



UNIVERSITEIT ANTWERPEN - RUCA
COLLEGE VOOR DE ONTWIKELINGSLANDEN



INSTITUTE OF DEVELOPMENT POLICY AND MANAGEMENT

**THE ROLE OF FINANCIAL INTERMEDIARIES
IN PROVIDING PUBLIC HOUSING
IN THE MUNICIPALITY OF BANDUNG**

(Case Study at Bank Tabungan Negara Bandung Branch office)

Iyus WIADI

Master's Dissertation in Public
Administration and Management

Supervision : Prof.Dr. Danny CASSIMON

Academic Year 1996 - 1997



UNIVERSITEIT ANTWERPEN - RUCA
COLLEGE VOOR DE ONTWIKELINGSLANDEN



INSTITUTE OF DEVELOPMENT POLICY AND MANAGEMENT

**THE ROLE OF FINANCIAL INTERMEDIARIES
IN PROVIDING PUBLIC HOUSING
IN THE MUNICIPALITY OF BANDUNG**

(Case Study at Bank Tabungan Negara Bandung Branch office)

Iyus WIADI

Master's Dissertation in Public
Administration and Management

Supervision : Prof.Dr. Danny CASSIMON

Academic Year 1996 - 1997

CONTENTS

3.3. Financial Development Activities in 1995	26
ACKNOWLEDGMENT	v
TABLES	vi
FIGURES	vii
SUMMARY	ix
GLOSSARY	xi
CHAPTER I INTRODUCTION	
I.1. Research Background	1
I.2. Problems Identification	6
I.3. The Intention and Objectives of Study	6
I.4. Targets of Study	7
I.5. Basics of Thoughts and Hypothesis	7
I.6. Methodology of Study	11
CHAPTER II THEORETICAL OVERVIEW	
2.1. The Concept of Financial Intermediaries and Banks	12
2.2. The Role of Credit in the Business World	13
2.2.1. Component of Credit	14
2.3. Categories of Credit	14
2.3.1. Public Credit	15
2.3.2. Private Credit	15
2.4. Types of Banking Loans	16
2.5. Banks as an Agent of Development and Its Dilemma	18
2.6. Bank Profitability	20
2.7. Housing Finance in Indonesia	20
CHAPTER III OBJECTIVE OF THE RESEARCH	
3.1. Brief History of Bank Tabungan Negara	24
3.2. The Activities of Bank Tabungan Negara	24

ACKNOWLEDGEMENTS		
3.3. Financial Development and Bank Tabungan Negara (BTN)		
Activities in 1995.....		26
3.4. Research Methodology		37
3.4.1. Operationalization of Variables		37
3.4.2. Design of the Anaysis		37

CHAPTER IV RESULT ANALYSIS THE STUDY

4.1. Total Houses Needed by The Society in the Municipality of Bandung		38
4.2. Financial Institutions Involved in Distribution of Construction and Houses Ownership Loans in the Municipality of Bandung.....		42
4.3. The Mechanism to Obtain Construction Credit/Loans and Houses Ownership Credit/Loans from Bank Tabungan Negara Bandung Branch Office.....		47
4.4. The Role of Bank Tabungan Negara (Bandung Branch Office) as a Financial Intermediary in Providing Public Housing		52
4.4.1. The Role of BTN to Increase Social Wwlfare and/or Satisfaction		53
4.4.2. The Role of BTN to Reach Certain Target Intern of Profitability		57

CHAPTER V CONCLUSION AND RECOMMENDATION

5.1. Conclusion		58
5.2. Recommendation		59
ANNEXES		61
BIBLIOGRAPHY		68

ACKNOWLEDGMENT

TABLES

This paper would have not been possible without the invaluable assistance of the following:

First and foremost, I am grateful to Mrs. Untari R. Noor, who provided me with a strong moral and technical support in giving me encouragement to write this paper.

Drs. Dick Syamsurizal, M.Sc. my colleague, who helped me gather data and other pertinent documents necessary for the completion of my paper, my thanks.

Prof. Dr. Danny Cassimon, my supervisor and professor, who gave me guidance and support in writing my thesis.

My father, Prof. Dr. Faisal Afiff, who gave me his untiring support in all my undertakings, most especially during my difficult moments, my profound thanks.

I would like to thanks' to Belgian Administration for Development Co-operation (B.A.D.C./A.B.O.S.) for being me to study in the college University of Antwerp - RUCA through the scholarship.

Finally, my special FRIENDS who gave me their strong support and encouragement, for keeping me company for the last two years, and most especially for always being there when I needed them most, I shall forever be grateful to them.

Table	Page
1.1. Total Indonesian Population in 1995 and Demographic characteristics.	1
3.1. Summary of Business Performance of PT. Bank Tabungan Negara (Persero) Balance Sheets and Income Statement 1995 and 1994 (in Million Rupiah).	29
3.2. Type of loans provided by Bank Tabungan Negara (in Million Rupiah).	31
3.3. The Growth of Public Funds (in Million Rupiah).	32
3.4. The Development of Government and Social Organization Funds (in Million Rupiah).	33
3.5. Investment (in Million Rupiah).	35
3.6. Business Income	35
3.7. Interest Rate and Degree of Subsidization of Bank Tabungan Negara and PT. Papan Sejahtera.	36
3.4.1. The Operationalization of Variables.	37
4.1. Response of the Housing Dweller in the Municipality of Bandung concerning their Preference either to own or to Lease a House	39
4.2. Estimation of Total Houses Demanded by Society in the Municipality of Bandung.	40
4.3. Estimation of Total House Demanded by Society in the Municipality of Bandung 1995 - 2000	40
4.4. Types of House Supplied by Bank Tabungan Negara	41
4.5. Financial Product/Service Offered by Various Financial Institution and/or Bank in the Municipality of Bandung 1995.	45
4.6. Checklist of the Requirements in obtaining Construction Loans for Public Housing	49
4.7. Degree of Satisfaction of Housing Dwellers in occupying	

	type of Simple House Provided by BTN and/or Housing Developer	51
4.8.	Degree of Satisfaction of Housing Dwellers in accupaying type of Very Simple House Provided by BTN and/or Housing Developer	52
4.9.	Characteristics of Bank Tabungan Negara Housing Credit/loans in Cinunuk, East Bandung.....	54
4.10	Characteristics of Bank Tabungan Negara Housing Credit/Loan in South Bandung.....	55
4.11.	Characteristics of Bank Tabungan Negara Housing Credit/Loan in East Bandung.....	55
4.12.	The difference between the House Demanded by society and the House Provided by the Bank Tabungan Negara.....	56
4.13.	Profitability Ratio of Bank Tabungan Negara Bandung Brance Office 1993 - 1996	57

SUMMARY

FIGURES

Figure	Page
4.1. Flow of Credit/Loans Request and Its Delivery (Approval)	50

The major objective of this paper is, to know which financial institutions are involved in the channeling of the credit/loans, for construction and house ownership credit/loans, to know the demand and supply of the house needed by the Bandung people/citizens, to know the role of BTN on the channeling credit/loans and procedure mechanism of credit construction and house ownership loans.

A Result of this study in fact that there are two financial institution which finance on public housing, Bank Tabungan Negara. It is considered as a commercial bank and an agent of development where Papan Sejahtera, often listed within the category of NBFIs, but established specifically to offer housing credit. However, the houses needed (in demand) by Bandung people is 4,747 unit in 1993 increased to 4,826 unit in 1995 where the estimation of demand for house in the year 2000 will be 5,141 unit. In supply side where BTN involve on credit/loans for building houses, the unit house built 4,568 unit in 1993 has increased accordance with the demand to 4,893 unit in 1995. The procedure mechanism of credit/loans from BTN, the Banks lend the funds to developer (with the rule required) in the form of construction credit, the developer hand finishing house over to the Banks in the shape of the value of house where the house buyer/dweller make transaction in terms of physical house with the developer and make agreement with the Banks in terms of house ownership credit/loans.

This study derive to the conclusion that Bank Tabungan Negara has the ability to control supply of house in the way of lending the credit/loan to developer, where the price of house is fluctuated in the market according to the demand. Bank Tabungan Negara is one of biggest bank which provides the funds for housing credit/loans. This is due to the subsidization from the government.

SUMMARY distributed funds to the lower income earner who order house ownership loans.

The Indonesian Public Housing program started in 1966 with the major objective is improving the living condition of the Indonesian citizens. This program was put into practice in the First-Five Year Development Plan (REPELITA I) till recently the Six-Five Year Development Plan (REPELITA VI). This paper has taken the title; The Role of Financial Intermediaries in Providing Public Housing in the Municipality of Bandung.

The major objective of this paper is; to know which financial institutions are involved in the channeling of the credit/loans, for construction and house ownership credit/loans; to know the demand and supply of the house needed by the Bandung people/citizens; to know the role of BTN on the channeling credit/loans and procedure mechanism of credit construction and house ownership loans.

A Result of this study in fact that there are two financial institution which finance on public housing, Bank Tabungan Negara. It is considered as a commercial bank and an agent of development where Papan Sejahtera, often listed within the category of NBFIs, but established specifically to offer housing credit. However, the houses needed (in demand) by Bandung people is 4,747 unit in 1993 increased to 4,826 unit in 1995 where the estimation of demand for house in the year 2000 will be 5,141 unit. In supply side where BTN involve on credit/loans for building houses, the unit house built 4,668 unit in 1993 has increased accordance with the demand to 4,893 unit in 1995. The procedure mechanism of credit/loans from BTN, the Banks lend the funds to developer (with the rule required) in the form of construction credit, the developer hand finishing house over to the Banks in the shape of the value of house where the house buyer/dweller make transaction in terms of physical house with the developer and make agreement with the Banks in terms of house ownership credit/loans.

This study derive to the conclusion that Bank Tabungan Negara has the ability to control supply of house in the way of lending the credit/loan to developer, where the price of house is fluctuated in the market according to the demand. Bank Tabungan Negara is one of biggest bank which provides the funds for housing credit/loans. This is due to the subsidization from the government,

especially in distributed funds to the lower income earner who order house ownership loans.

This study gives some recommendation, due to the fact that increased the speculation on house ownership, scarcity of land (raw land) and easy to achieve credit/loans among other speculator, these will be solve the problem if both institutions, bank and central-local government repectively enact the rule with limitation for the distribution of funds for construction credit and limitation for the permit of land released by businessmen.

BPS	Bureau of Statistics
CAR	risk-adjusted Capital Adequacy Ratio
EBIT	Earning Before Tax
GBHN	Garis Besar Haluan Negara, The Guideline of State Policy
PKLN	Tim Pinjaman Kredit Luar Negeri, coordinating team for the Management of offshore commercial loans
Perumahan	state housing construction company
KLBI	Kredit Likuidari Bank Indonesia, loans by Bank Indonesia to banks at below market interest rate
KPR	Kredit Pemilikan Rumah, House ownership loans subsidized housing credit program for low income earners
KUK	Kredit Usaha Kecil, small scale business credit program
KPP	Kredit Perumahan Perisahan, house ownership loans for company
LIBOR	London Interbank Offered Rate
NEFIS	Non Bank Financial Institutions
RS	Rumah Sederhana, type of simple house
RSS	Rumah Sangat Sederhana, type of very simple house
ROI	Return on Investment
ROA	Return on Assets
ROE	Return on Equity
SBPU	Surat Berharga Pasar Uang, money market security that can be sold to Bank Indonesia

CHAPTER 1
INTRODUCTION

GLOSSARY

ATM	Automatic Teller Machines
Bank Pasar	market bank, very small rural bank
B I	Bank Indonesia, Central Bank of Indonesia
BTN	Bank Tabungan Negara, State Savings Bank
Bukopin	Bank Koperasi Indonesia, Bank for Cooperatives
BPS	Bureau of Statistics
CAR	risk-adjusted Capital Adequacy Ratio
EBIT	Earning Before Tax
GBHN	Garis Besar Haluan Negara, The Guideline of State Policy
PKLN	Tim Pinjaman Kredit Luar Negri, coordinating team for the Management of offshore commercial loans
Perumnas	state housing construction company
KLBI	Kredit Likuidari Bank Indonesia, loans by Bank Indonesia to banks at below market interest rate
KPR	Kredit Pemilikan Rumah, House ownership loans subsidized housing credit program for low income earners
KUK	Kredit Usaha Kecil, small scale business credit program
KPP	Kredit Perumahan Perusahaan, house ownership loans for company
LIBOR	Londen Interbank Offered Rate
NBFIs	Non Bank Financial Institutions
RS	Rumah Sederhana, type of simple house
RSS	Rumah Sangat Sederhana, type of very simple house
ROI	Return on Investment
ROA	Return on Assets
ROE	Return on Equity
SBPU	Surat Berharga Pasar Uang, money market security that can be sold to Bank Indonesia

CHAPTER I

INTRODUCTION

1.1. Research Background

Based on the study made by the National Census on demography in 1995, the finding reveals information about the population and its composition according to gender, age, growth rate, number of households, and total fertility rate and life expectancy of Indonesia as shown in Table 1.1 below.

Table 1.1. Total Indonesian Population In 1995 and Its Demographic Characteristics

No	Variables	Description
1.	Population (in million)	194.754.808
2.	Male population (in million)	96.929.931
3.	Female population (in million)	97.824.877
4.	Male pop. 10 years of age and over (in million)	75.325.628
5.	Female pop. 10 years age of age and over (mil)	77.189.336
6.	Average growth rate 1990 - 1995 (%)	1,66
7.	Number of household (people)	45.653.084
8.	Household size (people)	4,27
9.	Total fertility rate (TFR) (%)	2,802
10.	Life expectancy at birth (Year)	64,39

Source: Biro Pusat Statistik Indonesia, 1995.

From Table 1.1. above, it seems that the total population of Indonesia at the moment is relatively high with corresponding high birth rate as well. Considering the high rate of population in Indonesia, it now ranks number four among the countries China, India, and USA which are likewise densely populated. From the total population, it proved that 59% or 114,733,486 million people live in Java Island alone which covers 6.58 % of the total land area of Indonesia.

¹ Biro Pusat Statistik Indonesia, 1995 (The Centre of Bureau Statistics Indonesian)

² Biro Pusat Statistik Indonesia, 1995 (The Central Bureau of Statistic Indonesia)

With the majority of the population concentrated in relatively smaller islands compared to the other islands (Sumatra, Kalimantan, Sulawesi, and Irian Jaya) this causes big problems. In spite of the various efforts through population migration, carried out several years ago, however, the problems related to demography remains to be unsolved.

The demography related problems, in general will be more evident in the urban areas as the population density increases compared to other areas. Furthermore, there are heterogeneous social activities that require a lot of facilities in the urban areas however, there are limited and/or scarcity of resources in other aspects as well. The scarcity is especially related to land utilization for housing and dwelling construction or for both housing business and residence.

The same situation is also true in the municipality of Bandung where the population at present is placed at 1,813,271 million.¹ This makes it difficult for Bandung residents to meet one of their most important basic needs that is, to obtain a piece of land and/or house. With a total area of 167.50 square kilometers accompanied by a relatively high birth rate (1.9%), and also very high urbanization rate, the municipality of Bandung will in the end be one of the most densely populated cities in Indonesia.²

In this case, for some of the Bandung people, to obtain an affordable residence seems almost impossible without the assistance of a financial intermediary (Bank) that provides funds for house-ownership loans (Kredit Pemilikan Rumah/KPR). At present, in Bandung --as in the case of many areas in Indonesia, one can find several financial institutions and/or Banks which provide funds for house-ownership loans, however, different credit rules and regulations are applied depending on specific condition or situation.

One thing interesting about the channeling mechanism of house-ownership loans (KPR) in question is that it is carried out through the distribution of construction credit. These credits are directly given by the various financial intermediaries or banks to house developers who in turn, give credits to their clients. The distribution of those credits, it seems was not so difficult since the banks rely on the future profits made by this sector, the banks will then have

¹ Biro Pusat Statistik Indonesia, 1995 (The Centre of Bureau Statistics Indonesian)

² Biro Pusat Statistik Indonesia, 1995 (The Central Bureau of Statistic Indonesia)

enough power to motivate the business actors to compete in obtaining such credit facilities through various ways, so at the end, this generally created problems to national public housing.

Housing business, or popularly known as property business, is one of the economic sectors that is under careful watch by the bureaucrats (monetary authority) as this sector is considered to have obtained too much funds allocation from the banking side, it is even considered as excessive. The expression "excessive", basically arises as a result of the imbalance between the results that can be created by the property businessmen themselves and with the expectation (demand) of other related parties. Apparently, the imbalance is indicated by unbalanced building ratio between the number of houses for middle and lower society groups and the number of luxurious estates and their complete facilities for higher social groups.

