumptive purposes and vice versa for banks, credit is a very reliable productive asset, because it is the main income from the bank. Thus the credit facility is needed by the debtor (customer) and by his creditor (bank). As for the benefits for the government with credit, it is expected that the economic wheels develop in accordance with the function of the bank as a driver of the economy in the monetary field <sup>[1]</sup>.

The distribution of credit to the community is one of the important activities for banks. The distribution of credit given to individuals, one institution or a company is an activity carried out by banks to channel funds that have been collected from the community.

Banks that have collected and managed community-owned

funds, which are then channeled to the community have an important role, so banks must present values of trust with customers, the relationship between banks and customers must be based on elements of trust and prudence. Public trust is the main capital of a bank in developing its bank. With public confidence in banking performance, funding customers (who have more funds) will put their money in banking products. The existence of an element of public trust in the bank makes the bank can mobilize funds from the community to be placed in its bank and channel the money back to the community in the form of credit.

The important element in credit is the existence of trust and the other is the nature or consideration of mutual help, when viewed from the creditor, then the most important element in credit activities today is to take advantage of its capital by expecting a return on achievement, while for the debtor is the help of the creditor to cover his needs in the form of achievements provided by creditors, It's just that between achievement and the return of the achievement there is a time that separates it, so there is a certain grace period <sup>[2]</sup>.

The management carried out by the bank against community-owned funds requires the bank to be responsible for maintaining and returning the funds to the owner of the funds at any time (savings or current accounts) or at maturity (deposits). In providing loans to prospective debtors (borrowers) the bank must apply the principle of prudence, this principle is the responsibility of the bank management, which determines the vision, mission, policies that will determine the direction and objectives of the bank.

The bank is a business that promises great profits, but on the other hand in carrying out activities, the bank has a variety of risks, because the bank is a business full of risk (full risk business), so the bank in carrying out its business must be

based on banking law and the principle of prudence, as affirmed in Article 2 of Law No. 10 of 1998 on Banking (hereinafter abbreviated as banking law), "Indonesian banking in its efforts is based on economic democracy using the principle of prudence".

The application of the precautionary principle in banking business is carried out with the aim of maintaining public confidence in the storage of funds and the creation of sound banking. One way to implement the precautionary principle, namely by applying the principle of knowing customers, also known as "know your customer (KYC)". The KYC principle is a principle applied by banks to observe and know the identity of customers and monitor customer transaction activities, including reporting if there are suspected suspicious transactions.

The application of the principle of knowing customers is considered important as one way to protect the health of the bank. In Indonesia, the principle of knowing customers is first regulated in Bank Indonesia Regulation (PBI) Number 3/10/PBI/2001 on The Application of The Know Your Customer Principles as last amended by PBI Number 5/21/PBI/2003. The Principle of Knowing Customers in PBI is a principle applied by banks to know the identity of customers, monitor customer transaction activities including reporting suspicious transactions. As one of the realizations of the precautionary principle.

The principle of prudence in banking is also related to the principle of knowing its funds storage customers. This is stated in Article 29 paragraph (2) of the Banking Law, "banks are obliged to maintain the level of health of banks in accordance with the provisions of capital adequacy, asset quality, management quality, liquidity, rentability, solvency, and other aspects related to the bank's business, and must conduct business activities in accordance with the precautionary principle". Furthermore, Article 7 letter c of the Law of the Republic of Indonesia Number 21 of 2011 concerning the Financial Services Authority (hereinafter abbreviated as the OJK Law) states that to carry out regulatory and supervisory duties in the banking sector, OJK has the authority to make arrangements and supervision regarding aspects of bank prudence, which includes several things, namely, risk management, bank governance, the principle of knowing customers, and anti-money laundering, prevention of terrorism financing, and banking crime and bank checks.

Policies regarding the principle of knowing customers are an important factor and cannot be released in relation to the health of the bank. In addition, the principle of knowing customers which is the realization of the precautionary principle is useful to avoid the use of the financial system as a means of money laundering or money laundering.

KYC is a principle applied by financial services institutions to find out the identity of customers, monitor customer transaction activities including reporting suspicious transactions and it is the obligation of financial services institutions to implement them. The principle of knowing the customer does not only mean to know the customer literally, but the principle of knowing this customer wants more thorough information in addition to the identity of the customer, namely matters related to the profile and character of customer transactions conducted through banking services. This is contained in Article 9 paragraph (1) of Bank Indonesia Regulation No. 5/21/PBI/2003, which states that "Banks must have an information system that can

effectively identify, analyze, monitor and provide reports on the characteristics of transactions conducted by customers". While Article 9 paragraph (2) of Bank Indonesia Regulation No. 5/21/PBI/2003 states that banks are obliged to monitor transactions conducted by bank customers, including identifying suspicious financial transactions.

