



## The Impact of Financing Restructuring Policy on Financial Performance and Islamic MSME Financing during Covid-19: A Study of Indonesian Islamic Commercial Banks

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### ABSTRACT

The purpose of this study was to determine the differences in Return on Assets (ROA), Non-Performing Financing (NPF), Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR), and Operating Expenses to Operating Income (BOPO), as well as Islamic MSME Financing at Islamic commercial banks in Indonesia before and after the implementation of the financing restructuring policy during the Covid-19 period. The research method used to analyze is a comparative method with a quantitative approach calculated using the Paired sample t-test if the data is normally distributed and the Wilcoxon signed rank test if the data is not normally distributed which is carried out using IBM SPSS 25 software. The results showed that there were significant differences in financial performance as seen in the ratios of ROA, NPF, CAR, FDR, and BOPO before and after the implementation of the financing restructuring policy during the Covid-19 period. Meanwhile, Islamic MSME financing has no difference before and after the implementation of the financing restructuring policy during the Covid-19 period. Overall, the restructuring policy has a positive impact on the financial health of Islamic Commercial Banks, while maintaining stable support for Islamic MSME financing in Indonesia.

### ABSTRAK

Tujuan dari penelitian ini adalah untuk mengetahui perbedaan Return on Assets (ROA), Non Performing Financing (NPF), Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR), dan Beban Operasional terhadap Pendapatan Operasional (BOPO), serta Pembiayaan UMKM Syariah pada bank umum syariah di Indonesia sebelum dan sesudah penerapan kebijakan restrukturisasi pembiayaan pada masa Covid-19. Metode penelitian yang digunakan untuk menganalisis adalah metode komparatif dengan pendekatan kuantitatif yang dihitung menggunakan Uji Paired sample t-test jika data berdistribusi normal dan Uji Wilcoxon signed rank test jika data berdistribusi tidak normal yang dilakukan menggunakan software IBM SPSS 25. Hasil penelitian menunjukkan bahwa terdapat perbedaan kinerja keuangan yang signifikan yang terlihat pada rasio ROA, NPF, CAR, FDR, dan BOPO sebelum dan sesudah penerapan kebijakan restrukturisasi pembiayaan pada periode Covid-19. Sementara itu, pembiayaan UMKM syariah tidak memiliki perbedaan sebelum dan sesudah penerapan kebijakan restrukturisasi pembiayaan selama periode Covid-19. Secara keseluruhan, kebijakan restrukturisasi pembiayaan memberikan dampak positif terhadap kesehatan keuangan Bank Umum Syariah, dengan tetap menjaga kestabilan dukungan terhadap pembiayaan UMKM syariah di Indonesia.



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## INTRODUCTION

In March 2020, the government announced the Covid-19 Pandemic (Coronavirus Disease 2019) in Indonesia. Covid 19 has a serious impact on economic development in Indonesia. In this case, the government carried out social restrictions and closed all companies which made people limit their consumption levels due to lack of income while their daily needs continued (Niu & Heince, 2021). The existence of this pandemic greatly affects all sectors, one of which is banking activities which will ultimately have an impact on the financial performance of Islamic banking (Wahyudi, 2020).

To maintain the financial performance of Islamic banking during the Covid-19 pandemic, banks need to restructure financing for debtors affected by Covid-19, both individuals, MSMEs and corporations. Financing restructuring can be done when customers face financial difficulties due to Covid-19 with the aim of preventing non-performing financing. Financing restructuring is an effort made by banks in order to help customers to settle their obligations, including through rescheduling, reconditioning, and restructuring (Rimbawan, 2022). That way, the performance of Islamic banking can be maintained amid the Covid-19 pandemic.

The percentage of ROA in Islamic Commercial Banks in Indonesia tends to increase until it reaches 1.86% in March 2020, while after March 2020 it tends to decrease where in that month the Covid-19 pandemic first occurred in Indonesia and the implementation of a financing restructuring policy was carried out. The decrease in ROA indicates that the level of profit experienced by Islamic commercial banks in Indonesia has decreased and the bank's position in terms of asset utilization has decreased (Bunga Putri Meilinda, 2021). Rudiana & Venusita (2019) stated that there was no significant difference in the company's profitability performance before and after debt restructuring. This contradicts research by Rimbawan (2022) which concluded that there was a significant difference between ROA before and after the implementation of credit restructuring policies during the COVID-19 pandemic.

