

FACTORS AFFECTING THE AUCTION LIMIT VALUE OF NON PERFORMING LOANS COLLATERAL AT PT. BANK NEGARA INDONESIA (PERSERO), TBK. PAPUA REGION

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Abstract- This study aims to analyze the factors that influence the auction limit value of non-performing loans at PT. Bank Negara Indonesia (Persero), Tbk. Papua Region. The independent variables analyzed include *exposure time*, collateral location, collateral condition, market value, and liquidation value. Data were collected from internal auction documents and analyzed using multiple linear regression. The results show that *exposure time* has a negative and significant effect on auction limit value, meaning that the longer the property remains unsold and goes through repeated auctions, the more its limit value tends to decrease. The location of the collateral showed a positive effect on the limit value, but it was not significant at the 95% confidence level. The condition of the collateral had a positive and significant effect on the limit value, indicating that properties in better condition had higher limit values. Market value also had a positive and significant effect on the limit value, reinforcing the role of market value as the basis for determining the auction limit value. Conversely, the liquidation value has a negative and significant effect on the limit value, indicating that the higher the liquidation value of collateral, the lower the limit value tends to be compared to its market value. Among the independent variables analyzed, the condition of the collateral has the most significant effect. This confirms that collateral conditions in the form of structurally safe and well-maintained property, with complete legality and located in a strategic environment, will reduce the risk of value decline and open up opportunities to obtain auction prices with the highest limit value. These findings are expected to provide strategic information for banks in setting more accurate and effective auction limit values.

Keywords: *exposure time*, collateral location, collateral condition, market value, liquidation value.

INTRODUCTION

Credit collateral plays an important role in credit risk management because it can be used as collateral that can be resold or auctioned if the debtor fails to meet their obligations. The collateral auction process, particularly for non-performing credit collateral, is the final stage in the recovery of losses incurred by financial institutions. The auction limit value of this collateral is a figure that represents the estimated market value of the collateral to be auctioned, which is used as the basis for determining the auction price (Kurniawan et al., 2021). However, in reality, this

auction limit value often fluctuates significantly and does not always reflect the actual market value. Inaccuracies in determining this auction value are caused by a number of factors that affect the auction process and the resulting value. These factors can originate from the internal conditions of financial institutions or external factors beyond the control of the institution (Hidayat et al., 2019).

One of the main challenges faced is the uncertainty of market conditions during the auction process. The market price of collateral can experience a drastic decline due to uncertain economic conditions, such as recession, high inflation, or political instability. These external factors will directly affect the market value of collateral and, indirectly, affect the auction limit value (Nugroho et al., 2021).

In addition to external factors, internal factors also play an important role. The physical condition of collateral that is poorly maintained, damaged, or does not meet the initial specifications can cause auction prices to decline. Similarly, the legal and regulatory status of collateral that is incomplete, such as problematic land certificates or invalid documents, can slow down the auction process and reduce its sale value (Pratama et al., 2020). Not only that, macroeconomic conditions also influence auction results. When economic conditions slow down, the property market and other assets tend to experience price declines, which significantly reduce the market value of collateral and, consequently, the auction limit value. A study by (Sari et al., 2022) shows that macroeconomic factors such as interest rates, inflation, and economic development indicators have a positive correlation with fluctuations in the auction value of non-performing credit collateral.

Furthermore, other internal factors such as the policies and strategies of financial institutions in determining auction limit prices, including overly conservative or overly aggressive assessments, also have an influence. Inappropriate valuations can cause losses for both financial institutions and debtors, in addition to reducing the efficiency of the auction process itself (Yuliana et al., 2020). Another equally important challenge is the lack of accurate and updated data on market conditions and collateral in general. The use of incomplete and outdated data can lead to misleading assessments, thereby negatively affecting auction limit values (Kamal et al., 2020).

Given the complexity of these factors, it is important to identify and analyze the factors that significantly affect the auction limit value of non-performing credit collateral. A thorough understanding of these factors is expected to assist financial institutions in making more accurate assessments and optimising the recovery process and overall credit risk management.

