Analysis of Credit Risk Management for the MSME Segment in cases the Situation of the Covid-19 Pandemic (Case Study at PT Bank XXX)

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ABSTRACT. This study aims to analyze the application and constraints faced in the credit risk management process in cases the Covid-19 pandemic situation in accordance with the risk management framework and POJK so that credit risk can be managed and does not interfere with the Bank's business continuity. The method used in this study is qualitative with a case study approach to explore deeply the risk management process and the constraints faced by Bank XXX in accordance with the Risk Management Framework Best Practice by considering Inherent Risk Assessment, Risk Management Implementation Quality Assessment, Evaluation of Risk Control Adequacy. The conclusion in this study is that Bank XXX has carried out a risk management process well in cases the Covid-19 Pandemic situation, but there are still some obstacles faced, namely the weak independence and objectivity of the Risk Management Function in the Work Unit, Lack of risk awareness of each individual, Management data tools operational and credit risks that are not yet optimal, audit data, compliance data, data on risk management tools that are not yet integrated, as well as obstacles in the application of the credit restructuring process.
Keywords*: Covid-19 Pandemic, Risk Management, Risk Management Framework, Constrain.*

1. INTRODUCTION

The Covid-19 pandemic that is currently happening has a significant impact on various industrial sectors and the existence of MSMEs. According to the Organization for Economic Cooperation and Development (OECD) report, the implication of the Covid-19 pandemic is the threat of a major economic crisis marked by the number of production activities that have stopped, the loss of trust from consumers, the level of public consumption has decreased, and the stock market has dropped. all of which lead to conditions of uncertainty. Aknolt Kristian Pakpahan said that there were three industrial sectors that were affected by the Covid-19 Pandemic in Indonesia, trade sectors, investment, and tourism sectors. Micro, Small and Medium Enterprises (MSMEs) are the backbone of the Indonesian economy. Where based on data from BPS in 2019 the contribution of MSMEs to GDP in Indonesia reached 61.41%. This MSME business segment was also seriously affected by the Covid-19 pandemic that occurred.

The Covid-19 pandemic has made MSME players in Indonesia nervous. Social Distancing recommendations to avoid the spread of the wider Covid-19 virus, the large-scale social restrictions (PSBB) that is implemented in several regions in Indonesia, several companies that adopt a work from home policy and several companies that decide to lay off their employees. With the aforementioned matters, economic activity in the MSME sector, especially production, distribution, and sales will experience disruption, which in turn will have a negative effect on the performance of MSMEs and the national economy. The Ministry of Finance has conducted a study showing that the Covid-19 situation has negative implications for the domestic economy in terms of the financial and banking sector and MSMEs, namely a decrease in consumption and purchasing power of the public which ultimately impacts on the supply side, namely termination of employment and a decline in company performance that will affects the non-performing of debt or credit payments which in turn has an impact on the sustainability of bank performance.

In the Annual Report XXX 2019, it is explained that the total loan disbursement is Rp. 907.4 trillion, of which Rp. 716.3 trillion or 79% is distributed to the MSME sector and the remaining Rp. 191.1 trillion is loan distribution to the Non-UMKM sector. This is in accordance with XXX's commitment stated in the XXX Annual Work Plan that Bank XXX is committed to empowering the umkm as the backbone of the national economy. In the Covid 19 pandemic situation, credit distribution to the MSME sector experienced negative growth and the quality of credit that had been distributed was poor. Based on the 3-month report issued by Bank XXX until the position of March 2020, the LAR (Loan to Asset Ratio) ratio, which is an indicator that shows how many% of borrowers are in arrears, shows an increase, from 9.25% in December 2019 to 22.69% in March 2020. Likewise, the percentage of NPLs increased from 2.42% in December 2019 to 2.83% in March 2020.

The drive to grow as a bank by providing sound and quality loans but not balanced by effective risk management will have a detrimental impact on Bank XXX and also to all stakeholders. Based on the agency cost theory put forward by Meckling (1976) and Ichsan (2013), Bank XXX as a provider of banking services must maintain security for the funds of entrusted customers, and also carry out a safe banking business process in accordance with OJK regulations regarding stability. national economy and maintaining the trust and trust of the majority shareholders as well as from minority shareholders. As an agent, the management of Bank XXX has the main information to manage the company with the principle of prudence in order to provide the maximum value for the owner (principal), but due to the Covid 19 pandemic case, it has resulted in XXX where most of the credit distribution is controlled by the MSME sector to be problem credit.

