

THE INFLUENCE OF BORROWER CHARACTERISTICS, INCOME, AND BUSINESS TYPE ON THE LEVEL OF SMOOTHNESS IN RETURN OF PEOPLE'S BUSINESS CREDIT (KUR) (Case Study at Bank BTN KCP Jombang in 2024)

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Abstract

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Micro, Small, and Medium Enterprises (MSMEs) serve as the vital backbone of the Indonesian economy, yet they frequently encounter structural hurdles in capital access and business management. To bridge this gap, the People's Business Credit (KUR) provides essential financing for feasible but non-bankable businesses. This research evaluates the critical factors determining the success of the KUR program, specifically focusing on the influence of borrower characteristics, income levels, and business types on repayment smoothness. Situated as a case study at Bank BTN KCP Jombang in 2024, the study addresses persistent challenges in loan installments despite existing government guarantees. Utilizing a quantitative approach, primary data were gathered from 30 KUR debtors selected through purposive sampling and analyzed via multiple linear regression. Empirical results reveal that all three variables significantly impact credit repayment. Notably, borrower characteristics exhibit a significant yet negative influence (sig = 0.021), suggesting that certain personal traits or high social responsibilities may inadvertently burden financial discipline. Conversely, income (sig = 0.000) and business type (sig = 0.000) demonstrate strong positive correlations with repayment performance. The model achieved an Adjusted R-Square of 0.961, indicating that 96.1% of the variance in repayment is explained by these factors. These findings highlight that while individual character is essential, the economic viability of the business sector and stable revenue streams are the primary drivers of credit quality.

INTRODUCTION

In today's era of Micro, small, and medium enterprises (MSMEs) are small businesses identified by their workforce. Small businesses employ between 5 and 9 people, while medium-sized businesses employ between 20 and 99 people. According to data from the Ministry of Cooperatives and MSMEs, the number of MSMEs increased from 47 million in 2010 to 64.2 million in 2023. Their contribution to GDP (Gross Domestic Product) rose from 57.55% in 2010-2018 to 60.5% in 2022.

On the other hand, the development of MSMEs still faces challenges in terms of capital, human resources (HR), business management, information technology, and product marketing. Key challenges include limited access to markets, capital, information, technology, and weak organization and partnerships. Efforts to stimulate growth and increase production capacity require immediate resolution, particularly in the area of capital.

KUR is working capital or investment financing intended for micro, small, and medium enterprises and cooperatives (MSMEs-K) in the productive business sector that are feasible but do not yet have additional collateral. (*feasible*) but not yet *bankable* The People's Business Credit (KUR) program aims to accelerate small business development, increase access to credit, reduce poverty, and expand employment opportunities. One financial institution that provides people's business credit (KUR) is Bank BTN.

Bank BTN supports many MSMEs, such as hardware stores, grocery stores, food stalls, and others, which previously struggled to obtain financing. Therefore, credit distribution is limited to the branch offices (KCP) or unit levels (www.btn.co.id, 2023). The People's Business Credit (KUR) program implemented by Bank BTN is focused on small entrepreneurs who need business capital but lack additional collateral or whose additional collateral is insufficient. The government provides guarantees through credit insurance. The government only guarantees 70%, while the implementing bank covers 30% of the value of non-performing loans (Rahmawati, 2018).

Factors influencing loan repayment include borrower characteristics (age, education, business experience, and personal finances), stable income, and the type of business being run. Although the People's Business Credit (KUR) is designed to support MSMEs, challenges remain in loan repayment. One of the issues encountered at BTN Bank KCP Jombang relates to loan repayment. Debtors who are unable to repay their loans can apply for restructuring (relief). Debtors who are unable to repay their loans due to certain factors can apply for restructuring (relief), which will then be considered and approved by the credit provider bank (www.ojk.co.id, 2020). This requires an analysis of the influencing factors related to credit implementation.

Based on the above background, the researcher is interested in conducting research with the title "The Influence of Borrower Characteristics, Income, and Type of Business on the Level of Smoothness of Repayment of People's Business Credit (KUR) (Case Study at Bank BTN KCP Jombang in 2024)".

LITERATURE REVIEW

Understanding Borrower Characteristics

Borrower characteristics are the nature, personality, or character possessed by prospective borrowers and can be seen from the borrower's background such as lifestyle, family circumstances, hobbies, and social life (Rachmat Firdaus & Maya Ariyanti, 2009).

