

Performance Analysis and Strategy of Islamic Rural Banks Facing The Crisis Impact of The Covid-19 Pandemic

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Abstract

The purpose of this study is to analyze the impact of financial performance due to the economic crisis from the Pandemic Covid-19. How are the financial performances of Islamic Rural Banks different before and during the Pandemic Covid-19 and management strategies in the context of going concern. The object of the research is the Islamic Rural Banks, with the research design using a mix method, namely a combination of qualitative and quantitative. Primary data was obtained through interviews with several bankers of the Islamic Rural Banks, while secondary data was in the form of 2019 and 2020 financial reports recorded at the Financial Services Authority. The population of Islamic Rural Banks in Indonesia is 163 while the sample used by purposive sampling is seventeen. The results of the study prove that there is no difference in financial performance before and during the period. Covid-19 except for the Non Performance Financial ratio there is a difference. Management strategies to maintain business continuity are restructuring, rescheduling, and reconditioning customers. The management strategy to reduce the risk of non-performing loans is to be more selective in accepting new customers and to prioritize or focus on fixed income customers.

Keywords: Financial Performance, Economic Crisis, Management Strategy

Abstrak

Tujuan penelitian ini untuk menganalisis dampak kinerja keuangan akibat krisis ekonomi dari Pandemi CoronaVirus Disease-2019. Bagaimana perbedaan kinerja keuangan Bank Pembiayaan Rakyat Syariah sebelum dan pada masa Pandemi CoronaVirus Disease-2019 serta strategi manajemen dalam rangka going concern. Objek penelitian adalah Bank Pembiayaan Rakyat Syariah, dengan desain penelitian menggunakan mixmethod yaitu kombinasi kualitatif dan kuantitatif. Data primer diperoleh melalui wawancara dengan beberapa bankir Bank Pembiayaan Rakyat Syariah, sementara data sekunder berupa laporan keuangan tahun 2019 dan 2020 yang tercatat di Otoritas Jasa keuangan. Populasi Bank Pembiayaan Rakyat Syariah di Indonesia sebanyak 163 sedangkan sample yang digunakan purposive sampling sebanyak 17. Hasil penelitian membuktikan kinerja keuangan tidak terdapat perbedaan sebelum dan pada masa CoronaVirus Disease-2019 kecuali ratio Non Performance Financial terdapat perbedaan. Strategi manajemen menjaga keberlangsungan usaha yaitu melakukan restrukturisasi, rescheduling, dan rekondisioning nasabah. Strategi manajemen mengurangi resiko kredit bermasalah yaitu lebih selektif dalam menerima nasabah baru serta memprioritaskan atau fokus pada nasabah fixed income.

Kata Kunci : Kinerja Keuangan, Krisis ekonomi, Strategi Manajemen

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1. INTRODUCTION

The Corona virus has a big influence on the activities carried out by the community, the existence of a new life order or better known as the new normal

makes many changes in all sectors. The impact of the corona virus on various industries can vary, on the other hand the impact can be beneficial such as in the telecommunications services industry, pharmaceutical

expeditions, but on the other hand the impact can be detrimental such as the hotel industry, tourism, transportation services, catering services and others.

Unlike the Property Industry, which has experienced a decline, Research Esomar et al., (2021) It was found that there was no significant difference between the Current Ratio and Price Earning Ratio between before and after the Covid-19 pandemic in Indonesia. In the Debt equity to ratio and Return on equity ratio there were significant differences before and after the Covid-19 pandemic in Indonesia. Statement reinforced by research (Esomar and Christianty, 2021) It was found that the COVID-19 pandemic had a significant influence on the financial performance of property sector companies.

Research on the impact of COVID-19 on banks is by Malik et al., (2020) shows non-current and short-term effects and, no action to provide future access to financial services including loans, long-term suffering of most microfinance customers (Malik et al., 2020). Korzeb et al., (2019) shows the dichotomy between national banks and foreign banks. State-owned banks and national banks show a greater commitment to solving problems compared to banks with foreign capital. This finding shows that banks with foreign capital are not fully interested in sponsoring activities aimed at sustainable development (Korzeb et al., 2019).

