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The Credit Restructuring Phenomenon 0f The MSMEs And Its Effect On Banking Financial Performance During The Pandemic 0f Covid-19

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Abstract: The purpose of this study is to analyze and explain the effect of the implementation of credit restructuring carried out by banks in the SMEs sector on the financial performance of banks during the pandemic of COVID-19 where NPL and NIM items are the intermediaries. The discussion of this paper is based on the phenomenon that is happening now where almost banking institutions conduct credit restructuring in the MSMEs sector during the pandemic of COVID-19. The results of the study explain that credit restructuring affects the performance of banks that can maintain profitability through suppressing PPAP costs, credit restructuring can reduce non-performing loans (NPL), whereas credit restructuring can reduce interest rates due to changes in accounting treatment particularly in the recognition of restructured credit interest income.
Keywords: Credit Restructuring, NPL (Non Performing Loans), NIM (Net Interest Margin), Financial Performance, The pandemic of COVID-19

Abstrak: Tujuan dari artikel ini untuk menganalisis dan menjelaskan pengaruh pelaksanaan restrukturisasi kredit yang dilakukan oleh perbankan pada sektor UMKM terhadap kinerja keuangan perbankan pada masa pandemi corona covid 19 dimana item NPL dan NIM sebagai perantaranya. Pembahasan artikel ini dilakukan berdasarkan fenomena yang terjadi sekarang dimana hampir seluruh lembaga perbankan melakukan restrukturisasi kredit pada sektor UMKM pada masa pandemi corona covid 19. Hasil dari pembahasan artikel ini menjelaskan bahwa restrukturisasi kredit berpengaruh terhadap kinerja perbankan yang dapat mempertahankan perolehan laba melalui penekanan biaya PPAP, restrukturisasi kredit dapat menurunkan kredit bermasalah (NPL), sedangkan terhadap NIM restrukturisasi kredit dapat mengurangi perolehan bunga karena terjadi perubahan perlakuan akuntansi dalam pengakuan pendapatan bunga kredit yang direstrukturisasi.
Kata Kunci: Restrukturisasi Kredit, NPL (*Non Performing Loan*), NIM (*Net Interest Margin*), Kinerja Keuangan. Pandemi COVID-19

INTRODUCTION

The existence of banks in public life has an important role because banking institutions are the core of the financial system in each country. The Bank serves financing needs and expedited payment system mechanisms for all sectors of the economy. Banking has a strategic position as a support for smooth payments, monetary policy implementation, and achievement of financial system stability so that a healthy, transparent and accountable banking is needed (Bank Indonesia, 2018). The bank is a business entity that collects funds from the public in the form of deposits and channelss them back to the community in the form of credit in order to improve the lives of many people. In principle, the bank is a financial intermediary institution. According to Kasmir (2012) the definition of credit is the provision of money or bills that can be likened to it, based on an agreement or agreement to borrow between banks and other parties that require borrowers to pay off their debts after a certain period of time with interest.

Banks as financial institutions in addition to providing services in payment traffic and money circulation, their business endeavors are providing credit services to their customers in order to carry out their functions as an intermediary institution, namely collecting funds from the public and channeling them in the form of credit so that the funds collected are productive and generate profits for banks. Banks are not only as fund collectors but also as Development Agents (agents of development), Service Agents (agents of services), and Trust Agents (agents of trust) (Budisantoso & Nuritomo, 2017). Bank activities are closely related to credit. High lending at a bank is vulnerable to liquidity risk that is the risk arising from the bank being unable or failing to meet short-term obligations when needed, due to lack of liquidity at the bank (Latumaerissa, 2017). The distribution of funds to the public is conducted by banks in the form of lending, whether working capital or investment loans. Credit distribution is a very basic banking activity and credit interest is the main source of banking revenue. IAI (PSAK No.23: 2010) defines interest is the charging for the use of cash or cash equivalent or the amount owed to the entity. Basically, credit lending activities have a very large risk that is the risk of credit repayment and a significant impact on the continuity of the banking business if the extended credit is not on target. Not all customers who obtain credit from banks can return it properly and on time according to the agreement. If many debtors do not perform their obligations properly, it will certainly have a serious impact on the credit sector aimed at the Non Performing Loan (NPL) ratio at the bank. The high NPL ratio will endanger the health of banks. In an effort to overcome this, Bank Indonesia (BI) established a loan restructuring policy.

