

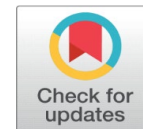
IMPLEMENTATION OF CREDIT RESTRUCTURING DURING THE COVID-19 PANDEMIC PERIOD (CASE STUDY ON RURAL BANKS)



Fitriana¹, Aloysius Harry Mukti²✉

¹ Institute Bisnis Nusantara, Indonesia

² Universitas Bhayangkara Jakarta Raya, Indonesia



ABSTRACT

The banking sector is one of the sectors affected, several policies to reduce the impact of COVID-19 have caused productivity to decline, productivity has decreased, the next impact is hampered liquidity. Rural Bank is a form of banking on a micro-scale that substantially has a function like banking in general, where liquidity risk is also one of the risk exposures for Bank Perkreditan Rakyat Nusantara. In particular. Based on this background phenomenon, further research will be conducted to examine the health of the bank's financial ratios and profitability after the impact of the implementation of the credit restructuring policy at Bank Perkreditan Rakyat Nusantara. The research method used is a qualitative method with inductive data analysis and qualitative research emphasizes the meaning or data behind what is observed. From the results of this study, it can be concluded that in general, the financial health and profitability ratios at Credit Banks during the Covid 19 period experienced a decline in performance throughout 2020 compared to 2019. The strategic steps taken by the Nusantara Credit Bank Bona Pasogit 10 during the Covid 19 period were: (a). Develop an internal policy for restructuring debtors affected by COVID-19 (b). Establish a team and task force for handling debtors affected by covid-19 (c). Restructuring debtors affected by Covid-19 and (d). Reporting to the Financial Services Authority as mandated in POJK 48/POJK.02/2020.

Received 19 December 2021

Accepted 31 January 2022

Published 17 February 2022

Corresponding Author

Aloysius Harry Mukti,
harryalloysius2021@gmail.com

DOI [10.29121/ijetmr.v9.i2.2022.1105](https://doi.org/10.29121/ijetmr.v9.i2.2022.1105)

Funding: This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

Copyright: © 2022 The Author(s). This is an open access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

Keywords: COVID -19, Liquidity, Credit, Profitability, Restructuring

1. INTRODUCTION

The banking sector is one of the sectors affected, several policies to reduce the impact of COVID-19 have caused productivity to decline, productivity has decreased, the next impact is hampered liquidity. The Deposit Insurance Corporation (LPS) said not all banks were immune to worsening conditions due to the COVID-19 pandemic. Individually, small banks are the most vulnerable to liquidity. Unfortunately, some small banks will find it difficult to get to the market and become the most vulnerable due to COVID-19, small banks are the range in these conditions, because the capital is not large enough, TPF (Third Party Funds) is concentrated in only a few depositors and the credit risk also increases. (money.kompas.com, January 2021).

The government through policy instruments that support banking liquidity during the COVID-19 pandemic period is contained in several Financial Services Authority Regulations (POJK). POJK Number 11/POJK.03/2020 concerning the national economic stimulus as a



countercyclical policy due to the impact of the 2019 corona virus disease spread, article 2 paragraph [Ambarwati and Abundanti \(2018\)](#) provides directions that banks can implement policies that support economic growth stimulus for debtors affected by the 2019 coronavirus disease. including micro, small, and medium business debtors. Furthermore, the technical restructuring policy is contained in Article 2 paragraph [Ananto and Ferdawati \(2020\)](#), policies that support the economic growth stimulus as referred to in paragraph [Ambarwati and Abundanti \(2018\)](#) include: (a). asset quality determination policy and (b) credit or financing restructuring policy.

The ongoing spread of COVID-19 globally and domestically has forced the government to issue POJK Number 48/POJK.03/2020) regarding changes to POJK Number 11/POJK.03/2020. This policy broadly implements that the quality of restructured credit or financing is determined to be smooth since the restructuring is carried out as stated in Article 5 paragraph [Ambarwati and Abundanti \(2018\)](#).

Periodic evaluation of the fundamentals of bank resilience and the principles of prudence are the main factors for the Bank to survive, several indicators of banking health that need to be monitored regularly include (SE Bank Indonesia number 13/30/ DPNP dated December 16, 2011): (a). return on assets or the ratio of profit before tax to average total assets (b). Operating Expenses to Operating Income (BOPO) and credit to third party funds or LDR and (d). The ratio of non-performing loans to total loans or NPL (Non-performing loans). Several previous studies have also emphasized the importance of maintaining bank soundness ratios during the COVID-19 pandemic ([Handayani et al, 2020](#), [Tiwu \(2020\)](#), [Sofia \(2021\)](#), [Supeno and Hendarsih \(2020\)](#), [Ilhami and Husni \(2021\)](#)).

Rural Bank is a form of banking on a micro scale which substantially has a function like banking in general, where liquidity risk is also one of the risk exposures for Bank Perkreditan Rakyat Nusantara Bona Pasogit 10 in particular. Based on this background phenomenon, further research will be conducted to examine the health of the bank's financial ratios and profitability after the impact of the implementation of the credit restructuring policy at Bank Perkreditan Rakyat Nusantara.

2. MATERIALS AND METHODS

2.1. METHODS

The method used in this study is a qualitative method, meaning that the researcher will explore the existing problems. According to Bogdan and Biglen in [Sugiyono \(2015\)](#) with their book entitled; Qualitative research for education, An Introduction to theory and Methods, says that qualitative research is an inductive data analysis and qualitative research is more focused on the meaning or data behind what is observed. Researchers play an active role in loading the research plan, and the research implementation process, as well as being the determining factor of the entire research process and results.

