

The Implementation of Counter Cyclical Policy about National Economic Stimulus in Covid-19 Pandemic Era on Banking Sector (A Study in Regional Office 6 of Bank BTN)

By

Moch Najib Imanullah

Instituton: Universitas Sebelas Maret

E-mail: imanullahnajib@yahoo.com

Risky Risyanto

Instituton: Universitas Sebelas Maret

Email: risky.fhuns@gmail.com

Pujiyono Suwadi

Instituton: Universitas Sebelas Maret

Corresponding Author Email: pujifhuns@staff.uns.ac.id

<https://orcid.org/0000-0002-5971-2446>

Abstract

Corona (Covid-19) pandemic is now endangering the people's life throughout world. The Covid-19 affects debt-credit sector including MSME debtor, in which debtor finds difficulty in repaying credit installment later leading to non-performing credit or non-performing loan. The policy in the attempt of stimulating national economy, in this case Financial Service Authority (OJK) issues some policies. In the attempt of solving the non-performing loan problem during Covid-19 pandemic, OJK issues a policy in the form of loan restructuring. Bank BTN as one of banks operating in credit sector, particularly housing credit (KPR) is of course highly affected by the presence of Covid-19 pandemic. The problems that can be arisen is how is the implementation and the effect of countercyclical policy concerning the national economy stimuli in covid-19 pandemic era to banking sector in the house ownership loan in Bank BTN? This article used an empirical legal research. An empirical research is the one the data of which is obtained directly from the society or called primary data used as primary data and secondary data consisting law materials as the secondary (supporting) data.

Keywords: Counter Cyclical policy, Covid-19 pandemic, Banking

Introduction

Corona virus (Covid-19) pandemic is now endangering the society's life throughout world; the Covid-19 pandemic condition occurring suddenly makes the people throughout world panic. Some states applied the management policy based on age, some others applied medical seriousness level and still some others determine the management based on social status (personal impact) of the patient infected by Covid-19.

Covid-19 pandemic highly affected debtor credit sector ((Bezemer, Samarinaa, and Zhang 2020), including MSMEs, in which the debtors find difficulty in repaying the credit installment later leading to non-performing credit or loan. The non-performing credit, of course, brings problem to non-performing loan (NPL) condition (Riyanta, S. 2020) of a bank. On the one hand, NPL (Cheng and Qu 2020) rate of a bank will affect the banking soundness

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condition. The higher the NPL, the more will be the potential loss; thus, the bank should reduce its credit distribution (Sutrisno 2018). The factor causing the collapse of SME industry is, among others, that not all SMEs have large capital saving like many other large companies.

In the attempt of stimulating the national economy, in this case Financial Service Authority (Indonesian: Otoritas Jasa Keuangan, thereafter called OJK in this article) (Palilati 2016) issued some policies related to the regulation of Financial Service Authority thereafter called PJOK including, among others, POJK Number 11/POJK.03/2020 about National Economy Stimulus as the Countercyclical Policy as the impact of Coronavirus Disease 2019 transmission. This POJK has been amended twice with POJK Number 48/POJK/03/2020 about the first amendment to POJK Number 11/POJK.03/2020 and POJK Number 17/POJK.03/2021 about the second amendment to POJK Number 11/POJK.03/2020.

A bank's soundness is an aspect that should be maintained by the banking institution. Predicting the Bank's financial failure is something important because it can prevent or mitigate the negative effect generated and affecting the economic system (Riyanta S, 2020). Internal factors such as management's decision, bank size, capital, risk management, and cost management affect the bank profitability directly (Parenrengi and Hendratni 2018). The bank soundness can also be seen from some other aspects: solvability, rentability, and liquidity of a bank. To maintain the bank soundness, a bank should apply good prudential principle in both its establishment and its operation, among others, including using the customer's savings entrusted to the bank, to prevent the bad credit repayment from occurring when the customers' fund collected by the bank is distributed in the form of credit (loan).

To a banking institution, it will disturb the bank soundness verily because of the higher Non-Performance Loan rate to the customers. Therefore, caution principle is applied by the bank here, in which in granting credit the bank should see the debtor's credibility to repay the fund to the banking institution. Higher NPL will lead the credit offering to decrease. It is because, in fact, the high Non Performing Loan value will require the bank to create a larger removal reserve and thus, the fund that can be distributed through credit will decrease as well. (Handayani 2018). NPL can be found by estimating the ratio of non-performing financing to total financing (Nuryanto dkk 2020).

