ABSTRACT

This study aims to analyze the level of default risk, identify the factors that increase the risk of default, and analyze the most dominant factors increasing the risk of default in the micro credit segment in the working area of BRI Regional Office Bandung. This study employed a qualitative approach with a case study design. Data were collected through in-depth interviews and documentation. The study involved 26 informants, consisting of 18 internal BRI informants and 8 micro credit debtors. Data were analyzed through data collection, data reduction, data presentation, and conclusion drawing and verification.The findings indicate that the risk of default in the micro credit segment is reflected in delayed payments, payments that do not comply with the predetermined schedule, declining income, and slower business turnover. The level of default risk varies among debtors depending on their ability to generate income and maintain sufficient cash flow to meet installment obligations. The factors increasing default risk include the debtor's business condition, repayment capacity and cash flow, use of credit funds, other financial obligations or loans, economic and business environmental conditions, external conditions and unexpected events, credit assessment and analysis processes, as well as credit monitoring and management. Among these factors, the debtor's business condition and repayment capacity are identified as the most dominant factors. Declining sales turnover, unstable income, slower business turnover, and delays in receiving business proceeds are the conditions most frequently associated with payment difficulties. These findings imply the importance of strengthening the assessment of debtors' business conditions and repayment capacity, as well as conducting continuous monitoring as an early detection and default risk control mechanism in micro credit.

Keywords: Default Risk, Probability of Default, Micro Credit, Business Condition, Repayment Capacity.

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