Sutrisno et al., (2020) shows that the Covid-19 pandemic has had a very serious impact on the economy of all countries in the world, including the banking industry, but unlike Islamic banking, it has been proven that its performance is not affected both before and during the covid 19 pandemic. Bank management in pandemic and non-pandemic conditions is able to carry out good bank management. The level of profitability as reflected in the ratio of Return On Assets (ROA), the ratio of Return On Equity (ROE) and Net Interest Margin (NIM) during the pandemic experienced a declining condition, but banks were able to maintain a fairly high CAR ratio, so that they could anticipate various risks. that happened.

Sutrisno's research is supported by research (Ilhami and Thamrin, 2021) shows the overall impact of Covid-19 on the Financial Performance of Islamic Banking in Indonesia as seen from the results of the Paired Sample T-Test table, the ratios of CAR, ROA, NPF and FDR are not significant, indicating that there are differences in financial performance.

This means that Islamic banking in Indonesia is still able to survive in the midst of the pandemic, only if in the future Covid-19 still does not show signs

In general, the COVID-19 pandemic has hit national economic activities, in contrast to Sharia People's Financing Banks (BPRS), the COVID-19 pandemic has brought a blessing in disguise to assets. Where assets in April 2020 grew 11.01 percent, financing grew 11.37 percent and third party funds (DPK) also grew 10.69 percent. (Puspaningtyas, 2020). Until the end of 2020, the growth of BPRS is still maintained Sofyan pointed out that the BPR and BPRS industries during the Covid 19 pandemic were in a healthy condition, maintained and still growing positively. This is reflected in the assets of the BPR Industry as of October 2020, which grew by 3.08% compared to the same position a year ago and had reached Rp 151.064 trillion. Meanwhile, BPRS assets in October 2020 grew by 4.74% or Rp. 14.160 trillion compared to October 2019 of Rp. 13,160 Trillion (Sofyan, 2021)

but on the other side The ratio of non-performing loans always increases in Islamic People's Financing Banks (BPRS), which can be seen in April, even in July reaching 8.34 percent, while before the Pandemic in March 2020 non-performing loans or known as BPR NPLs were 7.95% , and in January and February 2020 the NPLs were 7.26% and 7.53%, respectively. (OJK, 2017). In line with research (Chalid & Bella, 2021) proves that all independent variables namely Financing to Deposit Ratio (FDR), Bank Size, and Economic Growth have a significant negative effect on NPF, except for the Capital Adequacy Ratio (CAR).

In conditions of economic crisis, BPRS management needs to continue to closely monitor the operations, liquidity and resources of each BPRS, as well as work actively to reduce the current and future impacts of this situation which has never been experienced before. The impacts that have been felt today are: 1) Credit distribution (financing), 2) Decrease in asset quality, 3) Tightening of net interest margins. If troubled banking can cause a domino effect in other sectors Elfahdli (2012) namely there are national and global economic turmoil with internal banking policies, especially related to asset management and liquidity aspects. The Covid-19 pandemic has made the collection of funds (DPK) disrupted (Ningsih and Mahfudz, 2020). In addition, Wahyudi et al. said that Islamic banking faces many

potential threats, such as non-performing loans or non-performing financing (NPF), market risk, and liquidity risk during the new Covid-19 pandemic. This risk will definitely have an impact on the efficiency and profitability of Islamic banking(Wahyudi et al., 2021).

2. LITERATURE REVIEW

2.1. Strategy Management

Is the science of implementing decisions and evaluating them so that in their formulation they can achieve organizational goals. Husayn Umar's opinion. While Fred David is Knowledge of the preparation, implementation and re-correction of all strategic decisions to achieve the future goals of an organization

Strategic management is a process or series of decision-making activities that are fundamental and comprehensive, accompanied by the determination of how to implement it, which is made by the leadership and carried out by all levels in an organization, to achieve goals. It is said that strategic management is the collection and actions that result in the formulation (formulation) and implementation (implementation) of plans designed to achieve organizational goals.(Pearce et al., 2013).