Based on superficial observations almost all large private banks channel their funds to the property/real-estate sector. The same actions tend to be followed by other middle-class banks.

The anxiety of the monetary authorities on the development of the property business seems to be increasing in line with the increase of credit allocations channeled by the banking establishment. Quantitatively, this can be seen by the credit allocated by the banking institutions when the first nine months of 1994 went through an increase of about 18,2%, that is from Rp 148,3 billion to Rp 175,3 billion³.

The growth in the property sector, is evidently higher than the growth in other sectors, such as manufacturing (only reaching) 8,8%, and trade (10,5%). In absolute term, the increase of credit in the property sector always increases by Rp 1,5 quintillion to Rp 2 quintillion monthly.⁴ On the other hand, the growth of funds mobilization, either giro, savings or deposit collected by banks are not increasing as fast as the credit expansions. Growth imbalances such as this can generally cause the insufficient coverage by the banking fund structure to support the growth and credit allocations for the property sector. This can expose existing banking

³ Journal of Ministry of Public Housing and End of Year the Indonesian Economic Report, 1995, p.5

⁴ Ibid, p. 6

institutions to great risks. Other reasons why the property business should be watched carefully by the monetary authority is that it is harbinger of *cost push inflation*, or it is an activating element of inflation as it can weaken the society's value of exchange due to the result of price increases in the housing sector, by 7.73% which is also influenced by the supply of building materials. In fact, the government's target in 1995 is only 5%⁵.

Other problems characterizing property business at present are social in nature, such as tendency to disturb social activities. The emergence of differences in levels of society that can cause ethnic and religious problems; and also the disturbance on the authority of the government caused by the attitude of the bureaucrats on their collaboration with the developers for practical interests. But such situations are often concealed, they have been accorded a legal status of the bureaucrats involved.

Concrete facts on the above problems are explicitly shown by the property sector. The activities of this sector are not aimed at the majority of the Indonesian society, but are directed towards a part of society that holds a bigger bargaining position.

That group of society in fact does not need a house anymore, but they purchase a house in their effort to speculate. Such practices, seem to have deviated far from the initial objectives of house building as has been stated in the GBHN⁶ (The Guidelines of State Policy). GBHN 1988 stated that the building of housing and settlement must be increased to provide increased housing which is affordable, especially for low income groups, but at the same time, maintaining the minimum requirements for a proper, healthy, safe and harmonious housing estate.

In line with the objective of the building of housing as stated in the GBHN, through several stated-owned financial institutions, the government plans to increase the credit funds for housing amounting to Rp 1.98 quintillion, Rp 400 billion is for construction credits and the remaining (Rp 1.58 billion) is for housing credits⁷.

⁵ Journal Ministry of Public Housing and End of Year Indonesian Economic Report, 1995

⁶ The Guideline of State Policy is the economic, social, political and cultural guideline has to followed and implemented for the five-year economic Development plan.

⁷ Suara Pembaharuan (The Indonesian newspaper), April, 14th, 1995

However, several needs are surfacing at the moment, such as; (a) the need of society for housing to increase, especially in urban areas caused by urbanization, (b) growth and fund mobilization (giro, savings, also deposit) collected by banking institution is not expanding as fast as credit expansion, (c) increase in the price of land caused by the acts of speculators, and (d) the increases of real income of society is being low, so the effectiveness of providing public housing is rather difficult to reach. Effectiveness, as related to the amount, types, quality, including the price that can be afforded by people who have low purchasing power.

For the time being, the total housing needed by society every year comes up to about 782,000 units. From that figure, the unit amount needed by urban dwellers are 578,000 units and those needed by the rural society amounts to 204,000 units⁸; therefore, it could be concluded that the land and/or house needed by people in urban area is about 3 times that of the people in rural areas, while the scarcity of land in urban areas is much more severe than the rural areas. The consequence of this, therefore, is that people in the urban areas must pay rather high prices for the land or houses needed.

1.2. P Although the average income of urban dwellers is relatively higher when compared to rural dwellers, however, the price increase on land and/or houses rise faster than the increase in their income, so ultimately their real income remain low. Therefore, the government formulated a policy that governs the developers' activities in building/providing public housing. The developers are subject to the government's regulation in building public housing with its ratio between luxury, simple, and very simple house at 1 : 3 : 6.⁹ in the municipality of Bandung.

3) W The conditions imposed by government to practically provide or build public housing, had caused many developers to build luxury public housing rather than the simple house (RS) or very simple house(RSS)¹⁰ because its profit is bigger than the two types, although it has to be accompanied by a bigger risk as an impact of low turn over, or there will be a breakdown somewhere in the process.

⁸ Suara Pembaharuan newspaper, 1995

⁹ Journal no. 3 Ministry of Public Housing, 1995

¹⁰ The types of house construction its called Mewah, (luxury), RS (Simple house) and RSS (Very simple house) this is according to government regulation on housing construction.

With the various complicated problems faced by some financial institutions in channeling credit to support the public housing construction, it seems Bank Tabungan Negara is the only bank that consistently carries out its mission in providing the public housing expenses, especially for lower income groups. In an uncertain situation such as mentioned above, both the mission of Bank Tabungan Negara and other financial institutions, basically, might be limited in its effort to achieve other missions as commercial banks, or perhaps both of its missions could be carried out simultaneously, but the achievements will be marginal.

Concerning the above issues, the writer is interested to carry out one study/research to determine which financial institutions are involved in providing the loans (credit) to support the appropriation of public housing, and how these institutions developed its distribution mechanism. From the results, beneficial information is expected to define the role of financial institution, especially Bank Tabungan Negara Bandung Branch Office, in channeling house ownership loans for the benefit of the low income groups.

1.2. Problem Identification

Based on the above background, a number of questions have been raised. It is hoped that at the end of this study, clarifications and possible answers to these questions would have been achieved.

- 1). How many houses are needed by the society in the municipality of Bandung;
- 2). Which financial institution is involved in channeling the house ownership loans (credit) and construction credit in the municipality of Bandung;
- 3). What is the mechanics or procedures involved to obtain construction credit and house ownership credit from Bank Tabungan Negara Bandung Branch Office
- 4). To what extent does the role of Bank Tabungan Negara Bandung Branch Office as financial intermediary in providing public housing is able to perform its task.

1.3. The Intention and Objectives of Study

Maslow Abraham, *Eupsychian Management*, Chapter 16, p. 293, Homewood Inc. Illinois, 1965.

This study is meant to reveal data that can gather sufficient information on the total number of houses needed by the society of the municipality of Bandung, financial institutions involved in channeling the loan for house-ownership, and credit construction for developers and its mechanism or procedures applied to obtain credit. The data is required to analyze the role of Bank Tabungan Negara as a financial intermediary in channeling the loans/credit for this house-ownership. In order to achieve the objective of this study, there is need to analyze critically all situations and conditions that might influence the role of Bank Tabungan Negara, both as a commercial bank or an agent of development.

1.4. Targets of Study

It is hoped that sufficient information could be gathered to assess the following:

1. Sufficient information's on the role of financial intermediaries, especially Bank Tabungan Negara, in providing housing and its ownership for the society in the municipality of Bandung.
2. Additional information's and data for further study in house-ownership credit provisions.
3. Information and data on the validity of the economic theory, especially that related to the role of Bank Tabungan Negara as a financial intermediary in providing construction and public housing loans.

1.5. Basics of Thoughts and Hypothesis

The efforts of a person to own and occupy a house/place of residence, basically is one of the highest priorities in his/her life. A person, will basically fulfill his basic needs first before his other less important needs , i.e. food, clothing and housing, can be fulfilled. This is in line with "holistic-dynamic" of A.H. Maslow who stated that basic human needs consist of the need for food, drink, sex, and shelter. So, whatever one's condition, the effort to obtain the means to fulfill the basic needs will be conducted maximally.¹¹

¹¹ Maslow Abraham, Eupsychian Management, Chapter 16, p. 293, Homewood Inc.: Illinois, 1965.

When the availability of a means of fulfilling human basic needs, become rare, the individual tends to do extra sacrifices in time, expenses and energy to obtain it. Even in the most difficult condition, human beings will still make the effort to obtain one of the substitutes. In this case, one will seek for a balance between utility, value, and satisfaction which are most feasible for him to achieve.

A person who can obtain a means of fulfilling his needs with high utility, together with high value, in general will obtain a higher level of satisfaction if compared with another who can obtain with lower utility and value. The group in the society that does not have sufficient ability (purchasing power) to obtain the means to satisfy its needs in the form of housing, in general will resort to a financial intermediary or Public Bank consumption credits.

A financial intermediary is one that conducts one of two activities, i.e. facilitating the exchange of goods and services by using money or credit, and the second, a financial intermediary is one that assists in channeling the savings of a part of public to other parts that need the fund for investment. Basically, a Public Bank can be defined as an intermediary that receives deposits, gives loan, and gives payment facilities between the members of society.

The term "loan" as mentions above is in fact a synonym to the term "credit". The term *credit* can be defined generally as provision of money or requests for payment considered as the same amount, based on the loan agreement between the bank and other parties where the borrower has the obligation to settle his debts after and certain period of time with interest amount predetermined in the agreement. It corresponds with the definition of credit proposed by George N. Christie and Albert E. Bracuti in their book *Credit Management*, as follows:

"Credit is the ability of an individual or business enterprise to obtain economic value on faith, in return for an expected payment of economic value in the future."¹²

This definition is one of many that have been proposed to describe the institution of credit. It is a word derived from the Latin 'credere' which means to believe or to trust. A trust is therefore implied in credit, and it is a mutual trust

¹² Christie N. George and Bracuti E. Albert, *Credit Management*, Chapter 3, P.15, Credit Research Foundation Inc. New York, 1981.

between the grantor (creditor) and recipient of the credit (debtor). A creditor's faith in a debtor's willingness and ability to pay on faith for the credit within a given time must at least equal the creditor's faith in the value of the credit offered.

2. the Based on the time, user or usage, the term "credit" generally can be differentiated into several kinds. Based on the time, credit can be divided into 3 types, i.e.:

- a. *Short Term Credit*, is a credit that has a maximum term of two years. Into this type also are included credit for seasonal crops that has more than one year term.
- b. *Middle Term Credit*, is a credit that has a period of one, two, or three years, except credits for certain seasonal crops.
- c. *Long Term Credit*, is a credit with more than 3 years period.

If we look at the user or usage, banking credit can be divided into consumer (consumption) credit, producer credit and inter-bank credits. The credit to own a house can be included into consumer credit with its time period included into long term credit. While the production credit, in a broad term, includes trading, export, import, provision, leasing equipment, agricultural, and real estate credits.

Both production and consumption credits, basically, are granted by the bank to its debtor based on a guarantee. Guarantee, in a broad sense, means immaterial guarantee. The function of giving the guarantee is to give the rights and power to the bank to obtain settlement with the guarantee items whenever the debtor does not keep his promise to settle his debt in the predetermined time.

To avoid an incident where the debtor does not fulfill the repayment obligation, the bank usually has rules which are more like limitations on its freedom to grant credits. In that regard, the process of managerial decision making in credit requires a lot of knowledge on various matters such as: knowledge on judicial aspects related to many kinds of credit and on specific characteristic owned by various bank credits. The main objective of a credit analysis is to know the will and ability of the candidate debtor in fulfilling the duty to pay the interest and the loan at the right time.

¹² Riyanto Bambang, *Dasar-Dasar Penilaian Risiko Perusahaan*, Yayasan Badan Penyelidik Gadjah Mada, Yogyakarta, 1990 p.78-79

2. The objectives of data and information collection about the credit requested by the bank as a creditor, in fact, is to know the following:

1. the integrity and honesty of the credit requestor
2. the ability of the credit requestor in managing the fund obtained.
3. the capital capability of the credit requestor to settle if his company is liquidated
4. the availability of guarantee that can cover his liabilities
5. the business environment that is faced by the credit requestor.

These aspects mentioned above, in general, are measurements used by banking intermediaries in assessing their candidate debtor. These aspects are also popularly known as the 5Cs (for Character, Capacity, Capital, Collateral, and Conditions)¹³. The fulfillment of the 5Cs of candidate debtor, basically is applicable for production and consumption credit requestors. If the five criteria are consistently applied by the banking institutions when giving credits, it will produce a successful transaction for both parties.

In addition to those criteria, the success of the bank--especially Bank Tabungan Negara as a financial intermediary, as well as an Agent of Development, is determined by its mission as an institution which has the function to create investment fund, saving purpose, and to create and maintain working balance, as well as fair distribution of the wealth of the country.

With respect to Bank Tabungan Negara's mission as a financial intermediary, there are three factors that could be considered to assess the rate of its health, i.e. financial position (liquidity, rentability, and solvability), the quality of assets productivity, and the procedures and loyalty toward the banking rules.

Based on the theories or concepts mentioned above, and relating it to the phenomena happening at Bank Tabungan Negara as a financial intermediary and as an agent of development through its mission in providing public housing, then the writer can formulate the following hypothesis:

1. The more financial institutions involved in providing and channeling house-ownership loans, the more society could obtain the house ownership.

¹³ Riyanto Bambang, Dasar-Dasar Pembelanjaan Perusahaan, Yayasan Badan Penerbit Gadjah Mada, Yogyakarta, 1990,p.78-79.

2. There is a positive correlation between the simplicity of the procedure to obtain house ownership loans with satisfaction compared to the past, where society simply needs house ownership loans.
3. There is a positive correlation between the role of the Bank Tabungan Negara as a financial institution that provides house ownership loans and a commercial bank which provides solvency and rentability.

1.6. Methodology of Study

The study involved is more economic in nature, with emphasis on the financial/capital aspect. The methodology is pursued through a case study. Data is obtained from 3 sources, i.e. Bank Tabungan Negara Bandung Branch Office as a financial institution, the channeling of credit/loans for house-ownership and construction credit for the developers, housing developer, and house ownership credit requestors. Data is analyzed using the financial and other aspects of the feasibility study of projects.

In relation to the concept of financial intermediaries and/or financial institutions, Lawrence S. Ritter and William L. Silber state that, "Financial institutions are in a better position than individuals to bear and spread the risks of primary security ownership. Because of their large size, intermediaries can diversify their portfolios and minimize the risk involved in holding any one security. They are experts in evaluating borrowers' credit characteristics. They employ skilled portfolio managers and can take advantage of administrative economies in large-scale buying and selling."¹⁴

Although all financial institutions have a lot in common, however, there are substantial differences between them. These differences are particularly in terms of asset size, the composition of liabilities, and assets.

Considering the differences in these aspects, commercial banks, apparently hold the highest position in the ranking after other financial institutions such as Saving and loan associations, insurance companies, Credit unions, etc.

¹⁴ Ritter S. Lawrence and Silber L. William, Principles of Money, Banking, and Financial Market, Chapter 3, p. 8, Harper Collins, 1991.

CHAPTER II

THEORETICAL OVERVIEW

2.1. Concept of Financial Intermediaries and Bank

Financial intermediaries, basically refer to any financial institutions, such as banks, insurance companies, and pension funds. Furthermore, the terms of financial intermediaries are nothing more than financial institutions that act as agents, transferring funds from ultimate lenders to ultimate borrowers. In other words, it can be stated that financial intermediaries are institutions that intermediate between ultimate saver-lenders and ultimate borrowers.

Financial intermediation, basically is the process by which savers deposit funds with financial institutions rather than directly buying bonds or mortgages, and the financial institutions, in turn, lend to the ultimate borrowers. Whereas disintermediation is the reverse i.e., savers take funds out of deposit accounts, or reduce the amounts they normally put in, and invest directly in primary securities such as stocks and bonds.

In relation to the concept of financial intermediaries and/or financial institutions, Lawrence S. Ritter and William L. Silber state that, "Financial institutions are in a better position than individuals to bear and spread the risks of primary security ownership. Because of their large size, intermediaries can diversify their portfolios and minimize the risk involved in holding any one security. They are experts in evaluating borrower credit characteristics. They employ skilled portfolio managers and can take advantage of administrative economies in large-scale buying and selling".¹⁴

Although all financial institutions have a lot in common, however, there are substantial differences between them. These differences are particularly in terms of asset size, the composition of liabilities, and assets.

Considering the differences in those aspects, commercial banks, apparently hold the highest position in the ranking after other financial institutions such as; Saving and loan associations, Insurance companies, Credit unions, etc.

¹⁴ Ritter S. Lawrence and Silber L. William, Principles of Money, Banking, and Financial Market, Chapter 4, p.39, Harper Collins, 1991.

2.2.1. A Commercial bank, by law, is an institution that accepts demand deposits and makes commercial loans. In practice, a financial institution that has the capacity to be a “full-service” provider of deposit, payment, and credit services to all types of customers and can offer other financial services, such as international and trust.