NPF in Islamic commercial banks tends to be stable in March 2020 during which time the Covid-19 pandemic occurred and the implementation of a financing restructuring policy was carried out. Factors that cause NPF include debtors who deliberately do not make installment payments, misuse of financing funds, natural disasters, or economic instability. In addition, GDP, inflation, and exchange rates also affect NPF in Islamic banking in Indonesia. (Kuswahariani et al., 2020). In research conducted by Arsy et al. (2023) showed that there were differences in Non-Performing Loan before the credit restructuring policy in 2017-2019 and during the credit restructuring policy in 2020 - the third quarter of 2022. This result is different from the research conducted by Rimbawan (2022) with the result that there is no significant difference between the Non-Performing Loan / Finance (NPL / F) ratio before and after the implementation of the credit restructuring policy during the Covid-19 pandemic.

CAR in Islamic commercial banks tends to be stable both before the pandemic and after the pandemic in early March 2020 where the Covid-19 pandemic occurred and the implementation of a financing restructuring policy was carried out. A high level of CAR will strengthen the bank in bearing risks, contributing significantly to the level of bank profitability. The higher the CAR, the stronger the bank's ability to bear risk. (ROA) (Priyanto et al., 2014). In research conducted by Alamaint (2023) stated that Credit Restructuring has no effect on CAR. In contrast to the research results Saputri (2021) which states that there are differences in the level of banking financial health as assessed by capital (CAR), when conditions are before and after credit restructuring.

FDR in Islamic commercial banks tends to be unstable both before and after the implementation of the financing restructuring policy in March 2020. The high and low FDR ratio reflects the level of liquidity of a bank. The higher the FDR, the lower the liquidity level (Tsania et al., 2022). In research conducted by Rimbawan (2022) stated that there were differences in LDR/FDR before and after the implementation of credit / financing restructuring during the Covid-19 pandemic. This is different from the research results Kustina et al., (2022) which states that there is no significant difference in LDR before and after the announcement of credit restructuring by OJK as a Covid-19 anticipation step.

BOPO in Islamic commercial banks tends to show a stable graph both before the pandemic and after the pandemic in early March 2020 during which the Covid-19 pandemic occurred and the implementation of a financing restructuring policy was carried out. This shows that Islamic commercial banks can maintain the efficiency level of their operating costs against their operating income. In her research Eka Putri (2023) and Saputri (2021) stated that there was a significant difference in the BOPO ratio during conditions before and

after credit restructuring. At the time of credit restructuring, it was felt that it was no better than before credit restructuring because the BOPO ratio tended to increase. This means that Islamic commercial banks have not been efficient in managing their operating expenses against their operating income.

In addition, the existence of Covid-19 in Indonesia has a significant impact on the productive and financial sectors, especially the Islamic banking sector where most of its business activities are channeling funds through financing. One of the financing carried out by Islamic commercial banks in Indonesia is financing for Islamic MSME players to support the mobilization of the economic sector in increasing the growth of MSMEs in Indonesia. (Anisa et al., 2023).

Based on the Islamic banking statistics report published by OJK, it is noted that Islamic MSME financing for Islamic Commercial Banks has increased, especially from February 2020 to May 2020. In March 2020, Islamic MSME financing increased sharply to IDR 23,930,000,000, during which time the Covid-19 pandemic occurred and the implementation of a financing restructuring policy was carried out. The greater the value of financing, the greater the risk that Islamic banks will face due to losses due to the inability of customers to pay their obligations to repay their loans. When customers have difficulty paying their obligations, the greater the financing restructuring carried out by banks. (Hariyanto & Nafi'ah, 2022). The main objective of channeling financing to MSME debtors is to help the economy of MSME actors, most of whom have limited working capital so that the distribution of Islamic MSME financing can encourage their businesses to develop. (Sa'adah et al., 2022).. On the other hand, Islamic banking must still apply the precautionary principle in channeling Islamic MSME financing, especially during a pandemic where it is detrimental to funding for small and medium enterprises (SMEs). (Yao & Liu, 2023).

Various policies have been issued by banks to survive amid the Covid-19 pandemic, one of which is the Financial Services Authority (OJK) issued POJK No.11/POJK.03/2020 concerning National Economic Stimulus as a Countercyclical Policy Impact of the Spread of Corona Virus Disease 2019 which instructs banks to provide relaxation of relief for their debtors by restructuring financing through lowering interest rates, extending the period, reducing principal arrears, reducing interest arrears, adding credit / financing facilities, and / or converting credit / financing into temporary capital participation.

Financing restructuring is an effort made by Islamic banks in resolving problems in financing. The credit / financing restructuring relaxation policy that has been issued by OJK since March 2020 is expected to maintain the stability of the financial services sector from economic pressure due to the impact of the Covid-19 pandemic. Therefore, Islamic Banks in Indonesia carry out a financing restructuring policy to overcome the problem of declining banking financial performance. (Nugroho & Trinugroho, 2023).