Strategic Management is a large-scale planning (called strategic planning) that is oriented to the far-reaching future (called vision), and is determined as a decision of the highest leadership (decisions that are fundamental and principal), in order to enable the organization to interact effectively (called mission), in an effort to produce something (operational planning to produce quality goods and/or services and services, directed at optimizing the achievement of goals (called strategic objectives) and various organizational goals(Nawawi, 2012).

2.2. Financial performance

Zarkasyi, financial performance is something that is produced or work achieved from a company(Zarkasyi, 2010). According to Fahmi, financial performance is carried out to analyze the extent to which the company has implemented it by using financial implementation rules properly and correctly. Such as by making financial statements in accordance with the standards and provisions in SAK (Financial Accounting Standards) or GAAP (Generally Accepted Accounting Principles).(Ilhami and Thamrin, 2021).

The company's financial performance is an achievement obtained by the company in a certain period that reflects the company's condition(Sutrisno, et al., 2020). Company performance is the result of analysis of financial statements which are interpreted through financial statements so that it can be determined whether the performance of a company is good or bad. According to Utari., et al, financial statement analysis is an activity to compare the company's performance in the form of financial figures with similar companies or with the previous period's finances.(Utari et al., 2014). Financial statements are reports that show the company's financial condition at this time or at a certain period(Cashmir, 2010).

Assessment of Commercial Bank Soundness Level is regulated inPOJK (2017)concerning Assessment of Commercial Bank Soundness Level. The assessment of the soundness of this bank uses the Risk Based Bank Rating method which is based on risk. This method consists of four factors, namely risk profile, profitability, capital, and Good Corporate Governance(Hamolin and Nuzula, 2018).

2.3. Financial Ratio

according toCashmere (2010)Financial ratios are the activities of comparing numbers in financial statements by dividing one number by another. According to Riyanto, in conducting financial ratio analysis, basically it can be done in two different ways of comparison, namely(Riyanto, 2010):

- a. Comparing the current ratio (present ratio) with the ratio of the past (historical ratio) or with the ratio estimated for the future of the same company. With this comparison, the ratio changes from year to year will be known. If it is known that the change in the ratio figure, conclusions can be drawn regarding the trend or trend of the financial condition and results of operations of the company concerned.
- b. Comparing the ratios of a company with similar ratios from other similar companies or industries (industry ratio/standard ratio) for the same time. Thus, it will be known whether the company concerned in certain financial aspects is above the industry average, above the average or below the industry average.

Based onSEBI (2007)concerning the Assessment System for Commercial Banks Based on Sharia Principles, further regulated the ratios used. These

financial ratios are divided into main ratios, supporting ratios and observed ratios. The main ratio is the ratio that has a strong impact (high impact) on the Bank's Soundness Level. While the supporting ratio is a ratio that has a direct effect on the main ratio and the supporting ratio.

2.4. Capital (Capital)

The purpose of capital is based on PBI number nine/17/PBI/Dua thousand seven and SEBI No.9/29/DPbS in order to see BPRS capital in managing risk exposure at any time, both quantitatively and qualitatively in ratios. Where the main ratio is used to calculate the capital aspect but is not used as a reference in determining the weight of the influence of the supporting ratio and the ratio of observations to the main ratio is not used as an aspect of capital assessment.

Capital (capital) can be measured by CAR (Capital Adequacy Ratio). CAR is an indicator of a bank's ability to cover a decline in its assets as a result of bank losses caused by risky assets with adequate capital (Dendawijaya, 2013). The higher the CAR, the stronger the bank's ability to bear the risk of any risky loan or productive asset. Or in other words, the higher the capital adequacy to bear the risk of bad loans, so that the bank's performance is getting better, and it can increase public confidence in the bank concerned which leads to an increase in profit (ROA). (Ruslim, 2012).

The purpose of this ratio is to measure the level of capital adequacy owned by banks in absorbing losses and meeting the applicable CAR/CAR (Ihsan and Hosen, 2021).