Reflecting on the economic crisis that has occurred some time ago and also the problems that have occurred in the financial and banking industry always have potential risks that have an impact on the economy, therefore OJK through POJK No.14 / SEOJK.03 / 2017 requires all Commercial Banks to implement risk management for all banking activities. There are eight risks that must be managed by banking service providers in Indonesia, namely, credit risk, market risk, legal risk, liquidity risk, operational risk, strategic risk, and reputation risk. The eight risks must be properly managed by Commercial Banks to prevent banking failures which will ultimately disrupt the stability of the national economy. Credit risk that must be managed by the Bank includes the failure of the debtor to repay the loan, credit concentration risk, counterparty credit risk, and settlement risk. Even though Bank XXX is committed to always prioritizing services to the micro, small and medium business segments, it cannot be denied that the impact of the Covid 19 pandemic case has caused an increase in the potential for non-performing loans and services in distributing micro credit to be hampered, but XXX is required to maintain quality of credit and still maintain its existence as the bank with the largest distributor in the field of MSMEs.

The impact that has occurred in the Covid-19 situation is a major task on the shoulders of the Indonesian Government, by keeping the economy growing. Predictions of global economic growth need to be used as input for the government in designing economic policies, especially solutions for MSMEs. The IMF predicts that Indonesia will still experience positive economic growth of 0.5 percent from the initial target of 5 percent in 2020 while Finance Minister Sri Mulyani predicts Indonesia's economic growth will be in the range of 0.3-2.8 percent in 2020. From predicted figures This figure can be used as evaluation material and a serious concern for the government to design policies and strategies that are appropriate for the existence and growth of MSMEs in Indonesia. The COVID-19 pandemic situation provides challenges and opportunities for the government to maintain the existence of MSMEs.

Therefore, the analysis is carried out on risk management of Bank XXX in accordance with the best practice of credit risk management, namely the Risk Management Framework, namely Adequacy of Policies, Procedures, and Determination of Limits, Adequacy of Risk Management Implementation, and Comprehensive Internal Control System as well as compliance with the parameters or indicators set by POJK POJK No. 14 / SEOJK.03 / 2017, to analyze the effectiveness and constraints of the risk management process faced by Bank XXX regarding the conditions of the Covid 19 Pandemic so that XXX can maintain its commitment to channeling MSME loans and with healthy credit growth.

2. RESEARCH FRAMEWORK & HYPOTHESIS

This research uses a qualitative approach. Qualitative research is research that is useful for understanding the phenomena experienced by research objects such as motivation, behavior, perception, action, by describing it in the form of words and language (Moleong, 2010). In this study, qualitatively discusses the application of credit risk management in the Covid 19 pandemic condition, Bank XXX uses the Bank's soundness level assessment approach issued by OJK through POJK No. 14 / SEOJK.03 / 2017 so that credit quality is maintained and does not interfere with the continuity of the Bank's business.

Bank and risk are two things that cannot be separated from each other (Avartara, 2013). Banks are able to survive because of their courage in taking risks. If a risk is not managed properly, the bank can fail and even end up going bankrupt. Risk can be an opportunity for those who are able to manage it well. There is no other way for banks to escape the siege of risk other than implementing a reliable management strategy in controlling the risks faced by banks.

Another research conducted by Achmad (2016) discusses that credit risk is correlated with other banking risks and can create a liquidity crisis in the banking sector, reflecting on the global crisis that occurred in 2008 which originally originated in the United States and eventually also hit Indonesia, then Banks must pay attention to risk management on bank credit, including through the preparation of written policies and procedures, supervision of credit capital and assets, and limiting credits that may harm the bank.

Research conducted by Aknolt (2020) states that the impact of the Covid-19 Pandemic has several implications for the social, economic and political fields in almost all countries in the world. Indonesia is one of the countries affected especially on the economic side. Indonesia, which is largely controlled by the MSME sector, needs to pay special attention because the contribution of MSMEs to the national economy is quite large. Likewise with Bank XXX where 79% of its loan portfolio is controlled by the MSME sector, this research will discuss credit risk management strategies in the era of the Covid-19 pandemic, the analysis is not only carried out on the strategy for implementing risk management but also the obstacles faced by the Bank. XXX on the risk management process in the Covid-19 pandemic situation.

