
EFFORTS TO RESOLVE THE MISUSE OF CUSTOMER FUNDS AT THE VILLAGE CREDIT INSTITUTION (VCI) OF SIBANG KAJA CUSTOMARY VILLAGE

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Abstract

Village Credit Institution (VCI) of customary village/*desa pekraman* in Bali is a village-owned financial business entity that carries out business activities in the village and for *krama desa*. In this case, the authors conducted research on the VCI of Sibang Kaja Customary Village, Abiansemal District, Badung Regency, Bali Province. This research was conducted to determine and examine (1) the factors that cause customer funds cannot be disbursed at the VCI of Sibang Kaja Customary Village; (2) the efforts to resolve the misuse of customer funds at the VCI of Sibang Kaja Customary Village. This is empirical and juridical research, using the qualitative descriptive method and Aristotle's theory of justice. This research used primary and secondary data. Data were obtained through in-depth interviews. Three factors that cause customer funds cannot be disbursed: (a) the VCI does not record the money deposited by customers in their passbooks; (b) customers deposit their money through VCI employees in charge of collecting money in the field, yet, the money is not deposited to the VCI, resulting in the customer suffering a loss; (c) non-fulfillment of customer rights. The effort to resolve the misuse of customer funds at the VCI of Sibang Kaja Customary Village is through deliberation/*paruman* of the customary village. The result of deliberation/*paruman* of the customary village is reconciliation between the customers of the VCI and the perpetrators. Sanctions given on the perpetrators are: managers and employees of the VCI who, in carrying out their duties, violate the provisions and cause harm to the VCI must: (a) provide compensation according to the losses incurred; (b) receive customary sanctions according to *awig-awig* and *perarem*; (c) receive sanctions according to the applicable law.

Keywords: Awig-Awig dan Pararem, Misuse of Customer Funds, Resolution Effort, VCI

I. INTRODUCTION

Customary villages, often called *desa pakraman*, refer to villages whose people are bound to local customs and the *Kahyangan Tiga* temple, consisting of *Desa* temple, *Puseh* temple, and *Dalem* temple. Customary villages have several characteristics: consisting of areas with clear boundaries, having members (*krama*) with specific requirements, having *Kahyangan Tiga* temple or other temples with the same role as *Kahyangan Tiga* temple, having autonomy both outside and inside the village, and having customary government and its management (Atmadja, 2002). Customary villages have regulations called *awig-awig*. *Awig-awig* owned by a customary village can be written or unwritten. *Awig-awig* is formulated through a *paruman* among members of the customary village. Customary villages have their autonomy rights apart from the autonomy of administrative villages. Autonomy rights of customary villages are closely related to the concept of *Tri Hita Karana*. In realizing *Tri Hita Karana*, customary villages have several autonomy rights, including "socio-economic autonomy, which is the power to regulate relations between members of community groups and manage the resources of customary villages (Pitana & Gayatri, 2005)." Customary villages, as a village with

autonomy rights in the socio-economic field, has a financial institution expected to be the economic center of the *krama* of the customary village, namely VCI (Village Credit Institution).

VCI is a financial business entity owned by a customary village that carries out business activities in the area of the customary village for the *krama* of the customary village (Sukandia, 2019). As a financial institution, VCI has the following business fields: (1) receive/raise funds from *krama desa* in the form of savings and deposits, (2) provide loans only to *krama desa*, (3) receive loans from financial institutions a maximum of 100% of the capital, including reserves and retained earnings, except for other restrictions on the amount of loan or social support/assistance, (4) save excess liquidity to BPD of Bali in exchange for competitive interest and good services. The purpose of the establishment of VCI is to encourage the economic development of the village community through savings and equity participation, eradicate the *ijon* system and illicit pawn, create an even distribution and business opportunities for *krama desa*, increase purchasing power, and facilitate payment and circulation of money in the village (Sukandia, 2019).

To realize its mission, VCI is required to run its operation properly by creating an adequate internal control structure. In running its internal control system, VCI does not focus only on the components contained therein. As an institution under the customary village, VCI is bound to the customary law in *awig-awig* (Sukandia, 2019). With *awig-awig* as a component that strengthens the control system of VCI, customers and VCI management must comply with all regulations contained in *awig-awig*. In the event of a violation, the perpetrators will be subject to customary sanctions (Sukandia, 2019).

The object of this research, the VCI of Sibang Kaja Customary Village is located in Sibang Kaja Village, Abiansemal District, Badung Regency, and Bali Province. This topic is selected due to the issue that a problem concerning the VCI financial management occurs at the VCI of Sibang Kaja Customary Village. Based on the issue, the authors are interested to analyze “Efforts to Resolve the Misuse of Customer Funds at the VCI of Sibang Kaja Customary Village,” with research questions focusing on the factors that cause customer funds cannot be disbursed and the resolution efforts of misuse of customer funds at the VCI of Sibang Kaja Customary Village.