Restructuring is a bank program as a remedial effort carried out in the credit activities of debtors who have difficulty meeting their obligations, credit restructuring is also one of the manager's strategic decisions made for the interests of the manager himself and the principals. For the principals (shareholders) restructuring will benefit them later where the ratio of problem loans becomes small which can affect earnings which will affect the dividends received. As for the restructuring manager, it can affect the decrease in NPL where the manager can show their performance well.

Nowadays, banks, both state and private banks, are spread in every region and even in rural areas to serve the micro sector (Micro, Small, and Medium Enterprises, hereafter, MSMEs) in lending because related businesses in Indonesia depend on the MSMEs sector. Profits generated at banking institutions are currently issued by their micro-businesses serving credit to the MSMEs sector. In managing its credit is inseparable from the debate which because most of the credit depends on the MSMEs sector. Amid the Pandemic of COVID-19, that is happening right now all sectors are affected by the spread of this virus, especially the country's economy, many business actors are affected by the corona, both large and small businesses (MSMEs). The spread of covid 19 also had a negative impact on banking business activities, especially in terms of credit quality and financial performance. Bank performance is important to be assessed because good bank performance can support business growth where banks provide investment funds and working capital for business units in carrying out production functions (Halim, 2015). Today's banking sector is dominated by MSMEs customers, where many MSMEs entrepreneurs who are affected by the spread of the corona virus have experienced a decline in production and even went bankrupt.

MSMEs are the most vulnerable sectors affected by the pandemic of COVID-19, this sector can no longer be a buffer for the economy as it did during the economic and financial crises in 1998 and 2008. Meanwhile, MSMEs have made a major contribution to the Indonesian economy over the past few decades where its contribution has reached more than 60% of Indonesia's GDP (e.g., Suyono et al., 2016a; Suyono et al., 2016b; Riswan et al., 2017; Suyono, 2017; Suyono, 2018; Suyono et al., 2019). Therefore, with the disruption of the business sector due to the COVID-19 pandemic, it also causes a decrease of the national economy. Moreover, with the coronavirus hit in the MSMEs sector, it is certain that business actors will experience difficulties in paying their obligations to banks, which will have an

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impact on the banking sector in terms of credit quality and interest received as bank income in managing their credit (NIM), given these conditions. the government through the OJK (Financial Services Authority) issued OJK Regulation No. 11 / POJK.03 / 2020 Regarding National Economic Stimulus as a Countercyclical Policy on the Impact of Spreading Coronavirus Disease 2019 which explains that the OJK provides easing/relaxation of MSME credit ie given the longest payment delay up to 1 (one) year can be 3,6,9 or 12 months according to the agreement between the debtor and the bank. Related to OJK regulations, banks can implement policies that support economic growth stimulus for debtors affected by the spread of coronavirus disease 2019 (Covid-19) including MSMEs debtors, policies that support these stimuli include credit restructuring policies.

Problems with non-performing loans (NPL) and NIM (Net Interest Margin) are inevitable as a result of the distribution of COVID-19 in banking operational activities. With this condition, the banking sector is incessant in conducting credit restructuring in an effort to save credit so that credit quality is maintained not to be included in the category of non-performing loans (NPL). NPL is one of the important indicators in the banking sector that shows the level of bank health. Credit restructuring is a financial terminology policy that is widely used in the banking sector to save problem loans in the MSMEs sector, especially in the current condition with the spread of COVID-19. Credit restructuring is an improvement effort made in lending activities to debtors who experience difficulties in fulfilling their obligations, by conducting credit restructuring, of course, affects the amount of NPL which subsequently relates to the formation of PPAP (Allowance for Earning Assets) and will also affect accounting treatment in banking financial statements where this relates to PSAK 71. Credit restructuring also relates to interest received by the banking / NIM (Net Interest Margin) as income which of course affects the treatment/accounting method in the recognition of income. Based on the background outlined above, this study aims to analyze the incessant implementation of credit restructuring in the MSMEs sector and its effect on the financial performance of banks during the pandemic of COVID-9, which is explained in terms of its accounting treatment in the financial statements, especially the income statement, bearing in mind when it is the banking sector that is intensively conducting credit restructuring efforts towards its debtors.

