Bank Responsibility and Supply Chain Management in Banking System Effects Due to Debt Collectors Intimidation to its Customers

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***Abstract*- This study aims to determine the extent to which the Banking or Financial Institutions oversee and are responsible for the third party (debt collector) in collecting debts to debtors or customers because of bad credit. The study used qualitative descriptive research, the research by analyzing and providing what really happened and collecting data obtained directly from the victims of field officers (debt collector). Also, the supply chain management effects are investigated in banking system efficiency. The data were taken by interviewing, observation, and documentation. From this research, the results of the lack of supervision and responsibility of the Banking or Financial Institutions on what is done by the debt collector to the bank customer or banking service consumers and/or financial institutions, And how the legal sanctions should have a deterrent effect and do not cause turmoil in the social life of the community, which upholds the dignity of a dignified society.**

Keywords- *bank responsibility, supply chain management, debt collector, customers intimidation.*

1. Introduction

Banking as a financial intermediary institution plays an important role in the national development process. The bank's main business activity back to the community in the form of credit and/or financing makes it laden with regulations both through the laws and regulations in the banking sector and other related legislation. From the Black's Law Dictionary, the understanding is that credit is "one's ability to borrow money; the faith in one's to pay debts or the availability of fund either from a financial institution or under the letter of credit". Based on the general provisions of Article 1 paragraph 11 of the Banking Act referred to as credit are: Credit is the provision of money or bills that can be equated with that, based on a loan agreement or agreement between the bank and another party that requires the borrower to repay the debt after a certain period of time with interest. For example, the level of economic capital required to support levered credit-sensitive portfolios is driven by the shape of the loss distribution, which reflects credit contagion dynamics [1].

Violence caused by a debt collector as a result of problems bad loans have been very alarming. Although there have been people who claimed their lives as a result of intimidation by third parties from the Banking Department. There are also banks that have to pay fines as sanctions that are not small due to the violence that has been committed by debt collectors. Even though, the fair debt collection practices act protects consumers from fraudulent communications [2].

The first case where a bank customer is killed in the office of one of the international banks as a result of physical/psychological abuse due to a problem with bad credit card debt. This case is an incident that is very interesting to the public because it resulted in the fall of victims of the bank's customers. Although it started with negotiations, then intimidation both verbal and nonverbal, but ultimately claimed the lives of bank customers. After this incident, many other banks still see this as a common mistake, so that other banks continue to commit violence in assigning assignments to third parties. The bank always wants to let go of what third parties do.

The second case is about bad credit from unsecured loans (KTA) one of the International Banks as well. The credit payment was smooth, until one day it was no longer able to make payments, but the Bank intimidates by terrorizing the customer which lasts quite a long time. The customer filed a lawsuit to the South Jakarta District Court, and the Bank received a sanction of 10 Million IDR, to pay compensation due to intimidation to the Customer. The customer did not accept the compensation

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decision, and appealed to the High Court level, then the Judge sentenced him to a higher sentence of 500 million IDR. The bank did not accept the decision of the Court Judges High and appeal to the Supreme Court. The Supreme Court Judges actually impose more severe sanctions, with compensation amounting to 1 million IDR. The bank pays compensation as much as what was dropped by the Supreme Court Judges. The results of the interview with the victim of the intimidation of the Debt collector bank subject to this sentence, represented by the lawyer. Where the victim, felt quite satisfied with the Supreme Court cassation verdict.

Third parties, in this case, the credit card issuing bank debt collector often carry out their duties by intimidating the customer in a manner that is very unethical, abusive, berating, threatening, and the like. A debt collector also intimidates the families of victims, friends, acquaintances and other people who do not know about it as well as being targeted by terror and thuggery. The bank always avoids accusations aimed at being thuggery carried out by debt collectors representing the bank, the bank always said it exceeded the rules set by the bank, pretending not to notice oppression and poverty can leave us in deep moral debt to our neighbors [3].

From the description above it can be concluded that this research is very important and urgent. Therefore, the purpose of this research is not only that the banks must be responsible for protecting their customers' rights. This research can be formulated to answer how banks are responsible for customer protection and explain the bank's customer's rights to intimidation from a debt collector.

