

**LEMBAGA PERKREDITAN DESA (VILLAGE CREDIT INSTITUTION)
AS NON BANKING FINANCIAL INSTITUTION
BASED CUSTOMARY LAW IN BALI****I Made Suwitra¹, I Wayan Arthanaya², I Wayan Subawa³,
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Abstract

The study in this paper aims to show the strength of the Village Rural Institution owned by Desa Adat (costumory village) in Bali in the current globalization based on Awig-Awig (costumary law). This study is based on normative legal research methods and emperical law using satute approach, analytical, case, legal anthropology, and costumory law. The results of the study show that the presence of various financial institutions such as banking, finance, cooperatives have no significant effect on the existence of Lembaga Perkreditan Desa as a non-bank financial institution owned by Desa Adat. It is precisely the financial institutions established under state law are afraid of the existence of Rural Credit Institutions owned by Adat Village because of the strength of its legal alliance body and its awig-awig. So it can be concluded that the Village Rural Institution owned by Desa Adat in Bali can coexistence with various institutions and state law. Since the administration as a model of legal document used by Rural Credit Institution in credit distribution can imitate the model of banking administration in general with some adjustment to the local wisdom law for the welfare of the people of Desa Adat.

Keywords: *Lembaga Perkreditan Desa; Non-bank Financial Institution; Welfare of Desa Adat*

INTRODUCTION

The charaterictic of Balinese as an identity that still exist until now and for

the future is still able to maintain Customary Village as communion body of customary law co-existed with Official Village which is established by the government through state law to actively participate in the process of development both physical and mental spiritual. In Several references of Customary Law, it is recognized the existence of part of customary law on liability law.¹ Legal account payment.² In accordance with customary law, liability law or legal account payment are the overall legal regulation which controls the rights on objects other than land and transfer of those rights and the laws regarding services. In the customary law of debt does not only include or set of legal acts such as personal loans, but also with regard to the right to housing, vegetation, livestock and goods, discordant-accounted, *Sambat-sinambat*, helping, downpayment.³

Liability customary law or customary law of debt that developed based of customary law of Desa Adat and co-existed with the state law is Lembaga Perkreditan Desa (Village Credit Institu-

tion) which hereinafter is referred as LPD. The presence of LPD is aimed to primarily eradicate moneylender and debt bondage system for farmers and villagers in whom initially most of the residents are farmers as a consequence of an agricultural country. Therefore, the study of LPD as credit institutions based customary law of customary village becomes one of the characteristics and legal identifier of the local wisdom which still remain exist in a global issue to useful in creating prosperity of the people of Desa Adat.

RESEARCH METHODS

The type of research which is applied is normative legal research and legal empirical research or socio legal research. While the approach used in this study, namely the statute approach, analytical, case, legal anthropological approach, and customary law approach. Anthropology law draws attention to the phenomenon of legal pluralism (legal pluralism) in the public as stated by Roger Cotterrell: *We should think of* through anthropological approach, it is obtained a very complex picture of the plurality and heterogeneity of the "people of Indonesia" and the complexity of "Indonesian culture". Bali with 1493 Desa Adat also has different customs and toxicity in accordance with the "*desa*

¹Iman Sudiyat. (1981). *Customary Law Principle Sketch*. Yogyakarta: Liberty, p. 3.

²Ronny Hanitijo Soemitro. (1983). *The Methodology of Law Research*. First Edition. Jakarta: Ghalia Indonesia, p.15.

³Johnny Ibrahim. (2006). *The Teory & Methodologi of Normative Law research*. Revised Edition. Second Edition. Malang Jawa Timur: Bayumedia Publishing, p. 98.

(village), *kala* (time) and *patra* (condition)" meaning according to place, time, and conditions. That difference is not to be contradicted, but on the contrary to be respected in order to achieve a common goal, namely *Moksartam Jagatdhita*, means prosperity and happiness.⁴

The data in this study were obtained from the first source either from an informant or respondent. It also obtained from sources both in the form of legal materials, such as primary legal materials in the form of legislation as well as state law or customary law as the law of the people (folk law). Secondary legal materials like text books, journals, research reports compiled by interviewing, observation, and recording with file model.⁵ The data were analyzed using the techniques of hermeneutics analysis, means to find meaning and formulated through text interpretation of the object to be interpreted, the understanding of the historical and sociological background of the surrounding problems in the context of space and time.⁶

THE CONCEPT BASIS

Customary Law in Desa Adat in Bali

⁴I Wayan Surpha. (2002). *Adat Village and Customary Village Bali*. Denpasar: BP Publisher, p. 17.