Literature Review

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The goal-setting theory is used to explain the phenomena of this study where it is part of the motivation theory proposed by Latham dan Locke (1979). Goal-setting theory is the determination of what is to be achieved explaining the relationship between the goals set and the performance achieved. Goal setting to be achieved here is to maintain credit quality/NPL ratio (Non-Performing Loan) and reduce the formation of credit loss reserve costs that will affect the profitability of banks in the pandemic of COVID-19 wherein this condition banks will find it difficult to maintain their performance due to potential debtors to overdue is very large which in turn will reduce the performance of the banking industry.

Credit restructuring is an effort/method undertaken by the banking industry to achieve the goal setting, namely by conducting credit restructuring of debtors who experience payment difficulties due to the COVID-19 which will later affect the established goals/objectives, namely maintaining credit quality and to suppress the establishment of credit loss reserve costs amid co-conditions 19 which incidentally the majority of customers have difficulty making loan repayments. Credit restructuring itself is an improvement effort made by banks in lending activities to debtors who experience difficulties in fulfilling their obligations, where the purpose of credit restructuring itself is from the debtor / customer credit side, which can help ease the payment of obligations and for the banks to maintain credit quality / saving non-performing loans (NPLs) which are indicators of the level of health banking, where the size of the NPLs shows the risks of borne by banks and to reduce the formation of credit loss reserve costs which are a component in determining bank profits. So it can be concluded that the linkage between goal setting theory and credit restructuring that credit restructuring is a tool / method used by banks to achieve the goals / objectives set by banks in the form of maintained credit quality and profitability in the pandemic of COVID-19.

Moreover, the definition of Micro, Small and Medium Enterprises (MSMEs) based on the Constitution Number 20 of 2008 concerning MSMEs is as follows:

a. Micro business is a productive business owned by individuals and/or an individual business entity that meets the criteria for Micro Business.
b. Small Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or non-branch companies that are given, controlled, or become either directly or indirectly part of Medium

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Enterprises or Large Enterprises that need assistance Small Businesses that are approved in this Law.

c. Medium Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or branches of a company that is given, controlled, or become a part that is either directly or indirectly with a Small or Large Business with an affordable amount or annual sales results are approved in this law.

Therefore according to the Constitution Number 20 of 2008, the criteria of MSMEs is as follows:

Type	Asset (IDR)	Turnover (IDR)
Micro Business	Max 50,000,000	Max 300,000,000
Small Business	>50,000,000-500,000,000	>300,000,000-2,500,000,000
Medium Business	>500,000,000-10,000,000,000	>2,500,000,000-50,000,000,000

The MSMEs Credit is all provision of funds or claims in rupiah to MSME debtors based on an agreement or agreement between the Bank and the debtor, the amount of credit that can be distributed to the MSME sector with a credit ceiling of up to IDR 500,000,000. PSAK No. 71 issued by IAI (The Indonesian Institute of Accountants, 2016) concerning financial instruments, namely recognition and measurement. PSAK 71 replaces PSAK 55 and refers to IFRS 9 (International Financial Reporting Standard). The important point of PSAK 71 is the matter of provision for impairment of financial assets in the form of receivables, loans, or credit. PSAK 71 mandates that corporations provide reserves from the beginning of the credit period. Corporations must provide an allowance for impairment losses on credit values (CKPN) for all categories of credit or loans, whether performing, performing, underperforming, or non-performing.

The magnitude of the formation of CKPN (Allowance for Impairment Losses) has an effect on the financial performance of banks, financial performance itself is a picture of the company's achievements in terms of the efficient use of costs to generate optimal revenue, CKPN costs are one of the accounts that can affect corporate profits, the high cost of CKPN shows the company is inefficient in using costs to obtain optimal income, by doing credit restructuring is expected to reduce or reduce the formation of the cost of allowance for

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loss/Allowance (CKPN) for Impairment Losses). The calculation of the amount of allowance for decline is based on Bank Indonesia Regulation No. 14/15/PBI/2012 are as follows:

- 1% of Earning Assets are classified as current,
- 5% of Earning Assets are classified as special attention,
- 15% of Earning Assets are classified as substandard,
- 50% of Earning Assets are classified as doubtful,
- 100% of Earning Assets are classified as loss.