2.2. DATA SOURCE AND PERIOD

According to qualitative research theory, in order for the research to be of really high quality, the data collected must be complete, namely in the form of primary data and secondary data ([Saban, 2017](#)):

- 1) Primary data is data in the form of verbal or spoken words, gestures or behaviour carried out by reliable subjects in this case are research subjects (informants) relating to the observations to be studied.
- 2) Secondary data is data obtained from documents in the form of policies and financial reports

2.3. DATA PROCESSING METHOD

In this study, data processing was carried out as follows:

- 1) Analysis of financial health ratios before and after the Covid-19 pandemic using financial health ratio indicators, namely
 - KAP (Quality of Earning Assets) According to POJK Number 33 of 2018, productive assets are defined as the provision of BPR funds in rupiah currency to obtain income in the form of credit, Bank Indonesia certificates and placements with other banks. healthy indicator < 10.35%
 - BOPO (Operating Expenses to Operating Income) According to the circular letter of Bank Indonesia Number 13/30 DPNP dated December 16, 2011, BOPO is the ratio of total operating expenses to total operating income. Healthy indicator < 100%
 - cash ratio Is a liquid instrument consisting of cash and investments in other banks against current debt Zahara (2013). Healthy indicator > 4.05%
 - *Loan to Deposit Ratio* According to the Circular Letter of the Financial Services Authority Number 39/SEOJK.03/2017, it is defined as the ratio of loans granted to third parties to third party funds (including current accounts, savings, and time deposits). Healthy indicator < 110%
 - *Non-Performing Loan (NPL)* According to the Circular Letter of the Financial Services Authority Number 39/SEOJK.03/2017, NPL is defined as the ratio of the number of non-performing loans to the total credit found in BPRs. Healthy indicator < 5%
- 2) Profitability before and after the Covid-19 pandemic using the Return on Assets (ROA) ratio, according to Bank Indonesia Circular Number 13/30 DPNP dated December 16, 2011, which is defined as the value of profit before tax to total assets. Healthy indicator >1.5 % (Banking Industry OJK Report, 2015;20)

3. RESULTS AND DISCUSSIONS

3.1. FINANCIAL PERFORMANCE DURING THE COVID-19 PANDEMIC

The indicators of the financial health of Rural Banks that will be analysed after the implementation of the credit restructuring policy are: KAP (Quality of Earning Assets), BOPO or operating expenses to operating income, cash ratio, Loan to Deposit Ratio, Non-Performing Loan (NPL) and Return on Asset (ROA)

Table 1 Earning asset quality for the period January 2020 – December 2020 (in percentage)

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
HOOD	3	3.06	3.07	3.2	5.17	4.89	4.78	4.57	4.5	4.28	4.14	3.96

Source: Monthly financial report 2020

In general, the assessment of the quality of productive assets at Bank Perkreditan Rakyat Nusantara Bona Pasogit 10 Dolok Songful shows a healthy indicator, the KAP value is always below the 10.35% indicator, or it means that productive assets with problems are always smaller than the total productive assets.

Covid-19 impact analysis, The trend of productive asset quality in 2020 compared to 2019 shows unsatisfactory results.

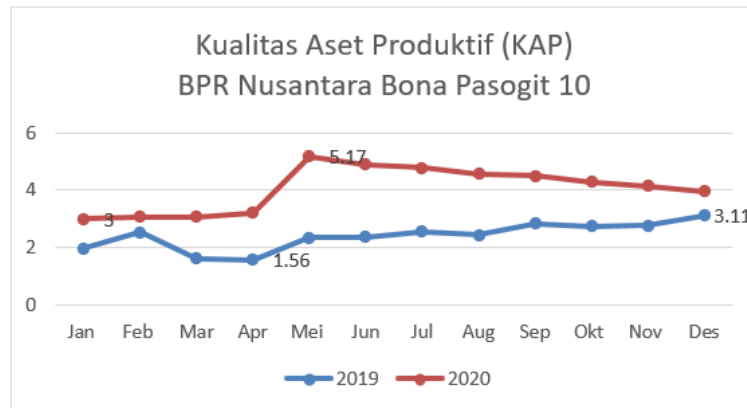


Figure 1 KAP Value

Source: Monthly financial reports for 2019 and 2020

This can be seen from the KAP value in 2019 showing the maximum value at 3.11% in December 2019 and the minimum value at 1.56% in April 2019, but in 2020 there was an increase with the maximum value in May 2020, namely 5.17% and minimum at 3.00% in January 2020. This result shows that there is an increasing trend of non-performing productive assets even though the overall condition of KAP in 2020 is in a healthy condition because it is less than 10.35%. The highest value in May 2020 indicates that the quality of problematic productive assets is the impact of the Covid-19 pandemic, this increase is due to the ability to fulfil the obligations of the Debtor which is constrained as a result of the Covid-19 Pandemic.

Table 2 Operating Expenses to Operating Income (BOPO) January 2020 - December 2020 period (in percentage)

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
BOPO	76.6	75.8	75.7	76.3	77.7	78.5	78.6	79.1	79.0	79.5	80.0	80.8
	3	4	5	7	3	7	4	1	1	1	7	9

Source: Monthly financial report 2020

The BOPO ratio in 2020 is at its maximum value of 80.89% in December 2020, the smallest ratio is 75.75% in March 2020, for 2020 BPR Nusantara Bona Pasogit 10 can maintain performance with an BOPO achievement of below 100%.