The bank loan distribution has a risk in the loan repayment in relation to the presence of the time interval between loan granting and loan repayment until the loan is repaid completely. It leads to the higher risk of non-performing loan if the loan period is longer. Loan and financing values represent the bank's ability of distributing fund to the society. Credit and financing improvement reinforces the intermediating function of bank financial institution. The amount of loan and financing represents the potential fund that can support economic activity and growth within society (Setiawan 2020). The bank should necessarily consider the caution principles in distributing loan, in addition to the collateral of credit distribution based on the debtor customer's solvency or ability of repaying the loan completely according to the approved agreement.

In the attempt of solving the non-performing loan problem during Covid-19 pandemic, OJK issued a policy regarding loan restructuring. That is a condition representing the situation of banking world and financing institutions after the pandemic peak passed. In such condition, nearly all financing loans apply for restructuring. This situation is a dilemma to banking and financing institutions, recalling the insolvency threat post-pandemic generated by the debtor whose business is affected by Covid-19 pandemic. Such condition requires the bank to do restructuring. Similarly, in this condition, the customers' collectability will decrease and

thereby require the bank or the financing institution to increase the financing reserved because of the increasing loan risk.

Loan risk is a company, an institution, or an individual's inability of completing its obligation timely both during or after maturity and that is all consistent with the rule and agreement prevailing (Fahmi 2014). One of loan risk forms is impaired loan, characterized with the non-current, doubted, and bad loan or credit (Mosey, Tommy, and Untu 2018). The presence of impaired loan can also be due to the effect of fundamental economy and its financial performance. Therefore, to prevent the impaired financing from occurring, the cause of problem should be found. Thus, a research should be conducted to find out the effect of fundamental economic and financial performance factors on the impaired loan in syariah banks in Indonesia (Soekapdjo, Tribudhi, and Nugroho 2019).

Loan restructuring is one of ways taken by the bank to save the impaired loan. The loan restructuring is expected to help the debting customer to revive its business for the sake of its smooth loan installment repayment. OJK has extended the loan restructuring policy as the measure to anticipate the decreased quality of restructuring debtor. This policy is implemented, of course, based on the bank assessment in the attempt of avoiding moral hazard, so that the debtor remains to adapt to Covid-19 pandemic time.

Banking is the heart of finance in every state; bank is a financial institution where companies, governmental (public) and private institutions, and individuals save their fund well through crediting activities and various services can be provided, to meet the financing need and to smooth the development system mechanism to all economic sectors. PT Bank Tabungan Negara (Persero) Tbk (thereafter called Bank BTN) is a state-owned enterprises (BUMN) operating in bank sector. Bank BTN as one of banks operating in credit sector, particularly Housing Credit (KPR) was highly affected by Covid-19 pandemic. PT. Bank Tabungan Negara (Persero), Tbk is one of state-owned enterprise banks in Indonesia having provided and offered varying product and service facilities to its customers so far to improve the customer service quality and to facilitate the customers in doing banking transaction. One of facilities provided by PT. Bank Tabungan Negara (Persero), Tbk to meet the customers' need is House Ownership Credit.

The number of BTN debtors who have participated in Covid-19 restructuring program was 330,000 debtors per December 2020 with the loan principal reaching IDR 57 trillion, 69% of it comes from consumer segment, particularly House Ownership Credit (KPR) (Kontan 2021). PT Bank Tabungan Negara (Persero) Tbk. (BTN) has implemented loan restructuring, in which 84% of it lies on housing and housing construction sectors during 2020-2021 (Petriella 2021). The number of debtors receiving Covid-restructuring program in March 2021 has decreased by 38% compared with that in December 2020. However, viewed from loan value aspect, the restructuring program increased. The outstanding credit restructured was only IDR 57 trillion per December 2020, 69% of which comes from consumer segment, particularly KPR customers. BTN predicts that about 5%-6% of Covid restructuring loan principal will degrade to impaired loan or Non-Performing Loan (NPL). It putatively comes from the debtors still not working or having been terminated from their job currently (Mahadi 2021).

