

Credit Restructuritation in Gresik Rural Bank Corporation the Impact of The Spread of Coronavirus Disease 2019 on Debtors with Problem Loans After Applying POJK Number 48/Pojk.03/2020

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Abstract

This study aims to analyze and understand related to the implementation of credit restructuritation and to find out the obstacles and efforts in implementing credit restructuritation during the Covid- 19 pandemic in Gresik rural Bank corporation. This type of research uses an empirical juridical legal research method, where the source of the data obtained is directly from the field through interviews and obtained from literature studies, this research method is descriptive analytical using a qualitative approach. The results of this research are that in order to overcome bad / problem loans due to the impact of the Covid-19 pandemic, Gresik Rural Bank Corporation implements a restructuring policy by referring to the standard provisions of POJK Number 48/POJK.03/2020. The form of restructuring provided is the provision of a period of approximately 10 months and does not exceed the time limit in accordance with the provisions of the regulation to make interest- only installments, for arrears the principal will be paid after the credit restructuring is completed. The implementation of this credit restructuring did not escape the obstacles faced by PD.BPR Bank Gresik, these obstacles were caused by external factors from the debtor. Even so the PD. BPR

Keywords: Credit Restructuring, Non-performing Loans, Impact of the Covid-19 Pandemics.

1. INTRODUCTION

Financial institutions, especially banks, have a very important role related to the economic growth of a country. This role is emphasized in Article 3 of Law Number 10 of 1998 concerning Amendments to Law Number 7 of 1992 concerning Banking, which states that "Indonesian banking has the main function of channeling as well as collecting public funds". The bank's operational activities are carried out to carry out its main function, namely to collect funds from the public in general in the form of savings until then the funds are channeled back to the community in the form of credit or other forms with the aim of improving people's lives.

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Regional People's Credit Bank Bank Gresik (PD. BPR Bank Gresik) is a business entity engaged in registered financial services and under the supervision of OJK (Financial Services Authority). PD. BPR Bank Gresik is a Regional Owned Enterprise that can facilitate the community regarding credit for entrepreneurs which is channeled as business capital. Banks in carrying out the function of channeling public funds (financial intermediary), have facilities in the form of credit. Credit facilities are one of the products favored by the public as an effort to fulfill their needs. As a result of globalization, there is an increase in the needs of people's lives because the times that continue to occur, the impact is that sources of income are no longer adequate. The community innovates a lot to open various new business fields, for business development activities in the community require additional funds. The purpose of credit from the bank is to increase funds, therefore it can bring benefits to both parties.

The provision of credit facilities by the Bank can provide benefits to the community, but this uncertain world situation and condition can affect the economic development of a country. Something that is desired hopes that it can run smoothly, not closing the possibility that it can be hampered because of situations and conditions full of uncertainty. Towards the end of 2019, the world was excited about the spread of the Covid-19 (Coronavirus) disease that was spreading wildly. Apart from that, since the beginning of 2020, namely in March, for the first time the government announced that in Indonesia there were two cases of positive Corona patients. Until then the President of the Republic of Indonesia, Ir H. Jokowi issued Presidential Decree of the Republic of Indonesia Number 12 of 2020 concerning the Determination of Non-Natural Disasters for the Spread of Coronavirus Disease 2019 as a national disaster.

The Covid-19 outbreak that entered Indonesia had a significant impact on all sectors in people's lives. Not only the impact in the health sector, but the economic sector is a very large part of the impact of the Covid-19 pandemic. The need for efforts to inhibit the rapid transmission of the corona virus, the government issued a policy of Large-Scale Social Restrictions. Throughout the policy, almost all community activities were stopped and the impact also had a major impact on economic performance. As a result of the shrinking economic development, this matter also affects the banking sector. Based on information from the Financial Services Authority, since March 2020 there has been an increase in the number of loans experiencing problems. The classification of debtors who have a minimum of 1 to 2 months in arrears (credit with collect 2) rose strongly year on year to 27.3 percent. The number of non-current credit classifications (Collect 3) and bad credit classifications (Collect 5) faced an increase of 19.10 percent. The types of consequences of the decline in the economic sector, including many members of the community, including bank debtors who have lost their livelihoods, are therefore difficult to earn income in order to fulfill their achievements at the bank. It is unavoidable that related to the loans disbursed, the Bank should be prepared to experience credit risk which causes the credit to become problematic.