Covid-19 impact analysis, in 2020 the trend of growth in the BOPO ratio shows stable growth.

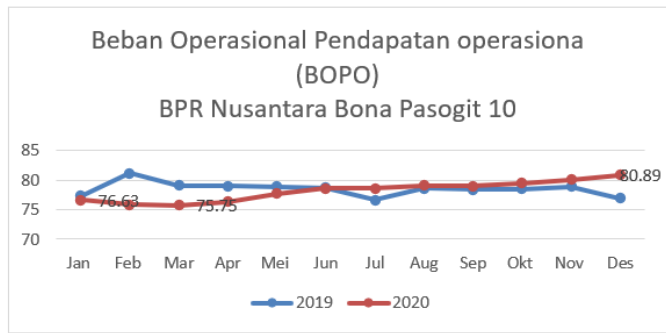


Figure 2 BOPO Ratio
Source: Monthly financial reports for 2019 and 2020

At the beginning of 2020 the BOPO ratio was shown at 76.63%, in March 2020 it decreased to 75.75% and continued to grow until at the end of 2020 it reached 80.89%, this insignificant growth remained in a healthy condition for BPR Nusantara Bona Pasogit 10 Dolok Sanggul because it keeps the ratio below 100%. The trend also shows that the BOPO ratio in 2020 has increased compared to 2019, one of the reasons for this ratio being higher is the relatively declining operating income as a result of the impact of the Covid-19 Pandemic while operating expenses have not decreased relatively.

Table 3 Cash Ratio January 2020 - December 2020 period (in percentage)												
	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
CR	19.13	20.65	17.17	18.29	22.27	23.46	26.23	24.96	25.94	26.6	27.64	23.5

Source: Monthly financial report 2020

With a minimum cash ratio indicator of 4.05%, BPR Nusantara Bona Pasogit 10 in 2020 shows a healthy condition, the lowest value is in March 2020 with a cash ratio of 17.17% and the highest in November 2020 with a cash ratio value of 27.64%

Covid-19 impact analysis, the ability to meet current debt in 2020 experienced an increasing growth trend.

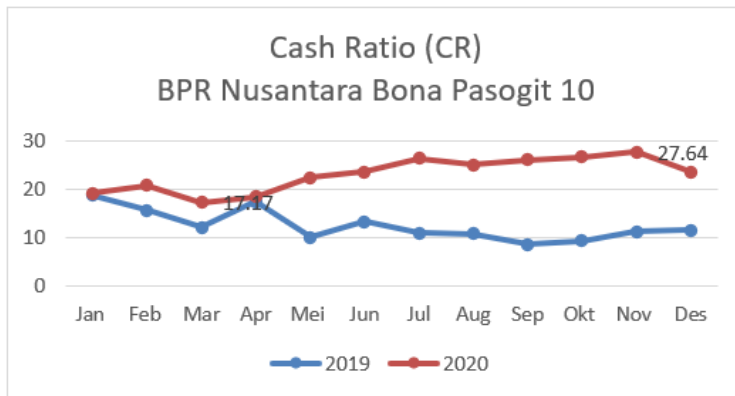


Figure 3 Cash Ratio
Source: Monthly financial reports for 2019 and 2020

The cash ratio growth with the lowest value was in March 2020 with a value of 17.17%. The ability to fulfil current debt continues to grow up to the highest value in November 2020 with a value of 27.64%. This condition is inversely proportional to the trend at the beginning of the year to the end of 2019 which grew below 2020. This is due to the increase in company liquidity for public deposit funds that rely on BPRs and on the other hand, caution has given the BPR a decision to redistribute it into a form of loan. causing increasing *reserve* cash which has a higher impact on the ratio.

Table 4 Loan to Deposit Ratio (LDR) January 2020 – December 2020 period (in percentage)

	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec
LD	64.8	64.3	67.7	66.0	59.3	55.8	55.1	56.8	57.	57.4	57.3	59.8
R	6	3	1	7	7	2	6	2	5	9	1	9

Source: Monthly financial report 2020

With the indicator of credit distribution being 110% above third-party funds, in 2020 BPR Nusantara Bona Pasogit 10 is able to maintain performance while maintaining a ratio below 110%. The highest LDR ratio was in March 2020 with a value of 67.71% and continued to decline to the lowest in July 2020 with a value of 55.16%.

Covid-19 impact analysis, the trend in 2020 shows growth that does not fluctuate.

