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The Effect Of Individual Characteristics, Business Characteristics, Loan Characteristics, And Religious Awareness On Borrowers' Loan Repayment Ability: A Case Study At Pt. Bank Rakyat Indonesia (Persero) Tbk. Palopo Branch Office

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ABSTRACT
This study aims to analyze the influence of individual characteristics, business characteristics, credit characteristics, and religious awareness on borrowers' loan repayment ability at PT Bank Rakyat Indonesia (Persero) Tbk. Branch Office Palopo, particularly BRI Unit Bua. A quantitative approach with a correlational design was employed. The study involved 60 borrowers selected through purposive sampling. Data were collected using questionnaires, observations, and documentation and analyzed using binary logistic regression with IBM SPSS Statistics version 32. The results indicate that business turnover, business experience, loan repayment period, and religious awareness significantly affect borrowers' loan repayment ability. Meanwhile, the number of dependents, educational level, and loan amount have no significant effect. Business experience is the most dominant factor influencing loan repayment ability. In addition, religious awareness positively affects borrowers' ability to fulfill their financial obligations. These findings are expected to provide useful insights for banks in improving credit assessment and credit risk management for MSME financing.

INTRODUCTION

In recent years, the Indonesian economy has shown rapid growth, driven by increased national economic activity, growth in the business sector, and expanded public access to financial services (Arifin et al., 2025). This development has positioned the banking sector as one of the main pillars supporting economic growth through its intermediation function—that is, pooling funds from the public with excess funds (surplus units) and channeling them back to those in need of funds (deficit units) in the form of financing or credit (Alwi et al., 2021). This intermediation function not only plays a role in maintaining the stability of the financial system but also serves as a crucial instrument in promoting investment, increasing productivity, expanding employment opportunities, and supporting equitable economic development across various regions (Anwar, 2021). Therefore, the banking sector's success in performing its intermediation function is a key indicator of support for sustainable national economic growth (Alwi et al., 2021).

According to Abdullah (2014), one sector that is highly dependent on access to bank financing is Micro, Small, and Medium Enterprises (MSMEs). The MSME sector makes a significant contribution to Indonesia's economic structure because it is the largest employer and the primary driver of economic activity in the community (Alwi et al., 2022). Community economic empowerment is a crucial instrument in fostering equitable development and improving welfare through the strengthening of the productive business sector (Alwi et al., 2021). Data from the Ministry of Cooperatives and MSMEs (2024) indicate that the number of MSMEs in Indonesia has reached approximately 65.5 million business units, employing about 97% of the national workforce—or roughly 119 million workers. Furthermore, the contribution of MSMEs to the national Gross Domestic Product (GDP) stands at approximately 61%, or Rp9,580 trillion. This contribution underscores that the sustainability of the MSME sector has a significant impact on national economic stability; therefore, adequate financial support is necessary to ensure this sector can continue to grow sustainably (Janah & Tampubolon, 2024).

The increase in the number of MSMEs is also reflected in a report from the Ministry of Micro, Small, and Medium Enterprises (MSMEs), which states that as of December 31, 2025, there were 30.21 million non-agricultural MSMEs in Indonesia. This figure represents an increase compared to December 31, 2024, when there were 30,178,617 business units. This increase represents an addition of approximately 30,452 business units, or a 0.10% growth over the course of one year. This growth underscores the increasingly significant role of MSMEs in driving national economic growth (Arifin et al., 2025). However, the growth in the number of MSMEs is not always accompanied by an increase in business capacity. Most MSME operators still face various obstacles, particularly limited capital, poor access to formal financial institutions, weak financial management, and limited managerial capabilities. These conditions mean that access to formal financing remains a major challenge for the majority of MSME operators (Ginting, 2024).