Definition of Income

Income or turnover is the results received by individuals, companies and organizations in the form of wages, salaries, rent, interest, commissions and profits (B.N Marbun, 2003).

Understanding Types of Business

Business type is a classification or category based on the economic sector or field in which a company or organization operates. Business types can include industry, trade, services, and agriculture (Muhadjir Effendy, 2016).

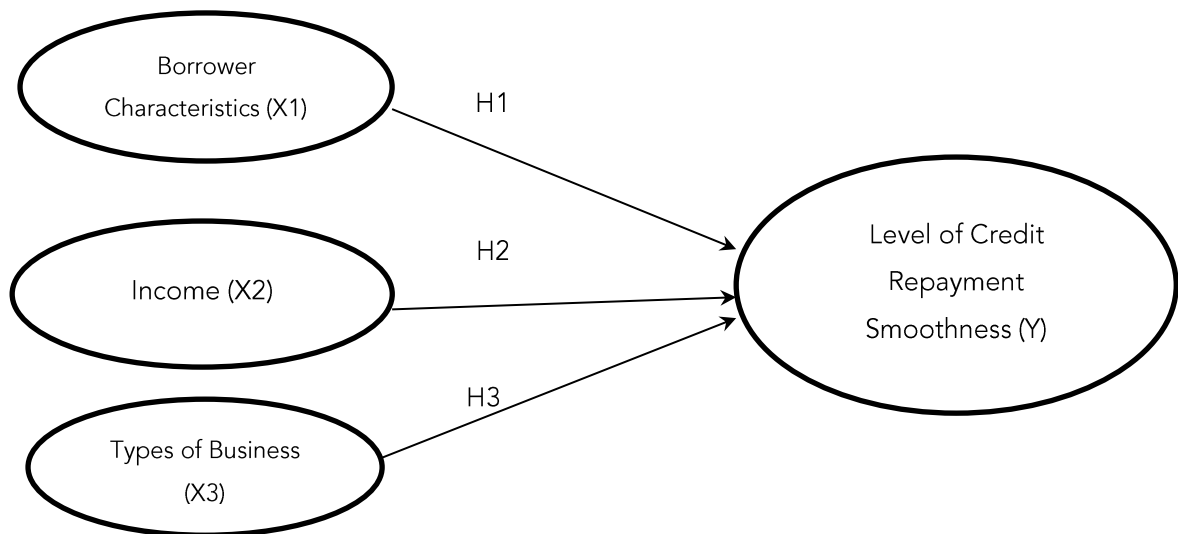
Understanding the Level of Smoothness of Credit Repayment

The level of credit repayment smoothness is the level of the debtor's ability to pay the principal and interest on the loan according to the previously agreed time period (Kasmir, 2016).

Research Framework

In this research, the conceptual framework that will be built is as follows.

Figure 1 Conceptual Framework



Hypothesis Development

The Influence of Borrower Characteristics on the Smoothness of People's Business Credit (KUR) Repayment

Based on research conducted by Abadi (2014), it was concluded that borrower character influences the smoothness of repayment of People's Business Credit (KUR). Meanwhile, Purwatiningsih and Pornasari (2020) and Khaerunnisa and Suryani (2016) concluded that borrower character does not influence the smoothness of repayment of People's Business Credit (KUR). Borrower character does not influence the smoothness of

repayment. This is related to the debtor's willingness and sincerity to repay credit installments, which of course significantly influences integrity in fulfilling obligations and proper utilization of credit. Therefore, the hypothesis is formulated as follows:

H1: Borrower characteristics have a significant influence on the smoothness of repayment of people's business credit (KUR).

The Influence of Income on the Smoothness of Repayment of People's Business Credit (KUR)

Based on research conducted by Purwatiningsih and Pornamasari (2020), it was stated that business income influences the smoothness of repayment of People's Business Credit (KUR). This research supports research conducted by (Afriyeni and Putra, 2013). Meanwhile, research conducted by Revania et al. (2023) stated that business income significantly influences the smoothness of repayment of People's Business Credit (KUR). This research is in line with research conducted by (Wulandari et al., 2021). The higher a debtor's business income, the greater their ability to repay the capital or credit borrowed. Higher debtor income will motivate debtors to expand their businesses, thereby increasing their business income. Therefore, the hypothesis formulation is as follows:

H2: Income has a significant effect on the level of smoothness of repayment of people's business credit (KUR).