The application of KYC principles is not only done to individual customers, but also to customers in the form of companies or incorporated institutions. This principle must also be applied not only to customers who store funds to banks, but also to customers who want to take out loans or credit to banks. Banks must know what kind of customers will store funds or take out loans to the bank so that the loan can be channeled properly and will not harm the bank itself later. This refers to one of the principles in banking is the basis of prudence which in carrying out its duties the bank must work with thoroughness, make careful consideration, avoid fraud and not take steps contrary to propriety.

Applying for credit or loans, prospective customers or debtors will come to the bank to apply for credit. Banks certainly do not necessarily directly provide credit or loans to these customers. To get to know prospective customers who will apply for credit, the bank will ask for a number of data used to assess the condition and ability of customers so as to foster trust from the bank in providing its credit.

The process of providing credit from the customer application stage, credit analysis until the credit is disbursed, then the juridical aspect or legal aspect has a strategic position and is one of the important aspects to note. This is because even though all existing aspects have been fulfilled, but if juridically invalid, then all credit agreements between the bank and the debtor can fall and eventually the bank will have difficulty in settling the credit that has been given.

For the application for credit, the customer must apply for credit containing, the identity of the customer, the customer's business field, the amount of credit requested and the purpose of using credit. In addition to the application letter, there are several other supporting data that should be completed by customers who apply for credit, namely, the composition of the customer's company management, balance sheet (balance sheet and profit / loss calculation), project or business planning to be financed with credit, and collateral goods that can be used by customers.

This information is important for banks in distributing credit to the community. This aims to realize the agreement between the bank and the debtor customer made in a credit agreement. The Bank will give directions to the debtor to guarantee a timely return on credit, to minimize the occurrence of problematic credit.

Problematic credit arises due to three reasons, namely internal factors of creditor banks, bad ethics of debtors, and external factors that have a less favorable impact on the course of the debtor's business. Problem credit in banking is basically a risk contained in any credit award by a bank. The risk can be a state that credit cannot return in time. Credit problems on the bank can be caused by various factors. For example, there is intentionality from parties involved in the credit process, errors in credit delivery procedures, or caused by other factors, such as macroeconomic factors.

Problematic credit is often found in the distribution of credit to debtors, therefore every bank tries to apply the principle of prudence and really pay attention to who the customer

will do the credit. To avoid problem credit banks have basically conducted an in-depth analysis of prospective debtor customers, ranging from qualitative and quantitative analysis, from legal aspects, monitoring, and supervision. Although basically the bank has done preventive security and has also applied the KYC principle before giving credit to the debtor, but not infrequently the debtor does not complete the loan in accordance with the credit agreement. Through the application of the above principles, the bank expects that there will be no problematic credit in the provision of credit to debtors. However, there are those who do not run according to the credit agreement so that it causes problematic credit. For example, what happened to Bank Mandiri in Banda Aceh City, which the bank had applied the precautionary principle before the occurrence of the savings and loan activities, which in the course of initially there was still good faith from the debtor, but in the middle or at the end of the payment the debtor began to experience problems, such as bad credit and others.

In 2018 the Bank provided working capital credit to debtors. In this case before providing such loans, the bank has applied every principle of lending up to the stage of signing a letter of credit agreement. In this case, under the credit agreement the debtor must deposit to the bank every 23rd of each month. At first the debtor is current in the settlement of obligations every month, but after a few months, the person concerned begins to have difficulty in resolving the payment of obligations every month, so that bad credit occurs. In this case the bank has given a reprimand to the debtor, but the debtor did not heed the reprimand.

The category of problem credit starts from the quality of credit entering less smoothly, doubtfully, and badly. Problematic credit is very influential on the health of the bank, so it is natural that the bank will try as quickly and efficiently as possible to handle it. In the process of handling this contained a potential dispute with the debtor in the event that both parties did not reach an agreement in the settlement of problematic credit that occurred. In general, disputes will be more likely to occur when credit quality enters the stage of bad credit.