At the moment, large industries and corporations, small businesses, the units of government, and individual consumers all rely on commercial banks to meet every type of financial need. Larger commercial banks, generally offer many financial services and products, but not all of these are essential to continue profitable operations. Every bank, for example, does not need an international division or trust department, a bank can serve the needs of its community and its customers by operating on a smaller scale.

If all the activities of banks are studied, three essential bank functions stand-out. These three functions satisfy the legal definition of a bank and are the building blocks on which banking and the economy rests.¹⁵

* the deposit function

* the payment function

* the credit function

The deposit, payments, and credit function make it possible for the objective of banks to be achieved; to render services while generating profits.

2.2. The Role of Credit in The Business World

Credit, basically, is the ability of an individual or business enterprise to obtain economic value on faith, in return for an expected payment of economic value in the future. This definition is one of many that have been proposed to describe the institution of credit.

The word “credit” derived from the Latin word “credere” which means to believe or to trust. A trust is therefore implied in credit, and it is a mutual trust between the grantor and recipient of the credit. Credit is thus a cooperative function between creditor and debtor. Both stand to be ultimately benefited by their mutual trust.

¹⁵ Campton N. Eric, Principles of Banking, Fourth Edition, Chapter 2, p.43, American Bankers Association, Washington, 1991.

2.2.1. Components of Credit

The author of Credit Management, Christie & Bracuti, states that several essential points are always included in any definition of credit, that are:¹⁶

1). ***There must be an exchange of value.***

This set up the transaction. Goods and services are obtained for a promise to pay and payment is made when it comes due.

2). ***Futurity, and Its Companion, Trust***

Where goods or services are exchanged immediately for cash, there is no futurity, no trust, and no need for the seller to have confidence in the buyer.

None of these needed, since immediate economic payment is made at the time of purchase.

When a payment buy check is offered, the seller must decide whether or not to accept it. Many times company policy will guide the "vendors" action, while at other time a snap judgment maybe necessary. Since the check transaction involves futurity, trust and confidence, the credit concept is involved. The futurity is short just long enough for the check to clear. Trust and confidence, however, are just as significant here as they are on longer terms. Once the seller has given up title to the goods, legal steps are necessary to repossess them.

When credit terms are offered, the seller releases title to property in exchange for the promise of the buyer to pay at a future date. This is accomplished only after the seller is convinced that the payment will be received --that is, that the buyer can be trusted. In a sale made on 30 or 60 days, for instance, the futurity aspect of credit is important; and as selling terms lengthen, the "sellers" analysis of the "buyers" ability to pay at maturity becomes increasingly important.

2.3. Categories of Credit

Credit takes many forms and can be classified in any number of ways. On the basis of use, credit can first be divided into two main categories i.e., public and private credit.¹⁷

¹⁶ Christie N. George and Bracuti E. Albert. Credit Management, Chapter 3, p. 15-16, Credit Reserach Foundation Inc., New York, 1981.

¹⁷ Ibid, p.17-20

2.3.1. Public Credit

Public credit includes all grants of credit to units of government --to states and municipalities as well as to the federal government. In recent decades, state, local, and federal governments have found it increasingly needful to borrow on their credit to meet the rising costs of public needs, including schools, highways, health and social welfare, and military preparedness. In all cases where financing needs exceed revenue, governments must draw upon their borrowing capacity. This is usually done by the issuance of state, municipal, or federal bonds, or in the case of the federal government through the issuance of the short-term Treasury bills and notes. Currency itself may be regarded in a sense as a credit obligation of the federal government, though it is not usually so classified. Analysis of public debt is usually made on the basis of the government's powers of future taxation.

On the other side of the equation is the federal and state lending, which often has public policy objectives. Such programs as the disaster loans, loans by the Small Business Administration, and many other programs serve as aids to the business community with less attention to the goodness of the credit risk and more to social aims such as employment, economic opportunity, and housing.

2.3.2. Private Credit

Private credit can --on the basis of its various functions-- be subdivided into bank credit, investment credit, agricultural credit, consumer credit, credit cards, and business credit. Of all the forms of private credit in use, the one most closely associated with public credit is bank credit.

a. Bank Credit

Bank credit is represented chiefly by depositors' checking accounts. The principal difference between bank credit and other forms of money lending is that no cash changes hands when a bank loan is made. Rather, a paper amount is set up in the borrower's account, available for its use. The paper transaction is in effect money, although no physical currency is printed. It acts as a multiplier to the amount of physical currency in circulation, since only a percentage of actual currency is required as a reserve against "checking account" currency.

¹³ Santoso T. Ruddy, *Kredit Usaha Perbankan*. Andi Yogyakarta, P.7, 1996

Bank credit, as checking account credit, is in effect money--the most important kind of money in circulation. In final analysis, Bank credit is also the ultimate source of all other forms of credit in use today.

b. Investment Credit

This term refers to the placement of funds in productive asset to earn a profit. It consists primarily of loan made to business for the purchase of capital needs such as buildings, machinery, land, and fixtures. Generally, major institutions such as insurance companies, banks, pension funds, educational and charitable organizations are the principal lenders in this type of loan, although individual investors may also participate.

c. Agricultural Credit

This type of credit presents more risk to the lender than those credits mentioned above. In addition to the normal hazard, the borrowers are exposed to natural hazards beyond their control, such as drought, flood, frost, wind, and insect damage etc.

d. Consumer Credit

This form of credit is also known as retail credit (regular and revolving charge accounts) or installment credit. Whereas the other forms are used to facilitate production and distribution, retail credit, is used by banks and businesses to encourage consumer purchases. Here are the main forms of consumer credit: 1) regular charge account, 2) revolving charge account, 3) installment credit, 4) consumer loan, 5) service credit, 6) consumer mortgage, 7) credit cards.

2.4. Types of Banking Loans

In Indonesia, banking credit (loans) is classified into several types which is sometimes used interchangeably with some items of category of credit mentioned above, i.e. :¹⁸

1. *According to time period of credit (loan) :*

a. Short -term credit : 1 - 3 years

b. Middle-term credit : 3 - 5 years

¹⁸ Santoso T. Ruddy, Kredit Usaha Perbankan, Andi Yogyakarta, P.7, 1996

c. Long-term credit : above 5 years

2. *According to credit use :*

- a. Commercial loans, which are given for commercial trade
- b. Consumer loans, which are given for consumption purpose
- c. Investment credit, which are given for investment purpose
- d. Working capital credit, which are given for working capital of any business
- e. Small scale credit, which are given for small scale business
- f. House-ownership loans, which are given for house-ownership purpose
- g. Automobile ownership credit, which are given for buying automobile purpose
- h. Bank Indonesia Liquidity Credit that are funds from Bank Indonesia to distribute to banks belonging to the government or private for various sectors

3. *According to terms of payment :*

- a. Installment loans
- b. Fixed loans
- c. Demand loans
- d. Current account loans
- e. Promissory loans
- f. Call money loans (money market)

4. *According to its nature*

- a. Subordinate loans
The Joint funds of some amount of money from several banks for the project financing. The interest rate is relied upon inter bank offered rate, either libor or sibor.
- b. Off-Shore Loan
It is the loan from abroad/off-shore to use in funding any project which has its Interest rate based on interbank offered rate, either Libor or Sibor. Subordinate loan and offshore loans both have something in common i.e., revolving loan.

Considering the complexity of banking products or services, so it is beneficial to use the proper credit policy. Risk of any banking loans, as well as the risk of any other business, that is not impeding from the impact of macro

economical as a whole. To prevent or avoid any risk in channeling loans or credit there are several alternatives that can be used, such as:

- a). Channeling the credit it should correspond with monetary policy and national economic policy.
- b). Channeling the credit one should be selective and attain to the sector priorities.
- c). Banks' should not allocate its credit to a business in which is doubtful the capability of firm.
- d). Channeling the credit it requires special contract under law to avoid any deviation.
- e). A Bank should always avoid any overdraft withdrawals.
- f). Bank should not allocate its funds to debtors who do not have any intentions to pay their taxes.
- g). Banks' should avoid the credit without guarantee or any "clean loan" for the safety repayment.

2.5. Bank as An Agent of Development and Its Dilemma

In any country, basically there is the ownership and objective characteristics of banking business in common. The Banks which belong to the government, usually have two kinds of objectives, e.g., as a commercial bank and as an agent of development. Whereas banks belonging to private entities usually have major objectives as commercial banks such as maximizing profits.

There are banks that have two kinds of missions or objectives, generally more complicated to achieve as compared to the banks that have single mission. One of the main reasons in this case is the way they allocate limited and/or scarce resources. The banks that have more than one mission basically face two different vested interests, for instance profit and the welfare of the society.

One of the alternatives to achieve profitability is to invest more resources with higher yields, but it is accompanied with higher risk as well. On the other side, to safeguard the welfare of the society, one has to sacrifice important opportunities, such as profitability. Considering these phenomena, it can be surmised that banks with double missions tend to be confronted with a problem.

© Weston J. Ford and Copeland S. Thomas, *Managerial Finance*, 2nd Edition with Tax Update, Dryden Press, USA, 1989, p. 180

To reconcile the conflicting objectives of profitability on the one hand and the welfare of the society on the other, is not easy task/work. However, the bank management may be able to consider the standard achievement of those objectives and its actual performance.

To measure the actual performance of the banks in respect to profitability, one may use the formula of profitability ratios. Profitability is the net result of a large number of policies and decisions. The ratio examined thus far reveal some interesting things about the way the firm is operating, but the profitability ratios give final answers about how effectively the firm is being managed.¹⁹

Two alternative formula to compute profitability ratios of the firm as proposed by Weston & J. Fred, i.e. *Return on Total Assets*, and *Return on Net Worth*, it seems will be appropriate to use in computing profitability ratios for the banks.

a. Return on Total Assets

The return on total assets seeks to measure the effectivity with which the firm has employed its total resources; it is sometimes called the return on investment, or ROI. On a before-tax basis, the ratio would be (EBIT/Total Asset). Because of the tax shelter benefit of interest, so the after tax interest expenses must be added to net income for the numerator of the ratio, that is:

$$\text{Return on total assets} = \frac{\text{Net income} + \text{interest} (1 - T)}{\text{Total Assets}}$$

b. Return on Net Worth

The ratio of net profit after taxes to net worth measures the rate of return on the stockholders' investment.

$$\text{Return on net worth} = \frac{\text{Net income}}{\text{Net worth}}$$

¹⁹ Weston J. Fred and Copeland E. Thomas, *Managerial Finance*, 8th Edition with Tax Update, Dryden Press, USA, 1989, p. 186.

2.6. Bank Profitability

Although net income for Banks has varied over the years, the general trend in bank profitability has been upward. Bank operations are characterized by low profit margins and a large volume of business. Profitability can be measured in several ways.²⁰

$$\text{The Return on Assets} = \frac{\text{Net income}}{\text{Total assets}}$$

This measurement allows us to compare one bank with another. The return on assets (ROA) is the key ratio in evaluating the quality of bank management, because it tells how much profit bank management can generate with a given amount of assets. Bank management is responsible for the utilization and selection of a bank's assets, return on total assets for commercial banks has varied between 0.7 and 1.0 percent.

Another measure of bank profitability is the rate of return on capital (or Return on equity).

$$\text{The Return on Capital} = \frac{\text{Net Income}}{\text{Capital}}$$

Return on equity (ROE) tells the bank owners how management has performed on their behalf--- the amount of profits in relation to their capital contribution to the firm. Because banks are very highly leveraged (low capital-to-assets ratios), their ROE are quite respectable even though their ROA are very low. Bank's ROEs have ranged between 2.56 and 14 percent.

2.7. The Housing Finance in Indonesia.

Rapid financial growth and structural change beginning in 1983 were precipitated by a sharp drop in world market oil prices and Indonesia's oil revenues in 1982, which adversely impacted on Indonesia's balance of payment and fiscal revenue. These external events led to a number of basic policy measures in 1983

²⁰ COLE David C. And SLADE Betty F. Building a Modern Financial System, The Indonesian Development Press, Great Britain, 1986, p.5

²⁰ KIDWELL S. David and PETERSON L. Richard, Financial Institutions, Markets, and Money, The Dryden Press, Chicago, 1990, p.215.

affecting government expenditures and revenues, exchange rate and trade incentives, as well as the financial system.²¹

The role of the financial institution is become more and more important accordance with the rapid of economic growth, especially the banking sector which is providing financially to support Housing sector which is the most growing sector after Industry, Trading and services sector.

Housing finance is a rapidly growing requirement in an industrializing and urbanizing economy. The long-term nature of housing finance (mortgage financing) makes it particularly risky to lenders unless they have long-term liabilities. Loans need to be offered at market rates so that the lender's cost of funds can be covered with a reasonable margin.²²

To increase and diversify source of funds, many types of instruments should be offered through different parts of the financial system. That is, housing finance should be integrated into the financial system, not artificially segmented, so that different financial institutions can be encouraged to be active in the market. Incentives should be available to the various types of financial institutions to give mortgage loans and an array of investors should be attracted to buy the mortgages and mortgage-backed securities. Finally, consideration should be given to the realities of the market. Most low-income people build houses piecemeal out of prior savings or windfall income. Even with subsidized loans, long-term financing can be onerous. Thus so called "starter" type of loans should be considered which fit in better with the average needs of borrower.²³

The government (through Bank Indonesia) has allocated funds at below market rates to special institutions which relend to low and middle income borrowers at below market rates. Thus these markets have been segmented, protected from competition and subsidized for much of the period under consideration (1974-1993).

Thus housing finance was developed in the context of a special program for lower-income people established and financed by the government. Competition

²¹ COLE David C. And SLADE Betty F. Building a Modern Financial System; The Indonesian experience, Cambridge University Press, Great Britain, 1996,p.5

²² opcit. p. 299

²³ Ibid. P. 300

A few bank pasar (market banks) offer housing loans or the equivalent. Bukopin, the bank for cooperatives, also provides subsidized housing credits under the credit pemilikan rumah (KPR) program, but it is very small. private national and foreign bankers suggest that they give housing finance, but mainly in the large cities.

The main housing finance institution is a state-owned bank, Bank Tabungan Negara (BTN) or State Saving Bank. It is not considered as one of the important state banks and it has remained relatively small. BTN data only began to be included with the other so-called five major state banks in 1989. The other housing finance institution is Papan Sejahtera, often listed within the category of NBFIs, but established specifically to offer housing credit. It became a bank in 1992.²⁴

There are two financial institution which finance the housing program. In the 1974 the government instructed BTN to begin financing "relatively poor" individuals' purchases of low-cost housing. This new policy only began to take hold in 1978 when the scheme was introduced. The funds for this scheme came from the budget and Bank Indonesia. Lending rates were reduced to 9% per annum for privately constructed houses and to only 5% for those built by the state housing construction company, Perumnas. Funding of BTN changed to mainly concessional loans from the government; savings deposits as a proportion of BTN sources declined substantially in the period through 1981.²⁵

Papan Sejahtera was established in 1980 as a joint venture NBFIs with an array of shareholders including Bank Indonesia, Bapindo, three insurance companies and a Dutch mortgage bank. Bank Indonesia stated at the time that the purpose of this NBFIs was to finance ownership of housing to meet the housing needs of middle-income groups. It was given access to the KPR scheme. State banks were allowed to provide credits to finance the construction of non-luxury housing projects, if the prospective owners had access to KPR credit extended by Papan Sejahtera.

Thus housing finance was developed in the context of a special program for lower-income people established and financed by the government. Competition could not develop because of the privileged, although ultimately limited, funding of

²⁴ Ibid. p.300

²⁵ Ibid. P. 301

the two institutions as they relied on budgetary funds (and loans from international aid organizations through the government). Other financial institutions therefore have been advantaged and have not entered this market; innovation and development of new instruments of finance have been stymied.²⁶

3.1. Brief History of Bank Tabungan Negara (States Saving Bank)

In 1950 Bank Tabungan Pos (Savings Bank of Post) was established and operated formally through Undang Undang Darurat (A State of Emergency Law) on November 9, 1950. Furthermore, since 1953, up to now, Bank Tabungan Pos had been evolving to become the Bank Tabungan Negara (Saving Bank of the State).

Based on The Constitution November 20, 1908, the main task of the Bank Tabungan Negara went through an improvement i.e. became an institution for economic progress of society, and national economic development through collecting funds from the society, especially in the saving form.

Since 1974 i.e. since Public Housing for lower income society fixed by government, Bank Tabungan Negara was pointed out as an institution in providing house-ownership loan according to Surat Keputusan Menteri Keuangan (Minister of Finance Decree) No. B-49/MK/TV/11/1974 dated January 29, 1974. So in the same moment, House-Ownership Loan was created as well.