Risk Management Theory proposed by Djohanputro (2008) which explains that risk management is a structured and systematic process in terms of identifying, measuring, mapping, developing alternatives to risk management, and monitoring and controlling the handling of a risk. Then along with technological developments, today's company operations require an integrated approach to managing their risk portfolio. Based on the theory from Darmawi, Hermawan (2019) that Enterprise Risk Management (ERM) can coordinate the entire risk management program of a company. For this reason, the three main benefits of ERM are increasing organizational effectiveness, better risk reporting, and improving business performance.

The process of implementing risk management in a company is carried out with 3 (three) approaches and is known as the Three Lines of Defense, where each line has its own role. In Three Lines of Defense, the first line is management's control in the implementation of corporate risk management, followed by the second line, namely risk control and compliance monitoring functions (risk control and compliance over-sight functions), and the third line, namely independent assurance (Independent assurance) (The Institute of Internal Auditors, 2013).

In implementing effective risk management, both for individual banks and for banks on a consolidated basis, the bank implements risk management covering four pillars, namely: Implementing bank risk management in accordance with best practices, providing an adequate bank risk management framework, striving for the adequacy of the processes of identification, measurement, monitoring, and risk control, Implementing a comprehensive internal control system.

3. RESEARCH METHODS

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The unit of data analysis in this study is to use a single unit with a single case study, which highlights the impact of the Covid 19 Bank XXX pandemic in terms of credit risk management with a bank soundness assessment approach issued by the OJK. The data analysis unit in this study is the banking industry that is experiencing exposure to credit risk, especially the MSME segment as a result of the Covid 19 pandemic. The object in question is Bank XXX as the 4th largest BUKU Bank (Commercial Bank for Business Activities) in Indonesia. Bank BUKU 4 is a bank with a core capital of ≥ IDR 30 trillion. The focus of the case being investigated is analyzing the implementation of Bank XXX credit risk management through the Bank's soundness rating approach issued by the OJK and providing recommendations on risk management constraints so that credit quality is maintained and does not interfere with the Bank's business continuity.

4. RESULTS AND DISCUSSION

Basically, as a BUKU 4 Bank with the largest assets in Indonesia, Bank XXX complies with the regulations of financial institution supervisors, in this case the OJK. Bank XXX applies credit risk management as part of the Bank's credit risk exposure. Referring to the Financial Services Authority Regulation No.14 / SEOJK.03 / 2017 concerning Assessment of the Soundness of Commercial Banks, BRI has implemented a Bank Soundness Level Assessment using a risk approach (Risk Based Rating / RBBR) both individually and on a consolidated basis. Assessment of risk-based bank soundness is carried out by means of self-assessment, namely by conducting self-assessment of each risk-based bank soundness rating.

Referring to the Financial Services Authority Regulation No.14 / SEOJK.03 / 2017 concerning the Rating of Commercial Banks, the risk profile assessment consists of an assessment of inherent risk and an assessment of the quality of risk management implementation in the business and operational activities of the bank. The risk profile assessment process includes the stages of Inherent Risk Assessment, Risk Management Implementation Quality Assessment, Risk Level Determination, and Risk Profile Rating by taking into account the results of the composite inherent risk assessment and the assessment of the quality of the implementation of composite risk management.

The assessment of the risk profile of Bank XXX refers to the Risk Appetite Bank XXX as a guide used by all levels of the Bank XXX organization. In carrying out operational and business activities to achieve the set targets, the Board of Directors of Bank XXX has redefined the Risk Appetite as outlined in the Risk Appetite Statement by taking into account the company's business strategy and the external conditions that occurred, namely the Covid 19 pandemic. As a result of the Covid 19 Pandemic case, the Board of Directors of Bank XXX established a Risk Appetite as outlined in the Risk Appetite Statement and divided credit risk into two dimensions, namely Balance Sheet Maintenance and Concentration Risk Management.

Referring to the Financial Services Authority Regulation No.14 / SEOJK.03 / 2017 Concerning the Rating of the Soundness of Commercial Banks, Bank XXX has formulated a Credit Risk Management Policy which serves as guidelines and controls for all work units that carry out loan initiatives to implement risk management and control risks arising from the Covid Pandemic 19. The work unit that carried out this loan initiative coordinates with the Micro Division, SME, Consumer Credit & Policy Division in order to establish policies and procedures that involve the Risk Management process in it. Credit risk management policies start with the identification, measurement, monitoring and control of credit risk. In identifying and assessing credit risk, Bank XXX conducts a review of credit risk together with other Bank risks that must be managed to determine the overall risk profile.

