

# ANALYSIS OF DIFFERENCES IN FINANCIAL PERFORMANCE OF CONVENTIONAL COMMERCIAL BANKS IN INDONESIA IMPLEMENTING COVID-19 RESTRUCTURING POLICIES

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## Abstract

This study analyzes the differences and effects of credit restructuring policies on the financial performance of Conventional Commercial Banks in Indonesia during the normal period (2017–2019) and the Covid-19 pandemic (2020–2022). Financial performance is measured through the capital adequacy ratio (CAR), credit quality (NPL), liquidity (LDR), and profitability (ROA). The fixed factor in this study is credit restructuring, while the covariate is the amount of credit. The sample includes 56 Conventional Commercial Banks that implemented credit restructuring policies in the period 2017–2022. Data analysis was carried out using the t-test to compare the average values between groups, and the MANCOVA test to analyze the relationship and influence between variables. The results of the study showed significant differences in CAR, LDR, and ROA, but not in NPL, between the normal and pandemic periods. In addition, credit restructuring policies and the amount of credit together have a significant effect on the financial performance (CAR, NPL, LDR, and ROA) of banks during both periods. This study confirms the importance of credit restructuring policies in influencing bank performance in different economic conditions.

**Keywords:** *capitalization, credit risk, liquidity, financial performance, credit restructuring.*

## INTRODUCTION

The COVID-19 pandemic is an infectious disease caused by a new type of coronavirus, SARS-CoV-2, which was first detected in Wuhan, China, in late 2019. The disease quickly spread throughout the world, leading the World Health Organization (WHO) to declare it a pandemic in March 2020. The COVID-19 pandemic has put great pressure on the global economy, especially Indonesia. The Central Statistics Agency (BPS) reported that Indonesia's GDP experienced negative growth of -5.32% in the second quarter of 2020. In addition to having a negative impact on Indonesia's economic growth, the spread of the coronavirus has also had a negative impact on the economy. almost all industrial sectors in this country.

The financial industry is under significant pressure due to the coronavirus pandemic. The banking sector is a service business that collects funds from the general public and allocates them to the public through loans or credit (Erol, 2022). The Covid-19 pandemic has limited the banking industry's capacity to provide unlimited loans. The increased likelihood of default by creditors is the result of the widespread decline in income experienced by individuals and companies during the COVID-19 pandemic (Li, Wang, Aizhan, & Karimzade, 2023). As a result, this has the potential to disrupt banking operations and disrupt the stability of the financial system, thus impacting economic growth. Therefore, to encourage increased banking intermediation functions, maintain financial system stability, and encourage economic growth, it is very important to implement economic stimulus measures that can effectively mitigate the impact of the Covid-19 pandemic (Amewu, Armah, Kuttu, & Aye Kusi, 2024).

The Financial Services Authority (OJK), together with the Government and Bank Indonesia, has implemented many financial stimulus initiatives to support individuals and the financial services sector affected by Covid-19. These actions were taken as a result of liquidity pressures due to the impact of credit reorganization due to the Covid-19 outbreak (Alzarooni, Al-Shboul, & Maghyereh, 2024). This modification is expected to provide assistance, especially in ensuring the smooth operation of banking and commercial activities considering the uncertain development of the pandemic and the instability of economic conditions. One of the financial stimulus

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policies for the banking industry is the credit restructuring policy. OJK initiated the implementation of the credit restructuring policy in 2020 with the issuance of OJK Regulation (POJK) No.11/POJK.03/2020. This policy is intended as a countercyclical measure to reduce the economic impact of the Covid-19 pandemic.

Credit restructuring can be done by assessing the credit quality only on the correctness of principal and/or interest payments on credit amounts up to IDR 10 billion. In addition, banks are allowed to set credit quality to be smooth, without credit ceiling limits, after restructuring. Each bank has total flexibility in determining the method of implementing credit restructuring that is adjusted to the debtor's ability to repay. The prosperity of a country's financial institutions is closely related to the overall state of the economy, both on a large scale (macro) and a small scale (micro). One aspect that influences banking performance is the existence of a crisis, which can be an economic crisis such as a monetary crisis, or a health disaster such as the Covid-19 outbreak. Bank financial performance is an assessment of the bank's financial condition over a certain period of time, including the collection and distribution of funds (intermediation function). Ratio analysis is used by banks to assess their financial performance. This analysis is used to ensure the relationship between various elements in the financial statements, as well as between the balance sheet and the income statement (Kasmir, 2018). Commonly used ratios include Capital Adequacy Ratio (CAR), Non-Performing Loan (NPL), Loan to Deposit Ratio (LDR) and Return on Asset (ROA).

