



Credit restructuring for micro, small and medium enterprises (MSMEs) affected by Covid-19 at PT. Bank Bengkulu (KCP Padang Jaya study)

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ABSTRACT

Credit restructuring is an effort by the government and the Financial Services Authority (OJK) to help Micro, Small and Medium Enterprises (MSMEs) affected by Covid-19. This research aims to analyze the implementation, impact and obstacles to restructuring credit on MSMEs at PT. Bank Bengkulu KCP Padang Jaya. This research uses a qualitative method with a case study approach. Data were analyzed using the Miles et al (2014) model which consists of three stages, namely data reduction, data presentation, and drawing conclusions. The research results show that PT. Bank Bengkulu KCP Padang Jaya has carried out credit restructuring in accordance with OJK regulations, by providing relief in the form of deferring interest and principal, reducing interest rates, extending the term, and adding credit facilities to MSME debtors affected by Covid-19. Credit restructuring has a positive impact on debtors and banks, because it can save credit installment costs, allocate funds for other needs, maintain asset quality and liquidity, and reduce the risk of losses due to bad credit. However, the implementation of credit restructuring also experiences several challenges, such as a lack of socialization and public understanding of this policy, limitations in carrying out online applications and verification, as well as policy differences between banks and the OJK, as well as between banks. Suggestions that can be given to increase the effectiveness of restructuring credit are increasing outreach and education to the public, simplifying the application and verification process, providing credit restructuring policies that suit the needs and capabilities of debtors, and being consistent and transparent in implementing credit restructuring policies.

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INTRODUCTION

The MSME sector is one of the important pillars in the Indonesian economy. MSMEs play a role in creating jobs, reducing poverty, and improving community welfare (HAYATI & FATARIB, 2022). According to the Lubuk Sikaping State Treasury Service Office (2020), the number of MSMEs currently reaches 64.2 million with a contribution to GDP of 61.07% or worth 8,573.89 trillion rupiah. MSMEs also often face various challenges and obstacles, especially in terms of capital (Gunadi et al., 2021). One of the sources of capital that can be utilized by MSMEs is micro and small business loans provided by banks (Tambunan, 2020).

Credit is the provision of money or bills that can be likened to it based on an agreement or loan agreement between a bank and another party that requires the borrowing party to pay off its debt after a certain period of time with interest (Pavita. P. B. & Mukhlis. I., 2022). Credit is one of the main sources of income for banks, as well as one of the sources of financing for MSMEs (Panuntun & Sutrisno, 2019). Bank is a business entity that collects funds from the public in the form of deposits, and distributes them to the public in the form of credit and or other forms in order to improve the standard of living of many people (Zoraya, 2019).

Since the Covid-19 pandemic that has hit Indonesia since early 2020, many MSMEs have experienced difficulties in running their businesses (Shang et al., 2021). Based on a survey conducted by Bank Indonesia (BI) in 2021, as many as 77.95% of MSMEs in Indonesia are still affected by Covid-19. The impact is in the form of decreasing business turnover, difficulty in working capital, difficulty in business raw materials, and difficulty paying debts (Saturwa et al., 2021). *Covid-19* is a respiratory infectious disease caused by a new coronavirus that was first discovered in Wuhan, China at the end of 2019 (World Health Organization, 2021). *Covid-19* can be transmitted through droplets, close contact, or objects contaminated by the virus. *Symptoms of Covid-19* include fever, cough, shortness of breath, loss of sense of smell or taste, and headache (Pokhrel & Chhetri, 2021).

To help MSMEs affected by the Covid-19 pandemic, the government through the Financial Services Authority (OJK) has issued a credit restructuring policy for MSME debtors (Agustin et al., 2021). Credit restructuring is a change in the terms of a credit agreement made by a bank to debtors who have difficulty paying principal obligations and/or loan interest (Sutrisno et al., 2020). Credit restructuring policy is regulated in the Financial Services Authority Regulation (POJK) Number 11/POJK.03/2020 concerning national economic stimulus as a countercyclical policy due to the spread of coronavirus disease 2019 (Covid-19) (Saputra, 2022).