⁵I Made Suwitra. (2009). "The Existence of Tenure and Ownership of Customary Land in Bali in National Agrarian Law Perspective", *Dissertation*, Doctor program of Law Faculty of Law Brawijaya University Malang, p. 51.

⁶*Ibid*.

Awig awig (customary law) can be either in the form of written or expressed customary law that has not been written (recorded) that is still respected and obeyed by customary law communities in both urban and rural. Customary is a reflection rather than the character of a nation, is one of incarnation of the soul of the nation in the world over the centuries. Therefore, each nation in the world has its own customs with is not the same one another. This inequality is precisely the most important element that gives character to the identity of Balinese cultural to a nation. Similarly, Balinese customary law known as Awig awig is a reflection of the soul of the people of Bali in the form of Customary Village.

The civilization levels, as well as the modern way of living, was not able to eliminate customs that live in the community; Bali is one example, where in the advancement of age process it was customary to adapt to the circumstances, the environment and the will of the era, as well as a bastion of cultural identity so customary in Bali to be permanent and remains fresh, and able to become one of the attractions for the development of tourism that better known as cultural tourism.

Customary which is owned by the county, the tribes in Indonesia is different, though basic and nature are one, namely its Indonesian. Therefore, the traditional Indonesian nation was said is "Bhineka (Unity in Diversity)" (different in areas tribe) "Tunggal Ika" (but still one too, which is the basis and nature of Indonesian).

The customary of Indonesia that " "Bhineka Tunggal Ika" (Unity in Diversity) is not dead, but is always evolving, always moving and always in a state based on the necessity to follow the evolution of the process of the development of civilization nation. These customs which live and related to the folk tradition is the source of fascination to customary law Indonesia who later gave birth to the theory of *Reciptio in complexu* of Van den Berg who stated, that the customary law of a society is a reception (acceptance) of the law of religious communities concerned.⁷ So the religious law and customary law of Bali in their implementation will be mutually coexist as a whole, and give each other strength in its implementation although the difference between the two. Therefore, wherever and whenever in the implementation of the customs and customary law in Bali are always inspired

and followed by a ceremony means offerings and religious law. This condition proves that the religious magical style of Balinese customary law can still be seen. To prove it, it is expected that researchers and academics can come and make observations in Bali. It is believed, that the customary law of Bali is one of the models that still remain exist and until any time as long as Customary Village or Adat Village (Ge version of Bali Provincial Regulation No. 3 of 2001 Jo No. 3 of 2003) as a body of customary law partnership is still alive. It is relevant to what is stated Van Vollenhoven in a speech on October 2, 1901 which asserted that: to know the law, then the main needs to be investigated is the nature and composition of the **bodies' partnership law**, where people are ruled by the law live everyday whenever and wherever it is.

To be able to know the customary law society, the knowledge of the legal union body is of utmost importance. Therefore, to be able to know Balinese customary law better and properly what is known as *awig-awig*, then the knowledge of communion legal entity known as "Customary Village" becomes very important and essential?

⁷Surojo Wignjodipuro. (1979). *Introduction and Customary Law Principle*. Bandung: Alumni, p. 22.

Law as the Reflection of Nationgeist

Every nation has volkgeist. The soul is different each other, either based on time or place. The reflection of the different souls appears in a culture of the different nation. The expression appears in a law that is different in time and place. So there is no universal law. The law depends on the volkgeist that becomes the content of the law determined by social intercourse from time to time.⁸

Customary law is not made, but it grows with the societies. By a flexible and dynamic characteristic, so the customary law alterables to adapt itself to a demand of value development, as long as there is a will of the societies to understand and harmonize the value in customary law with the magical and religious tradition with secular modern value.

Balinese Customary Law known as *Awig-awig* still exists because a legal entity, that is *Desa Adat* (Customary Village) or known as *Desa Adat*. But it must be admitted that defensible ability of *Desa Adat* is different each other, especially in making an effect of modern value opportunity to strengthen the economy of the society by making the best use of every chance dynamically. *Desa Adat* will be

able to make opportunity of economy when there is an ability to utilize the village potentation. Every *Desa Adat* has a potentation that can be developed in order to give benefit for the societies, by Bentham is called “*the greatest happiness for the greatest number of people*” (Darji Darmidiharjo and Shidarta, 1996: 116).