Capital Adequacy Ratio (CAR) is a ratio that reflects how far all bank assets at risk are financed by sources originating from the bank's own capital funds or other funds outside the bank's capital, such as third party funds and loans. The capital in question consists of core capital and supplementary capital (Saputri and Hannase, 2021). Calculation of CAR (Capital Adequacy Ratio) is formulated as follows. Calculation of CAR (Capital Adequacy Ratio) is formulated as follows:

$$\text{CAR} = \text{Supplementary core capital} / \text{ATMR}$$

Where RWA is a Risk Weighted Asset

2.5. Asset Quality

Sharia securities financing, temporary equity participation, placements, receivables, qardh,

commitments and contingencies in administrative account transactions as well as BI or SWBI Widiah Certificates are forms of investment in Sharia foreign currency and Rupiah bank funds which are Earning Assets, look for BPRS Assets using ratios. Supporting Ratio or Troubled Financing. Asset quality can be measured by NPF (Non Performing Financing). A high NPF will increase costs, thereby potentially causing bank losses. The higher this ratio, the worse the credit quality of the bank which causes the number of non-performing loans to be greater, so that the bank must bear losses in its operational activities so that it has an impact on the decrease in profit (ROA) obtained by the bank. (Cashmir, 2010).

Kasmir said that a high NPF could increase costs and hurt the bank. The higher the value, the worse the quality of bank credit, so that the number of bad loans is increasing and as a result the bank has to experience losses in its operations so that it affects the profit (ROA) of the losses received. (Cashmir, 2013).

The purpose of the NPF (Non Performing Financing) ratio assessment is to measure the level of non-performing financing faced by banks. The higher this ratio, the worse the quality of Islamic bank financing. NPF shows the ability of bank management to manage non-performing financing provided by banks (Prastiwi, 2021). The formula for calculating NPF is:

$$\text{NPF} = \text{JPB} / \text{JP}$$

JPB is the amount of substandard financing based on BI regarding the assessment of the quality of BPR assets based on existing sharia rules. JP is the amount of financing in the bank. Where the Ratio Value is obtained from the position of the valuation date

2.6. Profitability or Earning.

Based on Circular Financial Services Authority (2018) about how the calculation of the soundness of the BPRS to the ratio of the level of profitability, among others:

Operational efficiency level (prime ratio). The BOPO ratio in its performance report from the OJK and the official BI website is the basis for the operational efficiency level of a BPRS. The ratio of operational costs to operating income (BOPO) aims to measure the operational efficiency of Islamic banks (Ihsan and Hosen, 2021).

BOPO is a ratio that reflects the efficiency and effectiveness of Islamic banking, which is used to measure management's ability to control operational

costs. BOPO calculation is to compare the total operating costs incurred with the resulting operating income. The lower the BOPO ratio can illustrate that Islamic banking is more efficient in controlling its operational costs so that the higher the level of profitability(Suryanto, and Susanti, 2020). Formulas to find out include:

$$\text{BOPO} = \text{operational financing from bank} / \text{bank income}$$

Return On Assets which is the ratio of observations to the financial performance of the BPRS which will be displayed in the BPRS performance report and published on the official websites of OJK and BI. According to Dewi and Prasetyono, ROA can be used to measure the company's effectiveness in generating profits by utilizing its assets(Ilhami and Thamrin, 2021).

Ruslim quoted by Ilhami et. al., (2021)said that ROA can be used for property utilization to calculate the efficiency of the organization in generating profits. Its function is to see how efficiently the bank uses its assets to generate income. The higher the ROA rating, the higher the net profit generated from embedded funds from total assets, the more profitable the bank is(Herman Ruslim, 2019).

The Return on Assets (ROA) ratio aims to measure the success of management in generating profits. The smaller this ratio indicates that the ability of bank management is not optimal in terms of managing company assets to increase revenue and or reduce costs(Ihsan and Hosen, 2021).

ROA is one of the profitability ratios in analyzing financial statements, which shows the comparison between net income before tax and total assets owned by Islamic banks. This ratio reflects the efficiency level of Islamic banks in asset management, so that they are able to generate profits(Siringoringo, 2018).