The author found some studies that have been conducted relevant to the counter cyclical policy regarding the economic stimulus in pandemic era:

1. Analysis on the Strategy Taken by Bank Mandiri Syariah and BRI to Maintain Financial Stability during Covid-19 Pandemic by Nova Febriyani in 2021. This study found that

- the strategy taken by the Bank to maintain its financial stability during pandemic is to apply some policies: rewarded savings, operational service limitation, loan restructuring, and pandemic concern.
2. Economic Stimulus of Banking Sector in Facing Covid-19 pandemic in Indonesia by Ashinta Sekar Bidar in 2020, finding that the Government has published the economic stimulus policy in banking sector through POJK by providing loan restructuring to the affected debtors.
 3. The application of Loan Restructuring Policy to the Debtors affected by Covid-19 conducted by Johan Tri Noval Hendrian Tombi in 2022, finding that the application of loan restructuring has been conducted by Makasar Subsidiary of Bank BTN through the principal or interest deferral scheme, an attempt taken to face the potential insolvency by creating reserve and doing restructuring.
 4. The Loan Restructuring Policy implemented to the Customers during Covid-19 pandemic, a Case Study on Bank Sumut, by Siti Dea Nur Halizah in 2022, finding that the loan restructuring policy has been implemented through decreasing interest rate, extending loan period, reducing loan interest arrears, and reducing the loan principal arrear.

Some studies indeed have been conducted on restructuring policy, but they were limited to the application of policy only. The novelty of current study lies on the focus of research, in which the author focuses on the implication of restructuring to the House Ownership Credit by studying more deeply the constraints and the appropriate measures taken to realizing a sound banking.

Considering the background elaborated above, the author preferred conducting a research to write a journal entitled “The Implementation of Counter Cyclical policy about National Economic Stimulus in Covid-19 Pandemic era on Banking Sector (A Study in the Regional Office 6 of Bank BTN). The problem arisen is how is the implementation and the effect of counter cyclical policy about national economic stimulus on banking sector in Covid-19 pandemic era in the house ownership credit in Bank BTN? This research aims to find out and to understand the effect of counter cyclical policy about national economic stimulus on banking sector in Covid-19 pandemic era.

Research Methodology

Methodology is generally a logical and systematic study on the principles directing a research. Methodology can also be defined as a scientific way of finding the truth. This article used an empirical legal research. An empirical research is the one the data of which is obtained directly from the society or called primary data used as the main data and secondary data constituting legal material as supporting data.

Literature Review

Countercyclical Policy

The government launched a financing restructuring policy based on countercyclical model post-Covid-19 pandemic. Kaminsky, Reinhart, and Vegh in their paper entitled "when it rains, it pours procyclical capital flows and macroeconomics policies"(Kaminsky, G.I., Reinhart, C.M. and Vegh 2004) explain countercyclical policy as the one tending to stabilize the business cycle. It means that in the Covid-19-affected situation leading to the impairment in the debtor's business resulting in the customers' insolvency in loan agreement, a

restructuring model that should be implemented is countercyclical model, the one oriented to an attempt of saving the debtor's business.

Bank BTN Company

The term Banking, according to the Law Number 10 of 1998 about the Amendment to the Law Number 7 of 1992 about Banking (thereafter called UU Perbankan), is defined as everything pertaining to Bank, involving its institution, business activity, and method and process to run its business activity.

PT Bank Tabungan Negara (Persero) Tbk ("Perseroan") was established as a state-owned bank named "Bank Tabungan Pos" originally based on Emergency Law (Undang-Undang Darurat) No. 9 of 1950 dated February 9, 1950. Then, based on the Governmental Regulation substituting the Law No. 4 of 1963, the Bank Tabungan Pos was renamed into "Bank Tabungan Negara" since June 22, 1963. On April 29, 1989 the Bank started to operate as a State-Owned Public Bank. Based on the Governmental Regulation No. 24 of 1992, the status of incorporation was changed into State-Owned Limited Incorporation (thereafter called Persero). The articles of Incorporation as the Limited Incorporation were made before the Notary Public Muhani Salim, S.H., with the deed Number 136 dated July 31, 1992 that has been approved by the Minister of Justice with Decision Number C2-6587.HT.01.01.TH.92 dated August 12, 1992 and enacted in the State Gazette Number 93 dated September 11, 1992 Addendum No.6A.