When the credit return agreement faces the risk of failure, this condition is the same as the condition of non-performing loans or non-performing loans (NPL). NPL is part of the ability of the Bank's management to manage non-performing loans provided by the Bank. If the NPL is greater, it indicates the bad nature of the bank's credit and causes the number of non-performing loans to increase sharply. The proportion of non-performing loans to Rural Banks has continued to move since the pandemic or starting in April 2020. Finally, the situation for the proportion of bad loans in July 2020 touched the level of 8.34 percent. Before the pandemic, or in March 2020, the proportion of non-performing loans (NPL) of Rural Banks was 7.95 percent. In January and February

2020 the NPL was 7.26 percent and 7.53 percent respectively. The increase in NPL felt by national banks caused the Bank to lose its cash capacity in order to obtain an ideal profit from the Bank's activities it carried out.

As part of the government's efforts to ensure that banks are always in good health, liquidity, solvency, and profitability, OJK has issued Financial Services Authority Regulation Number 11/POJK. 03/2020 which has been replaced with Financial Services Authority Regulation Number 48/POJK. 03/2020 concerning National Economic Stimulus as a Countercyclical Policy for the Impact of the Spread of Coronavirus Disease 2019 (POJK Number 11/POJK. 03/2020 Juncto POJK Number 48/POJK. 03/2020). This policy is intended to provide credit relief or restructuring to debtors affected by the Covid-19 pandemic as well as the Bank's efforts to save non-performing loans. After the implementation of the policy, banks in Indonesia responded to the policy regarding the provision of restructuring or credit installment relief, one of which was the Gresik bank (Bank Gresik) responding to the policy issued by the OJK regarding credit restructuring for debtors affected by the Covid-19 pandemic, including debtors. micro, small and medium enterprises (MSMEs). In PD. BPR Bank Gresik provides credit settlement by means of credit restructuring by offering facilities including interest payments as well as principal installments to carry out an addendum (re-agreement) to extend the credit tenor, with the maximum limit set by the OJK as a reference, provided that the debtor experiences a decrease in business turnover due to the impact Covid-19.

The problem is that in a pandemic like this, it has a serious impact on the economy, which cannot be separated from banking performance. This results in non-performing / bad loans in the Bank as a result of default by the debtor due to the impact of the Covid-19 pandemic. The problem is in the implementation of credit restructuring during the Covid-19 pandemic, each bank applies different policies so that further research needs to be done regarding the implementation of credit restructuring in PD. BPR Bank Gresik and did not rule out the possibility of granting this restructuring did not escape the obstacles faced, there may be a number of obstacles experienced by the Bank as a creditor when granting restructuring/credit relief to debtor customers.

Referring to the background that has been described, the formulation of the problem can be made, namely: how to implement credit restructuring during the Covid-19 pandemic at PD. BPR Bank Gresik and what are the obstacles and efforts in credit restructuring during the Covid-19 pandemic at PD. BPR Bank Gresik?. This study aims to analyze and understand the implementation of credit restructuring as well as the obstacles and efforts in carrying out credit restructuring during the Covid-19 pandemic in PD. BPR Bank Gresik. It is hoped that the research produced can bring benefits both from a theoretical and practical point of view in order to add insight into knowledge regarding the implementation of credit restructuring during the Covid-19 pandemic.

2. LITERATURE REVIEW

According to (Financial Services Authority, 2021) credit restructuring is an improvement effort carried out by banks in credit activities for debtors who have the potential to experience difficulties in fulfilling their obligations. The credit restructuring policy carried out by the bank includes, among others, through:

1. Decrease in credit interest rates
2. Extension of the credit term
3. Reduction of credit interest arrears
4. Reducing credit principal arrears

5. Additional credit facilities, and/or

6. Conversion of credit into Temporary Capital Investment.

According to the provisions of Article 1 Number 2 of Law Number 10 of 1998 concerning Amendments to Law Number 7 of 1992 concerning Banking, a bank is a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit and/or other forms. other forms in order to improve the standard of living of many people.