According to Warren, et al (2014: 3), accounting is defined as an information system that provides reports to stakeholders regarding economic activities and company conditions. In Ismail (2012:14), bank accounting is the art of recording, classifying, summarizing all transactions that occur within a bank. Other transactions recorded by banks include financial transactions or other transactions that will result in financial events that will occur in the future. Accounting treatments are the rules or steps taken in the accounting process, approval, recording and presentation of financial information in the company's financial statements (Kieso and Weygandt, 2017). According to Suwardjono (2015), explaining that accounting rules are based on accounting standards and outline 4 (four) main things governing accounting standards that include measurement (measurement) or valuation (valuation), resolution of elements in the financial statements, approval (recognition), and disclosure / disclosure (disclosure). Jusup (2011: 170) explains accounting recognizes two basic recognition in its books, namely:

- Accrual basis (accrual basis): accounting received by the transaction at the time the transaction occurred, financial and costs recorded without consideration related to the cash has been received or issued.
- Cash basis: cash basis: cash receipts and fees when cash is received or issued. According to IAI (Indonesian Institute of Accountants) in SFAS No. 31 Banking Accounting (Revised 2010) explains that related to credit there are 2 (two) recognition of interest income on loans, i.e:

  (1) Interest-based credit shows. Interest credit for doing credit will be very profitable on the income statement; (2) Non Performing Loans (doubtful, questionable, and loss) receive interest on a cash basis that is, receiving credit interest can only receive

payments that have actually been received, i.e. after receiving payment from the debtor. Income from earning income that is not received is not in accordance with the estimates in the reporting period and must be approved in the commitment and contingency report.

According to Hasibuan (2010: 116), restructuring or restructuring is a change in credit terms relating to the addition of bank funds, conversion of part / all of the arrears of interest to new loan principal, or conversion of part / all of the credit to bank participation or taking other partners to add to the participation. According to Bank Indonesia Regulation PBI No. 14/15/PBI/2012 credit restructuring is an improvement effort made by the bank in lending activities to debtors who experience difficulties in fulfilling their obligations, which are carried out through:

1. Decrease in lending rates.
2. Extension of credit term
3. Reducing loan interest arrears
4. Reduction of principal loan arrears
5. Adding credit facilities
6. Convert credit to Temporary Equity Participation (PMS)

NPL is a condition where the customer is unable to pay part or all of his obligations to the bank as agreed in the credit agreement (Kuncoro and Suhardjono, 2011). According Hermansyah (2012: 75) non-performing loans or non-performing loans is a risk that is contained in any credit granting by banks. The risk is in the form of a condition where credit cannot be returned on time. NPLs reflect credit risk, the smaller the NPL the smaller the risk borne by the bank. The details of non-performing loans (NPLs) are loans with non-current, doubtful, and bad quality/collectibility/quality.

NIM is the difference between loan interest income and deposit interest costs, which is used to measure the ability of bank management to manage their productive assets to generate net interest income (Taswan, 2013). According to Hery (2015) states NIM is used to measure the ability of banks to generate income from interest by looking at the performance of banks in lending, where the greater the NIM achieved by a bank will increase interest income on productive assets managed by the bank concerned. The interest income is influenced by the number of loans and funds disbursed by the bank to the customer and the interest rate. NIM

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will change along with changes in interest rates and interest expenses, the greater interest expense will reduce interest income, the NIM will also affect when the interest expense is charged by the funder is greater.

Financial performance is the company's ability to manage and control the resources needed to generate profits for a certain period. Corporate financial profit is identical to company profit, profit is the final goal obtained by the company where the profit reaches the company level. The definition of profit itself is more the difference between income over costs in one period and is referred to as the sum insured that occurs otherwise (Taswan, 2013). According to Baridwan (2017) profit is a capital expenditure (net imports) that is issued from business entity transactions both from operational and non-operational transactions or transactions that occur during one period.

Conceptual Framework

Referring to Bank Indonesia Regulation No. 14/15/PBI/2012 Credit Restructuring is an improvement effort made by the Bank in lending activities to debtors who experience difficulties in fulfilling their obligations, in a pandemic condition 19 the implementation of credit restructuring is carried out which will then affect the items in the financial statements that are performance banking. Previous research that is relevant and can be used as a reference in the discussion of this article is research conducted by:

Mardi (2018) with the title "Analysis of the Effect of Credit Restructuring on Non-performing Loans at PT Bank Tabungan Negara (Persero) Tbk Medan Branch". The results showed that credit restructuring has a negative influence on the number of problem loans (NPL), which means the higher the value of credit restructuring, the problem loans (NPL) will decrease.