Credit restructuring aims to ease the burden on MSME debtors and encourage national economic recovery (Masri & Sri Wahyuni, 2022). A total of 5.1 million MSME debtors have received credit restructuring with a total restructuring value of 113.8 trillion, with 38.35% of them coming from MSMEs (Budihardja, 2022). According to (Supari & Anton, 2022), credit restructuring is a new loan for National Economic Recovery (PEN) that has been most successful in increasing MSME resilience. However, the implementation of this policy does not always go smoothly. Some of the obstacles faced by banks in carrying out credit restructuring include the lack of valid data on the condition of MSME debtors, the difficulty of assessing the ability to pay MSME debtors in the future, the moral risk of MSME debtors who do not want to pay debts even though they are able, and the negative impact on the bank's financial health due to declining interest income and increased risk of default (Purnamawati & Yuniarta, 2021).

Previous research conducted by (Sari et al., 2021), stated that credit restructuring can reduce non-performing loans at Pegadaian because credit restructuring is carried out in a persuasive and familial way, so that debtors feel valued and respected, and are more eager to pay back their credits. However, research conducted by (Rimbawan et al., 2022), argues that credit restructuring can cause an increase in the value of Non-Performing Loans (NPLs) or non-performing loans, thereby reducing interest income and tying up funds that should be used for

new loans. Furthermore, (Winardi et al., 2021) argue that MSME loan restructuring has four different schemes, namely postponement of principal payments, postponement of interest payments, reduction of interest rates, and extension of credit period. The study also said that there were several obstacles such as lack of socialization, difficulty in submitting applications, and mismatch of the scheme with the needs of debtors.

Research on the restructuring of MSMEs affected by Covid-19 was carried out as a form of the gap in results that occurred in previous studies, which still showed inconclusive results, so this study aims to look back at the extent to which credit restructuring has an impact on MSMEs and the obstacles faced by PT. Bank Bengkulu KCP Padang Jaya in the implementation of credit restructuring. The focus of this research is PT. Bank Bengkulu KCP Padang Jaya, because it is one of the banks that restructured loans for MSME debtors affected by Covid-19. The bank is located in Tambak Rejo Village, North Bengkulu Regency, and serves around 30 MSMEs as its customers and has provided credit restructuring to 10 MSME customers.

The novelty of this research is to use the case study approach method, which is different from previous research that used survey or experimental approach methods. This method helps to describe and analyze the implementation of credit restructuring in depth and thoroughly in a real context. This research also uses public financial management theory, which is different from previous research. This theory helps to analyze aspects such as efficiency, effectiveness, accountability, transparency, and participation in the implementation of credit restructuring. This research also uses regional banks as research objects, which is different from previous studies that tended to use pawnshops or conventional banks. The object of this study can help to determine the characteristics, conditions and strategies of regional banks in restructuring loans to MSMEs affected by COVID-19. Based on the previous explanation, it can be seen that the formulation of the problem from this study is How to implement credit restructuring for MSMEs affected by Covid-19 at PT. Bank Bengkulu KCP Padang Jaya and what are the impacts and constraints of the implementation of credit restructuring for MSMEs affected by Covid-19 at PT. Bank Bengkulu KCP Padang Jaya.

RESEARCH METHOD

Types of Research

This research is a qualitative research that aims to describe and analyze the implementation of credit restructuring for MSMEs affected by Covid-19 at PT. Bank Bengkulu KCP Padang Jaya. Qualitative research is research that produces descriptive data in the form of written or spoken words of people and observable behavior (Sugiyono, 2018). This research uses an interpretive paradigm, which is a paradigm that seeks to understand meaning and social reality from the point of view of the research subject (Creswell, J. W., & Poth, 2018).

This type of research was chosen because it is in accordance with the purpose of the study, which is to examine the extent to which credit restructuring has an impact on MSMEs and the obstacles faced by PT. Bank Bengkulu KCP Padang Jaya in the implementation of credit restructuring, as well as to provide valid and reliable results based on the experience and perspective of the research subject. This type of research was also chosen because it can explore in-depth and comprehensive information about the phenomenon under study, and can reveal the nuances, context, and complexity contained in the phenomenon (Sugiyono, 2018).

Research Approach

The research approach used is a case study approach. A case study is a deep and comprehensive research method on a particular case or phenomenon in a real context (Yin, 2018). This case study was conducted to examine information on the implementation, impact, and constraints of credit restructuring for MSMEs affected by Covid-19 at PT. Bank Bengkulu KCP Padang Jaya, focusing on the leadership of PT. Bank Bengkulu KCP Padang Jaya and three MSME

players who received credit restructuring. This case study uses a single design with holistic analysis, that is, a design that selects one case as the unit of analysis and analyzes it as a whole (Yin, 2018).