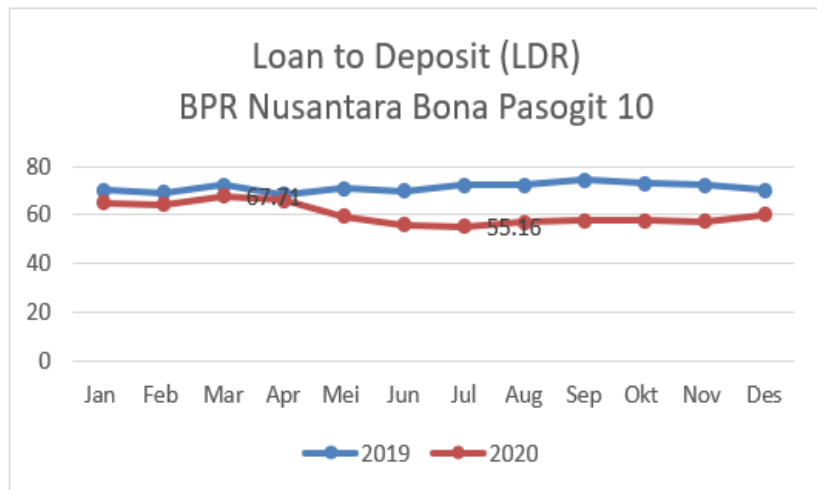


Figure 4 Loan to Deposit

Source: Monthly financial reports for 2019 and 2020

LDR in 2020 is moving below the trend in 2019, this is a form of mitigation or conservatism to limit credit distribution while maintaining liquidity at BPR Nusantara Bona Pasogit 10, the lowest LDR value in 2020 was in July, namely 55.16% or in other words only half of the distribution loans from total BPR deposits while the highest LDR ratio in 2020 was in March 2020 with a value of 67.71%. It can be said that the LDR ratio has been affected by the Covid-19 Pandemic, but the trend that is below growth in 2019 is a form of prudence in terms of lending.

Table 5 Non-Performing Loan (NPL) January 2020 period – December 2020 (in percentage)												
	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
NPL	5.33	5.82	5.37	6.4	6.64	7.36	6.88	6.66	6.47	5.91	5.85	5.38

Source: Monthly financial report 2020

With the NPL indicator of not more than 5%, on average based on the 2020 monthly financial reports, BPR Bona Pasogit shows a value above 5%, the highest value was in June 2020 with an NPL of 7.36% while the lowest NPL was in January 2020 with a value of 5.33%.

Covid-19 impact analysis, the year 2020 has had a huge impact on NPL growth for BPR Nusantara Bona Pasogit 10.

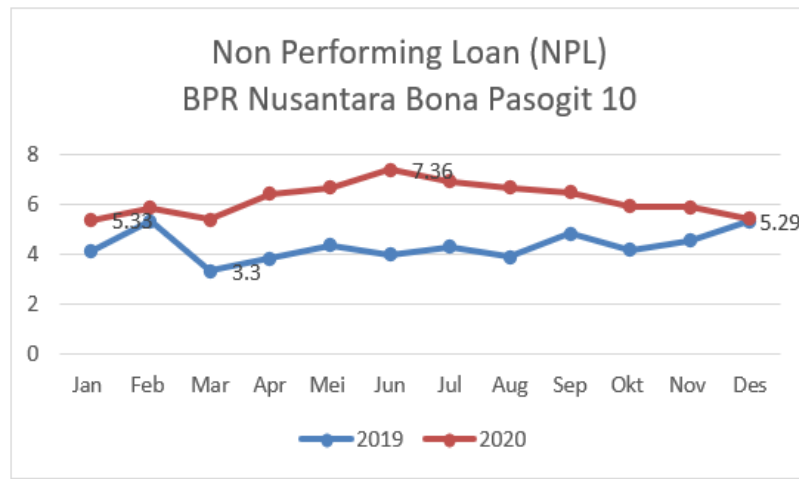


Figure 5 Non-Performing Loan

Source: Monthly financial reports for 2019 and 2020

This can be seen from several analyses as follows: [Ambarwati and Abundanti \(2018\)](#). The 2019 NPL trend moved below the 2020 trend with a minimum value of 3.30% in March 2019 and only one month, namely December 2020, which was above the provision of 5.29% in December 2020 [Ananto and Ferdawati \(2020\)](#). The trend of NPL throughout 2020 grew above 5% or above the provisions, this can be seen from the minimum value in January 2020 of 5.33% and the highest in June 2020 with a value of 7.38%. NPLs that are above this indicator are clearly the impact of constrained debtor liquidity, the NPL growth in 2020 experienced by BPR Nusantara Bona Pasogit 10 individually is also experienced by industry. The trend of NPL growth in 2020 for the BPR industry is at a value of 8.34% (business finance, 2020) and from the second quarter 2020 report,

Table 6 Return on Asset (ROA) January 2020 – December 2020 period (in percentage)												
	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
ROA	5.82	6.02	5.96	5.65	5.17	4.89	4.78	4.57	4.5	4.28	4.14	3.96

Source: Monthly financial report 2020

Return on Assets which is a healthy provision is above 1.5% according to the banking performance report issued by the Financial Services Authority to be said to be good. The trend in 2020 shows good performance while maintaining the achievement above 1.5% even though this trend is a declining trend starting with the beginning of 2020 at 5.82% and in December 2020 it fell to 3.96%

Covid-19 impact analysis, the trend of the company's ability to provide returns on asset utilization during 2020 has decreased