In 1989 Bank Indonesia Decree No. 2289/Dkt/UPG dated April 29, 1989 Bank Tabungan Negara had changed to become a general commercial bank. Then, on August 1, 1992, the legal status of bank Tabungan Negara was changed to be Perusahaan Perseroan Terbatas (Ltd. Co.) with the stockholder majority being the government e.g. the Department of Finance of the Dept. of Indonesia.

3.2. The Activities of Bank Tabungan Negara

By deregulation in the framework of banking and finance, Bank Tabungan Negara evidently has flexibilities to arrange various bank activities, especially the activities of general commercial bank. However, the main features of Bank Tabungan Negara was one that provides and obtains house-ownership loans and construction credit.

²⁶ Ibid. p.302

CHAPTER III

OBJECT OF THE RESEARCH

3.1. Brief History of Bank Tabungan Negara (States Saving Bank)

In 1950 Bank Tabungan Pos (Savings Bank of Post) was established and operated formally through Undang Undang Darurat (A State of Emergency Law) on November 9, 1950. Furthermore, since 1953, up to now, Bank Tabungan Pos had been evolving to become the Bank Tabungan Negara (Saving Bank of the State).

Based on The Constitution November 20, 1968, the main task of the Bank Tabungan Negara went through an improvement i.e. became an institution for economic progress of society, and national economic development through collecting funds from the society, especially in the saving form.

Since 1974, i.e. since Public Housing for lower income society fixed by government, Bank Tabungan Negara was pointed out as an institution in providing house-ownership loan according to Surat Keputusan Menteri Keuangan (Minister of Finance Decree) No. B- 49/MK/IV/1/ 1974 dated January 29, 1974. So in the same moment, House-Ownership Loan was created as well.

In 1989 Bank Indonesia Decree No. 22/9/Dir/UPG dated April 29, 1989 Bank Tabungan Negara had changed to become a general commercial bank. Then, on August 1, 1992, the legal status of bank Tabungan Negara was changed to be Perusahaan Perseroan Terbatas (Ltd. Co.) with the stockholder majority being the government c.q. the Department of Finance of the Rep. of Indonesia.

3.2. The Activities of Bank Tabungan Negara

By deregulation in the framework of banking and finance, Bank Tabungan Negara evidently has flexibilities to arrange various bank activities, especially the activities of general commercial bank. However, the main features of Bank Tabungan Negara was one that provides and channels house ownership loans and construction credit.

8. Kredit The product mix of Bank Tabungan Negara offered by Tabungan Negara, is as follows:

1. Kredit Pemilikan Rumah Sangat Sederhana/KP-RSS (House-Ownership Loan for the type of Very Simple House).
This credit is allocated to the people who require government subsidies, i.e. those whose income is not more than Rp 150.000,- monthly. It is characterized by a low rate of interest.
2. Kredit Pemilikan Rumah/KPR (House-ownership Loan)
This loan or credit is provided to those who want to obtain residence or a house that is better than Rumah Sangat Sederhana(RSS) obtained through RSS Loan. This credit is grouped into three types of credit package, i.e.:
 - a. KPR Paket A/Package A (KPR Griya Inti)
 - b. KPR Paket B/Package B (KPR Griya Madya)
 - c. KPR Paket C/Package C (KPR Griya Tama)
3. Kredit Pemilikan Kavling Siap Bangun/KP-KSB (Land Loan Ownership)
This credit is provided to those in society who require land to build a house on their own. It has relatively lower interest rate compared to KPR. The requirements for obtaining this credit is that you should have an average income of around Rp 450.000,- monthly.
4. Kredit Pemilikan Toko/KP-Ruko (The Store Ownership Loan)
This credit is provided by Bank Tabungan Negara for those who want to own house and store and do business simultaneously.
5. Kredit Upakara (Credit For House Improving)
This credit is provided by Bank Tabungan Negara for those in society who want to improve their houses having originated from KPR or other sources.
6. Kredit Membangun Rumah/Kredit Sewa Griya (The House Self-build Credit)
This credit is provided by Bank Tabungan Negara who will build house on his private land.
7. Kredit Rumah Sewa/Kredit Griya Sembada (Leasing House)
This credit is provided by the Bank Tabungan Negara for the individual or organization who will build or buy residence and/or house, flat, or apartment to manage as leasing house.

8. Kredit Konstruksi/Kredit Yasa Griya (Construction Loan).

This credit is provided by the Bank Tabungan Negara for company or housing developer who want to build houses project for sale to the public, particularly obtained by the society through KPR Bank Tabungan Negara.

9. Kredit Perumahan Perusahaan/KPP (House-ownership Loan for Company's Employees)

This credit is provided and allocated by the Bank Tabungan Negara to employees of certain companies to facilitate official house or the housing for (employees).

10. Kredit Swadana Instant credit)

This type of credit is provided by the Bank Tabungan Negara for its customers who need the funds rather urgently. The bank does not want any interruption in the payment in this type of credit. Instead, it wants continuous payment and payments done punctually.

In accordance with its role as a commercial bank, Bank Tabungan Negara also carries out other financial services such as saving, giro, and receives deposits. Whereas other activities which are being carried out by the Bank Tabungan Negara at the moment to smooth the transaction traffic in the society are as follows:

- a. Providing Automatic teller Machines (ATM).
- b. Selling and Buying Foreign Exchange.
- c. Receiving Tax Payment
- d. Telephone Payment Service
- e. Electricity Payment Service
- f. Transfer/Money Sender

3.3. Financial Development and Bank Tabungan Negara (BTN) Activities In 1995.

In 1995 the national economy was still marked by governmental policies aimed at cooling down the economy which was showing signs of 'overheating'. An indicator reflecting this condition was the relatively high inflation rate of 8.6%

The overheating of the national economy is due to, among other factors, the rise in economic liquidity resulting from an increase in offshore loans obtained by the Central Bank of Indonesia organized a team work for foreign loans which are offered by bank which want to borrow money through foreign loans and to control the flow of money in Indonesia secured by foreign loans.

by the private sector, and to the expansion of banking credits which was already too high. 20 %.

In the monetary aspect, the government was able to decrease the inflation rate by controlling the funds in circulation (M1) which reached only 16.1%, far below the previous year's figure of 23.3%. On the other hand, economic liquidity (M2) showed a sharp increase of 27.6%, way above last year's increase of only 20.2%. This indicates that there was a considerable increase in public funds in rupiah or in foreign currency originating from the offshore loans to individuals as well as companies. This is basically due to the Government's tight monetary policy in the past few years.

The increase in interest rates within the country encouraged businessmen to take out offshore loans, which are relatively more economical. In order to maintain monetary stability the Bank of Indonesia (BI), as the monetary authority, issued regulation limiting a bank's foreign loans through a team as the PKLN (Tim Pinjaman Kredit Luar Negeri)²⁷.

This strategy was seemingly successful, but the problem persisted since a bank through its multifinancial companies can easily attain offshore loans. This resulted in the issuance of policies regulating multifinancial companies.

Relevant policies included article No. 606/KMK.017/1995 from the Ministry of finance regarding loans accepted, investment and reporting by multifinancial companies; Article No. 609/KMK.017/1995 from the Ministry of Finance regarding the cessation of trade permits for multifinancial companies by BI.

In the banking sector, the efforts by the government control of circulating funds can be seen in the increase in the reserve requirements which is known as Giro Wajib Minimum (Reserve Requirement). Through the establishment of article SK DIR BI No. 28/113/KEP/DIR and SE BI No. 28/10/UPPB dated 14 December 1995 regarding reserve requirements of commercial banks in BI, the minimum reserve was increased from 2% to 3%. This regulation limiting credit expansion

²⁷ The Central Bank of Indonesia organized a team work for foreign loans which are offered by the Indonesian private commercial banks, the aim is to coordinate the private commercial bank which want to borrow money through foreign loans and to control the flow of money in Indonesia accrued by foreign loans

was adopted because credit expansion was developing too rapidly and had exceeded 20 %.

The rate of credit expansion is influenced by development rate of bank funds which increase to 26.% from 19.4% the previous year. The high growth in bank funds is closely related to the increase in funds from offshore loans.

In a year, when the outlook of the national economy was not so bright and the banking sector was still marked by an increase in the interest rates of deposits as well as credits, the business activities of PT. Bank Tabungan Negara (persero) showed better results than the previous year. This can be seen in the increase in loans, accumulation of funds business income in 1994 and 1995 (see table 3.1).

Capital Adequacy Ratio (CAR) for Bank Tabungan Negara was calculated through the Capital Assets Ratio (Leverage Ratio). It measures the ratio of a bank's book value of primary or core capital to its assets. The lower this ratio, the more leverage it is. Primary or core capital is a bank common equity (book value) plus qualifying cumulative perpetual preferred stock plus minority interest in equity accounts of consolidated subsidiaries.

A bank's capital adequacy is assessed according to where its leverage ratio (L) places in one of five target zones. The leverage ratio is:²⁸

	Core capital	25%	25%
L =	-----	10%	10%
	Assets	8.2%	7.6%

Rentability refers to the ability of the firm to come over with a profit during a period of time. It can be calculated by this formula:²⁹

	Total profit
Rentability =	-----
	Assets that is used to result in the profit

²⁸ SAUNDERS Antony, *Financial Institutions Management: A Modern Perspective*, Second Edition, The McGraw-Hill Companies, Inc. P.402, 1994.

²⁹ Riyanto, Bambang, *Dasar-Dasar Pembelanjaan Perusahaan*, Yayasan Penerbit Gajah Mada, Yogyakarta, 1987, p. 27.

Table 3.1. Summary of Business Performance of PT. Bank Tabungan Negara (Persero), Balance sheets and Income Statement 1995 and 1994 (in Million Rupiah).

Balance Sheet		
	1995	1994
Loans Outstanding	6,174,937	4,883,459
Investment	22,515	22,372
Other Assets	94,311	29,207
Total Assets = Total Liabilities	94,554,570	6,851,073
Total Deposits	3,459,432	2,566,221
Loans Received		
World Bank; Other International	231,576	234,933
Bank Indonesia	1,128,396	857,591
Securities Issued	2,753,740	1,439,500
Capital	1,142,174	1,085,403
Other Liabilities	115,693	133,408
Income Statement		
Total Income	1,165,965	863,214
Total Expenses	1,001,021	734,252
Pre-tax Profit	164,944	128,962
Tax on Profit	55,335	50,999
Net Annual Profit	109,609	77,963
Ratio Analysis		
Capital Adequacy Ratio (CAR) ³⁰	25%	25%
Rentability ³¹	10%	10%
Liquidity ³²	8.2%	7.6%
KUK (Small Scale Business Credit) ³³	5.0%	5.0%

Source : Bank Tabungan Negara, 1995.

³⁰ see formula on page 28

³¹ see formula on page 28

³² see formula on page 30

³³ KUK is type of credit which is given from the bank to the people who run a business in the small scale business used for working capital, these type of credit is due to government regulation every banks have to provide that credit

³⁴ Weston J. Fred and Copeland E. Thomas. *Managerial Finance*. Fifth Edition with Test Volumes. Dryden Press, USA, 1989, p. 180

Table 3. 2. Loans (in Million Rupiah)

Liquidity refers to the ability of the firm to provide cash and other current assets to fulfill current liabilities. One of the formulas to calculate liquidity ratio is using current ratio as follows.³⁴

$$\text{Current Ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

KUK (Small Scale Business Credit) is credit provided by Bank Tabungan Negara --as an agent of development-- for the society with small scale business. As a debtor of Bank Tabungan Negara, the small scale business is burdened on lower interest rate. For this purpose Bank Tabungan Negara set aside the funds amount to 5% from its budget.

A. Loans

Loans granted up to the end of 1995 amounted to Rp.6,174,937 million, showing an increase of 26.45% million from the previous year Rp. 4,883,458 million. Loans granted for housing loans, KPR and Non-KPR rose 25.33% from Rp. 4,765,273 million in 1994 to Rp. 5,972,283 million, making up 96.72% of the total loans granted.

That rise was due to an increase of 58.68% in KPR Package c from Rp. 538,567 million to 854,574 million at the end of 1996. Non-KPR credits rose by 33.59% to Rp. 1,082,040 million up from Rp. 1,348,971 million in 1994.

General non-housing loans which constitute working capital and investment capital showed an increase of 71.47% from Rp. 118,186 million in 1984 to Rp. 202,654 million in 1995, and made up 3,28% of the total loans distributed (see table 3. 2.)

B. Accumulation of Funds

BTN carried out several activities to secure funds generated from the public as well as from the government and other financial organization.

³⁴ Weston J. Fred and Copeland E. Thomas, Managerial Finance, Eight Edition with Tax Update, Dryden Press, USA. 1989, p. 180

Table 3. 2. Loans (in Million Rupiah)

Details	1995	1994	Change (%)
<i>Housing Loans</i>	5,972,283	4,765,272	25,33
- KPR Package A/B	3,315,668	2,887,734	15,22
- KPR Package C	854,575	583,567	58,68
- Non KPR Loans	1,802,040	1,348,971	33,59
<i>Non Housing Loans</i>	202,654	118,186	71,47
- Working Capital	126,401	71,425	76,97
- Investment Capital	76,253	46,761	63,07
Total	6,174,937	4,883,458	26,45

Source: Bank Tabungan Negara, 1996.

D. Government and Social Organizations Funds

C. Public Funds.

Public funds obtained from the government and social organizations rose by 22.83% in 1995. This increase was due to the Bank Indonesia Liquidity Credit Public funds generated from savings, demand deposits, time deposits, premium bonds, and certificates of deposits by the end of December 1995 had increased by 40.93% to Rp. 4,039,432 million from Rp. 2, 866,221 the previous year. Public funds in the form of time deposits in rupiah as well as in foreign currencies increased by 17.92%, whereas savings increased by 8.62% from 1994. Another source of public funds, the sale of premium bonds, also showed an increase due to the issue of BTN VI premium bonds, amounting to Rp 350,000 million, and raising the premium bond sales to Rp 600,000 at the end 1995 (see table 3.3.).

By December 1995, the investment of PT. Bank Tabungan Negara in private local companies had risen slightly from Rp 22,372 million to Rp 22,315 billion or by 0.94% (see table 3.5). This increase was due to an investment of Rp 143 million with PT. Pertamina.

Table 3.3. Collection of Public Funds (In Millions of Rupiah)

Description	1995	1994	Change (%)
Saving Accounts	1,155,539	1,063,809	8.62
Demand deposits	533,099	386,182	38.04
Time deposits	1,316,307	1,116,230	17.92
- In Rupiah	1,297,828	1,115,350	16.36
- In Foreign Currencies	18,479	880	1.999.89
Certificates of deposits	434,487	-	-
Premium Bonds	600,000	300,000	100,00
Total	4,039,432	2,886,221	40,93

Source: Bank Tabungan Negara, 1996.

F. Business Income

D. Government and Social Organization Funds

On the whole, funds obtained from the government and social organizations rose by 22.83% in 1995. This increase was due to the Bank Indonesia Liquidity Credit (KLBI) as subsidized funds for KPR-RSS raising the amount by 36.33% to Rp 1,060,294 million in 1995 from Rp 777,729 million in 1994.

Even if the government funding decreased by 14.73% in 1995 and the long-term funds from the World Bank dropped by 9.09% in the same year, (see table 3.4.). Nevertheless, PT. Bank Tabungan Negara Persero was still able to survive independently despite competition from other Banks.

E. Investment

Up to December 1995, the investment of PT. Bank Tabungan Negara in private local companies had risen slightly from Rp 22,372 million to Rp 22,515 million or by 0.64% (see table 3.5). This increase was due to an investment of Rp 143 million with PT. Pefindo.

³³ Kredit Likuidasi Bank Indonesia (KLBI) is a type of funds that supplied by Indonesia to the Government's Banks to maintain their liquidity.

Table 3.4. Development of Government and Social Organization Funds (in million Rupiah)

Description	1995	1994	Change (%)
Kredit Likuidasi BI (KLBI) ³⁵	1.060.279	777.729	36,33
Government Borrowing	68.102	79.862	(14,73)
World Bank	231.576	234.933	(9,09)
Total	1,341,972	1,092,524	22,83

Source: Bank Tabungan Negara, 1996.

F. Business Income

Business income in 1995 rose to Rp 1,162,859 million, an increase of Rp 302,185 million or 35,11% from 1994. This increase was brought about by the increase in income from interest on loan, KPR, Non-KPR as well as general allowance which rose 33,45% over their 1994 level of Rp 602,321 million to Rp 803,807 million in 1995.