Article 44 of the Minister of Finance Regulation states: Paragraph (1): The seller shall determine the limit value based on: a). Assessment by an appraiser; or b). Estimation by an estimator. Paragraph (2): The appraiser referred to in paragraph (1) letter a is a party who conducts an independent assessment based on their

competence. Therefore, in this case, the KPKNL carries out its obligations, namely conducting an auction after all auction requirements have been met and the applicant/bank is a party with legal standing and is an authorised and legitimate party to submit an auction request for the collateral of the defaulting debtor (Wardani, Y.A., 2020).

In banking practice, particularly at Bank BNI Papua Region, non-performing loans collateral that has not been fully secured, including unsecured liens, cannot be directly submitted for auction by the bank. This is because the collateral auction process must be based on complete and legally valid documents and legality, including the securing of liens that have been fully carried out in accordance with the provisions of laws and regulations. The binding of lien rights is a key requirement for the collateral to have executory power and can be used as a basis for auctioning if the debtor defaults.

If the collateral rights have not been perfectly secured, then the collateral does not meet the legal requirements to be used as a basis for execution through auction. This is because collateral rights that have not been completely and legally secured have the potential to be invalidated or do not have sufficient legal force to carry out enforcement actions. In addition, an auction conducted without complete and valid lien documents may potentially violate the principles of validity and legal protection, and may lead to legal disputes in the future.

However, the bank may take other legal measures, such as requesting the court to issue a vacating order or filing other petitions in accordance with applicable laws, but the auction sale process must still wait until the security interest is fully established and the documents are complete and legally valid. In conclusion, the incomplete attachment of collateral rights is a major obstacle in the auction process, and the process can only be carried out after the collateral rights have been legally attached in accordance with applicable legal provisions.

The phenomenon of the GAP in the success or failure of auctions of non-performing loans at BNI in the Papua region in 2024 shows that the percentage of successful auctions is much lower than the total number of collateral objects submitted to the KPKNL Papua. The main phenomenon is the performance of five BNI branch offices in the Papua Region, including Jayapura, Sorong, Manokwari, Biak and Merauke, which have a significantly low auction success rate for non-performing loans of only 3% or 7 collateral units sold from the total collateral submitted to the KPKNL, or 184 non-performing loans. This means that the majority of 97% of non-performing loans were not successfully sold through auctions at the KPKNL in the Papua Region (Bank BNI, 2024).

The research will provide an overview of the skills and strategies of risk managers and credit managers, who need to understand auction limit values in order to develop the skills necessary to make the right decisions regarding credit and recovery. In

addition, it can also strengthen understanding of limit values, so that more efficient strategies can be formulated in managing and recovering non-performing credit assets, as well as improving success in carrying out management functions.

RESEARCH METHOD

Conceptual Framework

The following is a conceptual framework that describes the model of relationships between the variables to be studied.

