



Contents lists available at [Journal IICET](https://journal.iicet.org)
JPPi (Jurnal Penelitian Pendidikan Indonesia)
ISSN: 2502-8103 (Print) ISSN: 2477-8524 (Electronic)
Journal homepage: <https://jurnal.iicet.org/index.php/jppi>



Growth of banking credit in indonesia influence on economic growth in the pandemic

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Article Info

Article history:

Received Mar 19th, 2022

Revised Jul 19th, 2022

Accepted Sep 10th, 2022

Keywords:

Banking credit,
Economic growth,
Pandemic

ABSTRACT

The economic downturn in Indonesia has been experienced since Covid-19. Impact on various sectors of the world economy. Significant changes experienced by Indonesian citizens. Covid-19 pandemic is a challenge for the business world, including the banking financial services industry. This caused the state financial system to be shaken until 2021. This study aimed to examine how the development of credit at Bank Rakyat Indonesia (BRI) during pandemic. BRI in carrying out its function as an intermediary banking institution, such as collecting funds and distributing funds to run its duties and functions amid the Covid-19 pandemic. This research is qualitative research with a phenomenological method approach since the research was conducted in a condition of social phenomena specifically in Gegesik sub-district, Cirebon Regency, with four customers as primary subjects, two marketing and one teller as secondary subjects. The discussion is described in the form of descriptive analysis. The results of the study show that the Covid-19 pandemic has had a major impact on the decline in the world economy for micro and macro business actors in Indonesia, including the MSME sector. To overcome this, the Government seeks to overcome these problems by issuing the People's Business Credit (KUR) program. There is a change in the 2022 period when the monthly installments are smooth. However this medium growth rate is not enough to answer the problem of disease and mission. To overcome this, optimism is needed that the MSME sector can recover in 2022 and of course it is supported by the right policies.



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Introduction

Rupiah's value in Indonesia is increasingly experiencing a fluctuating and uncontrolled decline. The impact of Covid-19 outbreak has a very large influence on world economic conditions. Based on data from IMF, OECD and World Bank, economic growth is estimated at -4.9%, -5.2%, -7.6% to -6%. OECD organization for economic cooperation and development stated unemployment rate in August 2022 was 7.42%. Meanwhile, it is predicted by Trending economics that 2020 unemployment rate in the fourth quarter will reach 9.9%. This triggers an increase in the number of unemployed, causing economic growth to be shaken and unstable.

The world was uproar when news related to coronavirus was first heard. Many countries panicked about coronavirus outbreak, but some people casually to this virus. This non-natural disaster is not the first time that

countries around the world has faced it. History records there have been several viruses that can also be life-threatening if not treated immediately, such as the Ebola virus, SARS, H5N1 or Bird Flu, HIV, MERS, and other viruses (Sumadi, 2020).

Covid-19 pandemic has had a significant impact on almost all countries worldwide. G7 member countries, such as Canada, France, Germany, Italy, Japan, and United States, have officially arrived to recession brink (kompas.com). Assuming the handling of pandemic and government support will peak in the second quarter of 2020 in most countries globally, the IMF estimates economy will also shrink in the second half of this year. In the WEO April, the IMF projects that global growth in 2020 will fall to -3 percent (Arianto, 2021).

One of the direct impacts of health emergency on the real global economy is increased credit risk of an individual, corporate, and retail customers. To continue to fund the real economy and support its recovery, banks are asked to distinguish between only temporary phenomena, which will be reabsorbed in a short time, and long-term impacts that need to be developed by several banks to develop strategies for the economic recovery of middle and lower classes of society and other foreign companies. One thing that needs to be developed is to minimize congestion in credit numbers, which has been increasing since the Covid-19 period, thus change has been implemented in the banking system. To start financial progress, a bank requires cooperation between bank officers, including building cooperation between branch heads, marketing staff, teller officers or customer service.

Financial ratios are used to evaluate the company's financial condition and performance. The results of financial ratios indicate the health condition of the company. The financial performance can be assessed based on financial statements and ratios analysis of the company (Diana et al., 2021). Several problems arise due to a decrease in transactions and monthly deposits.