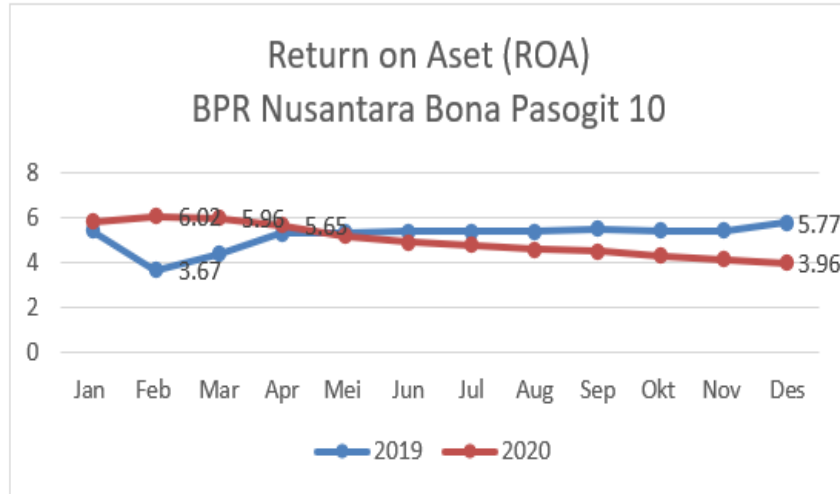


Figure 6 Return on Asset

Source: Monthly financial reports for 2019 and 2020

In the early 2020 period, the highest ROA achievement was in February with a value of 6.02% but coinciding with the start of the COVID-19 pandemic in March, it was seen that the ROA decreased to 5.96% in March 2020, this continued in April, dropping back to 5.65%. The downward trend continued until the ROA was achieved in December of 3.96%. On the other hand, in 2019, the trend was relatively insignificant ROA growth. The lowest value of ROA in February was 3.67% but this continued to improve and at the end of 2019 it was 5.77%. The decline in ROA value is in line with the weakening of the banking industry due to the Covid-19 pandemic.

Table 7 Summary of the analysis of the financial health of BPR Nusantara Bona Pasogit 10 as a result of Covid-19

No	Indicator	2019(average)	2020(average)	Conclusion
1	Earning Asset Quality (KAP)	2.39	4.05	Performance drop
2	Operating Expenses Operating Income (BOPO)	78.5	78.17	Stable
3	Cash Ratio (CR)	12.37	22.98	Performance Improvement
4	Loan to Deposit Ratio (LDR)	71.22	60.19	Performance Drop
5	Non-Performing Loans (NPL)	4.3	6.17	Performance drop
6	Return on Assets (ROA)	5.18	4.97	Performance drop

Based on the conclusions of the six indicators of the financial health of the Nusantara Rural Credit Bank Bona Pasogit 10, several ratios that are closely related to lending to the public show a decline in performance, this is the impact of the

macroeconomic slowdown, which then has an impact on several industries due to the COVID-19 pandemic. The policy to reduce the spread of the covid virus is social restrictions in all aspects, this restriction causes the performance of the majority of the industrial sector to decline, due to this decline in profits, one of the strategies taken by the company to stay afloat is a reduction in salary or worse, termination of employment.

3.2. STRATEGIC STEPS FOR THE BONA PASOGIT 10 RURAL BANK DURING THE COVID-19 PANDEMIC PERIOD

- 1) Develop a credit restructuring policy as a result of the spread of Covid-19
BPR Nusantara Bona Pasogit 10

Bank Perkreditan Rakyat Nusantara Bona Pasogit 10 as one of the micro community fund management institutions supports Government policies related to economic conditions that require special attention, especially to maintain the sustainability and liquidity of the Company. By referring to the Financial Services Authority Regulation Number 11/POJK.03/2020 regarding the National economic stimulus as a counter cyclical policy as a result of the spread of Coronaviris Disease 2019, the Board of Directors of BPR Nusantara Bona Pasogit 10 compiled a policy guideline for credit restructuring as a result of the spread of coronavirus disease 2019 (Covid-19.) which was later ratified by the Board of Commissioners on March 23, 2020. Decree of the Board of Directors Number 29/SKDIR/BPR-NBP10/III/2020 concerning Credit Restructuring Policies and Procedures for the Impact of the Spread of Covid-19.

Specifically, this guideline is a form of risk mitigation that regulates:

- Sectors Affected by Coronavirus -19 Economic sectors affected by the spread of Coronavirus -19 both directly and indirectly include the tourism, transportation, hotel, trade, processing, agriculture, and mining sectors.
- Criteria for debtors affected by Coronavirus -19 Debtors who are determined to be affected by Coronavirus -19 and can be given credit restructuring are:
 - 1) Debtors who have daily income or daily income workers; or
 - 2) Debtors who earn monthly but do not work for a while (lay off without receiving income) or are subject to termination of employment (PHK) (eg workers/factory employees); or
 - 3) A debtor who is sick and is categorized as a Patient under Supervision (PDP) so that he cannot run his business or cannot work as usual; or
 - 4) Debtors who are already positive are constrained by Coronavirus -19 so they cannot run their business or cannot work as usual.
- Credit restructuring policy for debtors affected by Coronavirus -19 Several technical implementations of credit restructuring at BPR Nusantara Bona Pasogit 10, namely:
 - 5) Instalment Payment Delay,
 - Delay in payment of principal instalments, namely providing a postponement of the obligation to pay the principal instalments for a certain period of time and such delay may be granted for a maximum period of 6 (six) months. Furthermore, the total amount of the deferred principal instalment payment obligations is charged on a prorated basis on the remaining credit term.

