

## ABSTRACT

Fiduciary Collateral plays a role in giving credit for small scale business, because by giving Fiduciary Collateral, small scale entrepreneur could pledge their inventory i.e. machinery without submitting their physical collateral to the creditor. The enactment of Fiduciary Law is for the purpose of fulfilling the vacuum of law and in order to secure the certainty of law and to give law protection toward the involved parties. Fiduciary law does not give special treatment to credit for small scale business, either regulation about the agreement or registration of Fiduciary. The obligation to adjust with the standard format from the government has a sanction that the collateral security shall no longer as a collateral. Practically, there are several banks which do not implement the Fiduciary Law with reason the debtor is not willing to sign the adjustment agreement, or the high cost which will be charged to the debtor. Besides that the regulation about execution to credit for small scale business also has not been accommodated in Fiduciary Law, especially concerning "parate executie" which is not clearly stated whether needs approval from the Court or not. Since the enactment of the Fiduciary Law until to date, we have not yet found any litigation cases concerning the credit for small scale business.