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RISK MANAGEMENT APPLICATION IN PROVIDING CREDIT RESTRUCTURING FOR THE SUPPORT OF THE HEALTHY OF BANKS BASED ON POJK NO.18/POJK.03/2016

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ABSTRACT
Banking institutions have a strategic role in the country's economyWork as an intermediary between parties who have excess funds with those who lack funds. In carrying out its duties, the bank is obliged to maintain public trust by implementing good governance or management and must respect the principle of bank prudence. With the emergence of the impact of Covid-19, the government together with the Financial Services Authority issued Financial Services Authority Regulation Number 11/POJK.03/2020 concerning national economic stimulus as a countercyclical to the impact of the spread of Coronavirus Disease 2019, where this policy was issued to protect customers by issuing regulations that allow provision of restructuring to affected companies. Banks in carrying out their duties must run a risk management program to minimize the occurrence of failure in one or part of a transaction or instrument finance, if the bank in carrying out its duties does not carry out risk management it can be dangerous and cause losses so that the bank must be responsible for the losses of its customers

***Keywords:**,Banking, Credit, Risk Management, Bank Prudential Principles, Responsibility*

INTRODUCTION

Banking is a financial institution that has strategic value in a country's economy[1]. This institution is intended as an intermediary between parties who have excess funds and those who lack funds. The existence of banks in today's life for the community occupies a fairly important role, because banking institutions, especially commercial banks, are the essence of the financial system in every country. The bank serves financing needs and launches a payment system mechanism for allsector economy[2]. Bank financial institutions operate one of them in the credit system. The distribution of credit to the public by banks is generally in the form of providing credit, both in the form of working capital loans and investment loans. Lending is one of the business activities in banking in order to manage the funds under their control so that they are productive and provide benefits[3].In addition to channeling funds to the public, credit is also the main activity of commercial banks in Indonesia. Lending is a very basic banking activity and interest on credit is the main source of income for banks, however, this lending inherently carries enormous risks and has a major impact on the continuity of bank operations if the loans taken are inadequate in practice. In practice, when receiving credit from a bank, not everyone can return it correctly and within the agreed time, which causes a halt or loss of credit history.

If a credit problem occurs, the bank must act wisely by first identifying the problem by conducting an analysis of the strategy needed to determine an appropriate step in resolving a non-performing loan based on Bank Indonesia regulations, Financial Services Authority Regulations, and also their respective policies. -each bank. Settlement of problem loans can

[1] Trisadini Prasastinah Usanti,*Banking law* (Kencana 2017).[1]
[2] Thomas Suyatno,*Banking Institution* (Gramedia Pustaka Utama 1998).[11]
[3] Mr Basan,*Indonesian Banking Credit Guarantee and Guarantee Law* (PT Rajagrafindo Persada 2012).[3]

also be done by way of credit restructuring by trying to save problem loans by including efforts *Rescheduling*, *Restructuring*, and*Reconditioning*. *Rescheduling* is an action taken by extending the credit period or installment period.*Reconditioning* is the bank changing existing requirements such as interest capitalization. Postponement of interest payments until a certain time, interest rate reduction, interest exemption. Whereas*Restructuring* is an action by the bank to the customer by increasing the customer's capital with the consideration that the customer really needs additional funds and the business being financed is still feasible[4].

To overcome this, business owners borrow money from banks as capital which is referred to as credit. Credit itself is a service of providing money or bills, based on an agreement that has been made between the bank as a creditor and another party as a debtor and
required for the borrower to perform with the amount of interest as
reward[5]. In providing loans, the debtor must meet the conditions for granting credit, including Principles 5-C, Principles 4-P, and Principles 3-R, which are generally applied to all banks in Indonesia.Indonesia. Principle 5-C namely Character (*Character*), Ability (*Capacity*), Guarantee (*Collateral*), Modal (*Capital*), and Economic Conditions (*Condition of Economy*). The 4-P principle is Personality (*Personality*), Objective (*Purpose*), Future (*Prospect*), and Payment Methods (*Payment*). The 3-R principle is Inverse (*Return*), Refund Calculation (*Repayment*), and Calculation of the Debtor's Ability in the face of Unforeseen Risks (*Risk Bearing Ability*)[6]. apart from some of these principles, the bank must also carry out the implementation of the principles caution in order to realize a healthy, strong and robust banking system[7]. The precautionary principle prudent *banking principle)* is a principle or principle which states that when carrying out its functions and forms of activity, a bank has an absolute obligation to be careful (*prudent)* in order to maintain the public funds entrusted to him[8].