This problem is experienced by all micro and macro communities in Indonesia. They were causing bad loans, reduced income, and even lack on income during Covid 19 pandemic. Socio-economic problems will continue until 2021, and economic conditions are unstable. The pandemic is a real challenge for the business world, including the banking financial services industry. Islamic banks as public intermediary institutions that have funds with those who need funds are required to carry out their activities amid the threat of exposure to COVID-19 (Hafizd, 2020). Bank Indonesia (BI) assesses that Indonesian currency has the potential to strengthen as fundamentals are still undervalued in line with low inflation conditions, experiencing a low deficit and quite high domestic financial assets, but Indonesia's risk premium has decreased. BI continues to strengthen the policy of stabilizing the value of Indonesian currency following fundamentals and the operation of market mechanisms through monetary operations effectiveness and liquidity availability in the market. Meanwhile, the number of credit bottlenecks in Indonesia can be minimized by reducing interest rates at BI through KUR (People's Business Credit) funds.

The global economy, one of which Indonesia experienced a decline in the business world, occurred in MSMEs, mass layoffs from companies experiencing economic difficulties. The economic impact is expected to be very severe, lowering the projected economic growth rate for 2020 from around 5% down to -5%. The poverty rate will increase from 9.2% in September 2019 to 9.7% by 2020, pushing 1.3 million more people into poverty. If the poverty rate increases, the community will have difficulty meeting primary needs (Hafizd, 2020). The surge in unemployment in Indonesia is caused by a decrease in traditional and modern market activities such as reduced buying and selling activities in traditional and mini markets, supermarkets and other street vendors.

To maintain monetary stability, Indonesia has implemented macroprudential and macroprudential policies since 2000. Based on the BI Board of Governors Meeting (September 2020), the Rupiah exchange rate was relatively under control amid high pressure in August-September 2020 (Junaedi et al., 2020). As a result of Covid-19 pandemic, the problem started from hoarding masks and not meeting basic daily needs. Currently, the community is experiencing an increase in cooking oil prices. Some commodities are hoarding masks and cooking oil at this time. The efforts occur in every commodity, benefit and service that society need. Standard prices that do not burden the community and harm traders must be combined and not give fortune to one side, community, or traders (Juliati Nasution, 2018).

The lower-middle-class community feels the impact of extraordinary poverty due to the pandemic, including business stops instantly and cannot operate as usual. The government has not considered the risk of business restrictions, resulting in a decrease in the intensity of credit installments at Bank Indonesia. The economic decline of a society, whether in the form of a high inflation rate, damage to the production sector due to disasters or other causes, is usually the first to be felt by the poor and weak (Wahdania & HR, 2020).

Economic growth, which returned to negative in the third quarter, indicated a disruption in business stability in the financial sector, both with sharia and conventional principles (Wicaksono & Maunah, 2021). Increased economic growth is a condition where income increases are caused by an increase in the production of goods and services. Several things must be considered in increasing rapid economic growth: increased output, technological developments, adaptation, and innovation in the social field (Wahdania & HR, 2020). The regional quarantine causes the product to be not distributed properly. This causes the financial system to erode, including the interest in conventional banks. As the Governor of Bank Indonesia (BI) instructed, banks are expected to reduce loan interest immediately (Sumadi, 2020). This study aims to determine how credit growth in Indonesia affects the economy during Covid-19 pandemic.

Method

This research is a qualitative-phenomenological study based on social phenomena experienced during the pandemic. As a result, the real fact in the field is described without changing or improving the data. The data is analyzed and then combine into a research report (Sugiyono, 2011). The primary subjects in this study were 2 BRI marketing four customers. Secondary subject one teller. The research site is in the Gegesik sub-district, Cirebon Regency. This research started in January – March 2022. The object of this research is BRI Gegesik which was chosen as one of the considerations for financial service institutions that make a major contribution to the economy in Indonesia. This study aimed to determine economic growth during the covid 19 pandemic. Interview and documentation data collection techniques. Data analysis using source triangulation. With consideration as one of the financial service institutions that contribute to economic growth through capital assistance.

Results and Discussions

The condition of the people in the Gegesik sub-district during the Covid-19 pandemic experienced an economic decline and reduced income, this was obtained from interview results with a KUR customer who admitted during the monetary crisis, it was not easy to run businesses such as grocery stores and traditional markets. This condition occurs due to time constraints and increasing number of positive Covid patients, making the atmosphere less healthy and fearful when traveling or buying food. Before the increase in Covid-19 cases, the sales of goods were smooth and profitable, but drastic changes made traders in the MSME sector, traditional markets and street vendors drop. The feeling of helplessness in traders has been experienced since the beginning of 2020, causing trauma that sales will go bankrupt, between capital and income are unstable, there will be continuous losses.