In this study, the difference is that this study compares the financial performance and financing of Islamic MSMEs before and after the financing restructuring policy during the Covid-19 pandemic where the time span used is wider, namely from 2017-2022 at Islamic commercial banks in Indonesia. Research with the theme of the impact before and after the implementation of the financing restructuring policy during the Covid-19 pandemic on the financial performance and financing of Islamic MSMEs has not been widely conducted, especially at Islamic commercial banks in Indonesia. In addition, the addition of Islamic MSME financing variables paired with financial performance is also a novelty in this study.

Researchers are interested in analyzing whether or not there is a difference between Return on Assets (ROA), Non Performing Financing (NPF), Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR), Operating Expenses to Operating Income (BOPO), and Financing of Islamic MSMEs before and after the implementation of the Financing Restructuring Policy at Islamic Commercial Banks in Indonesia, which is formulated in the research title, "Comparative Analysis of Financial Performance and Financing of Islamic MSMEs Before and After the Implementation of the Financing Restructuring Policy during the Covid-19 Period (Case Study at Islamic Commercial Banks in Indonesia)".

## RESEARCH METHOD

The type of research used in this study is comparative research with a quantitative approach. Comparative research is research that compares differences between two or more groups in one variable (Hamdi & Bahrudin, 2014). (Hamdi & Bahrudin, 2014). Quantitative research is a research approach rooted in the positivism paradigm, applied to investigate certain populations or samples, sampling techniques are generally random or random, while data collection is carried out using predefined research instruments, data analysis is quantitative or statistical with the intention of testing the truth of previously formulated hypotheses (Sugiyono, 2008). (Sugiyono, 2008).

The population in this study is Islamic banking financial performance data which includes Return on Assets (ROA), Non-Performing Financing (NPF), Capital Adequacy Ratio (CAR), Financing to Deposit Ratio (FDR), and Operating Expenses to Operating Income (BOPO), as well as Islamic MSME Financing in all

Islamic commercial banks in Indonesia registered with the Financial Services Authority (OJK) for the period March 2017-March 2023. This study uses a saturated sample. Saturated sample is a sampling method in which all members of the existing population are used as samples. The data source used is data obtained from the Islamic Banking Statistics Report published by the Financial Services Authority (OJK) for the period March 2017-March 2023.

## RESULT AND DISCUSSION

### RESULT

#### Descriptive Statistical Analysis Results

**Table 1.** Descriptive Statistical Analysis Financial Performance and Financing of Islamic MSMEs

	N	Minimum	Maximum	Mean	Std. Deviation
ROA_before	36	.42	1.88	1.2889	.35353
ROA_after	36	1.35	2.15	1.8072	.27279
NPF_before	36	3.23	5.27	4.0589	.66430
NPF_after	36	2.35	3.43	2.9478	.36188
CAR_before	36	16.14	21.39	19.0872	1.69743
CAR_after	36	20.30	26.28	23.1436	1.83881
FDR_before	36	77.02	83.53	79.6828	1.58652
FDR_after	36	68.98	81.03	75.6081	2.83964
BOPO_before	36	82.78	97.01	89.1419	3.43652
BOPO_after	36	76.05	93.10	82.7183	4.03614
Financing of Islamic MSMEs_before	36	22.15	27.28	23.4472	.96063
Financing of Islamic MSMEs_after	36	20.92	28.30	23.6385	1.54993
Valid N (listwise)	36				

Source: SPSS 25 (Data Processed, 2024)

Based on the descriptive statistical analysis table above, it can be concluded that the Return on Assets (ROA) before the implementation of the financing restructuring policy has a minimum value of 0.42%, a maximum value of 1.88%, an average value of 1.2889%, and a standard deviation value of 0.35353. While Return on Assets (ROA) after the implementation of the financing restructuring policy has a minimum value of 1.35%, a maximum value of 2.15%, an average value of 1.8072%, and a standard deviation value of 0.27279.

Non-Performing Financing (NPF) before the implementation of the financing restructuring policy has a minimum value of 3.23%, a maximum value of 5.27%, an average value of 4.0589%, and a standard deviation value of 0.66430. While Non-Performing Financing (NPF) after the implementation of the financing restructuring policy has a minimum value of 2.35%, a maximum value of 3.43%, an average value of 2.9478%, and a standard deviation value of 0.36188.

Capital Adequacy Ratio (CAR) before the implementation of the financing restructuring policy has a minimum value of 16.14%, a maximum value of 21.39%, an average value of 19.0872%, and a standard deviation value of 1.69743. While the Capital Adequacy Ratio (CAR) after the implementation of the financing restructuring policy has a minimum value of 20.30%, a maximum value of 26.28%, an average value of 23.1436%, and a standard deviation value of 1.83881.