The phenomenon of restructuring treatment carried out by banks during normal times compared to the pandemic is very different. During normal times, banks can only restructure credit to debtors who meet 2 (two) criteria, namely the debtor has difficulty in paying the principal and/or interest, and the debtor still has good business prospects and is considered capable of fulfilling its obligations after the credit is restructured. Meanwhile, during the pandemic, banks can restructure credit with looser criteria, namely it can be done on all debtor credits affected by the spread of Covid-19, including micro, small and medium business debtors without a ceiling limit. In addition, during the pandemic, banks are allowed to set credit quality as smooth since the Covid-19 restructuring was carried out. This is very different from normal times where banks can only set credit quality after restructuring at the highest the same as credit quality before restructuring. The existence of a stimulus policy in restructuring credit during the Covid-19 pandemic has been utilized by banks that have various amounts of credit, ranging from banks with small to large credit exposures (Taera et al., 2023).

Based on restructuring treatment phenomenon, shows the gap phenomenon in the effectiveness of credit restructuring policies during the Covid-19 pandemic is an important concern, especially in maintaining bank financial stability and debtor business continuity, considering the significant differences between restructuring criteria in normal times and during the looser pandemic, which raises questions about its impact on credit quality, the level of non-performing loans (NPLs), the profitability of banks with diverse credit exposures, and the perception of banking risk in the eyes of regulators and investors, especially related to the special treatment of micro, small, and medium enterprise (MSME) debtors in the policy.

This research is also to fill research gap in literature that the use of ROA parameters in assessing bank financial performance, as well as the number of banks and data periods used as samples in several studies summarized in table 1. Research gap. The study did not use samples from all Conventional Commercial Banks that implemented the Covid-19 Restructuring Policy in Indonesia, which was 56 (fifty-six) banks. In addition, the data period used as a sample was only up to 2021. Table 1. Summary of Previous Research Objects and Research Gaps as follows.

**Table 1. Research Gap**

<b>Research Gap</b>	<b>Research Resume</b>	<b>Writer</b>
There are different results regarding CAR before and after the implementation of credit restructuring policies during the Covid-19 pandemic.	There is a significant difference in CAR before and after the implementation of the credit restructuring policy during the Covid-19 pandemic.	1. Rimbawan (2022) 2. Sullivan dan Widodoatmodjo, (2021)
	There is no significant difference in CAR before and after the implementation of the credit restructuring policy during the Covid-19 pandemic.	Seto (2021)

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Research Gap	Research Resume	Writer
There are different results regarding the LDR research before and after the implementation of the credit restructuring policy during the Covid-19 pandemic.	There is a significant difference in LDR before and after the implementation of the credit restructuring policy during the Covid-19 pandemic.	Rimbawan (2022)
	There is no significant difference in LDR before and after the implementation of the credit restructuring policy during the Covid-19 pandemic.	1. Seto, 2021 2. Sullivan and Widodoatmodjo, 2021
There are different results regarding NPL research before and after the implementation of credit restructuring policies during the Covid-19 pandemic.	There is a significant difference in NPL before and after the implementation of the credit restructuring policy during the Covid-19 pandemic.	1. Sullivan and Widodoatmodjo, 2021
	There is no significant difference in NPL before and after the implementation of the credit restructuring policy during the Covid-19 pandemic.	1. Rimbawan (2022) 2. Seto (2021)

Source: Previous research journal (processed, 2024)

In connection with the phenomenon of differences in the application of credit restructuring policies during normal times and pandemics, as well as the research gap as explained above. However, **the novelty** from this study by referring to the existing literature, what distinguishes it from previous studies is First, this study uses data from all Conventional Commercial Banks in Indonesia that implemented restructuring policies due to Covid-19, namely 56 banks, thus providing a broader and more comprehensive coverage. Second, the analysis period in this study is longer, covering the normal period from 2017 to 2019 and the pandemic period from 2020 to 2022, allowing for a more in-depth evaluation of changes in bank financial performance in two different periods. Third, this study not only uses Return on Asset (ROA) as an indicator of financial performance, but also involves other financial ratios such as Capital Adequacy Ratio (CAR), Non-Performing Loan (NPL), and Loan to Deposit Ratio (LDR), which provide a more holistic analysis of the impact of restructuring policies.

The research was conducted by analyzing pThe difference in the financial performance of banks implementing restructuring policies due to Covid-19 is measured by comparing ratios such as the Capital Adequacy Ratio (CAR), Non-Performing Loan (NPL), Loan to Deposit Ratio (LDR) and Return on Asset (ROA) during normal times, namely the period 2017 to 2019 and during the pandemic, namely the period 2020 to 2022.

