



# Analysis of Working Capital Credit in the Construction Sector at PT Bank Tabungan Negara Makassar Branch

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## ABSTRACT

This research aims to analyze the provision of Working Capital Credit (KMK) in the construction sector by PT Bank Tabungan Negara (BTN) Makassar Branch. This research uses a qualitative descriptive approach with data obtained through interviews, observation, and documentation. The focus of the research includes credit granting procedures and identifying the obstacles faced in its implementation. The research results show that BTN has implemented systematic credit procedures, starting from the application process, followed by a feasibility analysis based on The 5C principles (Character, Capacity, Capital, Collateral, and Condition), and finally, the credit disbursement process. The Working Capital Credit helps construction entrepreneurs meet their project needs, such as purchasing materials and paying workers' wages, thereby enabling the smooth running of construction activities. However, the study identifies several obstacles, including customers' lack of understanding of credit procedures and the risk of bad credit resulting from suboptimal financial management. These issues can hinder the success of credit programs and lead to financial difficulties for both the bank and the borrowers. As a solution, BTN has strengthened its monitoring system to closely track the loan usage and repayment process. Additionally, BTN provides financial education programs to customers to enhance their understanding and improve financial management, aiming to minimize the risk of bad credit and ensure the sustainability of construction projects.

## 1. Introduction

The transformation of the global financial system has reinforced the strategic role of banking institutions in supporting economic development through credit distribution. Banks act as financial intermediaries that channel funds from surplus units to deficit units, enabling investment, business expansion, and employment creation. In developing economies, including Indonesia, access to credit remains a key determinant of business sustainability, particularly in capital-intensive sectors such as construction. The construction sector plays a critical role in economic growth due to its strong multiplier effects on infrastructure development and job creation. However, this sector is highly dependent on

external financing, especially working capital credit, to maintain operational continuity and ensure project completion (Nursidin, 2023; Hamid & Suzana, 2021).

Globally, recent studies emphasize that working capital financing significantly influences firm performance and financial stability. Efficient working capital management has been proven to improve profitability and reduce liquidity risk, particularly for small and medium-sized enterprises (SMEs), which often face financial constraints (Afriha & Padachi, 2022; Dalci et al., 2023). Moreover, improper working capital financing strategies may increase financial vulnerability, especially during periods of economic uncertainty (Singhania & Mehta, 2022). These findings highlight that

access to working capital credit is not only essential for operational purposes but also plays a strategic role in ensuring long-term business sustainability.

In Indonesia, the role of banking institutions in distributing working capital credit has become increasingly significant in supporting productive sectors, including construction. Empirical evidence indicates that credit distribution has a positive impact on economic growth and sectoral performance (Purba, 2023; Nursidin, 2023). Additionally, government policies encouraging financial inclusion and SME financing have strengthened the role of banks in facilitating access to credit. However, despite these efforts, disparities in credit access remain evident, particularly among SMEs in the construction sector, which often struggle to meet banking requirements such as collateral, financial reporting, and administrative procedures (Ameraldo et al., 2021).

At the sectoral level, the construction industry faces unique financial challenges, especially related to cash flow management. Construction projects typically involve large upfront costs, while revenue is often received in stages or delayed, creating liquidity gaps. This condition makes working capital credit an essential financing solution for sustaining project operations (Hasyim Moctar, 2021). Furthermore, macroeconomic factors such as interest rates, inflation, and economic uncertainty can significantly affect credit distribution and financial performance in the construction sector (Suhada et al., 2021). During economic disruptions, construction firms are particularly vulnerable to financial instability, reinforcing the importance of accessible and well-managed credit facilities.

In the local context, Makassar City represents one of the fastest-growing urban areas in Eastern Indonesia, characterized by rapid infrastructure development and increasing demand for housing and commercial projects. This growth has intensified the need for

financing, particularly for construction firms that require substantial working capital to support operational activities such as material procurement, labor costs, and project execution. However, despite the availability of credit facilities, many construction entrepreneurs still face challenges in accessing working capital credit effectively. These challenges include complex administrative procedures, strict collateral requirements, and limited financial literacy among borrowers.

Although previous studies have examined various aspects of banking credit and working capital management, several gaps remain in the literature. First, most existing studies focus on quantitative relationships between credit variables and financial performance, with limited attention to the procedural aspects of credit provision at the institutional level (Dalci et al., 2023). Second, there is a lack of research that integrates both the perspectives of financial institutions and borrowers in understanding the challenges of accessing working capital credit (Singhania & Mehta, 2022). Third, studies focusing specifically on the construction sector at the regional level, particularly in emerging cities such as Makassar, remain limited. As a result, the existing literature does not fully explain how credit provision mechanisms operate in practice or how they can be optimized to support business sustainability.