This case study approach was chosen because it can provide a detailed, comprehensive, and holistic picture of the phenomenon under study, and can explain the causal, contextual, and temporal relationships contained in the phenomenon (Yin, 2018). This case study approach was also chosen because it can utilize various diverse data sources, such as interviews and literature studies, and can integrate various theoretical perspectives relevant to the research topic (Creswell, J. W., & Poth, 2018).

Data Collection Techniques

The data collection techniques used in this study were interviews and literature studies. Interviews were conducted with the leadership and executives of PT. Bank Bengkulu KCP Padang Jaya as well as with three MSME players who received credit restructuring. Interviews were conducted in a semi-structured manner using pre-prepared interview guidelines. The interview guidelines consist of questions related to business profile, the impact of Covid-19, the process of applying for and utilizing credit restructuring, the impact and constraints of credit restructuring.

Interviews are conducted face-to-face or in direct dialogue. The interview was conducted using purposive sampling techniques, namely informant selection techniques based on certain criteria that are in accordance with the research objectives (Sugiyono, 2018). The criteria used in the selection of informants are the leaders of PT. Bank Bengkulu KCP Padang Jaya which is responsible for credit restructuring policy and three MSME actors who received credit restructuring from PT. Bank Bengkulu KCP Padang Jaya. This purposive sampling technique was chosen because it can ensure that the selected informant is an informant who has knowledge, experience, and relevance to the research topic, and can provide rich and in-depth information about the phenomenon under study (Sugiyono, 2018).

Literature studies are conducted by collecting and reviewing secondary data relevant to the research topic, such as books, journals, articles, reports, and official documents. Literature studies are conducted by searching, reading, and summarizing sources related to public financial management theory, credit restructuring policies, impacts and constraints of credit restructuring. Literature studies are carried out using the 'search_web' tool to search for secondary data relevant to the researcher's query. Literature studies are conducted to obtain references that can support this research.

Data Analysis Techniques

The data analysis technique used in this study is qualitative data analysis using the model of Miles et al (2014). This model consists of three stages, namely data reduction, data presentation, and conclusions, which are assisted by the use of the Nvivo application.

Data reduction, which is the process of selecting, simplifying, and abstracting data relevant to research objectives. This stage includes transcription, coding, and categorization of data. Transcription is the process of converting oral data into written data. Coding is the process of assigning labels or codes to written data. Categorization is the process of grouping data based on the same code. Data presentation, which is the process of compiling, organizing, and displaying data in the form of narratives and tables. This stage includes the preparation of tables and narratives of research results. Drawing conclusions, namely the process of interpreting, explaining, and relating data to relevant theories or literature. This stage includes thematic analysis, comparative analysis, and critical analysis. Thematic analysis is an analysis that identifies, describes, and interprets themes or patterns that emerge from data. Comparative analysis is an analysis that compares and contrasts data between different informants, groups, or cases. Critical analysis is analysis that evaluates, critiques, and relates data to relevant theories or literature.

Data Validity Criteria

(MSME and KUR Loans). Then, relief can be given within a maximum period of 1 year in the form of adjustments to principal or interest installment payments, extensions of time or other things determined by the bank and *leasing*.

In identifying affected debtors, banks classify based on criteria of large turnover reduction, affected location, accumulation of arrears, business sector, *collectibility*, and several other *parameters*. Data on affected debtors who require restructuring are obtained from the submission process carried out independently by the debtor to the bank as well as from the results of *self-monitoring* carried out by the bank.

The form of restructuring provided depends on the category of debtors identified, such as whether the debtor is included in the category of moderate or severe impact. The most widely given form of restructuring policy to MSME debtors is the reduction of principal and interest. In addition, there is also relaxation in the form of deferral of interest payments and extension of payment periods. The extension of payment time given adjusts the condition of the affected debtor, which is between 6 - 8 months.

In addition to the restructuring policy, the policy provided by the bank for the recovery of Micro, Small and Medium Enterprises (MSMEs) debtors is the selective provision of new working capital to affected debtors based on certain requirements, especially for debtors who perform well and still have *the prospect* of paying.

