

Liquidity Analysis of BPR Gianyar Regency Post Credit Restructuring Policy in the Covid-19 Pandemic

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ABSTRACT

This study aims to determine the level of liquidity of BPRs in Gianyar Regency after the credit restructuring policy during the COVID-19 pandemic. The level of liquidity is measured using 3 liquidity ratios, namely Quick Ratio, Current Ratio and Loan to Deposit Ratio. The type of data used in this study is secondary data in the form of financial reports obtained from the official website of OJK. The sample used is a saturated sample of 25 BPR samples in Gianyar Regency registered with the OJK. Based on the results of hypothesis testing using the Paired Sample T-Test, the results showed that in the post-credit restructuring period, there were two liquidity ratio variables that experienced significant changes in the average value, namely the Quick Ratio and Current Ratio variables. Meanwhile, the other variable, namely the Loan to Deposit Ratio variable, did not change the average value significantly after the implementation of the credit restructuring policy.

Keywords: Credit Restructuring, BPR, COVID-19, Liquidity Ratio.

1. INTRODUCTION

The World Health Organization officially announced the COVID-19 outbreak as a global pandemic on Wednesday 11 March 2020 Organization [1]. The flu virus with the latest variant ii managed to attack the whole world in less than six months. The ferocity of this virus has claimed many lives so that governments in all countries are increasingly vigilant and issue various policies as anticipation. One of the government's policies to suppress the spread of the COVID-19 virus is to implement a lockdown policy or regional restrictions. The implementation of the lockdown has had a negative impact on the economy of Indonesia and the world. According to the minister, Sri Mulyani, there are several sectors that have been most significantly affected by the corona virus, namely (1) the household sector, (2) the MSME and Tourism sector, (3) the corporate sector, (4) and the last is the financial sector, namely the banking sector. who are threatened because creditors are unable to pay their credits [2].

BPR is one of the financial institutions that serve the middle and lower economic community. BPR's business activities are limited to collecting and distributing funds to the public. The limited BPR business activity units make BPR only reach customers among MSMEs and the lower middle economic community. During the COVID-19 pandemic to deal with bad loans, the government issued a policy through OJK regulation No.11/POJK.03/2020 which stated that BPRs were required to provide stimulus to debtors affected by COVID-19. This stimulus is in the form of suspension or credit restructuring which includes a reduction in interest rates; extension of time period; reduction of principal arrears; reduction of interest arrears; addition of credit/financing facilities; and/or conversion of credit/financing into temporary equity participation. The issuance of this policy is suspected to have an effect on the liquidity level of BPRs, given the limited business activities of BPRs and the large number of customers affected by COVID-19 [3].

Table 1. List of BPR Operating Income

No	BPR Name	Operating Income	
		3rd Quarter 2019 (Rp)	3rd Quarter 2020 (Rp)
1	BPR Angsa Sedanayoga	6.197.150	5.148.152
2	BPR Artha Bali Jaya	17.498.747	16.113.693
3	BPR Aruna Nirmaladuta	24.921.988	27.065.536
4	BPR Bali Dewata	14.013.620	13.041.471
5	BPR Baskara Dewata	1.928.812	2.423.910
6	BPR Dewata Candradana	21.681.691	18.440.196
7	BPR Eka Ayu Artha Bhuwana	11.045.307	10.482.877
8	BPR Gianyar Parthasedana	12.555.127	10.924.597
9	BPR Kencana Dewata Mahadhana	1.269.225	767.152
10	BPR Krisna Yuna Dana	5.483.647	4.117.179
11	BPR Mas Giri Wangi	3.711.677	5.339.259
12	BPR Mitra Bali Srisedana Mandiri	3.862.392	3.104.300
13	BPR Mulia Wacana	7.099.093	5.811.006
14	BPR Naga	12.282.365	10.435.056
15	BPR Nusamba Tegalalang	10.249.187	10.017.557
16	BPR Puskusa Balidwipa	2.287.957	2.011.644
17	BPR Raga Jayatama	2.568.530	2.591.043
18	BPR Sadhu Artha	5.080.191	5.374.709
19	BPR Sari Werdhi Sedana	8.344.073	8.663.033
20	BPR Suadana	3.640.288	3.396.848
21	BPR Sukawati Pancakanti	40.779.440	31.979.818
22	BPR Suryajaya Ubud	9.136.268	6.080.249
23	BPR Tish	11.268.609	7.689.826
24	BPR Ulatidana Rahayu	8.756.286	7.011.584
25	BPR Bank Daerah Gianyar (Perseroda)	13.904.432	12.601.451