Basically, handling problematic credit is done by using several ways ranging from negotiations to legal action. At the credit stage is not smooth, negotiation efforts for the purpose of payment of arrears both principal and interest are still very large. If the arrears are resolved, the credit will return smoothly and exit the problematic credit class. At the doubtful credit stage, credit rescue efforts generally begin to be considered. While at the stage of bad credit, although rescue efforts are still possible, but the process of selling assets and / or legal action through the execution of guarantees or lawsuits begins to open. In the early stages of handling, the most important factor that is usually considered by banks is the debtor's good faith factor. One of the criteria for determining credit quality mentions the relationship between creditors (banks) and debtors (borrowers) into a measure of credit categories / classes. In the class of credit quality is not smooth, doubtful and bad, the relationship of creditors and debtors is indicated to begin to deteriorate.

Settlement of problematic credit disputes in banks can basically be resolved in two ways, namely litigation and nonlitigation. However the bank will consider the debtor's good faith first in any settlement.

The Bank has made it an obligation to know the identity of

the debtor customer, in the provision of credit, this principle is necessary so that there is no bad credit or default in the future. Although this principle has been implemented, but there are still some cases that occur. This is evidenced by the existence of several cases of problematic credit, which occurred at Bank Mandiri Banda Aceh.

**Tabel 1:** Jumlah Kredit Bermasalah Pada Saat Konversi Bank Mandiri Konvensional Ke Bank Syariah Indonesia Tahun 2020-2021

Segmen	Kolektibilitas 2A – 2C	NPL	KET
<i>Retail</i>	450	344	
<i>Small 4 Medium</i>	2	1	
<i>Consumtif</i>	35	21	
<i>Credit card</i>	543	477	
<i>Total</i>	1030	843	

**Source:** Bank Mandiri Conventional to Bank Syariah Indonesia Banda Aceh

Based on the table above it can be known that in the last 1 year regarding the amount of problematic credit in the conversion process of Bank Mandiri Banda Aceh to Bank Syariah Indonesia there are several segments, namely, Collectibility 2A-2C and Non Performing Loan (hereinafter abbreviated as NPL). In the Collectibility segment 2A-2C consists of retail numbering 450, small 4 mediums amounting to 2, consumive numbering 35, and credit cards amounting to 543. Thus, the total collectibility segment of 2A-2C is 1030. The NPL segment consists of retail numbering 344, small 4 mediums amounting to 1, consumive numbering 21, and credit cards amounting to 477. A total of 834 cases of NPL.

Banda Aceh is an area that enforces Islamic shari'ah, the Implementation of Islamic Shari'ah is regulated in the Regional Regulation of Aceh Special Region Province No. 5 of 2000 on the Implementation of Islamic Shari'ah. The legal basis and government recognition for the implementation of Islamic Shari'ah in Aceh, based on Law No. 44 of 1999 on the Implementation of Special Regional Provinces of Aceh and Law No. 11 of 2006 on Aceh Government.

At the end of 2018, the Aceh government issued Qanun Aceh Number 11 of 2018 on Islamic Financial Institutions (hereinafter abbreviated as Qanun Aceh LKS), which regulates financial institutions in Aceh, which include bank institutions, must be based and implemented in accordance with sharia principles, so that all financial institutions implemented in Aceh including all banks in Aceh must implement the provisions contained in Qanun Aceh LKS. This is in accordance with Article 1 paragraph (8) of Qanun Aceh LKS, "Islamic financial institutions further abbreviated as LKS are institutions that carry out activities in the banking sector, the non-banking Islamic financial sector and other financial sectors in accordance with sharia principles".

Thus, Qanun Aceh LKS should be applied to financial institutions operating in Aceh including banks. In order to support the implementation of Qanun LKS, every conventional bank that has previously existed in Aceh must convert to Islamic bank. With the enactment of Qanun LKS in Aceh every conventional bank that has converted to Islamic bank is obliged to impose Sharia principles in every financial management activity in the bank, including in the field of credit.

The above description shows that conventional banks in Aceh must be converted to Islamic banks in accordance with the rules of Qanun LKS, with the regulations, making all activities in conventional banking undergo changes and follow the sharia principle system. With the conversion of the conventional bank system to Sharia requires deposition customers and conventional bank debtor customers to immediately convert their accounts from conventional banks to Shariah. However, regarding this transition whether the customers, such as debtor customers involved with problematic credit problems in conventional banks before, can also convert their data to Islamic banks, thus requiring further study.

Based on the background of the above problems, this article discusses how is the practice of problem credit settlement in the process of converting conventional independent banks to Indonesian Islamic banks?