Some people hope the government will pay special attention to traders. This situation can trigger psychological conditions as experienced by some residents in the Gegesik sub-district, feeling frustrated because they bear losses due to bad credit, their income is greatly reduced, conventional BRI experiences some in Gegesik stating the decline in the number of bad credits is very large, almost 60% before Covid-19 pandemic period. The effect is that capital money borrowed from banks is not channeled for business since confusing and unfavorable business conditions. The capital is used to meet daily needs until it runs out, while the installments still have to be paid but do not have a definite business. This can be experienced by many people in Indonesia, especially in the Gegesik sub-district.

Expectations from community to government to provide complete assistance and overcome the alleviation of socio-economic problems through planned government programs. In distributing PEN funds or MSME support, the government must ensure the support funds can be distributed quickly and on target. The problem faced is lack of integration of existing MSME data. In addition, the MSME support scheme through interest subsidies for people's business loans (KUR) also needs more attention, considering there are still many unknown MSMEs by banking services (Bahtiar, 2021). Rp13.83 trillion or 48.19% of the Rp28.71 trillion budgets. Then, the realization of basic food cards reached Rp. 17.24 trillion or 38.20% of the Rp. 45.12 trillion budgets. Moreover, distribution realization of cash social assistance (BST) reached Rp. 11.81 trillion or 98.39% of the Rp. 12.0 trillion budget and the direct cash assistance program (BLT) from village funds reached Rp. 2.51 trillion or 17.41% of the Rp. 14,4 million budgets (Media Indonesia, 18 May 2021). Meanwhile Rp40.23 trillion or 20.8% of the Rp191.13 trillion ceiling has been realized specifically for the MSME Support program.

The data obtained is accurate during the distribution of funds to the people in the form of necessities or cash. Such helping funds has already started procedurally, however distributions are still not well-targeted, and there are often cuts in the amount of money received by some residents from local parties. Some people still

use some situations for irresponsible personal gain. It is hoped the village and central government will be more thorough for further data collection.

The realization for Productive Micro Business Banpres (BPUM) program was Rp. 12.8 trillion or 88.11% of the ceiling, which reached 15.36 trillion (Kemenkeu, 6 May 2021). Then, relaxation of the Banking Credit Restructuring Policy, expansion of Corporate Credit Guarantee based on PMK-32/2021, interest subsidies for MSEs, both KUR and Non-KUR, as well as the addition of the 2021 KUR ceiling from IDR 253 trillion to IDR 285 trillion, optimizing the use of Special Economic Zones (SEZs) and continue the Pre-Employment Card Program (Ministry of Finance, 6 May 2021). In addition, the government will support the Hotel, Restaurant, Cafe (HORECA) sector through credit restructuring and credit guarantees.

The government's efforts to improve the welfare of people due to country's economy decline have begun to gradually decrease in line with the decline in cases of Covid-19. This can be realized by the importance of maintaining health protocols complying with rules and vaccinations. As a form of community embodiment of social life, it triggers the progress of the point of view so that the business continues even though it has not fully recovered and grows well as expected. It is necessary to build self-confidence and social awareness through education and periodic handling of pandemic conditions. The initial steps of economic recovery were raised by the emergence of progress and awareness of motivation in business and work. If the community is aware of this, access to trade will be established, and micro and macro businesses will run well.

The government's plan to form an ultra-micro SOE holding in the second semester of this year is also considered to encourage the empowerment of MSMEs. The formation of an ultra-micro SOE holding is needed to synergize the movements of the three companies, namely PT Bank Rakyat Indonesia (Persero) Tbk., PT Pegadaian (Persero), and PT Permodalan Nasional Madani (Persero). Without holding, the movement of these three state companies in developing MSMEs and micro-enterprises will run independently (Beritasatu, 7 May 2021).

Various kinds of strategies are channeled for Indonesian people so that economic growth can immediately bounce back. The movement of SOE capital that has been implemented through the realization of KUR fund program, with a decrease in the lowest interest rate of 0.06%, helps the community to start new businesses, such as starting an online business for the millennial generation, providing opportunities for work and other types of business. Researchers have great hopes for the government to make the people are fully considered regarding economic situation and expansion of employment opportunities to minimize unemployment and other criminal acts.

The classification of government's role in modern economic era can be divided into three categories: allocation, distribution, and stabilization. The government's main tasks include the development of legal foundations, maintenance of a non-distorting policy environment, macroeconomic stability, investment services and social infrastructure, protection of the weak, and environmental protection. Specifically, in the macroeconomic literature, it is explained that there are two forms of government policy in the economy, such as monetary policy and fiscal policy has the aim of influencing economic activity with variable instruments of income (taxes) and government expenditures (Bidari et al., 2020).