- Postponement of interest instalment payments, namely providing a postponement of the obligation to pay interest instalments for a certain period of time and the postponement is granted for a maximum period of 6 (six) months ahead. Furthermore, the total amount of the deferred interest instalment payment obligations is charged on a prorata basis on the remaining credit period.
 - Postponement of payment of principal and interest instalments, namely providing a postponement of the obligation to pay instalments of principal and interest for a certain period of time and the postponement is granted for a maximum period of 6 (six) months ahead. Furthermore, the total amount of the outstanding principal and interest instalment payments is charged on a pro-rata basis over the remaining loan term.
- 6) Reduction of principal and/or interest instalments
- Reduction of the number of principal instalments, namely providing a certain amount of reduction from the amount of the obligation to pay the previous principal instalment, the reduction is given for a certain period of time with a maximum period of 6 months. Furthermore, the accumulated amount of the deduction is added to the remaining principal debt that will be paid by the debtor during the remaining credit period.
 - Reduction of the number of interest instalments, namely providing a certain amount of reduction from the amount of the obligation to pay the previous interest instalments, the reduction is given for a certain period of time with a maximum period of 6 months. Furthermore, the accumulated amount of the deduction is added to the remaining interest payable to be paid.
 - Reduction of the amount of principal and interest instalments, namely providing a certain amount of reduction from the total amount of the previous principal and interest instalment payments, the reduction is given for a certain period of time with a maximum period of 6 months. Furthermore, the accumulated amount of the deduction is added to the remaining principal and interest to be paid by the debtor for the remaining term of the credit.
- 7) Asset quality determination policy for debtors affected by Coronavirus -19
- The quality of the restructured credit is determined to be current since the restructuring is carried out until the restructuring period ends and a maximum of until March 31, 2021, and the subsequent determination of credit quality follows the provisions of the applicable collectability determination. If the impact of the spread of the Coronavirus -19 in Indonesia has not ended, with certain considerations it is possible to restructure the restructuring as intended by taking into account the maximum period in accordance with the provisions or up to a period determined later through the Financial Services Authority (OJK).

Policy for granting credit/providing new funds to debtors affected by Coronavirus -19

Reporting debtors affected by Coronavirus -19

- BPR submits reports for positions at the end of April 2020, June 2020, September 2020, December 2020, and March 2021 offline to OJK on Debtors who receive special treatment as stipulated in the Regulation of the Financial Services Authority of the Republic of Indonesia Number 11/POJK.03/2020 regarding the National Economic Stimulus as a Countercyclical Policy for the Spread of Corona Virus Disease 19

- BPR submits reports with a deadline for submitting reports, namely the end of the following month after the position of the reporting month.
- If the deadline for submitting reports falls on Saturdays, Sundays and/or national holidays. The report is submitted on the next working day.

3.3. FORMING A TEAM AND TASK FORCE FOR HANDLING COVID-19

BPR Nusantara Bona Pasogit 10 realizes that the development of COVID-19 that has affected debtors and the entire entity requires a management team that specifically focuses on handling and resolving debtors affected by COVID-19. The Board of Directors through the Board of Directors Decree Number 63/SKDIR/BPR-NBP10/III/2020 regarding the handling and settlement of debtors affected by COVID-19 to further regulate the responsible officers and teams.

- 1) Formation of a team to handle and resolve the impact of COVID-19
 - BPR assigns duties and responsibilities to the Head of Marketing as Head of the Team for Handling and Settling the Impact of Covid-19
 - In carrying out his duties, he is assisted by credit AO and operational staff (credit admin, accounting, IT) throughout the office network.
- 2) Organizational structure
 - In carrying out his duties, the Head of the Covid-19 Impact Team reports and is responsible to the Board of Directors
 - All credit staff throughout the office network are required to report to the Head of the Covid-19 Impact Team on Debtors at the head office and branch offices.
 - Internal supervision ensures that the handling and settlement of debtors affected by Covid-19 is in accordance with the provisions and regulations
 - In order for the directives and provisions to be implemented properly, the BPR must have an adequate working mechanism and the said work mechanism is documented by each work unit. The working mechanism also takes into account the existing provisions.
 - The appointment of an Officer responsible for Debtors affected by Covid-19 is stated in the Decree of the Board of Directors.



Figure 7 Organizational Structure of the Covid-19 Impact Debtor Handling Team

- 3) Duties of the Head of the Covid-19 Impact Management Team
 - Monitoring, evaluating, and reporting performance related to Debtors affected by Covid-19
 - Report to the Board of Directors regarding Debtors affected by Covid-19 and provide recommendations for handling and settlement of Debtors' credit affected by Covid-19
 - Propose restructuring of debtors affected by Covid-19 to the President Director and the Restructuring Committee.
 - Prepare and submit reports on Debtors affected by Covid-19 and the anticipations that have been made to the Financial Services Authority through the Board of Directors.
- 4) Duties of Implementing and Implementing Staff for Handling and Settlement of Debtors Affected by Covid-19
 - Receive and record statements and requests for restructuring, additional credit by Debtors affected by Covid-19
 - Coordinate to conduct surveys and re-analysis of requests for restructuring and addition of debtor credit affected by Covid-19
 - Coordinate with the head of the Team for handling and resolving Debtors affected by Covid-19
 - Propose restructuring of debtors affected by Covid-19 to the Restructuring Committee
 - Report to the Team Leader on the development of handling and settlement of Debtors affected by Covid-19 both in writing and verbally/unwritten.
- 5) Restructuring Procedure
 - The request for restructuring is carried out by filling out a form that can be obtained at the BPR office or downloaded from the BPR website or through the BPR officer.
 - In filling out the loan restructuring application form, the debtor must explain the extent of the impact of the spread of Covid-19
 - The loan restructuring application form is analysed by the Covid-19 Impact Handling Team which has been formed by the BPR
 - The BPR conducts a survey of the Debtor's submission in accordance with the procedures regarding the survey applicable to the BPR
 - The Covid-19 Impact handling team determines the form of restructuring that will be carried out and makes recommendations based on the results of the analysis to credit breaker
 - BPR informs the results of the restructuring decision to the Debtor
 - If the BPR approves the restructuring, then the credit documentation is carried out in accordance with the credit SOP and the debtor is not subject to administrative fees, but the credit addendum PK is still legalized by a notary.