### Research Methods

The research method used is an empirical juridical research method using a sociological approach to law. The data source consists of skunder data from the library and primary data taken in the field. The data collection technique used is an in-depth interview with respondents and informants. Research location in Lut Tawar Subdistrict and Bintang District of Central Aceh Regency. All data collected is analyzed using sociological jurisprudence theory, expediency theory and authority theory.

### Discussion

#### A. Problematic Credit Settlement Regulations at Conventional Banks

Banking regulations when the Dutch were still colonizing the country of Indonesia is the regulation of Village Credit Agencies in the provinces in Java and Madura outside the townships based on staatsblad year 1929 No. 357 dated September 14, 1929.

After the state of Indonesia became independent then formed law No. 12 of 1952 concerning The Private Development Bank (state gazette of the Republic of Indonesia Year 1952 No. 58 and additional state gazette of the Republic of Indonesia No. 2489), but the law did not repeal the previous banking regulations, and subsequently established law No. 14 of 1967 on banking principals (state gazette of the Republic of Indonesia Year 1967 No. 34, additional state gazette of the Republic of Indonesia No. 2842).

Along with the development of the times the above rules are considered no longer appropriate and considered outdated, because they cannot follow the development of the economy both nationally and internationally, so that a rule is formed, namely law No. 7 of 1992 on Banking, the birth of this regulation makes the previous regulations no longer apply.

In the mid-1990s, the national economy was experiencing a fast-moving, competitive, and integrated development with increasingly complex challenges and an increasingly advanced financial system that had an effect on banking regulations. To be able to adjust the situation, the Dpr together with the President formed law No. 10 of 1998 on Banking (hereinafter the Banking Law) which passed law No. 7 of 1992. The change in the law did not replace the previous law, because Law No. 10 of 1998 only changed part of the articles of Law No. 7 of 1992, and the articles that were not changed still remain in force. So the law that

applies until now is Law No. 7 of 1992 jo Law No. 10 of 1998 on Banking.

Changes in banking introduced through the amended Banking Law, are the cornerstone of our banking in facing the moment of take-off in the era of globalization. In it was created an environment in the banking world that not only allows the development of the banking industry, but also makes the transformation that is limited by the development, so as to achieve the goals of public welfare, then direct action is formed to accelerate the process of modernization of the banking industry sector, also outlined the orderly provisions of relations agreed upon and necessary in the banking world to carry out the function of banking. Productive.

As a business entity, the bank will always try to find the maximum profit, which is one of the characteristics of the company. Conversely, if as a *kauangan* institution, then the main obligation of the bank is to maintain the stability of the value of money, encourage economic activity and expand employment opportunities. Therefore in the sense that the bank here does not include Bank Indonesia. Bank Indonesia is not a business entity that seeks profit, even though it does business of a commercial nature as well. Another defines a bank as "a body whose primary job is to provide money from third parties", while another definition says a bank is "a body whose main duty is as an intermediary to channel the supply and demand for credit at a predetermined time". One of the functions of banks is to distribute credit to both individuals and business entities. The government strongly encourages, supports, and helps the SME sector (Small and Medium Enterprise or foreign term SME "Small Medium Enterprise"), so that SMEs become the support of Indonesia's economic order. This means that the government wants the Indonesian economy to develop, especially through the SME sector. Don't let only corporate companies be more noticed.

Banks in carrying out their duties need to pay attention to the principles that occur in banking. The principles in question are:

1. The legal principle, banks in carrying out their duties to serve the community cannot be separated from the legal basis that applies. What the bank does is based on written law in the form of legal regulations related to banks, while the law is not written in the form of customary law and customary law.
2. The principle of justice, in addition to the legal principle of the bank must also be able to apply the principle of justice. In serving the community, banks should not provide credit facilities only to large entrepreneurs, but also to small entrepreneurs. In addition to providing loans to companies that are members of his group also provide corporate loans outside his group.
3. The principle of trust, the bank's relationship with its customers is on the basis of trust. Customers feel confident in the bank that the money saved can be managed properly by the bank. On the other hand, the bank holds firm to the trust by being ready to pay customers if some or all of its deposits are withdrawn at any time. Similarly, if the bank provides credit, the bank must believe that the debt can be paid back by the community along with its interest.
4. The principles of security, in serving its customers the bank uses the principle of security. The bank provides

security to the deposits of its customers to avoid a crime. In addition, the bank also provides a sense of security to its customers while in the office or tire case when making a transaction with the bank.