Loan Restructuring

In running its business activity, the Bank should manage the loan risk by, among others, maintaining the qualities of loan and asset. Because the quality of loan is one of critical variables affecting the Bank performance, a stipulation should be made related to the management of impaired loan through Consumer Loan Restructuring. Loan Restructuring is an attempt taken by the Bank to improve the crediting activity over the debtors finding difficulty in fulfilling their obligation.

The loan restructuring program is the bank's policy in supporting the economic growth stimulus, the implementation of which still takes the bank risk management into account. The point needing to be considered in the restructuring process is to ensure that the quality of loan is smooth since the restructuring process (Pujijono, P., Waluyo, B., & Manthovani, R. 2020).

Definition of Covid-19

Covid-19 is an acute induced by RNA virus, SARS-Cov-2, in which this virus was detected firstly in Wuhan, China in December 2019 and then transmitted throughout world. Around 2022, the Covid-19 big wave occurred due to some SARS-COV-2 variants: delta, lambda, mu and omicron. Indonesia, with the increasing number of Covid-19 cases, became the state with the largest number of Covid-19 cases in South East Asia. Even, Indonesia recorded the highest daily mortality rate in the world on Sunday, July 11, with 1,007 deaths, surpassing India on the third position with 720 deaths, Russia on the second position with 740 deaths, and Brazil with 597 deaths. One day before, Saturday, July 10, the daily mortality case rate in Indonesia was on the third position with 826 deaths, with India on the second position (899 deaths) and Brazil on the top position (1,172 deaths).

The coronavirus disease 2019 (COVID-19) is an acute respiratory disease caused by the novel RNA virus severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). Since the first report of SARS-CoV-2-infected patients in Wuhan, China, in December 2019, the number of persons with COVID-19 has markedly increased worldwide. As we approach 2022, we are experiencing a big wave of COVID-19 caused by SARS-CoV-2 variants (i.e., delta, lambda, mu, and omicron). (Hashimoto, Suzuki, and Hashimoto 2022)

Coronavirus disease 2019 (Covid-19), the illness caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2), was first identified in December 2019 and rapidly progressed to a global pandemic. Older persons and those with coexisting conditions such as obesity, cardiovascular disease, and diabetes mellitus are at increased risk for hospitalization or death from Covid-19. (Gottlieb et al. 2022)

Discussion

The Financial Service Authority (Indonesian: Otoritas Jasa Keuangan or OJK) has issued a policy of quick response to the effect of Covid-19 transmission in March 2020 by publishing POJK 11/POJK.03/2020 about the National Economic Stimulus as the Countercyclical Policy to respond to the effect of Covid-19 transmission effective up to March 31, 2021. Then, considering the pandemic condition showing no improvement around the end of 2020, the OJK through POJK No. 48/POJK.03/2020 about the First Amendment to POJK about Covid-19 Stimulus has extended the relaxing policy period up to March 31, 2022 by emphasizing the obligation of risk management and caution principle application in the stimulus implementation and adding the policy related to bank liquidity and capitalization,. The Second Amendment to POJK Number 71/POJK.03/2021 assigned the extension up to March 31, 2023.

The issuance of POJK Number 11/POJK.03/2020 was made considering the following conditions:

- 1) The global transmission of Covid-19 has affected debtor performance and capacity in fulfilling their loan repayment obligation, either directly or indirectly;
- 2) The effect on debtor performance and capacity will increase the loan risk that can potentially disturb the performance of banking and the stability of financial system and thereby can affect the economic growth;
- 3) To encourage the optimization of banking performance, particularly its intermediating function;
- 4) Maintaining the financial system stability and supporting the economic growth.

In the attempt of solving the impaired loan problem during Covid-19 pandemic, the OJK issued a policy called loan restructuring. That is a condition representing the situation of banking world and financial institution after the pandemic peak passed. In this condition, nearly all financing credits applied for restructuring. This situation is a dilemma to banking and financing institutions, recalling the insolvency threat post-pandemic generated by the debtor whose business is affected by Covid-19 pandemic. Such condition requires the bank to do restructuring. Similarly, in this condition, the customers' collectability will decrease and thereby require the bank or the financing institution to increase the financing reserved because of the increasing loan risk.