Banks have an obligation to maintain public trust, which must be supported by good governance or management. Banks in carrying out their duties must respect the principle of banking prudence. As stipulated in Article 29 paragraph (2) of Law Number 10 of 1998 concerning Banking that "Banks are required to maintain the soundness level of banks in accordance with the provisions of capital adequacy, asset quality, management quality, liquidity, profitability, solvency, and other aspects related to bank business, and must carry out business activities in accordance with the principle of prudence.

According to Sutan Remy Sjahdeni that the purpose of enacting principles
prudence is nothing but so that the bank is always in good health, always in a state of liquid, solvent, and profitable (*profitable*). With the implementation of the precautionary principle, it is hoped that the level of public trust in banks will always be high so that people are willing not

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[4] Paisley,*Banking basics* (Rajawali Press 2012).[49]

[5] Niko Ramadhani, "Uses, Types and Understanding of Credit in the World
Fiansial!", *https://www.akseleran.co.id/blog/pengertian-kredit/*, September 2019, accessed on 22 May 2020, h.1

6 Worth Hariyani,*Restructuring and eliminating bad debts* (Elex Media Komputindo 2012).[34]

[7] Mulhadi*, Prudent Banking Principles within the Framework of the Banking Law in Indonesia* (2005)

[8] Rachmadi Usman,*Aspects of banking law in Indonesia* (Gramedia Pustaka Utama 2001) [18]

to hesitate to save their funds in banks.[9]. Therefore, the general description of the Banking Law requires adherence to the precautionary principle and further development of the rules governing bank operations, in particular the distribution of funds. To that end, several banking regulations stipulate guidelines for the application of prudential principles in the banking industry that banks are required to comply with.

With the emergence of the impact of Covid-19, the government together with the Financial Services Authority (OJK) provided a policy to protect the interests of both parties, namely by issuing the Financial Services Authority Regulation (POJK) Number 11/POJK.03/2020 concerning national economic stimulus as a policy*Countercyclical* spread impact*Coronavirus Disease* 2019. This regulation has the core of credit restructuring for companies affected by Covid-19, both directly and indirectly. This provision of restructuring refers to POJK Number 40/POJK.03/2019 concerning Assessment of Asset Quality for Commercial Banks, and also refers to POJK Number 18/POJK.03/2016 concerning Implementation of Risk Management for Commercial Banks, and POJK Number 4/POJK.03 /2016 concerning Assessment of the Soundness Level of Commercial Banks. Banking in carrying out credit restructuring will do identification on the financial performance of debtors or companies affected by Covid-19. On the part of the Debtor has the obligation to report the company's financial condition to the bank's profit and loss balance sheet, so that the provision of Credit Restructuring can be carried out.

Based on the descriptions above, this research will discuss risk management in providing bank credit restructuring in order to maintain the soundness of the bank.based on POJK No. 18/POJK.03/2016 Concerning Risk Management. This study will discuss examining risk management in providing credit restructuring in steps to maintain the soundness of the bank and the accountability of banks that do not carry out risk management in maintaining the soundness of the bank.

METHOD

The type of research made is Legal Research (*Legal Research*) which means a research with the aim to find truth of coherence, which in this case see between the coherence of actions, legal rules, legal norms, and legal principles, as well as principles law[10].In this writing what is emphasized is the understanding that conceptual basis related to the development of law banking. So, can find the boundaries that become reference theory that can be a reference for banks to maintain the level health in granting credit restructuring based on POJK Number 18/POJK.03/2016 concerning Risk Management.

DISCUSSION

Identification of risk factors that influence restructuration bank credit based on POJK Number 18/POJK.03/2016.

Risk factors that may arise in bank credit restructuring, such as credit risk, market risk, liquidity risk and operational risk. By identifying these risk factors, banks can prepare appropriate risk mitigation plans to manage these risks.