Based on these identified gaps, the research problem can be formulated as follows: how are the procedures for granting Working Capital Credit (KMK) in the construction sector implemented at the institutional level, and what obstacles affect the effectiveness of this process in supporting business sustainability? This research problem is specific, measurable, and logically derived from the background and gaps in the literature.

Accordingly, this study aims to achieve several objectives. First, it seeks to analyze the procedures for granting working capital credit in the construction sector, particularly at PT Bank Tabungan Negara (BTN) Makassar

Branch. Second, it aims to identify the main obstacles faced in the credit provision process, both from the perspective of the bank and the borrowers. Third, it intends to examine the strategies implemented by the bank to overcome these challenges and improve the effectiveness of credit distribution. These objectives are aligned with the research problem and serve as the foundation for the research methodology and analysis.

Theoretically, this study contributes to the development of financial intermediation theory and credit risk management by providing empirical insights into the implementation of working capital credit procedures. It enriches the literature by incorporating qualitative perspectives, which are often overlooked in previous studies that predominantly use quantitative approaches (Afrifa & Padachi, 2022). Furthermore, this study extends the application of credit risk assessment frameworks, such as the 5C principles, by examining their practical implementation in banking operations.

Practically, the findings of this study have important implications for multiple stakeholders. For banking institutions, the results provide insights into improving credit procedures, enhancing risk assessment systems, and developing more inclusive financing strategies. For construction entrepreneurs, the study highlights the importance of financial literacy, proper documentation, and effective financial management in accessing credit facilities. For policymakers, the findings emphasize the need for regulatory simplification and support mechanisms to improve credit accessibility for SMEs in the construction sector (Purba, 2023; Ameraldo et al., 2021).

Finally, the novelty of this study lies in its focus on the intersection between credit procedures, institutional practices, and borrower challenges within a specific regional and sectoral context. Unlike previous studies that primarily rely on quantitative approaches,

this research adopts a qualitative descriptive method to capture in-depth insights into the credit provision process. By doing so, it provides a more comprehensive understanding of how working capital credit can be optimized to support sustainable development in the construction sector, particularly in rapidly growing urban areas such as Makassar.

## 2. Literature Review

### 2.1 Conceptual and Theoretical Foundations

The role of banking institutions in economic development is fundamentally grounded in financial intermediation theory, which explains how banks facilitate the efficient allocation of resources by channeling funds from savers to borrowers. This theory highlights the importance of credit distribution in stimulating investment and economic growth (Nursidin, 2023). In the context of working capital credit, banks not only provide liquidity but also perform risk assessment functions to ensure the sustainability of financial systems.

One of the central concepts in this study is Working Capital Credit (WCC), defined as short-term financing provided by banks to support the operational activities of businesses, including the purchase of raw materials, payment of wages, and other day-to-day expenses. Recent studies indicate that effective working capital financing significantly influences firm performance, especially in sectors with high liquidity demands such as construction (Afrifa & Padachi, 2022; Dalci et al., 2023). These findings suggest that access to working capital credit is a critical determinant of business continuity and operational efficiency.

Another important theoretical foundation is credit risk management theory, particularly the application of the 5C principles (Character, Capacity, Capital, Collateral, and Conditions). This framework is widely used by financial institutions to evaluate borrower creditworthiness and minimize default risk. Recent empirical evidence confirms that the 5C

model remains relevant in modern banking practices, especially in emerging economies where information asymmetry is prevalent (Singhania & Mehta, 2022). The effectiveness of this framework lies in its ability to integrate both financial and non-financial factors in credit evaluation.

Furthermore, agency theory provides an additional perspective in understanding the relationship between banks and borrowers. This theory explains the potential conflict of interest between lenders (principals) and borrowers (agents), particularly in situations where borrowers may not fully disclose financial information or may misuse credit funds. In such cases, monitoring mechanisms and strict credit procedures become essential to mitigate moral hazard and adverse selection problems (Suhada et al., 2021).

In the construction sector, working capital management theory is particularly relevant due to the project-based nature of operations. Construction firms often experience cash flow mismatches caused by delayed payments and high upfront costs. As a result, access to working capital financing becomes crucial for maintaining project continuity. Recent studies emphasize that efficient working capital management can improve financial performance and reduce the risk of project delays (Hasyim Moctar, 2021). Therefore, the integration of financial intermediation theory, credit risk management, and working capital management provides a comprehensive theoretical foundation for analyzing working capital credit in the construction sector.

## 2.2 Review of Empirical Studies

Recent empirical studies have extensively examined the relationship between working capital financing, credit accessibility, and firm performance. Afrifa and Padachi (2022) found that efficient working capital management positively affects firm profitability, particularly in SMEs that rely heavily on external financing.

