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FORM OF REGULATION WITH LEGAL CERTAINTY ON THE STATUS OF BUMDES LEGAL ENTITY WHICH IS THE TRANSFORMATION OF BKD INTO BUMDES

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ABSTRACT

BUM Desa is not the only business entity that exists in Indonesia as an effort to institutionalize village and local community-centered economic movements, so this requirement becomes a mandatory mechanism for the formation and management of BUM Desa in district/city regulations. This policy line confirms the uncertainty of the BUM Desa's legal form even after the status of the Village has been elevated in Law No. 6/2014, the clarity of the BUM Desa's legal form remains imaginative. Law No. 6/2014 on Villages regulating BUM Desa creates confusion, as it is specifically different from a limited liability company, CV, or cooperative but at the same time follows the legal entity stipulated in the provisions of laws and regulations. The principle of legal certainty of the BUM Desa legal entity form is unclear, the BUM Desa legal entity form will hinder the growth and development process, especially when conducting cooperation ties or intertwining that have other legal consequences. "BUM Desa is formed by the Village Government to utilize all economic potential, economic institutions, as well as the potential of natural resources and human resources in order to improve the welfare of the village community.

KEY WORDS

Lawfulness, legal entity, BUMDes, transformation, Village Credit Agency.

Economic development is traditionally pioneered in the Village, the Village is a legal community unit that has territorial boundaries that are authorized to regulate and manage government affairs, the provisions and authority of the Village are born based on the provisions in Law Number 6 of 2014 concerning Villages. Indonesia is divided into regions (autonomy), and the regions are divided into villages. So that the village is one of the pillars of the local and traditional scale economy, by strengthening the village sector economy, it can build and improve the Indonesian economy.

Supporting the traditional economy before Indonesia's independence was the economic system of Village Barns and Village Banks, the growth of this economic system since the legacy of the Dutch East Indies. The traditional Village Barn and Village Bank economic system has traditional operational management as well, so it is considered not to complicate the village community in its implementation. The economic system was very helpful for the community's economy at that time, where the majority of people made a living as farmers or sailors, with the development of the era, the Village Barn and Village Bank merged into one, namely in the form of a Village Credit Agency (hereinafter referred to as BKD) which was under the supervision of Bank Indonesia on behalf of the Monetary Board as stipulated in Law Number 11 of 1953 (State Gazette of the Republic of Indonesia 1953 Number 40), currently this authority has been delegated to the Financial Services Authority, this can reflect that the existence of BKD which is a Village Barn and Village Bank is still needed by the community, especially people in rural areas.

Historically and beneficially, BKD is a financial institution owned by the Village and for the Village. BKD is a financial institution that aims to provide access to financing to rural communities in Indonesia. This institution is expected to facilitate the provision of credit to small business actors in rural areas who are often difficult to get access to financing from formal financial institutions. BKD is one of the programs of the Indonesian government that aims to increase financial inclusion in rural areas and support local economic development. Through this institution, it is expected that rural communities can gain access to the capital



needed to develop micro, small and medium enterprises in rural areas. The BKD program is expected to strengthen the local economy, reduce the economic gap between urban and rural areas, and encourage inclusive economic growth throughout Indonesia, thus BKD is expected to help improve the welfare of rural communities and reduce poverty levels in rural areas, but it must be realized that in terms of the benefits of BKD, BKD also has internal problems that occur.

The problem with BKD is the unclear status of BKD and its lack of legal form. Law No. 7 of 1992 on Banking as amended by Law No. 10 of 1998 on Banking and Government Regulation No. 71 of 1992 on BPR mandate that BKD has been given the status of BPR, so that BKD must be subject to the provisions of BPR (transformation into BPR), so that later problems regarding assets also become a crucial point of BKD at this time. BKD's assets are one of the important elements in the organization of its savings and loan operations as well as its assets. Assets are components related to the balance sheet in the form of both fixed and current assets. Assets or goods represent the economic potential owned by BKD. Economic potential means that there are financial and economic benefits that can be obtained in the future, which can support the role and function of BKD as a provider of public services to the community, especially for rural communities, basically with the rules in Law Number 7 of 1992 concerning Banking as amended by Law Number 10 of 1998 concerning Banking, reads:

"Village Banks, Village banks, Market Banks, Employee Banks, Lumbung Pitih Nagari (LPN), Village Credit Institutions (LPD), Village Credit Agencies (BKD), Sub-district Credit Agencies (BKK), Small Business Credit (KURK), Sub-district Credit Institutions (LPK), Village Production Work Banks (BKPD) and / or other institutions equivalent to this are given the status of People's Credit Banks based on this law by fulfilling the requirements of the procedures stipulated by government regulations".