Korah et al. (2014) with the title "Analysis of Recognition of Interest Income for Granting Working Capital Loans at PT. Prismadana People's Credit Bank ". The results show that the recognition of interest income on loans using accrual basis or more leads to the realization of the concept except for interest income on loans for loans classified as non-performing loans recognized when the deposit is received / cash basis.

Brigita et al. 2018) with the title "Analysis of Accounting Treatment for Problematic Credit Restructuring at PT. Bank Rakyat Indonesia (Persero), Tbk Branch Manado ". The results showed that PT. Bank Rakyat Indonesia (Persero), Tbk Manado Branch implements an

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appropriate restructuring procedure in accordance with applicable regulations, namely determining the allowance for impairment losses on credit.

Raharjo and Ikawati (2018) with the title "Evaluation of the Accounting Treatment for Interest Income and Interest Loans in Ngudi Rahayu Credit Report (CU) Based on KUKM Ministerial Regulation No. 13 / PER.M.KUKM / IX / 2015 AND SAK ETAP ". The results showed that the concept used by Ngudi Rahayu Credit Units (CU) in recording transactions was in accordance with the concepts used based on the rules of KUKM Permen and SAK ETAP namely accrual, meaning that the transaction was recognized and recorded when the transaction occurred.

Agustami and Wireko (2018) with the title "The Effect of Non-Performing Loans (NPL) on Profitability (Case Study of PT. BANK OCBC NISP, TBK in 2002-2010)". The results showed that NPLs had a negative effect on bank profitability

Based on the explanation above, the conceptual framework concept in this discussion regarding the implementation of credit restructuring and its effects on the items in the financial statements is described as follows:

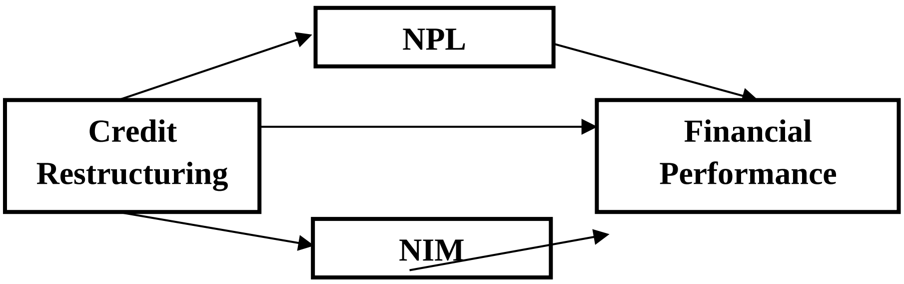

Figure 1. Credit Restructuring and its effects on items in the financial statements

METHOD

This research is a comparative descriptive study which is a type of descriptive research that seeks to find fundamental answers about the causal relationship by analyzing the factors that cause or appear a particular phenomenon or event. Therefore, the method used is:

1) Library research is the collection of data and other information from various literature, books, and theories related to the problems discussed in this study.
2) Field observations in the form of a phenomenon of the implementation of credit restructuring amid the pandemic of COVID-19 in the banking sector which is almost entirely carrying out credit restructuring activities. Observations are made by direct

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observation of the process of implementing credit restructuring in the banking area of the Brebes Regency region, especially BRI Units and by confirming with related credit officers the implementation of credit restructuring, observations are also carried out by observing the implementation of credit restructuring carried out by banks through television and internet information media. which broadcast news about the implementation of restructuring by banks, both state-owned and private banks.

RESULTS

Credit Restructuring and Financial Performance

Credit restructuring is an improvement effort made by the Bank in lending activities to debtors who experience difficulties in fulfilling their obligations. Own credit according to Banking Law No. 10 of 1998 is the provision of money or bills that can be equivalent, based on a loan agreement between the bank and another party that requires the borrower to repay the debt after a certain period of time with interest.

Credit is a productive asset of the bank to generate income in the form of interest. Based on PSAK 71, in accordance with IFRS 9, the allowance for impairment of financial assets in the form of receivables, loans, or loans requires banks to establish Allowance for Impairment Losses since credit is recognized. So when the credit is issued the bank must form a CKPN at the beginning and this item is reported in the income statement at the PPAP cost (Allowance for Earning Asset Losses). With the impact of Covid-19, many debtors are unable to fulfill their obligations which affect the changes in debtor's credit quality and the potential for credit arrears that affect the cost of forming CKPN, so that the greater the credit arrears, the higher the cost of CKPNs formed. To reduce/reduce the increase in the formation of PPAP / CKPN in the present condition is to restructure credit. With credit restructuring, the debtor's credit quality will be maintained. Based on PJOK No. 11 / POJK.03 / 2020 article 5 paragraph 1 states that the quality of restructured loans or financing is determined smoothly since the restructuring is carried out. As an illustration, the data in table 1 is presented as follows:

Table 1.