The banking sector plays a strategic role in addressing these issues through the provision of productive credit to MSME actors (Mas et al., 2025). As stipulated in Law No. 10 of 1998 on Banking, commercial banks are tasked with mobilizing and channeling public funds to support national development (Arlinda et al., 2025). One bank that has consistently fulfilled this function is PT Bank Rakyat Indonesia (Persero) Tbk. As a state-owned bank with a primary focus on financing the micro, small, and medium-sized sectors, Bank BRI has become the most active financial institution in providing access to financing for MSMEs through various credit products such as the People's Business Credit (KUR), Kupedes, and various other types of microcredit. This commitment aligns with Bank BRI's vision of

"Delivering Sustainable Values and Integrated Solutions to Achieve Indonesia's Aspirations," which positions financial inclusion as a key component of the company's strategy (Zahra, 2024).

One of Bank BRI's business units that plays an active role in supporting MSME financing in South Sulawesi Province is the Palopo Branch Office of PT Bank Rakyat Indonesia (Persero) Tbk, specifically the BRI Bua Unit located in Bua Subdistrict, Luwu Regency. This unit provides credit financing to MSME operators through various financing schemes tailored to their working capital needs, ranging from Rp1,000,000 to Rp500,000,000 via the People's Business Credit (KUR) Micro and KUR Small programs. The selection of BRI Bua Unit as the research subject was based on the characteristics of the region, which is dominated by MSME operators with relatively high economic activity and a high volume of microcredit disbursements to the community. These conditions make BRI Bua Unit a relevant location for examining various factors that influence borrowers' ability to meet their loan repayment obligations.

Although lending to MSMEs has a positive impact on economic growth, this activity also carries risks that cannot be ignored, namely non-performing loans (NPLs) or the risk of problem loans (Abdullah, 2014). This risk arises when borrowers experience difficulties or even fail to meet their obligations under the agreed-upon loan agreement. High NPL rates lead to increased credit risk, a decline in the quality of a bank's productive assets, and the potential to reduce the bank's overall profitability and financial health (Dendawijaya, 2001). Nurseptiani & Wiyanti (2024) explain that the higher the ratio of non-performing loans, the greater the risk borne by the bank, thereby reducing the bank's ability to generate profits. Therefore, identifying the factors that influence borrowers' ability to repay loans is crucial as an effort to minimize the risk of non-performing loans while simultaneously improving the effectiveness of credit disbursement to the MSME sector (Marpaung et al., 2025).

In practice, a borrower's ability to meet loan repayment obligations is influenced by various factors, including individual characteristics, business characteristics, and the characteristics of the loan received. Kasmir (2012) explains that the ability to repay a loan is influenced by the borrower's internal conditions-such as educational level and the number of dependents-the conditions of the business being operated-such as revenue and business experience-and loan characteristics, including the loan amount and repayment term. These factors serve as a crucial basis for banking institutions in conducting creditworthiness analyses because they are directly related to the level of default risk the bank may face (Karlina et al., 2024).

Several previous studies have examined the factors that influence borrowers' ability to repay loans. Abdullah (2014) found that high levels of non-performing loans (NPLs) reflect increased credit risk, which impacts bank profitability and financial health. This study underscores the importance of understanding the factors that influence loan repayment ability as part of a banking risk mitigation strategy. On the other hand, research on individual and business characteristics also shows that educational level, business experience, and the ability to generate stable revenue influence the smooth repayment of loans because they are related to a borrower's capacity to manage their business (Arinta, 2014). Meanwhile, loan characteristics such as loan amount and loan term also determine a borrower's ability to meet their obligations in line with their financial capacity (Abdullah, 2014).

Nevertheless, most previous studies have focused primarily on economic factors and business characteristics as determinants of the ability to repay loans. In fact, an individual's behavior in fulfilling financial obligations is influenced not only by economic capacity but also by psychological, moral, and spiritual factors (Iskandar & Podo, 2020). In the context of Indonesian society, where the majority of the population is religious, religious values are believed to influence an individual's economic behavior, including their fulfillment of debt obligations (Alwi et al., 2022). Therefore, religious awareness is a variable worth considering when explaining a debtor's ability to meet credit payment obligations.

Alwahidin and Afni (2022) explain that individuals with a high level of religious awareness tend to have a greater sense of moral responsibility in fulfilling their commitments, including meeting agreed-upon financial obligations. From an Islamic perspective, debt repayment is not only a legal obligation but also a form of moral responsibility for which one will be held accountable before Allah SWT. This is as explained in Surah Al-Isra', verse 34, which affirms that every promise will be held accountable (Ministry of Religious Affairs of the Republic of Indonesia, 2019). This verse implies that commitment to fulfilling obligations, including loan repayments, is part of the value of integrity that every individual must uphold.

