

ASYMMETRIC INFORMATION AND NON-PERFORMING LOANS AT INDONESIAN BANK

Ni Luh Gita Pratesya*, Anak Agung Ngurah Oka Suryadinatha Gorda
Universitas Pendidikan Nasional, Indonesia

Citation (APA 7th): Pratesya, N. L. G., & Gorda, A. A. N. O. S. (2026). Asymmetric Information And Non-Performing Loans At Indonesian Bank. *Jurnal Minds: Manajemen Ide Dan Inspirasi*, 12(2), 879–888. <https://doi.org/10.24252/minds.v12i2.61783>

Submitted: 03 October 2025

Revised: 02 February 2026

Accepted: 08 May 2026

Published: 08 May 2026



Copyright: © 2026 by the authors.

ABSTRACT: This study aims to analyze asymmetric information and non-performing loans in the Micro Community Business Credit program at Indonesian Bank. This study contributes to the understanding of how information imbalance, moral hazard, side streaming, credit appraisal, field monitoring, and managerial leadership interact in microcredit risk management. A descriptive qualitative approach was employed through in-depth interviews, observation, and documentation. The informants were selected purposively. The study also examined internal credit development data from July to December 2024. The findings show that non-performing loans are caused by internal bank limitations, customer-related factors, and external economic pressures. The study implies that strengthening post-disbursement monitoring, customer financial education, relational supervision, and adaptive leadership is essential to reduce credit risk.

Keywords: Asymmetric Information; Non-performing Loans; Micro Credit; Credit risk; Bank

*Corresponding Author: niluhgitapratesya@gmail.com

DOI: <https://doi.org/10.24252/minds.v12i2.61783>

ISSN-E: 2597-6990

ISSN-P: 2442-4951

<http://journal.uin-alauddin.ac.id/index.php/minds>

Publisher: Management Department, Universitas Islam Negeri Alauddin Makassar, Indonesia

INTRODUCTION

Banks are consistently confronted with the possibility of problems related to loans that may result in default, as one of the primary roles of banking institutions is to provide loans to individuals or companies that require them through financial intermediation. However, this lending process may give rise to certain consequences, particularly the risk that banks may face debtor default (Sitopu, 2022). In banking finance, the risk arising from lending activities is known as credit risk, which refers to a situation in which debtors are unable to fulfill their obligations to creditors in accordance with the existing agreement. If the level of credit risk increases, it may trigger a crisis in the banking sector.

A bank is a financial organization or business entity that, in carrying out its operations, collects funds from the public in the form of deposits and channels them back to the public in the form of loans or other forms of financing to improve people's quality of life. Therefore, banks occupy a highly crucial position. This is due to the main function of banks, namely distributing loans, and the loans provided by banks have a substantial impact on all aspects of life, particularly in the economic sector (Nababan et al., 2023). Banking institutions constitute the core of a country's economy because they serve as intermediaries between parties that possess capital, or fund providers, and parties that utilize capital, or fund recipients. According to Law Number 10 of 1998, a bank is a business entity that collects funds from the public in the form of deposits and subsequently distributes these funds to the public in the form of credit or other services in order to improve the standard of living of the community (Suyanto, 2021). One credit program that plays a significant role in supporting the community's economy is the People's Business Credit program, known as Kredit Usaha Rakyat (KUR). BRI, as the primary KUR-distributing bank in Indonesia, holds the largest share in micro-sector financing. Based on data from the Ministry of Cooperatives and SMEs, more than 60% of the national KUR portfolio is distributed by BRI. However, this program also faces a relatively high risk of non-performing loans because some debtors do not have collateral, and the credit analysis process relies more heavily on subjective information (Simamora, M., Siregar, S. A., Nasution, M. Y., & Agung, 2022).