Similarly, Dalci et al. (2023) demonstrated that firms with better access to working capital financing tend to exhibit higher operational efficiency and financial stability.

In the context of banking practices, Singhania and Mehta (2022) highlighted that credit risk assessment models, including the 5C framework, play a significant role in reducing non-performing loans (NPLs). Their study suggests that banks with more rigorous credit evaluation procedures are better able to manage financial risks. However, the study also noted that overly strict requirements may limit credit accessibility for SMEs.

In Indonesia, Purba (2023) found that working capital credit has a significant positive impact on the income of small businesses, indicating its role in promoting economic growth. Similarly, Nursidin (2023) emphasized that financial performance and creditworthiness are key determinants in credit approval decisions. However, these studies primarily use quantitative approaches, focusing on financial indicators without exploring the procedural aspects of credit distribution.

Other studies have highlighted the challenges faced by borrowers in accessing credit. Ameraldo et al. (2021) found that SMEs often encounter difficulties due to complex administrative procedures and lack of financial literacy. This is consistent with findings by Suhada et al. (2021), which indicate that inadequate financial management among borrowers contributes to higher credit risk and default rates.

In the construction sector, Hasyim Moctar (2021) identified that delayed project payments and high operational costs create significant liquidity challenges, making working capital credit essential for project sustainability. However, access to such credit is often constrained by strict collateral requirements and lengthy approval processes.

Despite these findings, most empirical studies tend to focus on either the banking perspective or the borrower perspective,

without integrating both viewpoints. Additionally, there is limited research that examines the procedural dynamics of credit provision in specific sectors and regions. This indicates a need for more comprehensive studies that explore both institutional practices and borrower experiences in accessing working capital credit.

### 2.3 Identification of the Research Gap

Based on the review of theoretical and empirical literature, several research gaps can be identified. First, although working capital financing has been widely studied, most research focuses on its impact on financial performance rather than the procedural mechanisms of credit provision at the institutional level (Dalci et al., 2023). This creates a gap in understanding how credit is actually distributed and managed in practice.

Second, there is a lack of integrative studies that simultaneously consider the perspectives of both banks and borrowers. Existing research tends to analyze credit risk from the banking perspective or financial constraints from the borrower perspective, without examining the interaction between the two (Singhania & Mehta, 2022).

Third, there is limited empirical evidence focusing on the construction sector, particularly in developing regions such as Makassar. Given the unique financial characteristics of this sector, including high capital requirements and cash flow volatility, sector-specific research is necessary to provide more relevant insights.

Finally, methodological limitations are evident in prior studies, which predominantly use quantitative approaches. There is a need for

qualitative research that can provide deeper insights into the practical challenges and processes involved in credit provision. Therefore, this study addresses these gaps by analyzing the procedures and obstacles of working capital credit in the construction sector using a qualitative approach.

### 2.4 Development of the Conceptual Framework

This study is based on the interaction between several key variables: credit procedures, borrower characteristics, and credit outcomes. The credit procedure represents the institutional process implemented by banks, including application, evaluation, approval, and disbursement stages. Borrower characteristics include financial capacity, business experience, and compliance with administrative requirements.

The relationship between these variables can be explained as follows: effective credit procedures, supported by comprehensive risk assessment models such as the 5C principles, are expected to improve credit quality and reduce default risk. At the same time, borrower characteristics, particularly financial literacy and management capability, influence the success of credit utilization. Empirical studies suggest that better alignment between bank procedures and borrower capacity leads to more effective credit outcomes (Afrifa & Padachi, 2022; Purba, 2023).

Thus, the conceptual framework of this study emphasizes the interaction between institutional and individual factors in determining the effectiveness of working capital credit distribution in the construction sector.