This concept is reinforced in Surah Al-Baqarah, verse 282, which explains the importance of recording debt and credit transactions, honesty, and responsibility in fulfilling financial obligations (Ministry of Religious Affairs of the Republic of Indonesia, 2019). Furthermore, the Prophet Muhammad (peace be upon him) also stated that delaying debt repayment by those who are financially capable constitutes a form of injustice (Hadith reported by Bukhari and Muslim). These values indicate that, from an Islamic economic perspective, debt repayment behavior is influenced not only by economic capacity but also by an individual's moral and spiritual awareness (Rahmah et al., 2021). Thus, religious awareness is expected to strengthen a debtor's commitment to fulfilling their loan repayment obligations on time.

Research by Ernawati et al. (2026) shows that religious awareness has a positive effect on public compliance with the use of financial services that adhere to Sharia principles, as these are based on the values of trust, justice, and responsibility. These findings are supported by Alwi et al. (2022), who state that the concept of maqashid al-sharia, particularly hifz al-mal (protection of wealth), positions responsibility in financial transactions as a crucial component of Sharia objectives. Individuals with a high level of religious awareness tend to avoid defaulting on their obligations because they view the fulfillment of financial obligations as part of a trust for which they must be accountable, both to their fellow human beings and to Allah SWT (Rahmah et al., 2021).

Although various studies have examined the influence of individual characteristics, business characteristics, credit characteristics, and religiosity on financial behavior, there remains a research gap that requires further investigation. Most previous studies have analyzed these factors separately or focused solely on economic aspects without integrating the religious dimension as a factor that can influence the ability to repay loans. Furthermore, research on the influence of religious awareness on borrowers' ability to repay loans in the conventional banking sector—particularly among MSME borrowers at the Palopo Branch Office of PT Bank Rakyat Indonesia (Persero) Tbk—remains very limited. This situation indicates that the relationship between individual characteristics, business characteristics, credit characteristics, and religious awareness on the ability to repay loans still requires empirical validation (Rahmah et al., 2021).

The novelty of this study lies in the development of a model that simultaneously integrates individual characteristics, business characteristics, credit characteristics, and religious awareness to explain borrowers' ability to repay loans. Unlike previous studies, which have largely focused on economic aspects, this study incorporates the religious dimension as a non-economic factor that is expected to influence borrowers' loan repayment behavior. Furthermore, the study was conducted among MSME borrowers at the Palopo Branch Office of PT Bank Rakyat Indonesia (Persero) Tbk, with a focus on the BRI Bua Unit—one of the units with a notably high volume of microcredit disbursements—in the hope of providing new empirical evidence regarding the factors influencing loan repayment ability in the MSME sector.

Based on these issues, this study offers a more comprehensive approach to analyzing borrowers' ability to repay loans by integrating economic and non-economic factors into a single research model. This approach is expected to provide a more complete picture of loan repayment behavior, thereby serving as a basis for banks to develop credit risk mitigation strategies that consider not only financial aspects but also the character and values of borrowers (Gaffar et al., 2021). Thus, the research findings are expected to make a theoretical contribution to the development of the literature on loan repayment behavior and provide practical insights for PT Bank Rakyat Indonesia (Persero) Tbk in improving the quality of its lending to the MSME sector.

Based on the above description, this study aims to analyze the influence of individual characteristics-comprising the number of family dependents and educational level-business characteristics-including business turnover and business experience-credit characteristics-comprising loan amount and loan term-as well as religious awareness on borrowers' ability to repay loans among customers of PT Bank Rakyat Indonesia (Persero) Tbk, Palopo Branch Office. The results of this study are expected to provide insights for the banking sector in improving the effectiveness of creditworthiness analysis, strengthening credit risk management strategies, and enriching research on the loan repayment behavior of MSMEs in Indonesia.