Financing to Deposit Ratio (FDR) before the implementation of the financing restructuring policy has a minimum value of 77.02%, a maximum value of 83.53%, an average value of 79.6828%, and a standard deviation value of 1.58652. While the Financing to Deposit Ratio (FDR) after the implementation of the financing restructuring policy has a minimum value of 68.98%, a maximum value of 81.03%, an average value of 75.6081%, and a standard deviation value of 2.83964.

Operating Expenses to Operating Income (BOPO) before the implementation of the financing restructuring policy has a minimum value of 82.78%, a maximum value of 97.01%, an average value of 89.1419%, and a standard deviation value of 3.43652. While Operating Expenses to Operating Income (BOPO) after the implementation of the financing restructuring policy has a minimum value of 76.05%, a maximum value of 93.10%, an average value of 82.7183%, and a standard deviation value of 4.03614.

Sharia MSME Financing before the implementation of the financing restructuring policy has a minimum value of 22.15%, a maximum value of 27.28%, an average value of 23.4472%, and a standard deviation value of 0.96063. Meanwhile, Islamic MSME Financing after the implementation of the financing restructuring policy has a minimum value of 20.92%, a maximum value of 28.30%, an average value of 23.6385%, and a standard deviation value of 1.54993. Based on these results, Islamic MSME Financing after the implementation of the financing restructuring policy has increased compared to before the implementation of the financing restructuring policy.

### Normality Test Results

**Table 2.** Normality Test of Return on Assets Financial Performance and Islamic MSME Financing

	Class	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
		Statistic	df	Sig.	Statistic	df	Sig.
ROA	Before	.101	36	.200*	.965	36	.312
	After	.216	36	.000	.830	36	.000
NPF	Before	.193	36	.002	.887	36	.002
	After	.239	36	.000	.847	36	.000
CAR	Before	.198	36	.001	.876	36	.001
	After	.105	36	.200*	.943	36	.065
FDR	Before	.086	36	.200*	.969	36	.391
	After	.092	36	.200*	.977	36	.630
BOPO	Before	.090	36	.200*	.979	36	.701
	After	.107	36	.200*	.944	36	.068
Financing_of_I slamic_MSME	Before	.129	36	.137	.860	36	.000
	After	.231	36	.000	.856	36	.000

Source: SPSS 25 (Data Processed, 2024)

The data in the table above shows that N = 36, meaning that decisions are made by looking at the Shapiro-Wilk results table. Data is said to be normally distributed in the Shapiro-Wilk test if the Sig. value is greater than 0.05. The table above shows Sig. ROA before the implementation of the financing restructuring policy was 0.312 > 0.05 and ROA after the implementation of the financing restructuring policy was 0.000 < 0.05. This shows that the data used is abnormal based on the criteria for determining whether a data is normally distributed which can be seen from the results of the significance level which must be greater than 0.05. (Singgih Santoso, 2018). Therefore, the ROA variable will be tested with the Wilcoxon Signed Ranks Test.

Sig. NPF before the implementation of the financing restructuring policy was 0.002 < 0.05 and NPF after the implementation of the financing restructuring policy was 0.000 < 0.05. This shows that the data used is not normal. Therefore, the NPF variable will be tested with the Wilcoxon Signed Ranks Test.

Sig. CAR before the implementation of the financing restructuring policy was 0.001 < 0.05 and CAR after the implementation of the financing restructuring policy was 0.065 > 0.05. This shows that the data used is abnormal based on the criteria for determining whether a data is normally distributed which can be seen from the results of the significance level which must be greater than 0.05. (Singgih Santoso, 2018). Therefore, the CAR variable will be tested with the Wilcoxon Signed Ranks Test.

Sig. FDR before the implementation of the financing restructuring policy was 0.391 > 0.05 and FDR after the implementation of the financing restructuring policy was 0.630 > 0.05. This shows that the data used is normal based on the criteria for determining whether a data is normally distributed which can be seen from the results



of the significance level must be greater than 0.05. (Singgih Santoso, 2018). Therefore, the FDR variable will be tested with Paired Sample T-Test.

Sig. BOPO before the implementation of the financing restructuring policy was  $0.701 > 0.05$  and BOPO after the implementation of the financing restructuring policy was  $0.068 > 0.05$ . This shows that the data used is normal based on the criteria for determining whether a data is normally distributed which can be seen from the results of the significance level which must be greater than 0.05 (Singgih Santoso, 2018). Therefore, the BOPO variable will be tested with a Paired Sample T-Test.