## FORMULATION OF THE PROBLEM

Based on the phenomenon that shows differences in the implementation of credit restructuring policies during normal times and pandemics and the inconsistency of previous research results regarding differences in bank financial performance during normal times and pandemics, the question in this study is: whether there is a difference in capital performance (CAR), credit quality (NPL), liquidity (LDR), and profitability (ROA) in Conventional Commercial Banks that implement credit restructuring policies between the normal period and the COVID-19 pandemic. In addition, this study also aims to analyze whether credit restructuring policies have an impact on the financial performance (CAR, NPL, LDR, and ROA) of Conventional Commercial Banks, both during normal times and the pandemic.

## LITERATURE REVIEW

### Implementation of Covid-19 Restructuring Policy on Capital (CAR) of Conventional Commercial Banks

To face the uncertain global financial market conditions and domestic economy, the Bank focuses on maintaining a strong capital position. Capital is an important component in the banking business because it determines the bank's ability to carry out its intermediary function and is a benchmark for the bank's resilience in

facing potential risks. In addition, a strong capital structure and size support future growth and help maintain public confidence in the Bank's overall condition. Capital Adequacy Ratio (CAR) is a ratio used to assess capital adequacy.

The Financial Services Authority mandates a minimum Capital Adequacy Ratio (CAR) of 8% for risk-weighted assets. A higher Capital Adequacy Ratio (CAR) indicates a stronger financial position for banks, as it reflects a greater ability to mitigate risks, facilitate operational growth, ensure bank sustainability, and ultimately improve financial performance. Research by Rimbawan (2022), as well as Sullivan and Widodoatmodjo (2021) shows that there is a significant difference in CAR before and after the implementation of the credit restructuring policy during the Covid-19 pandemic (Nakpodia, Sakariyahu, Fagbemi, Adigun, & Dosumu, 2024). The formulated hypothesis:

H1: There is a difference in capital performance (CAR) in Conventional Commercial Banks that implement credit restructuring policies during normal times and the Covid-19 pandemic.

### **Implementation of Covid-19 Restructuring Policy on Credit Quality (NPL) of Conventional Commercial Banks**

Capital adequacy, liquidity, and Non-Performing Loans (NPL) are variables that can have a direct or indirect impact on a bank's financial performance. Banks with a high percentage of non-performing loans (NPL) indicate a large number of problematic loans. This has a negative impact on the bank's overall health and results in a decline in its financial performance. The NPL ratio, which represents the proportion of non-performing loans, can be influenced by two factors: the capital adequacy ratio (CAR) and the loan-to-deposit ratio (LDR). These factors, in turn, indirectly impact the performance of return on assets (ROA). One of the problematic situations being discussed is the existence of bad debts or non-performing loans (NPL).

This is in line with the research of Sullivan and Widodoatmodjo (2021) whose results showed that there was a significant difference in NPL before and after the implementation of the credit restructuring policy during the Covid-19 pandemic. The formulated hypothesis:

H2: There is a difference in credit quality (NPL) in Conventional Commercial Banks that implement credit restructuring policies during normal times and the Covid-19 pandemic.

### **Implementation of Covid-19 Restructuring Policy on Liquidity Performance (LDR) of Conventional Commercial Banks**

Another crucial issue that banks must prioritize is liquidity. A bank's liquidity status is evaluated based on its ability to meet financial commitments and maintain sufficient liquid assets. Liquidity refers to a bank's ability to provide sufficient cash to meet all its commitments. The Loan to Deposit Ratio (LDR) is a ratio used to measure a bank's liquidity. LDR is used to assess a bank's ability to repay customer investments with credit that has been given to borrowers.

The LDR range stipulated in Bank Indonesia Regulation no. 18/14/PBI/2016 is set between 80% and 92%. The higher the LDR ratio, the greater the amount of credit disbursed and the greater the interest income collected by the bank from the credit provided. As a result, bank profitability will increase because it distributes loans efficiently. This is in accordance with Rimbawan's research (2022) which results show that there is a significant difference in LDR before and after the implementation of the credit restructuring policy during the Covid-19 pandemic. The formulated hypothesis:

H3: There is a difference in liquidity performance (LDR) in Conventional Commercial Banks that implement credit restructuring policies during normal times and the Covid-19 pandemic.

### **Implementation of Covid-19 Restructuring Policy on Profitability Performance (ROA) of Conventional Commercial Banks**

Profitability ratios are financial metrics used to evaluate a company's ability to generate profits. These ratios are generally used as a tool to evaluate a company's long-term sustainability and level of effectiveness. Types of profitability ratios that can be used include Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin and Gross Profit Margin.