Credit Collectibility / Quality (age arrears in days)	Credit Balance / Outstanding	CKPN rates are according to PBI No 14/15 / PBI / 2012	PPAP / CKPN

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Current (0 days)	45.000.000	1%	450.000
Special Mention (up to 90 days)	2.500.000	5%	125.000
Substandard (> 90 to 120 days)	200.000	15%	30.000
Doubtful (> 120 to 180 days)	500.000	50%	250.000
Loss (> 180 to 270 days)	800.000	100%	800.000
Total	**49.000.000**		**1.655.000**
NPL (Substandard, Doubtful, Loss)	1.500.000		
NPL (%) (NPL / Total Credit)	3.33%		

Based on the data in the table, the bank will book the PPAP (Allowance for Earning Asset Losses) with a journal:

Credit Loss Allowance Expense *(Beban Penyisihan Kerugian Kredit)* *Rp.1.655.000*

Allowance for Credit Losses *(Cadangan Penyisihan Kerugian Kredit)* *Rp.1.655.000*

Credit loss allowance expense is expense items in the income statement, if there is a change in the collectibility/quality of credit caused by debtors not paying obligations or credit arrears, the allowance costs will increase according to the respective collectibility rates. Transfer of collectibility is in accordance with the debtor's arrears age. The purpose of credit restructuring during the pandemic of COVID-9 is to prevent such costs from increasing or reducing these costs by conducting credit restructuring in all collectibility.

As an illustration, based on table 1 above, credit restructuring is carried out in all collectibles. There will be a change in collectibility to be efficient and result in the calculation of backup / allowance costs after improvement of credit restructuring as follows:

Table 2.

Credit Collectibility / Quality (age arrears in days)	Credit Balance / Outstanding	CKPN rates are according to PBI No 14/15 / PBI / 2012	PPAP / CKPN
Current (0 days)	49.000.000	1%	490.000
Special Mention (up to 90 days)	0	5%	0
Substandard (> 90 to 120 days)	0	15%	0
Doubtful (> 120 to 180 days)	0	50%	0
Loss (> 180 to 270 days)	0	100%	0
Total	**49.000.000**		**490.000**

After credit restructuring, credit quality is smooth based on PJOK No. 11 / POJK.03 / 2020 Article 5 paragraph 1 which states that the quality of restructured loans or financing is

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determined smoothly since the restructuring so that the cost of credit loss allowance after the restructuring is Rp. 490,000 where this cost is less than the cost before the credit restructuring was carried out. The difference in cost of Rp. 1,655,000 - Rp. 490,000 = Rp. 1,165,000. For this difference the bank bookkeeping with a journal:

Allowance for Credit Losses *(Cadangan Penyisihan Kerugian Kredit)* *Rp.1.165.000*

Credit Loss Allowance Expense *(Beban Penyisihan Kerugian Kredit)* *Rp.1.165.000*

With the difference, the bank credits the cost of an allowance for credit losses, which reduces the cost of the income statement which will increase profit.

Credit restructuring and *Non Performing Loans* (NPL)

NPL reflects the level of credit health of a bank which consists of credit categories with substandard, doubtful, and bad quality. The higher the NPL, the more unhealthy credit in a bank. With the Covid-19 impact the greater the potential for arrears where there will be a change in the collectibility/quality of credit that leads to the emergence of problem loans that can affect the level of the soundness of bank credit becomes worse. The implementation of credit restructuring in the midst of the pandemic of COVID-19 to prevent/reduce the occurrence of non-performing loans (NPLs) due to debtors unable to meet their obligations so that the quality of debtor credit is maintained and the soundness of banks in terms of credit remains good.

As an illustration, based on the data in table 1, the bank will carry out a loan restructuring that is specific to the credit quality of Rp. 500,000 and Rp. 800,000 after the credit restructuring was carried out, the credit changed to smooth quality so that the level of non-performing loans / NPL was small at Rp. 200,000 with a percentage of 0.41% and also affect the cost of PPAP to be smaller by Rp. 618,000. Data generated after credit restructuring is related to NPL as follows:

Table 3.