Government Regulation No. 71 of 1992 concerning BPR which mandates that BKD to transform into BPR with the permission of the Ministry of Finance, a survey conducted by OJK there are BKD that have a license from the Ministry of Finance and transform into BPR with a total of 5,279, with 3,572 active BKD and 1,707 inactive, and there are also 175 BKD that do not have a license from the Ministry of Finance and do not transform into BPR.

BKD is divided into 2 (two), namely BKD which has a license from the Ministry of Finance by transforming into BPR and BKD does not have a license from the Ministry of Finance and it is not clear who the owner is and its formation, so POJK Number 10 / POJK.03 / 2016 concerning the fulfillment of the provisions of rural credit banks and the transformation of village credit agencies that are given the status of rural credit banks, which in the regulation provides options for BKD which does not have a Ministry of Finance license and cannot transform into BPR. BKD, whose existence is a capital opportunity for micro-entrepreneurs, and is still quite strategic for the improvement and development of productive economic businesses that rely on rural resources, one of which is BKD which has long been operating in rural areas, especially in Java. This institution uses provisions issued by the Dutch government in the form of Staatsblad 1929 Number 357, Rijksblad 1938 Number 3/H, containing the granting of authority, duties and responsibilities for guidance and supervision to Alge meene Volkscrediet Bank (AVB) which was later renamed PT Bank Rakyat Indonesia (Persero), and after Law No. 7 of 1992 concerning Banking, Staatsblad 1929 Number 357 was revoked, so that guidance and supervision became the authority of BI with temporary status as BPR. Currently, BKD, which has been operating for decades as an inclusive financial institution in rural areas, must end its scheme. so that guidance and supervision become the authority of BI with temporary status as BPR. Currently, BKD, which has been operating for decades in carrying out the function of inclusive financial institutions in rural areas, must end the BRI legacy management scheme and is required to fulfill the provisions of BPR institutionally, prudential principles, financial reporting and transparency, as well as the application of accounting for BPR by December 31, 2019, which is contained in the BKD Ordination contained in Staatblad 357 of 1929, Rijksblad No. 9 of 1938 for the sultanate area which concerns supervision, management and administration, finance and other assets.



The Financial Services Authority regulation provides options for BKDs that do not have a finance ministry license and do not transform into BPRs, in article 10 paragraph (1), which reads: "BKD which based on its consideration cannot fulfill the provisions of BPR may choose to change: a) business activities into MFIs; or b) the business entity becomes BUMDesa or BUMDesa business unit ", then with the POJK regulation it provides options for BKD that does not transform into BPR, which can transform into BUMDesa or MFI, which in accordance with existing regulations if BKD transforms into a Village-Owned Enterprise (hereinafter referred to as BUMDesa) then refers to Law Number 6 of 2014 concerning Villages and if BKD transforms into MFI then refers to Law Number 1 of 2013 concerning Microfinance Institutions. Referring to this, the author chooses to transform BKD into BUMDesa, which BUMDesa itself is: BUMDesa is a business entity owned by BUMDesa that carries out economic activities and / or public services with a legal entity that carries out the functions and objectives of BUMDesa. The selection of BKD to transform into BUMDesa hopes that in the future with BKD transforming into BUMDesa it can provide benefits and welfare for the village community itself in the economic field from the village and for the village.

BUMDes, which is the transformation of BKD, is not solely for profit or commercial purposes, but rather for the welfare of the village community itself. In line with the objectives of the BUMDesa itself which in its business units run businesses in the fields of capital services, trade, public services, leasing, as well as businesses that support the strengthening of community businesses. Governance with commercial principles means that business management is carried out to obtain profits as a source of village income, and social welfare. Village business institutions are run in order to avoid forms of monopolistic and conglomerate practices, maintain balance and order in the life of the village community. Villages can also cooperate with other villages in the field of strategic resource management to obtain added value, and managed in a joint village-owned enterprise called BUMDesa. The idea to cooperate in managing village resources through the establishment of a joint BUMDesa is agreed upon in the village consultation. Departing from the philosophical foundation of the constitution, the implementation of BUMDesa brings the spirit of the 1945 Constitution, the provisions of Article 18A paragraph (2) and Article 33 of the 1945 Constitution.