ROA can measure how a company is able to generate profits in the past and then project them into the future. The assets referred to in ROA are all assets sourced from foreign capital and equity that can be considered company assets for the sustainability of the company (Hassan et al., 2024);(Wu et al., 2024) And (Erol, 2023). If the ROA value is getting closer to 1, it means the bank's profitability is getting better, because each asset will earn a profit. The formulated hypothesis:

H4: There is a difference in profitability performance (ROA) in Conventional Commercial Banks that implement credit restructuring policies during normal times and the Covid-19 pandemic.

**The Impact of the Implementation of the Covid-19 Restructuring Policy and the Amount of Credit on the Financial Performance (CAR, NPL, LDR and ROA) of Conventional Commercial Banks**

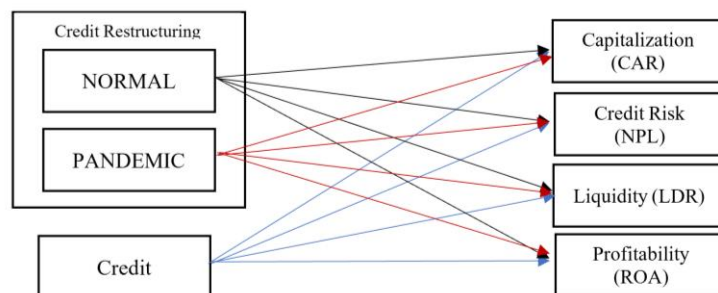
Financial analysis is used to determine the relationship between various elements in the financial statements, as well as between the balance sheet and the income statement (Kasmir, 2018). Ratios commonly used to measure bank financial performance include the Capital Adequacy Ratio (CAR), Non-Performing Loan (NPL), Loan to Deposit Ratio (LDR) and Return on Asset (ROA). In normal times, banks distribute credit to gain profit in their business. Likewise, during a pandemic, banks also try to continue to expand credit, although the amount is not the same as in normal times. The distribution of the amount of credit is carried out by banks to increase income, which is one of the components of profitability as measured by ROA. In addition, an increase in the amount of credit can also affect the components of the bank's liquidity calculation as measured by LDR. In this case, the amount of credit distributed by the bank can affect several ratios used to measure the bank's financial performance.

The formulated hypothesis:

H5: There is an influence of the implementation of credit restructuring policies during the normal period and the Covid-19 pandemic, as well as the amount of credit provided on the financial performance (CAR, NPL, LDR and ROA) of Conventional Commercial Banks.

**Theoretical Framework**

Based on the results of previous research, the theoretical framework in this research is as follows.



**Figure 1. Framework of Thought**

**METHOD**

**Research Design**

The design of this research is quantitative and aims to analyze the differences in the financial performance of conventional commercial banks in Indonesia that implement the Covid-19 restructuring policy.

**Types and Sources of Research Data**

The research used is quantitative research. The data used in the research is secondary data sourced from the official OJK website "[www.ojk.go.id](http://www.ojk.go.id)" 2017 to 2022. During this period, 2017 to 2019 was the normal period (non-pandemic), and 2020 to 2022 was the Covid-19 pandemic period.

**Population and Sample**

The population in this study was all Conventional Commercial Banks Implementing Covid-19 Restructuring Policy in Indonesia. Determination of sampling using *Purposive sampling* used in research for sampling. The research sample parameters are:

1. Conventional Commercial Banks that have complete reports from 2017 to 2022 and submit them to the regulator (OJK).
2. Conventional Commercial Banks implementing the Covid-19 Restructuring Policy.
3. Banks that have complete data related to the variables needed in the research.

Based on the above criteria, a sample of 56 (fifty-six) Commercial Banks can be obtained from all Conventional Commercial Banks in Indonesia that have implemented the Covid-19 restructuring policy.

**Method of collecting data**

Secondary data used in the research is banking financial reports in Indonesia, both before and during the Covid-19 pandemic. The data was obtained from the official OJK website and other sources relevant to the research.

**Data Analysis Techniques**

This study uses a quantitative data analysis approach, specifically using quantitative data analysis methodology. This involves completing research instrument tests, including normality tests, followed by paired sample t-tests or Wilcoxon tests. In addition, to determine the behavior and relationship between one, two or more variables studied, ANCOVA and MANCOVA tests will be carried out.