RESEARCH METHODS

This study employs a quantitative approach with a correlational research design aimed at analyzing the influence of individual characteristics, business characteristics, credit characteristics, and religious awareness on borrowers' ability to repay loans. The study was conducted at the Palopo Branch Office of PT Bank Rakyat Indonesia (Persero) Tbk, specifically at the BRI Bua Unit in Luwu Regency, which was selected because it has a diverse range of microcredit borrowers and a relatively high level of credit risk. The study lasted three months and included data collection, data processing, analysis, and the preparation of the research report (Hasan, 2002).

The dependent variable in this study is credit repayment ability, while the independent variables consist of individual characteristics, business characteristics, credit characteristics, and religious awareness. The operational definitions of each variable are presented in Table 1.

Table 1. Operational Definitions of Variables

Variable	Operational Definition	Measurement	Notation
Loan Repayment Ability	The borrower's ability to repay the loan principal and interest according to the agreed repayment schedule.	Current = 1; Non-current = 0	Y
Number of Family Dependents	The number of family members financially supported by the borrower.	Persons	X1
Education Level	The borrower's highest level of formal education completed.	Years of schooling	X2
Business Turnover	The average monthly business revenue earned by the borrower.	Indonesian Rupiah (IDR)	X3
Business Experience	The length of time the borrower has operated the business.	Years	X4
Loan Amount	The total amount of credit received by the borrower.	Indonesian Rupiah (IDR)	X5
Loan Term	The duration of the loan repayment period.	Months	X6
Religious Awareness	The level of religious awareness reflected in religious beliefs, worship practices, and business ethics.	Likert Scale	X7

Source: Processed secondary data (2026).

The study population consisted of all active borrowers of PT Bank Rakyat Indonesia (Persero) Tbk, Bua Branch, who received credit facilities during the study period. The sample was selected using purposive sampling, based on the following criteria: active borrowers with either current or non-performing loan (NPL) status, residing in Bua Subdistrict, and willing to participate as study respondents. Based on these criteria, a total of 60 respondents were selected.

Data collection was conducted through questionnaires, documentation, and observation. The questionnaire served as the primary instrument, using a five-point Likert scale to measure respondents' perceptions of the research variables (Sugiyono, 2023).

Table 2. Likert Scale

Response	Score
Strongly Agree (SA)	5
Agree (A)	4
Neutral (N)	3
Disagree (D)	2
Strongly Disagree (SD)	1

Source: Secondary data processed by the authors (2026).

The research instrument was tested using Pearson's product-moment validity test and Cronbach's alpha reliability test, with the criterion that the instrument is considered reliable if the α value is ≥ 0.60 (Ghozali, 2006). To enhance the credibility of the data, source triangulation was conducted by comparing the results of the questionnaire, credit administration documents, and field observations (Parta et al., 2023).

Data analysis in this study used binary logistic regression because the dependent variable is dichotomous-specifically, the debtor's ability to repay a loan, which is classified as performing (Y = 1) or non-performing (Y = 0) (Hosmer & Lemeshow, 1989). The independent variables analyzed include the number of family dependents (X_1), educational level (X_2), business turnover (X_3), business experience (X_4), loan amount (X_5), loan term (X_6), and religious awareness (X_7). The logistic regression model used is:

$$\ln\left(\frac{P}{1-P}\right) = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \beta_6 X_6 + \beta_7 X_7$$

Model fit was tested using the Likelihood Ratio Test (G-test) to determine the simultaneous effects of the independent variables. Next, the Hosmer–Lemeshow Goodness-of-Fit Test was used to assess the model's fit with the research data, while Nagelkerke R^2 was used to measure the model's ability to explain the variation in the dependent variable. The effect of each independent variable was analyzed using the Wald Test at a 10% significance level. All data analyses were performed using IBM SPSS Statistics version 32.

RESULTS AND DISCUSSION

Respondent Characteristics

This study involved 60 respondents who are borrowers of PT Bank Rakyat Indonesia (Persero) Tbk., Bua Branch, with loan periods ranging from 2021 to 2025. Data collection was conducted by distributing questionnaires directly to respondents at their business locations and at the BRI Bua Branch office. The characteristics of the respondents based on their loan periods are presented in Table 3.