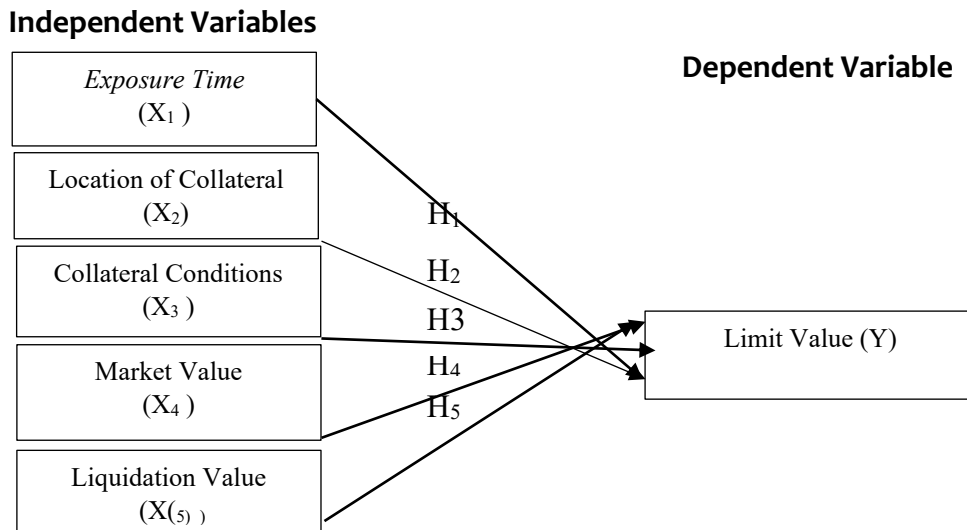


Figure 2.1 Conceptual Framework

Operational Definitions

To facilitate the measurement of research variables, operational definitions were developed for the research. Below are all the variables, operational definitions, and measurement scales used in this study:

Table 2.1 Definitions and Measurement Scales of Research Variables

No.	Variable	Definition	Indicators	Scale
1.	Limit Value (Y)	The minimum price of assets to be auctioned and determined by the Seller. The Limit value is determined based on the KJPP assessment and the limit value set by BNI bank based on the range or market value and liquidation value resulting from the KJPP assessment.	The auction limit value is set by Bank BNI before the auction process begins at the KPKNL. The main parameters used to assess the feasibility or success of an auction include: a. Market Value (First Auction) b. Range or range of market value and	Ordinal

No.	Variable	Definition	Indicators	Scale
			liquidation value (Second Auction) c. Liquidation Value (Auction III and IV).	
2.	Exposure Time (X_1)	Exposure time in the context of this study has limitations, focusing more on the duration of time from the registration of auction participants or when the auction files are submitted to the auction hall of the Papua State Property and Auction Service Office (KPKNL) as auction objects until the auction is held and the winner is determined. <i>Exposure time</i> in this study is more operational in nature and relates to internal processes that take place in the auction cycle, which are relevant and accurate in accordance with the process and objectives of determining the auction limit value.	Exposure time is measured as the number of days from the submission of the non performing loan collateral property file to the KPKNL until the auction is conducted and the auction winner is determined.	Ratio
3.	Collateral Location (X_2)	Refers to the context of the value and attractiveness of the assets to be auctioned.	Measured based on a location index which is a combination of several indicators	Ratio
4.	Collateral Condition (X_3)	The condition of the asset, reflecting the maintenance that has been carried out, will	Collateral Condition Information is sought using the parameters of well-	Nominal

No.	Variable	Definition	Indicators	Scale
		affect the auction limit value of the property.	maintained and poorly maintained collateral condition classification maintained.	
5	Market Value (X_4)	Market value is an estimate of the amount of money that can be obtained from the sale of a property in a fair transaction between willing and able parties, without any pressure, in an open market.	Market Value is obtained from the results of the KJPP Appraisal and then BNI Bank sets it as the highest Limit Value at the time of the first execution auction.	Ratio
6	Liquidation Value (X_5)	The estimated amount that can be obtained from the sale of an asset under duress or within a very limited time, where the seller does not have enough time to wait for the best offer from the market.	The Liquidation Value is obtained from the KJPP Appraisal t results and is then set by Bank BNI as the lowest Limit Value at the third and fourth execution auctions.	Ratio

Population and Sample

The population of this study is all data on auction collateral for non-performing loans at Bank BNI Papua Region in 2024. Considering that the population consists of 184 auction collateral for non-performing loans, which is quite large, this study uses a sample of data selected based on data availability and completeness, ensuring representation of various data characteristics relevant to the study.

The sampling technique used in this study is purposive sampling. *Purposive sampling* is sampling using certain considerations in accordance with the desired criteria to determine the number of samples to be studied (Sugiyono, 2019).

The calculation using the *purposive sampling* formula shows that the minimum number of samples to be taken is 126.03 non-performing loan auctions. However, the researcher took a sample of 127 non-performing loan auctions. The sampling method used in this study was *simple random sampling*, which involves assigning a number to each unit in the population and then randomly selecting the desired sample from that population.