**RESULT AND DISCUSSION**

**Research result**

**Descriptive Data**

Analysis of research data using SPSS software. Descriptive Statistics Output from SPSS as follows:

**Table 2. Descriptive Statistics of Research Sample**

	N	Minimum	Maximum	Mean	Std. Deviation
CAR Normal	162	11.23	154.82	25.34	14.66
Normal NPL	162	00.00	8.94	3.00	1.77
Normal LDR	162	23.02	287.94	92.52	29.49
Normal ROA	162	-14.74	4.56	1.15	1.96
CAR Pandemi	162	11.69	214.46	35.92	31.08
NPL Pandemi	162	00.00	10.78	3.22	2.13
LDR Pandemi	162	12.35	249.88	81.03	31.35
Pandemic ROA	162	-14.99	4.22	00.48	2.62

Table 2. shows the average CAR during the Normal period of 25.35% with minimum and maximum values of 11.23% and 154.82% respectively, while the average CAR during the Pandemic period was greater, namely 35.92% with minimum and maximum values of 11.69% and 214.46% respectively. Likewise, the standard deviation of CAR during the Pandemic period was greater than during the Normal period, namely 31.08% and 14.66% respectively.

As Table 2. the average NPL during the Normal period was 3.00% with minimum and maximum values of 0% and 8.94% respectively, while the average NPL during the Pandemic was greater, namely 3.22% with minimum and maximum values of 0% and 10.78% respectively. Likewise, the standard deviation of NPL during the Pandemic was greater than during the Normal period, namely 2.13% and 1.77% respectively.

In Table 2. it is known that the average LDR during the Normal period was 92.52% with minimum and maximum values of 23.02% and 287.94%, respectively, while the average LDR during the Pandemic was smaller, namely 81.03% with minimum and maximum values of 12.35% and 249.88%, respectively. The standard deviation of the LDR during the Pandemic was also greater than the Normal period, namely 31.35% and 29.49%, respectively.

Based on Table 2. it is known that the average ROA during the Normal period is 1.15% with minimum and maximum values of -14.74% and 4.56% respectively, while the average ROA during the Pandemic period is smaller, namely 0.48% with minimum and maximum values of -14.99% and 4.22% respectively. However, the standard deviation of ROA during the Pandemic period is greater than that during the Normal period, namely 2.62% and 1.96% respectively.

**Paired t-Test**

The Paired T Test as a parametric test requires assumptions, namely normality in the difference between Normal and Pandemic. Below is a normality test on the difference between NORMAL and PANDEMIC on CAR, NPL, LDR, and ROA using the Lilliefors test.

**Table 3. Normality Test on Difference (Paired T Test Assumptions)**

	Kolmogorov-Smirnov	Shapiro Wilk
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	Statistics	df	Sig.	Statistics	df	Sig.
CAR Difference	.303	162	.000	.489	162	.000
NPL Difference	.185	162	.000	.784	162	.000
LDR Difference	.184	162	.000	.721	162	.000
ROA Difference	.296	162	.000	.517	162	.000

Based on the Kolmogorov-Smirnov test, the p-value (Asymp sig 2 tailed) of the Kolmogorov-Smirnov test for all variables is <0.05. So the assumption of normality is not met in all Paired T Test tests. Therefore, the results of the Paired T Test are not feasible and not valid for use. If the data is not normally distributed, it is necessary to use a non-parametric test to test the difference between the 2 paired samples using the Wilcoxon Signed Rank Test.

**Wilcoxon Signed Rank Test**

Because the results of the normality test do not meet the requirements or the difference is normal, the following non-parametric paired sample difference test is used:

**Table 4. Wilcoxon Signed Ranks Test**

		N	Mean Rank	Sum of Ranks
Pandemic CAR - Normal CAR	Negative Ranks	46a	60.26	2772.00
	Positive Ranks	116b	89.92	10431.00
	Ties	0c		
	Total	162		
Pandemic ROA - Normal ROA	Negative Ranks	105d	89.02	9347.00
	Positive Ranks	57e	67.65	3856.00
	Ties	0f		
	Total	162		
Pandemic NPL - Normal NPL	Negative Ranks	66g	81.65	5389.00
	Positive Ranks	94h	79.69	7491.00
	Ties	2i		
	Total	162		
Pandemic LDR - Normal LDR	Negative Ranks	127h	83.53	10608.00
	Positive Ranks	35k	74.14	2595.00
	Ties	0l		
	Total	162		

**Table 5. Test Statisticsa**

	Pandemic CAR - Normal CAR	Pandemic NPL - Normal NPL	Pandemic LDR - Normal LDR	Pandemic ROA - Normal ROA
Z	-6.404b	-1.791b	-6.700c	-4.591c
Asymp. Sig. (2-tailed)	.000	.073	.000	.000

The results of the Wilcoxon Signed Rank Test in Table 5 above can be explained as follows:

The difference between Normal and Pandemic gets the calculated Z value for CAR, LDR, ROA of -6.404, -6.700, -4.591 respectively with p-value (Asymp sig 2 tailed) of the three variables of 0.000 <0.05, then accept H1 which means there is a meaningful or significant difference between CAR, LDR, ROA during Normal and Pandemic periods. While the calculated Z for NPL is -1.791 with p-value (Asymp sig 2 tailed) 0.073 > 0.05, then accept H0 which means there is no meaningful or insignificant difference between NPL during Normal and Pandemic periods.