Installment delays are granted according to the level of decline in the debtor's turnover. If the turnover decreases by 30%, the debtor will receive a reduction in interest rates and an extension of the credit term. If the decline in turnover is more than 30% to 50%, then the debtor will receive a postponement of interest and principal payments for 6 months. If the decline in turnover is 50% to 75%, then the debtor will receive a delay in interest payments for 6 months and a delay in principal payments for 12 months. If the decline in turnover is more than 75%, then the debtor will receive a postponement of interest and principal payments for 12 months (PT.Bank Bengkulu 2021).

Credit interest subsidies are given to debtors who meet certain criteria, depending on the size of the loan. If the loan is less than IDR 500 million, the debtor gets an interest subsidy of 6% for the first 3 months and 3% for the second 3 months. If the loan is IDR 500 million to IDR 10 billion, the debtor gets an interest subsidy of 3% for the first 3 months and 2% for the second 3 months. If the debtor is a KUR customer, then the debtor gets an interest subsidy of 6% for the first 3 months and 3% for the second 3 months (PT.Bank Bengkulu 2021).

Based on interviews with Costumer Service as the implementer at PT.Bank Bengkulu KCP Padang Jaya. MSME debtors who want to get installment relief at PT. Bank Bengkulu KCP Padang Jaya must take several steps. First, they must visit the financing institution's website or contact Bengkulu bank by telephone or email. Second, they must read and fulfill the required conditions and download the installment relief form. Third, they must fill in the data completely and correctly. Fourth, credit restructuring application data will be processed by the relevant financial institution. Fifth, they must wait for further information which will be delivered via telephone, email or WhatsApp. Make sure the number is always active. Sixth, they will receive information regarding approval of the application for installment payment relief. Be careful of fraud, do not provide personal banking data relating to restructuring applications.

In addition, Fig.2 also shows that in the implementation of credit restructuring for Micro, Small, Medium Enterprises (MSMEs) affected by *Covid-19* at PT. Bank Bengkulu KCP Padang Jaya still has several weaknesses. This is because since the beginning of this program, there has been confusion in the community regarding the requirements, mechanisms and procedures for applying for restructuring. Credit restructuring does not write off debt. This relief program only designs the installment payment scheme to be more in line with the ability. If added with the extension of time, then the customer will also pay more if the bank or *leasing* does not reduce interest rates in the restructuring agreement, A number of restructurings use an annuity pattern so that the principal

and interest return to the original model of the new credit disbursed. The principal of the debt became smaller due to the restructuring.

Credit restructuring gives customers room to reorganize their finances due to the slowing economy. Once conditions recover, the restructuring program can be terminated by requesting a return to the original agreement. Although going back to the original agreement, the principal will refer to the last amount of restructuring. Currently most banks apply annuity schemes in installment payments, the impact of principal debt will return to large and banks prioritize interest income.

Of the 30 (thirty) Micro, Small, Medium Enterprises (MSMEs), only 10 (ten) Micro, Small, Medium Enterprises (MSMEs) meet the criteria to obtain credit restructuring. This is based on the consideration that the 10 (ten) Micro, Small, Medium Enterprises (MSMEs) are businesses directly affected by the spread of *Covid-19*.

Based on the research that has been done, PT. Bank Bengkulu KCP Padang Jaya is not willing to provide detailed data from 10 (ten) customers affected by *Covid-19*. Pihak PT. Bank Bengkulu KCP Padang Jaya only provides 3 (three) samples representing these 10 (ten) customers because these customers are the latest customers who apply for credit restructuring and have received their applications by PT. Bank Bengkulu KCP Jaya.

Table.1 Customer List of Restructured Micro, Small and Medium Enterprises (MSMEs):

No	Name/Initials	Business Type	Amount of Debt	Restructuring
1	A	Motor Workshop	IDR 60,000,000	Deferral of principal installments and postponement of principal installments for 9 months
2	B	Sweet Shop	IDR 80,000,000	Deferral of principal installments and postponement of principal installments for 6 months
3	C	Freshwater Fish Farming	IDR 200,000,000	Deferral of principal installments and postponement of principal installments for 12 months

Source: PT. Bank Bengkulu KCP Padang Jaya.