Influence *Net Profit Margin* Against Stock Price

Based on research conducted by Purwatiningsih and Pornasari (2020), it was stated that the type of business or economic sector did not affect the smoothness of repayment of People's Business Credit (KUR). This research is in line with research conducted by (Abadi, 2014). Meanwhile, research conducted by Arivianti et al. (2019) stated that the type of business had a significant positive effect on the smoothness of repayment of People's Business Credit (KUR). Higher income indicates a higher level of profit earned by the debtor. The type of business with an increasing level of profit indicates better capability in managing the business, so that the debtor has the potential to make smooth credit payments. Therefore, the hypothesis formulation is as follows:

H3: The type of business has a significant influence on the level of smoothness of repayment of people's business credit (KUR)

RESEARCH METHODS

Operational Definition of Variables

Variables Depend (Y)

The dependent variable in this study is the level of credit repayment smoothness. A dependent variable is a variable influenced by or resulting from the presence of an independent variable. In this study, the dependent variable used is the level of credit repayment smoothness. The level of credit repayment smoothness (Y) analyzed is the influence of borrower characteristics, income, and business type on KUR debtors of Bank BTN KCP Jombang in 2024.

Independent Variable (X)

In this study, the independent variables consist of 3 variables, namely:

Borrower Characteristics

Borrower characteristics are the traits, personality, or character possessed by prospective borrowers and can be seen from the borrower's background such as lifestyle, family circumstances, hobbies, and social life.

Income

Income or turnover is the results received by individuals, companies and organizations in the form of wages, salaries, rent, interest, commissions and profits.

Type of Business

Business type is a classification or category based on the economic sector or field in which a company or organization operates. Business types can include industry, trade, services, and agriculture.

Population and Sampling Techniques

According to Sugiyono (2021), a population is a generalized area consisting of objects and subjects possessing certain qualities and characteristics that researchers apply to study and then draw conclusions from. The population in this study was all MSMEs who were people's business credit (KUR) debtors at Bank BTN KCP Jombang in 2024.

Data Sources and Data Types

The type of research conducted is quantitative research, which is research conducted by collecting data that can be measured numerically, either through questionnaires, observations, or secondary data processing. The collected data is then analyzed using statistical methods to obtain objective and reliable conclusions (Sugiyono, 2021). This study uses primary data sources, which are data sources that directly provide data to data collectors (Sugiyono, 2021). The primary data in this study were obtained by filling out a questionnaire submitted to people's business credit (KUR) debtors of Bank BTN KCP Jombang.

Data Collection Techniques

The data collection technique in this study used a questionnaire distributed directly to people's business credit (KUR) debtors. A questionnaire is a data collection tool consisting of a series of written questions given to respondents to answer. Questionnaires can contain open-ended questions, closed-ended questions, or a combination of both (Sugiyono, 2021). In addition to the questionnaire, this study also utilized documents and observations to supplement the data obtained.

Data Analysis Techniques

The data analysis technique used in this study is the multiple linear regression analysis method. Data analysis was carried out with the help of *Statistical Product and Service Solution* (SPSS) 25. In the multiple linear regression analysis method, there are several tests that must be carried out as follows:

Descriptive Statistical Test

Descriptive statistics are used to analyze and present quantitative data with the aim of obtaining an overview of the companies used as research samples. By using descriptive statistics, the average value (*mean*), standard deviation, maximum, minimum (Ghozali, 2018).

Multiple Linear Regression Analysis

The analysis technique used is multiple regression analysis. Multiple regression analysis is used to measure the influence or relationship between independent and dependent variables. The regression analysis equation model used is:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + no$$

Where:

AND : Credit Repayment Smoothness Level

a : Permanent

$b_1b_2b_3$: Regression Coefficient

X_1 : Borrower Characteristics

X_2 : Income

X_3 : Type of Business

e_i : Error

Classical Assumption Test

The classical assumption tests used in this study include the normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test. The results of these classical assumption tests can be explained as follows:

Normality Test

The normality test aims to determine whether the confounding variables or residuals in a regression model have a normal distribution or not. To determine whether the residuals are normally distributed or not, a statistical test using the t test is used. *Kolmogorov Smirnov*. Using the testing criteria, if the significance level is > 0.05 , then the residuals are normally distributed. However, if the significance level is < 0.05 , then the residuals are not normally distributed (Ghozali, 2018).