**MANCOVA test**

The MANCOVA test is used to answer the hypothesis whether there is an effect of the implementation of credit restructuring policies during the normal period and the Covid-19 pandemic, as well as the amount of credit provided on the financial performance (CAR, NPL, LDR and ROA) of Conventional Commercial Banks. DIn this study, Pillai's Trace mancova analysis was used, considering that the Pillai's Trace Test is robust or immune to violations of the assumptions of normality and homogeneity of data.

**Table 6. Multivariate Testsa**

Effect		Value	F	Hypothesis df	df error	Sig.	Partial Eta Squared
Intercept	Pillai's Trace	.911	809.574b	4,000	318,000	.000	.911
	Wilks' Lambda	.089	809.574b	4,000	318,000	.000	.911
	Hotelling's Trace	10.183	809.574b	4,000	318,000	.000	.911
	Roy's Largest Root	10.183	809.574b	4,000	318,000	.000	.911
Restruct	Pillai's Trace	.113	10.139b	4,000	318,000	.000	.113
	Wilks' Lambda	.887	10.139b	4,000	318,000	.000	.113
	Hotelling's Trace	.128	10.139b	4,000	318,000	.000	.113
	Roy's Largest Root	.128	10.139b	4,000	318,000	.000	.113
Credit	Pillai's Trace	.096	8.425b	4,000	318,000	.000	.096
	Wilks' Lambda	.904	8.425b	4,000	318,000	.000	.096
	Hotelling's Trace	.106	8.425b	4,000	318,000	.000	.096
	Roy's Largest Root	.106	8.425b	4,000	318,000	.000	.096

- a. Design: Intercept + Credit + Restruct
- b. Exact statistics

Based on table 6. above, the MANCOVA test uses Pillai's Trace calculation on RESTRUK with a calculated F value of 0.113 and a p-value of 0.000 < 0.05, then accept H1 or it means the effect is significant. So it can be said that RESTRUK significantly affects CAR, NPL, LDR and ROA at once, which is 11.3%. Meanwhile, the MANCOVA test uses Pillai's Trace calculation on CREDITS with a value of F count is 0.096 and p-value 0.000 < 0.05, so accept H1 or it means the influence is significant. So it can be said CREDIT influences significantly CAR, NPL, LDR and ROA at a time, that is by 9.6%. In addition, the MANCOVA test uses Pillai's Trace calculations on RESTRUK and CREDIT with values F count is 0.911 and p-value 0.000 < 0.05, so accept H1 or it means the influence is significant. So it can be said to be RESTRUCTED and CREDIT collectively influences significantly CAR, NPL, LDR and ROA at a time, that is by 91.1%.



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**ANCOVA test**

The ANCOVA test is used to analyze the effect of the implementation of credit restructuring policies and the amount of credit during the normal period and the Covid-19 pandemic on the financial performance of each Conventional Commercial Bank, as follows.:

**Table 7. Tests of Between-Subjects Effects**

Source	Dependent Variable	Type III Sum of Squares	df	Mean Square	F	Sig.	Partial Eta Squared
Corrected Model	CAR	14083.671a	2	7041.836	12.208	.000	.071
	ROA	177.678b	2	88,839	18,067	.000	.101
	NPL	13.400c	2	6,700	1,758	.174	.011
	LDR	10759.193d	2	5379.596	5,792	.003	.035
Intercept	CAR	283237.371	1	283237.371	491,039	.000	.605
	ROA	73,230	1	73,230	14,893	.000	.044
	NPL	2741.716	1	2741.716	719,357	.000	.691
	LDR	2040979.862	1	2040979.862	2197.291	.000	.873
Restruct	CAR	9428.018	1	9428.018	16,345	.000	.048
	ROA	41,247	1	41,247	8,388	.004	.025
	NPL	4.132	1	4.132	1,084	.299	.003
	LDR	10635.611	1	10635.611	11,450	.001	.034
Credit	CAR	5036.649	1	5036.649	8,732	.003	.026
	ROA	140,624	1	140,624	28,599	.000	.082
	NPL	9,616	1	9,616	2,523	.113	.008
	LDR	66,844	1	66,844	.072	.789	.000
Error	CAR	185156.664	321	576,812			
	ROA	1578.393	321	4.917			
	NPL	1223.440	321	3.811			
	LDR	298164.629	321	928,862			
Total	CAR	503282.203	324				
	ROA	1971.937	324				
	NPL	4371.718	324				
	LDR	2748410.563	324				
Corrected Total	CAR	199240.335	323				
	ROA	1756.071	323				
	NPL	1236.841	323				
	LDR	308923.822	323				