PT Bank Rakyat Indonesia (Persero) Tbk is an entity engaged in the financial industry. This entity operates under the name BRI. The head office of PT Bank Rakyat Indonesia (Persero) Tbk is located in Jakarta, and the bank has regional offices, branch offices, sub-branch offices, work units, and service outlets distributed throughout Indonesia. The success of financial institutions in collecting funds from the public is not always balanced by an appropriate fund distribution plan, which may lead to non-performing loans (Bebczuk, 2003). The period provided for loan repayment increases the high level of risk faced by banks due to uncertainty regarding debtors' ability to repay their loans. The emergence of non-performing loans may cause banks to experience difficulties in fulfilling their obligations to customers who deposit funds. In the context of this study, the credit referred to specifically is Kredit Usaha Rakyat (KUR), or People's Business Credit, which is a credit facility provided by the government through banking institutions such as Bank Rakyat Indonesia (BRI) to support Micro, Small, and Medium Enterprises (MSMEs). KUR has different characteristics compared with commercial credit because most of its loans are not accompanied by physical collateral (Hartanto, R. V., & Wulandari, 2023).

Specifically at BRI Gianyar Branch, KUR distribution is directed toward micro-entrepreneurs in the trade, agriculture, and service sectors. However, in recent years, there has been a phenomenon of increasing non-performing loans (NPLs) in KUR financing, with some cases even reflecting the inconsistency between the use of funds and their initial intended purpose, known as side streaming. This phenomenon is worth examining because each debtor has different experiences, perceptions, and motivations regarding the process of applying for and utilizing KUR (Mulyono, H., Idayati, I., & Sari, 2023). The relationship between lenders and borrowers can be viewed from an agency perspective. Agency theory emphasizes the existence of agency conflicts caused by hidden information. (Asrofi, A. K., & Sanawati, 2024) emphasize that the banking sector, particularly in relation to credit, is a relatively opaque business area, which may lead to agency-related problems. In the banking context, this phenomenon is often referred to as asymmetric information, which occurs when agents possess better, more complete, and more comprehensive information about their business than creditors do (Amrih, et al., 2024).

The impact of asymmetric information not only affects the quality of contracts and monitoring but may also give rise to adverse selection problems (Suyanto, 2021). Under such

conditions, banks may make errors in the credit decision-making process because they face difficulties in distinguishing between prospective debtors with good credit quality and those with poor credit quality. One form of such error can be observed when banks determine lending interest rates. Debtors with low credit quality often use bank funds to pursue substantial profits through speculative business activities. Such business activities are generally associated with a high level of risk. Nevertheless, these high-risk debtors are still charged the same interest rates as debtors who are prudent, ethical, and have good credit quality (Kasmir, 2019). As a result, high-risk debtors enjoy loan interest rates that are relatively lower than their actual level of risk, whereas good-quality debtors must bear an interest burden that is disproportionate to their risk profile. This situation disadvantages financially sound debtors because they are treated as if they pose the same level of risk as poor-quality debtors.

Simamora, et al. (2022) emphasize that the application of the prudential principle and the 5C analysis Character, Capacity, Capital, Collateral, and Condition can serve as a strategy to minimize the impact of asymmetric information. However, in the case of KUR, the Collateral element is often unavailable; therefore, credit appraisal and character analysis become key factors in the successful mitigation of risk. Non-performing loans are an issue that frequently arises in the banking industry and may have a significant impact on the stability of the financial system as a whole (Nata, A., Dewi, S. R., & Kurniawan, 2021). A high level of non-performing loans has the potential to reduce bank profitability and, in extreme cases, may even lead to bankruptcy. Therefore, identifying and understanding the main factors that cause non-performing loans is crucial for bank management in order to anticipate and manage credit risk optimally (Sasmiharti, 2024). These include a decline in debtors' business income, losses incurred in business operations, and situations in which debtors disappear or evade their responsibilities. The development of credit at BRI Gianyar Branch Office is as follows:

Table 1. Credit Development at BRI Kanca Gianyar

Month	Substandard Loans	Doubtful Loans	Non-Performing Loans
July 2024	IDR 1,329,540,414	IDR 747.626.039	IDR 806,489,557
August 2024	IDR 1,471,936,831	IDR 1,090,799,859	IDR 1,564,640,940
September 2024	IDR 1,397,291,964	IDR 888.045.262	IDR 1,564,903,475
October 2024	IDR 425,836,289	IDR 1,271,617,089	IDR 919.916.206
November 2024	IDR 688,301,698	IDR 744,699,695	IDR 1,629,644,356
December 2024	IDR 913,647,945	IDR 884.951.967	IDR 1,665,697,089

