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THE IMPACT OF CREDIT RESTRUCTURING ON BANK HEALTH LEVELS IN MALUKU (CASE STUDY AT PT. BANK MALUKU MALUT)

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ABSTRACT
Bank Maluku Malut (Malut) is a bank operating in the Malukuku region which also experiences "Non-Performing Loans (NPLs)" problems which can affect the bank's performance and financial health. This study tries to answer the topic of how bank health changes before and after credit restructuring as a form of implementation of OJK policies on the overall health of the bank using a statistical process. The data analysis method applied in measuring the health level of banks is through the use of the "RGEC (Risk Profile, Good Corporate Governance, Earnings, and Capital)" method, where the data is analyzed quantitatively descriptively in evaluating the health levels of banks on each factor and its components. The results of the study show that the level of financial health of capital-based banking before and following credit restructuring varies. The level of health of banking is improving in line with credit restructuring. The findings of this study can inform policymakers and financial institutions about the effectiveness of credit restructuring strategies in maintaining bank health and enhancing compliance with regulatory frameworks. It also offers a framework for assessing the implications of similar policies in other banking contexts, potentially guiding future reforms and strategies in the industry.

INTRODUCTION

The core of Indonesia's economy is the banking industry, which is one of the areas that determines success. Banks as financial institutions carry out their intermediary function, namely collecting funds from the public and redistributing them to real business sectors in the country in the form of loans or credit and stability (BOUDİR & KAHF, 2021; Godwin & Simon, 2021; Imaniyati et al., 2024; Rejekiningsih et al., 2022; Yusron et al., 2023). In order to support the implementation of national development and improvement along with the distribution of development and its results, such as economic growth at the national level to improve the standard of living of many people (Hesti, 2018). Given this crucial responsibility, banks must work well and ensure the continuity of their business (Nathaniel & Aprianingsih, 2023).

Credit can function as an intermediary in growing economic income and increasing economic contacts at the foreign level, and can be used as a tool to stabilize the economy and make people happier (Tahirs, 2019). The banking industry offers a huge contribution to economic growth through the distribution of credit, which in turn allows the real economy to grow (Giffary, 2021). The danger of credit, namely "non-performing loans" or commonly known as "Non-Performing Loans (NPLs)" can arise even though credit can support the economy.

According to the OJK, in December 2022, the percentage of "non-performing loans" or "Non-Performing Loans (NPL)" in credit distribution nationwide was 2.44%. In other words, the value of NPLs increased to Rp.156.6 trillion (Mulja & Kim, 2023).

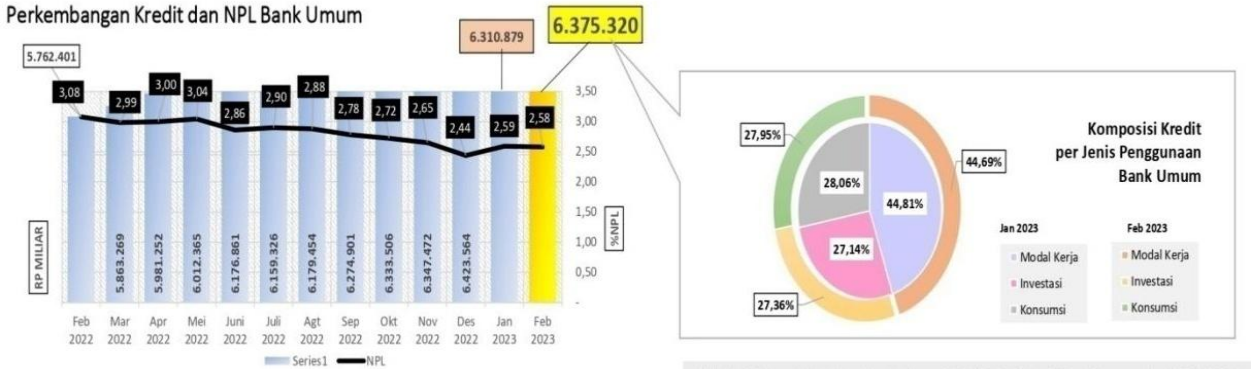

Figure 1. Credit/Financing and NPL/NPF of Commercial Banks to Non-Bank Third Parties Based on Location I Bank Distribution/Financing
Source : Financial Services Authority