Based on the mandate of the 1945 Constitution of the Republic of Indonesia, one of the objectives of the state is to realize the general welfare of the community, as contained in the concept of the Welfare State. In addition, the provisions of Article 18A paragraph (2) of the 1945 Constitution of the Republic of Indonesia which determines that the utilization of natural resources and other resources between the central government and regional governments is regulated and implemented in a fair and harmonious manner based on the Law, the provisions of Article 33 of the 1945 Constitution are also highlighted in relation to national economic development, where the economy is intended to be structured as a joint venture based on the principle of kinship and further regulated in Law.

As also related to BUMDesa, it has been regulated in several Village Ministerial Regulations No. 2 of 2015 concerning Village Consultatives and Permendesa PDTT No. 3 of 2021 concerning BUMDes as a derivative of Law No. 6 of 2014 concerning Villages, one of the resources that can be managed and cooperated in the village in addition to natural, environmental, socio-cultural resources is capital resources, namely financial assets in the form of government funds that are rolled out to low-income community groups, both in the form of capital assistance and equity participation which has long been a non-bank financial industry circulating in rural areas.

BUMDesa which is a transformation of BKD that follows village governance is a mandate from Law Number 6 of 2014 concerning Villages which is contained in Article 88, which reads: the establishment of BUM Desa shall be agreed upon through village deliberations; the establishment of BUM Desa as referred to in paragraph (1) shall be stipulated by Village Regulation.

Article 88 paragraph (2) requires that the process of establishing BUMDesa must be in the presence of PERDES, in this case when viewed in the article it appears to be a legal vacuum which causes legal uncertainty regarding BKD which is included in the BUMDesa



business unit, it can be said that the article has not fulfilled the element of legal certainty, That is because if the rules are orderly in the hierarchy of laws and regulations, the process of forming laws and regulations should be made by rules in accordance with the rules of the hierarchy of laws and regulations, which in this case PERDES is not included in the hierarchy of laws and regulations which is in accordance with Article 7 of Law Number 11 of 2012 concerning the formation of laws and regulations. The regulation above the PERDES is the district / city PERDA, so before the PERDES is formed it is necessary to first form a PERDA so that it can realize the legal certainty of the formation of the BUMDesa itself.

Further arrangements regarding BUM Desa should be regulated through Regional Regulations (Perda) and Village Regulations (Perdes) as the legality of the establishment of BUM Desa and to be orderly in the hierarchy of laws and regulations, then the duties and roles of the Village Government are to conduct socialization and awareness to the village community as representatives of the provincial government and / or district government about the importance of BUM Desa for improving the welfare of the community, with the role of this village government the community is motivated, made aware and prepared to build their own lives, in this case the village government facilitates in the form of education and training and other fulfillment that can facilitate the establishment of BUM Desa.

The role of the local government in this case and why the PERDA should also be formed before the PERDES BUMDesa is formed is that the local government is a facilitator, the local government and the village also become an informant to the BUM Desa management to convey news about the development of rules or news from the center that is expected to be implemented as soon as possible in BUM Desa. The information provided to the village is expected to help improve the performance of BUMDesa implementers in particular and the village community in particular to encourage their creativity towards the community welfare they expect. Another important function of the government in terms of BUM Desa management is the function of the village and/or regency government as a body that monitors and evaluates the performance of BUM Desa. The monitoring process is conducted on an ongoing basis, so as to properly monitor BUM Desa activities. The monitoring and evaluation function is also, the government together with the board of commissioners, the advisory board (Village Head), and the community together oversee the running of the management of BKD which is included in the BUM Desa business unit and then together also provide reports transparently and openly to the community through the ratification of the BUM Desa accountability report at the end of the period or at the end of each year, to achieve that goal.

The local government is expected to create trainers at the village level to foster the managerial process of BKD which is included in the BUMDesa business unit.