The local community feels helped by the government program, which has been realized in stages and programmed. Can trigger conducive economic growth obtained from the ease of borrowing KUR funds at BRI with high numbers but low-interest rates. Some facilities are experienced by the community, especially in the Gegesik sub-district. The realized policies can be evaluated to run as expected, including increasing the value of economic stability for the micro and macro communities.

Financial Services Authority (OJK) No. 11/POJK.03/2020 issued by the OJK aims to provide economic stimulus. This stimulus is valid for the banking industry from March 13, 2020, to March 31, 2021. Banks must proactively identify affected debtors so that the OJK stimulus policy can run optimally. The POJK was issued to assist debtors affected by the coronavirus due to decreased performance and capacity and prevent an increase in credit risk that could disrupt banking performance and financial system stability (Bidari et al., 2020). Bad credit is a condition where the debtor is unable to pay off the credit according to the agreement previously agreed with the bank, the category being the inability to pay installments at all, only being able to fulfill partial installment payments, even making payments after the credit agreement (Bidari et al., 2020).

The existing stimulus policies are expected to suppress existing bad loans and facilitate the granting of new loans. This POJK is also expected to encourage banking performance as an intermediary, financial system stability and optimal economic growth. This OJK stimulus is provided with precautionary principle and prevention of abuse (moral hazard) and is given to affected debtors (Bidari et al., 2020).

The influence of the success of Indonesian economic system is fully held through the banking sector as part of the heart of the development of the economic system in Indonesia. The holder of the intermediation function, the Bank as a collector of public funds and as a channel back to the community with credit to business sectors in order to assist business development as a supporter of the implementation of national development to realize equitable development, increased economic growth and national stability, as well as people's standard of living (Bidari et al., 2020).

The research results by Junaedi and Faisal (2020) concluded pandemic had an impact on capital market in Indonesia. During the pandemic, the composite stock index (IHSG) movement on Jakarta Stock Exchange is influenced by internal and external conditions. Internally, the conditions of the Covid-19 pandemic and domestic social distancing policies (WFH and PSBB) affect the dynamics of the capital market (indicated by the movement of the JCI index on the JSX). Externally, the Covid-19 pandemic in China and Spain also affected Indonesia's capital market dynamics (JCI index). Likewise, the dynamics of the stock markets in Hong Kong (Hangseng), London (FTSE100) and New York (NASDAQ). The coronavirus pandemic in Indonesia, China, the dynamics of the Nasdaq stock market in New York, and social distancing policies (WFH and PSBB) had a negative impact on the movement of the JCI stock index. While the pandemic in Spain, the dynamics of the capital market in Hong Kong (Hangseng) and London (FTSE100) had a positive impact on capital market conditions in Indonesia (JSE) (Junaedi et al., 2020).

The difference in a condition from each country is different, and some say it is beneficial, and some even say it is detrimental. Some of the Gegesik community felt disadvantaged, but some benefited, such as implementing WFH and other online activities. It is very profitable for those who work in an office because work can be done at home. However, the lower middle class feels disadvantaged because they do not get daily income. These social pros and cons have not been resolved to this day. Changes in paradigm of business and work can trigger a shift in belief in people's trust in the government. When job opportunities are opened by facilitating the job acceptance process, this will be responded to well by the community. Through increased assistance and social care, people's conditions are better, and they continue to comply with health protocols, obtain new jobs, and increase income at work to make the people more prosperous.

In ADB's annual economic publication, Asian Development Outlook 2020, it is explained Covid-19 pandemic, low commodity prices and volatile financial markets, will have severe implications for the global economy and Indonesia in 2020. Despite Indonesia's strong macroeconomic fundamentals, according to Winfried Wicklein (2020), the COVID-19 outbreak has changed the economy's direction, with the external environment deteriorating and domestic demand weakening. Domestic demand is expected to weaken due to business sentiment and reduced consumers. In line with the global economic recovery in the following year, Indonesia's growth is expected to gain momentum with investment reforms. Inflation, which averaged 2.8% in 2019, is expected to rise to 3.0% in 2020 and decline to 2.8% in 2021 (Junaedi et al., 2020).

Last year, the Central Bureau of Statistics (BPS) noted that Indonesia's economic growth was approaching its position in 2016, which grew 5.03%. This year, economic growth was 5.02%, and slower than in previous years. Previously, Fitch Solutions Country Risk and Industry Research released a monthly outlook for the economy amid the COVID-19 pandemic (Sumadi, 2020). Fitch Solutions predicts the global economy as well as Indonesia. Global economic growth in 2020 is predicted to be between 0% and -0.5%. Fitch Solutions also sees the global economy just starting to emerge from recession at the end of the fourth quarter of 2020. It is estimated that the global economy will start to come out of review at the end of the fourth quarter, seen from the recessions at the end of the fourth quarter, seen from the recessions that have occurred since 1948, which on average last for ten months to 12 months.