Desa Adat in Bali is basically used as a place for the societies in competing to find, develop, and utilize the potentation to make them prosperous, that is by using and developing the potentation of natural resources as one of tourism packets like water, river, mountains, mount, art, and other cultures that based on philosophy of *Tri Hita Karana* that teach a harmonic relation between human and God, human and environment, and human and other human. In traditional African society, there are three forms of control combination like that is told by Norbert Rouland by the term “*Combining three forms of control with the three fundamental relationships: humanity, things, God in traditional African societies*”.⁹ The potentation that directly impact to the society is building LPD (Village Credit Institution) in every *Desa Adat* that is expected to be a main source for the society in developing

⁸H. Lili Rasjidi, and Ira Rasjidi. (2001). *The Basic Philosophy and The theory of law Dasar-Dasar Filsafat, Eighth Edition*. Bandung: Citra Aditya Bakti, p.65.

⁹Norbert Rouland. (1994). *Legal Anthropology*. Stanford: Stanford University Press, p.1.

their business in order to not fall into creditor.

3. LPD (Village Credit Institution) as Non Bank Financial Organization

In the beginning, LPD in Bali was established with The Decree of Governor of Province Bali Number 972 Year 1984 dated 1 October 1984 about founding Lembaga Perkreditan Desa (Village Credit Organization) in Province Bali to develop the economy in the village, especially for the farmer and minor business. Further, it is roled in district regulation (Perda) No.2 Year 1998 about Lembaga Perkreditan Desa that is completed by Perda No. 8 year 2002 that is substituted into Perda No.3 year 2007 and once again substituted into Perda No.4 year 2012.

As a pilot project, it was built one LPD in every regency/city, so there were 8 LPD in Bali. By the help of *United States Agency For International Development* (USAID) in term of consultant and educational means, and cost of supervision from 1990 to 1992 that was continued by the assistant of the Province Budget Expenditure and Revenue, to the end of 1996, LPD had been developed into 849 units from 1.365 *desa adat* in Bali, or by other words it increased 62,2%.¹⁰ In the

¹⁰Bali Local Development Bank. (1997). "The opportunity and the challenge Bali Local Development Bank

end of 1997 the number of LPD and *desa adat* in entire regency and city in Level Area I was 904 LPD and 1.371 *desa adat*.¹¹ Whereas until year 2014 LPD was developed into 1422 units (The Empowerment institution of Village Credit Institutions of Bali Province).

The establishing of LPD is not only based on district regulation but also *awig-awig desa adat* as *folk law* that is related to certain functions and aims.

The functions of LPD are as follows:

- a. As an operational unit and a place of village wealth in form of money or other securities.
- b. Efforts either relating to village interest or increasing life standard of the villagers.

The aims of establishing LPD are as follows:

- a. To encourage economy building of villagers by savings and effective money distribution;
- b. To against future contract, black credit, and other units that can be called as the same as them in the village;

in building and developing business of LPD in Bali Province". P. 1.

¹¹I Made Budhiadnya. et al. (1998). "The Performance of Village Credit Institution (LPD) in Level I Area of Bali Province," Research Report of faculty of Economy Udayana University in cooperation with Development Planning Agency of Level I Area of Bali 1998, p. 3.

- c. To create even distribution and business chance for the villagers and the laborer in the village;
- d. To increase purchasing power and smoothen payment traffic in the village.

In doing the efforts to reach the aims, LPD does some activities like:

- a. Accepting savings from the villagers in term of regular savings or time deposit that based on the regulation;
- b. Giving a loan for some productive activities in agriculture sector, industry/small business, commerce, and other business;
- c. The efforts in term of conscription of village money;
- d. Enclosing money to other businesses;
- e. Accepting a loan from money institutions.

LPD acts as village money organization to increase the economy. LPD is used to support important local business and to increase life standard of the villagers. LPD is established to compute with a creditor in the village and to finish the creditor off, by giving cheap and simple credit. Besides, LPD aims to fix society behavior in term of paying and changing the money at the village level.

If it is seen from an ownership and finance, LPD as non bank organization that by government regulation of Province Bali, the ownership is at one's elbow to *desa adat* so in long term it is expected *desa adat* can be massively roled in shoring up the economy, social, and spiritual in the village. Whereas as the main source of finance, LPD comes from society supporting or known as *urunan* from *krama desa adat*, the help of governmance, and the finance from a benefit kept by the society, and a loan from BPD Bali (Local bank).