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9 sultan Remy Sjahini,*Freedom of contract and balanced protection for the parties in bank credit agreements in Indonesia* (1993) [162]

10 Peter Mahmud Marzuki, Legal Research (Kencana Prenada Media Group 2005) [47]

Identify risk factors that may arise in bank credit restructuring, such as credit risk, market risk, liquidity risk and operational risk. These risk factors are important factors that need to be considered in risk management in health bank credit withdrawal projects.
For example, credit risk is related to the borrower's ability to repay credit that has been granted. Market risk is related to changes in market conditions such as fluctuations in exchange rates or commodity prices which may affect investment returns. Liquidity risk is related to the bank's ability to meet liquidity needs when needed. Meanwhile, operational risk is related to failures in operational systems or processes.
By identifying these risk factors, banks can prepare appropriate risk mitigation plans to manage these risks. Risk mitigation plans may include risk management strategies such as portfolio diversification, increased risk supervision and monitoring, and increased bank financial capacity to deal with emerging risks.
Overall, by identifying the risk factors that may arise in a health bank credit withdrawal project based on POJK Number 18/POJK.03/2016 and preparing an appropriate risk mitigation plan, banks can reduce the risks that arise and increase the success of the project as a whole.
In addition, this will also evaluate the effectiveness of the risk mitigation plan implemented by the bank in reducing risks in health credit withdrawal projects. In this study, researchers will compare the level of risk before and after implementing a risk mitigation plan to assess its effectiveness.
This is expected to contribute to the development of risk management in the health bank credit withdrawal project. In addition, the results of this study can also provide recommendations for banks and regulators in developing policies related to risk management in health bank credit withdrawal projects.
In the long run, it is hoped that risk management practices in health bank credit withdrawal projects can be more directed and effective, so as to increase investor and public confidence in the banking sector. In addition, it is hoped that this research will also serve as a reference for further research on risk management in the banking sector, particularly in projects related to the health sector.
As for further research, it is recommended to conduct more comprehensive research by involving more banks and other risk variables that might affect the health bank credit withdrawal project. In addition, research can also be carried out on the implementation of risk management practices in the health sector as a whole, not only in health bank credit withdrawal projects.

Analysis of risk management that affects the soundness of a bank in granting credit restructuring

This research can analyze how risk management is carried out by banks in health bank credit withdrawal projects based on POJK Number 18/POJK.03/2016. This analysis may cover aspects such as risk management organizational structure, risk management processes, risk management tools and techniques used, and risk management performance achieved.
In this study, researchers will use a qualitative approach by conducting structured interviews with bank management involved in the health credit withdrawal project. In addition, researchers will also analyze related documents such as risk management policies, risk reports, and bank financial performance reports.
The results of the analysis obtained from this study are expected to provide a clear picture of risk management practices in health bank credit withdrawal projects. In addition, the results of

this analysis can also provide input for banks in improving risk management practices in health credit withdrawal projects and to ensure compliance with banking regulations and regulators.
Thus, this research is expected to provide a significant contribution to the development of risk management theory and practice in health bank credit withdrawal projects, as well as to the development of the banking industry as a whole. In order to ensure the continuity of good risk management practices, researchers also recommend that banks regularly evaluate and improve the risk management practices that have been implemented.
In addition, further research can further explore the risk factors that arise in the health bank credit withdrawal project and the potential risk mitigation that can be applied. In addition, future research can also focus on evaluating the success of risk management practices in health credit withdrawal projects that have been implemented for a longer time.

Evaluation of risk management performance in the health bank credit withdrawal project based on POJK Number 18/POJK.03/2016.
This evaluation may include measuring the level of risk, measuring the effectiveness of risk mitigation, and evaluating compliance with applicable regulations.
In carrying out this evaluation, researchers will use several risk measurement methods, such as Value at Risk (VaR) and Expected Shortfall (ES), to measure the level of risk in a health bank credit withdrawal project. In addition, researchers will also use other evaluation methods, such as backtesting,stress testing, and scenario analysis, to measure the effectiveness of risk mitigation that has been implemented by the bank.
In addition, researchers will also evaluate bank compliance with applicable regulations, particularly POJK Number 18/POJK.03/2016. This evaluation will involve an analysis of the bank's compliance with the risk management principles stipulated in the regulation, such as the organizational structure of risk management, risk control, and risk reporting and disclosure.
The results of this evaluation are expected to provide a clear picture of the performance of risk management in the bank's health bank credit withdrawal project. In addition, the results of this evaluation can also provide recommendations for banks in increasing the effectiveness and efficiency of risk management in health bank credit withdrawal projects.
Recommendations can be made in the form of improvements to the risk management organizational structure, use of more effective risk management tools and techniques, and increased compliance with applicable regulations. These recommendations can help banks manage risk better, thereby increasing the success of the health bank credit withdrawal project.
In addition to recommendations for banks, this research can also provide benefits for other researchers who are interested in continuing similar research. Other researchers can deepen the analysis of risk factors that may arise in health bank credit withdrawal projects, compare risk management practices between banks, and evaluate the effectiveness of risk mitigation in health bank credit withdrawal projects.
In addition, this research can be used as reference material for banking regulators in developing better regulations related to risk management in health credit withdrawal projects. With better regulations, it is hoped that banks can be more effective in managing risks in health credit withdrawal projects.