Gianyar City is one of the cities in Bali which is famous as a tourism city. There are many objects of cultural tourism, religious tourism, and natural tourism in Gianyar City, so that most of the Gianyar residents work in the tourism sector and the development of MSMEs in Gianyar is very rapid. So that the existing BPR customers are mostly from the MSMEs and tourism workers. Indirectly with the existence of this credit restructuring policy, the number of customers who applied for credit suspensions at BPR Gianyar was more than other BPRs. This is evident from the total income of rural banks in Gianyar, which experienced a decline in income after the credit restructuring policy was issued. According to data obtained from the OJK website, of the total number of BPRs in Gianyar, namely 25 BPRs, as many as 18 BPRs experienced a decrease in income, the data is presented in the Table 1.

However, quoted from the statement of the Chairman of the Association of Indonesian Rural Banks (Perbarindo) Joko Suyanto stated that the level of BPR liquidity does not only come from instalments, but also Third-Party Funds (DPK). The restructuring policy is considered not to affect the liquidity condition of the BPR [4]. Based on this statement, the authors are interested in examining the comparison of the liquidity level of BPR in Gianyar before and after the implementation of credit restructuring policies. The ratios used to measure BPR liquidity are Quick Ratio, Current Ratio, and Loan to Deposit Ratio. The purpose of this study is to determine whether there is a difference in the average level of BPR liquidity between before and after the implementation of credit restructuring by using three liquidity ratios as variables to measure the level of BPR liquidity which consists of Quick Ratio, Current Ratio, and Loan to Deposit Ratio.

Signalling Theory is a theory created due to the assumption that there are differences in any information received by management and shareholders or other stakeholders. In signalling theory, every failure or success achieved by management must be conveyed to shareholders so as not to create information asymmetry between management and shareholders. By giving a signal, the owner of the information tries to provide information that can be used by the recipient of the information [5]. Furthermore, the receiver will adjust his behaviour according to his understanding of the signal [5]. In general, the signal is defined as a signal made by the company (manager) to outsiders (investors). These signals can take the form of various forms, both those that can be directly observed or which must be studied more deeply to be able to find out. Debt can be used as an expensive signal to distinguish undervalued from overvalued companies [6]. The use of debt in a company's capital structure is another example of a signal. In this situation, the company increases its debt burden. In this scenario, companies that dare to increase their debt burden are believed to have the ability to repay their debts, because only prospective companies dare to take risks to increase their debt burden. Investors will better assess and appreciate companies that have a high debt burden compared to companies with low debt [6]. Of course, in this case the company in question must be an established company. In the world of banking, the ability of banks to fulfil their short-term loans is included in a good signal, because banks that are able to pay their short-term loans on time are banks that have a good level of liquidity. The number of creditors owned by the bank must be proportional to the number of debtors so that the circulation of funds can run quickly and smoothly. The phenomenon of determining credit restructuring policies due to the COVID-19 pandemic is considered to be a threat to the health of banks. The determination of this policy is a signal for customers as a reference in making a decision.

Credit restructuring is an action by banks to customers by increasing the customer's capital by considering that the customer does need additional funds and the business being financed is still feasible [7]. In accordance with PBI 7/2005 Article 1 number 25, credit restructuring is an improvement effort made by banks in credit activities for debtors who are experiencing difficulties in fulfilling their obligations, which are carried out among others through: a) lowering loan interest rates; b) addition of credit period; c) pay arrears on credit interest; d) days of arrears on credit principal; e) addition of credit facilities, and/or conversion of credit into temporary equity participation [8]. Credit restructuring arises as a result of bad loans or Non-Performing Loans. This restructuring is a credit rescue step taken by the bank as a creditor to be able to help or save non-performing loans so that the credit can continue. This effort is carried out by the bank with the

aim of reducing the number of bad loans or Non-Performing Loans.

Liquidity is the company's ability to pay its obligations when they fall due [7]. The company's inability to pay obligations when they mature is caused by various factors, namely: it could be because the company does not have funds at all, or it may be that the company has funds, but at maturity the company does not have funds. High liquidity indicates the ability to meet the company's short-term obligations [9]. Regarding liquidity, the banking industry has two perspectives on bank balance sheets. On the liability side, the bank must be able to fulfil its obligations to customers who withdraw their deposits, on the asset side, the bank must be able to disburse the promised credit. If these two aspects or one of these aspects cannot be fulfilled, the bank may lose public trust. Of the several existing liquidity ratios, the most appropriate ratios used to measure the liquidity level of a BPR in accordance with the business activities carried out by the BPR are the Quick Ratio (QR), Current Ratio (CR), and Loan to Deposit Ratio (LDR).