The income from interest on investment increased by Rp 77,985 million or 34,90%, while commission on loan increased by to 2,10% or Rp 34,90 million. Operational income also showed increase of 115,22% or Rp 22,388 million (see table 3.6)

R. Profit

With the income and expenses of PT. Bank Tabungan Negara (Persero) as described above, PT. Bank Tabungan Negara (Persero) was able to achieve a pre-tax profit of Rp. 164,964 million, thus showing a 27,90% increase of Rp 35,982 million from the previous year figure Rp. 128,962 million (see appendix).

³⁵ Kredit Likuidasi Bank Indonesia (KLBI) is a type of funds that supplied by Indonesia to the Government's Banks to maintain their liquidity.

Table 3.5. Investment (in million Rupiah)

Company	1995	1994	Change (%)
PT. Bina Usaha Indonesia	50	50	-
PT. Bank IFI	20,322	20,322	-
PT. Kliring Deposit Efek Ind.	2,000	2,000	-
PT. Pefindo	143	-	-
Total	22,515	22,372	0,64

Source: Bank Tabungan Negara, 1996..

The rise in income from interest reflect an increase in the loans granted, the smooth payment of credit of installment and the effectiveness of Bank Tabungan Negara in the money market.

G. Operational Expenses

Operational expenses comprised of interest on loans and overhead, increased 33,7% to Rp 997,898 million in 1995 from Rp 732,291 million in 1994. The increase in interest rate loans accounted for 37,99% while overhead accounted for 31,12%.

H. Profit

With the income and expenses of PT. Bank Tabungan Negara (Persero) as described above, PT. Bank Tabungan Negara (Persero) was able to achieve a pre-tax profit of Rp. 164,994 million, thus showing a 27.90% increase of Rp. 35,982 million from the previous year figure Rp. 128,962 million (see appendix).

Table 3.6. Business Income (Income Statement of BTN) (in Million Rupiah)

Description	1995 (Rp)	1994 (Rp)	1995 (%)	1994 (%)
Operating Income				
- Interest on Loans	803,807	602,321	69.12	69.98
- Interest on Investment	301,409	223,424	25.92	25.96
- Commission on Loans	15,825	15,499	1.36	1.80
- Other Operational Income	41,818	19,430	3.60	2.26
Total Interest rate Income (1)	1,162,859	860,674	100	100
Operating Expenses				
- Interest on Loans	735,937	523,993	73.75	71.56
- Funds Provision/comm	422	182	0.04	0.02
- Other expenses	20,898	24,588	2.09	3.36
Total Interest rate expenses	757,257	548,764	-	-
- <i>Overhead expenses</i>				
- Administration cost	73,393	57,695	7.36	7.88
- Personnel expenses	109,542	82,598	10.98	11.28
- Depretiation fixed assets	26,519	20,844	2.66	2.85
- Reduction in Prod. assets	5,201	14,812	0.52	2.02
- Other overhead expenses	25,986	7,578	2.60	1.04
Total Overhead expenses	240,641	183,527	-	-
Total Expenses (2)	997,898	732,291		
Net Operating Income (1-2)	164,920	128,383		

Source: Bank Tabungan Negara, 1996

I. Interest Rate Offer by Bank Tabungan Negara

Table 3.7 reveal an information that Bank Tabungan Negara offer the 18.09 % of interest rates in 1995 increased from 17.15% in 1994, to compare with one of the competitor, PT. Papan Sejahtera offer almost the same interest rate with BTN 18.00% in 1995 and it does not change the interest rate from 1994 is 18.00%. But on the other hand Bank Tabungan Negara has advantage to receive the interest

Table 3.7. Interest Rates and Degree of Subsidization of Bank Tabungan Negara and Papan Sejahtera.

Description	1995 (%)	1994 (%)
Average Cost of Funding (1) ³⁶	9,01	9.52
Average Return on Loans (2) ³⁷	18.09	17.15
Gross Intermediation Margin (2-1)	9.08	7.63
Average Market Interest Rates (3)	20.75	18.75
Information on other Lending interest Rates e.g. Papan Sejahtera	18.00	18.00
Degree of Subsidization by Government as State Bank (3-1)	11.74	9.23

Source: Calculation and BTN

rate subsidy from government (Credit subsidy of Bank Indonesia/KLBI) at 6% interest rate.

The interest rate subsidy by Government its called Kredit Likuidasi Bank Indonesia (KLBI) as advantage for BTN than other competitor. In the distributing of funds (credit/loan) to the society (or to the debtor) the Banks' has to combine the funds which is receive from subsidy with the funds which is obtained by the Banks' or Creditor with the interest rates amount 16%. Therefore in distributing its funds to the society, Bank Tabungan Negara has burden to the creditor with amount 11%. With government support, Bank Tabungan Negara is expected to play the role as an agent of development and as commercial bank e.g. offering house ownership loans with low interest rate as well as to obtain sufficient profit.

³⁶ This calculation according to the formula Average Cost of Funding (ACoF) :

$$\text{ACoF} = \frac{\text{Interest rate paid}}{\text{Total Liabilities}} \times 100$$

³⁷ Average Return on Loans (ARoL) :

$$\text{ARoL} = \frac{\text{Interest rate Income}}{\text{Loans + Investment}} \times 100$$

j. Soundness of State Bank

At the end of 1995 PT. Bank Tabungan Negara (Persero) had maintained its status as "SOUND BANK" with a rating of 95.6%. A breakdown of the soundness rating of PT. Bank Tabungan Negara (Persero) is shown in Table 3.8 (Annex 1).

3.4. Research Methodology

3.4.1. Operationalization of Variables

No.	Variables	Sub-variables	Indicators
1.	The role of financial institution.	As an Agent of Development As a Commercial Bank	* Buying power of the society * Amount of the funds provided * The form of Procedures/Mechanism to obtain credit * Solvency * Liquidity * Rentability
2.	Credit for Providing Public Housing	* Types of houses * Interest rate * Procedures	* Luxury house (Real - estates) * Simple house (RS) * Very Simple house/RSS * Above market value * Equal to Market Value * Under market value * Complicated * Moderate * Easy/Simple

3.4.2. Design of the Analysis

1. To solve the problem identification number 1, 2, and 3 on the previous Chapter (see Chapter I, Page 6) will be used descriptive analytical.
2. To solve problem identification number 4 (see Chapter I, Page 6), will be used two kinds of analytical tools i.e. financial analysis and behavior analysis.

CHAPTER IV

THE STUDY AND ITS RESULT

4.1. Total Houses Needed By The Society In the Municipality of Bandung

Recently, the need for houses in urban areas of Indonesia seems to be significantly increasing in line with the growth of its population. The National Development Planning Agency projected that the Indonesian population in urban areas will increase at 39.3% from the previous Five-Year Development Plan. In other words, measured quantitatively, that is from 64,35 million to 80,3 million people, at the end of Five-Year Development Plan.³⁸

The municipality of Bandung, as one of the densely populated cities in Indonesia, contributed significantly to that increase. With its population approaching 2 million, with significantly high birth rate and urbanization, the municipality of Bandung seems to have a serious demographic problem. One of the problems in particular concerns how to manage the residential in this area.

To own a residence or a house in the municipality of Bandung at the moment is rather difficult due to the limitations of land. The result of this, is the very high cost of housing. For this reason, many people are looking for houses in the suburbs of Bandung area. Alternatively, they could stay in the municipality of Bandung by leasing a small house.

To decide whether to live in the suburb's area or to stay in the urban area by leasing a small house, is not easy. If one choose to live in the suburb's area, consequently one has to pay more for transportation cost. However, if he or she choose to stay in the urban area by leasing a small house, one has to consequently pay expensive rental cost and more often it is rather inconvenient on the part of those who have low incomes.

³⁸ This Based on a survey conducted to 40 respondents as prospective dwellers, several findings reveal some significant information's as shown in Table 4.1. From

³⁸ Annual Report 1995, Indonesian on the Gold Year, Housing and Dwelling on the Six Five-Year Development plan, Ministry of State of Public Housing Republic of Indonesia, Chapter II, p.31, 1996

Table 4.1, one can see that most dwellers prefer to own a house through their own efforts instead of leasing. It is evident, that one's preference in purchasing a house will depend on a person's income and his capacity to pay

Table 4.1. Response of The Housing Dwellers in the Municipality of Bandung Concerning Their Preference Either to Own or to Lease a House

No.	Description	f	%
1.	Prefer to own by him or her-self	30	75,0
2.	Prefer to lease	5	12,5
3.	Indifferent	5	12,5
	T o t a l	40	100,0

Source : Result from survey

The respondents who prefer to lease a house instead of to acquire it by themselves, are usually people who have high degree of mobilization. Therefore, considering such phenomena it is easier to predict how many houses are demanded by the society in the municipality of Bandung alone. In achieving this, one can, first, divide the total population by the average number of household and second, measure the increase of new households in every period of time.

The number of population in the municipality of Bandung that is obtained from the Bureau Statistics of Indonesia by estimating the average member of each households which will then give the estimated number of households in that area. Furthermore, the increase of household is assumed to increase house demanded by the society. This is explicitly shown in Table 4.2.

By using the formula of trend linear analysis³⁹, the data in Table 4.2., the growth of household and the increase in the number of houses demanded by the society can be estimated as shown in Table 4.3.

³⁹ This formula is used for the estimation of the house demanded by the people/society in the municipality of Bandung :

$$Y = a + bX$$

$$a = \frac{\sum Y_i}{N}$$

$$b = \frac{\sum XY_i}{\sum X^2}$$

where Y = estimated value of the dependent variable
 a = y-intercept of the best-fitting estimating line
 b = slope of the line best-fitting estimating line
 X = independent variable

Table 4.2. Estimation of Total Houses Demanded By The Society in the Municipality of Bandung.

No	Year	Number of Population Bandung Municipality	Average of Hshd Memb. (Estimated)	Number of Household (Estimated)	Increase in Houses Demanded
1.	1992	1,800,568	4	450,142	4,698 4,747 4,826
2.	1993	1,819,358	4	454,840	
3.	1994	1,838,388	4	459,597	
4.	1995	1,857,692	4	464,423	

Source: Research from the Survey

Table 4.3. Estimation of The Total Houses Demanded By Society in the Municipality of Bandung for 1995 - 2000.

No	Year	Number of Houses Demanded by Society in Bandung Municipality
1.	1996	4,885 Units
2.	1997	4,949 Units
3.	1998	5,013 Units
4.	1999	5,077 Units
5.	2000	5,141 Units

Source : from survey and calculation

From Table 4.3 above, It can be seen that the increase of households and houses needed by these residents were relatively significant. Through various policies issued by the government i.e., Ministry of Public Housing and Ministry of Finance, Bank Tabungan Negara has offered the House-ownership Loans to the society with its requirements⁴⁰. It is shown in details, as follows:

$$X = \frac{n \times \text{Total Credit}}{12}$$

Where: X = the amount of installment per month

⁴⁰ Annual Report 1995 Bank Tabungan Negara(BTN), Headquarter of Bank Tabungan Negara Jakarta, 1995.

n = discount factor
 12 = number of month in the year
 Interest rate for Very Simple House : 8,5%
 Interest rate for Simple House : 18%

By using the formula and/or requirements above, the number of houses to be installed (Very simple and simple Houses) by the society in each specified period can be proposed as follows.

- Total credit : Rp 20,000,000
- Time period: 10 years
- Interest/year: 18%

$$\text{Installment per month} = \frac{0,222515^{41} \times 20,000,000}{12}$$

$$= \text{Rp } 370,858$$

In line with the interest rate of Very Simple House which is significantly lower than the Simple House, most of the society would prefer to own Very Simple House. Unfortunately, the Very Simple House that is offered by Bank Tabungan Negara was limited, as shown in Table 4.4.

Table 4.4 Types of Houses Supplied By Bank Tabungan Negara

No.	Year	Types of Houses Offered (Supplied)		Total
		Very Simple House (RSS)	Simple House (RS)	
1.	1993	612 (13%)	4.056 (87%)	4,668
2.	1994	643 (13,6%)	4,088 (86,4%)	4,731
3.	1995	668 (13,7%)	4,125 (86,3%)	4,893

Source: Bank Tabungan Negara, 1996.

Considering Table 4.4 above, we can see that the housing being offered by Bank Tabungan Negara during 1993 -- 1995, particularly the Very Simple House

⁴¹ See compound of interest rate used by Bank Tabungan Negara in annex 6.

and Simple House, is never considered proportional. It is apparently in conflict with the priority to attain commercial objective instead of its mission to be an agent of development.

The interest rate for this type of Housing credit does not seem any different with the loans or credit from any other Bank.

4.2. The Financial Institution Involved in Distribution of Construction and House Ownership Loans in the Municipality of Bandung.

The development of public housing and settlement has been basically carried out by the government since the first Five-Year Development Plan in 1966. It is carried-out through directed and integrated way, regarding the population growth rate, population spreading, use-making method, the cost, work force broadening, and environmental health. It is in accordance with the statement of Guidelines of State Policy (GBHN) which states that it is necessary to improve housing development, especially the ones whose prices are affordable by the middle and low income brackets.⁴²

Owing to that, in the frame of facilitating the low-income bracket to own houses as means of fulfilling their basic requirements, the government has already appointed several financial institutions/banks to provide and distribute House Ownership Loans. The supply and distribution of House Ownership Loans are balanced by supply and distribution of Construction loans to housing developers. It is practically distributed through several banking and non-banking financial institutions that are either government or privately owned.

From the research that is carried out in the municipality of Bandung, it was found out that the implementation of housing development by housing-development related party is as follows:

a. Development of housing and settlement that is carried out by BTN (National Saving's Bank), is intended for low and middle income earners.

⁴² Annual Report 1995, Indonesian on the Gold Year, Housing and Dwelling on the Six Five-Year Development plan, Ministry of State of Public Housing Republic of Indonesia, Chapter II, p.32, 1995

b. Housing development that is carried out by companies joined into Indonesian Real Estate Developers Association is mainly intended for middle and higher income earners.

c. Housing development that is carried out by private construction company is mainly intended for middle-income earners through BTN House-Ownership Loans.

From these three types of housing development schemes mentioned above, it turns out that involved parties, are mostly private developers, who make use of Construction loans that is provided by banking or non-banking financial institutions to serve their own interests. For this reason, two major financial institutions have been tasked to manage and provide funds for smooth transactions of housing development, one is the Bank Tabungan Negara (BTN) and the Papan Sejahtera Ltd. Aside from these major financial institutions, there are several commercial banks involve in channeling house-ownership loan such as Bank Central Asia, Lipo International Bank, Ekonomi Bank, Subentra Bank, Bank BII, Bank Bali, Prima Express Bank, etc.

BTN provides two kinds of loans, these are House Ownership and Construction Loans. House Ownership Loans is given by BTN to individual/prospective house owner as much as 80% - 95% of house and land price they buy. Meanwhile, construction loans is given by BTN to private developers who develop simple houses (Rumah Sederhana/RS) and very simple houses (Rumah Sangat Sederhana/RSS) which total to 75% of land exemption cost and is added by other facilities.

Papan Sejahtera Ltd. is a non-banking financial institution whose establishment is initiated by the government based on cooperation between Indonesian party and foreign party. It was officially established in 1980. Papan Sejahtera Ltd. Provide funds for housing development that is mainly intended for middle and higher income earners. In addition, the construction loans supply is also used by private developers who specialize in the development of luxurious housing for land-exemption. While the other commercial banks, specialize only in consumer credit to provide society who wants to have a luxurious house. To

⁴⁰ Report from the Ministry of Public Housing, 1993

illustrate how much the amount of credit (ceiling or floor) channeled by those commercial banks, Table 4.5 indicates the amount of credit granted.

The development of luxurious housing is generally placed in more strategic locations than the one for the simple house (RS) and very simple house (RSS). With various superiorities that belong to the non-RS and non-RSS types, this fact will finally encourage housing developers to be more interested in developing non economical housing and non-most economical housing types. By developing luxurious housing, developers will have opportunities to obtain greater profit margin. Hence, the entrepreneur's investment allocation apparently aims more at the luxurious housing development.

Furthermore, one of its implication is that more and more banking loans is allocated for developing non simple and very simple house types (non-RS and RSS). In fact, on the other side, the number of population who require the simple house and very simple house are much higher. Therefore, in order to create a balance among the development of luxurious house, simple house, and very simple house, the government stipulates a rule that development of one luxurious house must be followed by developing 3 simple houses, and 6 very simple houses (1:3:6).⁴³

To implement housing development, particularly the one that uses House Ownership Loans, is apparently not a simple task in practice since it involves parties who are not only creditors and debtors, but also parties who have relatively heterogeneous role and have occasionally significant effectiveness and efficiency.

Considering our previous survey in the municipality of Bandung, the implementation of public housing, through the use of construction loans/credit and house ownership loans/credit, evidently requires the involvement of other parties, or eventually will take considerable time. Relation to that, the parties that are involved in helping prospective owners to own residence through house ownership loans can be identified. These are as follows:

a. Developer

⁴³ Report from the Ministry of Public Housing, 1995.