Credit risk evaluation by Bank XXX is carried out on all risks caused by inadequate or malfunctioning internal processes or external events that affect Bank XXX's operational activities. Bank XXX applies risk management to risk through a risk management process. In determining risk issues / risk indicators that are managed, Bank XXX uses a qualitative description using the expertise judgment approach and taking into account input from risk owners or first line defense. Determination of risk issues related to mandatory and non-mandatory in each UKO or risk owner is taken from the KPI, and accompanied by supporting historical data. Bank XXX has an Operational and Credit Risk Management tool called OPRA whose mechanism is illustrated in Figure 5.4 Relationship between Operational and Credit Risk Management Tools.

The Covid 19 pandemic situation has not only had an impact on MSME entrepreneurs but also banks, especially principals, as owners of Bank XXX. Debtors who are affected by the spread of the Covid-19 virus, including MSME debtors, are debtors who are experiencing difficulties in fulfilling obligations to the Bank. The effects of the Covid-19 Pandemic had a negative effect on Bank XXX. Negative growth in the distribution of MSME loans and the risk of non-performing loans or non-performing loans are the impacts that must be considered by Bank XXX. In the first Quarterly Report 2020 states that until March 2020 the LAR (Loan To Asset Ratio) ratio showed an increase, from 9.25% in December 2019 to 22.69% in March 2020. Likewise with the percentage of NPLs which increased from 2.42% in December 2019 to 2.83% in March 2020. Bank XXX takes preventive and corrective actions to manage credit risk that occurs so as not to cause an impact from even greater financial losses. Bank XXX has identified credit portfolios and distribution areas that are vulnerable to being affected and affected by the Covid-19 virus. To anticipate the impact of the spread of the Covid-19 virus which affects businesses and work units, Bank XXX made policies related to business protocols in dealing with the extraordinary Covid-19 incident. Then to anticipate the impact of the spread of the Covid-19 virus, Bank XXX prepared 4 schemes related to loan restructuring. The following is a response to credit risk.

A. Working Protocol

In anticipating the impact of the spread of the Covid-19 virus which affects businesses and work units, Bank XXX has implemented a working protocol for Relationship Managers (RM) / Marketing loans through digital banking, as follows: a. All RMs in the credit process use the online BRISPOT application. b. All RMs have received HP Brispot distribution and training via zoom has been carried out so that RM can operate the Brispot HP. c. RM educates debtors so that they can make bill payments via BRI e-channels, including Internet Bank XXX, BRIMO, ATM, CRM, etc. d. All RMs can access loan portfolio reports online through BRISIM.

B. Credit Expansion Protocol

The Enterprise Risk and Portfolio Management Division has identified and compared the zones / areas affected by Covid-19 Each operational work unit must carry out mapping based on the zones in the assigned quadrant.

C. Restructuring Protocol

To anticipate the impact of Covid-19, RM conducted an analysis of all debtors he managed, by looking at the development of turnover and operating profit.

Restructuring can be carried out with the highest collectibility of the debtor with a collectability of 2 (DPK) at the position of February 2020 and can be done by lowering the interest rate, restructuring can also be done by providing deferral of payment of interest obligations in accordance with the debtor's ability to pay analysis. To facilitate monitoring of the restructuring impacted by Covid-19, the work unit has installed a special Corona restructuring flag on affected debtors in the Brispot application.

D. MSME Debtor Maintenance Protocol

The existence of the Covid-19 Pandemic situation requires Bank XXX to be more innovative. Not only demanding payment of principal installments and interest installments by debtors, but Bank XXX is also thinking about helping MSME customers to rise from the Covid-19 situation by selling their products. In anticipating this, Bank XXX helps MSME players by implementing the "WEB MARKET" product. This is intended so that traders in the market are helped by marketing their wares to consumers virtually without having to meet in person in the market. Products that are traded include vegetables, meat, groceries, fruits, and various other necessities through a website that is connected to sellers in the market. Currently, Bank XXX has released 3,232 Web Markets nationwide, of which 355 are in the DKI Jakarta area. Then Bank XXX also helps the sale of MSME products through the Indonesia Mall application. Indonsia Mall is a digital platform with the aim of facilitating the MSME segment assisted by Bank XXX in order to expand the reach of product sales. MSME customers managed by Bank XXX must fill in data and register their business first by accessing the Indonesia Mall on the Bank XXX website. Then the seller or debtor will be asked to prepare documentation of the product being sold, send samples of goods, to the process of sending the goods to the inventory warehouse managed by Bank XXX. Then the goods will be assisted by Bank XXX to be sold through the Indonesia Mall platform.