Multicollinearity Test

This test is used to test whether a correlation or relationship is found between independent variables in the regression model. If the $VIF < 10$ and the value $tolerance > 0.1$ then there is no multicollinearity between the independent variables (Ghozali, 2018).

Autocorrelation Test

Ghozali (2018) stated that the autocorrelation test is used to determine whether there is a correlation between the error variables in the linear regression model in period t and period $t-1$. A good regression model is one that does not have autocorrelation. The way to detect the presence or absence of autocorrelation is by using the test. *Durbin-Watson*. The basis for decision making using this testing method is the following provisions:

Table 1. Decision Making *Durbin-Watson*

| Null Hypothesis | Results | If |
|--|--------------|------------------------|
| There is no positive autocorrelation | Reject | $0 < dw < dl$ |
| There is no positive autocorrelation | No decision | $dl < dw < du$ |
| There is no negative autocorrelation | Reject | $4 - dl < dw < 4$ |
| There is no negative autocorrelation | No decision | $4 - du < dw < 4 - dl$ |
| There is no positive or negative autocorrelation | Not rejected | $you < dw < 4 - you$ |

Source: Ghozali (2018)

Heteroscedasticity Test

The heteroscedasticity test is a test that aims to determine whether there is inequality in variance and residuals in a regression model. Heteroscedasticity detection can be done using the method *scatter plot* by plotting the predicted values against the residual values. If a specific pattern is found, with the points forming a regular pattern (widening, narrowing, and wavy), it indicates heteroscedasticity. When there is no clear pattern, with the points spread above and below the number 0 on the Y-axis, it indicates no heteroscedasticity (Ghozali, 2018).

Coefficient of Determination (R²)

Ghozali (2018) uses the coefficient of determination to measure the extent to which the model's ability to explain the dependent variable is based on independent variables. If the R value is small, it indicates that the ability of the independent variable to explain the dependent variable is limited. If the R value is equal to 0, it shows that the independent variable has no influence on the dependent variable. If the R value approaching one then the independent variable can provide almost all the information needed to predict the dependent variable.

Hypothesis Testing

Ghozali (2018) stated that the t-test is used to determine the extent of the influence of the independent variable individually on the dependent variable. The assessment criteria used, if $t_{count} < t_{table}$ face H_0 accepted and H_1 rejected means there is no influence between the independent variable and the dependent variable. If $t_{count} > t_{table}$ face H_0 rejected and H_1 accepted means there is an influence between the independent variable and the dependent variable.

:

RESULTS AND DISCUSSION

Data Analysis Results

Descriptive Statistical Test

By using descriptive statistics, the average, standard deviation, maximum and minimum values can be determined.

Table 2. Results of Descriptive Statistical Tests

| | N | Minimum | Maximum | Mean |
|-----------------------------------|----|---------|---------|------|
| Borrower Characteristics | 30 | 4,39 | 4,59 | 4,47 |
| Income | 30 | 4,28 | 4,51 | 4,39 |
| Type of Business | 30 | 4,41 | 4,51 | 4,46 |
| Credit Repayment Smoothness Level | 30 | 4,41 | 4,61 | 4,55 |
| Valid N (listwise) | 30 | | | |

Source: processed data (2024)

Based on the results of the table presented, the borrower characteristics variable has a minimum value of 4.39, a maximum value of 4.59, with an average value of 4.47. The Income variable has a minimum value of 4.28, a maximum value of 4.51, with an average value of 4.39. The type of business has a minimum value of 4.41, a maximum value of 4.51, with an average value of 4.46. The credit repayment smoothness variable has a minimum value of 4.41, a maximum value of 4.61, with an average value of 4.55.

Multiple Linear Regression Analysis

Multiple linear regression analysis is used to measure the influence or relationship between independent variables and dependent variables.