Data Collection

The type of data used in this study is *cross-sectional* data, which is data collected at a certain time on several objects with the aim of describing a particular situation (Arif et

al., 2020). In this study, the data used is troubled credit auction collateral. The data obtained is primary data obtained directly from PT. Bank Negara Indonesia (Persero), Tbk. Papua Region and data obtained through direct observation in the research area assisted by interviews.

Data Analysis

This study uses Quantitative Descriptive Data Analysis with Multiple Linear Regression Data Analysis Techniques. The Multiple Linear Regression Analysis Model is used to test the simultaneous effect of *Independent Variables* in this study, namely *Exposure Time* (X_1), *Collateral Location* (X_2), *Collateral Condition* (X_3), *Market Value* (X_4) and *Liquidation Value* (X_5) on the *Dependent Variables*, namely the Auction Limit Value of Non-Performing Credit Collateral (Y), with the following equation:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Explanation:

- α = Constant
- β_1 = *Exposure Time* Regression Coefficient (X_1)
- β_2 = Regression Coefficient for *Collateral Location* (X_2)
- β_3 = Regression Coefficient for *Collateral Condition* (X_3)
- β_4 = *Market Value* Regression Coefficient (X_4)
- β_5 = *Liquidation Value* Regression Coefficient (X_5)
- β_1 - β_5 = Regression coefficients indicating the magnitude of the influence of
- ε = each independent variable (X_1 - X_5) on the Limit Value. A positive sign (+) indicates a positive relationship and a negative sign (-) indicates a negative relationship.
- error term (measurement error)

The effect of independent variables on dependent variables is tested at a confidence level of 99% or $\alpha = 0.05$, both jointly and partially.

RESULTS AND DISCUSSION

Results

Property Type

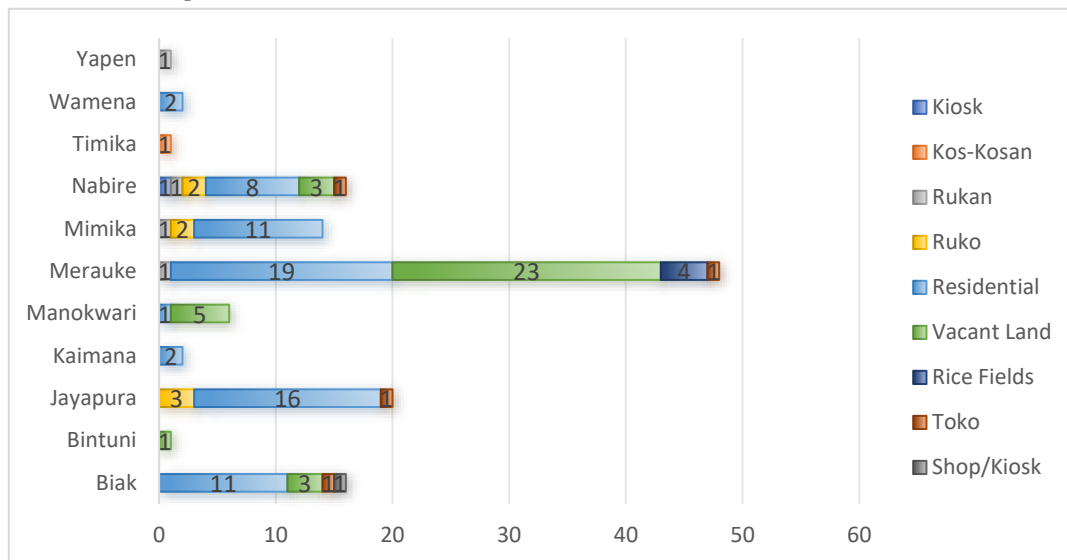
This study covers nine types of property. The composition for each type of property is presented in Table 3 and Figure 2, as follows:

Table 3.1 Composition of Property Types and Research Areas

Property Type	Area											Number
	Biak	Bintuni	Jayapura	Kaimana	Manokwari	Merauke	Mimika	Nabire	Timika	Wamena	Yapen	
Kios								1				1
Boarding house									1			1
Rukan						1	1	1			1	4
Shop			3				2	2				7
Residential	11		16	2	1	19	11	8		2		70
Vacant Land	3	1			5	23		3				35
Rice fields						4						4
Shop	1		1			1		1				4
Shop/Kiosk	1											1
Total	16	1	20	2	6	48	14	16	1	2	1	127