- a. R Squared = .071 (Adjusted R Squared = .065)
- b. R Squared = .101 (Adjusted R Squared = .096)
- c. R Squared = .011 (Adjusted R Squared = .005)
- d. R Squared = .035 (Adjusted R Squared = .029)

Based on the results of the ANCOVA test in Table 7. above, the results of the analysis show that credit restructuring (RESTRUK) and the amount of credit (CREDIT) together have a significant effect on capital performance (CAR) with a calculated F value of 12.208 and a p-value of 0.000 which is smaller than 0.05. This shows that the effect of credit restructuring and the amount of credit on CAR is significant, with a contribution of 7.1% and an adjusted R-square of 6.5%. However, credit restructuring and the amount of credit do not have a significant effect on credit quality (NPL), with a calculated F value of 1.758 and a p-value of 0.174 which is greater than 0.05. This means that the effect of credit restructuring and the amount of credit on NPL is not significant, with a very small contribution, namely 1.1%, and an adjusted R-square of 0.5%. On the other hand, credit restructuring and the amount of credit have a significant effect on liquidity performance (LDR) with a calculated F value of 5.792 and a p-value of 0.003 which is smaller than 0.05. Thus, credit restructuring and the amount of credit have a significant effect on LDR with a contribution of 3.5% and an adjusted R-square of 2.9%. Finally, credit restructuring and the amount of credit also have a significant effect on profitability performance (ROA), with a calculated F value of 18.067 and a p-value of 0.000 which is smaller than 0.05. The effect of credit restructuring and the amount of credit on ROA is recorded as significant, with a contribution of 10.1% and an adjusted R-square of 9.6%.

## **DISCUSSION OF RESEARCH RESULTS**

### **Differences in capital performance (CAR) in commercial banks implementing credit restructuring policies during normal times and the pandemic**

CAR is a quantitative measure used to assess bank capital performance. CAR is calculated by dividing bank capital by ATMR. CAR shows the bank's ability to absorb risks related to both credit and bank operations. Although during the pandemic, ATMR growth was not too high due to suboptimal credit distribution, the average CAR during the pandemic was 35.92%, much higher than the CAR during normal times of 25.35%. This was mainly influenced by the increase in the average capital of commercial banks during the pandemic, precisely towards the end of 2022 as an impact of the enactment of POJK Number 12/POJK.03/2020 concerning Commercial Bank Consolidation, which regulates the obligation of commercial banks to have a minimum core capital of IDR 3 trillion by the end of 2022. The difference in capital performance (CAR) of Conventional Commercial Banks during normal times and the pandemic above is in line with research by Rimbawan (2022), and Sullivan and Widodoatmodjo (2021) which showed that there was a significant difference in CAR before and after the implementation of the credit restructuring policy during the pandemic.

### **Differences in credit quality (NPL) in commercial banks implementing credit restructuring policies during normal times and the pandemic**

NPL is a reliable indicator of non-performing loans and is a measure of the proportion of non-performing loans to total loans that can reflect the quality of bank credit. As stated by Kasmir (2012: 155), one of the factors that causes credit to experience obstacles so that it becomes NPL is the intentional or unintentional failure of customers to fulfill their payment commitments. During the pandemic, many people were reported to be unable to pay their credit installments because they did not have income as a result of the implementation of the PSBB policy by the government to suppress the spread of the Covid-19 virus. However, the average NPL during the pandemic, which was recorded at 3.22%, was not significantly different from the average NPL during normal times of 3.00%. The absence of differences in the credit quality (NPL) of Conventional Commercial Banks during normal times and the pandemic above is in line with research by Seto (2021) and Rimbawan (2022) which showed that there was no significant difference in NPL before and after the implementation of the credit restructuring policy during the pandemic.

### **Differences in liquidity performance (LDR) in commercial banks implementing credit restructuring policies during normal times and the pandemic**

LDR is a liquidity metric used in this study to measure the relationship between credit provided and third-party deposits. Analysis of LDR is carried out to see how the company's liquidity changes over time (Kasmir,

2011: 130). From the average LDR during the pandemic of 81.03%, much lower than the LDR during normal times of 92.52%. The significant decline in credit distribution that occurred during the pandemic, especially from 2019 to 2020, among others, was the impact of the implementation of the PSBB policy by the government to suppress the spread of the Covid-19 virus. The difference in liquidity performance (LDR) of Conventional Commercial Banks during normal times and the pandemic above is in line with research by Rimbawan (2022) which shows that there is a significant difference in LDR before and after the implementation of the credit restructuring policy during the pandemic.