The VCI of Sibang Kaja Customary Village is a financial institution under the customary village. The VCI of Sibang Kaja Customary Village applies *awig-awig* and *perarem* on VCI as regulations in giving sanctions on individuals unable to fulfill their obligations to the VCI (I Made Sudana). In this case, the sanctions for individuals who do not fulfill their obligations are contained in the *awig-awig* of Sibang Kaja Customary Village. These sanctions are in the form of customary sanctions (*pidanda*, *kasepekang*, and removal from the customary village). The stipulation of the customary sanctions in writing in the *awig-awig* of the customary village and the enactment of *awig-awig* as a quality booster of the VCI internal control system can reduce the crime rate at the VCI of Sibang Kaja Customary Village.

Saputra et al., (2021) examine the imposition of mortgage rights in providing credit to village credit institutions. Thus, this research focuses on to examine the factors that cause customer funds cannot be disbursed at the VCI of Sibang Kaja Customary Village; and analyze the efforts to resolve the misuse of customer funds at the VCI of Sibang Kaja Customary Village.

II. RESEARCH METHODS

The authors used the methods of empirical legal research or methods of legal research that serve to see the law in a real sense and examine how it works in society. Methods of empirical legal research can be said to be sociological legal research, which is legal research that uses facts existing in a society, legal entities, and government agencies. Related to this, the author connected the existing fact with the implementation of the system of resolving a case at the VCI of Sibang Kaja Customary Village, Abiansemal District, Badung Regency, and Bali Province. The types of data in this research are primary data and secondary data. Primary data refers to data obtained directly from informants or sources while secondary data refers to data obtained from other sources such as documentation. The techniques used in this research are interviews and the study of documentation. An interview is a conversation to learn about people, events, organizations, motivations, feelings, etcetera, and is conducted by two parties: the interviewer, who asks questions, and the interviewee, who answers questions. In this research, the informants are the Head of the VCI of Sibang Kaja Customary Village,

the Head of the Credit Department of the VCI of Sibang Kaja Customary Village, and the customers of the VCI of Sibang Kaja Customary Village. The study of documentation was conducted by copying the *awig-awig* of Sibang Kaja Customary Village to verify the validity of the data used.

Triangulation is a technique of verifying data through multiple sources using multiple methods within various time frames. This research used data triangulation to verify the validity of the data obtained from one informant/respondent in comparison to the data obtained from other informants/respondents (Sugiyono, 2008). If the information obtained shows similarities, the data is considered credible. The authors used participatory observation, in-depth interviews, and documentation for the same data source simultaneously.

Data analysis techniques used in this research are data reduction, data presentation, and conclusion drawing. Furthermore, qualitative research should reveal objective truths. The validity of data in qualitative research is vital. To support it, this research verified the validity based on these criteria: credibility, dependability, and confirmability.

III. FINDING AND DISCUSSION

1. Factors that Cause the Sibang Kaja Customary Village VCI Customer Funds Cannot be Disbursed

Village Credit Institution (VCI) of Sibang Kaja Customary Village is a financial business entity owned by Sibang Kaja Customary Village that carries out business activities in Sibang Kaja Customary Village and for the *krama* of Sibang Kaja Customary Village (Sukandia, 2019). Based on the *perarem* of Sibang Kaja Customary Village on Village Credit Institution (VCI) of Sibang Customary Village, the institution was established on February 23, 1993, under the Governor's Decree No. 755 of 1992 on the Establishment of Village Credit Institutions in the First-Level Region Province of Bali Fiscal Year 1992/1993 and the Regent's Decree of the Head of Second-Level Region Regency of Badung No. 775 of 1992, which was enacted by I Gusti Bagus Alit Putra as the Regent of Badung. Currently, it is being followed up in Regional Regulation No. 3 of 2017 on Village Credit Institutions (VCI).

Managing Village Credit Institutions is no easy task as the consequences, in the event of mismanagement, can be fatal. The Head and staff of a Village Credit Institution must be able to monitor the condition and financial development of the Village Credit Institution to prevent that. In carrying out business activities to achieve economic goals, Village Credit Institutions encounter the problem of risk management of VCI customer funds. Several customers of the Sibang Kaja Customary Village VCI complained to the institution that there were problems concerning the withdrawal of their savings and deposits. Specifically, they could not disburse their savings and deposits. The customers deserved an explanation from the VCI concerning the problem.

The *Pemucuk* of the VCI of Sibang Kaja Customary Village, I Made Sudana, S.H., revealed some factors that cause customer funds unable to be disbursed during withdrawal:

1. Lack of supervision of financial transactions by *panureksa*.
2. Bad VCI bookkeeping.
3. The perpetrators' improper behavior and dishonesty in fulfilling their duties.
4. Differences in the closing balance between the manual record in the customer passbook and the data in the VCI's system.
5. VCI collectors in charge of collecting customer savings do not deposit customer savings to VCI tellers. VCI is not responsible for the loss of customer savings supposedly to be deposited to VCI tellers but done improperly so that customer savings can not be disbursed. The perpetrator used customer money for personal purposes (I Made Sudana).