Sig. Islamic MSME Financing before the implementation of the financing restructuring policy was  $0.000 < 0.05$  and Islamic MSME Financing after the implementation of the financing restructuring policy was  $0.000 < 0.05$ . This shows that the data used is abnormal based on the criteria for determining whether a data is normally distributed which can be seen from the results of the significance level which must be greater than 0.05 (Singgih Santoso, 2018). Therefore, the NPF variable will be tested with the Wilcoxon Signed Ranks Test.

## Different Test Results

### Uji Wilcoxon Signed Rank Test

**Table 3. Wilcoxon Signed Rank Test**

		N	Mean Rank	Sum of Ranks
ROA_after - ROA_before	Negative Ranks	0 <sup>a</sup>	.00	.00
	Positive Ranks	36 <sup>b</sup>	18.50	666.00
	Ties	0 <sup>c</sup>		
	Total	36		
NPF_after - NPF_before	Negative Ranks	36 <sup>d</sup>	18.50	666.00
	Positive Ranks	0 <sup>e</sup>	.00	.00
	Ties	0 <sup>f</sup>		
	Total	36		
CAR_after - CAR_before	Negative Ranks	0 <sup>g</sup>	.00	.00
	Positive Ranks	36 <sup>h</sup>	18.50	666.00
	Ties	0 <sup>i</sup>		
	Total	36		
Financing of Islamic MSMEs_after - Financing of Islamic MSMEs_before	Negative Ranks	16 <sup>j</sup>	16.56	265.00
	Positive Ranks	20 <sup>k</sup>	20.05	401.00
	Ties	0 <sup>l</sup>		
	Total	36		

Source: SPSS 25 (Data Processed, 2024)

The results proved that 36 samples experienced an increase in ROA and the average value and total increase in ROA were higher than the decrease in ROA during the study period. For the NPF ratio, 36 samples experienced a decrease in NPF and the average value and total decrease in NPF were higher than the increase in NPF during the study time span. For the CAR ratio, 36 samples experienced an increase in CAR and the average value and total increase in CAR was higher than the decrease in CAR during the study time span. Then for the Islamic MSME Financing ratio, it proved that 20 samples experienced an increase in Islamic MSME Financing and the average value and total increase in Islamic MSME Financing was higher than the decrease in Islamic MSME Financing during the study time span.

**Table 4. Wilcoxon Signed Rank Test Hypothesis Test Output**

ROA_after - ROA_before	NPF_after - NPF_before	CAR_after - CAR_before	Financing of Islamic MSMEs_after - Financing of Islamic MSMEs_before
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Z	-5.232 <sup>b</sup>	-5.232 <sup>c</sup>	-5.232 <sup>b</sup>	-1.068 <sup>b</sup>
Asymp. Sig. (2-tailed)	.000	.000	.000	.285

Source: SPSS 25 (Data Processed, 2024)

Based on the table of Wilcoxon Signed Ranks Test results above, the ROA variable obtained a value of  $Z = -5.232$  and an Asymp. Sig (2-tailed)  $0.00 < 0.05$ , which means that  $H_0$  is rejected and  $H_1$  is accepted or in other words, there is a significant difference between Return on Assets (ROA) before and after the implementation of the financing restructuring policy during the covid-19 period. The NPF variable obtained a value of  $Z = -5.232$  and an Asymp. Sig (2-tailed)  $0.00 < 0.05$ , which means that  $H_0$  is accepted and  $H_1$  is rejected or in other words there is a significant difference between Non-Performing Financing (NPF) before and after the implementation of the financing restructuring policy during the Covid-19 period. The CAR variable obtained a value of  $Z = -5.232$  and an Asymp. Sig (2-tailed)  $0.00 < 0.05$ , which means that  $H_0$  is accepted and  $H_1$  is rejected or in other words there is a significant difference between Non-Performing Financing (NPF) before and after the implementation of the financing restructuring policy during the Covid-19 period. The Islamic MSME Financing variable obtained a value of  $Z = -1.068$  and an Asymp. Sig (2-tailed)  $0.285 > 0.05$ , which means that  $H_0$  is rejected and  $H_1$  is accepted or in other words there is no significant difference between Islamic MSME Financing before and after the implementation of the financing restructuring policy during the Covid-19 period.

### Paired Sample T-Test Results

**Table 5. Paired Samples Statistics**

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	FDR_before	79.6828	36	1.58652	.26442
	FDR_after	75.6081	36	2.83964	.47327
Pair 2	BOPO_before	89.1419	36	3.43652	.57275
	BOPO_after	82.7183	36	4.03614	.67269

Source: SPSS 25 (Data Processed, 2024)

Based on the table above, it can be seen that the average value of FDR before the implementation of the financing restructuring policy was 79.6828 while the average FDR after the implementation of the financing restructuring policy was 75.6081. From this data, it can be seen that the average before and after the implementation of the financing restructuring policy has decreased by 4.0747. While the average value of BOPO before the implementation of the financing restructuring policy was 89.1419 while the average BOPO after the implementation of the financing restructuring policy was 82.7183. From this data, it can be seen that the average before and after the implementation of the financing restructuring policy has decreased by 6.4236.