Source: Bank BNI, 2025 (Processed Data)

Figure 3.1 Composition of Property Types and Research Areas



Source: Bank BNI, 2025 (Processed Data)

Based on Table 3 and Figure 2, it can be seen that each region in Papua has its own unique characteristics in terms of the types of collateral most often required for loans. It can be seen that the majority of Non-Performing Loans (NPL) collateral in Papua is residential property, specifically 70 residential houses, or around 55.12% of all Non-Performing Loans (NPL) collateral. Vacant land, amounting to 35 units or around 27.56%, is undeveloped land that serves as collateral for Non-Performing Loans (NPLs). There are 7 shophouses, or around 5.5% of all Non-Performing Loan (NPL) collateral. Shophouses are commercial properties used for business purposes and usually have

significant economic value. In addition to the three main types of property mentioned above, there are several other types of property, many of which are included in the category of collateral, including kiosks, guest houses, shops/kiosks, office buildings (apartments), rice fields, and shops. Each has its own unique characteristics and risks in terms of creditworthiness. For example, kiosks and shops are typically small businesses that are vulnerable to economic fluctuations and rapid capital turnover, while guest houses and office buildings are more focused on passive rental income. The size of rice fields varies greatly depending on agricultural factors and the agribusiness market.

Normality Test

The purpose of this test is to examine whether the residual data (error) is normally distributed. The normality test in this study uses the Kolmogorov-Smirnov Test.

The testing criteria are: If the Asymp. Sig value is $> 0.05 \rightarrow$ the residuals are normally distributed. If the Asymp. Sig value is $\leq 0.05 \rightarrow$ the residuals are not normally distributed. From the data processing results, the test results using the Kolmogorov-Smirnov Test are presented in Table 4, as follows:

Table 3.2 One-Sample Kolmogorov-Smirnov Test

		Unstandardised Residual
N		127
Normal Parameters ^{a,b}	Mean	0
	Standard Deviation	68597117.68719110
Most Extreme Differences	Absolute	.179
	Positive	.179
	Negative	-.165
Test Statistic		.421
Asymptotic Significance (two-tailed)		.991 ^c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: Andiyamin, 2025 (Processed Data)

Based on the results of the **One-Sample Kolmogorov-Smirnov (K-S Test)** test on unstandardised residual values with a sample size of 127, a mean value of 000000 and a standard deviation of 68597117.68719110 were obtained. The most extreme differences value shows a maximum absolute deviation of 0.179 with a positive deviation of 0.179 and a negative deviation of -0.165. The K-S test statistic value is 0.421 with an asymptotic significance (2-tailed) of 0.991. Since the significance value

is greater than 0.05 (Asymp. Sig. 0.991 > 0.05), it can be concluded that the residuals are normally distributed. This indicates that the assumption of residual normality in the regression model has been met.

Multicollinearity Test

This test aims to measure whether there is a high correlation between independent variables. The testing method used is the Variance Inflation Factor (VIF) and *tolerance*. The testing criteria are: If $VIF < 10$ and $Tolerance > 0.1$, then there is no multicollinearity. $VIF \geq 10 \rightarrow$ there is multicollinearity. The data processing results are presented in Table 5, as follows:

Table 3.3 's Tolerance and VIF Values (Dependent Variable: Limit Value)

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Exposure Time (X_1)	.828	1.208
	Location Index (X_2)	.949	1.054
	Collateral Condition (X_3)	.818	1.223
	Market Value (X_4)	.136	7,962
	Liquidation Value (X_5)	.136	7,820

Source: Andiyamin, 2025 (Processed Data)

Based on Table 5 **Collinearity Statistics Coefficients** output, the *Tolerance* and *Variance Inflation Factor (VIF)* values for each independent variable are below the general threshold of 10 ($VIF < 10$), and the *Tolerance* value is greater than 0.1 ($Tolerance > 0.10$), it can be concluded that **there is no multicollinearity problem** between the independent variables in the regression model. Thus, each independent variable is relatively free from high correlation with one another, making them suitable for inclusion in the analysis model.