Legal certainty related to the formation of BKD which transforms into BUMDesa not only has a legal vacuum in the establishment of BUMDesa, but also the form of BUMDesa itself also still raises problems which can be found in the explanation of Article 87 of Law Number 6 of 2014 concerning Villages, which states: Paragraph (1)

"BUM Desa is formed by the Village Government to utilize all economic potential, economic institutions, as well as the potential of natural resources and human resources in order to improve the welfare of the Village community. BUM Desa specifically cannot be equated with legal entities such as limited liability companies, CVs, or cooperatives. Therefore, BUM Desa is a business entity characterized by the Village in the implementation of its activities in addition to assisting the implementation of the Village Government, also to meet the needs of the Village community. BUM Desa can also perform the functions of service, trade, and other economic development. In increasing the Village's source of income, BUM Desa can collect savings on a local scale from the Village community, among others through the management of revolving funds and savings and loans. BUM Desa in its activities is not only oriented towards financial gain, but also oriented to support the improvement of the welfare of the Village community. BUM Desa is expected to develop business units in utilizing economic potential. In the event that business activities can run and develop well, it is possible in time for BUM Desa to follow the legal entity stipulated in the provisions of laws and regulations".



The Legal Entity Form of BUM Desa itself is uncertain BUMDesa specifically cannot be equated with legal entities such as limited liability companies, CVs, or cooperatives, therefore, BUM Desa is a business entity characterized by the Village in the implementation of its activities in addition to assisting the implementation of the Village Government, also to meet the needs of the Village community. The issue of BUMDesa's legal entity form has the potential to become an issue that arises with the enactment of the Village Law. BUMDesa that serves to build a pillar of economic activity in the village that functions as a social institution (social institution) and commercial (commercial institution) will actually be constrained in its growth and development, in the same reasoning between the similarity of the definition of State-Owned Enterprises (BUMN) and BUMDesa, the Center for Regional Information and Studies (PATTIRO) illustrates the difference between the two on the scale of benefits from the results of its business only. SOEs have a scale of benefits for citizens and the country, while BUMDesa has a smaller scale at the level of its villagers and for the village, while defining BUMDesa Article 1 point 6 of the Village Law states that: "Village-Owned Enterprises, hereinafter referred to as BUMDesa, are business entities that are wholly or partially owned by the Village through direct investment from separated Village assets to manage assets, services, and other businesses for the greatest welfare of the Village community. The analogy of the village as a "small country" that has a strong government as well as a strong community.

Village development seeks to improve the quality of life and welfare of rural communities. One of the things needed to accelerate the economic growth of rural communities is to establish BUM Desa, BUM Desa as a social institution favors the interests of the community through its contribution in the provision of social services. While as a commercial institution it aims to seek profit through offering local resources (goods and services) to the market, in running its business the principles of efficiency and effectiveness must always be emphasized. BUM Desa as a legal entity, is formed based on the prevailing laws and regulations, and in accordance with agreements built in the village community, thus the form of BUM Desa can vary in every village in Indonesia. This variety of forms is in accordance with the local characteristics, potential, and resources of each village.

The BUMDesa which is basically unclear on the form of legal entity will cause obstacles when the BUMDesa has grown bigger and requires business expansion. Through the Regulation of the Minister of Villages, Development of Disadvantaged Regions and Transmigration (Permendesa) No. 4 of 2015 on Village-Owned Enterprises, the Government persists in not providing legal certainty to the form of BUMDesa, not only providing clarity on the form of BUMDesa as a legal entity that manages separated village assets as part of the state's wealth, even the form of BUMDesa legal entity is not specifically distinguished from other legal entities such as Cooperatives, Limited Liability Companies, or Foundations. The government only allows BUMDesa business units to be incorporated, but BUM Desa is still maintained in the form of a business entity only, even though the basic regulations for the management of separated state assets as contained in Law No. 17/2003 on State Finance provide restrictions to at least require that the manager be a legal entity. This should position the BKD that is included in the BUM Desa business unit as a legal entity such as a state company or regional company that manages separated state assets as stipulated in Law No. 17 of 2003 on State Finance.