Theoretical Basis. The analysis of the problems is using The Theory of Utility by Jeremy Bentham who puts the happiness as the main purpose of the law. So good or bad or fair or not fair depends on does the law brings happiness or not? The greatest happiness for the greatest number of people.¹²

Another theory that is still relevant is Justice Theory by John Rawls who fathoms distributive justice as the result of *Justice as fairness*. There are two ways to answer the question have it been right when a principle is chosen? they are first, "justice as equivalence" produces "pure procedural justice". In pure procedural

¹²Darji Darmidiharjo and Shidarta. (1996). *The Principles of Law Philoshopy*. Second Edition. Revision Edition. Jakarta: PT. Gramedia Pustaka Utama, p.116.

justice, there is no standard that can decide the justice separating from the procedure itself. The justice is not applied to a result of the output, but to the system. Second, the justice is also meant as beneficence of a result of decision procedure.¹³

DISCUSSION

LPD is one of village institutions roled as operational unit function as coordinating institution of a wealth of Desa Adat in the form of money and securities. In article 2 (1) Perda No. 8 year 2002 changing Perda No. 2 year 1998 it is clearly explained that: LPD is a credit institution wich is owned by a village that runs its business in a village and it is for *Krama Desa* (society).

Since the establshing, LPD is expected to be able to be built in every *Desa Adat* by condition of in *Desa Adat* has a written *awig-awig*, socially and economically *Desa Adat* is potential enough to be developed. While the territory of *Desa Adat* that is close to another can build LPD together. The consequence is the number of LPD is not the same as the number of *Desa Adat*, until year **2014 there are 1422 LPD from 1430 Desa**

Adat in Bali. The basis of law in the case of building and managing LPS is *Perda Provinsi* and Governor Decision. Whereas the society is bounded down with LPD that is coexisted with *Awig-awig Desa Adat*. So the function of *awig-awig* is not only to keep social order as a social control but also as an instrument that keep the nation integrated in the case of *desa adat* society in a multicultural society.¹⁴

LPD as a finance business entity had by *Desa Adat* is like loan distribution, receiving savings in term of money box and deposito that is based on trust to bonding power of *awig-awig*, it means there is a trust of philosophy that is the society of *desa adat* believes in roles of *awig-awig* used as the held of chanellization and return of credit in LPD, because a doubt in *awig-awig* is valid for offender related with credit acceptance of LPD is very effective. By applying statute No.1 year 2013 about micro finance entity, the existence of LPD is still recognized based on the custom law and not bent down the statute (section 39 clause 3).

The form of custom doubt in *awig-awig*, such as: reminder by broadcasting in *paruman* (meeting) in *banjar* when

¹³Karen Lebacqz. (2013). *Six Theoryies of Justice*, Augsbung Publishing House, Indianapolis.1986. Translated. Yudi Santoso Teori-Teori Keadilan. Bandung: Nusa Media, p. 50,59.

¹⁴Nyoman Nurjaya. (2006): *The Management of Natural Resources in Law Anthrpological Perspective*, First Edition. (The collaboration of Master of Law Study Program, Postgraduate Program of Brawijaya Universities. Malang: Malang State University Press, p.2.

overdoing of paying credit installment, *dande* (fine), apologizing (*pengaksama*) in meeting (*paruman*) in *banjar*, double fine (*penikel*), *rerampagan* (auction), *kasepe kang* (being not excommunicated) as the society, *kanorayang* (being stopped) as *krama* (member of society) *banjar*/village, and there is no right for the facilities and services in the village. the custom doubt is clearly described in *Awig-Awig Desa Adat*, such as in section (Pawos) 69 *Awig-Awig Desa Adat Tangkas*, section 78 *Awig-Awig Desa Adat Kesiman Denpasar*, section 84 *Awig-Awig Desa Adat Ume Salakan Klungkung*.

