



## The Influence of Business and Credit Characteristics on Bank Credit by Traders at Pasar Horas of Pematangsiantar City

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### ABSTRACT

Study aims to determine the influence of business and credit characteristics on Bank credit by traders at Pasar Horas of Pematangsiantar City. The type of research used is quantitative research with descriptive data analysis approach and data collection using research instruments, quantitative statistical data analysis with the aim of testing predetermined hypotheses. The result of the study show the effect of Business and Credit Characteristics simultaneously affect the bank credit return variable by 76.4%. The Effect of Business characteristics on Bank Credit Returns show tcount 5,688 which is bigger than t table which is equal to 1,988, and level the significance is 0.000 < 0.05, so that  $H_0$  is rejected  $H_1$  is accepted means business characteristics have a significant effect on bank credit repayments by traders. The Effect of Credit Characteristics on Credit Return obtained from the t test (partial) which shows that t count (17.486) is greater than t table (1.988) so that  $H_0$  is rejected  $H_1$  is accepted means the credit characteristics affect the repayment of bank by Traders in Pematangsiantar City. If the variable of credit characteristics is higher the assumption of the variable credit characteristics return in bank will increase.

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## 1. Introduction

The main problem in this study, the writer wants to know how micro small and medium enterprises actors especially in the trade sector to obtain their initial capital and wants to know the truth whether business characteristics and credit characteristics have an influence on the rate of return on credit. The micro small and medium enterprises sector is chosen by the government as a sector that needs full attention because according to economists it is said the strength of the Indonesian economy.

Micro small and medium enterprises is an integral part, which is an economic activity for the people that has a strategic position role and potential to realize a national economic structure based on economic democracy (Fajar, 2015: 191). Trade sector according to the business field in the Pematangsiantar city in 2017-2018 has a contribution to the creation of GRDP value. The objectives in this study to determine whether business and credit characteristics has an influence on bank credit repayments by traders in the Pasar Horas of Pematangsiantar City.

## 2. Review of Literature

### 2.1 Definition of Business

Based on Indonesian Dictionary effort is an activity by exerting energy, mind, or body, to achieve a purpose. According to Nana Supriatna, et al (idpengentuk.com, 2018), business is all economic activities carried out by humans in order to achieve certain goals. Meanwhile, according to Machfoeds (2007: 1) in Pradifta's (2015) research, a business or is a trading carried out by a group of people who are organized to make a profit by producing and selling goods and services to meet consumer needs.

Based on this definition, it can be concluded that the characteristics of the business are:

- There is a product (goods or services) for sale.
- Run by a person or group of people who are organized working together to achieve a goal.
- The goal to be achieved is none other than the income / turnover obtained from the products being traded.
- There is a possibility of profit (profit) and loss.



## **2.2 The Field and Type of Business**

According to Suryana (2014: 129) the fields and types of business include: Agriculture including agricultural, forestry, fishery and plantation businesses. Mining including sand excavation, soil excavation, stone and brick. Manufacturing including industrial, assembly and synthesis businesses. Construction including building, bridge, irrigation and road construction businesses. Trade including small businesses (retail), wholesalers, agents and export-import. Financial services including banking, insurance and cooperative businesses. Individual services including haircut, salon, laundry / laundry, catering businesses. Public services including transportation, warehousing and other distribution businesses. Tourism services covering various groups.

## **2.3 Definition of Credit**

In a broad sense credit is defined as trust. Likewise in Latin, credit means "credere" which means to believe. The purpose of trusting for the lender is that he trusts the recipient of the credit that the credit has channeled will definitely be returned according to the agreement. Whereas for credit recipients it is an acceptance of trust so that they have an obligation to pay according to the time period (Kasmir, 2014: 85-86). Meanwhile, according to Kent in his book Money and Banking (Pradifta, 2015: 22) says that credit is the right to receive payment or the obligation to make payments when requested or at a later time, due to the delivery of goods now.

According to the Banking Law Number 10 of 1998 credit is the provision of money or an equivalent bill, therefore based on the loan agreement between the bank and another party which requires the borrower to pay off debt after a certain period of time with interest.

## **2.4 Types of Credit**

Credit provided by commercial banks and Rural Banks for society consists of various types. In general, the types of credit can be seen from various aspects, including (Kasmir, 2014: 90-93):

- a) In terms of usability is used for business expansion or building new projects / factories or for rehabilitation purposes. Examples of investment credit, to build factories or buy machinery. Working capital credit is used for the purposes of increasing production in operations. For example, working capital loans are provided to purchase raw materials, pay employee salaries or other costs related to the company's production process.
- b) In terms of credit objectives productive is used to increase business or production or investment and given to produce goods or services.
- c) Consumptive credit is used for personal consumption. For example loans for housing, car loans, household furniture loans, and other consumptive loans.
- d) Trade credit usually used to buy merchandise whose payment is expected from the sale of the merchandise. This credit is often given to suppliers or trade agents who will buy goods in bulk. For example, export and import credit.