A debtor is a person or business entity who has a debt to a bank or other financial institution due to an agreement or law (Riduan Tobink and Bill Nikholaus, 2003:118). According to Article 1 number 11 of Law Number 10 of 1998 concerning Amendments to Law Number 7 of 1992 concerning Banking, credit is the provision of money or bills that can be equated with it, based on an agreement or loan agreement between the bank and another party. requires the borrower to pay off the debt after a certain period of time with interest. According to Suhardjono (2003:252) problem credit is a situation where the customer is unable to pay part or all of his obligations to the bank as agreed in the credit agreement.

Coronavirus Disease (Covid-19) is an infectious disease caused by a newly discovered corona virus and is known as severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2). Coronavirus Disease is a type of disease that has not been previously identified by humans, this virus can be transmitted from human to human through frequent close contact, people who have a high risk of contracting this disease are people who have close contact with Covid-19 patients, namely doctors and nurses. (Sayekti, ILO, 2020:7). ased on POJK Number 48/POJK.03/2020, the development of the spread of Covid-19 has a direct or indirect impact on the performance and capacity of debtors, including micro, small and medium enterprise (MSME) debtors, thus potentially disrupting banking performance and financial system stability which could influence economic growth. Therefore, to encourage the optimization of banking intermediation functions, maintain financial system stability, and support economic growth, economic stimulus policies are needed as a countercyclical impact on the spread of Covid-19.

3. METHODS

The type of research used in this research is the empirical juridical legal research method, meaning research that examines the implementation of laws and regulations on the basis of legal theories and concepts in order to directly review the reality in the field. The type of research used is descriptive law, meaning that this study aims to provide a clear description and explanation related to the implementation of credit restructuring during the Covid-19 pandemic in Gresik Rural Bank Corporation.

Sources of data used in this study are primary data and secondary data. Where primary data is original data based on the source and data obtained by sources directly from the scene. While secondary data is data consisting of primary, secondary, and tertiary legal materials. Primary legal materials are from statutory regulations that are still valid and related to the object being drawn, while secondary legal materials are opinions of legal experts, dissertations, theses, legal journals, legal books/literature, and articles whose sources are from internet and tertiary legal materials were obtained from legal dictionaries, the Big Indonesian Dictionary and encyclopedias.

The method of collecting and processing data in this study was obtained through interviews and literature or document studies. The types of data collected include

primary and secondary data. Primary data in this study were obtained through questions and answers (interviews) or asking questions directly to PD employees. Gresik Rural Banks. Furthermore, secondary data is obtained through studying and exploring literature research in the form of legal materials.

The data analysis method used in this study is a descriptive analytical research method, where the analytical form of the data used is a qualitative approach to primary data and secondary data. The descriptive includes the structure and content of positive materials, namely the activities carried out by researchers to determine the meaning or content of legal rules that become a reference when trying to solve legal problems.

4. RESULTS

4.1 Implementation of Credit Restructuring During the Covid-19 pandemic at PD. BPR Bank Gresik

In an effort to make PD. BPR Bank Gresik in an effort to save and resolve non-performing/lossed loans due to the impact of the Covid-19 pandemic by implementing a credit restructuring policy for debtors affected by the corona virus pandemic as based on the standard guidelines provided by the government through the OJK, thus referring to the Authority Regulations. Financial Services Number 48/POJK.03/2020 regarding Amendments to Financial Services Authority Regulation Number 11/POJK.03/0202 regarding National Economic Stimulus as a Countercyclical Policy for the Impact of the 2019 Coronavirus Disease Spread. Referring to an interview with Mr. Lukman as the marketing coordinator of PD. BPR Bank Gresik said that at BPR Bank Gresik (Bank Gresik) this restructuring policy was implemented starting from April 2020, from a total of 1,623 debtor customers of Bank BPR Gresik, as of August 31, 2021 with a total of 79 debtor customers receiving credit restructuring facilities with total credit worth Rp. 10 Million to 340 Million. These debtor customers are micro, small and medium business actors and employees. Credit restructuring referring to the PBI (Bank Indonesia Regulation) is an effort by the Bank to improve credit activities for debtors who find it difficult to pay off their debts to the Bank. Based on the provisions of POJK Number 48/POJK.03/2020 it is stated that the credit restructuring policies that can be implemented by the Bank are through:

- a. Lower loan interest rates
- b. Reducing loan interest arrears
- c. Reduction of loan principal arrears
- d. Extension of credit period
- e. Addition of credit facilities
- f. Credit conversion into temporary equity participation.