The Return on Assets (ROA) ratio aims to measure the success of management in generating profits. The smaller this ratio indicates that the ability of bank management is not optimal in terms of managing company assets to increase revenue and or reduce costs(Ihsan and Hosen, 2021). The formula used to measure ROA is:

$$\text{ROA} = \text{NRE} / \text{TA}$$

Where: EBT is the predicted profit before tax from the bank minus PPA. NRE is obtained from the

overall profit in the form of profit before tax from the Total Assets report for the last 1 year, namely TA.

Observation ratio (ROE) is the ratio of the company's rate of return on capital and is used as a benchmark for the performance of the company's return on capital income and can be seen in the publication of the financial performance of BPRS in BI and the official website of OJK.

The Return on Equity (ROE) ratio aims to measure the ability of the bank's paid-in capital to generate profits. The larger this ratio shows how the ability of the bank's paid-in capital to generate profits for shareholders is getting bigger(Ihsan and Hosen, 2021). The Return on Equity (ROE) ratio formula is as follows:

$$\text{ROE} = \text{EAT} / \text{PIC}$$

EAT is the bank's profit after tax which takes into account minus PPA

2.7. Liquidity

Liquidity is defined as the company's ability to pay its short-term obligations. Subramanyam and John, liquidity is a company's ability to generate cash in the short term to meet its obligations and depends on the company's cash flows and components of its current assets and liabilities.(Subramanyam et al., 2010). Endah defines liquidity as the ease of converting an asset into money with fairly low transaction costs. Companies that have a large "power to share" so that they are able to fulfill all their financial obligations that must be fulfilled immediately are said to be liquid companies and vice versa companies that do not have power to pay are said to be illiquid companies.(Endah, 2011). Liquidity Ratio, which is a ratio that measures the company's ability to meet maturing obligations(Utari, 2014).

Conceptually, an asset is said to be liquid if it can be traded in large quantities, in a short period of time, at low cost and without affecting the price. Liquidity can also be interpreted as the speed level of an investment facility (asset) to be disbursed into cash (money).

The company's liquidity indicates the ability to pay short-term financial obligations on time. The company's liquidity is indicated by the amount of current assets, namely assets that are easily converted into cash which includes cash, marketable securities, receivables and inventories. By using financial reports consisting of balance sheets, income statements,

reports of changes in capital, companies can calculate liquidity ratios

Brigham and Houston, liquidity can be measured by the Current Ratio. The current ratio is the company's ability to meet its short-term obligations with all current assets owned by the company. This ratio can be calculated based on the ratio of cash and current liabilities and cash equivalents, namely(Houston, 2010):

$$CR = \text{Cash} / \text{Current Liabilities}$$

The higher the current ratio means the greater the company's ability to meet its short-term financial obligations. Conversely, the lower the current ratio means the lower the company's ability to meet its short-term financial obligations(Houston, 2010).

3. RESEARCH METHODS

The research design used a mix method, namely a combination of qualitative and quantitative. The object of this research is Indonesian BPRS registered with the Financial Services Authority. Primary data is obtained through interviews with several BPRS bankers, while secondary data is in the form of 2019 and 2020 financial statements recorded at the Financial Services Authority.

3.1. Sample Procedure

The population of BPRS in Indonesia is 163 BPRS, the sample was selected based on a purposive sampling technique, namely BPRS that submitted complete financial reports for the 2019 and 2020 financial year periods. As for the interview data, the informants were selected based on random sampling as many as five BPRS officials

3.2. Data analysis technique

The quantitative data analysis technique uses a paired sample t test difference while testing the difference in financial performance based on the financial ratios in 2019 and 2020. Meanwhile, the qualitative data from interviews uses content analysis techniques.

4. RESULTS AND DISCUSSION

4.1. ResultsStudy

Based on the results of SPSS version 25 output, the description of the BPRS financial ratios for 2019 and 2020 can be explained as follows:

- a. Of the 17 BPRS that were used as research samples, the ROA ratio in 2019 had a minimum

value of 0.005, a maximum value of 0.088, an average of 0.3227 and a standard deviation of 0.023337. The ROA ratio in 2020 has a minimum value of 0.002, a maximum value of 0.074, an average of 0.02452 and a standard deviation of 0.022154.