Table 3. Respondent Characteristics Based on Loan Disbursement Period

Loan Disbursement Year (Period)	Number of Respondents	Percentage
2021	2	4%
2022	3	5%
2023	14	23%
2024	17	28%
2025	24	40%
Total	**60**	**100%**

Source: Primary data processed by the authors (2026).

Based on Table 3, the majority of respondents were borrowers who obtained loans in 2025—24 respondents (40%)—followed by 17 respondents (28%) who obtained loans in 2024. This indicates that most respondents are relatively new borrowers, meaning the study's findings more accurately reflect the current status of microcredit borrowers at PT Bank Rakyat Indonesia (Persero) Tbk., Bua Branch.

The characteristics of the respondents in this study include gender, age, educational level, and type of business. The presentation of these characteristics aims to provide an overview of the borrower profiles of the respondents at PT. Bank Rakyat Indonesia (Persero) Tbk., Bua Branch. The characteristics of the respondents are shown in Table 4 below.

Table 4. Respondent Characteristics

Characteristic	Category	Number of Respondents	Percentage
Gender	Male	29	48%
	Female	31	52%
Total		60	100%
Age	21–30 years	14	23%
	31–40 years	18	30%
	41–50 years	12	20%
	51–60 years	16	27%
Total		60	100%
Education Level	Elementary School	20	34%
	Junior High School	11	18%
	Senior High School	23	38%
	Diploma/Bachelor's Degree	6	10%
Total		60	100%
Business Type	Seaweed/Katonik Business	17	28%
	Trading	25	42%
	Agricultural Products Selling	13	22%
	Services and Others	5	8%
Total		60	100%

Source: Primary data processed by the authors (2026).

According to Table 4, of the 60 study respondents, the majority were female, totaling 31 people (52%). By age, the largest group of respondents was in the 31–40 age range, totaling 18 people (30%). In terms of education level, the majority of respondents had a high school education, totaling 23 people (38%). Meanwhile, based on business type, the majority of respondents—25 people (42%)—were engaged in the trade sector. These results indicate that the borrowers of PT. Bank Rakyat Indonesia (Persero) Tbk., Bua Branch, are predominantly women, are of working age, have a high school education, and are primarily engaged in trade.

Validity Test

The validity test was conducted using Pearson's product-moment correlation on the 10 items of the Religious Awareness variable (X7). With a sample size of 60 respondents, a critical r value of 0.254 was obtained at a 5% significance level. The test results showed that all items had a calculated r value greater than the critical r value; therefore, all items were deemed valid and suitable for use as research instruments.

Table 5. Validity Test Results for the Religious Awareness Variable

Item	Calculated r-value	Critical r-value	Result
P1	0.860	0.254	Valid
P2	0.854	0.254	Valid
P3	0.906	0.254	Valid
P4	0.962	0.254	Valid
P5	0.944	0.254	Valid
P6	0.954	0.254	Valid
P7	0.906	0.254	Valid
P8	0.939	0.254	Valid
P9	0.935	0.254	Valid
P10	0.877	0.254	Valid

Source: IBM SPSS Statistics Version 32 output.

Reliability Test

Table 6. Reliability Statistics

Cronbach's Alpha	N of Items
0.978	10

Source: IBM SPSS Statistics Version 32 output.

The reliability test using Cronbach's Alpha yielded a value of 0.978, which is higher than the minimum threshold of 0.60. These results indicate that the Religious Awareness instrument has a very high level of internal consistency, making it suitable for use in research.

Logistic Regression Analysis

A binary logistic regression analysis was conducted on 60 samples and showed that all data could be analyzed without any missing values. The dependent variable was classified as performing loans (1) and non-performing loans (0).

Table 7. Dependent Variable Encoding

Original Value	Internal Value
Performing Loans	1
Non-Performing Loans (NPL)	0

Source: IBM SPSS Statistics Version 32 output.

Model Fit Test (*Overall Model Fit*)

Table 8. Omnibus Test Of Model Coefficients

		Chi-square	df	Sig.
Step 1	Step		7	<0.001
	Blok		7	<0.001
	Model		7	<0.001

Source: IBM SPSS Statistics Version 32 output.