BUM Desa is not the only business entity that exists in Indonesia as an effort to institutionalize village- and local-centered community economic movements, so this requirement becomes a mandatory mechanism for BUM Desa formation and management in district/city regulations. This policy line confirms the uncertainty of the BUM Desa's legal form even after the status of the Village has been elevated in Law No. 6/2014, the clarity of the BUM Desa's legal form remains imaginative. Law No. 6/2014 on Villages regulating BUM Desa creates confusion, as it is specifically different from a limited liability company, CV, or cooperative but at the same time follows the legal entity stipulated in the provisions of laws and regulations. The principle of legal certainty of the BUM Desa legal entity form is unclear, the BUM Desa legal entity form will hinder the growth and development process, especially when conducting cooperation ties or intertwining that have other legal consequences. "BUM



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Law No. 6/2014 on Villages (Village Law), which regulates BUM Desa, creates confusion, because it is specifically different from a limited liability company, CV, or cooperative, but at the same time follows the legal entity stipulated in the provisions of laws and regulations. This phrase can be seen in its entirety in the explanation of Article 87 paragraph (1) of the Village Law. However, the phrase does not appear to be firm in presenting the principle of legal certainty towards the legal form of BUM Desa. As a legal entity, it is formed based on the prevailing laws and regulations, and in accordance with agreements built in the village community, thus the form of BUM Desa can vary in every village in Indonesia. This variety of forms is in accordance with the local characteristics, potential, and resources of each village, the formation process in this dissertation writing the author will also make a model of the recommended form of BUMDesa, which refers to BUMN and BUMD, BUMN refers to Law Number 19 of 2003 concerning State-Owned Enterprises, in which BUMN is grouped into 2 corporate business entities, namely: 1. Company Company; 2. General Company.

BUMD is also a reference for the author to model BUMDesa, namely Article 331 paragraph (3) of Law 23/2014 stipulates that "BUMD as referred to in paragraph (1) consists of Regional Public Companies and Regional Company Companies".

BUMDesa in the future is also expected to form the form of its legal entity, namely when referring to BUMN and BUMD, the form of BUMDesa is PERUMDes and PERSERODes, by making a model of the legal form of the BUMDesa and then further regulation of BUMDesa is regulated through Regional Regulations (Perda) and Village Regulations (Perdes) as the legality of the establishment of BUM Desa.

BKD is transformed into BUMDesa only based on trust; trust is the main capital in BKD, because basically in the process of borrowing and lending in BKD there is no guarantee in it, only with the approval of the village head as the guarantor. This element of trust is very important for BKD, Because in principle the process of disbursement of funds in BKD is only through a guarantee that the borrowing community is a good and trustworthy person, which is the village head as a credit terminator (*ex officio*), the village head is considered to know the background of the village community, even when the customer of BKD is regular in the repayment of the loan, the BKD will offer a larger credit than before, And not only with the element of trust, but the spirit of the existence of BKD also provides a new spirit for the village to strengthen itself by giving birth to the spirit of "village development", meaning that the village is placed as a milestone in the success of national development, so that village strengthening cannot be separated from the strength of the village in exploring the potential of local wisdom and the spirit of mutual cooperation of its citizens, which in this case is related to the existence of a business that is built.

BKD, which is a business unit of BUMDesa, has become a capital opportunity for micro-business actors, and is still quite strategic for the improvement and development of productive economic businesses that rely on rural resources, one of which is the form of business units from BUMDes, namely BKD, which can provide capital at the level of rural communities in particular, especially with regard to the village economy, that villages have very strong and entrenched conditions of community social capital. One form of social capital in question can be described through the variety of social ties and strong social solidarity owned by village communities as an important support for government, development, and community activities in this case related to the social capital theory of the village community itself.

The conditions referred to above are the social capital owned by the village community where the condition of the village's economic capital, where the social capital of the village community consists of social ties (social bonding), social bridging (social bridging) and social networks (social linking), the three social ties of the village community are parochial or become the most superficial social capital, in order to realize a socially vibrant village in the context of local democracy. The Indonesian economy is organized based on economic



democracy with the principles of togetherness, fair efficiency, sustainability, environmental perspective, independence and by maintaining a balance of progress and national economic unity, Indonesia's economic democracy is realized in three main economic actors, namely: BUMN / D, Cooperatives and Private. The study of BKD is related to the concept of certainty in this case, which according to the theory of legal certainty itself has the understanding of the rules in the Act which are general in nature to be a guideline for individuals to behave in society, both in a relationship with fellow individuals and their relationship with the community, the rules are a limitation for the community in burdening or taking action against individuals, the existence of these rules and the implementation of these rules makes legal certainty, on the elaboration of the concept of legal certainty in the theory of legal certainty and shows that the rules related to BKD have not fulfilled the concept of legal certainty based on the theory because there is still a void of norms in it, namely in Law Number 6 of 2014 concerning Villages related to BKD arrangements which become BUMDes business units, there needs to be additional rules, namely the need for the formation of PERDA in advance not only as legality but also emphasizing the functions of local and village governments in working together for the development of BUMDesa itself and the form of BUMDesa itself must also be clarified.