Based on the results of interviews conducted by researchers, the implementation of credit restructuring provisions during the Covid-19 pandemic at PD. BPR Bank Gresik given to debtors is in the form of a period of less than 10 months, or depending on mutual agreement and does not exceed the period according to the provisions of POJK Number 48/POJK. 03/2020, which is until March 31, 2022, within that period, a relief/restructuring is given to pay interest arrears only. The time given is approximately 10 months since the application for credit restructuring is approved by the bank in the form of the debtor's ability to make payments according to what has been agreed. So the debtor is given relief to make payments only the interest arrears with a mutually agreed period of time. For example, Debtor X has a credit installment that must be paid to the Bank every month as much as Rp. 1,170,000, -, which is divided into principal arrears

of Rp. 1.000.000,-, and interest arrears of Rp. 170.000,-, with a given period of 12 months or 1 year. Debtor X in submitting his application is only able to pay the interest, which is Rp. 170.000,- per month during the given restructuring period, for example 10 months. For payment of arrears, the principal will be paid after the completion of the time for payment of arrears of interest

After the credit restructuring is carried out, the determination of the collectibility of the restructured credit is determined to be current until the period that has been mutually agreed upon in the restructured credit agreement. This is in line with the provisions of Article 5 of POJK Number POJK Number 48/POJK.03/2020 which states that "the quality of financing or restructured loans is declared smooth since the restructuring is carried out".

Based on the results of interviews obtained, this credit restructuring can be given to debtors if they meet the following criteria:

a. Employee debtor criteria:

- 1) Employees were laid off because they were affected by the spread of Covid-19, the implementation of this restructuring was prioritized for debtors who were affected by the corona virus pandemic, the spread of Covid-19. The debtor in question is in the sense that he is experiencing difficulties in fulfilling his obligations to the Bank due to the impact of this pandemic, so the debtor must be sent home.
- 2) The debtor's salary or wages are only cut in half or 50% of the salary before being affected by the Covid 19 pandemic, or the debtor experiences a decrease in income from the wages given so that the debtor has difficulty paying obligations to the bank in full.
- 3) The debtor has difficulty in performing obligations to the bank, but has a strong will to pay.

b. Criteria for MSME debtors (micro, small and medium enterprises):

- 1) MSME Business Actors are unable to run their business due to the impact of the spread of Covid-19, the implementation of this restructuring is prioritized for MSME debtors who are affected or affected by the 2019 coronavirus pandemic. The debtors in question are those who are difficult to fulfill their obligations to the Bank because indirectly or indirectly The debtor's business is directly affected by the Covid-19 pandemic. For example, MSME traders cannot sell because they are affected by the covid-19 pandemic so there is no income for each day.
- 2) Debtors have difficulty in performing obligations to the bank, but have a strong will to pay.

The process for applying for credit restructuring at BPR Bank Gresik is as follows:

1. The debtor can come to the BPR office of Bank Gresik by submitting an application for credit restructuring, after that the debtor can fill out the loan restructuring application form and complete the files requested by the bank. If the debtor has been in arrears for 3 months and the debtor does not apply for credit restructuring, then Bank Gresik takes action by meeting or contacting the debtor by asking the reason why he did not pay his obligations to the Bank. If the debtor has difficulty paying the installments, the Bank offers the debtor to immediately submit an application for credit restructuring.
2. After the debtor has completed filling out the application form for credit restructuring, Bank Gresik will conduct a survey, by looking at the data and financial information (bookkeeping) of the debtor's credit that the debtor has decreased, and with the aim of knowing the debtor's financial condition which has decreased.