This projection assumes that Covid-19 pandemic can be stopped in the next two months. As for Indonesia, it must be said to be 4.2%. At the end of the year, the rupiah exchange rate was around Rp. 16,750/US\$. Looking at the prediction of Indonesia's economic growth by Fitch Solutions, it is quite optimistic compared to the predictions given by other institutions. Even Fitch Ratings, a separate agency from Fitch Solutions, in a report entitled "Global Economic Outlook-Crisis Update: April 2, 2020," estimates that Indonesia's GDP this year will only grow 2%. The scenario of economic growth at the conference, Scenario in the first quarter of 2020 4.7% (Sumadi, 2020) The low lending is also influenced by the bank's policy of placing funds in Government Securities (SBN) because the yield is higher and more certain, while the risk smaller than distributed to the community. Previously, industrial banking credit was still contracting on an annual basis, but every month it has shown improvement amid efforts by all parties to pursue accelerated economic growth. OJK continues to ensure that the prudential ratio of the financial sector is well maintained in a stable condition. Adequate liquidity in the banking system is also well maintained, as can be seen from the indicators for liquid assets or non-core deposits or LA/NCD and liquid assets/DPK as of April 21, 2021, which are well

above the threshold, which are 162.9 percent and 35.17 percent, respectively. Meanwhile, TPF still showed high growth of 9.5 percent (yoy) (Suwardi, 2021).

Covid-19 outbreak which is declared by the World Health Organization as a pandemic in most countries worldwide, including in Indonesia, shows an increase in times and has caused greater casualties and material losses. As a result, it has implications for social, economic, and community welfare. The effects of the Covid-19 pandemic have exacerbated the condition of the economic cycle. People have experienced panic buying of certain products (masks, disinfectants, hand sanitizers etc.) decreased, thus sales fell (Tahliani, 2020).

In response to Covid-19 pandemic, policies have begun to emerge, starting with Work From Home (WFH) implementation among as efforts and conducted by the countries around the world to reduce Covid-19 spread, namely social or physical distancing until Large-Scale Social Restrictions (PSBB) are enforced. The movement affects the decline in overall economic activity (Tahliani, 2020). This condition is not a proper solution for the lower middle class, but it becomes a deep financial and psychological burden and is difficult to avoid. Until now, the overall economic power has not yet achieved a good balance, as evidenced by the results of interviews.

Based on the results of data collection from several customers, banks and marketing, the following data were obtained:

Table 1. BRI Customer Interview Reduction Results

No	Customer	Description	Business	Description
1	Muyas (psudo name)	Customers have been experiencing traffic jams since April 2020 – January 2021, triggered by a decline in income due to the COVID-19 pandemic in Indonesia	Food traders in traditional markets	MSME funds assistance
2	Akhmed	Customers losses more than 70% from online businesses carried out through parquet place applications, lazada and conventional markets. Feeling difficulty in paying installments due to business congestion experienced due to online shop being blocked by Lazada	Online business: Lazada, marketplace, conventional	Ease for borrowing KUR funds with low-interest rates
3	Haris	Customers feel disadvantaged due to PSBB (WFH) and social distancing because there is no monthly income	Rent traditional market stalls	PKH assistance
4	Riwi	Customers experienced a decrease in capital figures due to the pandemic. The restaurant business was stopped when several employees were laid off	Restaurant	Loan KUR funds

Description

Based on the interviews from several customers who experienced congestion in paying bank loans, part of the reason the Covid-19 pandemic caused the situation and condition of the monetary crisis. The undertaken business stalled, and the losses faced were quite large. Such conditions trigger bank officials to be more careful in providing capital loans to micro and macro businesses. Some of the challenges that some people can face include the first muyas (initials) experiencing the phenomenon of congestion since April 2020 - January 2021, triggered by a decrease in income due to the covid 19 pandemic, the basic food business during the pandemic is not profitable because many neighbors and residents are in debt in daily shopping. As a result of running out of capital money and vacancies, this situation makes buying and selling access not run smoothly. The capital turnover is getting worse every day, and feeling frustrated and traumatized. Customers feel confused about what business needs to be developed other than necessities. Have a high level of worry due to a decrease in profit figures. Several other businesses have been carried out, such as buying and selling internet quotas that are considered to meet needs and pay credit smoothly. Having a new business is the main step taken by muyas. This strategy can cover installments at the bank. However, to increase the value of food sales, it is still unstable.