BKD is a long-standing local wisdom that indirectly becomes a system that develops in rural communities in particular, which in this case the author compares with the Garmmen Bank initiated by Muhammad Yunus, which in the Garmmen Bank system has many similarities with BKD in Indonesia, and until now this Grammen Bank still exists and develops in the Bangladeshi community. Grameen Bank was born from Muhammad Yunus' concern about the poverty that plagued the people of Bangladesh, when he saw the gap between the economic theories he taught in the classroom and the reality of poverty he saw in society, he finally decided to abandon his academic position in order to learn directly from the rural poor. Then the brilliant idea of poverty alleviation through a bank that he called Bank Kaum Miskin was born. The goal is to empower the poor, defend the rights of marginalized women, and fight bureaucratic inaction, religious rigidity, academic rigidity, and the arbitrariness of existing financial institutions.

Yunus spontaneously lent \$27 of his personal money to a group (43 artisans), to increase the small capital, he voluntarily made himself a personal guarantee to obtain a larger loan from a traditional bank, basically traditional banks do not want to deal with poor people, illiterate people and women, even though the reality of Bangladeshi society shows high poverty and illiteracy rates. Yunus had a belief that every human being has unlimited potential and that every person has marketable skills, from that belief he envisioned a world filled with people with entrepreneurial potential, if workers had access to capital, the world would be different from today's reality.

Self employment is more attractive and more profitable in meeting the needs of life, especially for marginalized groups (women, minority groups, and those with physical or social disabilities). They will be more comfortable and free in working rather than being in the shadow of other people's work. Moreover, struggling to attract the attention of others to hire and pay them is not an easy thing to do. Assessing the reality of Bangladeshi society with his beliefs, Yunus argues that they are poor not because they are unskilled or lazy, the proof is that they have the skills to make crafts and have worked hard, but not enough to change their fate. Of course something is wrong, so it is necessary to change the system. The choice was not to give them charity, charity would only perpetuate their poverty by taking away their initiative, and would never solve the problem.

Yunus' choice was to come up with the idea of establishing a village-based small business, with an all-new model and system that he called the "Grameen Bank" project. Grameen Bank, which means "the Village Bank", was officially established on October 1, 1983. Although this small business was village-based, Yunus was convinced that capitalist concepts, instruments and frameworks would be able to support and enhance economic activities that lead to the achievement of a social mission, so he strengthened and expanded his social entrepreneurial role by building a professional financial institution and cooperating



with government institutions, involving other supporting institutions, and creating a network system and international solidarity support.

Grameen Bank's Philosophy and Goals As a new banking model, Grameen Bank is run based on its philosophy and goals. The philosophy is: "Credit to the poor is important because it can help them increase their income and have the ability to repay the credit. to help millions of poor people get out of the valley of poverty, it should be done by providing a source of capital that is utilized by them in a rational and commercial manner, but with procedures and conditions that are appropriate to their conditions" While the objectives that Grameen Bank aims to achieve are: to extend banking facilities to poor men and women; to eliminate exploitation by moneylenders; to create opportunities for employment, to utilize under- or untapped human resources; bringing together the disadvantaged in an organizational form that they can understand and operate in; cutting through long-standing vicious circles.

This philosophy suggests that the poor will not get a larger share of the fruits of their labor because of their weak position (as workers). According to Ragnar Nurkse's theory, according to Yunus, so far the requirements for bank credit have only been accessible to the rich, not the poor, for example: collateral requirements will not be met by the poor because they do not have it; documents and forms cannot be filled out by the poor because most of them are illiterate; for banks, large or small loans require the same amount of effort. Even small loans are considered more risky; banks are worried that the interest received will not cover the cost of operating the loan, because the cost of managing large and small loans is not much different.

In contrast to the above requirements, Grameen Bank has developed the following credit principles: credit is given without collateral or personal guarantee; there are no legal sanctions in case of loan delinquency, and the loan is waived if the member dies; the member does not need to come to the office, instead the bank officer comes to meet the member; lending procedures are made as simple as possible by not using many forms that members do not understand.