Based on research at PT. Bank Bengkulu KCP Padang Jaya, recorded 0.01% of total loans of Micro, Small and Medium Enterprises (MSMEs) that experienced bad credit problems. Total credit loans disbursed to Micro, Small and Medium Enterprises (MSMEs) at PT. Bank Bengkulu KCP Padang Jaya as much as 10% of the total credit.

Procedure After receiving a letter of application for credit restructuring application from the customer concerned, PT. Bank Bengkulu is directly involved in monitoring the customer's environment, both looking at the customer's residence and the customer's family condition.

The problem faced by debtors A, B, and C is that the debtor's turnover is currently declining due to the impact of *Covid-19*. Debtor A, who is the owner of a motorcycle repair shop and welding service that enters a small business with a credit *ceiling* of Rp. 60,000,000, applies for a reduction in installments because the ability to pay is only Rp. 1,500,000.00 per month, to pay the principal of Rp. 1,000,000 and full interest payments. The debtor applies for an interest reduction for 9 months starting from June 2021 to March 2022, the *debit balance* of Rp. 41,794,486, - signed by the debtor as the business owner.

PT. Bank Bengkulu provides credit restructuring to customer A with a restructuring pattern of deferral of principal and interest installments from May 2021 to June 2021 (debtor A does not make payments) and postponement of principal installments from July 2021 to March 2022 where debtors are able to pay in installments of IDR 1,500,000.00 furthermore, after the credit restructuring period ends, namely March 2022, debtors pay in normal installments plus principal and interest that have been deferred.

PT. Bank Bengkulu also directly checks customer history at the Argamakmur North Bengkulu branch office where the customer's OTS (*On The Spot*) results on June 7, 2021 the debtor experienced a drastic decrease in turnover where income in 2019 reached Rp. 5,200,000.00 per month to Rp. 2,860,000.00 per month in 2020 and in 2021 to Rp. 2,080,000.00 per month, considering the national *Covid-19* problem which has not subsided and the purchasing power of the surrounding community has decreased significantly so that customer A can only set aside Rp.1,500,000.00 to pay monthly obligations.

Based on customer A's *credit history*, it can be concluded that customer A is an *existing* debtor of Bank Bengkulu Argamakmur North Bengkulu Branch, customer A is always right to pay obligations every month before the impact of *Covid-19*, has good character and is cooperative and there is no negative information about customer A. Thus, PT. Bank Bengkulu approved and accepted customer A's application to obtain credit restructuring for MSMEs affected by *Covid-19*.

Debtor B who is the owner of a sweet shop that enters into a small business with a *ceiling* of Rp. 80,000,000 submits an application asking for a reduction in installments because the ability to pay is only Rp. 4,000,000.00 per month, to pay the principal of Rp. 3,000,000 and full interest payments. The debtor applies for an interest reduction for 6 months starting from January 2021 to June 2021, the *debit balance* of Rp. 61,798,275, - signed by the debtor as the business owner.

Then, PT. Bank Bengkulu provides credit restructuring to customer B with a restructuring pattern of deferral of principal and interest installments from December 2020 to January 2021 (debtor B does not make payments) and postponement of principal installments from January 2021 to June 2022 where debtors are able to pay in installments of IDR 4,000,000. Furthermore, after the credit restructuring period ends, namely June 2022, debtors pay in normal installments plus the principal and interest that have been deferred.

PT. Bank Bengkulu also directly checks customer history at the Argamakmur North Bengkulu branch office where the customer's OTS (*On The Spot*) results on June 1, 2021 the debtor experienced a drastic decrease in turnover where income in 2020 reached Rp. 10,000,000 per month to Rp. 7,300,000.00 per month and in 2021 to Rp. 7,000,000.00 per month, considering the national *Covid-19* problem and the purchasing power of the surrounding community has decreased significantly so that customer B can only set aside Rp.4,000,000.00 to pay monthly obligations.

Based on customer B's *credit history*, it can be concluded that customer B is an *existing* debtor of Bank Bengkulu Argamakmur North Bengkulu Branch, customer B is always right to pay obligations every month before the impact of *Covid-19*, has good character and is cooperative and there is no negative information about customer B. Thus, PT. Bank Bengkulu approved and accepted customer B's application to obtain credit restructuring for MSMEs affected by *Covid-19*.