Fig. 1. Conceptual Framework of the Study

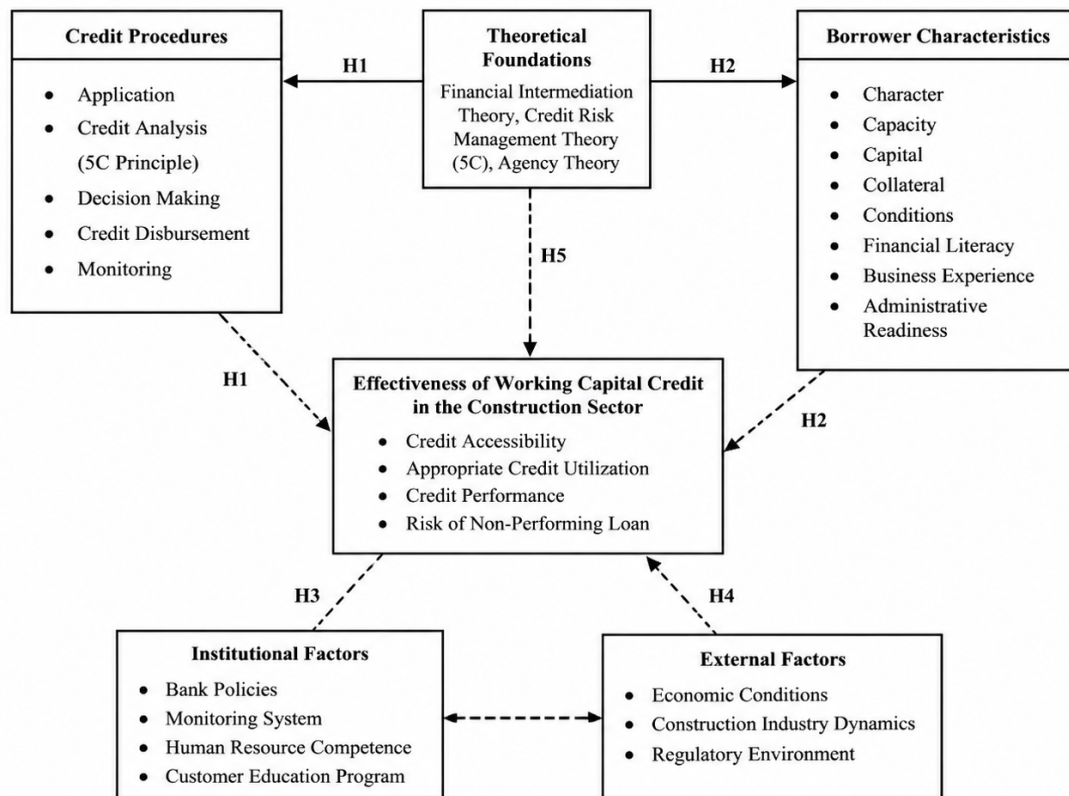


Fig. 1. Conceptual Framework of the Study

## 2.5 Research Propositions

Since this study adopts a qualitative approach, the formulation is presented in the form of research propositions:

- Proposition 1: The effectiveness of working capital credit distribution is influenced by the implementation of systematic and comprehensive credit procedures based on risk assessment principles (Singhania & Mehta, 2022).
- Proposition 2: Borrower-related factors, such as financial literacy, administrative readiness, and financial management capability, significantly affect the accessibility and utilization of working capital credit (Ameraldo et al., 2021).
- Proposition 3: Institutional challenges, including complex procedures and strict collateral requirements, act as barriers to

credit access for construction sector entrepreneurs (Hasyim Moctar, 2021).

- Proposition 4: Strengthening monitoring systems and providing financial education can improve credit performance and reduce the risk of non-performing loans (Suhada et al., 2021).

## 3. Research Methods

The research methodology section explains the systematic procedures employed to answer the research questions and achieve the study objectives. This study adopts a qualitative approach to explore in depth the procedures and challenges of working capital credit provision in the construction sector. The methodological design emphasizes transparency, rigor, and alignment between research objectives, data collection techniques,

and analytical procedures. The approach is considered appropriate for capturing contextual and process-based insights that cannot be fully explained through quantitative methods.

### 3.1 Research Design

This study employs a **qualitative descriptive research design**, which aims to provide an in-depth understanding of the processes involved in the provision of Working Capital Credit (KMK) in the construction sector. A qualitative approach is selected because the research focuses on exploring procedures, institutional practices, and real-world challenges experienced by both the bank and its customers. This design allows the researcher to interpret meanings, behaviors, and interactions within their natural context.

The qualitative descriptive design is particularly suitable for this study as it facilitates the exploration of complex phenomena such as credit procedures, risk assessment, and borrower constraints. It also enables flexibility in data collection and analysis, ensuring that the findings accurately reflect real conditions in the field. Thus, the research design serves as a strategic framework guiding all stages of the research process.

### 3.2 Research Context and Setting

This research was conducted at **PT Bank Tabungan Negara (BTN) Makassar Branch**, located in Makassar City, South Sulawesi, Indonesia. The selection of this research setting is based on its strategic relevance, as BTN is one of the leading banks in Indonesia that focuses on housing finance and construction sector development.

Makassar City represents a rapidly growing urban area with significant development in infrastructure and housing projects. This growth increases the demand for working capital financing, particularly among construction entrepreneurs. Therefore, the BTN Makassar Branch provides an appropriate context for examining the dynamics of working

capital credit provision in a real-world setting. The research was conducted over a period of two months, from March to May 2024.

### 3.3 Research Participants

The participants in this study were selected using a **purposive sampling technique**, which involves selecting individuals who possess relevant knowledge and experience related to the research topic. This approach ensures that the data collected are rich, relevant, and aligned with the research objectives.