E. Social Responsibility Protocol

To MSME Debtors Bank XXX also provides online training and education for MSME players through the BUMN Creative House (RKB) with the theme RKB Virtual Training which can be accessed through Smart MSMEs. Until now, XXX Bank has conducted 19 online trainings and education. This was done as an effort by Bank XXX to continue to encourage MSME players to increase their own capacity and also the businesses of MSME debtors in the midst of the Covid-19 pandemic situation.

5. RISK MANAGEMENT PROCESS CONSTRAINTS AT BANK XXX

In accordance with the theory, the Risk Management Unit is tasked with assisting businesses in maintaining credit portfolios so that they are always controlled from the risk of concentration in certain industrial sectors and monitoring developments in credit quality in portfolios so that the necessary credit strategy steps can be taken in case of problems in credit quality. To this end, Bank XXX has implemented risk management in the Covid-19 pandemic situation, however, there are still a number of obstacles that can affect the effective risk management process at Bank XXX.

Weak Independence and Objectivity of the Risk Management Function in each Work Unit The Risk Management function is a party to a part of the entity level or what is known as the Operational Work Unit (UKO) that is appointed to perform the functions of Risk Management. Basically the goal of the establishment of the Risk Management Function is to increase the effectiveness of the implementation and implementation of Operational and Credit Risk Management (RCSA, IRU and MI) in Work Units and to analyze and report Risk Management in Work Units accurately and on time, so it is urgently needed. independence in assessing a risk faced. However, in practice, the Risk Management Function at Bank XXX is part of the Operational Work Unit and Credit or the entity itself so that its independence in carrying out the Risk Management process is still considered lacking, as expressed by the Risk Management Function Staff who felt very burdened by additional work to manage. risk in addition to the routine work that enters the RKF Indivdu and divisions. In addition, the implementation of the Risk

Management Function is considered to be less than optimal due to the absence of more ties than demonstrations so that it is less independent and relatively defends the interests of its own division or work unit. Hierarchically, the Risk Management Function is under the hierarchy of the relevant Division, and the Risk Management Function for Operations and Credit (Branch Offices, KCP, and Units) is under the supervision of the Credit Policy Division, while the levels between divisions at Bank XXX Head Office are parallel or the same. So because hierarchically the Risk Management Function is not directly under the Operational and Market Risk Management division, this can weaken the objectivity and independence of the Risk Management Function to report all problems faced in the Work Unit and can have a tendency to protect the internal interests of each division or their respective work units.

Lack of Risk Awareness from Each Individual Even though the Risk Awareness Culture Policy has been developed by Bank XXX, however, in practice there are still every individual who acts as the risk owner of a work unit who does not have a good risk awareness, as stated by the Senior Staff of the Enterprise Risk Division and Portfolio Management that Each Individual more afraid of the third line or Internal Auditor and they work based on fear, not based on awareness of risk. Likewise, as conveyed by a senior staff member of the Operational and Credit Risk Management Division when asked about the implementation of a risk awareness culture in his division that each work unit has not been open in reporting work unit problems to the Risk Management Forum, RCSA, and Incident Management media, so the Management Division Operational and Business difficulties in managing how preventive risks and not in accordance with the controls that were formulated. Lack of Risk Awareness is also triggered by a lack of understanding of each work unit or individual regarding risks. When an interview was conducted with one of the Risk Management functions who had been carrying out his function for approximately 2 years, he said that he had never received training and education regarding the Risk Management Function or the use of media for operational risk management tools and credit directly from the company of Bank XXX.

Operational Management and Credit Data Tools are not yet optimal The Operational and Credit Risk Management Toolkit basically functions to assist Bank XXX in managing operational and credit risks that exist and are spread across all levels of company entity (risk owner). However, the use of these tools be it RCSA, Risk Management Forum, IRU, Incident Management is not ideal, as stated by the Operational and Credit Risk Management Senior Staff, namely that each Work Unit is still lazy to input these tools because they are still manual. So, there are still many less optimal use of Risk Management tools, especially the Risk Management Forum.