Source: BRI Friends Gianyar (2025)

As presented in the table above, credit development at BRI Gianyar Branch Office experienced a significant increase from July 2024 to December 2024. In the highly competitive banking business environment, companies are required to have competent and highly committed human resources that are aligned with the company's strategic demands and objectives. Based on information collected through observation, documentation, and interviews, the researcher concludes that there has been an increasing trend in non-performing loans at BRI Gianyar Branch Office. This increase is evident from the rising number of bad loans over the last three months. This condition indicates that certain factors have contributed to the surge and have caused the increase in bad loans at BRI Gianyar Branch Office.

THEORETICAL REVIEW

Asymmetric Information Theory

Asymmetric Information Theory explains a condition in which one party in a transaction possesses more complete, accurate, or relevant information than the other party (Scott, 2015). In the banking context, this information imbalance generally occurs between the bank as the creditor and the debtor as the customer. Banks, as lending institutions, often lack sufficient knowledge regarding the borrower's financial condition, business capacity, and character. Conversely, debtors have a deeper understanding of their own business conditions, income prospects, and ability to repay loans (Hartanto, R. V., & Wulandari, 2023). The role of credit appraisal is important as a mechanism for mitigating the risk of information imbalance. Appraisal is responsible for

assessing the feasibility of prospective debtors based on the 5C principles character, capacity, capital, collateral, and condition of economy with a focus on character, business capacity, and loan repayment potential (Kasmir, 2019). In the KUR scheme, which does not require physical collateral, the role of appraisal is expanded to include the character and business capacity of prospective credit recipients (Simamora, M., Siregar, S. A., Nasution, M. Y., & Agung, 2022).

Credit

According to (Andrianto, 2020), the term credit is derived from the Latin word *credere*, which means “to trust” or “to believe,” indicating the element of trust placed by banks in customers to use borrowed funds prudently. Meanwhile, based on Law of the Republic of Indonesia Number 7 of 1992, which was subsequently amended by Law Number 10 of 1998 Article 1, credit is defined as the provision of funds or equivalent claims based on a loan agreement between a bank and another party, under which the borrower is required to repay the loan within a specified period along with interest payments. Credit principles serve as guidelines applied by banks or other financial institutions to minimize risks that may arise from the provision of credit facilities. One commonly used approach is the 5C principle, which includes character, capital, capacity to repay, collateral, and economic conditions. The credit assessment process in KUR strongly depends on the role of credit appraisal, namely the party responsible for assessing collateral value, business feasibility, and the moral hazard risk of prospective debtors. Appraisal does not only evaluate asset value quantitatively but also assesses non-financial factors such as the reputation, integrity, and business prospects of prospective debtors. According to (Mulyono, H., Idayati, I., & Sari, 2023), the accuracy and independence of appraisal in assessing creditworthiness are important factors in preventing non-performing loans, particularly in microfinancing schemes such as KUR, which have limited formal data.

RESEARCH METHOD

This study employs a descriptive qualitative approach aimed at systematically describing and understanding the phenomena of asymmetric information and non-performing loans at BRI Gianyar Branch. The research data were obtained through in-depth interviews, observation, and documentation related to credit policies and the handling of non-performing loans. The collected data were then analyzed qualitatively by grouping, interpreting, and presenting the information descriptively, thereby providing a comprehensive understanding of the causes of non-performing loans and the solutions implemented by the management of BRI Gianyar Branch as in Appendix 1.

This study was conducted at PT Bank Rakyat Indonesia Gianyar Branch. The research was carried out in the management office, credit department, and customer service area to directly understand the processes of credit application, analysis, and disbursement. Data collection techniques in this study were conducted through interviews, documentation, and observation. Interviews were used to obtain in-depth data from informants regarding the credit process, satisfaction or dissatisfaction, and issues related to non-performing loans, with the primary instrument in qualitative research being the researcher, supported by a systematically prepared interview guide (Sugiyono, 2022). Documentation was carried out by collecting supporting data in the form of photographs, images, books, journals, scientific articles, and other documents related to non-performing loans at PT Bank Rakyat Indonesia Gianyar Branch as a complement to the interview results (Sugiyono, 2013). Meanwhile, observation was conducted directly to examine the KUR disbursement procedure, the roles of mantri and the appraisal team, the credit monitoring system, the work environment, and debtor behavior in the use of funds and payment compliance.