In *awig-awig* *Desa Adat* it is explained that LPD is *druwen* (property) *Desa Adat* (section 38 clause 7 *Awig-awig* *Desa Adat Ume Salakan Klungkung*, section 20 clause 1 number 7 *Awig-awig* *Desa Adat Pinggan Kintamani bangle*). The consequence is obligatory kept by *krama* (society) of the village either as LPD officers, *prajuru* (government apparatus) of *Desa Adat*, or the society, because if the society break the *awig-awig* they will be punished without paying attention to the status (*equality before the law*). The power of *awig-awig* makes guarantee of social orderliness in the society. The function of *prajuru adat* is to keep *awig-awig* being

honored and faithful to. This is the aspect of law assurance, justice and the use become bet to be applied and remembered by all society, it means every violation or doubt however it is simple violation will get solution concretely, so the balance that is disturbed is restored (*evenwicht*). Koenoe calls the solution based on “harmonious, pitch, and propel” principle.¹⁵

As a proof of doubt maintenance in *awig-awig* about stuck credit case in LPD, a result of research can be referred. It is explained that doubt maintenance in *Awig-awig* can keep social order in *Desa Adat*, it is proofed by solution model of stuck credit case in LPD of *Desa Adat Tangkas Klungkung* and LPD of *Desa Adat Sidakarya Denpasar* that have restored the awareness of the society to pay the installment in proper time.¹⁶

Basically the society who become customer of LPD know the law well, but when they know there are LPD officers or *Prajuru* who become borrower and do not do their obligation so this will be referred by them. The condition is relevant with the statement told by J.E. Sahetapy: bad smell of fish commonly from the head not

¹⁵Moh Keosnoe. (1979). *The Notes of Customary Law Nowadays*. First Edition I, Surabaya: Airlangga University Press, p. 44.

¹⁶I Made Suwitra. (2000). “The Prospect of Customary Sanction in Overcoming Bad Credit in LPD a thought in Penal Code Renewel *Thesis*. Denpasar: Master of Law Study Program Postgraduate Program Udayana University, p.170-171.

the tail (J.E. Sahetapy, *Lettre de cachet*: 1998: 177). Therefore there is LPD that is bankrupt because integrity factors consisting morality and mentality of bad officers, such as happened in LPD Sidakarya about year 1997 (I Made Suwitra, 2000: 177). Another example can be seen in some LPD in Bali like LPD Desa Adat Anjingan Klungkung, LPD Desa Adat Banyualit Buleleng, LPD Selingsing Desa Pangkung karung Kerambitan Tabanan, LPD Desa Adat Bungaya Karangasem, LPD Desa Adat Lokasari, Kelurahan Lolan Timur Jembrana, LPD Desa Adat Catur Kintamani Bangli, LPD Desa Adat Belaluan Singapadu Sukawati Gianyar (Bali Post, "Colaps LPD in 2011-2013:4-20). The completion of the case in LPD is by using *Awig-awig* and nowadays it can be combined with the state law when the law violation relates with blackout, deception, or falsification.

To prevent the problem of credit stagnation in LPD, the first thing to be aware is the integrity of LPD officers and *Prajuru Adat* so a decision in recruitment model of LPD officers must be good and open by involving an expert. Besides the integrity of *Prajuru Adat* to not do intervention in managing LPD administration, because *Bendesa Adat* based on the function (*ex-officio*) becomes intern chief of

treasury of LPD works with two other members chosen by the society based on the competence and experience in the case of managing treasury (Article 12 jo Article 4 The Regulation of Bali Province No.8 year 2002 about LPD).

The first time, LPD was for *krama* (local society) in *Desa Adat* either as creditor or debtor because the founding of LPD was based on Perda Provinsi dan Keputusan Gubernur (Bali) Jo *Awig-awig Desa Adat*. The consequence, *Awig-awig* with the autonomy is functioned as means of social order mainly in assuring of paying the credit back given to *krama Desa Adat*, because one of indicators of LPD is graded from the smoothness of paying the credit back by the society. *Awig-awig* can keep the stability of paying the credit back because of doubt firmness, but the power of the rule based on personality principle that means it valids for *krama Desa Adat* only. The condition becomes one of difficult factors of developing and competing LPD compared by other financial boards.LPD that can be developed is LPD that is able to be innovated to adapt a development of services with various models of savings and credit for the society in general meaning, it means LPD is not exist for *krama Desa Adat*, but it is demanded to be able to serve all entire society in

the area of *Desa Adat* that is day by day becoming complex and heterogeneous. By the complexity, the service and assurance of paying the credit back become risk especially for a customer from *krama Tamiu* or not being *krama Desa Adat* (*krama mipil* is a member of Customary Village which is noted as a member of *Banjar* (small group of community) whether inside the territory of Customary Village or outside of Customary Village and it is still by *Ayahan* (social work) as an obligation in accordance with membership status in *Banjar*), bound While *Awig-awig* only ties and valids for the society of *Desa Adat*. Therefore it is needed an intellectuality to manage LPD, it means every deed of a subject in every relationship is clearly managed by law state especially about right of insurance and Fiducia insurance.