The data obtained from Ahmad, the second customer, was one of those who experienced credit jams during the Covid-19 pandemic. Customers experience losses of more than 70% from online businesses carried out through parquet place applications, lazada and conventional markets. They were feeling difficulty paying

installments due to business congestion experienced due to the online shop being blocked by Lazada. The beginning of the online business was built because of the business movement of the millennial generation accessing social media and technological developments. Akhmed was interested in the existence of KUR funds at BRI and felt that he was able to pay the installments. During his business trip, Ahmad experienced carelessness in using the user and password so that the balance stored in Lazada was blocked out. Until the capital of millions of rupiah was not withdrawn, a credit jam at BRI. Some of the chaos experienced in online business is due to the lack of operator concern or easy access between the online shop and the operator. This can be minimized by reducing BRI interest rates through KUR funds. Akhmed felt a little overcome by the lighter bank interest rates than other financial lending services.

The third customer Haris, he feels disadvantaged due to the PSBB or social distancing because there is no monthly income. The rental of traditional market stalls has shifted drastically so that there are no rupiah transactions; micro-businesses are trying to improve the food business through farming, gardening, farming and catfish farming. Several strategies are applied in order to maintain daily needs. Some of the people in the Gegesik sub-district are getting PKH assistance from the government. Although the amount is not proportional to the perceived loss, there is some relief. The absence of additional lease financing is also suspected of having a fairly complicated procedure compared to buying and selling financing (Azhari & Wahyudi, 2020).

Riwi experienced a decrease in capital figures due to the pandemic. The restaurant business was stopped when several employees were laid off. It seems that it can no longer be explained. Several changes have become a challenge in life during the Covid-19 pandemic, occurring in several restaurants, layoffs for restaurant workers because they cannot pay their monthly salaries due to a varying amount of income. At first, the riwi restaurant was very crowded with visitors with the taste of the cuisine and affordable prices, making the presence of visitors addicted and continued to be loved until the crowd was always present. However, when the pandemic started until now, the decline was less stable, and the situation of employees was decreasing. It is not easy to deal with immediately due to the surge in Covid-19 cases. In general, business actors utilizing People's Business Credit (KUR) capital will be used for business capital purposes, increasing the amount of production, and so on related to the business activities carried out. Thus, the provision of KUR affects the income obtained (Kang, J. K., & Stulz, 2022).

Some influences include rising cooking oil prices, and it is not easy to obtain in the broad market. This makes the economy unstable until the prices of necessities are said to increase. Some things impress the riwi, such as making KUR loan process easier. KUR program aims to accelerate the development of economic activities in the real sector in the context of poverty alleviation and alleviation and expansion of job opportunities (Arisandi et al., 2017). Riwi hopes that the restaurant business that has been built for years can develop and rise again. Changes in the increase in product prices always cause anxiety, both for market participants and the public/consumers. For market participants, price increases often lead to an unhealthy level of competition, where there are sellers who maintain high prices (Tinggi & Islam, 2013).

Coordinating Minister for Economic Affairs Airlangga Hartanto said that the government hopes that addition of KUR interest subsidy can increase economic growth and people's welfare. Furthermore, Airlangga said that the KUR interest of 3% is valid until the end of December 2021. Airlangga also said that the distribution of KUR had reached 63% of the 2021 target of IDR 285 trillion.

Based on the data recorded by researchers with BRI marketing staff, this KUR BRI loan is from working capital credit and investment with a ceiling of up to IDR 50 million per debtor. Requirements for BRI Micro KUR Individuals or individuals who have productive and viable businesses. Minimum age of active business is six months. Not currently receiving the credit from banks except for consumer credit such as KPR, KKB, and Credit Cards. Administrative requirements must be prepared in identity cards, family cards, and business licenses. Provisions for Micro KUR Bank BRI Maximum loan of IDR 50 million per debtor. The type of loan is Working Capital Credit (KMK), with a maximum loan period of 3 years. Type of loan Investment Credit (KI) maximum loan period of 5 years Interest rate 6% effective per year Free of administration and provision fees. It is proven that there has been a decrease in the KUR interest rate by looking at the data on the BRI Micro KUR interest rate, which is 9% effective per year or equivalent to 0.41% flat per month, and there is no provision and administration fee. The interest rate offered in applying for KUR Bank BRI has received a 10% subsidy from the government. Where this interest rate has been effective since January 2016, the previously applicable interest rate was 12% per year (Coordinating Ministry for Economic Affairs 2016) (Arisandi et al., 2017).