- b. The ROE ratio in 2019 has a minimum value of 0.026, a maximum value of 0.840, an average of 0.38735 and a standard deviation of 0.288669. The ROE ratio in 2020 has a minimum value of 0.015, a maximum value of 1.916, an average of 0.38108 and a standard deviation of 0.479491.
- c. The Cash Ratio in 2019 had a minimum value of 0.004, a maximum value of 41,244, an average of 3.83453 and a standard deviation of 9.722036. The Cash Ratio in 2020 has a minimum value of 0.006, a maximum value of 16.617, an average of 2.29624 and a standard deviation of 4.071812.
- d. The BOPO ratio in 2019 has a minimum value of 0.659, a maximum value of 17.702, an average of 2.23235 and a standard deviation of 4.137600. The BOPO ratio in 2020 has a minimum value of 0.645, a maximum value of 4.623, an average of 1.17524 and a standard deviation of 0.941966.
- e. The NPF ratio in 2019 has a minimum value of 0.200, a maximum value of 36,010, an average of 6.34060 and a standard deviation of 8.547334. The NPF ratio in 2020 has a minimum value of 0.670, a maximum value of 14.070, an average of 5.51968 and a standard deviation of 4.400619.
- f. The KAP ratio in 2019 had a minimum value of 1,409, a maximum value of 96,780, an average of 5.08665E1 and a standard deviation of 45.072791. The KAP ratio in 2020 has a minimum value of 2.230, a maximum value of 99.470, an average of 7.12835E1 and a standard deviation of 39.575357.
- g. The CAR ratio in 2019 has a minimum value of 0.000, a maximum value of 34,170, an average of 1.96829E1 and a standard deviation of 7.924670. The CAR ratio in 2020 has a minimum value of 16.210, a maximum value of 50.670, an average of 2.71165E1 and a standard deviation of 9.828740

Hypothesis Test

To test whether there is a difference in financial performance in the BPRS Industry before and during the COVID-19 pandemic, a paired sample t-test was carried out. The financial performance tested is to compare the financial performance in 2019 with 2020.

The method in the paired sample t-test is that if the value of $\text{sig} < 0.05$, then H_0 is rejected and H_a is accepted, which means that it can be said that there is a difference between the performance of the BPRS before and during the Covid-19 pandemic. The results of the financial performance test are described as follows. The results of the different test on the ROA ratio before and during the Covid-19 pandemic found that the sig value was 0.263 or > 0.05 , then H_0 was rejected and H_i was accepted. This means that there is no significant difference between the ROA results before and during the Covid-19 pandemic.

The ROE financial performance before and during the Covid-19 pandemic found that the sig price was 0.127 or > 0.05 , then H_0 was rejected and H_i was accepted. This means that there is no significant difference between the ROE results before and during the Covid-19 pandemic. In other words, there is no difference in ROE values before and during the Covid-19 pandemic.

The statistical test proves the results of the Cash Ratio before and during the Covid-19 pandemic, it was found that the sig price was 0.985 or > 0.05 , then H_0 was rejected and H_i was accepted. This means that there is no significant difference between the results of the Cash Ratio before and during the Covid-19 pandemic. In other words, there is no difference in the value of the Cash Ratio before and during the Covid-19 pandemic.

The output of the BOPO before and during the Covid-19 pandemic, it was found that the sig value was 0.556 or > 0.05 , then H_0 was rejected and H_i was accepted. This means that there is no significant

difference between the results of BOPO before and during the Covid-19 pandemic. In other words, there is no difference in the value of BOPO before and during the Covid-19 pandemic.

The statistical test proves that the results of the NPF before and during the Covid-19 pandemic found that the sig value was 0.000 or < 0.05 , then H_0 was accepted and H_i was rejected. This means that there is a significant difference between the results of the NPF before and during the Covid-19 pandemic. In other words, there are differences in NPF values before and during the Covid-19 pandemic.

While the financial performance of the quality of productive assets shows that the results of KAP before and during the Covid-19 pandemic, it was found that the sig value was 0.333 or > 0.05 , then H_0 was rejected and H_i was accepted. This means that there is no significant difference between KAP results before and during the Covid-19 pandemic. In other words, there is no difference in the value of KAP before and during the Covid-19 pandemic.