**Table 6. Paired Samples Correlations**

		N	Correlation	Sig.
Pair 1	FDR_before & FDR_after	36	.469	.004
Pair 2	BOPO_before & BOPO_after	36	.681	.000

Source: SPSS 25 (Data Processed, 2024)

Based on the table above, it can be seen that the Sig. FDR before and after the implementation of the financing restructuring policy is 0.004. This value is smaller than 0.05, so it can be concluded that the two data have a significant correlation or relationship. While the Sig value. BOPO before and after the implementation of the financing restructuring policy is 0.000. This value is smaller than 0.05, so it can be concluded that the two data have a significant correlation or relationship.

**Table 7. Paired Samples Statistics**

Paired Differences						
Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference	Lower	Upper	Sig. (2-tailed)
						t

Pair 1 FDR_before -	4.07472	2.52163	.42027	3.22152	4.92792	9.695	35	.000
FDR_after								
Pair 2 BOPO_before -	6.42361	3.03596	.50599	5.39639	7.45083	12.695	35	.000
BOPO_after								

Source: SPSS 25 (Data Processed, 2024)

Based on the table above, it can be seen that the Sig. (2-tailed) FDR of 0.000 <0.05 so that  $H_0$  is rejected. Therefore, it can be concluded that there is a significant difference in FDR between before and after the implementation of the financing restructuring policy during the Covid-19 period. Meanwhile, for the BOPO variable, it can be seen that the Sig. (2-tailed) of BOPO is 0.000 <0.05 so that  $H_0$  is rejected. Therefore, it can be concluded that there is a significant difference in BOPO between before and after the implementation of the financing restructuring policy during the Covid-19 period.

## DISCUSSION

### The difference in Return on Assets (ROA) before and after the implementation of the financing restructuring policy during the covid-19 period.

The test results above show that the Sig value. (2-tailed) Return on Asset (ROA) of 0.000 <0.05. So statistically it can be concluded that there is a significant difference in Return on Asset (ROA) between before and after the implementation of the financing restructuring policy during the Covid-19 period. The results of this study are similar to research by Kustina et al. (2022), Saputri (2021) and Rimbawan (2022) which shows that there is a significant difference in ROA before and after the credit restructuring policy by OJK as an effort to anticipate Covid-19.

The difference in ROA that occurs is due to the concessions given to customers, such as postponement of principal payments, extension of the financing period, and provision of additional financing facilities. This causes significant changes in the cash flows received by banks and affects their income statements, which in turn can retain customers to continue paying their obligations in the long term so that profitability can increase (Kustina et al., 2022). This is also in line with the contents of the Final Report of the Banking Restructuring Study conducted by the National Development Planning Agency (1999), where a comprehensive banking financing restructuring program aims to create a healthy and competitive banking system. The strategic measures in this program include policies to improve the financial condition and profitability of banks, ensure the survival of banks that have good potential, and restore the main function of banking as a financial intermediary institution.

Based on the criteria set based on Bank Indonesia Circular Letter No.6/23/DPNP of 2011, the ROA ratio at the beginning of the period after the implementation of the financing restructuring policy had decreased from the "very healthy" category to "healthy". However, in 2021 and 2022 the ROA of Islamic Commercial Banks improved again and received the "very healthy" criteria. Basically, Islamic Commercial Banks during the pandemic can improve their financial performance well as seen from the ROA ratio, which during the Covid-19 pandemic poses a threat to various sectors of life including the financial and banking sectors which can affect the financial performance of Islamic Commercial Banks. (Hidayat et al., 2021).

### Differences in Non-Performing Financing (NPF) before and after the implementation of the financing restructuring policy during the covid-19 period.

The test results above show that the Sig. (2-tailed) Non-Performing Financing (NPF) of 0.000 <0.05. So statistically it can be concluded that there is a significant difference in Non-Performing Financing (NPF) between before and after the implementation of the financing restructuring policy during the Covid-19 period. The results of this study are similar to research by Arsy et al. (2023) which shows that there are differences in Non Performing Loan before the credit restructuring policy in 2017-2019 and during the credit restructuring policy in 2020 - the third quarter of 2022.