Krama Desa Adat (The customary society) is not only bent down to *Awig-awig* but also be bent down to law state mainly when using right of insurance or Fiducia insurance in credit treaty above 10 million especially for debtor that belongs *krama Tamiu*, while LPD is non-bank finance institution that is not bent down to the law No. 1 year 2013. In practicing credit treaty that uses right of insurance or Fidusia needs notary public service and/or PPAT to guarantee certainty law and jus-

tice as well as guaranting protection of LPD for the credit given to the customers. The condition is supported by the fact that every credit treaty that has contract value above 10 million Rupiah will be followed by obligation of guarantie in term of moving thing or non moving thing while LPD is asided from The Authority of Financial Services (O.J.K) monitoring.

Initially in the credit treaty was based on belief principle, in this case debtor at the same time as a part of society will pay the credit full based on the contract and *Awig-awig*. The credit given is limited that uses concept of increasing economic sector of the villagers so there is no collateral needed yet in redemption because the system of controlling it is enough by doubt in *Awig-awig*. The consequence is the development of LPD is very slow, moreover there is derogation than other finance institution, while the first idea of building LPD is to make the society of *Desa Adat* (customary village) standing alone in the case of economic, preserving of culture and religious activities that can be traction and tourism characteristic in Bali.

Realizing the weakness, *Desa Adat* that has LPD, by the officers and *prajuru adat* innovate with some new ideas such as: expanding the client network and

opening the institution to *krama Tamiu* (every people who live in *Desa Adat*) even the society of other villages, widening the service especially in the form of savings, servicing fund of *Tirtayatra* (Spiritual Traveling), the credit for the workers who will work in cruiser, building *Balai Banjar*, religious activity cost, cooperation with other LPD, servicing payment of electric, telephone, water, and tax. To guarantee the safety and certainty law for the innovation done for the progression and existence of LPD, coexistence *Awig-awig* as *Folk Law* with *State Law* become means of social order, because the credit given more than hundred millions Rupiah for one client to develop their business or investment. Therefore every credit given nowadays is accompanied by collateral, and then it is reasonable to put into effect of law state and notary public as well as Land Deed officer to guarantee the assurance and protection to LPD and customers.

By open managing model, the pure profit of LPD in one year is fantastic such as in LPD *Desa Adat Sasetan Denpasar* that reaches Rp.2.308.522.233 (Accountability Report of LPD (Village Credit Institution) of *Sasetan Customary Village* 2016). The pure profit of LPD as *Desa Adat* property at year end is used based on

stipulation like in section 22 Perda Provinsi Bali No. 4 year 2012 as follows:

- a. 60% capital reserve;
- b. 20% Development fund of Customary Village (equivalent to Rp. 461.704.446).
- c. 10% Production service;
- d. 5% Empowerment Fund;
- e. 5% social fund.

By the composition, it is clear that in establishing LPD is used to develop *desa adat* as folk law partnership mainly in preserving and keeping Balinese culture that is the soul of Hindu with various religious activities and human resources by giving scholarship to achievers of Customary village until entering university, giving assistance to Hindu priest (*Jero Mangku Pura Kahyaganan Tiga, Prajuru Adat (The Leaders of Customary Village)*).

The management of LPD in the development is not only bounded by Customary Law (*Awig-awig*) of *Desa Adat (Customary Village)* as the basis, but also uses state law in one purpose that is reinforcement of LPD by a protection and guarantee to the assurance of every law applied. Strong management of LPD is assumed that Balinese culture (Hindu's soul) can be everlasting and adaptive in global grille to support tourism in Bali in specific and Indonesia in general.

CONCLUSION

LPD as a asset of Desa Adat (Customry Law) is a non banking financial institution which run based on *Awig-awig* (Customary Law) can be coexistance with state law as a mean of strengthening economic of the society in the villages so that can compete with other finance institutions. LPD (Village Credit Institution) at present had proven giving great contribution for the preservation of Balinese culture that is implemented in various religious activities (Hindu), Therefore, it needs innovation in developing credit service model and savings based on the needs of modern society. For a party who wants to know how Balinese Customary Law called as *Awig-awig* is implemented in the life of the customary society is only able to perform by participant observation.

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