The head of the Covid-19 Impact handling team has duties including monitoring, evaluating all debtors affected by COVID-19. One form of monitoring and evaluation of the Covid-19 handling team and the Board of Directors that has not been carried out is by selecting alternative strategies if there is a failure in the Covid-19 handling strategy that depends on the policies of the financial services authority or in other words BPR Nusantara Bona Pasogit 10 has not have a policy

3.4. RESTRUCTURING DEBTOR LOANS AFFECTED BY COVID-19

With reference to some of the rules below "

- 1) POJK Number 11/POJK.03/2020 concerning the national economic stimulus as a countercyclical policy due to the impact of the spread of COVID-19
- 2) POJK Number 48/POJK.02/2020 concerning changes to the regulations of the financial services authority number 11/POJK.03/2020 concerning the national economic stimulus as a countercyclical policy due to the impact of the spread of COVID-19
- 3) Decree of the Board of Directors Number 29/SKDIR/BPR-NBP10/III/2020 regarding policies and procedures for credit restructuring due to the spread of COVID-19

3.5. REPORTING TO REGULATION

POJK Number 48/POJK.02/2020 concerning changes to financial services authority regulations number 11/POJK.03/2020 concerning the national economic stimulus as a countercyclical policy from the impact of the spread of COVID-19 regulates the obligation of BPRs to report restructuring credit stimulation and reports on credit stimulus recapitulation. or financing. In particular, in article 8 paragraph [Ambarwati and Abundanti \(2018\)](#) Banks that determine the quality of credit or financing and/or other provision of funds are only based on the accuracy of payment of principal and/or interest or margin/profit sharing/ujrah as referred to in article 3 paragraph [Ambarwati and Abundanti \(2018\)](#) or Article 4 paragraph [Ambarwati and Abundanti \(2018\)](#) submits a credit or financing stimulus report and/or other provision of funds assessed based on the accuracy of payments. Furthermore, in Article 8 paragraph [Ananto and Ferdawati \(2020\)](#), the bank conducting credit or financing restructuring as referred to in Article 5 paragraph [Ambarwati and Abundanti \(2018\)](#) submits:

- Report on credit stimulus or restructuring financing; and
- Report on credit stimulus recapitulation or restructuring financing

Article 8 paragraph [Dangnga and Haeruddin \(2018\)](#), Banks report restructured loans or financing as referred to in article 5 paragraph [Ambarwati and Abundanti \(2018\)](#) in the financial information service system by adding information on Covid-19. BPR Nusantara Bona Pasogit 10 is fully committed to this obligation through monthly reports, one of which is contained in the Letter of the Board of Directors No B-234/BPR NBP 10/XI/2021 addressed to the financial services authority for regional office 5, Northern Sumatra.

4. CONCLUSIONS AND RECOMMENDATIONS

4.1. CONCLUSIONS

- 1) The financial health and profitability ratios at the Nusantara Credit Bank Bona Pasogit 10 prior to the Covid 19 period were in a good trend as indicated by the achievement of ratios that were within healthy indicators

and in general the financial health and profitability ratios at the Nusantara Credit Bank Bona Pasogit 10 during the Covid 19 period experienced performance decline throughout 2020 compared to 2019.

- 2) The strategic steps taken by the Nusantara Credit Bank Bona Pasogit 10 during the Covid 19 period were: (a). Develop an internal policy for restructuring debtors affected by COVID-19 (b). Establish a team and task force for handling debtors affected by covid-19 (c). Restructuring debtors affected by COVID-19 and (d). Reporting to the Financial Services Authority as mandated in POJK 48/POJK.02/2020

4.2. RECOMMENDATION

- 1) The Bona Pasogit 10 Dolok Sanggul Rural Bank is industrially affected by the covid-19 pandemic, the restructuring policy that was issued on March 23, 2020, requires periodic reviews at least once every 3 months, this is done to anticipate changes in regulations and accommodate changes in the ability of BPR Bona Pasogit customers 10.
- 2) BPR Bona Pasogit 10 Risk Management is deemed necessary to periodically and measurably, at least once a month to update the risk register of all units to ensure that any changes that have a direct impact can be mitigated early.
- 3) In this momentum, BPR Nusantara Bona Pasogit 10, deemed it necessary to conduct an initial study using a Business Contingency Plan, Business Recovery Plan or Business Continuity Planning approach as an initial methodology for business continuity as a form of readiness to anticipate future outbreaks or disasters.

