

ABSTRACT

The banking industry plays a crucial role in supporting national economic growth, particularly through productive lending to Micro, Small, and Medium Enterprises (MSMEs). However, a persistent challenge is the high ratio of Non-Performing Loans (NPL), especially in the Small Business segment, which is highly vulnerable to economic shocks and managerial limitations of borrowers. Following the termination of the Covid-19 credit restructuring policy by the Financial Services Authority (OJK), the risk of credit quality deterioration has become more evident, as observed in BRI Region 11 Yogyakarta.

This study aims to identify the level of credit risk in Small Business Loans, analyze patterns of deterioration in loans with less than 12 months of vintage, and uncover the main contributing factors. A descriptive qualitative approach was employed, using internal data from BRI Region 11 Yogyakarta covering the 2022–2025 period. Vintage Analysis was applied to assess loan behavior longitudinally based on loan age.

The findings indicate significant deterioration in loans with less than 12 months of vintage, reflected in the NPL increase to 3.21% in 2024, the highest in the past four years. Contributing factors include the expiration of the stimulus policy, macroeconomic conditions, information asymmetry, and managerial weaknesses among borrowers. The Small Business segment was the largest contributor to credit quality deterioration, reducing profitability and increasing provisioning needs.

In conclusion, credit risk in the Small Business segment remains high and requires targeted mitigation strategies. BRI should reinforce prudential principles, improve vintage-based monitoring systems, and enhance financial literacy among borrowers. Future studies are recommended to combine Vintage Analysis with quantitative predictive models for more comprehensive risk projections.

Keywords: *Credit Risk, Non-Performing Loan, Vintage Analysis, Small Business Loan, BRI Region 11 Yogyakarta.*