5. The principles of prudence, one of the banking principles set out in the Banking Law are the principles of prudence, but the law does not provide an explanation of the principle. The principle of prudence is closely related to the duties of the bank, because in carrying out its duties the bank must work with thoroughness, make careful consideration, avoid fraud, and not take steps that are contrary to propriety.
6. The principle of economics, banks as companies whose purpose is to obtain profits cannot be separated from economic principles. With its task of collecting funds from the community and channeling to the community in the form of credit, banks attract interest or profits from the community which is a reward for services for the bank. Similarly, in providing remittance services, banks also benefit from the cost of shipping.

### **B. Peraturan Penyelesaian Kredit Bermasalah pada Bank Syariah**

In mid-2008 the representatives of the people in the House of Representatives together with the government have established law No. 21 of 2008 on Islamic Banks, which was promulgated on July 16, 2008 in the State Gazette of 2008 No. 94 and Additional State Gazette no. 4867, and came into force from the date of promulgating.

Before the birth of the Islamic Bank Law, the applicable banking regulation was Law No. 7 of 1992 which was amended by Law No. 10 of 1998 (called the Banking Law). At the beginning of the establishment of the law has regulated the basic principles and basic rules of banking.

Basically the Banking Law, actually enough to establish an Islamic bank in the law has regulated the business of banks with Sharia principles and its implementation regulations have also been regulated by Bank Indonesia regulations. This is evident since the beginning of 2000 or before the birth of Law No. 21 of 2008 there have been various banks running their business with sharia principles.

The birth of Islamic banks is motivated by several things, namely the majority Muslim Indonesian people, in Islamic teachings do not want *riba*, working with the profit sharing system has also been known since ancient times, and the desire of the community to conduct debt transactions with sharia isam principles. National law that adheres to an open system, which basically has a dynamic legal principle, where it is always evolving in accordance with the development and needs of the times. National law is a place that can accept and accommodate every legal development in various fields.

With this background becomes the subject of thought that to establish islamic banking institutions need to be regulated specifically. This is evident in the NO Act. 21 of 2008 which states that the arrangement regarding Islamic banking in Law No. 10 of 1998 is not specific so it needs to be regulated specifically in its own laws.

According to Article 1 number 7 of Law No. 21 of 2008 is a bank that carries out its business activities based on Sharia principles and according to its type consists of Islamic commercial banks and Islamic financing banks.

The above understanding gives the meaning that I in the implementation of Islamic banking law only emphasizes the

principles of Sharia based on Islamic law in every activity.

The purpose of establishing a bank as a business entity is to make a profit. Bank business activities are generally carried out by adhering to the principles of western civil law and customary law that applies. Now with the sharia bank law, the opportunity is increasingly open for the community, especially among entrepreneurs to establish a bank with sharia business principles.

The source of business law using sharia principles, is based on Islamic religious law. As for the source of Islamic law, that is.

1. Al-Qur'an,
2. Hadits,
3. Ijma' (Ijtihad),
4. Fatwa,
5. Qiyas,
6. Istihsan, dan
7. Urt.

For bank business activities based on Sharia principles, among others, business activities that do not contain the following elements:

1. Riba, namely the addition of income unlawfully (vanity) among others in the exchange of similar goods that are not the same quality, quantity, and time of delivery (*fadhli*), or in borrowing transactions that require the recipient customer to return funds received in excess of the principal of the loan due to the running of time (*nasi'ah*).
2. Maisir, which is a transaction that is hung in an uncertain and fortunate state.
3. Ghafar, i.e. transactions whose objects are unclear, do not belong, are unknown to exist, or cannot be submitted at the time the transaction is made, unless otherwise regulated in sharia.
4. Haram, which is a transaction whose object is prohibited in sharia
5. Unjust, or transactions that cause injustice for others.

Islamic banking performs the operational functions of bank n including collection, distribution, and services. Islam in providing the basics of islamic bank banking operational guidelines can carry out the following principles, as follows:

1. Financing products (*financing*)
  - a. Equity financing
  - b. Musyarakah (joint venture profit sharing) contract
  - c. Mudharabah contract (trustee profit sharing)
  - d. Debt financing (cost plus financing)
  - e. Murabahah contract
  - f. Bai'as salam contract
  - g. Contract bai'al istishna'
  - h. Contract al ijarah
  - i. Qardh contract
2. Fund-raising products (*funding*)
  - a. A bank account (current account or demand deposit) with wadi'ah principle.
  - b. Wadi'ah principle savings account or mudharabah (saving account).
  - c. Mutlaqah mudharabah account for general investment (investment account).
  - d. Muqayyadah mudharabah account for special investment (special investment account).
3. Service products

- a. Letter off credit (loan guarantee) with the principle of "wakalah, musyarakah, or mudharabah.
- b. Bank guarantee of kafalah principle.
- c. Transfer and principle of wakalah.
- d. Buy and sell foreign exchange or forex (sharf).