Data analysis in this study was conducted by systematically organizing, grouping, selecting, and presenting data based on field findings, followed by drawing conclusions from data considered relevant to the research focus. The analysis was directed toward understanding asymmetric information as one of the causes of non-performing loans at BRI Gianyar Branch. In this process, the study referred to the stages of qualitative data analysis proposed by (Miles, M.B, Huberman, A.M, dan Saldana, 2014), namely the selection of important data, data presentation,

and conclusion drawing, so that the research findings could explain the problem in an in-depth and structured manner.

RESULTS

Most debtors at BRI Gianyar Branch are small-scale business actors with relatively simple business management practices and limited financial record-keeping. This condition requires the bank to exercise greater caution in gathering and verifying debtor information before credit is granted. Within the organizational structure of credit distribution at BRI Gianyar Branch, several key roles are interrelated, namely the Head of Unit, Mantri, and Customer Service Officer. The Head of Unit performs supervisory functions and makes final decisions in the processes of credit approval and non-performing loan handling. The Head of Unit also ensures that credit policies and procedures are implemented in accordance with applicable regulations. Coordination among the customer service officer, mantri, and head of unit is a key element in the credit distribution process at BRI Gianyar Branch. Each division performs complementary functions, ranging from the receipt of initial information and field analysis to decision-making.

Characteristics of Research Triangulation Informants

The informants in this study were selected purposively, based on their direct involvement and relevance to the credit distribution process, particularly Kredit Usaha Rakyat (KUR), or People's Business Credit, as well as the handling of non-performing loans at PT Bank Rakyat Indonesia (Persero) Tbk Gianyar Branch. The selection of these informants aimed to obtain a comprehensive overview from various perspectives, both from the internal parties of the bank and from customers as credit recipients.

Table 2. Characteristics Informan

No.	Informant	Status	Role in the Credit Process	Relevance to the Study
1	Head of Unit	Head of Unit, BRI Gianyar Branch	Supervision, final credit approval, and decision-making in handling non-performing loans	Provides an overview of bank policies, risk control, and strategies implemented by the bank to reduce bad loans
2	Mantri 1	Credit Field Officer, BRI Gianyar Branch	Credit analysis, field surveys, debtor guidance, and debtor monitoring	Explains the process of obtaining debtor information and mitigating the risk of asymmetric information in the field
3	Mantri 2	Credit Field Officer, BRI Gianyar Branch	Business surveys, feasibility analysis, and initial handling of non-performing loans	Provides an empirical perspective on debtor characteristics, misuse of funds, and the restructuring process
4	Customer Service Officer	Customer Service Officer, BRI Gianyar Branch	Receipt of credit applications and administrative verification	Explains the role of initial administration and indications of potential non-performing loans from the early stage
5	Customer 1	KUR customer, small trading business	Recipient and user of KUR credit funds	Provides direct experience regarding the use of credit funds, payment difficulties, and restructuring
6	Customer 2	KUR customer, home-based business	Recipient and user of KUR credit funds	Provides the perspective of a relatively compliant customer who faces non-business-related risks in credit repayment

The results of source triangulation indicate consistency in findings across informants, both from internal bank parties and customers. The differences in perspectives that emerged were not contradictory; rather, they reflected the different positions and experiences of each informant within the credit system. These findings confirm that the phenomena of non-performing loans and information asymmetry in KUR distribution at BRI Gianyar Branch result from a complex interaction among bank policies, field practices, and the actual conditions of debtors. For example,

the mantri's explanation regarding the limitations of post-disbursement supervision and the potential misuse of funds was confirmed by customers' experiences, in which they acknowledged a shift in the priority of fund utilization due to urgent circumstances. Similarly, the head of unit's view on the importance of persuasive communication in preventing non-performing loans was strengthened by customers' statements that they felt more responsible when the bank demonstrated a cooperative and non-repressive attitude.