Table 4.5. Financial Product/Service Offered by Various Financial Institution and/or Banks in the Municipality of Bandung, 1995

No	Bank	Ceiling (Max Credit) (Rp)	Floor (Min. Credit) (Rp)	Interest Rate	Period Year	Down Payment	Provision
1.	Bank Central Asia	500,000,000	10,000,000	15% - 17%	1 - 15	20%-30%	1%
2.	Lippo International Bank	Unlimited	10,000,000	19%	1 - 10	30%	1%
3.	Ekonomi Bank	500,000,000	10,000,000	17,5%	1 - 10	20%	1%
4.	Subentra Bank	Undertermed	10,000,000	18% - 19%	1 - 10	30%	1%
5.	Bank BII	600,000,000	10,000,000	16% - 18%	1 - 20	30% - 50%	1%
6.	Bank Bali	Unlimited	10,000,000	18.75%	1 - 15	20%	1%
7.	Prima Express Bank	1,000,000,000	10,000,000	17%	1 - 10	20%	1%
8.	Bank Papan Sejahtera	500,000,000	10,000,000	85.5%	1 - 10	20%	1%

Source : Survey Result, 1995

Developer, mostly private ones, are parties who have relatively considerable roles in housing implementation that can be reached by middle and low income earner through house ownership loans from BTN. In the implementation process, the developers accept construction loans from BTN to be used in land-exempting in which a housing project will be performed.

Construction loans is competed with a number of houses that has already been developed. Thus, the price for one house-unit is stipulated according to agreement between the developer and National Saving Bank.

b. Agency for Regional Development (BAPEDA)

Agency for Regional Development is one of parties involved in public-housing and settlement development, especially in determining the location where housing will be developed. Since the Agency for Regional Development acts as a supervisor and a planner for regional development, the first step that should be done by all developers who are going to build housing is to contact and to ask for agreement from Agency for Regional Development. The final determination concerning the location on which the housing will be developed, is basically not released from local government unit (subdistric/village district). Thus, the process of housing development on one location that is already approved by Agency for Regional Development cannot be assured to be implemented without permit from the local-government.

c. Notary Public

Notary Public is another party who is involved in the process of people-housing development. The notary public's involvement is mainly in transferring of land ownership right from previous owner before the land-exemption time lapses. In turn, it can be used to fulfill one of requirements in order to obtain construction loans from BTN.

The other involvement is at the time when house ownership loans has already been carried out by the clients as house owners. In the frame of ownership right or right for building-use order the involvement can generally create two

⁴¹ See on the annex 4 (more details)

situational possibilities, e.g. the last price of a house that will be developed tends to be longer in time.

4.3. The Mechanism To Obtain Construction Loans/Credit and House Ownership Loans/Credit From Bank Tabungan Negara Bandung Branch Office.

To attain the goals and objectives of the distribution of its funds, particularly in optimizing its credit flow, Credit Department of Bank Tabungan Negara Bandung Branch Office has a general policy and its control procedure. The credit policy of Bank Tabungan Negara directed to provide a framework for consistent credit decisions.

One of the decisions covered in the credit policy of Bank Tabungan Negara is concerning stipulation of credit requestor i.e.,

- the integrity and honesty of the credit requestor
- the ability of the credit requestor in managing the fund obtained
- the capital ability of the credit requestor to settle his company is liquidated
- the ability of guarantee that can cover his liabilities
- the business environment that is faced by the credit requestor.

The credit policy in Credit Department of Bank Tabungan Negara as stipulated above, basically applied for both of two kinds of credit requestors, that are Construction Credit/Loans requestors' and House Ownership Credit/Loans requestors'. Implementation of that policy by Bank Tabungan Negara, practically seem as an integrated process or system that has to be followed by the credit requestors.

The stipulation arrangement to approve credit requests, particularly construction credit, is to make a checklist on the requirements necessary to be accomplished by all requestors, they are as follows:⁴⁴

- Company profile of the requestors
- Financial report of the requestors during the last two years
- Profile of the public housing project or construction that would be accomplished by the credit requestor.
- Marketing feasibility of the project being accomplish by credit requestors'.

⁴⁴ See on the annex 4 (more details)

Generally, all the data in the checklist are vital to judge the capability or capacity of the credit requestors to payback or to refund their financial liabilities. The checklist, is carried out by Bank Tabungan Negara as preventive efforts to avoid untoward incidents where the debtors do not fulfill their obligations.

In detail, these requirements may be revealed as shown in Table 4.6. The treatment given by Bank Tabungan Negara to its client, either as developer or as debtor of construction credit or prospective dweller as debtor of house ownership loans, is the same. They are likewise requested to fulfill several requirements.

Among the requirements that should be accomplished by the candidate of house ownership loan are:

- a. To fill in the 'form' provided by Bank Tabungan Negara, and should be supplemented by the data as follows;⁴⁵
 - *) Photo of the requestor plus photo of husband or wife,
 - *) Copy of resident's card (passport), book of marriage, and Family-card of the requestor,
 - *) Copy of employee's identification card,
 - *) Reference from the place where the requestor is working,
 - *) Income/salary authentication
 - *) Copy of savings book at Bank Tabungan Negara
 - *) Account Balance of minimum saving (Rp.250,000)
 - *) Etc.
- b. To submit all the collateral's needed

The purpose of being asked to fill-in all the information's by the requestors, either by the Housing Developer or Housing Dweller, is basically is to determine the individual's:

- integrity and honesty of requestors (Character)
- ability of the requestors (Capacity)
- capability of the requestors (Capital)
- the availability of guarantee of the requestors (Collateral)
- the environment condition of the requestor (condition).

Source : Bank Tabungan Negara, 1996

⁴⁵ See on the annex 5 (more details)

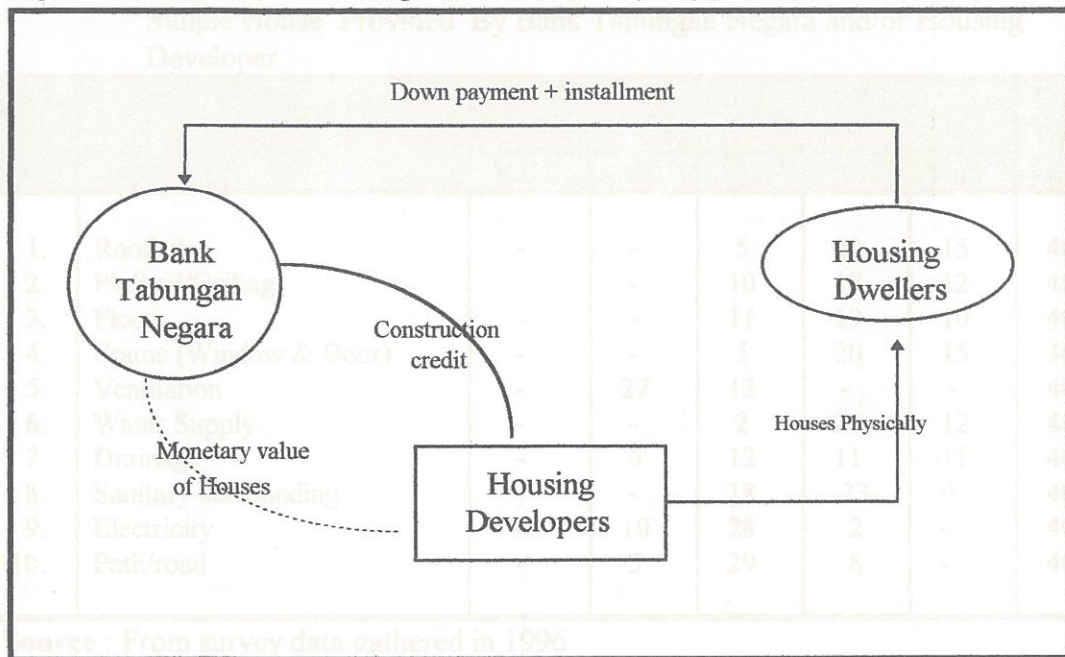
Conceptually, the mechanism to obtain the credit from Bank Tabungan Negara either for the Housing Developer or Housing Dweller may be summarized in figure 4.1 as follows:

Table 4.6. Checklist of The Requirements in Obtaining Construction Loans/Credit for Public Housing

No.	Types of Requirements	Description
1.	Company profile	It is covered of the data of the candidates who Can receive credit construction i.e., <ul style="list-style-type: none"> - Certificates of the company establishment. - Legitimation of the company (Unit Business) from the Justice Department & Cooperative Department. - Other data concerning about the employee using its organizational structure - Group of the company if it is available - License of the company
2.	Financial report	the data covers: <ul style="list-style-type: none"> - Balance sheet during the 2 previous periods - Income statement during the 2 previous years - Budget of the project as a whole - Cash flow
3.	Project profile	It covers data about: <ul style="list-style-type: none"> - Location permit from Local office of National Land Agency - Site plan agreed with local government - Scheduling of the project - Reference from environment agency - Availability of infrastructure - Availability of water supply - Scheduling of the project - Reference from local environment agency
4.	Marketing feasibility	It consists of analytical result of: <ul style="list-style-type: none"> - Total market potential - Technical aspect - Financial aspect

Source : Bank Tabungan Negara, 1996

Figure 4.1. Flow of Credit Request & Its Delivery (Approval)



From Table 4.7 above, it seems most of dwellers who acquired house through Bank Tabungan Negara. The mechanism of obtaining credit from Bank Tabungan Negara, particularly for House-Ownership-Loans, basically is not referred by the flow of money between the Bank and its client, but in terms of physical house. Consequently, the deviation often occurs between what has to be and what is to be done. For example, the physical house received by the house dwellers often does not correspond with actual standard.

Those deviations sometimes results from the fraud of housing developers or its sub-contractors. It occurs because of the weakness of Bank Tabungan Negara in carrying out the control towards the malpractice of housing developers.

The implications of that phenomenon often reduces the satisfaction of housing dwellers, but due to the rights of consumers or dwellers sometimes are denying ultimately everything is the cost of consumers or dwellers.

Considering the survey conducted on 40 house dwellers, considerable findings concerning the degree of their satisfaction over the house they obtained from Bank Tabungan Negara and/or Housing Developer, are shown in Table 4.6 and Table 4.7 as follows:

* The response can clarify as follows: VS=Very Satisfaction, S=Satisfaction, Id=Indifference, DS= dissatisfaction, Vd=Very dissatisfaction

Table 4.8. Degree of Satisfaction of Housing Dwellers in Occupying Type of Very

Table 4.7. Degree of Satisfaction of Housing Dwellers in Occupying the Type of Simple House Provided By Bank Tabungan Negara and/or Housing Developer

No	Description	Response ⁴⁶					Total
		V S	S	In	u S	VuS	
1.	Roof-tile	-	-	5	20	15	40
2.	Plafond/Ceiling	-	-	10	18	12	40
3.	Floor	-	-	11	19	10	40
4.	Frame (Window & Door)	-	-	5	20	15	40
5.	Ventilation	-	27	13	-	-	40
6.	Water Supply	-	-	2	26	12	40
7.	Drainage	-	6	12	11	11	40
8.	Sanitary surrounding	-	-	18	23	9	40
9.	Electricity	-	10	28	2	-	40
10.	Path/road	-	3	29	8	-	40

Source : From survey data gathered in 1996

From Table 4.7 above, it seems most of dwellers who acquired house through house-ownership loans are generally unsatisfied with its condition. Most of them, however, took this situation for granted. In addition, they realized their weak bargaining position in relation to the suppliers.

The same situation, is obviously the same with the group of dwellers who occupied the Very Simple House as shown in Table 4.8.

Most of them are fully aware about what is happening with the property business at the moment. They realized that the prevailing market mechanism is dominating the economic actors, particularly the speculators.

This situation is perceived to continue if there is not enough 'political will' on the part of the government to impose the practice of property business that exists in the society. At the moment, there is no sign that the government will not allow the banks to provide the funds to develop luxurious houses.

⁴⁶ The respons can clarify as follows : VS= Very Satisfaction, S=Satisfaction, Id=Indifference, uS= unsatisfaction, VuS=Very unsatisfaction.

Table 4.8. Degree of Satisfaction of Housing Dwellers in Occupying Type of Very Simple House Provided By Bank Tabungan Negara and/or Housing Developer

No.	Description	Response					Total
		V.S	S	In	a.S	V.a.S	
1.	Roof-tile	-	25	15	-	-	40
2.	Plafond/Ceiling	-	-	18	14	8	40
3.	Floor	-	-	19	17	5	40
4.	Frame (Window & Door)	-	2	20	10	8	40
5.	Ventilation	-	15	21	4	-	40
6.	Water Supply	-	8	16	12	4	40
7.	Drainage	-	3	21	10	6	40
8.	Sanitary surrounding	-	4	22	9	5	40
9.	Electricity	-	20	16	4	-	40
10.	Path/road	-	15	18	7	-	40

Source : From survey data gathered in 1996

4.4. The Role of Bank Tabungan Negara (Bandung Branch Office) as Financial Intermediary in Providing Public Housing.

The term of providing public housing, basically has a close relationship with the problem of homelessness, high prices, and despair. Homelessness and high prices, are usually the first indicators to come to mind because they are the most visible and extreme form of housing problem.

In the absolute sense the basic human needs for shelter defines the housing problem in terms of quantity and quality. Both quantity and quality of housing are basically essential components of housing problem. Recently, the Indonesian housing problems is aggravated by the fact that there are far more households than dwellings, and a significant proportion of the dwellings of the lower income society is of low quality as to be damaging to health.

Underpinning problems of quality, however, is the issue of price or expenditure. This means that to obtain a house with certain quality, there has to be a lot of monetary sacrifice.

The real problem about housing in Indonesia at the moment is not so much to do with quality but more particularly with the quantity. With limited land, to own a quality house may be hard to realize.

b) To It remains true today that most of the location in urban areas of Indonesia, its utilize is significantly affected by supply and demand factors. This results in the situation that the prices of houses tend to be increasing higher than the quantity demanded.

At the moment, the price of the house needed by society seems to be difficult to afford especially by the society with low incomes. Consequently, many people do not have the capability to acquire it.

In line with Guidelines of State Policy (GBHN) concerning housing development, government make some efforts to handle it by giving subsidies to societies that will be needing such assistance in the interest of house-ownership loans. This subsidy which provides for housing type of 'Simple House' amounting to 4%.

At the moment, the interest rate that is prevailing in the market is 19% per annum, so that through subsidy, society has to pay its interest, lower than usual. Eventhough the subsidy is 4% rather high, but its effectiveness will depend on the other factors.

To evaluate how far the role of Bank Tabungan Negara in providing public housing, basically are carried out, one can see it from two points of view, namely from:

- its ability to increase the welfare of the society
- its ability reach certain target in terms of profitability

Source : From survey data gathered in 1990

4.4.1. The Role of BTN to Increase Social Welfare and/or Satisfaction

From Table 4.9 above, we can see that the housing loans offered by Bank

Tabungan Negara As an agent of development and also as a commercial Bank, Bank Tabungan Negara is tasked to accomplish 2 objectives simultaneously requiring different treatments.

The role of Bank Tabungan Negara as an agent of development may be seen from its ability to increase the welfare of the society. Based on the survey done in the municipality of Bandung, one can draw some observations that reveal some information's concerning the role of Bank Tabungan Negara as an agent of development, these are:

- a). To increase buying/purchasing power of lower income groups (earners)

b). To take share in stabilizing the price of land

Through house-ownership loans that is distributed by Bank Tabungan Negara, a part of the society in the municipality of Bandung seems to be more capable buying a house that they need. In addition, their purchasing power can be matched with the most preferred ones, especially concerning the various types of houses, locations, and the other facilities offered by Bank Tabungan Negara. It can be shown by the list of type of housing that is offered by Housing Developer and/or Bank Tabungan Negara as follows;

Table 4.9. Characteristics of Bank Tabungan Negara's Housing credit/loans, Cinunuk East Bandung.

No.	Description	Type 21/60	Type 36/80	Type 45/100
1.	Price	Rp 13,950,000	Rp 24,450,000	Rp 32,950,000
2.	Maximum loan	9,000,000	15,950,000	19,900,000
3.	Down payment	4,950,000	8,500,000	13,050,000
4.	Interest rate	11%	18,5%	18,5%
5.	Installment			
	a. 05 Year	Rp 202,903	Rp 428,520	Rp 536,320
	b. 10 Year	127,350	300,090	375,580
	c. 15 Year	104,300	265,980	33290
	d. 20 Year	94,190	253,640	317,440

Source : From survey data gathered in 1996

From Table 4.9 above, we can see that the housing loans offered by Bank Tabungan Negara and/or Housing Developer is relatively heterogeneous in some aspects. This heterogeneity could results in various response from the society who need housing.