Table 3. Multiple Linear Regression Test Results

| Variables | Regression Coefficient | t _{count} | Sig. | Information |
|--|------------------------|--------------------|-------|-------------|
| Borrower Characteristics (X ₁) | - 0,109 | - 2,448 | 0,021 | Significant |
| Income (X ₂) | 0,259 | 6,075 | 0,000 | Significant |
| Type of Business (X ₃) | 0,694 | 15,298 | 0,000 | Significant |
| Permanent R | 8,120 | | | |
| Adjusted R Square | 0,982 | | | |
| F _{count} | 0,961 | | | |
| Mr.F | 240,872 | | | |
| n | 0,000 | | | |
| | 30 | | | |
| Dependent Variable = Credit Repayment Smoothness Level (Y) | | | | |
| T able = 2.056 | | | | |

Source: processed data (2024)

Based on table 3 above, the multiple linear regression equation can be explained as follows:

$$Y = 8,120 - 0.109X_1 + 0.259X_2 + 0,694X_3 + no$$

The interpretation of the multiple regression equation is as follows:

The constant value (α) of 8.120 shows that if there is no influence from the borrower characteristics variables (X₁), Income (X₂), and Type of Business (X₃) = 0, there is still a positive tendency for the smoothness of people's business credit repayment. The Borrower Characteristics variable has a coefficient value of -0.109, which is negative. This negative coefficient value indicates a unidirectional effect. This means that if borrower characteristics increase by 1% while the other independent variables (income and type of business) are held constant and have a value of zero, the smoothness of repayment of micro-enterprise credit (Y) will decrease by -0.109%. The income variable has a positive coefficient of 0.259. This positive coefficient indicates a unidirectional effect. This means that the higher the debtor's income, the higher the repayment rate for micro-enterprise

loans. Conversely, if income decreases, the repayment rate for micro-enterprise loans will decrease. The Business Type variable has a positive coefficient of 0.694. This positive coefficient indicates a unidirectional effect. This means that the higher the debtor's business type, the higher the repayment rate for micro-enterprise loans. Conversely, if the business type decreases, the repayment rate for micro-enterprise loans will decrease.

Coefficient of Determination (R²)

The multiple correlation coefficient (R²) value of 0.961 indicates a strong relationship between borrower characteristics (X1), income (X2), type of business (X3) and the smoothness of repayment of micro-enterprise credit (Y). This value explains that the three variables have a significant impact on the smoothness of repayment of micro-enterprise credit. Meanwhile, the adjusted R-square coefficient value of 0.961 explains that borrower characteristics, income and type of business together are able to explain approximately 96.1% of the variation in the smoothness of repayment of micro-enterprise credit. This value indicates that more than half of the variation in the smoothness of repayment of micro-enterprise credit can be explained by these three variables. However, the remaining 3.9% can be influenced by other factors not included in this study. These results can be seen the importance of borrower characteristics, income and type of business in increasing the smoothness of repayment of micro-enterprise credit, although there are other factors that influence the smoothness of repayment of micro-enterprise credit.

Classical Assumption Test

Normality Test

The normality test aims to test whether the confounding or residual variables in the regression model have a normal distribution.

Table 4. Normality Test Results

One-Sample Kolmogorov-Smirnov Test

| | | Unstandardized Residual |
|----------------------------------|----------|-------------------------|
| N | | 30 |
| Normal Parameters ^{a,b} | | |
| Mean | | .0000000 |
| Std. Deviation | | .65770609 |
| Most Extreme Differences | Absolute | .097 |
| | Positive | .085 |
| | Negative | -.097 |
| Test Statistic | | .097 |
| Asymp. Sig. (2-tailed) | | .200 ^c |

Source: processed data (2024)

Based on the results in table 4, the value shows *Asymp. Sig. (2-tailed)* with a significance level greater than 0.05, namely 0.200. This indicates that the residuals from the regression analysis follow a normal distribution.

Multicollinearity Test

The multicollinearity test is used to test whether there is a correlation or relationship between independent variables in the regression model.

Table 5. Multicollinearity Test Results

| Model | Collinearity Statistics | |
|--------------------------|-------------------------|-------|
| | Tolerance | VIF |
| (Constant) | | |
| Borrower Characteristics | .401 | 2.491 |
| Income | .459 | 2.176 |
| Type of Business | .442 | 2.265 |

Source: processed data (2024)

Based on the results of the multicollinearity test in the table above, the results of the VIF calculation show that the VIF value for the borrower characteristics variable is $2.491 < 10$, the income variable is $2.176 < 10$, and the business type variable is $2.265 < 10$. While the tolerance value for the borrower characteristics variable is $0.401 > 0.10$, the income variable is $0.459 > 0.10$, and the business type variable is $0.442 > 0.10$. It can be concluded that the data used in this study does not experience multicollinearity.

Autocorrelation Test

The autocorrelation test is used to determine whether there is a correlation between the error in the linear regression model in period t and period $t-1$. This test is carried out by comparing the values *Durbin-Watson*, if the du value $< dw < 4-du$ then there is no autocorrelation.