Based on the results of method triangulation conducted through in-depth interviews, field observation, and documentation, consistent findings were obtained that mutually reinforced one another across data collection methods. The interviews provided an understanding of formal procedures, policies, and the informants' subjective experiences, while field observation offered an empirical description of actual practices in the distribution and management of microcredit, including the dynamics of interaction between bank officers and customers. Documentation served as supporting evidence that confirmed the existence of activities, business conditions, and the processes of monitoring and handling non-performing loans. The consistency among these methods shows that KUR credit issues at the BRI Gianyar Branch are not only evident from informants' accounts, but are also clearly visible in actual field conditions. Thus, method triangulation strengthens the credibility and validity of the research findings and provides a solid basis for analyzing implications and formulating conclusions in the following chapter.

Based on the results of field data collection, non-performing loans at PT Bank Rakyat Indonesia (Persero) Tbk Gianyar Branch show dynamic characteristics, in line with economic conditions, the stability of debtors' businesses, and the quality of information obtained by the bank at the initial stage of credit provision. Based on internal data from BRI Gianyar Branch, the realization of KUR distribution has shown an increasing trend from year to year. This increase in credit distribution is consistent with BRI's strategic role as a bank that focuses on financing MSMEs, particularly in the Gianyar area, which is dominated by microenterprises and the informal sector. Non-performing loans at BRI Gianyar Branch mostly originate from the micro and small business segments, particularly KUR debtors engaged in small-scale trading, home-based businesses, and tourism-supporting enterprises. Geographically, non-performing loans are commonly found in areas where economic activities are highly dependent on daily and seasonal market conditions.

Factors Causing Bad Loans

The occurrence of non-performing loans is shaped by the interaction of internal banking conditions, customer-related weaknesses, and broader external pressures. From the bank's internal perspective, one major challenge lies in the limited post-disbursement supervision of debtors. Although monitoring mechanisms have been established, intensive supervision of all KUR recipients remains difficult due to the large number of debtors and limited human resources. The bank also relies heavily on the initial information provided by debtors during the credit application process, making the accuracy of feasibility analysis dependent on the validity of such information. When debtors provide incomplete or inaccurate data, the potential for problematic loans increases substantially. In addition, the limitations of the BRISpot system in predicting behavioral risks and future business conditions reduce the bank's ability to anticipate repayment problems at an early stage. Humans built predictive systems and then acted surprised when reality refused to behave like spreadsheet cells. A timeless banking tradition.

From the customer side, problematic loans frequently emerge from the misuse of credit funds for purposes outside the approved business activities, commonly referred to as side streaming. Weak business management practices and poor financial record-keeping further undermine customers' ability to manage cash flow and repayment obligations effectively. Many customers also demonstrate excessive optimism regarding their future income, repayment capacity, and business prospects, which often leads to unrealistic financial commitments. Beyond these internal factors, external economic conditions also contribute significantly to loan distress. Market instability, declining purchasing power, and fluctuating economic conditions weaken business performance and reduce customers' repayment ability. Family-related issues and emergency situations additionally shift financial priorities away from loan obligations, thereby increasing the risk of default. The economy, naturally, continues its favorite hobby: collapsing precisely when installment payments are due.

Bank Handling and Preventing Bad Loans

BRI Gianyar Branch utilizes the BRISpot system as its primary instrument for monitoring credit risk, beginning from the credit application stage and continuing throughout the loan period. BRISpot functions as a digital monitoring system that integrates debtor business profiles, credit histories, and field survey results into a comprehensive database used to assess creditworthiness and identify potential risks at an early stage. Based on the interview findings, the system also enables management to monitor the credit portfolio in real time, thereby supporting faster and more accurate decision-making for debtors with indications of future repayment problems. Predictive systems, dashboards, real-time monitoring. Humanity keeps inventing increasingly sophisticated ways to discover that borrowers sometimes do not pay. Finance really is philosophy with spreadsheets.