Credit Collectibility / Quality (age arrears in days)	Credit Balance / Outstanding	CKPN rates are according to PBI No 14/15 / PBI / 2012	PPAP / CKPN
Current (0 days)	46.300.000	1%	463.000
Special Mention (up to 90 days)	2.500.000	5%	125.000
Substandard (> 90 to 120 days)	200.000	15%	30.000
Doubtful (> 120 to 180 days)	0	50%	0

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Loss (> 180 to 270 days)	0	100%	0
Total	**49.000.000**		**618.000**
NPL (Substandard, Doubtful, Loss)	200.000		
NPL (%) (NPL / Total Credit)	0.41%		

Credit restructuring and NIM (*Net Interest Margin*)

NIM (Net Interest Margin) is the difference between the interest of a loan/credit given with interest from the source of funds collected. NIM is used to measure the ability of bank management in managing productive finance, in this case, is a credit to obtain interest income. With restructuring credit in the midst of the pandemic of Covid-19 consisting of deposits or grace periods for a period of 3,6,9 and 12 months, on the one hand, will be avoided or reduced to the cost of the allowance for possible losses on assets or CKPN (allowance for increased losses) and improve or reduce Credit quality that is challenging in the NPL (Non-Performing Loans) on the other hand, of course, the banking NIM (Net Interest Margin). First, during the period of deposit or grace period, there is no income consisting of interest which is the main source of income for banks issued by the Net Interest Margin (NIM). Second, after restructuring bank loans, the funds received are carried out to restructure interest payments on an accrual basis for the next 1 (one) month while after restructuring loans that are given interest on a cash basis during the grace period, of course, this is needed for loans with credit quality current and DPK because loans with quality in accordance with interest, while for loans with substandard, questionable, and bad quality (NPL) loans do not need to be improved credit because of interest on a cash basis. The journal of interest receipts in the accrual basis for the next month is:

Credit interest bills (Tagihan bunga kredit) *Rp. XXX*

Loan interest income *(Pendapatan bunga kredit)* *Rp. XXX*

After a credit restructuring during the grace period / postponement, the bank does not recognize accrued interest income so that the established journal acknowledges the above accrual interest income will reverse zero interest income in the income statement with the following journal:

Loan interest income *(Pendapatan bunga kredit)* *Rp. XXX*

Credit interest bills (Tagihan bunga kredit) *Rp. XXX*

The bank recognizes interest income from restructured loans on a cash basis after a deposit with the journal:

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Cash	*Rp. XXX*	
Loan Interest Income		*Rp. XXX*

CONCLUSION

From the results of the discussion above, the implementation of credit restructuring was carried out as an effort to face the effects of the COVID-19 pandemic, which affected all sectors, especially the economic sector in the MSME business sector, which resulted in banking performance on several items including profit, credit quality and interest income as a source of main income.

Credit restructuring has the effect of holding/reducing the increase in the formation of allowance for possible losses on earning assets (PPAP) that can affect bank profitability. Loan restructuring can also reduce the number of problem loans as reflected in NPL (Non-Performing Loans) where NPL is an indicator of the soundness of a bank's credit, besides that loan restructuring has an influence on the acquisition of bank interest income, this is related to the amount of interest income received and the accounting treatment of interest income when the credit is restructured during the grace period because in the grace period the interest income is recognized on a cash basis after cash deposits from related customers. Restructuring indirectly affects the accounting treatment in the financial statements, namely accrual basis, and cash basis. The change from accrual basis to cash basis will certainly have an impact on the interest income items in the income statement that get smaller because during the grace period the bank does not recognize interest income on an accrual basis but wait after the cash deposit is available then the bank recognizes interest income in the income statement.

The conceptual framework in this article can be used for further research as evidenced by statistical data by testing the implementation of credit restructuring of items in the financial statements which are the financial performance of banks during the COVID-19 pandemic period, of course data every month during 2020 and comparing them with performance banking finance in the previous period to strengthen the theory and literature described above. Statistical testing to determine the effect of credit restructuring on items in the bank's financial performance report including earnings, NPL (Non-Performing Loans), and NIM (Net Interest Margin) can use multiple regression analysis, moderation regression analysis, and path analysis.

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