

Issuance of Bank Back to Back Guarantee System Issuance at PT Bank Sulselbar Main Branch Makassar

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ABSTRACT

This study aims understandof the System of Bank Guarantee issuance with Back –to-Back Form at PT Bank Sulselbar main Branch Makassar and the obstacle faced in the issuance of bank guarantee. The research used is descriptive qualitative which write describe the observation and the result of direct interview. The result showed that system of Bank Guarantee Issuance at PT bank Sulselbar main branch Makassar is Based on theory and government'ts regulation. But it needs additional officer at bank Guarantee section, so that the data entry is not late and the insuence of bank guarantee would be on time.

Keywords : Bank Guarantee; Back to back Form; System Issuance

INTRODUCTION

The role of the Bank in supporting the activities of the small and medium business community is very large. Bank works to assist and encourage economic activities (Bainton & Jackson, 2020; Gasparin et al., 2020; Peters et al., 2019; Ritzman et al., 2018; Scheyvens et al., 2020). The services provided by banks are money circulation services. Through banks we can make money deposits, financial transactions and obtain credit or loan money for small and medium business operations that are run. The provision of credit is one of the bank's businesses that contains risks. Credit given will contain risk, if the risk of the said credit can be anticipated and can be controlled by the parameters specified (Aras et al., 2018; Papilaya et al., 2015; Rengifurwarin et al., 2018; Zainal et al., 2018).

The current process of economic globalization has had an influence on business growth and development in all fields, especially in the fields of trade, industry and services. Entering the era of globalization as it is today, entrepreneurs compete to advance businesses with intense competition. To increase Human resource performance is obtained through training and market information sharing, as well as through various experiences (Henni Zainal et al., 2018). The rapid development of national development in several sectors a lot of programs created to complement the objectives of the development. The programs made by various agencies provide a lot of convenience for the parties in developing economic activities. A developing economy is one of the main factors that play an important role in supporting national development. Progress

in national development in Indonesia is inseparable from economic activities supported through the banking sector. The economy is supported through banking with payment transaction services (Badriawan, 2010). Without a smooth payment transaction, the performance of business actors in development will experience obstacles. To anticipate this, the parties involved in a business transaction involve many third parties to guarantee the liquidity of the funds (Jogianto, 2010). To accommodate these interests, business people utilize the services of financial institutions such as banking.

Responding to the needs of the community, especially contractors who need loans for business needs, the banking sector experienced changes in its business activities, initially only doing the task to collect and distribute funds, now along with the times, the bank is expanding its line of business by providing other services to the customer (Rengifurwarin et al., 2018). The Bank offers one of the services to enter into agreements for contractors for the implementation of development project activities, namely Bank Guarantees.

Bank guarantee is one of the many bank products in the interest of business people. This is in line with the many requests for bank guarantees by customers who make a transaction for the business that is being carried out. This phenomenon is one of the evidences that bank guarantees are really needed in conducting a business, because they can provide guarantees for the smoothness of a transaction or business that is being carried out (Stuart G., 2001). Bank guarantee is a guarantee of payment issued by a bank to a party, whether an individual, company, or other agency / institution in the form of a guarantee letter. In this case the bank is between the two parties in terms of providing collateral for the smoothness of a transaction or business that is being carried out. Those who hold a bank guarantee will feel safe from the possibility of adverse actions by other parties, such as defaults or breach of contract ("Bank Indonesia. 1998. Law No.10 of 1998, Regarding Changes to Law No. 7 of 1992, Jakarta., "Nd).

PT Bank Sulselbar Makassar Main Branch is a BUMD (Regional-Owned Enterprise) company engaged in banking. In carrying out its main duties in the field of services, PT Bank Sulselbar Makassar Main Branch offers bank guarantee services in the form of rupiah and foreign exchange, consisting of four types, namely bank guarantees of tender or bid bond offers, bank guarantees for conducting tenders or performance bonds, bank guarantees advance payment guarantee or bank maintenance guarantee ("Decree of the Board of Directors of PT Bank Sulselbar No. SK / 10 / DIR / I / 2018 concerning Standard Operating Procedure (SOP) for Bank Guarantee Back To Back Guarantee Pattern," nd). Based on the results of direct observations, bank guarantee customers often experience problems regarding the bank guarantee issuance system which is usually rejected by officers because of the non-compliance with the conditions set by the bank guarantee officer. In addition, the files requested by the bank guarantee officer for issuance are incomplete. This can slow down the smooth process of the contractor's business which is still confused in the bank guarantee issuance system (Andersone & Bogdanova, 2014; Ann et al., 2013; Baabdullah et al., 2019; Hossain et al., 2019).