The Non-Performing Financing (NPF) ratio of Islamic Commercial Banks shows a significant difference before and during the pandemic. This is due to the role of financing restructuring carried out when customers face financial difficulties due to Covid-19 with the aim of preventing non-performing financing (Rimbawan, 2022). The implementation of the financing restructuring policy is very helpful for banks as creditors during the Covid-19 pandemic because it can reduce NPF which is likely to increase without this policy. Customers or debtors can arrange their payments in accordance with POJK, so they do not experience a significant decrease in collectibility (Nofiantoro, 2021). The restructuring policy can be a new alternative to reduce NPF. Banks can make improvements to financing services to debtors who face difficulties in fulfilling their obligations. The



benefit of restructuring financing for banks is its ability to help save the business of restructured debtors. This will reduce the NPF value (Sihotang & Sari, 2019). In addition, this policy also provides relief to debtors affected by Covid-19 in making installment payments and helps banks manage good risk management (Fatoni, 2022).

Based on the criteria set based on Bank Indonesia Circular Letter No.6/23/DPNP in 2011, the NPF ratio in the period before and after the implementation of the financing restructuring policy both fell into the same category, namely "healthy". Therefore, basically Islamic Commercial Banks during the pandemic can maintain their financial performance well as seen from the NPF ratio, which during the Covid-19 pandemic poses a threat to various sectors of life including the financial and banking sectors which can affect the financial performance of Islamic Commercial Banks. (Hidayat et al., 2021).

#### **The difference in Capital Adequacy Ratio (CAR) before and after the implementation of the financing restructuring policy during the covid-19 period.**

The test results above show that the Sig value. (2-tailed Capital Adequacy Ratio (CAR) of 0.000 <0.05. So statistically it can be concluded that there is a significant difference in Capital Adequacy Ratio (CAR) between before and after the implementation of the financing restructuring policy during the Covid-19 period. The results of this study are similar to research by Saputri (2021) and Rimbawan (2022) which states that there are differences in the level of banking financial health as assessed by capital (CAR), when conditions are before and after credit restructuring.

The value of Capital Adequacy Ratio (CAR) before and after the implementation of the financing restructuring policy is different because financing restructuring has a positive impact on CAR where banks are able to cover the risk of losses that may occur by reducing the ratio of non-performing loans and are able to maintain capital adequacy. This policy helps to keep the ratio of non-performing financing (NPF) low, and maintain the capital adequacy ratio (CAR) at a high level. The restructuring of financing encourages banks to manage and use their capital more efficiently. With lower financing risk, Islamic commercial banks can allocate capital to more productive financing that has the potential to increase revenue and improve CAR. Assessment of financial performance based on the CAR ratio after restructuring shows improvement, allowing banks to more effectively cover the risk of losses that may occur (Saputri, 2021). Islamic Commercial Banks have a high level of capital adequacy because they tend to allocate funds to low-risk assets (Azmi et al., 2021).

Based on the criteria set based on Bank Indonesia Circular Letter No.6/23/DPNP of 2011, the CAR ratio in the period before and after the implementation of the financing restructuring policy both fall into the same category, namely "very healthy". Therefore, basically Islamic Commercial Banks during the pandemic can maintain their financial performance well as seen from the CAR ratio, which during the Covid-19 pandemic poses a threat to various sectors of life including the financial and banking sectors which can affect the financial performance of Islamic Commercial Banks. (Hidayat et al., 2021).

#### **The difference in Financing to Deposit Ratio (FDR) before and after the implementation of the financing restructuring policy during the covid-19 period.**

The test results above show that the Sig value. (2-tailed) FDR of 0.000 <0.05. So statistically it can be concluded that there is a significant difference in FDR between before and after the implementation of the financing restructuring policy during the Covid-19 period. This is in line with the research results Rimbawan (2022) which states that there are differences in LDR / FDR before and after the implementation of credit / financing restructuring during the Covid-19 pandemic.

The decline in the level of FDR ratio is caused by the growth of third-party funds which is not accompanied by the growth of financing, resulting in an imbalance. A decrease in credit or financing occurs due to decreased demand as a result of loss of income due to layoffs, decreased business income due to government policies, and economic instability. These factors reduce interest in taking out credit or financing. In addition, the decline in credit or financing is also caused by the attitude of banks that are more selective in providing credit or financing due to unstable economic conditions (Andrianto, 2022).

Based on the criteria set based on Bank Indonesia Circular Letter No.6/23/DPNP of 2011, the FDR ratio in the period before and after the implementation of the financing restructuring policy both fell into the "healthy" and "very healthy" categories. Therefore, basically Islamic Commercial Banks during the pandemic can maintain their financial performance well as seen from the FDR ratio, which during the Covid-19 pandemic poses a threat to various sectors of life including the financial and banking sectors which can affect the financial performance of Islamic Commercial Banks. (Hidayat et al., 2021).