3. After the survey, Bank Gresik will conduct an analysis of the debtor and his business, by reviewing the impact he has experienced and seeing his ability to pay during the Covid-19 pandemic, and whether the debtor is eligible to obtain credit restructuring approval. To determine whether the debtor is eligible for restructuring, the Bank must first conduct a careful assessment and implement and/or use the precautionary principle or what is known as the 5 C's, namely: (a) character is an assessment of personality/character, (b) capacity is an assessment of on ability, (c) capital is an assessment of capital, (d) collateral is an assessment of collateral, and (e) condition of economy, namely an assessment of the debtor's business prospects.
4. After completing the analysis of the debtor's ability, the next stage is the decision, Bank Gresik will make a decision regarding whether or not the debtor's application for credit restructuring is approved. The authority to make this decision is from the PD head office. BPR Bank is the Head of Credit and the President Director

When the credit return agreement faces the risk of failure, this condition is the same as the condition of non-performing loans or non-performing loans (NPL). NPL is part of the ability of the Bank's management to manage non-performing loans provided by the Bank. If the NPL is greater, it indicates the bad nature of the bank's credit and causes the number of non-performing loans to increase sharply. Non-performing/non-performing loans can be explained as loans that are difficult to repay due to intentional factors and/or due to external factors that are beyond the control of the debtor (Dahlan, 2001: 174). While referring to Altesa's explanation, bad credit is credit that cannot be repaid or returned by the debtor at maturity as in accordance with the contents of the agreed credit agreement. Bad credit is a financial ratio related to credit risk.

Based on the results of interviews conducted by the author, the proportion of Non-Performing Loans (NPL) of non-performing loans at BPR Bank Gresik has continued to climb since the Covid-19 pandemic where in this pandemic situation the number of non-performing loans is below the normal limit from before the pandemic. The factor that caused the increase in non-performing loans was because the number of debtors who had difficulty paying off credit rose during the Covid-19 pandemic, this was because debtors were also affected by the spread of Covid-19, due to large-scale social restrictions policies and the imposition of restrictions on community activities so that almost all community activities stop

Efforts to rescue non-performing loans carried out by PD. BPR Bank Gresik by implementing credit restructuring / realignment for debt holders who are facing problems in fulfilling their achievements is the right effort to apply during the Covid-19 pandemic. This restructuring is an effort that can be carried out to improve credit from borrowers or lenders. This repair was carried out because it was difficult for debtors to pay off their debts. However, not all debtors who experience bad credit can apply for credit restructuring, because only debtors with certain conditions can get it, namely: debtors are difficult to fulfill obligations to banks because debtors are affected by the Covid-19 pandemic, debtors also still have good business prospects so they are considered able to pay its debts after the credit is restructured.

The implementation of this loan restructuring policy provides benefits to creditors and debtors. The benefits from the creditor's side, of course, will reduce the risk of bad loans that affect the company's profits and receivables. While other benefits for debtors, namely: credit restructuring creates space for debtors who still have the ability or business prospects to pay in the future but require additional installment payments due to business conditions and debtors who are not in good health due to the impact of the Covid-19 pandemic. The purpose of credit restructuring is to prevent a decline in the

quality of restructuring debtors and to maintain stability in the financial services sector.

In an effort to minimize the occurrence of problematic financing in PD. BPR Bank Gresik, the Bank is very concerned when analyzing debtors and their businesses affected by the Covid-19 pandemic and judging by the debtor's ability to pay, to determine whether the debtor deserves to be restructured, the bank assesses carefully and applies 5 principles including the prudential banking principle, or better known as 5C which will be described. Character is the condition of the client's time and/or character in his personal life and business environment. The Bank believes that the borrower has positive and cooperative ethics, character, and personal characteristics. Capability is the ability of the debtor to manage the business being run in order to get the profit according to his expectations. Capital (capital) is a number of funds owned by the debtor, the more funds the debtor has, the easier it is for the Bank to provide financing. Collateral is a commodity used by debtors as collateral to obtain financing. Conditions are cultural, economic, social, and political conditions and situations that affect economic conditions which may later affect the smooth running of the debtor company.

Based on the results of interviews conducted by the author, the implementation of the restructuring policy at BPR Bank Gresik is very effective if it is in terms of helping debtors who have difficulty paying installments at the bank so that it can ease the burden on the debtor to be able to fulfill his achievements, besides that it is effective if in granting this restructuring managed to save troubled credit. As for the implementation of this restructuring, it is not effective if the implementation of the loan restructuring is not successful. According to Mr. Lukman, as the marketing coordinator of BPR Bank Gresik, the effort to rescue non-performing loans through restructuring is more efficient and effective because the actions taken do not take too long, besides that most of the debtors after restructuring have been able to fulfill their performance again according to the credit agreement. The BPR of Bank Gresik always strives for non-performing/problematic loans to occur, the alternative that can be taken first is credit rescue through restructuring, because this matter is considered more profitable for the Bank compared to other forms of bad credit rescue. Credit quality will be better (stable), which means it will reduce the percentage of non-performing loans (NPL) of PD. BPR Bank Gresik which will automatically reduce the allowance for earning assets write-off (PPAP).