The Bank's Liquidity Level can be affected by an event that occurs related to the bank itself. This research is relevant to several previous studies including: 1). The liquidity ratio based on the quick ratio, cash ratio, and asset to loan ratio shows that the financial performance of Bank CIMB Niaga at the time after the merger experienced an average change, namely after the merger was better [10]. compared to before the merger. 2). The liquidity ratio before and after winning the ARA experienced a significant change in the form of an increase in the Current ratio and Quick Ratio, while the Cash Ratio decreased [11]. 3). There are significant differences in CAR, ROE and LDR before and after the implementation of Branchless Banking [12]. Based on a review of relevant research results, the authors formulated three hypotheses used in this study, namely:

- H₁: There is an average difference in Quick Ratio post credit restructuring during the COVID-19 pandemic.
- H₂: There is an average difference in the Post Credit Restructuring Current Ratio during the COVID-19 pandemic.
- H₃: There is an average difference in the Loan to Deposit Ratio post-credit restructuring during the COVID-19 pandemic.

This research has fundamental differences with previous research that has been carried out, so that there are still research gaps or differences between previous research and current research. Previous research shows the results that from 10 samples of data obtained from financial statements by calculating the liquidity ratio, it shows that on average banking companies still have the ability to meet their obligations during this pandemic,

even though credit restructuring is extended [13]. The basic difference that distinguishes this research from previous research is that previous studies tested the level of liquidity using only one ratio, namely the Current Ratio in banking companies listed on the IDX. While in this study, the researchers added the ratio used to test the level of liquidity by using 3 ratios consisting of Quick Ratio, Current Ratio, and Loan to Deposit Ratio at Rural Banks registered with OJK. So the purpose of this research is to find out whether there are differences in the average Quick Ratio, Current Ratio, and Loan to Deposit Ratio of Rural Banks (BPR) post-credit restructuring policy.

2. METHOD

This study uses a quantitative research design. The data used in this study is secondary data, with the method of collecting data using the documentation method. The population in this study were all rural banks in Gianyar located in the district of Gianyar. The sample in this study is all BPRs of Gianyar Regency registered with OJK in 2019-2020. Determination of the sample in this study was determined based on the saturated sample method, namely the number of population equal to the number of samples. All existing BPRs in Gianyar have been registered with the OJK as of 2019-2020, so the number of samples used is 25 BPR samples. The data analysis technique in this study consisted of descriptive statistical analysis to obtain the average value (mean), minimum value, maximum value and standard deviation of the Quick Ratio, Current Ratio, and Loan to Deposit Ratio variables. Then proceed with classical assumption testing using normality test to find out whether the data is normally distributed or not. The normality test was carried out with the Kolmogorov Smirnov test using the exact approach, because the number of samples was small. The next step is to test the hypothesis to determine whether there are differences in the Quick Ratio, Current Ratio and Loan to Deposit Ratio variables after the restructuring policy. If the data is normally distributed, then the hypothesis test is carried out using

the paired sample t-test difference test. Meanwhile, if the data is not normally distributed, then the hypothesis test is carried out using a non-parametric test, namely the Wilcoxon signed rank test.

3. RESULTS & DISCUSSION

The first test carried out in this study was a descriptive statistical test. Based on the results of descriptive statistical tests that have been carried out on the Quick Ratio, Current Ratio, and Loan to Deposit Ratio variables, the data description is obtained as follows.

From the Table 2, it can be seen that the minimum and maximum values of the BPR Quick Ratio before the implementation of the credit restructuring policy due to COVID-19 were 0.166 and 0.695, with an average of 0.38068. Meanwhile, the minimum and maximum values for descriptive statistics after the enactment of the credit restructuring policy are the minimum value of 0.095, the maximum value of 0.679, and the average value decreased to 0.33612. The minimum and maximum values of the BPR Current Ratio before the implementation of the credit restructuring policy were 1.084 and 2,459, with an average value of 1.42560. In contrast to the descriptive statistics, after the implementation of the credit restructuring policy, the minimum value was 2.237, the maximum value was 3.280, and the average value increased to 1.50464. Next, the minimum and maximum values obtained from the descriptive statistical analysis of the Loan to Deposit Ratio before the implementation of the credit restructuring policy were 0.354 and 1.426, with an average value of 0.81908. In contrast to the descriptive statistics, after the implementation of the credit restructuring policy, the minimum and maximum values were 0.411 and 1.678. With the average value rose to 0.85104.