Likewise with the capital adequacy meaning that the CAR results before and during the Covid-19 pandemic were found that the sig value was 0.308 or > 0.05 , then H_0 was rejected and H_i was accepted. This means that there is no significant difference between CAR results before and during the Covid-19 pandemic. In other words, there is no difference in CAR values before and during the Covid-19 pandemic. The results of the statistical test regarding the different paired sample t-test can be seen in the table below

Table 1. The results of the paired difference test until the t test

		N	Correlation	Sig.
Pair 1	ROA_2019 & ROA_2020	17	.287	.263
Pair 2	ROE_2019 & ROE_2020	17	.385	.127
Pair 3	Cash_Rasio_2019 & Cash_Rasio_2020	17	.005	.985
Pair 4	BOPO_2019 & BOPO_2020	17	.154	.556
Pair 5	NPF_2019 & NPF_2020	17	.778	.000
Pairs 6	KAP_2019 & KAP_2020	17	.250	.333
Pair 7	CAR_2019 & Car_2020	17	.263	.308

Data source: Research results are processed independently

Management Strategy to deal with the crisis impact of the covid 19 pandemic

The COVID-19 pandemic has made almost all sectors experience changes or what is better known as the new normal, as well as the Sharia People's

Financing Bank (BPRS) industry. The BPRS has made many basic changes, the results of in-depth interviews about management strategies for dealing with the new normal due to the COVID-19 pandemic from several BPRS bankers can be explained below,

Strategy to improve the national economy by reducing the portfolio of SME customers and increasing fixed income financing based on salary, fixed income such as employees and civil servants in the form of teacher certification, lecturer certification, and allocation of village funds for village officials in the kelurahan to avoid risks.

TPF Financing Strategy by utilizing information technology to maintain the smooth level of NPF by billing by Virtual Account to customers so that customers can transfer through mobile banking without meeting face to face.

There is a government policy to relax based on POJK No. 11 2020, BPRS provides stimulation for banks to determine problematic customers where the regulator in this case OJK relaxes Small and Medium Enterprises affected by Covid 19, so that BPRS carries out restructuring, rescheduling, and customer reconditioning .

The BPRS management strategy in the future is to be more selective towards new customers by looking at which type of business has an impact on covid 19, because there are also types of businesses that are the opposite, such as the pharmaceutical industry as an example of pharmacies where people need a lot of medicine and vitamins to prevent this from happening. affected by covid 19, the distribution industry because people are reluctant to go out, as well as technology media where people sell online

4.2. Discussion

Based on statistical analysis that the results of ROA before and during the Covid-19 pandemic, there was no difference in the BPRS industry. This research is similar to researchIlhami and Thamrin (2021)at Islamic umm banks that the impact of Covid-19 on the financial performance of Islamic banking in Indonesia as seen by the ROA ratio is not significant, indicating that there are differences in financial performance, Handayani., etl (2021)there is no difference in ROA of Islamic banking in Indonesia before and after the Covid pandemic.However, in contrast to research(Wangsit Supeno, 2020)that the profitability performance of the ROA ratio at BPR in August 2020 was -16.02% compared to December 2019. Sutrisno., et al (2020)there is no significant difference between this ROE before and during the pandemic in Islamic bankingStudyViaranti (2021)transportation companies listed on the Indonesia Stock Exchange that there are significant differences in Return On

Assets (ROA) before and during the COVID-19 pandemic.Ambarwati et al., (2021)It was found that there was a significant difference between ROA before the Covid-19 pandemic and ROA during the Covid-19 pandemic.Lowardi and Abdi (2021)it was found that there was a significant difference between the period and pre-pandemic COVID-19 ROA data. Based on the Return On Assets ratio, the industries that were not affected were BPRS, Islamic Commercial Banks, while the industries that experienced a decline were BNI Syariah at 26.92% compared to the 2019 observation year.Ihsan and Hosen (2021), by 11.2%Afkar and Fauziyah (2021), by 6.51%(Sutrisno, Panuntun and Adristi (2020). but there are also industries that are experiencing an increase....