### **Differences in Operating Expenses to Operating Income (BOPO) before and after the implementation of the financing restructuring policy during the covid-19 period.**

The test results above show that the Sig. (2-tailed) BOPO of 0.000 <0.05. So statistically it can be concluded that there is a significant difference in BOPO between before and after the implementation of the financing restructuring policy during the Covid-19 period. This is in line with the research results Eka Putri (2023) and Saputri (2021) which shows that there is a significant difference in the BOPO ratio when conditions are before and after credit restructuring.

The value of Operating Expenses to Operating Income (BOPO) before and after the implementation of the financing restructuring policy is different because this financing restructuring policy adjusts profit margins and extends the financing period which has proven to help reduce profit sharing expenses during the Covid-19 pandemic that occurred in Indonesia (Eka Putri, 2023). Restructuring financing helps banks in reducing NPF. By doing so, banks do not need to provide a large allowance for impairment losses, which in turn will reduce operating costs and increase income as customers can continue to pay their pending obligations. The financing restructuring policy taken by the government has an impact on the decline in the BOPO ratio of Islamic Commercial Banks and is felt to be better in the period after the implementation of restructuring. This means that banks can carry out their operational activities efficiently (Saputri, 2021).

Based on the criteria set based on Bank Indonesia Circular Letter No.6/23/DPNP in 2011, the BOPO ratio in the period before and after the implementation of the financing restructuring policy both fell into the same category, namely "healthy" and "very healthy". Therefore, basically Islamic Commercial Banks during the pandemic can maintain their financial performance well as seen from the BOPO ratio, which during the Covid-19 pandemic poses a threat to various sectors of life including the financial and banking sectors which can affect the financial performance of Islamic Commercial Banks. (Hidayat et al., 2021).

### **Differences in Islamic MSME Financing before and after the implementation of the financing restructuring policy during the covid-19 period.**

The test results above show that the Sig value. (2-tailed) of Islamic MSME Financing is 0.285 <0.05. So statistically it can be concluded that there is no significant difference in Islamic MSME Financing between before and after the implementation of the financing restructuring policy during the Covid-19 period. This is supported by research Sa'adah et al., (2022) which states that the continued distribution of Islamic MSME financing can encourage MSME businesses to continue to develop.

In the research of Zaky & Lubis (2022) entitled Analysis of Credit Restructuring Policies for Financing Micro, Small and Medium Enterprises during the Covid-19 Pandemic in Indonesia Based on Financial Services Authority Regulation Number 48 / POJK.03 / 2020 (Study in Dusun X Medan Estate Village) shows that the impact of implementing credit restructuring policies for MSMEs in Dusun X Medan Estate Village based on OJK regulation Number 48 / POJK.03 / 2020 also makes MSME players in Dusun X still able to run their businesses slowly and fulfill the obligation to pay regular installments when turnover drops dramatically.

There is no difference between before and after the implementation of financing restructuring because when the Covid-19 pandemic threatened the financial and banking sectors, the government placed funds with Commercial Banks so that the financial performance of banks was maintained. Fund placement is an activity where the government places a certain amount of their funds in Commercial Banks which then channel financing to debtors in order to develop the MSME ecosystem and support the acceleration of national economic recovery during the Covid-19 pandemic. (Abubakar & Handayani, 2021).

## **CONCLUSION**

The implementation of the financing restructuring policy during the Covid-19 period significantly improved the financial health of Islamic Commercial Banks in Indonesia, as evidenced by various financial ratios. The Return on Assets (ROA) ratio increased, indicating enhanced profitability. The Non-Performing Financing (NPF) ratio decreased, reflecting better management of non-performing financing. The Capital Adequacy Ratio (CAR) rose, showing improved capital adequacy to guarantee depositors' funds. Although the Financing to Deposit Ratio (FDR) decreased, suggesting a decline in financing effectiveness, the ratio remained within healthy limits. Additionally, the Operating Expenses to Operating Income (BOPO) ratio improved, indicating increased efficiency in managing operating costs. Overall, the restructuring policy positively impacted the profitability, asset quality, capital adequacy, and operational efficiency of Islamic Commercial Banks in Indonesia, despite a slight reduction in financing effectiveness. In addition to the improvements in overall financial health, the findings also indicate that the financing restructuring policy had a neutral impact on the Islamic MSME Financing Ratio. This ratio showed only a slight increase, suggesting that the distribution of financing to Micro,

Small, and Medium Enterprises (MSMEs) by Islamic Commercial Banks in Indonesia remained relatively stable before and after the policy implementation. Despite the significant improvements in profitability, asset quality, capital adequacy, and operational efficiency, the commitment to supporting MSMEs did not undergo substantial change, maintaining a steady focus on this crucial sector.

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