The handling and prevention of non-performing loans at BRI Gianyar Branch are implemented through several integrated approaches. First, BRISpot-based risk monitoring functions as an early warning system that maps debtor risk from the beginning, although management evaluation remains essential in determining final decisions. Second, the persuasive approach adopted by mantri officers has proven effective in building trust and maintaining open communication with customers, thereby improving transparency and strengthening customer compliance. Third, credit restructuring is applied as a follow-up strategy with clear eligibility criteria and is perceived by customers as a realistic and fair solution rather than merely temporary relief without accountability. Fourth, effective coordination among customer service officers, mantri, and management ensures that problematic credit cases are addressed comprehensively and systematically. Finally, the leadership role of the unit head becomes central in providing strategic direction and determining final decisions regarding non-performing loans, enabling responses that are more contextual, responsive, and aligned with the actual conditions faced by debtors.

DISCUSSION

The findings of this study show that non-performing loans in the Kredit Usaha Rakyat (KUR) program at BRI Gianyar Branch are driven not only by customers' inability to repay loans, but also by information asymmetry between the bank and debtors. The bank relies heavily on information provided during the credit application process, while debtors' actual business conditions and financial stability are often more uncertain than initially presented. This condition supports Scott's (1997; 2015) argument that unequal access to information increases the risk of adverse selection and weakens lending quality. Simamora et al. (2022) further emphasized that prudential principles and know your customer practices are essential for reducing uncertainty in lending decisions.

The findings also reveal that debtor behavior after credit disbursement becomes a major source of non-performing loans. Side streaming practices, where debtors use KUR funds outside agreed business purposes, represent a form of moral hazard within microcredit financing. Scott (1997) explained that moral hazard emerges when monitoring mechanisms cannot fully observe debtor actions after contracts are established. This study confirms that such conditions persist because post-disbursement supervision remains limited by workload and operational constraints. Lubis and Perkasa (2023) showed that persuasive communication and direct interaction are often more effective than procedural supervision in handling problematic debtors, although such approaches also reflect limitations in preventive monitoring. Similarly, Apriani (2018) highlighted that weak documentation and information discrepancies complicate the tracing of improper fund utilization.

Within this context, mantri function as key actors who bridge institutional systems and field realities. Their role extends beyond technical appraisal because they directly observe debtor behavior, business consistency, and social reputation before and after loan disbursement. Their assessments rely not only on BRISpot data, but also on qualitative judgments developed through repeated interaction with debtors and local communities. This finding strengthens Simamora et al. (2022), who argued that understanding debtor character is central to prudential banking practices. Daeli et al. (2024) also demonstrated that continuous field monitoring contributes significantly to maintaining credit quality. Nevertheless, this study reveals that large debtor portfolios and high workloads reduce the ability of mantri to conduct intensive supervision

consistently, making organizational support and leadership essential for sustaining effective monitoring.

The study further demonstrates that credit restructuring at BRI Gianyar Branch is treated as a selective managerial strategy rather than a universal solution for non-performing loans. Restructuring is granted only to debtors considered to still possess business prospects and good faith in repayment. Lubis and Perkasa (2023) emphasized that restructuring becomes effective only when accompanied by intensive communication, evaluation of repayment capacity, and strict supervision. However, this study also reveals that some debtors perceive restructuring as debt relief, creating the potential for new moral hazard if supervision and financial literacy remain weak. Nababan et al. (2023) similarly warned that excessive dependence on restructuring may conceal weaknesses in credit appraisal and monitoring systems. In this context, BRISpot functions mainly as a supporting instrument because it cannot fully interpret the social realities and behavioral dynamics faced by debtors in the field. Finally, the findings position the Head of Unit as the central actor in coordinating risk management decisions. The Head of Unit integrates information from customer service officers, *mantri*, and monitoring systems into contextual managerial responses. This finding supports Sasmiharti (2024), who emphasized that effective risk mitigation requires organizational coordination rather than isolated procedural compliance. The findings also strengthen Daeli et al. (2024), who argued that successful credit risk management depends not only on systems and regulations, but also on leadership quality in translating policies into operational practices.