The results of the Omnibus Test of Model Coefficients showed a significance value of < 0.001, indicating that the regression model is a good fit and that the independent variables simultaneously influence borrowers' ability to repay loans. Furthermore, the Hosmer–Lemeshow Goodness-of-Fit Test yielded a significance value of 0.990 (>0.05), indicating that the model fits the research data well and is therefore suitable for further analysis.

Table 9. Hosmer–Lemeshow Goodness-of-Fit Test

Step	Chi-square	df	Sig.
1	1.658	8	0.990

Source: IBM SPSS Statistics Version 32 output.

Coefficient of Determination

Table 10. Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Negelkerke R Square
1	18.876[a]	0.607	0.851

Source: IBM SPSS Statistics Version 32 output.

The Nagelkerke R-squared value of 0.851 indicates that 85.1% of the variation in borrowers' ability to repay loans can be explained by the variables of number of dependents, educational level, business revenue, business experience, loan amount, loan term, and religious awareness. The remaining 14.9% is influenced by other factors outside the research model.

Partial Significance Test (*Wald Test*)

The results of the Wald test yield the following logistic regression equation:

$$\ln\left(\frac{P}{1-P}\right) = 0{,}079 + 0{,}156X_1 - 0{,}092X_2 - 0{,}514X_3 + 3{,}284X_4 - 0{,}030X_5 - 0{,}184X_6 + 0{,}114X_7$$

The test results for each variable are presented in Table 11.

Table 11. Binary Logistic Regression Analysis Results

Variable	Coefficient	Wald	Sig.	Interpretation
Number of Family Dependents (X_1)	0.156	0.177	0.674	Not significant
Education Level (X_2)	-0.092	0.146	0.702	Not significant
Business Turnover (X_3)	-0.514	3.869	0.049	**Significant**
Business Experience (X_4)	3.284	6.052	0.014	**Significant**
Loan Amount (X_5)	-0.030	2.847	0.092	Not significant
Loan Term (X_6)	-0.184	5.438	0.020	**Significant**
Religious Awareness (X_7)	0.114	4.121	0.042	**Significant**
Constant	0,079	0,001	0,981	

Source: IBM SPSS Statistics Version 32 output.

Based on Table 11, the variables of business turnover, business experience, loan term, and religious awareness have a significant effect on borrowers' ability to repay loans ($p < 0.05$). Meanwhile, the number of family dependents, educational level, and loan amount do not show a significant effect. These results indicate that the ability to repay loans is more influenced by business conditions, loan characteristics, and the level of religious awareness than by the borrowers' demographic characteristics.

Discussion

The binary logistic regression analysis indicates that not all independent variables significantly influence borrowers' loan repayment ability. The number of family dependents has a positive coefficient but does not significantly affect loan repayment ability ($\beta = 0.156$; $p = 0.674$). This finding suggests that the number of dependents is not the primary determinant of timely loan repayment, as borrowers' repayment capacity is more closely associated with business performance and sustainability. This result is consistent with the findings of Arinta (2014), who also reported that the number of family dependents does not significantly affect loan repayment performance.

Similarly, education level does not significantly influence loan repayment ability ($\beta = –0.092$; $p = 0.702$). This result implies that formal education is not a dominant factor in determining borrowers' ability to meet their loan obligations. In the context of microenterprises, practical experience, managerial capability, and financial literacy appear to play a more important role than formal educational attainment. This finding is also in line with Arinta (2014).

In contrast, business turnover has a negative and statistically significant effect on loan repayment ability ($\beta = –0.514$; $p = 0.049$). Although higher business turnover is theoretically expected to improve repayment capacity, the findings suggest that borrowers with higher turnover do not necessarily demonstrate better repayment performance. This may be attributed to higher operating costs, increased working capital requirements, and greater business risks associated with larger-scale operations, resulting in higher revenues that are not always accompanied by increased net cash flow. This finding supports the results reported by Arinta (2014).