Based on statistical analysis, the ROE results before and during the Covid-19 pandemic did not show any difference in the BPRS industry. This research contrasts with researchViaranti (2021)transportation companies listed on the Indonesia Stock Exchange that there is a significant difference in Return On Equity (ROE) before and during the COVID-19 pandemic.Ambarwati et al., (2021)It was found that there was a significant difference between ROE before the Covid-19 pandemic and ROE during the Covid-19 pandemic.Lowardi and Abdi (2021)It was found that there was a significant difference between the period and pre-pandemic COVID-19 ROE data. Violandani (2021) found that there was a difference between return on equity before the pandemic and return on equity during the Covid-19 pandemic. Based on the Return On Equity ratio, the industry that was not affected was BPRS, while Islamic banking which experienced a decline was as in BNI Syariah by 26.37% compared to the 2019 observation year (Ihsan and Hosen, 2021).

Based on statistical analysis that the results of the Cash Ratio before and during the Covid-19 pandemic, there was no difference in the BPRS industry. This research is similar to researchLowardi and Abdi (2021)it was found that there was no significant difference between the period data and the pre-pandemic covid-19 cash ratio.

Based on statistical analysis that the results of the BOPO before and during the Covid-19 pandemic, there was no difference in the BPRS industry. This research is similar to researchWow (2021) there is no difference in the BOPO of Islamic banking in

Indonesia before and after the Covid pandemic. Based on BOPO that are not affected are BPRS, Islamic Banks. Industries that experienced an increase in BOPO as in BNI Syariah by 3.38% compared to the 2015 – 2019 observation year (Ihsan and Hosen, 2021) and by 0.94% (Afkar and Fauziyah, 2021).

Based on statistical analysis that the results of the NPF before and during the Covid-19 pandemic, there were differences in the BPRS industry. This research contrasts with research Ilhami and Thamrin (2021). It was found that the impact of Covid-19 on the financial performance of Islamic banking in Indonesia as seen by the NPF ratio was not significant, indicating a difference in financial performance. Sutrisno et al., (2020) there is no significant difference between this NPF before and during the pandemic in Islamic banking. Wow (2021) there is no difference in the NPF of Islamic banking in Indonesia before and after the Covid pandemic. Based on the NPF affected were BPRS, while the industry experienced an increase in NPF such as BNI Syariah by 3.38% compared to the 2015 – 2019 observation year (Ihsan and Hosen, 2021) and by 1.1% (Ihsan and Hosen, 2021).

Based on statistical analysis that the results of KAP before and during the Covid-19 pandemic there were differences in the BPRS industry. Based on KAPs that were not affected were BPRS, while the industry that experienced a decline was like BNI Syariah by 0.84% compared to the 2019 observation year (Ihsan and Hosen, 2021).

Based on statistical analysis, the results of the CAR before and during the Covid-19 pandemic, there were differences in the BPRS industry. This research is similar to research Ilhami and Thamrin (2021) to Islamic umm banks that the impact of Covid-19 on the financial performance of Islamic banking in Indonesia as seen by the CAR ratio is not significant, indicating that there is a difference in financial performance. Sutrisno et al., (2020) there is no significant difference between this CAR before and during the pandemic in Islamic banking. Wow (2021) there is no difference in the CAR of Islamic banking in Indonesia before and after the Covid pandemic. Based on the CAR affected are BPRS, while the industry that experienced an increase in CAR as in BNI Syariah was 21.36% compared to the 2015 – 2019 observation year (Ihsan and Hosen, 2021).

5. CONCLUSION

Based on the analysis of the financial ratios of ROA, ROE, Cash Ratio, BOPO, KAP, and Car before and during the Covid-19 pandemic, there were no differences in financial performance, but there were different NPF ratios before and during the Covid-19 pandemic. This difference occurs because of an increase in bad loans.

The management strategy to face the new normal in the context of sustainability is to reduce SME customers and choose the market share of fixed income customers such as teachers, lecturers and employees. The marketing strategy is turning to information technology using WhatsApp, Instagram, Facebook and so on. Billing is done using whatsapp with transfer payments to virtual accounts making operational costs more effective and efficient.

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