Debtor C who is the owner of freshwater fish farming that enters into a small business has a *ceiling* of Rp. 200,000,000 applying for a reduction in installments because the ability to pay is only Rp. 8,500,000 per month, to pay the principal of Rp. 3,000,000 and full interest payments. The debtor applies for an interest reduction for 12 months starting from June 2021 to May 2022, the *debit balance* of IDR 141,700,405, - signed by the debtor as the business owner.

Then, PT. Bank Bengkulu provides credit restructuring to customer C with a restructuring pattern of deferral of principal and interest installments from May 2021 to June 2021 (Debtor C does not make payments) and postponement of principal installments from June 2021 to May 2022 where debtors are able to pay in installments of IDR 8,500,000. Furthermore, after the credit restructuring period ends, namely May 2022, debtors pay in normal installments plus the principal and interest that have been deferred.

PT. Bank Bengkulu also directly checks customer history at the Argamakmur North Bengkulu branch office where the customer's OTS (*On The Spot*) results on June 29, 2021 the debtor experienced a drastic decrease in turnover where income in 2019 reached Rp. 17,000,000 per month to Rp. 13,000,000 per month in 2020 and in 2021 to Rp. 11,000,000 per month, considering the national *Covid-19* problem which has not subsided and the purchasing power of the surrounding

community has decreased significantly so that customer C can only set aside Rp. 8,500,000 to pay monthly obligations.

Based on customer C's *credit history*, it can be concluded that customer C is an *existing* debtor of Bank Bengkulu Argamakmur North Bengkulu Branch, customer C is always right to pay obligations every month before the impact of *Covid-19*, has good character and is cooperative and there is no negative information about customer C. Thus, PT. Bank Bengkulu approved and accepted customer C's application to obtain credit restructuring for MSMEs affected by *Covid-19*.

Credit restructuring is a policy issued by the OJK (Financial Services Authority) which has improvement efforts made in credit activities for debtors who have the potential to have difficulty fulfilling their obligations. Credit restructuring policies carried out by the bank for debtors who experience difficulties paying loans are in the form of reducing loan interest rates, extending credit periods, reducing loan interest arrears, reducing principal interest arrears, adding credit facilities, and converting loans into temporary capital participation (11/POJK.03/2020).

This credit restructuring policy has a positive impact on the Indonesian economy because it is very beneficial for banking and business continuity. Because *Covid-19* has an impact on all levels of society, including MSME players, therefore, the Financial Services Authority (OJK) has focused on saving by issuing credit restructuring. Thus, according to researchers, this credit restructuring is in accordance with the theory of public financial management in which the State actively seeks the welfare of the people and the people's economy (11/POJK.03/2020).

This credit restructuring is very beneficial for debtors and creditors or for customers and PT. Bank Bengkulu. From the creditor side, of course, it will affect receivables and profits and benefits for debtors that are able to pay their installments on time so that there is no longer a risk of bad loans that will harm both parties, then with this credit restructuring does not burden debtors who experience a decline in business. Thus, the debtor will feel the benefits, can secure collateral goods. Thus, the debtor can still run his business and pay his installments. Although with a smaller value, but at least not losing its main income. Debtors can also take advantage of service facilities from creditors, and the installments to be paid by debtors become lighter which has been adjusted to the current business capacity. Thus, the debtor can pay his installments on time.

Furthermore, Fig.2 also explains that the *Covid-19* pandemic has caused many negative impacts on the Indonesian economy, especially for Micro, Small and Medium Enterprises (MSMEs) which are the supporting sectors of the economy. Many MSME players have difficulty meeting their daily needs and paying their credit installments or financing. To help MSMEs overcome the crisis, the government through the Financial Services Authority (OJK) issued a credit restructuring policy for debtors affected by the *Covid-19* pandemic (OJK, 2021).

Credit restructuring policy is a policy that provides relief to debtors in paying their loans, through delays of up to one year of credit terms, reductions in loan interest, reduction of interest and principal arrears, addition of credit facilities, and conversion of loans into temporary capital participation (OJK, 2021). This policy aims to ease the debtor's debt burden and help the economic recovery process (OJK, 2021).

The impact of credit restructuring for debtors is that they can save on credit installment costs and allocate available funds for other needs, such as business capital, staples, or investments. Debtors can also avoid the risk of bad debts, credit rating downgrades, or sanctions from banks. However, debtors should also be aware that credit restructuring does not remove their obligations to the bank and once conditions improve, they must repay the credit according to the new agreement (PT. Bank Bengkulu, 2021).