Heteroscedasticity Test

The purpose of the Glejser test is to detect whether the residual variance is constant (homoscedastic) or not (heteroscedastic) by regressing the absolute residual value against the independent variable. If the significance value (Sig.) is greater than the specified significance level (usually 0.05), then there is no heteroscedasticity. The results of data processing using the Glejser Test Method are given in Table 6, as follows:

Table 3.4. Results of Processing Using the Glejser Method

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	140,406,502.01	20,855,261.052		.673	.502
Exposure Time (X_1)	-136,158.474	129,807.711	-0.085	-1.049	.296
Location Index (X_2)	2,466,456.312	2,263,029.565	.083	1.090	.278
Collateral Condition (X_3)	537,750,978	521,605,331.725	.330	1,031	.310
Market Value (X_4)	-.010	.022	-.172	-.440	.661
Liquidation Value (X_5)	.050	.034	.568	1,457	.148

Source: Andiyamin, 2025 (Processed Data)

Based on Table 6, it can be seen that none of the independent variables are significant to the dependent variable (Absolute Residual) or the significance value (Sig.) is greater than the specified significance level (Sig > 0.05), thus it can be stated that there is no heteroscedasticity.

Coefficient of Determination (R^2)

The quality of the model in this study is indicated by the value of the Coefficient of Determination of the model as shown in Table 7, as follows:

Table 3.5 Coefficient of Determination Values (Model Summary^b)

Model	R	R Square	Adjusted R Square	Standard Error of the Estimate
1	.996 ^a	.991	.991	70000066.93790

a. Predictors: (Constant), Liquidation Value, Exposure Time, Location Index, Collateral Condition, Market Value

b. Dependent Variable: Limit Value

Source: Andiyamin, 2025 (Processed Data)

Based on Table 5.15 of the **Model Summary** output, the regression model results show an **R** value of **0.996**, indicating a very strong relationship between the independent variables collectively and the dependent variable. An **R Square** value of **0.991** means that 99.1% of **the variation** in the dependent variable can be explained by the five independent variables (X_1 , X_2 , X_3 , X_4 and X_5) in the model. Meanwhile, an **Adjusted R Square** of **0.991** indicates an R^2 value that has been adjusted for the number of predictor variables in the model, which is still quite high and indicates that the model is quite good. This means that 99.1% of the auction limit value can be determined by *Exposure Time*, *Location Index*, *Collateral Condition*, *Market Value*,

and Liquidation Value. The remaining 9% is determined by other variables not examined in this study.

F-test

The simultaneous effect (independent variables) of Exposure Time, Location Index, Collateral Condition, Market Value, and Liquidation Value on the dependent variable: Limit Value is expressed by the F test. The data processing results show the F test results in Table 8, as follows:

Table 3.6 F Statistic Value (ANOVA^a)

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.687E+19	5	1.337E+19	2,729.379	0 ^b
	Residual	5.929E+17	121	4.900E+15		
	Total	6.74E+19	126			

a. Dependent Variable: Limit Value

b. Predictors: (Constant), Liquidation Value, Exposure Time, Location Index, Collateral Condition, Market Value

Source: Andiyamin, 2025 (Processed Data)

Based on Table 5.16, it can be seen that the Sig. value is $00 < 0.05$. This indicates that the simultaneous effect of the independent variables: Exposure Time, Location Index, Collateral Condition, Market Value, and Liquidation Value on the dependent variable: Limit Value is significant, and/or the regression model is sufficient to explain the variation in the data statistically.