Next, the classical assumption test was carried out with the Kolmogorov Smirnov normality test using the exact approach. From the Table 3, it can be seen that the significance value (Exact Sig.) of the Quick Ratio,

Table 2. Descriptive Statistics Test Results

	N	Range	Minimum	Maximum	Mean	Std. Deviation
QR Before	25	0.529	0.166	0.695	0.38068	0.134124
QR After	25	0.584	0.095	0.679	0.33612	0.153041
CR Before	25	1.375	1.084	2.459	1.42560	0.316767
CR After	25	2.237	1.043	3.280	1.50464	0.450732
LDR Before	25	1.072	0.354	1.426	0.81908	0.269876
LDR After	25	1.267	0.411	1.678	0.85104	0.295666
Valid N (List wise)	25					

Table 3. Normality Test Results One-Sample Kolmogorov-Smirnov

	QR Before	QR After	CR Before	CR After	LDR Before	LDR After
<i>Exact. Sig. (2-tailed)</i>	0,762	0,644	0,118	0,122	0,456	0,487

Table 4. Test Results Paired Sample T-Test

	QR Before-QR After	CR Before-CR After	LDR Before-LDR After
Mean	0.044560	-0.079040	-0.031960
Lower	0.001828	-0.156068	-0.084630
Upper	0.087292	-0.002012	0.020710
Sig. (2-tailed)	0.042	0.045	0.222

Current Ratio, and Loan to Deposit Ratio variables after the credit restructuring policy during the pandemic all shows a number greater than 0.05. Thus, the data in this study is declared to be normally distributed and can then use parametric statistical tests, namely Paired Sample T-Test for hypothesis testing.

The next step is to test the hypothesis by using the Paired Sample T-Test. Based on the results of hypothesis testing that has been carried out, the following results are obtained.

Based on Table 4 above, it can be seen that the mean value for the average post-credit restructuring policy quick ratio is 0.044560. Meanwhile, the minimum quick ratio (average quick ratio) post-credit restructuring policy is 0.001828, with a maximum value of 0.087292. Furthermore, based on the results of the paired sample t-test in the table above, a significance value of 0.042 was obtained. Because the significance value is $0.042 < 0.05$, hypothesis 1 is accepted, indicating that there is a difference in the average post-post-credit restructuring policy during the COVID-19 pandemic.

Current Ratio in table 4 shows the result that the mean current ratio post-credit restructuring policy is -0.079040. While the minimum value of the current ratio (average CR) post-post credit restructuring policy is -0.156068, with a maximum value of -0.002012. Furthermore, based on the results of the paired sample t-test in the table above, the significance value of the current ratio is 0.045. Due to the significance value of $0.045 < 0.05$, hypothesis 2 is accepted, indicating that there is a difference in the average current ratio post-post-credit restructuring policy during the COVID-19 pandemic.

Loan to Deposit Ratio in Table 3 shows the result that the mean LDR post-credit restructuring policy is -0.031960. Meanwhile, the minimum LDR (average LDR) post-credit restructuring policy is -0.084630, with

a maximum value of 0.020710. Furthermore, based on the results of the paired sample t-test in the table above, the LDR significance value is 0.222. Because the significance value is $0.222 > 0.05$, hypothesis 3 is rejected, indicating that there is no difference in the average loan to deposit ratio post-post-credit restructuring policy during the COVID-19 pandemic.

Based on the results of testing the first hypothesis (H1), it can be seen that there is a difference in the average BPR Quick Ratio in the post-post credit restructuring policy period, this indicates that hypothesis 1 (H1) is accepted and (H0) is rejected. When referring to a significant value of $0.042 < 0.05$, which indicates a significant change has occurred, it can provide a strong signal for the community. When viewed from the mean Quick Ratio value, this signal is a bad signal (bad news), because the changes that occur are in the form of a significant decrease in the Quick Ratio, where the mean value before the implementation of the policy is 0.37912 while after the implementation of the policy the mean value decreases to 0.33488. The difference in the average Quick Ratio in the observation period after the credit restructuring policy shows that the policies taken by the government to deal with credit problems during the COVID-19 pandemic have a strong influence on BPR liquidity. The COVID-19 phenomenon that led to the decision to take a credit restructuring policy has made it difficult for BPRs to have liquid cash. On the one hand, rural banks must be able to fulfil their obligations to their depositors by using the most liquid assets in the form of cash, while on the other hand this credit restructuring policy reduces bank income so that the amount of cash in the bank also decreases. This has an impact on the ability of banks to meet their deposit obligations with liquid assets, so that the value of the quick ratio after the implementation of the credit restructuring policy has decreased significantly.