4.2 Obstacles and Efforts in Implementing Credit Restructuring During the Covid-19 Pandemic at PD BPR Bank Gresik

Credit provided by the creditor (Bank) to the debtor essentially contains a risk where the debtor is unable to repay it, this is referred to as bad or problem loans. As an effort to avoid bad or non-performing loans, BPR Bank Gresik has implemented preventive protection, namely by analyzing the business feasibility of the debtor. Although preventive protection has been implemented, some debtors are unable to pay their debts (credit) on time in accordance with the credit agreement, resulting in non-performing loans. This bad credit can be caused by several causes, namely because the debtor is unable to repay the debt to the creditor as a bank based on the decline in his business, or because the debtor has absolutely no intention (in bad faith) to fulfill his obligations. The existence of non-performing loans will bring a burden to the Bank, which is not only a burden of thought, energy, cost, but also a burden of time, because non-performing loans are one of the causes and indicators that determine banking performance.

In general, the implementation of credit restructuring in banking faces many obstacles in the credit restructuring process, including:

- a. First, there is no transparency between debtors and creditors. This, therefore, does not escape the nature of the opposite relationship between the two parties. The Bank in this case is as a creditor, where in its implementation contains conditions that estimate the amount of loss regardless of the debtor's business and financial situation, can be tolerated and the payment is determined as soon as possible. On the other hand, debtors always try to get the greatest relief by submitting the least amount of collateral.
- b. Second, there are restrictions on financial staff and technical staff in the field of encouraging institutional restructuring, on the other hand, debtors and creditors have too high expectations of these institutions, but in reality these institutions are not coercive powers.
- c. Third, the lack of coordination between related institutions as facilitators, because each agency has a schedule or priority that is different from one another.

Application of credit restructuring during the Covid-19 pandemic at PD. This BPR Bank Gresik did not escape from the obstacles it faced. Based on the results of interviews obtained, that in granting this credit restructuring there were obstacles faced by Bank Gresik, but the obstacles faced did not affect the process of implementing credit restructuring for non-performing loans due to the Covid-19 pandemic. The obstacles faced in the provision of credit restructuring in PD. BPR Bank Gresik (Bank Gresik), namely: after the credit restructuring by the bank to the debtor, but the debtor is still in arrears on the grounds that he cannot or is still having difficulty making payments in accordance with the contents of the credit agreement that has been restructured, in this case the debtor is experiencing economic problems where the debtor's business fell, causing the debtor to have difficulty carrying out his achievements to solve his credit problems at the bank. In addition, there are other obstacles, namely that the public considers that the implementation of credit restructuring during the Covid-19 pandemic is temporarily exempted debtors from payments or monthly installments, even though the provision of debt restructuring is a way for finance companies to help reduce the burden on debtors affected by Covid-19 in paying their obligations. debts and provide relief to pay debt installments, so it is not for delaying payments and or exemption of monthly installments. In addition, PD. BPR Bank Gresik as a company engaged in banking cannot run its business if the debtor does not pay the debt properly to the bank (creditor).

The obstacles faced by BPR Bank Gresik will automatically have an impact on banking, which will result in a higher number of non-performing loans (NPLs). If the NPL increases, then at that time, the effect on the Bank is very strong considering that although the reserves are intended for credit from the general public, bad credit also makes the Bank need reserves, thus affecting the Bank's business activities. Non-performing loans can disrupt the bank's financial condition and even result in the cessation of banking activities. If bad loans occur, it will definitely have an impact on the financial performance of the Bank, because the credit is experiencing congestion this refers to the bank's cash turnover that is not smooth, if it continues then the Bank will no longer be able to distribute large amounts of credit to other debtors/customers. because the Bank itself is experiencing difficulties in turning its cash flow. This condition makes the Bank no longer able to pay off its debt in the short term, the bank can no longer meet its liquidity or is in an illiquid condition. In addition, the impact will also have an impact on non-performing loans, which will occur indirectly

when loan interest rates are high. Bad credit and leads to bank finance/cash are also affected. If bad loans continue to rise, the consequence on financial performance is a decrease in profits, but if bad loans decrease then profits increase.