The basic rules contained in the second amendment to the POJK Number 17/POJK.03/2021 are as follows:

- (1) BUK, BUS, UUS, BPR or BPRS can apply the policy supporting the economic growth stimulus for the debtors affected by Covid-19 transmission up to March 31, 2023, including the assessment of asset quality based on the loan/financing repayment timeliness with plafond up to IDR 10 billions, the assignment of smooth quality for the restructured loan/financing and the assignment of new loan/financing quality, separated from the existing facilities.
- (2) BUK, BUS or UUS can apply the policy supporting the economic growth stimulus for the Bank as the effect of Covid-19 transmission, including:
 - a. Providing tuition less than 5% of HR expenditure budget for BUK or BUS effective not only in 2020 and 2021 but also in 2022.
 - b. Assigning the quality of Collateral Taken Over (Indonesian: Agunan yang diambil alih, thereafter called AYDA) by BUK, BUK or UUS, obtained up to March 31, 2020 based on the quality of collateral taken over in the end of March 2020 to March 31, 2023.
 - c. Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR), and Capital Conservation Buffer (CCB) effective up to March 31, 2022.
- (3) Risk management, in the attempt of implementing stimulus as regulated in POJK No. 48/POJK.03/2020, should remain to be applied by the banking including, among others, the assessment on debtors eligible to be restructured, the adequacy of CKPN establishment, and stress testing on the effect of restructuring on bank capitalization and liquidity.

The application of risk management in the restructuring relaxation remains to be the guideline in this policy implementation, consisting of (Prabowo 2021):

- a) The criteria of restructuring debtors eligible to get extension. The application of self-assessment to the debtors considered having surviving ability, still having prospective business, and therefore eligible to get extension.
- b) The adequacy of CKPN establishment. To the debtors considered no longer surviving following the first stage of restructuring process, the bank is required to establish CKPN.
- c) Precondition of Dividend Sharing. In the case of the bank shares its dividend, it should take into account the capital resilience over the additional CKPN that should be established to anticipate the potential decrease in the quality of restructuring loan.
- d) Stress testing on the effect of restructuring on Bank capitalization and liquidity.

The procedure of Loan Restructuring basically involves some interrelated stages. There are 6 (six) stages that should be done successively:

- (a) Planning, Mapping the debtors and priority scale of restructuring offering
- (b) Applying for Loan Restructuring on Debtor's Initiative;
- (c) Document Verification, checking the completeness of restructuring requirement document;
- (d) Restructuring analysis, finding out the eligibility of loan to be restructured and proposing the restructuring pattern;
- (e) Restructuring Approval, an approval to do restructuring to the eligible ones;
- (f) Restructuring Monitoring, Monitoring the debtor post-restructuring and evaluating it periodically.

OJK extended the relaxing period of loan restructuring for the banking for one year from March 31, 2022 to March 31, 2023. This extension of loan restructuring relaxing period is also effective to BPR and BPRS. This decision of extension was made in the attempt of

maintaining the momentum of national economic recovery acceleration, the banking stability, and the performance of Covid-19 restructuring debtors that have begun to recover. The banking keeps showing improved performance until today, as indicated with positive credit growth since June 2022 and Loan at Risk (LaR) rate decreasing trend, despite relatively high rate. Meanwhile, NPL rate increased slightly from 3.06 percent (in December 2020) to 3.35 percent (July 2021). The extension of restructuring period up to 2023 should be implemented by applying risk management continuously, recalling the development of delta variant and mobility limitation so that it will take longer time for the banking to create Value Decrease Loss Reserve (CKPN) and for the debtors to organize their business to avoid the agitation when the stimulus ends. The outstanding Covid-19 restructuring reached IDR 778.9 trillions with 5 million debtors, and 71.53% of them are MSME debtors. This outstanding Covid-19 loan restructuring indicates a decrease compared with that in the beginning of stimulus implementation.

