

ABSTRACT

Credit is one of main business for a bank, related with its obligation and function as a intermediary institution which are collecting and distributing funds to society. Fees from interest of credit distributions has strong influent for bank's profitability, so oftentimes bank considers from profits aspect only and careless about prudential principle for bank regulation before giving a credit, specifically related to the collateral objects. Collateral object has important role for a credit due to security reason, collateral object will cover loan outstanding if the debtors in a default situation or wanprestatie. Considering its function, absolute condition for an object to be a collateral must be liquid and transferability objects. This research uses statute and conceptual approach. First legal issue is to observe the characteristic of an educator certificate from collateral law perspective. The second legal issue is discuss about law protection for a bank with educator certificate as a collateral and if the debtor's status as a professional educator removed, it's related with validity of certificate and its position as a collateral. It can be concluded that educator certificate is not eligible as collateral object because it has not economic value and could not be transferable. Educator certificate is just a proof that a person has a right and is possible to be source of payment for credit. The important thing before giving credit is preventive method known as credit analysis, for recognizing creditworthiness of credit applicant. Another method to protect collectability from default condition is by using credit insurance. Bank can also apply credit restructure when the debtor's collectability is bad and turning into default condition. Those methods are expected to keep both bank's liquidity and profitability balance on doing its function as intermediary institution.

Keywords : Bank, Credit, Collateral, Educator Certificate, Default, Wanprestatie