Hypothesis Testing (t-Test)

The influence between the independent variables Exposure Time, Location Index, Collateral Condition, Market Value, and Liquidation Value can be seen from the data processing results presented in Table 9, as follows:

Table 3.7 Results of the Influence of Independent Variables on the Dependent Variable (Coefficients)

	Model	Unstandardised Coefficients		Standardised Coefficients	T	Sig
		B	Std. Error	Beta		
1	(Constant)	137,667,037.377	30,787,995.240		4,471	0
	Exposure Time (X1)	-1,121,882.460	191,631.224	-0.055	-5.854	0
	Location Index (X2)	1,340,562.284	3,340,842.549	.4	.401	.689

Model	Unstandardised Coefficients		Standardised Coefficients	T	Sig
	B	Std. Error	Beta		

1	Collateral Condition (X ₃)	74,128,232.166	19,696,003.164	.035	3,764	0
	Market Value (X ₄)	.801	.033	1,099	24,384	0
	Liquidation Value (X ₅)	-.127	.050	-.114	-2.530	.013

Source: Andiyamin, 2025 (Processed Data)

Based on Table 5.14, the Linear Multiple Regression Equation Model with Limit Value is obtained

$$(Y) = 137667037.377 - 1121882.460 X_1 + 1340562.284 X_2 + 74128232.166 X_3 + 0.801 X_4 - 0.127 X_5 + e.$$

Interpretation of Results:

- Exposure Time* (X₁) has a negative effect on the limit value of -1121882.460 and is significant with sig=00 < 0.05. This means that X₁ has a negative and significant effect on the dependent variable.
- Location Index* (X₂) has a positive effect on the limit value of 1340562.284 but is not significant because sig=0.689 > 0.05. This means that X₂ has a positive effect, but the effect is not statistically significant at a significance level of 5%.
- Guarantee Conditions* (X₃) has a positive effect on the limit value of -74128232.166 and is significant with sig=00 < 0.05. This means that X₃ has a positive and significant effect on the dependent variable.
- Market Value* (X₄) has a positive effect on the limit value of 0.801 and is significant with sig=00 < 0.05. This means that X₄ has a positive and significant effect on the dependent variable.
- Liquidation Value* (X₅) has a negative effect on the limit value of -0.127 and is significant with sig=0.013 < 0.05. This means that X₅ has a negative and significant effect on the dependent variable.

Overall, this model shows that variables X₁, X₃, X₄, and X₅ have a significant effect on the dependent variable, while X₂ is not significant at the 5% level.

Discussion

Based on the research conducted regarding the Factors Affecting the Auction Limit Value of Non-Performing Loans at PT. Bank Negara Indonesia (Persero), Tbk. Papua Region. The analysis results show a diverse pattern of influence, in which three variables are proven to have a statistically significant influence, one variable has a significant influence but with an unexpected direction, and one other variable does not show a significant influence. These findings provide a deeper understanding of the main determining factors of the limit value.

Exposure Time (X_1) was proven to have a negative and statistically significant effect on the limit value. This is indicated by a regression coefficient of -1,121,882.460 with a significance value of 0.000, which is far below the critical limit of 0.05. This means that every increase in Exposure Time will significantly reduce the limit value. In other words, the longer the exposure time, the lower the limit value given, and this negative relationship is real and does not occur by chance. In line with Rahmatullah and (Rahmatullah & Wirawan, 2022), long waiting times due to court proceedings, physical control by third parties, and administrative barriers cause delays in the auction process, potentially reducing the value of collateral due to depreciation or damage. As a result, the set limit value will also decrease because the goods become less desirable or lose their market appeal. Therefore, excessive exposure time is a crucial factor that must be considered in reformulating fiduciary collateral auction rules so as not to harm creditors or debtors. (Hartono et al., 2025) also concluded that exposure time (auction exposure duration) was discussed in relation to auction announcements being made only once, whereas according to the applicable regulations, they should be made at least twice within a certain period. Due to the limited time for the announcement, there was only one participant in the auction, namely a bank employee who was the auction applicant. This raises the suspicion that the auction was not conducted openly and transparently, and did not allow sufficient time for the public to know about and follow the auction process.