Table 1. Profile of National Loan Restructuring Realization in the period of 2020-2022

| Bulan | Tahun 2020 | | Tahun 2021 | | Tahun 2022 | | Total | |
|-------|------------|-----------------|------------|-----------------|------------|-----------------|---------|-----------------|
| | Deb | Pokok (Rp/Juta) | Deb | Pokok (Rp/Juta) | Deb | Pokok (Rp/Juta) | Deb | Pokok (Rp/Juta) |
| Jan | 609 | 108,550 | 7,362 | 1,206,773 | 4,849 | 759,029 | 12,820 | 2,074,353 |
| Feb | 1,662 | 320,375 | 10,251 | 1,698,776 | 7,103 | 1,129,456 | 19,016 | 3,148,607 |
| Mar | 6,579 | 1,132,290 | 8,679 | 1,350,549 | 11,074 | 1,790,181 | 26,332 | 4,273,020 |
| Apr | 60,586 | 8,553,344 | 4,489 | 818,071 | 8,381 | 1,426,955 | 73,456 | 10,798,370 |
| Mei | 89,383 | 11,557,907 | 10,719 | 2,057,582 | 7,122 | 1,151,258 | 107,224 | 14,766,746 |
| Jun | 53,460 | 7,407,123 | 24,045 | 4,054,066 | 11,684 | 1,911,312 | 89,189 | 13,372,501 |
| Jul | 35,192 | 4,783,848 | 30,790 | 4,608,399 | | | 65,982 | 9,392,247 |
| Ags | 21,152 | 2,928,321 | 37,478 | 5,265,887 | | | 58,630 | 8,194,208 |
| Sept | 17,161 | 2,257,900 | 21,101 | 2,945,807 | | | 38,262 | 5,203,707 |
| Okt | 12,255 | 1,644,952 | 17,478 | 2,375,175 | | | 29,733 | 4,020,127 |
| Nov | 11,477 | 1,627,014 | 15,265 | 2,109,114 | | | 26,742 | 3,736,127 |
| Des | 10,767 | 1,650,739 | 11,694 | 1,692,529 | | | 22,461 | 3,343,267 |
| Total | 320,283 | 43,972,363 | 199,351 | 30,182,728 | 50,213 | 8,168,190 | 569,847 | 82,323,281 |

A total of 569,847 debtors have received restructuring program with outstanding of IDR 82 trillion in the last 3 (three) years. This total number increased dramatically by 320,283 debtors (56.21%) with outstanding of IDR 43 trillion in 2020 due to Covid-19 pandemic. Meanwhile, for the Regional Office 6 area, 1,660 debtors have received restructuring program in the first semester of 2022 with total outstanding of IDR 283 billion. The largest realization can be found in June 2022, 432 debtors (26.02%) with total outstanding of IDR 82 billion. The subsidiary office with the largest total restructuring rate is Semarang Subsidiary Office (KC Semarang), with 394 debtors (23.73%) and total outstanding of IDR 63 billion.

Table 2. Profile of Loan Restructuring Realization in the Regional Office 6 in the period of 2022 (Monthly)