The products of Islamic banking as described below are:

1. Wadi'ah is the custody of funds or goods from the owner of funds / goods to the depository or goods with the obligation of the party who receives the deposit to return funds or goods at any time.
2. Mudharabah is the cultivation of funds from the owner of funds (shahibul maal) to the fund manager (mudharib) to carry out certain business activities, with the division using methods for profit and loss (profit-loss sharing) or methods for revenue sharing (revenue sharing) between both parties based on the ratio that has been agreed before.
3. Musyarakah is the investment of funds from the owners of funds or capital to mix their funds / capital in a particular business, with the distribution of profits based on the ratio that has been agreed before. Losses incurred are borne by all owners of funds / capital based on the share of funds / capital respectively.
4. Murabahah is the sale and purchase of goods as much as the cost of goods coupled with agreed profit margins.
5. Greeting is the sale and purchase of goods by order with certain conditions and cash payment in full. Istishna' is the sale and purchase of goods in the form of ordering the manufacture of goods with certain criteria and requirements agreed with payment in accordance with the agreement.
6. Ijarah is a rental transaction on a good and or wages for a service in a certain time through the payment of rent or service rewards.
7. Qardh is borrowing funds without reward with the obligation of the borrower to return the principal of the loan at once or installments within a certain period of time.

### C. Problematic Credit Settlement Practices in the Process of Conversion of Conventional Bank Mandiri to Bank Syariah Indonesia Indonesia

The provision of credit by the bank will be analyzed on a customer's business that will be given the credit, taking into account the character of the customer, the ability to pay, the business to be financed and collateral that will be the guarantee of his credit. However, after conducting an in-depth analysis of debtors, it is possible that the problem will remain, as well as the many problems of problematic credit in banks.

Credit problems in the field are mostly caused by decreased sales turnover of debtor businesses. For cases in Banda Aceh itself, the most commonly found is a decrease in sales turnover resulting in problematic credit.

Credit problems experienced by banks, almost every field in the field of credit has its own constraints and problems, such as in credit given to debtors in the field of contractor business. Late payment from the employer that causes the debtor difficulty completing his obligations to the bank. But lately the average business has decreased due to Covid-19, which resulted in almost all credit being given credit restructuring.

Related to credit problems in banking, making considerable

attention for the bank, where banks must pay attention to actions to follow up on problematic credit problems. Because problematic credit will certainly have a bad impact not only bagi nasabah but also for banks that provide credit, this will have an impact on the valuation of banks that issue credit, but end up stuck, and will have an impact on the bank's audit report, which will increase the number of NPL / bad loans on banks. If there is problematic credit, of course, what will be affected is the debtor's own phak, and the bank. The problem of problematic credit becomes a fairly complete problem, in the sense that conventional banks, especially conventional Bank Mandiri in Aceh are preoccupied with the conversion of conventional banks to Indonesian Islamic banks, this makes banks have to change the entire banking system from conventional to Indonesian Islamic banks. Implementation of Qanun Aceh LKS makes banks in Aceh preoccupied with the process of data conversion, ranging from customer data, to the debtor agreement process. In addition to the busyness of banks that are converting, there is one problem that makes the bank have to take an action in helping the debtors solve every problem, namely, about problematic credit.

The underlying problem today is that problematic credit cannot be converted from conventional Bank Mandiri to Indonesian Islamic bank. The reason Indonesian Islamic banks refuse is because there is an unfinished initial agreement and is in a problematic qualification, where the initial agreement is carried out using the principle of bank convention, which is different from the principle of Sharia agreement called akad. Bank Syariah Indonesia will receive the conversion of credit data, if the credit is included in the current qualification, so that a re-agreement system can be carried out using sharia principles.

The inaction of conventional Bank Mandiri against problematic credit, causing conventional Bank Mandiri must still provide compensation for parties experiencing problematic credit, until the credit agreement is completed. The implementation of Qanun Aceh LKS which causes every conventional bank can no longer operate in Aceh, because conventional banks must be converted into Indonesian Islamic banks.