The price differences as shown in Table 4.9 basically results from the differences in the type or size of the house. Price for the same type can vary depending on the location as shown in Table 4.10,

Source : From survey data gathered in 1996

Table 4.10. Characteristics of Bank Tabungan Negara's Housing credit/loans, the South Bandung

No.	Description	Type 21/60	Type 36/80	Type 45/100
1.	Price	Rp. 13,750,000	Rp. 22,500,000	Rp. -
2.	Maximum loan	9,000,000	15,200,000	-
3.	Down payment	4,750,000	7,300,000	-
4.	Interest rate	11%	14%	-
5.	Installment			
	a. 05 Year	Rp. 202,950	Rp. 368,960	-
	b. 10 Year	127,350	242,840	-
	c. 15 Year	104,300	206,225	-
	d. 20 Year	94,180	191,250	-

Source : From survey data gathered in 1996

Table 4.9 evidently shows that there are only two types of housing which predominates. This means that location of South Bandung tends to be dominated by lower income dwellers compared to East Bandung, because of the urbanization and business activity of the Bandung people is located in the southern area.

The other alternative open to society in obtaining the house through Bank Tabungan Negara's assistance, depend on certain residential characteristics as shown on Table 4.11.

Table 4.11. The Characteristics of Bank Tabungan Negara's Housing credit/loans, Banjaran, South Bandung.

No.	Description	Type 21/60	Type 36/80	Type 45/100
1.	Price	Rp. 11,900,000	Rp. 16,565,000	Rp. 23,150,000
2.	Maximum loan	9,200,000	12,835,000	18,520,000
3.	Down payment	2,700,000	3,315,000	4,630,000
4.	Interest rate	11 %	14%	17%
5.	Installment			
	a. 05 Year	Rp 207,437	Rp 321,626	Rp 482,390
	b. 10 Year	130,180	211,684	331,287
	c. 15 Year	106,670	179,768	289,871
	d. 20 Year	96,274	166,713	274,234

Source : From survey data gathered in 1996

4.4.2. Table 4.9, 4.10, and 4.11 reveal that the price of a house in the municipality of Bandung is basically the same to the dweller, the only difference is the location of these houses. A location which provide sufficient of facilities and/or infrastructure, the higher the price one has to be pay by the dweller/society. Therefore, there is any different of the society who is able to obtain any house. However, regardless of the price of the house, most people in the municipality of Bandung paid it different to acquire a house especially those who low income. Considering this issue, Bank Tabungan Negara as a financial institution and/or agent of development play very important role.

Table 4.12. The difference between the House Demanded by society and the House Provided by The Bank Tabungan Negara.

No.	Year	The Number of Houses Provided by BTN	The Number of Houses Needed by society	Difference (Unit)	
1.	1993	4,170	4,698	528	88.76%
2.	1994	4,220	4,747	527	88.90%
3.	1995	4,350	4,826	476	90.14%

Source : from survey and calculation

Considering table 4.12 above, we can see that the Bank Tabungan Negara has a significant role in providing houses for the society in the municipality of Bandung i.e. almost 90% in fulfilling the need of the society. In addition, almost all of the houses provided by the Bank Tabungan Negara could be obtained by the society. This mean that Bank Tabungan Negara has a special role to increase their purchasing power.

The other role of Bank Tabungan Negara in providing public housing can be indicated by its ability to stabilize the land and/or houses price. Considering the funding of the survey, evidently, Bank Tabungan Negara does not have any ability to do due to the price level is determined by market mechanism.

* Calculation based on the formula on page 19. Return on Net Worth or by using the formula The Return on Assets (ROA) can have the same result on calculation.

4.4.2. The Role of BTN to Reach Certain Target in Term of Profitability.

The other role of Bank Tabungan Negara as a financial institution, besides as an agent of development, is indicated by its ability to reach certain degree of profitability as one of the commercial banks. By using the formula of return on net worth, the profitability of Bank Tabungan Negara can be revealed as shown in the table 4.13.

Table 4.13. Profitability Ratio of Bank Tabungan Negara Bandung Branch Office, 1993 - 1996.

No.	Year	Profitability ⁴⁷
1.	1993	2.14%
2.	1994	3.79%
3.	1995	4.43%
4.	1996	3.30%

Source : Financial Statement of BTN and Calculation

From table 4.11 above, obviously that Bank Tabungan Negara has an increase on profitability from 1993 to 1996. The performance shown on the Return on Total Assets (ROA) amounting 2.14 % in 1993 up to 3.30 % in the end of 1996. These results are sufficient to prove that Bank Tabungan Negara perform well both as a commercial bank and as an agent of development simultaneously. This is an important indicator of the role of Bank Tabungan Negara as an agent of development and as a commercial Bank for providing credits continuously on house ownership loans and construction loans as concern.

⁴⁷ Calculation based on the formula : on page 19, Return on Net Worth or by using the formula The Return on Assets (ROA) can have the same result on calculation.

CHAPTER V

CONCLUSION AND RECOMMENDATION

5.1. Conclusion

From the study about the role of Bank Tabungan Negara in providing public housing in the municipality of Bandung we can conclude the following :

- 1) The Indonesian housing problem--particularly in the municipality of Bandung consisted of the fact that there are far more households than dwelling. The growth of households in the municipality of Bandung is very high.
- 2) The demand for the municipality of Bandung on average is around 4,755 units per year. The real problem about housing in the municipality of Bandung at the moment has not yet to do with quality but with quantity. With limitation of land, to own a house with any quality sometimes is hard to realize.
- 3) The development of public housing and settlement in Indonesia and/or the municipality of Bandung has been basically carried out by government since 1966, and government appointed several financial institutions/ banks to provide and distribute house-ownership loans.
- 4) The Bank Tabungan Negara is one of the banks belonging to government, that provides house ownership loans for low and middle income brackets at low interest rates. In its operation, Bank Tabungan Negara simultaneously has two kinds of objectives that have to be pursued simultaneously : as commercial bank and as agent of development.
- 5) These two kinds of missions face two different vested interest, namely profit and the welfare of the society; as such, the Bank is often face dilemmas because in order to fully attain one mission, one interest has to be sacrificed for the other.
- 6) Through proper management and sound strategy, evidently Bank Tabungan

Negara is able to accomplish its development mission simultaneously with good performance. This is due to the advantage of BTN receive the interest rate subsidy from the government than other competitor (Papan Sejahtera) has not.

7) The success of Bank Tabungan Negara to accomplish both missions as a commercial bank and as an agent of development will depend on the sufficiency of profitability ratio and by fulfillment of the welfare and / or satisfaction of the society,

5.2. Recommendation.

The availability of land for developing the public housing in the big city like Bandung usually is a crucial issue. Since 12 years ago, in 1983, the price of land in Bandung area has increased 9 to 11 times (Badan Pertanahan National/BPN, 1996). The main cause of this problem is demand higher than supply. The among others cause is the credit booming of financial institutions. Its implication is the more speculator there were whose activities in releasing of land for the housing. This tremendous of land released, in one side resulted in less land (raw land) supply in the market. In order hand, the housing developer determine the price of its processed land too high, so as the consequence the more less of society who able to obtain it become.

The alternative ways that can be done by Bank Tabungan Negara to solve this problem :

- a. To make agreement with other financial institutions to limit the distribution of funds or credit for construction credit.
- b. To make agreement with the local government to limit the permit of land release by businessmen, particularly speculator.

To assist much more of the low income society, Bank Tabungan Negara it's desirable to provide more funds for house ownership loan (credit) allocated for houses type "Very Simple House" or type 21. One way to do it is to change the ratio of the development if public housing from 1:3:6 to 1:2:8 (1 for luxurious house, 2 for simple house, and 8 for very simple house).

ANNEX 01

The sectoral policies are important to make because the development of the settlement or public housing generally consists of 7 steps start from admission process, land release, planning, funding, construction development and marketing effort. Each step in those activities involved various professional and business services such as lawyer in the property, bureau of planning, construction consultant, bureau of architects, accountants, notary, marketing consultant, and brokers. Furthermore, the activities of housing industry is to string of hundreds sectors, services, and trade either at the upstream or downstream. It is reason why the housing industry is often viewed as lending sector that has broad implication in the economic activities as a whole.

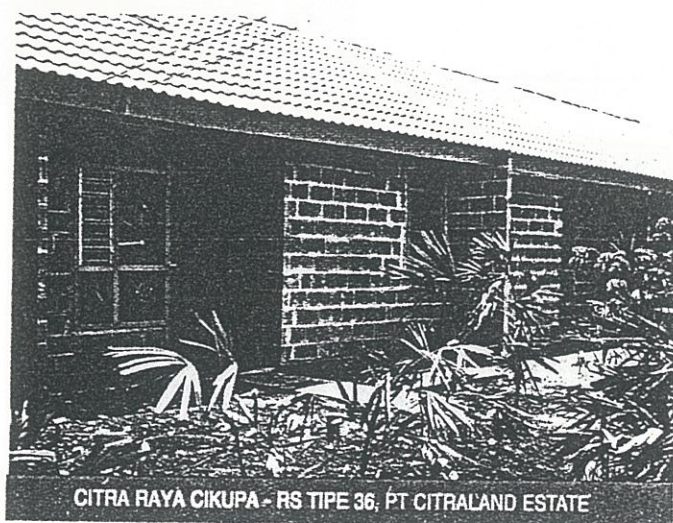
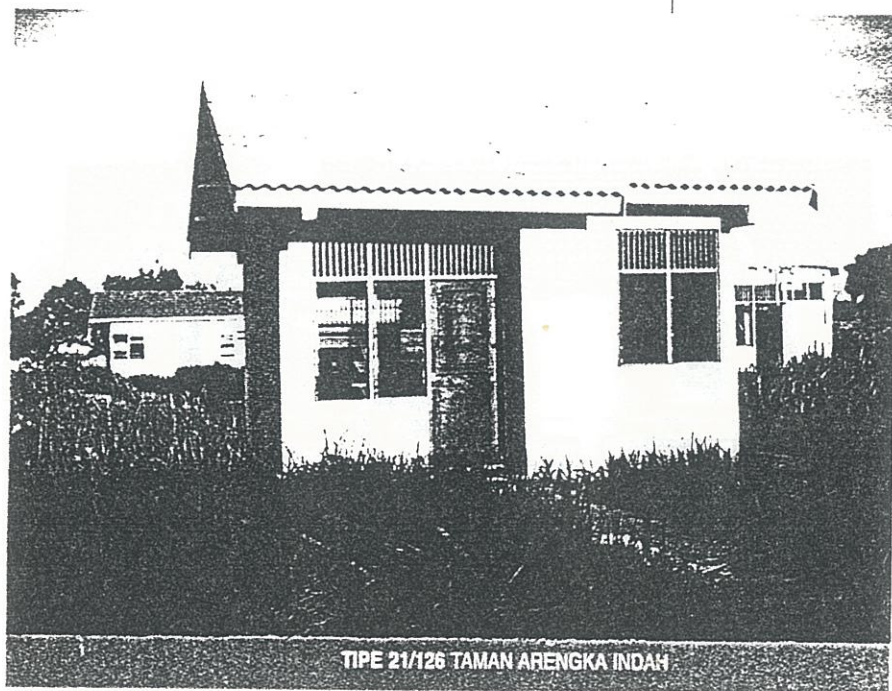
When the property or housing industry start to decline, the other sectors and service businesses in the upstream that support housing industry will decline as well. The impact of declining the property sector will effect to industry and services related in the downstream, such as industry of household equipment, electronics, and furniture. Further implication the effect to the government revenues from taxes simultaneously will decline.

To avoid those problems, Bank Tabungan Negara can play a role as financial institution in reducing the price of house which is fluctuated in the market.



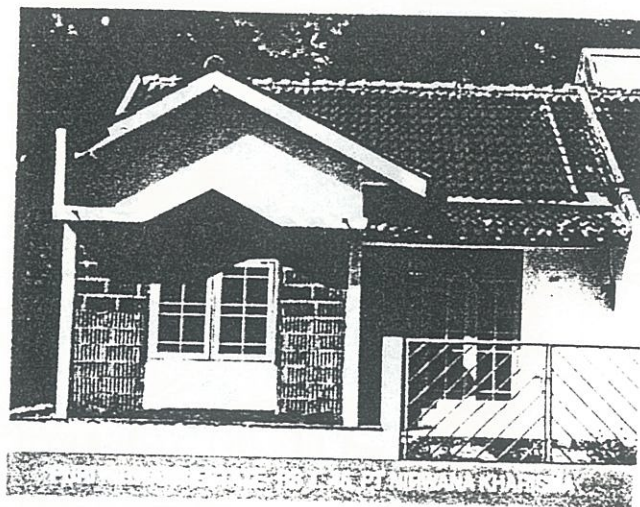
ANNEX 01

Example type of houses on the Very simple house/RSS



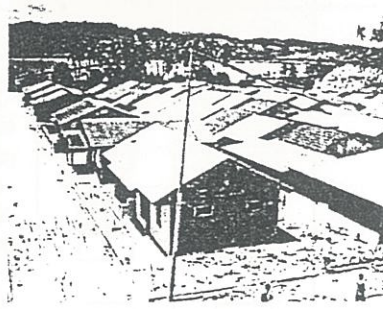
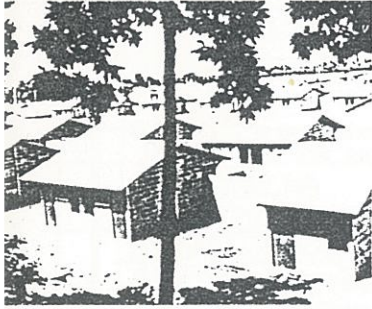
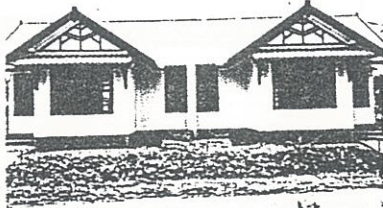
ANNEX 02

Example type of houses on the Simple house/RS.



ANNEX 03

Example, Type of houses and Land settlement for houses



ANNEX 04

PT / KOPERASI :
 LOKASI :
 :

DEVELOPER / KONTRAKTOR

NO	JENIS DATA		ADA	TIDAK	KETERANGAN
A. DATA PERUSAHAAN					
1	Surat Permohonan Kredit dari Direksi/ Kuasa Direksi	V	<input type="checkbox"/>	<input type="checkbox"/>	
2	Akta pendirian perusahaan s/d perubahan terakhir.	V	<input type="checkbox"/>	<input type="checkbox"/>	
3	Pengesahan Badan Usaha dari Departemen Kehakiman/Departemen Koperasi.	VO1	<input type="checkbox"/>	<input type="checkbox"/>	
4	Data Perusahaan & Personilnya - (struktur organisasi, Nama pengurus & CV beserta pas photo ybs) - Group perusahaan (bila ada)	V VO	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>	
5	Perijinan perusahaan - TDP, NPWP, SIUP - SIUJK, REI	V VO	<input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/>	
B. DATA KEUANGAN					
6	Laporan Keuangan : 2 (dua) tahun terakhir yg te - lah diaudit *), tahun berjalan berikut penjelasannya dan Laporan Keuangan sebagai lampiran SPT-PPH tahun terakhir.	V2	<input type="checkbox"/>	<input type="checkbox"/>	*) Terutama permohonan KYG >/ Rp. 1 Milyar
7	Rincian Anggaran Biaya (RAB) proyek secara - keseluruhan, yaitu RAB Tanah, RAB Bangunan, RAB Sarana dan RAB Prasarana, disertai bestek dan Gambar perencanaan proyek	V	<input type="checkbox"/>	<input type="checkbox"/>	
8	Rencana Aliran Kas Proyek (Cash Flow).	V	<input type="checkbox"/>	<input type="checkbox"/>	
C. DATA PROYEK					
9	Izin lokasi dari BPN setempat.	V	<input type="checkbox"/>	<input type="checkbox"/>	
10	Bukti Penguasaan tanah lokasi & bukti penguasaan (Jl. Masuk & Saluran *)	V3	<input type="checkbox"/>	<input type="checkbox"/>	
11	Dasar Taksasi Tanah - NJOP (Copy PBB), SPPH/AJB, Daftar harga Pemda	V	<input type="checkbox"/>	<input type="checkbox"/>	
12	Site Plan yang DISETUJUI PEMDA *)	VO4	<input type="checkbox"/>	<input type="checkbox"/>	
13	Rencana jadwal waktu pembangunan proyek.	V	<input type="checkbox"/>	<input type="checkbox"/>	
14	Surat Keterangan Bebas banjir / Peil Banjir.	V5	<input type="checkbox"/>	<input type="checkbox"/>	
15	Ket. hasil test air bersih / Laboratorium.	V6	<input type="checkbox"/>	<input type="checkbox"/>	
16	Ket. kesediaan PLN mensuplai listrik ke lokasi proyek ybs.	V	<input type="checkbox"/>	<input type="checkbox"/>	
17	IMB - minimal IPMB	VO	<input type="checkbox"/>	<input type="checkbox"/>	
D. LAINNYA					
18	Aspek pemasaran proyek serta calon konsumen	V	<input type="checkbox"/>	<input type="checkbox"/>	
19	Bukti pemegang Giro BTN.	V	<input type="checkbox"/>	<input type="checkbox"/>	
Catatan : - V = Mutlak - VO = Bisa disusulkan - VO.1) = - Mutlak bagi yang telah berdiri lebih dari satu tahun - Bisa disusulkan bagi dev. yang baru berdiri - V 2) = Cukup Laporan keuangan tahun berjalan bagi perusahaan baru berdiri - V 3) = Tidak disyaratkan , apabila lokasi proyek berada ditepi Jl. penghubung. - V 4) = Dapat berupa pra-site plan, apabila dev. meminta pembebasan lahan - V 5) = Tidak disyaratkan apabila sesuai kesimpulan hasil peninjauan lokasi oleh Pimpinan Cabang, lokasi tidak banjir - V 6) = Apabila air bersih bukan dari PDAM * Data perusahaan butir 1 s/d 5 tidak perlu disampaikan lagi, apabila developer ybs. sudah pernah mengajukan kredit, kecuali ada perubahan					