| Kantor Cabang | Jan | | Feb | | Mar | | April | | Mei | | Juni | | Total | | |
|------------------|-----|-----------------|-----|-----------------|-----|-----------------|-------|-----------------|-----|-----------------|------|-----------------|-------|---------|-----------------|
| | Deb | Pokok (Rp/Juta) | Deb | Pokok (Rp/Juta) | Deb | Pokok (Rp/Juta) | Deb | Pokok (Rp/Juta) | Deb | Pokok (Rp/Juta) | Deb | Pokok (Rp/Juta) | Deb | % | Pokok (Rp/Juta) |
| 00005 YOGYAKARTA | 20 | 7,125 | 23 | 5,648 | 25 | 6,325 | 37 | 10,508 | 27 | 6,198 | 55 | 12,532 | 187 | 11.27% | 48,336 |
| 00013 SEMARANG | 35 | 3,721 | 50 | 6,507 | 69 | 9,806 | 59 | 13,507 | 54 | 7,788 | 127 | 22,332 | 394 | 23.73% | 63,660 |
| 00031 SOLO | 41 | 4,430 | 33 | 4,996 | 74 | 10,490 | 41 | 7,434 | 25 | 4,963 | 123 | 21,776 | 337 | 20.30% | 54,088 |
| 00032 PEKALONGAN | 57 | 7,157 | 110 | 12,528 | 101 | 9,267 | 34 | 3,032 | 23 | 2,779 | 50 | 7,000 | 375 | 22.59% | 41,762 |
| 00033 PURWOKERTO | 6 | 754 | 17 | 3,077 | 20 | 3,230 | 16 | 2,583 | 26 | 6,940 | 40 | 7,769 | 125 | 7.53% | 24,352 |
| 00153 TEGAL | 20 | 4,086 | 17 | 2,953 | 49 | 9,672 | 20 | 2,563 | 22 | 8,629 | 27 | 9,794 | 155 | 9.34% | 37,697 |
| 00081 MAGELANG | 12 | 1,983 | 20 | 3,495 | 19 | 2,503 | 12 | 2,116 | 11 | 1,816 | 10 | 1,570 | 84 | 5.06% | 13,482 |
| 00182 KUDUS | - | - | - | - | - | - | 2 | 247 | 1 | 277 | - | - | 3 | 0.18% | 523 |
| Total | 191 | 29,256 | 270 | 39,204 | 357 | 51,291 | 221 | 41,989 | 189 | 39,389 | 432 | 82,772 | 1,660 | 100.00% | 283,901 |

The implementation of loan restructuring, of course, faces some constraints:

1. Post-restructuring revocation, the loan period has not returned yet to that before restructuring.
2. Future payment minus during input through eloan
3. Monthly repeated Billing error
4. Inappropriate installment appearing post-restructuring
5. The proposal to maintain collectability is taken out as it cannot be executed in eloan.

Restructuring can be seen as the most appropriate recovering attempt (to recover the impaired loan) as the effect of pandemic Covid-19 on the debtors. The problem arising today is related to the formulation of loan restructuring acceptable to the debtors and to be an attempt of recovering to bank and financial institution. The restructuring formula should be determined appropriately to avoid the restructuring offered by the bank from being accepted by the debtors only to postpone the default incidence, despite the unsustainability of debtor cashflow.

In granting restructuring, the bank and the financial institution should consider the commercial aspect and the profitability of bank, recalling that both bank and financial institution refer to cost of bank in granting the financing, and in this case both bank and financial institution should avoid 'hair cut' policy that harms them commercially or even potentially contains the state's loss (particularly to the State-Owned Bank or Governmental Financing Institution).

Conclusion

In post-pandemic condition, nearly all financing loans apply for restructuring. This situation is a dilemma to banking and financing institutions, recalling the insolvency threat post-pandemic generated by the debtor whose business is affected by Covid-19 pandemic. Such condition requires the bank to do restructuring. Similarly, in this condition, the customers' collectability will decrease and thereby require the bank or the financing institution to increase the financing reserved because of the increasing loan risk. The implementation of risk management in the restructuring relaxing process consisting of the criteria of restructuring debtors eligible to get extension, the adequacy of CKPN establishment, the precondition of Dividend Sharing, and the stress testing on the effect of restructuring on Bank capitalization and liquidity become the guideline in the policy implementation.

The banking keeps showing improved performance until today, as indicated with positive credit growth since June 2022 and Loan at Risk (LaR) rate decreasing trend, despite relatively high rate. Meanwhile, NPL rate increased slightly from 3.06 percent (in December 2020) to 3.35 percent (July 2021). A total of 569,847 debtors have received restructuring program with outstanding of IDR 82 trillion in the last 3 (three) years. This total number increased dramatically by 320,283 debtors (56.21%) with outstanding of IDR 43 trillion in 2020 due to Covid-19 pandemic. Meanwhile, for the Regional Office 6 area, 1,660 debtors have received restructuring program in the first semester of 2022 with total outstanding of IDR 283 billion. The largest realization can be found in June 2022, 432 debtors (26.02%) with total outstanding of IDR 82 billion.

The restructuring implementation generated some impacts and faced some constraints, including Future payment minus during input through eloan, Monthly repeated Billing error, Inappropriate installment appearing post-restructuring, The proposal to maintain collectability taken out as it cannot be executed in eloan, and Post-restructuring revocation, the loan period having not returned yet to that before restructuring.

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