The problem of problem problems regarding problematic credit is an important concern of conventional banks, so that in the absence of conventional banks in Aceh, it will make the parties in the dispute problematic credit have difficulty in handling it. So that conventional banks will continue to provide services for debtors who experience problematic credit problems, where there will be a special functional office to resolve problematic credit, where this functional office will be subject to Bank Mandiri's existing rules in the city of Medan.

As stated by bank officials with the conversion or transfer of this bank, of course, conventional banks will no longer operate in Aceh so that debtors who have problematic credit facilities will have difficulty completing their credit. This resulted in credit will be managed by Bank Mandiri in Medan, and will temporarily create a functional office, in resolving problematic credit problems.

Every problem that arises certainly requires a solution, as well as problems that exist in the banking world, banks that are a form of business that has high risk, have prepared things that should be able to help the business journey. As well as credit problems, where banks have prepared various ways of bribery to the parties who do default in order to do

their achievements again.

Credit problems become a significant problem in the current convention process, where each credit problem will be directed by the debtor to be able to complete his achievements, so that the credit returns to smooth status credit. Because debtors who experience problematic credit cannot convert from conventional banks to Indonesian Islamic banks, in this case the problem of problematic credit will still be followed up by conventional Bank Mandiri.

As one of the bank officials said, for problematic credit at Bank Mandiri will still be managed and resolved by Bank Mandiri. Because this cannot be converted to Indonesian Islamic banks. But in contrast to current credit, for current status credit can be converted to Indonesian Islamic banks, which re-enter into re-agreements that use a sharia principle system called akad. For those who have converted from conventional banks to Indonesian Islamic banks, then if in the future there are problems regarding credit, then the settlement uses the Indonesian Islamic bank system.

But not with problem credit, where problematic credit that cannot be converted to Indonesian Islamic banks, causing the settlement is also unable to use the Islamic banking system, so that the dispute resolution system for problematic credit will be resolved using the conventional self-banking system. Based on what the bank's financial officials have said, at this time, for the settlement of problematic credit managed by Bank Mandiri, then the entire settlement is still through Bank Mandiri.

Problematic credit cannot be converted to Indonesian Islamic banks, so it is still handled by conventional Bank Mandiri, so the efforts made still follow the existing rules at Bank Mandiri. And the policies used against the settlement of problematic credit are still under conventional Bank Mandiri in accordance with the applicable rules.

If the debtor has difficulty in resolving his credit obligations, the Bank will provide a solution to restructure his credit. This is done if the business is still going well but only decreases. Meanwhile, if the business in question is really no longer running in the future, then the execution of collateral is one of the solutions.

The efforts made by Bank Mandiri conventionally in resolving credit disputes problems in the past year are by negotiating with the debtors, when the bank still considers the troubled debtor is still cooperative. As the bank staff said, the effort that can be made to help a troubled but still cooperative debtor is to restructure his credit. If the debtor or his business is still running and the debtor still has the ability to pay, then the bank will restructure its credit. But the most ultimately effort is to execute the collateral in accordance with what has been promised in his credit agreement.

Based on the description above, the system of settlement of problematic credit at the time of conversion of conventional Bank Mandiri to Indonesian Islamic bank is to use the conventional Bank Mandiri system, and in this case conventional Bank Mandiri will make two efforts in resolving the mass credit dispute, that is, first by restructure, and the second attempt, namely execution of collateral that has been made in the agreement.

This past year, the reason debtors do not do their achievements is due to the decrease in turnover in their business, therefore the bank provides a solution, namely to restructure its credit, but the restructuring will be done if the business is still running, but is experiencing a decrease in

turnover. Restructure is done with the aim of helping debtors who are experiencing difficulties in their business.

Restructuring also provides great benefits for the parties, namely banks and debtors. The restructure to avoid losses between the parties, and the restructuring will help the debtor to restore his achievements, so that the credit is smooth. The Bank in restructure will conduct an analysis of the business prospects carried out by debtors, and must first follow the requirements based on the provisions of Article 57 paragraph (1) of Bank Indonesia Regulation (PBI), No14/15/PBI/2012.

After the restructuring of the problem of problematic credit, and there has been an agreement between the bank and the debtor, then the signature of the restructuring deed that has been made, and this is done based on the provisions of PBI No14/15/PBI/2012.