REFERENCES

- Ambarwati & Abundanti. (2018). Effect of Capital Adequacy Ratio, Non Performing Loan, Loan to Deposit Ratio on Return on Assets. E-journal of Unud Management, Vol 7, No.5. DOI : Retrieved from <https://doi.org/10.24843/EJMUNUD.2018.v07.i05.p04>
- Ananto and Ferdawati. (2020). The health level of Islamic Rural Banks in the midst of the Covid-19 Pandemic (Case Study at BPRS Al-Makmur Payakumbuh). Journal of Financial and Business Accounting Vol 13, no.1
- Andrianto. (2020). Credit Management Theory and Concepts for Commercial Banks. Qiara Media Publisher
- Dangnga & Haeruddin. (2018). Banking Financial Performance : Efforts to Create a Sound Banking System. Science Park Library
- Dervish. (2019). Asset and liability management. Trust Media Publishing. Yogyakarta
- Echdar Saban. (2017). Management and Business Research Methods. Bogor : Ghalia Indonesia
- Estu, Ahmad Zulkarnain. (2017). Analysis of the Influence of CAR, NPL, BOPO and LDR on Profitability of State-Owned Enterprises in the Banking Sector in Indonesia. Bilancia, Vol 1. No.2, ISSN 2549-5704

- Fitriani. (2020). Comparative Analysis of the Financial Performance of Islamic Commercial Banks during the Covid-19 Pandemic. *Journal of Islamic Accounting and Business*, Vol 2. No. 2
- Ilhami and Husni Thamrin. (2021). Analysis of the Impact of Covid 19 on the Financial Performance of Islamic Banking in Indonesia. *Tabarru Journal ; Islamic Banking and Finance* Vol.4 no.1 Retrieved from [https://doi.org/10.25299/jtb.2021.vol4\(1\).6068](https://doi.org/10.25299/jtb.2021.vol4(1).6068)
- Kholiq and Rizqi Rahmawati. (2020). The Impact of the Implementation of Financing Restructuring on the Liquidity of Islamic Banks in the Covid-19 Pandemic Situation. *Jurnal el Barka : Journal of Islamic Economics and Business* Vol.3 No. 2 Retrieved from <https://doi.org/10.21154/elbarka.v3i2.2472>
- Kirigia, JM, & Muthuri, RNDK (2020). The Fiscal Value of Human Lives Lost From Coronavirus Disease (COVID-19) in China. *BMC Research Notes*, 13(1), 1-5. Retrieved from <https://doi.org/10.1186/s13104-020-05044-y>
- Kusuma, Suhadak and Arifin. (2013). Analysis of the Effect of Profitability and Growth Rate on Capital Structure and Firm Value (Study on Real Estate and Property Companies listed on the Indonesia Stock Exchange en 2007-2011). *Profit : Journal of Business Administration*. Vol.7 No.2
- Nasution, Dito Aditia Darma ; Erlina ; Young Iskandar. (2020). Impact of the COVID-19 Pandemic on the Indonesian Economy. *Journal of Benefit* 5 (2). 212-224. Retrieved from <https://doi.org/10.22216/jbe.v5i2.5313>
- Notalin, Nonie Afrianty and Asnanini (2021). The Impact of Covid-19 on the Financial Performance Efficiency of Islamic Commercial Banks in Indonesia uses the Data Envelopment Analysis (DEA) Approach. *Scientific Journal of Accounting, Management & Islamic Economics* Vol.04 No.1 Retrieved from <https://doi.org/10.47191/jefms/v4-i11-09>
- Rustan (2020). Effect of ALMA on Financial Performance and Entity Value in Banks listed on the IDX. *Scientific Journal of Asian Business and Economics*. Vol 14. No 2. 84-96
- Sofia. (2021). Performance of BPR and BPRS during the Covid 19 Pandemic. *Proceedings of the 2nd National Seminar on ADPI serving the Country of Community Service in the New Normal Era*
- Sugiyono (2015). *Combination Research Methods (Mix Methods)*. Bandung:Alphabet.
- Sukendri (2021). Liquidity and Capital of Government-Owned Banks before and during the Pandemic. Vol 9, No.1.DOI : Retrieved from <https://doi.org/10.29303/distribution.v9i1.161>
- Supeno and Hendarsih. (2020). Credit Performance on BPR Profitability during the Covid-19 Pandemic. *Champion's Familiar Journal*
- Tiwu. (2020). The Effect of the Covid-19 Pandemic on the NPL of Rural Banks in Indonesia. *Journal of Accounting : Transparency and Accountability* Vol.8 No. 2 Retrieved from <https://doi.org/10.35508/jak.v8i2.2869>
- Wahyudi. (2020). Analysis of the influence of CAR, NPF, FDR, BOPO and Inflation on the profitability of Islamic Banking in Indonesia: Study of the Covid-19 Pandemic Period.DOI: Retrieved from <https://doi.org/10.21580/at.v12i1.6093>

- Yusriani. (2019). Effect of CAR, NPL, BOPO, and LDR on Profitability of State-owned Commercial Banks (Persero) on the Indonesia Stock Exchange. *Research Journal Edition XXV*. Vol 4. No 002
- Zahara. (2013). Analysis of the Soundness of Rural Banks (BPR) Using the Camel Method (Case Study of Three BPRs in West Sumatra). *Journal of Accounting and Management*, 8(2), 61-75.
- Zeuspita & Yadnya. (2019). Effect of CAR, NPL, DER and LAR on ROA at Commercial Banks on the Indonesia Stock Exchange. *E-Journal of Unud Management*, Vol.8, No.12.DOI : Retrieved from <https://doi.org/10.24843/EJMUNUD.2019.v08.i12.p25>