KELENGKAPAN DATA KPR BTN PAKET C (RS/RS)

NO.	JENIS DATA	JUMLAH	ADA
I.	Formulir Isian dari BTN	1 set	
II.	Data Pendukung		
1.	Pas foto pemohon dan suami/istri uk. 4 x 6 cm	2	
2.	Asli dan fotokopi KTP/bukti diri pemohon dan suami/istri, (Surat Nikah) dan Kartu keluarga	1	
3.	Fotokopi Kartu Pegawai (NIP)	1	
4.	Surat Keterangan dari Perusahaan / SK Pengangkatan	1	
5.	Slip gaji bulan terakhir / Surat Keterangan penghasilan (utk WIRASWASTA/pemohon yang berpenghasilan tidak tetap, menyampaikan rincian penghasilan yang diketahui lurah setempat).	1	
6.	Fotokopi SIUP, NPWP, TDP, Akta Perusahaan (bagi perusahaan swasta), NPWP Pribadi / SPT PPH 21	1	
7.	Fotokopi, SBKRI dan Ganti nama (Bagi WNI Keturunan Asing)	1	
8.	Fotokopi tabungan BATARA dengan Saldo minimum Rp. 250.000,-	1	
9.	Asli dan fotokopi rekening bank 3 bulan terakhir	1	
10.	Khusus pemohon KREDIT GRIYA MULTI, menyampaikan foto rumah (tampak depan dan tampak jalan) serta denah alamat rumah yang akan diagunkan.	1	
11.	Untuk penjual rumah perorangan, menyampaikan fotokopi KTP (suami & istri), Surat Nikah, Kartu Keluarga, PBB tahun terakhir dan Surat persetujuan menjual dari suami/istri.	1	
III.	Dokumen pokok yang diagunkan :		
1.	Asli dan fotokopi Sertifikat HGB / Hak Milik	2	
2.	Asli dan Fotokopi IMB dan Gambar	2	
3.	Untuk KREDIT GRIYA MULTI (Khusus untuk renovasi) dan KREDIT SWAGRIYA (membangun rumah) menyampaikan :		
	- Rencana Anggaran Biaya (RAB)	1	
	- Gambar dan Bestek	2	

No	AGENDA PROSES KPR PAKET C	TANGGAL	PARAF	KETERANGAN
1.	Terima berkas			
2.	Wawancara			
3.	Appraisal :			
	- Penyerahan			
	- Terima kembali			
4.	Konfirmasi Usaha / OTS			
5.	Rakomdit, dengan keputusan			
	- Disetujui			
	- Diturunkan			
	- Ditangguhkan			
	- Ditolak			
6.	Penerbitan SP3K			
7.	Tandatangan SP3K			
8.	Clearance sertifikat			
9.	Cek saldo tabungan / giro			
10.	Persiapan realisasi			
11.	Realisasi			
12.	Dokumen Pokok :			
	- Sertifikat			
	- IMB			

JANGKA WAKTU	B U N G A										
	17 %	17,5%	18 %	18,5 %	19 %	19,5 %	20 %	20,5 %	21 %	21,5 %	22 %
1	1.170000	1.175000	1.180000	1.185000	1.190000	1.195000	1.200000	1.205000	1.210000	1.215000	1.220000
2	0.630829	0.634770	0.638716	0.642666	0.646621	0.650581	0.654545	0.658515	0.662489	0.666467	0.670450
3	0.452574	0.456245	0.459924	0.463612	0.467308	0.471012	0.474725	0.478446	0.482175	0.485913	0.489658
4	0.364533	0.368130	0.371739	0.375359	0.378991	0.382634	0.386289	0.389955	0.393632	0.397321	0.401020
5	0.312564	0.316163	0.319778	0.323407	0.327050	0.330708	0.334380	0.338066	0.341765	0.345479	0.349206
6	0.278615	0.282254	0.285910	0.289504	0.293274	0.296992	0.300706	0.304446	0.308203	0.311976	0.315764
7	0.254947	0.258645	0.262362	0.266099	0.269855	0.273630	0.277424	0.281236	0.285067	0.288916	0.292782
8	0.237690	0.241456	0.245244	0.249054	0.252885	0.256737	0.260609	0.264502	0.268415	0.272347	0.276299
9	0.224691	0.228531	0.232395	0.236282	0.240192	0.244125	0.248079	0.252056	0.256053	0.260072	0.264111
10	0.214657	0.218573	0.222515	0.226481	0.230471	0.234485	0.238523	0.242583	0.246665	0.250769	0.254895
11	0.206765	0.210757	0.214776	0.218821	0.222891	0.226985	0.231104	0.235246	0.239411	0.243598	0.247807
12	0.200466	0.204533	0.208628	0.212749	0.216896	0.221068	0.225265	0.229486	0.233730	0.237996	0.242285
13	0.195378	0.199518	0.203686	0.207881	0.212102	0.216349	0.220620	0.224915	0.229234	0.233575	0.237939
14	0.191230	0.195440	0.199678	0.203943	0.208235	0.212551	0.216893	0.221259	0.225647	0.230058	0.234491
15	0.187822	0.192098	0.196403	0.200734	0.205092	0.209475	0.213882	0.218313	0.222766	0.227242	0.231738
16	0.185004	0.182662	0.193710	0.198104	0.202523	0.206968	0.211436	0.215927	0.220441	0.224975	0.229530
17	0.182262	0.187060	0.191485	0.195937	0.200414	0.204916	0.209440	0.213987	0.218555	0.223143	0.227751
18	0.180706	0.185159	0.189639	0.194145	0.198676	0.203229	0.207805	0.212403	0.217020	0.221657	0.226313
19	0.179067	0.183572	0.188103	0.192658	0.197238	0.201839	0.206462	0.211106	0.215769	0.220450	0.225148
20	0.177690	0.182243	0.186820	0.191421	0.196045	0.200691	0.205357	0.210042	0.214745	0.219465	0.224202

Keterangan :

Cara perhitungan angsuran = Faktor ke n x Pokok Kredit dibagi 12
(n adalah jangka waktu)

Contoh :

Jumlah kredit : Rp. 20.000.000,-

Jangka waktu : 10 tahun

Bunga : 19 % per tahun

Angsuran per bulan : $\frac{0,230471 \times \text{Rp. } 20.000.000,-}{12}$ = Rp. 384.118,-

dibulatkan menjadi = Rp. 384.120,-

Label 8
KESEHATAN BANK
STATE OF SOUNDNESS

Faktor Kesehatan / Soundness Factor	31 Desember 1995/ December 31, 1995		31 Desember 1994/ December 31, 1994		Naik/Turun/ Increase /Decrease	
	Nilai/ Rating	Predikat/ Status	Nilai/ Rating	Predikat/ Status	Nilai/ Rating	%
Permodalan / Capital	25.0	Sound	25.0	Sound	0	
Kualitas Akt. Produktif / KAP	23.8	Sub-Stand	26.3	Sound	(2.5)	
Manajemen / Management	23.6	Sound	23.6	Sound	0	
Rentabilitas / Rentability	10.0	Sound	10.0	Sound	0	
Likuiditas / Liquidity	8.2	Sound	7.6	Sub-Stand	0	
Total CAMEL / Total CAMEL	90.6	Sound	92.5	Sound	(1.9)	
Nilai KUK / KUK Rating	5.0	-	5.0	-	0	
Nilai Akhir / Final Rating	95.6	Sound	97.5	Sound	(1.9)	
Efisiensi / Efficiency	85.91		85.06		0.85%	
ROA / ROA	1.15		1.14		0.01%	
ROE / ROE	9.60		7.18		2.42%	

BIBLIOGRAPHY

1. **BUKICS Rosie L. And LOVEN Walter T. ,** The Handbook of Credit and Accounts Receivable Management, Probus Publishing Company, Chicago, Illinois, 1987.
2. **COMPTON Eric N.,** Principles of Banking, Fourth Edition, American Bankers Association, Washington, 1991.
3. **CHRISTIE George N. And BRACUTI Albert E.,** Credit Management, Credit Research Foundation Inc., Lake Success, New York, 1987.
4. **COLE David C. And SLADE Betty F.,** Building a modern Financial System; The Indonesian Experience, Cambridge University Press, Great Britain, 1996.
5. **EDWARD Herbert,** Credit Management Handbook, A Gower Handbook, Great Britain, 1981.
6. **HITT Michael A., MIDDLEMIST R. Denis And MATHIS Robert L.,** Management; Concepts and Effective Practice, Third Edition, West Publishing Company, New York, 1996.
7. **HOULIHAN Barrie,** Housing Policy and Central-Local Government Relations, Avebury, Great Britain, 1988.
8. **KIDWELL David S. And PETERSON Richard L.,** Financial Institutions, Markets, and Money. Fourth Edition, The Dryden Press, Chicago, 1990.
9. **MALPASS Peter and MURIE Alan,** Housing Policy and Practice, Third Edition, Macmillan, London, 1990.

10. **ROBBINS Stephen P.**, Organization Theory: The Structure and Design of Organizations, Prentice-Hall, Inc., Englewood Cliffs, New Jersey, 1983.

11. **RITTER Lawrence S. And SILBER William L.**, Principles of Money, Banking, And Financial Markets, Seventh edition Basic Books, A division of Haper Collins Publishers, USA, 1991.

5. **BANK OF INDONESIA**, Annual Report 1996/1997, Head-quarter of Bank

12. **RIYANTO Bambang**, Dasar-Dasar Pembelanjaan Perusahaan, Yayasan Badan Penerbit Gadjah Mada, Yogyakarta, 1987.

6. **BULETIN TINJAUAN EKONOMI**, Perkembangan Properti Di Indonesia

13. **SAUNDERS ANTHONY**, Financial Institution Management: A Modern Perspective, Second Edition, Irwin, The McGraw-Hill Co., Inc., Chicago, 1997.

7. **CENTRE BUREAU OF STATISTICS (CBS)**, Housing Construction Statistics in

14. **SANTOSO Ruddy Tri**, Kredit Usaha Perbankan, Andi, Yogyakarta, 1996.

15. **VAN HORNE James C.**, Financial Management And Policy, Tenth Edition, Prentice Hall International, Inc., New Jersey, 1995.

16. **WESTON J. Fred and COPELAND Thomas E.**, Managerial Finance, Eighth Edition with Tax Update, The Dryden Press, Chicago, 1989, 1994

Journal and Report **BANK OF INDONESIA**, Harga Rumah di Bandung Setara dengan Jabotabek, The Indonesian Housing Magazine, Monthly Magazine, September 1994

1. **BANK TABUNGAN NEGARA (BTN)**, The Annual Report 1995. Head-quarter of Bank Tabungan Negara Jakarta, Jakarta, 1995. Bayai RSS, The Indonesian Housing Magazine, Monthly Magazine, November 1994

2. **BANK TABUNGAN NEGARA(BTN)**, The History of Bank Tabungan Negara, Head-quarter of Bank Tabungan Negara Jakarta, Jakarta, 1995. Properti, The Indonesian Housing Magazine, Monthly Magazine, November 1994

3. **BANK TABUNGAN NEGARA(BTN), The Procedure and Requirement of credit**, Head-quarter of Bank Tabungan Negara Jakarta, Jakarta, 1995.
4. **BANK OF INDONESIA, Annual Report 1995/1996**, Head-quarter of Bank Indonesia Jakarta, Jakarta 1996.
5. **BANK OF INDONESIA, Annual Report 1996/1997**, Head-quarter of Bank Indonesia Jakarta, Jakarta 1997.
6. **BULETIN TINJAUAN EKONOMI, Perkembangan Properti Di Indonesia**, Vol.XXIII No. 4, April 1996, PT. Bank Dagang Negara, 1996.
7. **CENTRE BUREAU OF STATISTICS (CBS), Housing Construction Statistics in Indonesia 1995**, Jakarta , 1995.
8. **PROPERTI INDONESIA, Rumah Murah Makin Susah**, The Indonesian Housing Magazine, Monthly Magazine, June 1994.
9. **PROPERTI INDONESIA, Plus Minus Pemasaran Pre-project Selling**, The Indonesian Housing Magazine, Monthly Magazine, September 1994.
10. **PROPERTI INDONESIA, Harga Rumah di Bandung Setara dengan Jabotabek**, The Indonesian Housing Magazine, Monthly Magazine, September 1994.
11. **PROPERTI INDONESIA, Gaya Lain Membiayai RSS**, The Indonesian Housing Magazine, Monthly Magazine, November 1994.
12. **PROPERTI INDONESIA, Menguak Sisi Rawan Kredit Properti**, The Indonesian Housing Magazine, Monthly Magazine, November 1994.

13. **PROPERTI INDONESIA**, Perlu Dibentuk Untuk Mengawasi Debitur KPR, The Indonesian Housing Magazine, Monthly Magazine, November 1994.

14. **PROPERTI INDONESIA**, Tahun Baru Suku Bunga Baru, The Indonesian Housing Magazine, Monthly Magazine, February 1995.

15. **PROPERTI INDONESIA**, Posisi Dukungan Perbankan Terhadap Properti, The Indonesian Housing Magazine, Monthly Magazine, March 1995.

16. **PROPERTI INDONESIA**, Bergerak Sesuai Mekanisme Pasar, The Indonesian Housing Magazine, Monthly Magazine, March 1995.

17. **PROPERTI INDONESIA**, Kiat Bank dan Developer Menekan Suku Bunga, The Indonesian Housing Magazine, Monthly Magazine, April 1995.

18. **PROPERTI INDONESIA**, Menembus Angka 20 Persen, The Indonesian Housing Magazine, Monthly Magazine, May 1995.

19. **PROPERTI INDONESIA**, Pembangunan Perumahan Berwawasan Lingkungan, The Indonesian Housing Magazine, Monthly Magazine, September 1995.

20. **PROPERTI INDONESIA**, Mengembangkan RSS Bersama si Kecil, The Indonesian Housing Magazine, Monthly Magazine, October 1995.

21. **PROPERTI INDONESIA**, Subsidi Bunga Hingga Tipe 36, The Indonesian Housing Magazine, Monthly Magazine, March 1996.

22. **PROPERTI INDONESIA**, Agar Suplai dan Harga Terkendali, The Indonesian Housing Magazine, Monthly Magazine, October 1996.

19. **PROPERTI INDONESIA**, Benang Kusut Pembiayaan Perumahan, The Indonesian Housing Magazine, Monthly Magazine, November 1996.
20. **KOMPAS**, Kredit Ke Properti Meroket Ke Sektor Produktif Anjlok, The Indonesian Newspaper, Jakarta, September 23, 1996,p.17
21. **KOMPAS**, Akankan Properti Runtuh, The Indonesian Newspaper, Jakarta, September 23, 1996,p.18
22. **KOMPAS**, Spekulan Tanah Korbankan RSS, The Indonesian Newspaper, Jakarta, December 21, 1996,p.17
23. **MINISTER OF STATE FOR PEOPLE'S HOUSING REPUBLIC OF INDONESIA**, Perumahan Rakyat di Tahun Emas, Properti Indonesia, Jakarta 1995.
24. **UNDP.**, Human Development Report 1996, Oxford University Press, New York, 1996.