## **3. Research Methodology**

The type of research used in this research is quantitative research with descriptive data analysis approach. According to Arikunto (2014: 3), the descriptive method is a researcher who is meant to investigate the circumstances, conditions or things that have been mentioned, the results of which are presented in the form of a research report.

According to Sugiyono (2017: 8), the quantitative method is defined as a research method based on the philosophy of positivism, used to research certain populations or samples, data collection using research instruments, quantitative / statistical data analysis, with the aim of testing predetermined hypotheses.

The Research location at Pasar Horas in Pematangsiantar Cit which is located at Merdeka Street, the population in this study were all traders at the Pasar Horas, Pematangsiantar City with totally 3,709 traders. The number of samples sufficient to represent the population totally 97 people.

## **4. Discussion**

The instrument is used to measure business and credit characteristics and bank credit repayments was a questionnaire. The results of the instrument testing consist of 34 statement items, 9 business characteristics statements, 18 credit characteristics statements, and 7 bank credit repayment statements. After testing the number of statements declared valid and reliable with the criteria from the questionnaire reliability test for business

characteristics  $0.699 > 0.6$ , and credit characteristics  $0,861 > 0.6$ , and bank credit returns  $0.627$  it is declared reliable.

Based on the normality test for variable data, the Asymp.Sig value was obtained of  $0.200 > 0.05$ . Thus it is concluded that the research variable data has a normal distribution of data. From the multicollinearity test results it was found that the Tolerance value of the variable credit characteristics (X1) and credit characteristics (X2) was  $0.614 < 10.00$  meaning it did not occur multicollinearity among independent variables. And the results of the heteroscedasticity test from the scatter plot image detected that the points were spread out, and did not form a certain pattern, so there was no heteroscedasticity.

**a) The Effect of Business and Credit Characteristics on Bank Credit Returns**

Based on the results of the research that has been done, it can be seen that variable business and credit characteristics have a positive effect against bank credit returns can be seen from the results of the equation multiple linear regression is  $Y = 3,391 - 0,046 X1 + 0,371 X2 + e$ . From the multiple linear regression equation it can be seen that the 80 constants are 3.391, for the regression the coefficient effect of business on bank credit returns, which is  $-0.046$ , and the regression coefficient of the influence of credit characteristics on bank credit returns, which is  $0.371$ . Based on the results of the simultaneous test (F test), the value  $F_{count} > F_{table}$  was obtained, namely  $153.454 > 3.09$  with a significant level, namely  $0.000 < 0.05$ . So it can be concluded that the business and credit characteristics simultaneously have a positive effect on bank credit returns, so hypothesis H1 is supported. Based on the coefficient of determination ( $R^2$ ) located in the RSquare column, the coefficient of determination ( $R^2$ ) is obtained which is  $0.764$  means that all independent variables, namely business and credit characteristics simultaneously affect the bank credit return variable by  $76.4\%$ .

**b) The Effect of Business Characteristics on Bank Credit Returns**

The results is obtained by researchers that the characteristics of the business has an influence on the return of bank credit by traders at Pasar Horas of Pematangsiantar city. The conclusion is obtained from the research results through the t test (partial) that the results of the business characteristics variable show tcount  $5,688$  which is bigger than t table which is equal to  $1,988$ , and level the significance is  $0.000 < 0.05$ , so that  $H_0$  is rejected  $H_1$  is accepted. It means business characteristics have a significant effect on bank credit repayments by Traders at Pasar Horas of Pematangsiantar City.

**c) The Effect of Credit Characteristics on Credit Returns**

Based on the results of research conducted it shows that the results of the variable characteristics of credit have a significant effect on bank credit returns the results are obtained from the t test (partial) which shows that t count ( $17.486$ ) is greater than t table ( $1.988$ ) so that  $H_0$  is rejected  $H_1$  is accepted means that the characteristics of credit affect the repayment of bank by Traders in Pematangsiantar City. If the variable of credit characteristics is higher the assumption of the variable credit characteristics return on bank credit will increase. The results obtained in this study are in line with research conducted by Afriyeni (2013) entitled "Factors that affect the rate of return on People's Business Credit at PT. Bank Rakyat Indonesia BRI Talang unit of Solok branch". The results showed that the variable loan amount, repayment period, credit borrowing experience and collateral value had a significant effect on bank credit repayments.

## 5. Conclusion

Based on the results of research that has been conducted regarding the effect of business and credit characteristics on bank credit repayments by traders at the Pasar Horas of Pematangsiantar City, it is concluded that, "Business characteristics in the form of experience, business turnover, operating profit and employees have a significant effect on Bank credit returns by traders in the pasar Horas. And the characteristics of credit in the form of loan amount, repayment period, experience in borrowing credit and collateral value have a significant effect on bank credit repayments by traders.

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