Risk Reduction Strategies An unsecured loan may increase the risk, but Grameen Bank has strategies to overcome this, namely: (a) Form small groups to build solidarity, exchange ideas in determining the amount of credit and perhaps even its management. The requirements: 5 people per group of equal economic level, formed by themselves, consisting of neighbors within a radius of 300 m², not from their own family, elected chairman and secretary for 1 (one) year, and must attend weekly meetings; (b) Establish meeting centers, which are conducted regularly for 5-6 groups of 25-30 people in a disciplined manner.

This humanitarian movement has spread the idea of "microcredit" throughout Bangladesh, Southeast Asia and parts of the developing world. His mission continues to spread and in that time he has well introduced the world to the unbelievable dimensions of global poverty. According to him, 1.2 billion people on the planet lack access to basic needs, and microfinance programs can be a way out of this misery. Garmmen Bank is almost the same picture as BKD which is included in the BUMDesa business unit in this case the author makes a comparison, with a glimpse of Garmmen Bank with its program and can successfully run well, even the people of Bangladesh can be helped by its presence, so it is desirable that BKD can also develop like Garmmen Bank.

BKD that still exist today are, for example, BUMDes Maju Mapan, a BUMDes engaged in services, namely market development, Village Credit Banks, and Financial Services in collaboration with PT. Kantor Pos Indonesia which serves payment services that can facilitate the surrounding community who will make payments (water, telephone, electricity) online which is located in Bligo Village, Candi District, Sidoarjo Regency. BUMDes Maju Mapan was established in 2018, where BKD Bligo Village is a form of BUMDes activities. Customers at BKD Bligo are residents of Bligo Village itself, obtained only by mutumut (word of mouth), mutumut is considered sufficient for BKD employees because so far they have only made offers only to customers who have taken loans and have a good payment history. BKD staff deliberately limits this, because BKD Bligo is only intended for Bigo village residents. The conditions for making a loan at BKD are very easy. All you need is your ID



card and a certificate from the village coconut office, which you then submit to BKD without providing collateral. So, to apply for a loan from BKD, customers do not need to provide collateral to BKD.

Everything runs on the basis of mutual trust and if the customer experiences congestion, it will be resolved in a family manner. BKD was established, which was originally a program from BRI, then currently has become part of BUMDes Bligo. Based on the results of the pre-survey, data obtained regarding the number of BKD Bligo customers only amounted to 74 customers, it can be seen that the existence of BKD itself still exists, even the villagers still borrow capital from BKD, it is also expected that with the existence of BKD at this time the need for legal certainty related to BKD which is part of the BUMDes business unit so that in the future there is legal protection for BKD which is part of the BUMDes business unit, as well as clarity on the status of its legal entity, certainty regarding its legality and the form of BKD which is included in the village unit itself.

The next problem is juridical problematics, where in this study there is a vacuum of legal norms related to Village Credit Agency BUMDes activities, namely in Law Number 6 of 2014 concerning Villages in the implementing rules of Government Regulation Number 11 of 2021 concerning Village-Owned Enterprises, related to the process of establishing BUMDes which is directly made with PERDES instead of being made with PERDA first, it is necessary for legal certainty in the regulation of BKD which transforms into BUMDES which must require additional regulations related to BKD so that its position is clear, so that there is no vacuum of norms and there is legal protection for BKD which transforms into BUMDes, as well as the need for certainty of the legal form of BKD which transforms into BUMDesa.

The last is economic problematic. The purpose of BKD which transforms into BUMDesa is village economic empowerment, so the need for legal certainty in it by filling the existing legal vacuum, namely by adding rules related to the formation of PERDA related to BUMDesa in positive law so that there is legal protection for BKD which transforms into BUMDesa in an orderly manner with a hierarchical system so that clarity on the form of business entity from BUMDesa can also be achieved, which is desirable to achieve village welfare with the independence of its APBDES.

CONCLUSION

The form of regulation with legal certainty regarding the legal status of BUMDesa which is the transformation of BKD into BUMDesa The form of regulation with legal certainty regarding the legal status of BUMDesa which is the transformation of BKD is the Village Public Company (Perumdes), or Limited Liability Company (Perseroan Desa) 2 (two) alternative forms of Legal Entity Appropriate Required in Article 78 paragraph (3) of Government Regulation No. 72 of 2005 concerning Villages, that the Form of Village-Owned Enterprises must be a legal entity, which in this case leads to the model of the legal entity form of existing BUMN and BUMD.

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