Based on the results of interviews conducted by researchers, if the debtor who has previously carried out credit restructuring is unsuccessful or the debtor is still in arrears on the grounds that he cannot or is still having difficulty making payments in accordance with the contents of the credit agreement that has been restructured. So the efforts made by PD. BPR Bank Gresik, namely by re-restructuring debtors who are still having difficulty fulfilling their obligations. If the credit restructuring that has been granted for the second time and if the debtor is still unable to make proper payments to the Bank (creditor) or the restructuring provided is still not successful, then the Bank will provide the debtor with the last opportunity to apply for a restructuring with the third time. This is the last credit restructuring effort that can be done by the Bank, by restructuring credit up to three times given to the debtor in order to stabilize the economy so that it can fulfill its obligations to the Bank (creditor).

After the last credit restructuring has been carried out, and if, with the assumption that credit rescue activities through credit restructuring carried out by the Bank end up in vain, the Bank can take further steps, namely a family settlement first by giving the option to reduce the amount of installments than before. , by looking at the ability of the debtor to be able to pay his debts. If the settlement actions carried out amicably cannot be resolved, the bank is forced to take repressive actions, namely by executing guarantees. Execution is a last resort to resolve non-performing loans by PD. BPR Bank Gresik that can be done.

In principle, the implementation of non-performing loans is caused by: If the debtor violates the contract, it must be carried out through an auction (execution). The *Vendu Relegment Regulation* in Article 1 states that the use of the term "General Sales", where the definition of public sales itself is: "Auctions and sales conducted openly by determining an increased price, a reduced agreement or through price registration, or those who have invites or is notified of an auction or sale or who has provided an auction or purchase bid price, a negotiated price, or a registered opportunity.". In principle, the implementation of non-performing loans is carried out through public auctions. Public sales are: "A tool by bringing together loaders to achieve a the most favorable agreement or arrangement for the seller".

However, according to research results show that so far in PD. BPR Bank Gresik in taking action or efforts in terms of facing obstacles in the provision of credit restructuring, almost nothing has come to execution, because the bank prioritizes the completion of credit rescue by reducing the number of installments, by choosing the smallest installment amount that can be paid. give it to the debtor, and the bank is trying to settle it amicably so it doesn't end up in execution.

5. DISCUSSION

The implementation of the restructuring policy at BPR Bank Gresik is very effective in terms of helping debtors who are having difficulty paying installments to the bank so that it can lighten the burden on debtors to be able to meet their achievements. BPR Bank Gresik always tries to resolve bad/problem loans by rescuing credit through restructuring first, because this is considered more profitable for the bank than other forms of resolving problem loans. By carrying out credit restructuring and succeeding, it will able to make the collectability/quality of credit better (smooth) and that means it will reduce the percentage of problem loans / Non-Performing Loans

NPL) at BPR Bank Gresik which will automatically reduce PPAP (Allowance for Productive Asset Losses).

6. CONCLUSION

Implementation of credit restructuring provisions during the Covid-19 pandemic at PD. BPR Bank Gresik is given to debtors in the form of giving only about 10 months to pay interest arrears. The criteria for debtors who can be restructured are: debtors have difficulty in carrying out their obligations to the bank, because the debtor is affected by the spread of Covid-19, and has a strong will to pay after the credit is restructured. Implementation of restructuring policies in PD. BPR Bank Gresik is very effective when it comes to helping debtor problems who have difficulty paying installments to the bank so that it can ease the burden on the debtor to be able to fulfill his achievements. Obstacles faced in granting credit restructuring are: after credit restructuring, there are still debtors who have difficulty paying, causing the restructuring to fail, in addition to the debtor's assumption that the granting of credit restructuring is a temporary installment exemption during the Covid-19 pandemic. However, the PD. BPR Bank Gresik strives if there is a failure in granting restructuring, the Bank prefers to save by restructured credit.

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