Barriers Related to the Credit Restructuring Process Affected by Covid-19 In order to support the government program in National Economic Recovery and to minimize credit risk that could potentially disrupt the performance of Bank XXX due to the debtor's capacity to fulfill credit or financing payment obligations due to the Covid-19 pandemic situation, a restructuring program affected by COVID-19 was established based on a scheme has been determined by the Credit Policy Division. In the stipulated policy, it is stated that the collectibility that may be restructured is the maximum is Special Attention (DPK) and when restructuring is carried out the collectability of the loan can be changed immediately to current, no restructuring of the loan with NPL collectability is allowed. But this is not supported by the credit process application used by the Relationship Manager (RM) in the credit process. NPL credits are not locked in the application. Thus, there were still loans with NPL collectibility which were restructured and converted into current collectibility. This is a barrier that is not reported into operational and business risk management tools.

6. CONCLUSION

This research was conducted to analyze credit risk management in the Covid-19 Bank XXX pandemic situation. Based on the results of research through interviews and documents, it is concluded that Bank XXX has carried out and implemented risk management in accordance with a risk management system framework which includes risk management implementation strategies, risk management organization systems, adequacy of policies and procedures, and determination of limits by taking into account the level of risk appetite. Risk management at Bank XXX has been adjusted to the risk appetite and risk tolerance of the board of directors. This risk determination also takes into account the Key Performance Indicator (KPI) of each company unit entity. Bank XXX has integrated risk management with the Bank's strategic objectives by compiling risk limits based on the direction of the board of directors related to the Covid-19 Pandemic and applied to several internal company policies including the Bank's Risk Management Organization, General Credit Policy, Credit Risk Management Governance Policy, and efforts to build a culture of risk awareness.

Organizationally, Bank XXX has a fairly large human resource capacity and is inherent in every unit of the company entity. Bank XXX has a special director who handles risk management and oversees six risk management divisions. Outside the Head Office area, Bank XXX implements a Risk Management organization policy by establishing a Risk Management Function that is located and attached to each business unit as a risk owner. The Risk Management Forum serves as an extension of the Risk Management Division to identify, measure, control, report to monitor the follow-up of risks in each work unit. Bank XXX also integrates the implementation of the credit process through the standards and procedures of the General Credit Policy. And the Governance and Credit Risk Management Policies that are built well enough to be able to maintain alignment between bank-wide corporate strategies and the implementation of the credit process and the alignment between credit risk management and overall risk at Bank XXX. Prior to identifying and assessing risks, Bank XXX has also implemented a risk awareness culture policy to ensure that risk management is running optimally. In practice, credit risk management is part of operational and credit risk controlled by Bank XXX. The credit risk evaluation process includes the process of identifying, measuring, controlling and monitoring risks. This process is carried out by Bank XXX using an operational and credit risk management system called OPERA. In supporting an effective risk management evaluation process for all operational and credit events, OPRA is equipped with five operational and credit risk management tools including RCSA, MI, IRU, and the MR Forum. which is an effort to identify all potential events and risks that arise in all work units of Bank XXX. In assessing a risk in the RCSA toolkit, Bank XXX considers the frequency of occurrence (likelihood) and impact (impact) on each identified risk, both on inherent risk and the effectiveness of internal control over risk according to the matrix set by the company. Bank XXX policies related to credit risk in the Covid-19 pandemic situation are designated as risks that must be managed by all Bank XXX work units and have been designated as risks that must be managed by all Bank XXX work units and entered into the work unit risk register (KC, KCP, and Unit). The response to credit risk is carried out by Bank XXX through several preventive actions or activities. Preventive actions taken by Bank XXX are protocols, among others, by conducting credit processes using an online application, namely Brispot, and by making bill payments through BRI e-channels, including Internet Bangking BRI, BRIMO, ATM, CRM, etc. This was done by Bank XXX to anticipate the impact of the spread of the Covid-19 virus. In addition, Bank XXX also took preventive measures, namely the Credit Expansion Protocol, namely that each operational work unit must conduct mapping based on zones in predetermined quadrants. Then as a preventive step to anticipate the impact of Covid-19, RM conducted an analysis of all the debtors he managed, by looking at the development of turnover and operating profits, the affected debtors would be restructured by choosing according to the scheme set by the Credit Policy Division. Even though Bank XXX has implemented risk management in accordance with the risk management framework, in practice there are still several weaknesses and obstacles that may result in the process

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