RESEARCH METHODS

The type in this research is qualitative, using a qualitative descriptive approach (Creswell & Creswell, 2017). Where this data contains information from sources contained in the company under study. Usually in the form of information or usually not related to numbers. As well as the issues raised, to obtain a picture along with the achievement of the objectives of the

research conducted. The research conducted focuses on the Back to Back Pattern of Bank Guarantee Issuance System at PT Bank Sulselbar Makassar Main Branch. The description of the research used is a qualitative descriptive method. With qualitative descriptive methods what is observed can be more open, easier to deal with reality, emotional closeness between researchers and respondents in order to get results and data that are more accurate and in-depth.

RESEARCH RESULTS AND DISCUSSION

In the business activities carried out by PT. Bank Sulselbar Ratulangi Branch, one of which is the Issuance of Bank Guarantees. This facility is provided to every customer who requests a Bank Guarantee. With the issuance of a Bank Guarantee to the entrepreneurs / developers, PT. Bank Sulselbar Makassar Main Branch expects that entrepreneurs can develop projects that are being planned.

Tabel 1 PT. Bank Sulselbar Makassar Main Branch Number of Issuance and Rejection of Bank Guarantees as of 2015-2018

| Years | Amount of Request for Bank Guarantee File (sheet) | Amount of Bank Guarantee Issuance (sheets) | Total Bank Guarantee Refusals (sheets) |
|-------|--|---|---|
| 2015 | 485 | 460 | 25 |
| 2016 | 503 | 481 | 22 |
| 2017 | 782 | 770 | 12 |
| 2018 | 894 | 885 | 9 |

Source: PT. Bank Sulselbar, Ratulangi Branch Makassar.

Based on the data in table 4.1, it appears that PT. Bank Sulselbar Makassar Main Branch has issued bank guarantees issued to its customers in 2015 amounted to 460 sheets and in 2016 increased issuances by 481 sheets. Based on these data, it means there is an increase in the total issuance of 21 sheets. In 2017 there was a rapid increase in the issuance of Bank Guarantees. PT. Bank Sulselbar Ratulangi Branch issued 770 shares and in 2018 an increase of Rp 885 copies. This indicates that the issuance of bank guarantees has increased significantly from year to year. Here is the percentage increase in the number of issuance and decrease in the rejection of bank guarantee file:

**Table 2 PT. Bank Sulselbar Makassar Main Branch
Percentage per year 2015-2018**

| Comparison Year | Percentage of increase Number of Issuance | Percentage decrease Rejection |
|-----------------|--|----------------------------------|
| 2015 – 2016 | 3,5% | 12% |
| 2016 – 2017 | 35,6% | 45,4% |
| 2017 -2018 | 12,5% | 25% |

Source: PT. Bank Sulselbar, Ratulangi Branch Makassar.

Based on the data in table 4.2, it appears that PT. Bank Sulselbar Main Branch Makassar experienced an increase in the number of bank guarantee issuances issued to its customers in 2015-2016 by 3.5% and in 2016-2017 an increase of 35.6%. And in 2017-2018 it also experienced an increase of 12.5%. Based on the table it is explained that in 2015-2016 there was a decline in Rejection percentage of 12% and an increase in 2016-2017 of 45.4% and a decrease in 2017-2018 of 25%.

The increase in the number of Bank Guarantee issuances is due to the fact that customers can fulfill all the requirements or documents attached in accordance with the applicable issuance procedures. In addition, the timely service of bank guarantee officers issuing bank guarantee documents is a special attraction for customers to be loyal to PT Bank Sulselbar Makassar Main Branch. Rejection of the Bank Guarantee file because the documents or conditions written in the bank guarantee issuance procedure do not meet the requirements. It appears in table 4.2 that there is a decrease in the number of bank guarantees. It can be said that the customer has begun to know the issuance system that applies to the bank guarantee pattern back to back.

CONCLUSION

In relation to the Back to Back Pattern of Bank Guarantee Issuance System to customers who partner with PT. Bank Sulselbar Makassar Main Branch, Then it can be concluded that: The Implementation of the Back to Back Pattern of Bank Guarantee Issuance System at PT Bank Sulselbar Makassar Main Branch is in accordance with the regulations of Bank Indonesia concerning the issuance of Bank Guarantees by Banks. In addition, PT Bank Sulselbar Main Branch Makassar's policy in issuing Bank Guarantees is in accordance with PT Bank Sulselbar's Decree No. Directors. SK / 10 / DIR / I / 2018 concerning Standard Operating Procedure (SOP) for Bank Guarantee Back to Back Guarantee Pattern. Constraints in the Bank to Back to Back Pattern Issuance system include customer files that are rejected because files for bank guarantee issuance are incomplete for verification. In addition, the lack of Bank Guarantee officers can hamper the process of inputting data for the issuance of Bank Guarantees, thereby slowing down the process of issuing Bank Guarantees.

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