In addition, the head of Bank Bengkulu KCP Padang Jaya also mentioned that the impact of credit restructuring for banks is that they can maintain their asset quality and liquidity, as well as reduce the risk of losses due to bad loans. Banks can also demonstrate their commitment in helping governments and communities cope with the impact of the pandemic. However, banks

also have to face challenges in implementing credit restructuring policies, such as declining profitability, increasing operating expenses, and difficulties in monitoring debtors.

The challenges of implementing credit restructuring include the lack of public socialization and understanding of this policy, so that many debtors do not take advantage of this opportunity or experience difficulties in submitting applications. In addition, there are limitations in submitting and verifying online, such as poor signals, slow systems, or incomplete documents, are also obstacles faced by debtors and banks. In addition, the continued differences in policy between banks and OJK, as well as between banks with each other, also cause confusion and dissatisfaction among debtors (PT. Bank Bengkulu, 2021).

One way to increase the effectiveness of credit restructuring is with the following suggestions. First, the government and OJK must increase socialization and education to the public regarding credit restructuring policies, either through mass media, social media, or involving the role of community leaders, such as religious leaders, traditional leaders, or village leaders. Second, banks must facilitate the credit restructuring application and verification process, either by providing easy, fast and safe online facilities, or by providing direct services at branch offices or through professional and friendly field officers. Third, banks must provide credit restructuring policies that suit the debtor's needs and capabilities, taking into account the profile, business sector and impact of the pandemic experienced by the debtor. Banks must also be consistent and transparent in implementing credit restructuring policies, as well as following the provisions set by the OJK.

CONCLUSION

In identifying affected debtors, banks classify based on criteria of large turnover reduction, affected location, accumulated arrears, business sector, collectibility, and several other parameters. Data on affected debtors who require restructuring are obtained from the submission process carried out independently by the debtor to the bank as well as from the results of *self-monitoring* carried out by the bank. The implementation of credit restructuring for Micro, Small and Medium Enterprises (MSMEs) affected by *Covid-19* is carried out through submissions made by debtors to banks, as well as the results of *self-monitoring* carried out by banks. In the implementation of credit restructuring for Micro, Small and Medium Enterprises (MSMEs) affected by *Covid-19* at PT. Bank Bengkulu KCP Padang Jaya still has several problems such as limitations in monitoring the business conditions of debtors, as well as debtors who are still not familiar with credit restructuring because since the beginning of this program issued there has been confusion in the public regarding the requirements, mechanisms and procedures for applying for restructuring.

The impact arising from the implementation of credit restructuring on Micro, Small and Medium Enterprises (MSMEs) affected by *Covid-19* at PT. Bank Bengkulu KCP Padang Jaya, among others, the economic impact is heading in a negative direction, declining bank profits due to waivers given to customers, thus having a direct impact on bank liquidity. The obstacle faced is that there are often misunderstandings between debtors and creditors or between Bengkulu banks and customers, causing pros and cons in the community on this restructuring policy. The difficulty of finding a meeting point between debtors and Bengkulu banks and also there are still many people who do not understand the Financial Services Authority (OJK) program is an obstacle to practice in the field.

This research also contributes to science in the field of public financial management, especially related to credit restructuring policies for MSMEs affected by *Covid-19*. This research produced several findings that can serve as a reference for the government, OJK, banks and MSMEs in implementing, evaluating and improving credit restructuring policies. This research also develops a theoretical framework linking the concept of elite responsibility to elite higher education institutions, which is new and original in the literature on elite education. This research

also uses a qualitative method with a case study approach, which is a method that is rarely used in research on credit restructuring.

The author conducted research on credit restructuring for MSMEs affected by Covid-19 at PT. Bank Bengkulu KCP Padang Jaya and got several results. Based on these results, the author provides the following suggestions. First, PT. Bank Bengkulu KCP Padang Jaya must be more selective in providing credit to debtors, who then have the potential to experience bad credit. PT. Bank Bengkulu KCP Padang Jaya must also monitor debtors more regularly, in order to minimize the risk of bad credit. Second, the author suggests that debtors follow all the provisions regarding restructuring and implement them, so that there is no need to carry out repeated restructuring (second restructuring) for the same debt and debtor.

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