Based on the results of testing the second hypothesis (H2), it can be seen that there is a difference in the average Current Ratio of BPR in the post-post credit restructuring policy period, this indicates that hypothesis 2 (H2) is accepted and (H0) is rejected. Based on the signal theory, when referring to a significant value of $0.045 < 0.05$, which means that there is a significant change, it can give a strong signal to the public. When viewed from the mean current ratio value after the credit restructuring policy, it shows that the policy gives a positive signal to customers because the change is in the form of a significant increase in the mean with the mean before the policy of 1.42560 and after the implementation of the policy it increases to 1.50464. According to the current ratio assessment criteria, the higher the current ratio value, the better the liquidity condition of a bank. The COVID-19 phenomenon has made it difficult for customers to meet their daily needs, especially for customers affected by the pandemic. This phenomenon makes customers withdraw more funds than deposit their funds in the bank. So that the number of savings and time deposits belonging to the bank's current debt group is reduced. On the other hand, the number of bank receivables classified as current assets tends to remain constant. So that automatically the current ratio value increases, because the number of current assets is more than current debt. When viewed from the ratio value, this indicates that the ability of the BPR to pay off its current liabilities by using current assets if the debt is collected as a whole has increased. However, if analysed from the nominal account, this increase is not good because the nominal increase is dominantly derived from receivables not from cash receipts.

Based on the results of testing the third hypothesis (H3), it can be seen that there is no difference in the average Loan to Deposit Ratio (LAR) of BPR in the post period after the credit restructuring policy, this indicates that hypothesis 3 (H3) is rejected and (H0) is accepted. Based on signal theory, when referring to the significant value of $LDR\ 0.222 > 0.05$, which indicates there is no significant change between before and after the policy, it means that this information is not able to provide a strong signal to the public. If we look at the mean LDR, which has increased after the credit restructuring policy, it shows that the implementation of the credit restructuring policy gives a bad signal (bad news). Because the higher the LDR value, the worse the liquidity level of a bank. However, this signal is not strong enough to provide information regarding the changes that occur, because the significant value exceeds 0.05. The COVID-19 phenomenon which resulted in the issuance of a credit restructuring policy, made banks more stringent in providing credit application requirements. This is done by the bank to reduce the number of bad loans in the bank. So that automatically the amount of credit or loan in the bank

between before and after the policy tends to remain. While the number of deposits has decreased but the decline is not too sharp. So that when the total loan compared to the total deposit results in an increase in the LDR value, this increase has not been able to provide a significant change in the LDR value between before and after the implementation of the credit restructuring policy.

4. CONCLUSION

Based on the research results that have been described previously, the following conclusions can be drawn. First, there is a difference in the average post-post credit restructuring policy during the COVID-19 pandemic. The results of hypothesis 1 test show a significant value of 0.042 which is smaller than 0.05. This shows that the implementation of the credit restructuring policy has a strong influence so that it is able to bring about changes in the quick ratio value of Rural Banks. Second, there is a difference in the average post-current ratio after the credit restructuring policy during the COVID-19 period. The results of hypothesis 2 test show a significant value of 0.045 which is smaller than 0.05. This shows that the implementation of the credit restructuring policy has a strong influence so that it is able to bring about changes in the current ratio value of Rural Banks. Third, there is no difference in the average Loan to Deposit Ratio post-post credit restructuring policies during the COVID-19 pandemic. The results of hypothesis testing 3 show a significance value of 0.222 which is greater than 0.05. This shows that the implementation of the credit restructuring policy does not have a strong influence so that it is not able to bring about a significant change in the LDR value of BPR.

Based on the results of the discussion and conclusions described above, the suggestions that the author can give are first for the government, namely in making policies in the financial sector, the government is expected to be wiser in making decisions in order to maintain economic stability between the community and financial institutions, especially in crisis conditions such as recently. Second, for the community, the community should always monitor every policy issued by the government, so that the government can be more careful in making decisions. Finally, for further research, it is hoped that the sample and period of observation of events from this study can be developed, in order to obtain more accurate results.

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