2. Efforts to Resolve the Misuse of Customer Funds at the Village Credit Institution (VCI) of Sibang Kaja Customary Village

The misuse of customer funds at the VCI of Sibang Kaja Customary Village is resolved through a non-litigation effort. A non-litigation effort is a way to resolve legal issues out of court. A non-litigation effort is also known as Alternative Dispute Resolution. The out-of-court resolution is recognized in Law No. 30 of 1999 on Arbitration and Alternative Dispute Resolution.

Non-litigation efforts include:

1. Negotiation

Negotiation is a direct discussion between two or more disputing parties without the help of another party, which aims to resolve the dispute (Rahmadi, 2017).

2. Mediation

Mediation is a process of resolving disputes between two or more parties through negotiation or consensus with the help of neutral parties that do not have the authority to make decisions. The advantages of mediation are:

- a. The parties get flexibility or discretion, free from formal aspects of the litigation process.
- b. In general, mediation is a private or confidential event.
- c. In the process, the principals can directly participate in the negotiation and bargain to resolve the dispute without having to be represented by their respective legal representatives.
- d. The principals can discuss various legal aspects or sides of their dispute, through legal aspects and other aspects.
- e. Mediation can result in a win-win resolution or (win-win solution).
- f. As a way of resolving a dispute, mediation is affordable and fast.
- g. The *paruman* of the customary village is the highest decision-making body authorized to make decisions regarding principle and strategic issues in the customary village.

The misuse of customer funds at the VCI of Sibang Kaja Customary Village is resolved using mediation through the *paruman* of the customary village.

- 1) The resolution of the misuse of customer funds is carried out using non-litigation methods or out-of-court dispute resolution.
- 2) The process of resolving the dispute between customers and perpetrators includes holding mediation, specifically deliberation/*paruman* of the customary village.
- 3) The result of deliberation/*paruman* of the customary village is reconciliation between the customers of the VCI and the perpetrators.
- 4) The perpetrators will be punished according to the *awig-awig* of the customary village. As punishment, the perpetrators must pay fines to the customary village and fully return the funds misused for personal purposes. These efforts take into account that the VCI belongs to the customary village. Taking litigation efforts will tarnish the reputation of the VCI and its management.

IV. CONCLUSION

- 1) Factors that Cause Customer Funds Cannot be Disbursed are:
 - a. The lack of supervision on financial transactions from the *panureksa* of the VCI.
 - b. VCI bookkeeping is bad.
 - c. The perpetrators' improper behavior and dishonesty in fulfilling their duties.
 - d. Differences in the closing balance between the manual record in the customer passbook and the data in the VCI's system.
 - e. VCI collectors do not deposit customer savings collected in the field to VCI tellers.
- 2) Efforts to Resolve the Misuse of Customer Funds at the VCI of Sibang Kaja Customary Village are:
 - a. The resolution of the misuse of customer funds takes a non-litigation path, specifically out-of-court dispute resolution.
 - b. The process of resolving the dispute between customers and perpetrators includes holding a mediation, specifically deliberation/*paruman* of the customary village.
 - c. The result of deliberation/*paruman* of the customary village is reconciliation between the customers of the VCI and the perpetrators.
 - d. The perpetrators will be punished according to the *awig-awig* of the customary village. As punishment, the perpetrators must pay fines to the customary village and fully return the funds misused for personal purposes.

For the authors, the efforts to resolve the misuse of customer funds at the VCI of Sibang Kaja Customary Village, which uses non-litigation methods, connected to the theory of justice, are already in accord with the implementation of the *awig-awig* of the customary village. If an employee of the VCI violates the regulations of the VCI, said employee must receive

punishment according to the *awig-awig* of the customary village on VCI. Not only should it apply to the VCI of Sibang Kaja Customary Village, but also to other VCIs in Bali to deter perpetrators.

V. SUGGESTIONS

In realizing a VCI of good quality and benefits the community, specifically by optimizing the services and customer trust, the VCI of Sibang Kaja Customary Village certainly finds some risks. The VCI should be managed properly through VCI management. With the transparent financial management at the Village Credit Institution (VCI) of Sibang Kaja Customary Village and the apparatus of Sibang Kaja Customary Village, the existence of the VCI must be preserved. It is a significant issue, considering that VCI is a local institution with duties and functions that greatly help the members of the customary village. It is evident from how the VCI of Sibang Kaja Customary Village provides facilities that help the people of the customary village in terms of village development and religious activities (Hinduism). The people of the village should also support the existing programs, observe their implementation, and participate in the development of the VCI of Sibang Kaja Customary Village for the welfare of the people of Sibang Kaja Customary Village.

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