2. Research Method

For this writing, the method used includes the type of juridical empirical sociological research, because the author directly faces debt collectors as third parties and helps customers become victims of intimidation, as well as conducting interviews in the field with the community. The qualitative descriptive nature of this research is to get a clear and complete picture of the legal events that occur. Accountability of the bank to bank customers due to intimidation of the bank debt collector. Purposive sampling takes 10 heads of the community credit card revolution as respondents (subjects) to be studied. Collecting research data by approaching participant observation, interview, and documentation. The research findings were obtained through the triangulation of data collection methods [4].

3. Literature Review

3.1. Bank Credit

Credit is the provision of money or bills that can be equated with that, based on an agreement or agreement between a bank loan and another party that requires the borrower to repay the debt after a certain period of time with interest. Credit has meaning, among others: (a) As the basis of each engagement (verbintenis) where a person has the right to demand something from someone else. (b) As a guarantee where someone surrenders something to another person with the aim of getting back what was given (commodatus, depositus, regulare, pignus). One of the most popular credit derivatives is a credit default swap [5]. In order to develop sustainable relationships, marketers of credit cards should leverage involvement in their customers by employing strategies such as branding, positioning, and attractive and flexible frequent use benefit [6]. Credit risk affects the prices of these controversial credit derivatives. We find that counterparty credit risk is priced in the market [7].

The elements in granting credit include; (1) Trust, that is the creditor's belief that the credit will be received back the agreed period of time. (2) Time, which is the time period for crediting and the period of credit repayment, implies that the value of money at the time of lending is higher than the value of money to be received at the time of repayment in the future. (3) Degree of risk, which is the level of risk that will be faced as the period of time that separates between giving credit and returning credit means the higher the level of risk because there is an element of this risk then a credit agreement needs a guarantee. (4) Achievement given is an achievement in the form of goods or service or money. In the development of credit in modern nature, what is meant by achievement in granting credit is money. Firms with better access to credit offer more trade credit [8].

Bank debt and non-bank private debt differ in terms of regulatory requirements, maturity, placement structure, and the concentration and identity of debt holder [9]. These results provide new insights into the understanding of bank risk and serve as an underpinning for recent regulatory efforts aimed at strengthening banks (joint) risk management of liquidity and credit risks [10]. That banks price financial contracts by taking into account the risk that arises from product market competition [11]. Having even one default on a credit file may severely impact the possibility of obtaining future credit through conventional routes for the period [12]. The essence of lending by banks is due to the existence of trust after an in-depth analysis of good faith and the ability and ability of prospective debtors to pay off their debts as agreed. Bank credit agreements should be made in writing between the creditor of the bank and the debtor's customer or not a stand-alone arrangement prepared unilaterally by the bank [13]. Given the multidimensional nature of credit risk, it is not possible for one measure to capture all the relevant information [14].

3.2. Bank Responsibility

The bank serves and launches a payment system mechanism for all sectors of the economy. Banks as financial institutions apparently do not always follow the right procedures and sometimes make mistakes that cause losses to customers. indicate that social responsibility influences consumer behavior and loyalty, so financial entities must especially take care [15]. The above-mentioned results offer strong evidence that bank capital and bank size distinguish a credit channel whereby the smallest and least-capitalized banks are most responsive to monetary policy [16]. Relative to high-credit-quality firms, low-credit-quality firms are more likely to have a multi-tiered capital structure consisting of both secured bank debt with tight covenants and subordinated non-bank debt with loose covenants [17]. Trade credit arises when a supplier allows a customer to delay payment for goods already delivered [18].

3.3. Debt Collector

A debt collector is defined as a third party from a bank to solve financial problems. If the Debt Collector has intervened and is not repaid immediately, the task of the debt collector is to carry out the execution or seizure of collateral. The actual collection of debt by collection agency officers [19]. Results revealed significantly more Rorschach indicators of past trauma (Trauma Content Index), aggressive urges (Aggressive Potential) and identification (Aggressive Content) among the debt collectors than the 2 other groups [20]. Debt collectors no longer accept payments to buyers only to receive bills and conduct supervision by the bank [21]. Debt collectors no longer had free rein to do as they pleased. It was a serious turn of events because until then many states had no effective laws to control the conduct of collectors [22].