The key informants consisted of employees at PT Bank Tabungan Negara (BTN) Makassar Branch who are directly involved in the provision of working capital credit in the construction sector. These include staff from divisions such as SME Sales, credit analysts, and other personnel responsible for credit evaluation and disbursement processes.

The selection criteria for participants include:

1. Direct involvement in working capital credit processes.
2. Adequate experience and knowledge of credit procedures.
3. Willingness to provide information and participate in interviews.

This sampling strategy ensures the credibility and depth of the information collected.

### 3.4 Data Sources and Data Collection

This study utilizes both **primary and secondary data sources**. Primary data were obtained directly from the research setting through fieldwork, while secondary data were derived from documents, reports, and relevant literature. The data collection methods include:

#### 1. Interviews

In-depth interviews were conducted with selected informants to obtain detailed information about credit procedures, challenges, and institutional practices. The interviews were semi-structured, allowing

flexibility while maintaining focus on key research themes.

## 2. Observation

Direct observation was carried out to understand the actual processes and activities related to credit provision at BTN Makassar Branch. This method helps validate information obtained from interviews.

## 3. Documentation

Relevant documents such as credit procedures, internal reports, and regulatory guidelines were analyzed to support and triangulate the findings from interviews and observations.

The combination of these methods enhances data richness and minimizes potential bias.

### 3.5 Measurement of Concepts and Research Instruments

In qualitative research, the measurement of variables is replaced by the operationalization of key concepts. The main concepts examined in this study include:

1. Credit Procedures: Application, analysis (5C principles), approval, and disbursement processes.
2. Credit Obstacles: Administrative barriers, collateral requirements, and financial literacy issues.
3. Credit Effectiveness: Smoothness of credit distribution, utilization, and repayment performance.

The primary research instrument is the researcher, supported by interview guidelines, observation checklists, and documentation review forms. These instruments are designed to ensure consistency in data collection and alignment with research objectives.

### 3.6 Data Analysis Techniques

This study employs qualitative data analysis using the Miles and Huberman model, which consists of three main stages:

1. Data Reduction  
The collected data are organized, simplified, and categorized to focus on relevant information related to the research problem.
2. Data Display  
The data are presented in narrative form to facilitate interpretation and understanding of patterns, relationships, and themes.
3. Conclusion Drawing and Verification  
Conclusions are drawn based on the analysis and continuously verified to ensure their validity and consistency.

This analytical approach allows for systematic interpretation of qualitative data and supports the development of meaningful insights.

### 3.7 Validity, Reliability, and Trustworthiness

To ensure the quality and trustworthiness of the research findings, several strategies are employed:

1. Credibility: Achieved through triangulation of data sources (interviews, observations, and documentation).
2. Dependability: Ensured by maintaining a clear and systematic research process.
3. Confirmability: Supported by documenting all research procedures and data analysis steps.
4. Transferability: Enhanced by providing detailed descriptions of the research context and findings.

These measures ensure that the research findings are reliable and can be evaluated by other researchers.

### 3.8 Ethical Considerations

Ethical considerations are an integral part of this study. The research adheres to ethical standards by ensuring:

1. Informed Consent: Participants were informed about the purpose of the study and agreed to participate voluntarily.
2. Confidentiality: Personal and organizational information is kept

confidential and used only for research purposes.

3. Data Protection: All collected data are securely stored and not disclosed to unauthorized parties.

These ethical practices ensure the integrity of the research and protect the rights of participants.

### 3.9 Research Procedure

The research procedure was conducted in several stages:

1. Preparation Stage: Identification of research problems, literature review, and development of research instruments.
2. Data Collection Stage: Conducting interviews, observations, and documentation analysis at BTN Makassar Branch.
3. Data Analysis Stage: Processing and analyzing data using the Miles and Huberman model.
4. Reporting Stage: Interpreting findings and presenting results in a structured format.

This systematic procedure ensures methodological consistency and transparency.

### 3.10 Methodological Limitations

Despite its strengths, this study has several limitations. First, the research is limited to a single case study at BTN Makassar Branch, which may affect the generalizability of the

findings. Second, the qualitative approach relies heavily on the interpretation of the researcher, which may introduce subjectivity. Third, the study focuses on a specific sector (construction), limiting its applicability to other sectors.

However, these limitations are addressed by ensuring data triangulation, methodological rigor, and detailed contextual descriptions. Future research is encouraged to expand the scope by including multiple institutions and adopting mixed-method approaches.

## 4. Results and Discussion

### 4.1 Research Results

#### 1. Sample Description and Descriptive Statistics

This study is based on qualitative data collected from selected informants at PT Bank Tabungan Negara (BTN) Makassar Branch. The participants consist of bank employees directly involved in the working capital credit (KMK) process, particularly those from the SME Sales division and credit analysis units. The informants were selected using purposive sampling based on their knowledge and involvement in credit provision activities. The data collected include interview transcripts, observational notes, and institutional documents. The characteristics of the informants are summarized in Table 1.