Based on the explanation of several customers, factual data was obtained based on phenomena experienced by the local community. Not only economic shocks were felt, but limited spiritual strength and a decrease in

the intensity of social communication. Public unrest is a calculation of mental health, and social psychological care is a challenge for community recovery after the pandemic. Through the distribution of social assistance from the Ministry of Finance as a form of government concern for the community, micro-enterprises are an important concern felt by the community. This hope becomes the foundation for the government to pay more attention to social phenomena that often occur after the Covid-19 pandemic. The government provides a guarantee against KUR risk of 70%, while the implementing bank bears the remaining 30%. KUR guarantees are provided to increase MSME-K access to financing sources to encourage national economic growth (Arisandi et al., 2017).

Table 2. Bank's Interview Reduction Results

No	Name	Position	Description	Solution	Act
1	Ison (pseudo name)	Marketing staff	Anxiety for marketing staff makes the target not achieved due to the low number of customers from the specified number and monthly installment congestion	Decrease in the number of installments in the initial six months during the pandemic	Customers are given firmness to continue paying installments within the agreed period
2	Azam (pseudo name)	Marketing staff	Efforts to find new customers became the main obstacle during the pandemic. This affected banking transactions at BRI. The rise of cases of customers often being in arrears means that the transaction process does not run in balance. Marketing is confused by dealing with stalled customer installments.	Procurement of social assistance funds and reduction of bank interest rates at BRI	Customers are given relief in the form of lower KUR interest rates
3	Punny (pseudo name)	Teller	During this pandemic, banking transactions, deposits and savings were reduced by more than 45% from the days before the pandemic because people experienced a decrease in income. There is an increasing number of loans.	Increasing the number of customer loans for business capital	Customers keep the promises to pay monthly installments based on the ceiling

Description

Based on interview reductions from 2 marketers and 1 BRI teller, data was obtained that the decline in new customers during the pandemic was the biggest challenge for marketing staff. This is known from transaction data during the submission process. Many of the old customers are stuck in paying installments for various reasons. Old customers find it difficult to pay arrears for several months. Thus, the bank provides solutions, including reducing the number of installments and eliminating installments for the first three months. This can be done in stages to smooth customer business and strategies to deal with the economic downturn of banks in Indonesia. However, some policies in other places differ according to customer conditions.

As for the business undertaken on biker (online biker) on motorcycle loans, the payment of installments is estimated because they cannot operate following PSBB or social distancing conditions. Several government policies were made based on the problems to help people's businesses continue to run. The chaos that often occurs in several sectors of financial loan services has made the public realize that banking has provided an opportunity to continue in business so that the level of the community's economy does not stop. Following the conditions for using bank capital, it is channeled for businesses such as the emergence of online businesses, online culinary delights and online primary needs.

Several strategies have been developed since the pandemic through social media with various available applications. For no reason, no business stops under any circumstances. The massive number of people accessing social media makes online trading more crowded. Therefore, the running of the business is supported by today's conditions that can facilitate access to transactions both in banking and online trading. Especially for millennials, it becomes an important need when the life they live already exists in space and settings on Android phones.

Going through a business trip during a pandemic changed the number of credit numbers in the bank. Such as customers who receive KUR funds and other social assistance funds. Several differences occur in banks in Indonesia, including evidence of higher asset growth of Islamic banks compared to conventional banks. In the following, the financial data of Islamic banking is presented when compared to the overall banking assets nationally. Total Banking Assets Nationally As of June 2020 Assets (in Trillion Rupiah) BUS, UUS, and BPRS 545.39 Commercial Banks (BUK, BUS), and 8,830.89 BPR/S Source: OJK (June 2020) 4 Percentage of Sharia Bank Assets 6, 18% Data (Wicaksono & Maunah, 2021).

Bank Rakyat Indonesia is one of the financial fund distribution services with a high achievement target in Indonesia. There are several aspects of development in KUR funds where these funds are disbursed to minimize the level of customer congestion. In practice, several aspects of the problem were found, such as delays in loan repayments that could harm BRI because the capital decreased and the income that should have been obtained from customer credit costs was hampered. The government is trying to solve this problem by issuing the People's Business Credit (KUR) program. By Presidential Instruction No. 6 of 2007 dated 8 June 2007 regarding the policy of accelerating the development of the real sector and empowering SMEs and a joint memorandum of understanding between the government, banks and guarantee companies on 9 October 2007, the government has launched the People's Business Credit (KUR) program. The main target of this program is Small and Medium Enterprises (SMEs) or for the productive Indonesian people (Lastina & Budhi, 2018).