CONCLUSION AND FURTHER STUDY

As the findings of this study, non-performing KUR loans at PT Bank Rakyat Indonesia Gianyar Branch emerge from the interaction of internal bank factors, debtor-related factors, and external economic pressures. Information asymmetry remains a central issue, particularly during the initial credit application process when debtors do not fully disclose business risks and financial conditions. Internal customer factors such as weak financial management, side streaming practices, and excessive optimism regarding repayment capacity further increase the risk of default, while economic instability and family emergencies intensify repayment difficulties. To mitigate these risks, BRI Gianyar Branch applies preventive strategies through layered credit analysis, field surveys by *mantri*, and BRISpot-based monitoring, alongside curative approaches such as persuasive communication, direct assistance, and selective credit restructuring. The findings indicate that the effectiveness of non-performing loan handling depends not only on administrative procedures and digital systems, but also on communication quality, debtor openness, and relational approaches between the bank and customers. Humans invented banking systems to manage uncertainty, then discovered uncertainty keeps showing up carrying family problems, unstable markets, and optimistic borrowers.

ETHICAL DISCLOSURE

All participants provided written informed consent prior to participation. They were informed about the study's purpose, their voluntary participation, the right to withdraw at any time, and the confidentiality of their responses.

CONFLICT OF INTERESTS

The authors declare no conflict of interest.

REFERENCES

- Amrih, M., Hutnaleontina, P. N., Azizah, N. L., Pantjaningsih, P., Zuliyana, M., Muliati, N. K., ... & Judijanto, L. (2024). *Pendidikan Akuntansi: Teori Komprehensif*. PT. Sonpedia Publishing Indonesia.
- Andrianto. (2020). *Manajemen Kredit Teori dan Konsep Bagi Bank Umum*. Qiara Media.
- Apriani, R. (2018). Klaim Asuransi Kredit Usaha Rakyat Terhadap PT. Askrindo (Studi Tidak Dibayarnya Klaim Oleh Bank Rakyat Indonesia Unit Lamaran). *Lambung Mangkurat Law Journal*, 3(1), 1–10. <https://doi.org/https://doi.org/10.32801/abc.v3i1.73>

- Asrofi, A. K., & Sanawati, C. K. (2024). Menakar Risiko Pembiayaan Bank Syariah di Era Digital. *LABATILA: Jurnal Ilmu Ekonomi Islam*, 8(2), 205–225.
- Bebczuk, R. N. (2003). *Asymmetric Information in Financial Markets: Introduction and Applications*. Cambridge University Press.
- Daeli, S., Telaumbanua, A., Harefa, I., & Baene, E. (2024). Analysis of the Implementation of Risk Management to Minimize the Risk of Bad Credit at the Nias Rural Development Savings and Loans Cooperative (KSP3) Gunungsitoli Branch. *Golden Ratio of Data in Summary*, 4(2), 529–544.
- Hartanto, R. V., & Wulandari, P. (2023). Analisis Faktor yang Menentukan Kemampuan Pembayaran Kredit Mikro dari Sisi Debitur dan Usaha Debitur (Studi Kasus Kredit Usaha Rakyat). *CAKRAWALA – Repositori IMWI*, 6(5), 20–21. <https://doi.org/https://doi.org/10.52851/cakrawala.v6i5.495>
- Kasmir. (2019). *Analisis Laporan Keuangan* (1st ed.). PT Raja Grafindo Persada.
- Lubis, K. R., & Perkasa, R. D. (2023). Analysis Of Bad Credit Settlement In Bangun Mandiri Saving And Loan Cooperative. *International Journal of Education, Information Technology*, 6(3), 62–65.
- Miles, M. B., Huberman, A. M., dan Saldana, J. (2014). *Qualitative Data Analysis, A Methods Sourcebook* (3rd ed.). UI Press.
- Mulyono, H., Idayati, I., & Sari, W. M. (2023). Analisis Penerapan Risiko Kredit Macet Pada Koperasi Simpan Pinjam “RIAS” P1. *EKOMBIS REVIEW: Jurnal Ilmiah Ekonomi Dan Bisnis*, 11(1), 703–712. <https://doi.org/https://doi.org/10.37676/ekombis.v11i1.3403>
- Nababan, D. G., Silaban, V. S., Surbakti, B. M. B., Nasution, S. A., & Siahaan, S. (2023). Analysis of Bad Credit at PT. State Savings Bank (BTN). *Indonesian Journal of Business Analytics (IJBA)*, 3(5), 1995–2010.
- Nata, A., Dewi, S. R., & Kurniawan, E. (2021). Pemetaan Lokasi Nasabah Kreditur Macet Berbasis Sistem Informasi Geografis. *Journal of Science and Social Research*, 4(2), 212. <https://doi.org/https://doi.org/10.54314/jssr.v4i2.609>
- Sasmiharti, J. (2024). Analysis The Causes of Bad Credit: Literature Review. *Economics and Business Journal (ECBIS)*, 2(4), 337–346.
- Scott, W. R. (1997). *Financial Accounting Theory*.
- Scott, W. R. (2015). *Financial Accounting Theory*.
- Simamora, M., Siregar, S. A., Nasution, M. Y., & Agung, U. D. (2022). Pelaku Usaha Prinsip Kehati-Hatian. *Retentum*, 4(1), 159–169.
- Sitopu, F. (2022). Pelaksanaan restrukturisasi kredit berdasarkan POJK stimulus dampak Covid-19 ditinjau dari risiko hukum. *Locus Journal of Academic Literature Review*, 415–427.
- Sugiyono. (2013). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Alfabeta.
- Sugiyono. (2022). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Alfabeta.
- Suyanto, S. (2021). The effect of bad credit and liquidity on bank performance in Indonesia. *The Journal of Asian Finance, Economics and Business*, 8(3), 451–458.