Comparison between risk management in health bank credit withdrawal projects before and after POJK No. 18/POJK.03/2016 is implemented.

This research can compare the risk management carried out by banks in health bank credit withdrawal projects before and after POJK Number 18/POJK.03/2016 is implemented.
This comparison can help banks understand the impact of implementing these regulations and improve their risk management if necessary. In addition, this can also involve comparative analysis with other banks that have good risk management practices in health bank credit withdrawal projects. This can provide new insights for banks to improve their risk management practices and ensure the success of health credit draw projects. In addition, this research can also consider external factors such as economic and market conditions, as well as internal factors such as organizational structure and corporate culture in influencing risk management practices in health bank credit withdrawal projects.
This research can also involve case studies from several different banks, so as to provide a more complete picture of risk management practices in health bank credit withdrawal projects. This case study can include banks that have implemented effective risk management and are successful in managing risks in health credit withdrawal projects, as well as banks that are still experiencing difficulties in managing risks in the project.[11]. In addition, further research can also include more detailed and detailed risk mapping, so as to provide a more comprehensive understanding of the risk factors that arise in the health bank credit withdrawal project. This more detailed risk mapping can help banks improve their risk management practices and enhance risk mitigation in health bank credit drawdown projects.
Finally, future research may also involve analyzing the impact of risk factors on the success of a health bank credit drawdown project, so that the bank can better understand the importance of effective risk management practices in the project. Thus, further research can make a greater contribution to the development of risk management in health bank credit withdrawal projects.

CONCLUSION

Based on description that has been described in the previous chapter, conclusions can be drawn to answer the formulation of the problem in this study,
that is:
1. Risk Management in providing credit restructuring is something that is required for banks to carry out their duties to maintain the soundness of the bank. The risk management function itself is used to anticipate the possibility of failure in a financial transaction. The failure of the debtor to pay off his obligations is an example of credit risk credit *risk* therefore the need for risk management to align bank activities in carrying out their duties and maintain the health of the bank so that it continues to implement the principles prudential *banking*. In carrying out bank risk management, it is necessary to carry out a 5 Cs analysis, namely:*Character, Capacity, Capital, Condition,* and Collateral taken to minimize the risk. Banks in maintaining their soundness level must put OJK as a regulator that oversees bank performance which has its own way of providing regulations to assess banks by method risk *profile, good corporate governance, earnings,* and*capital* (RGEC). The regulations used by the OJK are a reference to strengthen the assessment of a bank's soundness level so that it becomes easier to evaluate consolidated. Therefore, in principle and in essence the soundness level of a bank is very important to be maintained by a bank. So, risk management is a solution to

[11] Allen, F., Brealey, R. A., & Myers, S. C, *Principles of corporate finance.* (Mcgraw-Hill in 2017) [12]

minimize the occurrence of losses for the bank due to the level of soundness that has a value below what it should be.

2. Risk Management functions to analyze potential risks in the future and generate several workable solutions to mitigate them, risk management is the way it works. so that the impact of the problem can be reduced. The biggest effect of not using risk management is, of course, the company will not be adequately prepared to handle potentially hazardous situations. In this scenario, if the bank does not apply risk management when offering credit restructuring, the bank will accept liability resulting from its mistakes in running a business. The definition of liability refers to the position of a person or legal entity who is deemed to have to pay some form of compensation or compensation after a legal event or legal action.

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