Table 1. Characteristics of Research Informants

No	Position/Role	Department	Experience (Years)	Involvement in KMK
1	SME Sales Officer	SME Division	5–10 years	Credit Application & Monitoring
2	Credit Analyst	Credit Unit	5–8 years	Feasibility Analysis
3	Branch Staff	Operations	3–7 years	Documentation & Disbursement

The data collected reflect procedural, operational, and practical aspects of working capital credit provision in the construction sector.

#### 2. Data Quality and Preliminary Analysis

To ensure data quality, this study applies data triangulation, combining interviews, observations, and documentation. Consistency across these sources indicates that the data are reliable and valid for analysis. The interview data were cross-checked with

institutional documents such as credit procedures, regulatory requirements, and operational guidelines. Observational data were used to verify the implementation of procedures in practice. No statistical tests were conducted as this study adopts a qualitative approach. However, consistency and convergence of findings across multiple data sources indicate strong credibility and dependability.

### 3. Main Analytical Results

The analysis of qualitative data reveals several key findings related to the provision of working capital credit (KMK) in the construction sector. These findings are grouped into three main aspects: credit procedures, credit disbursement mechanisms, and obstacles in credit provision.

#### a. Credit Provision Procedures

The results show that the provision of working capital credit at BTN Makassar Branch follows a structured and systematic process consisting of several stages:

1. Credit application submission
2. Administrative and legal document verification
3. Creditworthiness analysis using the 5C principles
4. Credit approval decision
5. Credit agreement and contract signing

The process emphasizes legal compliance, financial feasibility, and risk assessment.

#### b. Credit Analysis Components

The feasibility analysis focuses on three primary components:

1. Legality: Verification of business permits, company documents, and regulatory compliance
2. Financial Reports: Evaluation of financial capacity and repayment ability
3. Collateral: Assessment of asset value used as loan guarantees

Additionally, borrower character is evaluated through credit history checking systems.

#### c. Credit Disbursement Mechanism

The results indicate that credit disbursement is conducted gradually (staged disbursement) based on project progress. For example:

1. Initial disbursement:  $\pm 20\%$  of total credit
2. Subsequent disbursements: Based on construction progress (foundation, structure, finishing)

This mechanism ensures that funds are used according to project needs and reduces credit risk.

#### d. Determination of Credit Ceiling

The determination of credit limits is based on:

1. Repayment Capacity (RPC)
2. Collateral value (minimum 125% of loan value)

Both factors must meet bank requirements before approval is granted.

### 4. Key Findings

The key findings of this study are summarized as follows:

1. The working capital credit process at BTN Makassar Branch is implemented systematically, following standard banking procedures.
2. Credit analysis is based on the 5C principles, emphasizing legality, financial feasibility, and collateral adequacy.
3. Credit disbursement is carried out in stages, aligned with construction project progress.
4. Several obstacles are identified in the credit process, particularly related to documentation, collateral, and borrower readiness.

These findings directly address the research objectives related to credit procedures and challenges in the construction sector.

## 5. Visual Presentation of Results

To enhance clarity, the results of the study are summarized in Table 2.

Table 2. Summary of Main Findings

Aspect	Key Findings
Credit Procedures	Structured process from application to disbursement
Credit Analysis	Based on 5C principles (Character, Capacity, Capital, Collateral, Condition)
Disbursement System	Staged disbursement based on project progress
Credit Determination	Based on RPC and collateral ( $\geq 125\%$ )
Main Obstacles	Administrative complexity, collateral limitations, low financial literacy

Additionally, the overall process of working capital credit provision can be illustrated as follows:

Fig. 2. Working Capital Credit Process Flow

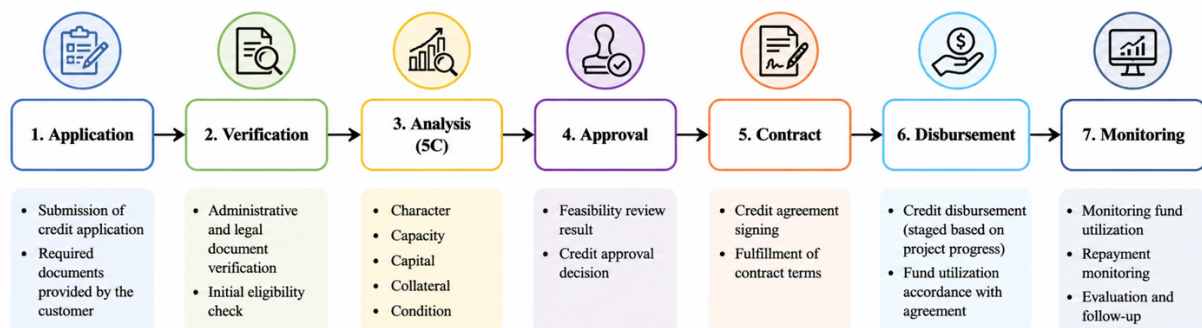


Fig. 2. Working Capital Credit Process Flow

## 4.2 Research Discussion

### 1. Interpretation of Key Findings

The findings of this study indicate that the provision of Working Capital Credit (KMK) in the construction sector at PT Bank Tabungan Negara (BTN) Makassar Branch is implemented through a structured and systematic process, starting from application, verification, credit analysis using the 5C principles, approval, contract agreement, and disbursement, followed by monitoring. These results directly address the research objective of analyzing credit procedures and identifying obstacles in their implementation.

The results show that the application of the 5C principles plays a central role in ensuring creditworthiness and minimizing risk. This finding supports the proposition that effective credit procedures contribute to better credit performance and lower default risk. Furthermore, the staged disbursement mechanism based on project progress reflects a risk mitigation strategy that ensures proper fund utilization.

In addition, the study identifies key obstacles, including administrative complexity, collateral requirements, and limited borrower understanding of credit procedures. These findings confirm that both institutional and borrower-related factors influence the

effectiveness of credit distribution. Thus, the results provide a comprehensive answer to the research question regarding how credit procedures are implemented and what challenges affect their effectiveness.

## 2. Comparison with Previous Studies

The findings of this study are consistent with previous research emphasizing the importance of structured credit procedures and risk assessment in banking operations. For example, studies by Nursidin (2023) and Purba (2023) highlight that credit decisions are strongly influenced by financial feasibility and borrower credibility. Similarly, Singhania and Mehta (2022) found that the application of credit risk frameworks such as the 5C principles significantly reduces non-performing loans.

However, this study extends prior findings by providing a more detailed examination of procedural dynamics, particularly in the construction sector. While previous studies primarily focus on quantitative relationships between credit and financial performance, this study reveals how credit procedures are implemented in practice, including verification processes, staged disbursement, and monitoring mechanisms.

In contrast to studies such as Ameraldo et al. (2021), which emphasize financial literacy as a major constraint, this research identifies additional barriers, including administrative complexity and collateral requirements. This suggests that access to credit is influenced not only by borrower characteristics but also by institutional practices and regulatory frameworks.

## 3. Theoretical Contributions

This study contributes to the development of several theoretical frameworks. First, it reinforces **financial intermediation theory** by demonstrating how banks perform their intermediary role through structured credit allocation processes that balance profitability and risk management.

Second, the findings extend **credit risk management theory**, particularly the application of the 5C principles, by providing empirical evidence of how these principles are implemented in real-world banking operations. The study shows that the effectiveness of the 5C framework depends not only on evaluation criteria but also on the integration of monitoring and staged disbursement mechanisms.

Third, the study contributes to **agency theory** by highlighting the importance of monitoring systems in reducing information asymmetry between banks and borrowers. The staged disbursement system and continuous monitoring observed in this study serve as practical mechanisms to mitigate moral hazard and ensure proper use of credit funds.

Overall, this research enriches the theoretical understanding of credit provision by integrating procedural, institutional, and behavioral perspectives.

## 4. Practical and Policy Implications

The findings of this study have important implications for banking practitioners, construction entrepreneurs, and policymakers. For banking institutions, the results suggest the need to simplify administrative procedures and improve communication with customers to enhance credit accessibility. Strengthening monitoring systems and integrating digital technologies can also improve efficiency and transparency in credit management.

For construction entrepreneurs, the findings highlight the importance of financial literacy, proper documentation, and effective financial management. Entrepreneurs must ensure that they meet administrative and financial requirements to improve their chances of obtaining credit.

From a policy perspective, the study suggests that regulatory bodies should promote policies that facilitate easier access to credit for SMEs, particularly in the construction sector. This includes simplifying collateral

requirements, improving financial literacy programs, and encouraging the adoption of digital banking systems to streamline credit processes.

## 5. Integration with the Research Gap

This study successfully addresses the research gap identified in the literature review. First, it provides a detailed analysis of **credit provision procedures**, which have been largely overlooked in previous studies that focus on quantitative financial outcomes. Second, it integrates both **institutional and borrower perspectives**, offering a more comprehensive understanding of credit accessibility challenges.

Third, the study contributes sector-specific insights by focusing on the **construction industry in a regional context (Makassar)**, which has received limited attention in prior research. By adopting a qualitative approach, this study also fills the methodological gap by providing in-depth insights into real-world practices and challenges in credit provision.