3.4. Consumer Protection

Consumer protection is a legal device created to protect and fulfill consumer rights. Protection of retail consumers has been claimed as an important justification for government regulation of financial products deposits, loans, securities, and insurance and the firms that produce them [23]. The development of protection institutions of customers in the banking market influenced more compliance law and ethical rules in price proceeding. Bad more education of customers it’s necessary [24].

Transaction prices and quotes selling credit protection on the same underlying firm [7]. Financial customers engage internet banking transactions without sufficient awareness of potential internet threats and attacks [25]. The new consumer financial protection bureau should follow a disciplined process when considering new fi should follow a disciplined process when considering new financial regulations [26]. The action of defamation affords only limited protection, however, since in the great majority of states truth of the publication is a complete defense regardless of the extent or malice of defendant's publication [27]. The consumer who has an attorney is, in a sense, in a worse position than one who does not because the represented consumer cannot use her lack of sophistication to hold the collector accountable [22].

4. Results and Discussion

4.1. Respondents Profile

This study involved 10 people, five men, and five women, a description of the results can be seen in table 1.

4.2. The Debt Collector Often Charges Bank Customers

The results of the study show that debt collectors often charge consumers can be seen in Table 2.

Table1. Respondents Profile

Demographics		Frequency	Percent
Gender	Male	5	50
	Female	5	50
Profession	Employer	2	20
	Business	6	60
	Student	1	10
	Others	1	10
Location	Jakarta	5	50
	Bogor	1	10
	Depok	2	20
	Tangerang	1	10
	Bekasi	1	10
Age	Under 25 years	5	50
	26-40 years	2	20
	More than 40 years	3	30
Highest	High School	5	50
	Undergraduate	4	40
	Master’s	-	-
	Doctorate	-	-
	Others	1	10

Table2. The Debt Collector Conversations often Charges Bank Customers

Customers	Debt Collector
1	Hello Mr. X, I have been home several times in the morning, afternoon, an evening for 3 months. Why dodge. Remember your debt is immediately resolved. Until whenever we will, we will collect it. Your debt has reached Rp. xx.xxx.xxx,-“
2	Mister, I have gone home, you have not been there, and also to the office, he said there were none. I called also raised. This father is a jerk. It's been 6 months your debt to us. Don't forget. We are from Bank XYZ Collector
3	Good afternoon Mr. X, we, from AAA-Bank, want to collect your debt that hasn't been paid for 5 months. We have given letters at home and at the office for 2 months. When can we meet, and where? Because this debt must be repaid immediately

Table 3. Debt Collector Conversations Intimidates Bank Customers

Customers	Debt Collector
1	Hey, you jerk, I go to your house, or you go to Bank Xx, and your debt is IDR XX million. If I go home, then prepare xxx million rupiahs, plus collector fees of 12 million rupiahs later my team will go to your house, take your debt. Do you want to take your debt off?
2	Dear Mr. & Mrs. Xyz, If you cannot pay the debt, allow the items, the house certificate or car/motorcycle for the team we take for completion. Your parents, brother, sister, in-laws, friends online and your neighbors will tell you and make a fuss, or immediately contact our boss, from Bank ABC, to settle your debt
3	Ma'am, you are looking for a Debt collector, quickly pay off your debt, or I will send someone to force the mother to pay the debt at ZYX Bank in a way that makes the mother immediately pay off the debt. Don't mess with us. I and the team will come to life so that the mother can pay the debt

4.3. Debt Collector Intimidates Bank Customers

Bullying can harm consumers and make consumers fear the debt collector. Treat debt collector to intimidate consumers can be seen in Table 3.

4.4. The Winning Bank Customer Sue the Bank That Sent The Debt Collector

Initially the decision of the South Jakarta District Court No. 151/PDT.G/2010/PN. Jakarta Selatan, imposed a fine of 10 million Rupiah. just mentioned: considering, that because it is proven that the bank and the debt collector have committed an unlawful act relating to the customer's right to honor and good name. The bank and debt collector are obliged to pay immaterial compensation, in this case the panel of judges in determining the amount of loss by considering the position or social status of the customer and the bank as well as the amount of the debt payable between the customer and the Bank, then based on the propriety value and sense of justice the compensation is ten million rupiahs.