Table 6. Autocorrelation Test Results

| Model Summary ^b | | | | | |
|----------------------------|-------------------|----------|-------------------|----------------------------|---------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Durbin-Watson |
| 1 | .982 ^a | .965 | .961 | .69462 | 1.719 |

a. Predictors: (Constant), Business Type, Income, Borrower Characteristics

b. Dependent Variable: Level of Fluency

Source: processed data (2024)

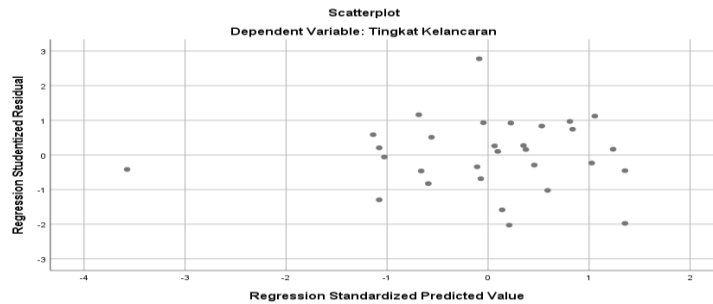
Based on the table above, it shows the results of the autocorrelation test with the value *Durbin-Watson* of 1.719, the dL value is 1.213, the du value is 1.649, and the $4 - du$ value is 2.351. From these values, in accordance with the criteria above, namely $1.649 <$

1.719 < 2.351, it can be concluded that there is no autocorrelation, so this regression model is suitable for use

Heteroscedasticity Test

The heteroscedasticity test aims to test whether there is inequality in variance and residuals in the regression model.

Figure 2. Results of Heteroscedasticity Test



Source: processed data (2024)

The image above shows that the data points are randomly distributed without a consistent pattern. The points are evenly distributed above and below the 0 value on the Y-axis. Therefore, there are no symptoms of heteroscedasticity in the regression model, which means that the assumption of homoscedasticity is met in the regression analysis.

Hypothesis Testing

The t-test is used to determine how far the independent variables individually influence the dependent variable.

Table 8. Results of the T-Test (Partial)

| Variables | t_{count} | Say. |
|--|-------------|-------|
| Borrower Characteristics (X_1) | - 2,448 | 0,021 |
| Income (X_2) | 6,075 | 0,000 |
| Type of Business (X_3) | 15,298 | 0,000 |
| Dependent Variable = Credit Repayment Smoothness Level (Y) | | |

Source: processed data (2024)

The results of the t-test in the table above to determine the partial influence of the independent variable on the dependent variable, the results are known as follows:

1. The Influence of Borrower Characteristics on the Level of Smoothness of Credit Repayment

H_1 : Borrower characteristics have a significant influence on the level of smoothness of credit repayment. Based on the table above, the obtained t-value is t_{count} of - 2.448 with a t value t_{table} is 2.056. This result shows that t_{count} (- 2.448) is smaller than the t_{table} value (2.056) with a significance value of 0.021 smaller than $\alpha = 0.05$. Thus, the first hypothesis is accepted, meaning that the borrower's characteristics variable has a partial significant effect on the smoothness of KUR repayment.

2. The Influence of Income on the Level of Credit Repayment Smoothness

H₂: Income has a significant effect on the level of credit repayment smoothness. Based on the table above, the t value is shown t_{count} of 6.075 with a t value t_{table} is 2.056. This result shows that $t_{count}(6.075)$ is greater than the t value $t_{table}(2.056)$ with a significance value of 0.000 which is smaller than $\alpha = 0.05$. Thus, the second hypothesis is accepted, meaning that the income variable has a partial significant effect on the smoothness of KUR repayment.

3. The Influence of Business Type on the Level of Credit Repayment Smoothness

H₃: Income has a significant effect on the level of credit repayment smoothness. Based on the table above, the obtained t-value is shown t_{count} of 15.298 with a t value t_{table} is 2.056. This result shows that $t_{count}(15.298)$ is greater than the t value $t_{table}(2.056)$ with a significance value of 0.000 which is smaller than $\alpha = 0.05$. Thus, the third hypothesis is accepted, meaning that the type of business variable has a partial significant effect on the smoothness of KUR repayment.

DISCUSSION

The Influence of Borrower Characteristics on the Level of Smoothness of Repayment of People's Business Credit (KUR).