Thus, the findings not only confirm existing theories but also extend the literature by addressing previously unexplored dimensions of working capital credit.

## 6. Acknowledgement of Study Limitations

While this study provides valuable insights, several limitations should be acknowledged. First, the findings are based on a single case study at BTN Makassar Branch, which may limit the generalizability of the results to other banking institutions or regions. Second, the study focuses specifically on the construction sector, which may have unique characteristics not applicable to other sectors.

Additionally, the findings are based on qualitative data, which rely on the perspectives of selected informants. Although triangulation was used to enhance credibility, the possibility of subjective interpretation cannot be entirely eliminated.

Despite these limitations, the study provides a robust and contextually rich understanding of working capital credit provision, offering a strong foundation for future research to expand the scope and apply comparative or quantitative approaches.

## 5. Conclusion

The conclusion synthesizes the main findings of the study on the provision of Working Capital Credit (KMK) in the construction sector at PT Bank Tabungan Negara (BTN) Makassar Branch. This section highlights how the research objectives have been achieved and emphasizes the theoretical and practical significance of the study. Overall, the findings demonstrate that structured credit procedures, combined with effective risk management and borrower readiness, play a crucial role in ensuring the success and sustainability of credit distribution in the construction sector.

### 5.1 Summary of Key Findings

This study reveals that the provision of working capital credit at BTN Makassar Branch is implemented through a systematic and structured process consisting of application, verification, credit analysis using the 5C principles, approval, contract agreement, disbursement, and monitoring. These procedures ensure that credit allocation aligns with banking principles of prudence and risk management.

The findings also indicate that credit feasibility assessment is primarily based on three main aspects: legality, financial capacity, and collateral adequacy. In addition, the implementation of staged disbursement based on project progress serves as an effective mechanism to ensure proper fund utilization and reduce credit risk.

However, several obstacles were identified in the credit provision process, including administrative complexity, strict collateral requirements, and limited borrower

understanding of credit procedures. These challenges highlight the importance of both institutional efficiency and borrower readiness in determining the effectiveness of working capital credit.

## 5.2 Theoretical Contributions

This study contributes to the development of financial and banking theories in several ways. First, it reinforces **financial intermediation theory** by demonstrating how banks allocate funds efficiently through structured credit procedures that balance risk and profitability.

Second, the study extends **credit risk management theory**, particularly the application of the 5C principles, by providing empirical evidence of their practical implementation in the construction sector. The findings show that the effectiveness of credit risk assessment is enhanced when combined with monitoring systems and staged disbursement mechanisms.

Third, this research contributes to **agency theory** by illustrating how monitoring and control mechanisms reduce information asymmetry between banks and borrowers. The staged disbursement and continuous monitoring practices observed in this study serve as practical tools to mitigate moral hazard. Importantly, the study addresses the research gap by integrating procedural, institutional, and borrower perspectives, offering a more comprehensive understanding of working capital credit beyond traditional quantitative approaches.

## 5.3 Practical and Policy Implications

The findings of this study provide several practical implications. For banking institutions, there is a need to simplify administrative procedures and enhance customer communication to improve credit accessibility. The adoption of digital systems for credit application, monitoring, and evaluation can increase efficiency and transparency.

For construction entrepreneurs, the study emphasizes the importance of financial literacy, proper documentation, and effective financial management. Improving these aspects can enhance their ability to access and utilize credit effectively.

From a policy perspective, regulators are encouraged to develop policies that support financial inclusion, particularly for SMEs in the construction sector. This may include simplifying collateral requirements, providing financial education programs, and promoting digital banking innovations to streamline credit processes.

## 5.4 Limitations of the Study

This study has several limitations that should be considered when interpreting the findings. First, the research is limited to a single case study at BTN Makassar Branch, which may restrict the generalizability of the results to other banking institutions or regions.

Second, the study focuses specifically on the construction sector, which has unique characteristics that may not be applicable to other sectors. Therefore, caution should be exercised when applying the findings to different contexts. Additionally, the qualitative nature of the study means that the findings are based on the perspectives of selected informants. While efforts were made to ensure data credibility through triangulation, the possibility of subjective interpretation remains.

## 5.5 Directions for Future Research

Future research is encouraged to expand the scope of this study in several ways. First, comparative studies involving multiple banks or regions can provide broader insights into credit provision practices and enhance generalizability. Second, future studies may adopt **mixed-method or quantitative approaches** to test the relationships between credit procedures, borrower characteristics, and credit performance more rigorously.

Third, researchers can explore the role of **digital financial technologies (fintech)** in improving credit accessibility and efficiency, particularly in the construction sector. Finally, future research may incorporate additional variables such as macroeconomic factors, regulatory frameworks, and organizational capabilities to provide a more comprehensive understanding of working capital credit dynamics.

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