Unlike Exposure Time (X_1), the Location Index (X_2) shows a positive but insignificant effect on the limit value. The coefficient value of 1.340.562.284 indicates a positive relationship. However, because the significance value of 0.689 is much greater than 0.05, this effect is considered to lack strong statistical evidence. Thus, it can be concluded that in this research model, the Location Index is not a reliable determining factor () for predicting the limit value. Taufiq, F (2021) states that the location of the collateral object is a factor that influences the success of an auction because it determines the ease of access for prospective buyers to check the assets being auctioned. A distant location also causes additional operational costs for interested buyers, which are taken into consideration in the bidding decision. Therefore, the location of the collateral affects the effectiveness of auction marketing and ultimately influences the limit value that can be achieved.

Collateral Condition (X_3) is stated as a variable that has a positive and significant effect with a sig. value of 0.000. However, there is an anomaly that needs to be noted because the regression coefficient value is actually very large and negative, namely -74,128,232.166. Statistically, the effect is significant, but the direction of the relationship indicated by the coefficient (negative) is contrary to the verbal interpretation (positive). This indicates the possibility of an error in the interpretation or data, thus requiring further clarification. In line with (Pratama, 2021), the auction minutes are binding on the auction buyer and can be used as a legal basis for

obtaining ownership rights to the auctioned object, including objects that were previously encumbered with collateral rights.

Market Value (X_4) clearly has a positive and significant effect on the limit value. The regression coefficient of 0.801, accompanied by a significance value of 0.000, confirms this. This means that every one-unit increase in Market Value will be followed by an increase of 0.801 units in the limit value, and this relationship is statistically significant. This finding is in line with the general logic that assets with higher market values tend to support larger limits. Sinaga et al (2019) stated that the implementation of limit setting by PT. Bank Mandiri, Tbk Business Banking Center Pekanbaru on collateral auction objects had been carried out in accordance with formal procedures based on statutory provisions, but the implementation still left legal issues. Setting a limit value that is too low, which does not take into account the market value or fair value of the collateral, is detrimental to the debtor and can lead to legal disputes.

The Liquidation Value (X_5) has a negative and significant effect on the limit value. The regression coefficient of -0.127 and the significance value of 0.013 (less than 0.05) prove this. This means that the higher the liquidation value of collateral, the lower the limit value set. This significant negative relationship offers a counter-intuitive insight, which may indicate the existence of certain risk mechanisms or considerations in the assessment that cause this phenomenon. In line with (Kurniawan et al., 2023) in their research concluded that the higher the forced sale discount rate, the lower the auction limit value tends to be compared to the market value. The use of liquidation value significantly aids in expediting the auction process; however, it must be adjusted according to location, property type, and local market trends to avoid harming the collateral owner.

CONCLUSION

Based on the research findings and discussions conducted at PT. Bank Negara Indonesia (Persero) Tbk. Papua Region, the following conclusions can be drawn:

1. *Exposure Time* has a negative and significant effect on the Property Limit Value. The results of this study prove that the limit value of a property will be lower if the property is only sold after going through a repeated auction process, and/or the limit value will be higher in the first auction compared to repeated auctions.
2. The Location of Collateral has a positive effect on the limit value, but is not significant on the Property Limit Value. The results of this study prove that the better the Location of Collateral of a property being auctioned, the higher its limit value.
3. The condition of the collateral has a positive and significant effect on the limit value of the property. The results of this study prove that the better the condition of the collateral, the higher the limit value of the collateral.

4. Market value has a positive and significant effect on the Property Limit Value. The results of this study prove that the higher the market value of collateral, the higher the limit value of the collateral.
5. Liquidation value has a negative and significant effect on the property limit value. The results of this study prove that the higher the liquidation value of collateral, the lower the limit value compared to the market value of the collateral.
6. Among the independent variables analyzed, Collateral Condition has the most significant effect on Property Limit Value. This confirms that optimal collateral conditions will increase the auction limit value by reducing risk and increasing the chances of obtaining the maximum price, as well as having a positive and significant impact on the limit value in the context of auctioning non-performing credit collateral.

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