Borrower variables have a negative and significant influence on the smoothness of repayment of People's Business Credit (KUR) at BTN Bank KCP Jombang. This means that an increase in certain aspects of borrower characteristics can reduce the smoothness of repayment of People's Business Credit (KUR). Borrower characteristics are the nature, personality, or character possessed by prospective borrowers and can be seen from the borrower's background such as lifestyle, family circumstances, hobbies, and social life (Rachmat Firdaus & Maya Ariyanti, 2009). If borrower characteristics show a negative relationship, perhaps certain attitudes such as overconfidence or lack of concern for risk can affect the smoothness of credit repayment. Lack of honesty about business conditions and not being open to discussing with the bank if obstacles arise can hinder credit repayment. High responsibilities make borrowers feel burdened, making it difficult to manage credit payments.

The results of this study align with research conducted by (Aisyah Riski Hidayatin, 2023) and (Deasy et.al., 2023), which found that borrower characteristics had a negative and significant effect on loan repayment. This study does not support the research conducted by Purwatiningsih and Pornamasari (2020), which stated that borrower characteristics did not affect loan repayment smoothness.

The Influence of Income on the Level of Smoothness of Repayment of People's Business Credit (KUR).

The income variable has a positive and significant influence on the smoothness of the repayment of People's Business Credit (KUR) at BTN Bank KCP Jombang. The higher the debtor's income, the greater their ability to repay the loan, thus improving the smoothness of the repayment of People's Business Credit (KUR). Conversely, a lower debtor's income can hinder the smoothness of the repayment of People's Business Credit (KUR). Income or turnover is the result received by individuals, companies, and

organizations in the form of wages, salaries, rent, interest, commissions, and profits (B.N. Marbun, 2003). If the debtor's income is high or large, it is more likely that they will be able to repay the loan. This is because if the income target has been achieved, the debtor can allocate a portion of their income to repay the loan. The source of income is a reflection in maintaining the smoothness of the loan repayment.

The results of this study align with those conducted by (Revania et al., 2023) and (Veronika and Sabulon, 2022), which stated that business income influences the smoothness of loan repayment. These results do not support the research conducted by (Purwatiningsih and Pornasari, 2020), which stated that income has no effect on loan repayment.

The Influence of Business Type on the Level of Smoothness of Repayment of People's Business Credit (KUR).

The type of business variable has a positive and significant influence on the smoothness of repayment of People's Business Credit (KUR) at BTN Bank KCP Jombang. If the type of business managed by the debtor increases, it will lead to an increase in the smoothness of repayment of People's Business Credit (KUR). The type of business is a classification or category based on the economic field or sector in which a company or organization operates. Business types can include the industrial, trade, service, and agricultural sectors (Muhadjir Effendy, 2016). The type of business run and managed by the debtor will impact the profit or gain of the business obtained. The increasing level of profit or gain obtained can be an indicator of business success, so that the debtor has more potential to make smooth credit repayments.

The results of this study align with those conducted by Arivianti et al. (2019) and Angaine and Waari (2014), which stated that business type influences the repayment rate of People's Business Credit (KUR). These results do not support the research conducted by Purwatiningsih and Pornasari (2020) and Abadi (2014), which stated that business type does not influence the repayment rate.

CONCLUSION

Conclusion

Based on the results of the study, it shows that the characteristics of the borrower as the first variable have a significant influence on the smoothness of the repayment of the people's business credit (KUR) with a significance value of 0.021. The second variable, namely income, has a significant influence on the smoothness of the repayment of the people's business credit (KUR) with a significance value of 0.000, and the third variable, namely the type of business, has a significant influence on the smoothness of the repayment of the people's business credit (KUR) with a significance value of 0.000. The results of the hypothesis test on all variables show that <0.05 so that H_1 accepted.

Research Limitations

There are several limitations to the research based on the results obtained, including:

1. This research uses *total sampling*, validity test, reliability test *Cronbach Alpha*, Multiple Linear Regression, *Independent t test*, Multicollinearity test, test *Durbin – Watson (DW Test)*, test *Gleys* to determine the level of influence of the independent variable on the dependent variable
2. This study only used 30 people's business credit debtors at Bank BTN KCP Jombang in 2024.

For further researchers, it is recommended to add variables *independent* (free) other factors that are not included in this research to be further studied for their influence on the level of smoothness of credit repayment in banking institutions so that there is an update in the research.

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