Conversely, business experience has a positive and significant effect on loan repayment ability ($\beta = 3.284$; $p = 0.014$), with an odds ratio of 26.681. This finding indicates that borrowers with longer business experience are substantially more likely to repay their loans on time than those with relatively limited experience. Business experience enables entrepreneurs to develop stronger cash flow management, gain a better understanding of market conditions, and make more effective business decisions (Abdullah et al., 2022). This result reinforces the findings of Arinta (2014) and Widayanthi (2012), who identified business experience as a key determinant of successful loan repayment.

The loan amount exhibits a negative but statistically insignificant effect on loan repayment ability ($\beta = –0.030$; $p = 0.092$). This suggests that the size of the loan does not directly determine borrowers' repayment performance. One possible explanation is that the credit appraisal process implemented by PT Bank Rakyat Indonesia (Persero) Tbk., Bua Unit, aligns loan amounts with borrowers' business capacity and repayment ability through the application of prudent banking principles.

Furthermore, loan term has a negative and significant effect on loan repayment ability ($\beta = –0.184$; $p = 0.020$). The odds ratio of 0.832 indicates that longer loan maturities reduce the likelihood of borrowers remaining in the performing loan category. This finding suggests that extended repayment periods increase uncertainty regarding business conditions over the loan horizon, thereby raising the risk of delayed repayment. These results are consistent with those reported by Karlina et al. (2024) and Bara et al. (2025).

Finally, religious awareness has a positive and statistically significant effect on loan repayment ability ($\beta = 0.114$; $p = 0.042$), with an odds ratio of 1.121. This finding indicates that a higher level of religious awareness increases the likelihood that borrowers will fulfill their loan repayment obligations on time. The result supports the arguments of Alwahidin and Afni (2022) and Alwi et al. (2022), who contend that religious values foster moral responsibility, self-discipline, and more responsible economic behavior. From the perspective of Attribution Theory, religious awareness represents an internal factor influencing individuals' financial behavior and commitment to fulfilling financial obligations (Iskandar & Podo, 2020).

Accordingly, borrowers with stronger religious awareness are more likely to perceive loan repayment as a moral responsibility rather than merely an administrative obligation. Nevertheless, since this variable was measured based on respondents' self-perceptions, the potential influence of social desirability bias should be considered when interpreting the findings.

CONCLUSION AND RECOMMENDATIONS

Conclusion

This study demonstrates that not all variables examined significantly influence borrowers' loan repayment ability at PT Bank Rakyat Indonesia (Persero) Tbk., Palopo Branch Office. The binary logistic regression analysis reveals that business turnover, business experience, loan term, and religious awareness have significant effects on loan repayment ability, whereas the number of family dependents, education level, and loan amount do not have statistically significant effects. Among the significant variables, business experience is the most influential factor, with an odds ratio of 26.681, indicating that borrowers with longer business experience are substantially more likely to maintain performing loan status. Furthermore, religious awareness has a positive and significant effect on loan repayment ability, suggesting that a higher level of religious awareness encourages borrowers to fulfill their repayment obligations in accordance with the terms of the loan agreement.

Recommendations

The findings of this study provide practical implications for PT Bank Rakyat Indonesia (Persero) Tbk., Palopo Branch Office. Greater attention should be given to the factors found to significantly influence borrowers' loan repayment ability, particularly business experience, business turnover, loan term, and religious awareness. Efforts to strengthen borrowers' sense of responsibility, honesty, and repayment discipline may be implemented through financial education and financial literacy programs, without using the level of religiosity as a formal criterion in credit assessment. Borrowers are also encouraged to manage their businesses more productively, maintain stable cash flows, and utilize loan facilities in accordance with their intended financing purposes to ensure sustainable repayment performance. This study has several limitations, including the relatively small sample size, the focus on a single banking branch, and the limited number of independent variables included in the analysis. Future research is therefore recommended to expand the sample size and geographical coverage, include other financial institutions, and incorporate additional variables such as financial literacy, borrower characteristics, self-control, conscientiousness, household economic conditions, and other psychological factors. Furthermore, the use of a mixed-methods approach combining survey data with in-depth interviews is recommended to provide a more comprehensive understanding of the factors influencing borrowers' loan repayment ability.

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