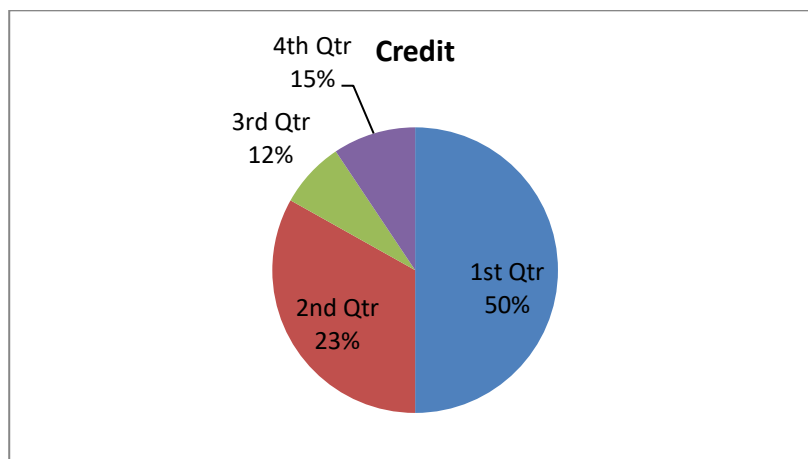


Figure 1. Credit Score Growth

Description

Based on graph 1.1, it can be seen that the growth of credit numbers in the banking sector has changed significantly. At 50% 1stQtr the number of customers is experiencing congestion regarding monthly installments from the 2019-2021 period. 23% 2ndQtr new customers apply for a KUR loan. 12% 3rdQtr customers are smooth in paying installments in 2020-2021. 15% of 4thQtr customers smoothly pay installments in 2022. According to this data, the number of customer congestion is very large, a challenge for the conventional banking sector to be experienced since the beginning of the 2019-2021 pandemic. There has been a change in the 2022 period when monthly installments are smooth. Such influence is an aspect of change that can be developed so that the economic recovery in Indonesia can recover quickly and the business of the micro and macro community will develop faster according to expectations. However, it cannot be separated from the differences in the circumstances of each Indonesian bank. The limited condition of existing funds influences the economic development carried out. Indonesia's economic growth in the next few years is consistently below its potential. This medium growth rate is not sufficient to answer the problems of unemployment and poverty (Yang et al., 2020).

Conclusions

The Covid-19 pandemic has had a major impact on the decline in the world economy for micro and macro business actors in Indonesia, including the MSME sector. Several customers experienced congestion in paying bank loans, some of which were the cause of the Covid-19 pandemic which caused the situation and condition of the monetary crisis. The business that was run stopped, and the losses faced were quite large.

To overcome this, the Government seeks to overcome these problems by issuing the People's Business Credit (KUR) program. Through Presidential Instruction No. 6 of 2007 dated 8 June 2007 concerning the Policy for Accelerating the Development and Empowerment of the Real Sector of SMEs and the Memorandum of Understanding between the Government, Banking and Guarantees on 9 October 2007, the Government has launched the People's Business Credit Program (KUR). The main target of this program is Small and Medium Enterprises (SMEs) or productive Indonesians (Lastina & Budhi, 2018). There is a change in the 2022 period when the monthly installments are smooth. This influence is an aspect of change that can be developed so that economic recovery in Indonesia can recover quickly and micro and macro community businesses will develop faster as expected. However, this cannot be separated from the differences in the circumstances of each bank in Indonesia. The limited condition of the existing funds affects the economic development carried out. Indonesia's economic growth in the next few years is consistently below its potential. This medium growth rate is not sufficient to address the problems of unemployment and poverty

To overcome this, optimism is needed that the MSME sector can recover in 2022 and of course it is supported by the right policies. The government since 2020 has issued various policies to support the recovery of the MSME sector, including the distribution of PEN for the MSME sector. the MSME sector, the BBI Gernas program. , vaccination programs, credit restructuring, and plans to establish state-owned ultra-micro holdings. Through the relevant commissions, the DPR (government) needs to provide support for programs that are already underway or planned. The village government must always monitor the community to prioritize business both personally and socially. Several potential resources in the village need to be utilized to increase community income. Productive workers need to be nurtured in order to have an income that increases their welfare. Through the habit of farming, farming, and implementing traditional markets to run more conducive, increasing human resources to improve market strategies and business management to be more effective and efficient in increasing trade profits to support the economic recovery sector of the Indonesian nation. banking becomes more productive and increases through KUR funds.

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