### **Differences in profitability performance (ROA) in commercial banks implementing credit restructuring policies during normal and pandemic times**

This study uses ROA to measure bank profitability performance because it can be relied on as a measure of bank effectiveness in generating profits. The closer the ROA figure is to 1, the better the bank's profitability is, because each asset generates profits. Bank interest income will increase along with the increasing amount of credit disbursed, so there is a profitable relationship between LDR and ROA. The lower the LDR, the lower the bank's profitability level. This is reflected in the average ROA during the pandemic of 0.48%, much lower than the ROA during normal times of 1.15%, and the average LDR during the pandemic of 81.03%, much lower than the LDR during normal times of 92.52%. Bank profitability performance will be positively influenced by the increase in the amount of credit provided, because this will cause an increase in bank interest income. Likewise, vice versa, so that the significant decrease in credit distribution that occurred during the pandemic as explained above, caused a significant decrease in the ROA of commercial banks.

### **The impact of implementing credit restructuring policies during the normal period and the Covid-19 pandemic, as well as the amount of credit provided on the financial performance (CAR, NPL, LDR and ROA) of Conventional Commercial Banks**

The implementation of credit restructuring policies that can be implemented by commercial banks during normal times and pandemics is intended as a countercyclical measure to reduce the economic impact of the Covid-19 pandemic. In this case, the main difference in the implementation of credit restructuring policies during the pandemic that can be implemented by banks is that they can determine the quality of restructured credit to be current for all debtor credits affected by the spread of Covid-19, including micro, small and medium business debtors without ceiling limits. Significantly different credit restructuring treatments can certainly lead to different outcomes in the financial performance of banks that implement the restructuring policy. The difference in the financial performance of banks implementing restructuring policies due to Covid-19 is measured by comparing ratios such as CAR, NPL, LDR and ROA during normal times, using the period 2017 to 2019 and during the pandemic using the period 2020 to 2022. Based on descriptive statistics, it shows that the average LDR and ROA during normal times were 92.52% and 1.15%, respectively, greater than the average LDR and ROA during the pandemic, which were 81.03% and 0.48%, respectively. Meanwhile, the average CAR and NPL during normal times were 25.35% and 3.00%, respectively, smaller than the average CAR and NPL during the pandemic, which were 35.92% and 3.22%, respectively. The data above shows a difference in the average financial performance of banks implementing credit restructuring policies during normal times and the pandemic.

## **CONCLUSION**

The conclusion of the results of testing and analysis of differences in the financial performance of Conventional Commercial Banks in Indonesia that implement the Covid-19 restructuring policy, as follows:

1. There is a significant difference in the capital performance (CAR) of Conventional Commercial Banks that implement credit restructuring policies during normal and pandemic periods.
2. There was no significant difference in credit quality (NPL) Conventional Commercial Banks that implement credit restructuring policies during normal and pandemic periods.
3. There is a significant difference in liquidity performance (LDR) Conventional Commercial Banks that implement credit restructuring policies during normal and pandemic periods.
4. There is a significant difference in profitability performance (ROA) Conventional Commercial Banks that implement credit restructuring policies during normal and pandemic periods.
5. The implementation of credit restructuring policies and the amount of credit have a significant impact on the financial performance (CAR, NPL, LDR and ROA) of Conventional Commercial Banks during normal times and pandemics.

## **RESEARCH LIMITATIONS**

This study has several research limitations as follows.

1. The scope of this research is limited to the scope of Conventional Commercial Banks in Indonesia, excluding Sharia Commercial Banks and excluding Regional Development Banks which have different business characteristics.
2. This study does not include the bank governance assessment factor as one of the variables that is estimated to influence bank financial performance.
3. This study does not group bank classes based on core capital which is commonly known as KBMI, namely Bank Classification based on Core Capital which consists of 4 (four) groups.

## **FUTURE RESEARCH AGENDA**

Referring to the limitations that occurred in the research that has been conducted, the agenda for further research is as follows:

1. Expanding the scope of this research by adding Islamic Commercial Banks and Regional Development Banks, and considering expanding the reach of Conventional Commercial Banks in ASEAN countries.
2. Adding the bank governance assessment factor as one of the moderating variables to measure the extent to which the implementation of good governance influences the financial performance of banks that implement credit restructuring policies during normal times and pandemics.
3. Grouping bank classes based on KBMI to examine the impact of implementing credit restructuring policies during normal and pandemic times on each KBMI group.

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## ANALYSIS OF DIFFERENCES IN FINANCIAL PERFORMANCE OF CONVENTIONAL COMMERCIAL BANKS IN INDONESIA IMPLEMENTING COVID-19 RESTRUCTURING POLICIES

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