That based on the consideration of PT DKI Jakarta No. 529/PDT/2011/PT.DKI decided to punish the bank and the debt collector jointly pay compensation to the customer in the amount of five hundred million Rupiahs, which has embarrassed the Customer as an employee who has social status and having a bachelor degree, lowering the dignity of the Customer in the place where he works in a way that is used by the Debt Collector Bank in collecting debts from the Customer as a debtor, in addition to not paying heed to the applicable legal provisions. Based on the Decision of the Supreme Court Number 3192 K/Pdt/2012. That the Banks action in collecting credit is an unprofessional action because it prioritizes the use of intimidation and thuggery approaches rather than other approaches that put customers as bank partners, and therefore it is appropriate and fair if the Bank is sentenced to pay compensation to the heavier bank customer that is 1 billion rupiahs. In a Bank Indonesia Circular Letter Bank Indonesia Circular (SEBI) Number 14/17/DASP/2012, collection of credit card debt made by credit card issuers in collaboration with service provider companies are stipulated in the provisions of point VII.D. point 4 regulates the obligation of Card-Based Payment Instrument(https://www.bi.go.id/id/peraturan/sistem-pembayaran/Pages/se_141712.aspx)

Banks tend to use debt collector services for billing because if through legal procedures that should take a long time, and more complicated with costs that are not proportional to the number of bills. On the other hand when the bank is to get or capture its customers, both for credit card customers and unsecured credit customers, in practice to get as many customers as possible, in various ways, without regard to ethics. Such as the precautionary principle that banks must hold in capturing their credit customers. Without further verification directly on the field. In setting the credit limit, it seems very careless, which is not in accordance with the customer's actual ability. The third party from the Bank who is carrying out its duties is ready with all kinds of mental and physical terrorism, including the forced seizure of customer property, physical abuse, even now until the murder takes place. Consequently, the high likelihood of financial consumers being internet banking fraud victims [25].

Legal protection for customers as consumers as users of banking services is deemed necessary because, in fact, the position between the parties is often unbalanced. The interests of consumers, including in this case the customers, are detailed in the UN Revolution No. 39/248 of 1985. In the 106th general session of the United Nations held on 9 April 1985Protection of consumers from hazards to their health and safety. In Article 4 of Chapter III of Act Number 8 of 1999 concerning Consumer Protection, specifically mentioning consumer rights (http://ylki.or.id/wp-content/uploads/2015/04/Undang-Undang.pdf).

According to Legal Rules, the use of debt collectors in the settlement of nonperforming loans is normatively regulated in Bank Indonesia Circular Letter No.14/17/DASP/2012. Indonesian Banking Booklet (BPI) of 2016 concerning the principle of prudence for Commercial Banks who made a partial handover of work to other parties in the principal part of prudence in the submission of credit collection work. Based on the decision of the Supreme Court Number 3192K/Pdt/2012 (https://putusan.mahkamahagung.go.id/putusan/572be14514b344fadf533b03f8433e7e). The bank must pay a fine to the bank customer, that the bank's action in collecting credit is unprofessional because it prioritizes the use of intimidation and thuggery approaches than any other approach that places customers as bank partners, and therefore it is feasible and fair if the Defendant is sentenced to pay compensation to the heavier Plaintiff [28].

5. Conclusion

This research can be to answer how banks are responsible for customer protection and explain bank customers' rights to intimidation from a debt collector. However, in its implementation, there are often elements of unlawful actions which are very detrimental to customers as banking consumers such as threatening, intimidating, suppressing, to defaming the customers. In this research, bank opinion has to respond to all its customers. All the consequence customer intimidation, threatening belonged into bank parties. This conclusion in line with legal protection for bank customers based on the Consumer Protection Act no. 8 of 1999 on Article 62. In reality, the banks often use the third party to overcome their problem although it against the law. Furthermore, the bank will be left by its customers.

6. Suggestion

For each Bank or financial institution that uses the services of a debt collector (debt collector), it should pay attention to the principle contained in the Banking Law No. 10 of 1998, in Bank Indonesia circular letter No.14/17/DASP/2012. The bank must also always remind third parties of collector services to view their customers as consumers who are protected through consumer protection.

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