As for the second effort, namely, carrying out the execution of collateral that has been made in the agreement, the execution is the last way that will be done by the bank, where after the bank conducts an in-depth analysis of credit problems, and in this case it is found that the efforts made by debtors are not going well, or are no longer operating / running in the future, then the execution is carried out. Execution is the last resort that will be taken by the bank, if other efforts do not provide a solution to the credit problem.

### Conclusion

The system of resolving problematic credit disputes during the process of conversion of conventional banks to Islamic banks is also carried out by Bank Mandiri, which is characterized by problematic credit data cannot be converted to Indonesian Islamic banks, so Bank Mandiri must continue to serve and resolve problematic credit disputes. The inversion of problematic credit causes the problem to be resolved based on Bank Mandiri's own rules and policies. As for the form of settlement of problematic credit disputes at Bank Mandiri at the time of this conversion, namely by restructuring its credit, this is done by the bank, with an in-depth analysis of the continued business of debtors, if the business is still active, only there is a problem of decreased turnover, due to the decrease in the number of buyers. After the parties agree to restructurization, a restructuring deed will be signed by both parties. When restructuring efforts cannot be made, then the last effort that will be taken by the bank is to carry out the execution of collateral that has been promised in the letter of agreement.

### References

1. Gatot Supramono. *Perbankan dan Masalah Kredit Suatu Tinjauan di bidang Yuridis*, PT Rineka Cipta, Jakarta, 2009.
2. Gita Danupranata. *Buku Ajar Manajemen Perbankan Syariah*, Salemba Empat, Jakarta Selatan, 2013.
3. Hermansyah dalam Muhammad Saleh. *Kepastian Hukum dalam Penyelesaian Kredit Macet Melalui Eksekusi Jaminan Hak Tanggungan Tanpa Proses Gugatan Pengadilan*, Kencana, Jakarta, 2016.
4. Kristian dan Yopi Gunawan. *Tindak Pidana Perbankan dalam Proses Peradilan di Indonesia*, Prenada Media, Jakarta, 2018.
5. Maryanto Supriyono. *Buku Pintar Perbankan*, dilengkapi dengan Studi Kasus dan Kamus Istilah Perbankan, Andi Offset, Yogyakarta, 2011.

6. Mokhammad Najih, Soimin. *Pengantar Hukum Indonesia, Sejarah, Konsep Tata Hukum, dan Politik Hukum Indonesia*, Setara Press, Malang, 2014.
7. Salim HS, Erlies Septiana Nurbani. *Penerapan Teori Hukum pada Penelitian Tesis dan Disertasi*, Cetakan Kelima, Jakarta, PT Raja Grafindo Persada, 2017.
8. Syamsu Iskandar. *Bank dan Lembaga Keuangan Lainnya*, In Media, Jakarta, 2013.
9. Thomas Suyatno, *Kelembagaan Perbankan*, Gremedia, Jakarta, 1990.
10. Asep Rozali. Prinsip Mengenal Nasabah (Know Your Customer Principle) dalam Praktik Perbankan”, *Jurnal Wawasan Hukum*, 2011, 24(1).
11. Djunyanto Thriyana. “Penyelesaian Sengketa Kredit Bermasalah dalam Praktek Perbankan di Indonesia”, *Dialogia Iuridica: Jurnal Hukum Bisnis dan Investasi*, 2020, 11(2).
12. Michael Willy Chandra, Sutiarnoto, dan Ida Nadirah. “Penyelesaian Sengketa Kredit Macet Melalui Pelaksanaan Pelelangan Aset Debitur Oleh PT. Bank Artha Graha Internasional, Tbk Medan”, *Delega Lata Jurnal Ilmu Hukum*, 2020, 5(2).
13. Wahyudin Harun. “Prosedur Penyelesaian Sengketa Pihak Perbankan dalam Pemberian Kredit”, *Jurnal Lex Privatum*, Ags-okt, 2014, 2(3).
14. Wawancara XI, Account Officer Bank Mandiri Aceh, tanggal, 2021.
15. Wawancara XII, Account Officer Bank Mandiri Banda Aceh, tanggal, 2021.
16. Wawancara XIII, Accaount Officer Bank Mandiri Aceh, tanggal, 2021.
17. Wawancara, Pejabat Bank Mandiri Banda Aceh, Divisi Small Medium Enterprise, tanggal, 2021.
18. Wawancara Akademisi Keuangan Bank Mandiri Banda Aceh, tanggal, 2021.