Appendix 1. Interview Guidelines

No.	Informant	Question
1	Head of Unit, PT Bank Rakyat Indonesia Gianyar Branch	What is the general condition of non-performing loans at BRI Gianyar Branch in recent years?
2		What factors, in your opinion, are the most dominant causes of bad loans at BRI Gianyar Branch?
3		To what extent does asymmetric information between the bank and debtors influence the occurrence of bad loans?
4		What policies and strategies are implemented by the management to prevent bad loans from the initial stage of credit provision?
5		What measures are taken by the management in handling debtors who experience bad loans?

6		How effective are solutions such as restructuring, collection, or other measures in reducing bad loans?
7		What are the main obstacles faced by the management in overcoming bad loans at BRI Gianyar Branch?
8	Mantri / Field Credit Officer, PT Bank Rakyat Indonesia Gianyar Branch	What factors are commonly found in the field as causes of bad loans among debtors?
9		How is the process of analyzing and gathering debtor information conducted before credit is granted?
10		Are there any differences between the information provided by debtors and the actual conditions in the field?
11		What is the role of the mantri in reducing the risk of asymmetric information during the credit application process?
12		What are the procedures and criteria for credit restructuring for problematic debtors?
13		In your opinion, how effective is credit restructuring in resolving bad loans?
14		What obstacles are commonly encountered in the implementation of credit restructuring?
15	Customer Service Officer, PT Bank Rakyat Indonesia Gianyar Branch	What are the stages of credit service and administration prior to the signing of the credit agreement?
16		How is the completeness and accuracy of debtor documents verified?
17		To what extent does the customer service officer understand the debtor's intended use of credit funds?
18		How is the situation handled when discrepancies or deficiencies are found in the debtor's information and documents?
19		How is coordination carried out among customer service officers, mantri, and the head of unit in the credit disbursement process?
20		In your opinion, does the information received by the bank from debtors reflect the actual conditions?
21	KUR Customer, PT Bank Rakyat Indonesia Gianyar Branch	What was your reason for choosing BRI Gianyar Branch as the place to apply for credit?
22		What was your experience during the credit application process at BRI Gianyar Branch?
23		Did the bank clearly explain your credit obligations, risks, and sanctions?
24		Was the use of credit funds in accordance with the initial purpose of the application? Please explain.
25		Have you ever experienced difficulties in paying credit installments? What were the causes?
26		In your opinion, what factors most influence payment delays or bad loans?