The graph shows that the condition of national banking NPLs until December 2022 continues to increase even though it is still below the maximum limit set by Bank Indonesia, which is 5%. However, the opportunity to increase NPLs still remains. The impact on the financial health of the bank itself is increasing along with the amount of non-performing loans it has (Mahayoni & Mayasari, 2021). What makes it very necessary is a regulation in analyzing the issue of non-performing loans, namely through credit restructuring policies. According to Giffary (2021), banks implement credit restructuring as a policy in offering easy credit payments to borrowers to prevent bad loans. Through a restructuring program, which is intended to provide credit relief or relaxation for affected companies (debtors) (Novianggie, 2021). Since it has the function of being the largest authority in banking policy in Indonesia, Bank Indonesia measures the financial health of banks in the country or in the national context. To assess the state of domestic banking, Bank Indonesia is required to describe the performance of all banks in the national context every year (Wahyudi et al., 2021).

PT. Bank Maluku and North Maluku (Malut) is a bank operating in the Maluku and North Maluku regions which also experiences "Non-Performing Loan (NPL)" problems which can affect the bank's performance and financial health. (Nurjanah & Imronudin, 2023). Referring to the data obtained from the findings of the researcher's interview with the head of the Credit Division, where PT. Bank Maluku Malut has also implemented a credit restructuring policy in mid-2020, this policy is carried out in order to provide credit payment assistance for debtors in minimizing non-performing loans, and this policy is only applied to micro and small business credit debtors (KUMK), relevant to what is described in the "Financial Services Authority Regulation No.11/POJK.03/2020 concerning National Economic Stimulus as a Countercyclical Impact Policy Spread of Covid-19" (OJK Republik Indonesia, 2020) and "Bank Indonesia Regulation No. 14/15/PBI/2012" (PBI, 2011), because microcredit debtors who have experienced a direct impact on a decrease in purchasing power due to the Covid-19 pandemic.

Based on the elaboration of this phenomenon, a follow-up investigation was carried out regarding the impact of Bank Maluku Malut's credit restructuring as a form of implementation of OJK policies on the bank's health level. The research contributes to the understanding of the effects of credit restructuring by Bank Maluku Malut, as influenced by OJK policies, on the overall health of the bank. It provides empirical insights into how such restructuring measures impact financial stability, risk management, and operational efficiency within the banking sector. This investigation can inform policymakers and financial institutions about the effectiveness of credit restructuring strategies in maintaining bank health and enhancing compliance with regulatory frameworks. Additionally, it offers a framework for assessing the implications of similar policies in other banking contexts, potentially guiding future reforms and strategies in the industry.

The research framework is described as follows:

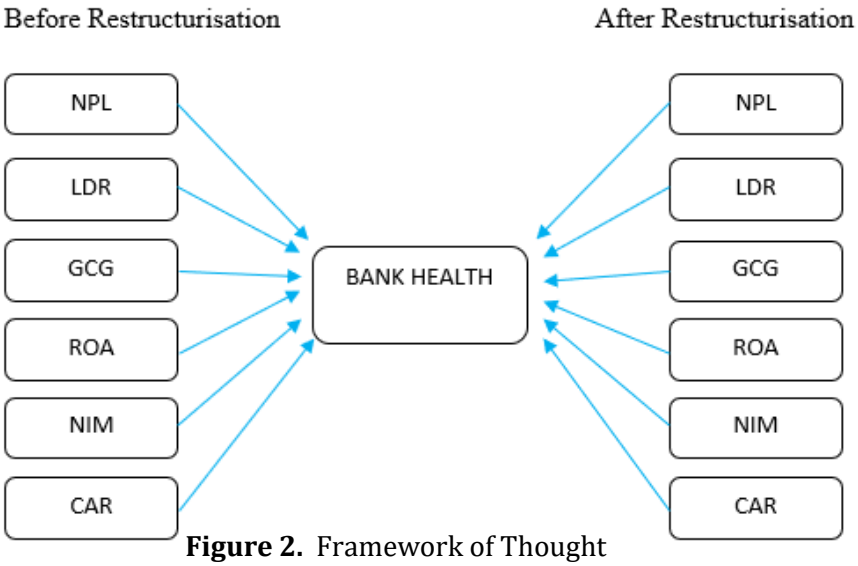

Figure 2. Framework of Thought

The hypothesis in this study indicates that there is a difference between financial ratios in PT. Bank Maluku Malut before and after the implementation of credit restructuring. The hypothesis is formulated as follows:

1) Ho: "There was no significant difference between the banks' financial ratios before and after the implementation of credit restructuring"
2) Ha: "There is a significant difference between banks' financial ratios before and after the implementation of credit restructuring"

METHODS

This study uses a comparative and quantitative causal approach. To answer the topic of how bank health changes before and after credit restructuring, this study tries to compare two groups in relation to an event that has occurred using a statistical process. The location of this study was held at PT. Bank Maluku Malut by taking samples in the form of financial statement data for 2019-2020, namely the year before the credit restructuring and the year 2021-2022 after the credit restructuring (Mildred L. Patten, 2016).

The data collection process was carried out by observation at the Maluku Malut bank and then unstructured interviews with bank officials in the credit and finance departments. Meanwhile, the collection of secondary data in the format of financial statements can be directed to the official website of the Maluku Malut bank (*Bank-Maluku-Malut*, n.d.).

The data analysis method applied in measuring the health level of banks is through the use of the "RGEC (Risk Profile, Good Corporate Governance, Earnings, and Capital)" method, where the data is analyzed quantitatively descriptively in evaluating the health level of banks on each factor and its components. Meanwhile, hypothesis testing utilizes the "Wilcoxon Signed Rank Test", which is in measuring whether there is a difference in the health of PT. Bank Maluku Malut before and after the implementation of the credit restructuring policy (Permatasari & Sawitri, 2018).

RESULTS

Normality Test

Table 1. Normality Test Result 1

One-Sample Kolmogorov-Smirnov Test

		NPL SEBELUM	LDR SEBELUM	GCG SEBELUM	ROA SEBELUM	NIM SEBELUM	CAR SEBELUM
N		8	8	8	8	8	8
Normal Parameters [a,b]	Mean	1.6838	78.0213	2.7500	3.2025	7.9163	25.9413
	Std. Deviation	.17443	12.71534	.46291	.47418	.44791	.89958
Most Extreme Differences	Absolute	.261	.246	.455	.277	.216	.171
	Positive	.261	.246	.295	.277	.216	.141
	Negative	-.160	-.232	-.455	-.186	-.158	-.171
Test Statistic		.261	.246	.455	.277	.216	.171
Asymp. Sig. (2-tailed)		.116 [c]	.166 [c]	.000 [c]	.070 [c]	.200 [c,d]	.200 [c,d]

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Table 2. Normality Test Result 2

One-Sample Kolmogorov-Smirnov Test

		NPL SESUDAH	LDR SESUDAH	GCG SESUDAH	ROA SESUDAH	NIM SESUDAH	CAR SESUDAH
N		8	8	8	8	8	8
Normal Parameters [a,b]	Mean	2.2975	73.5838	2.7500	3.0250	7.6613	28.4688
	Std. Deviation	.19017	6.84021	.46291	.23324	.14633	2.00921
Most Extreme Differences	Absolute	.148	.169	.455	.115	.146	.165
	Positive	.111	.169	.295	.115	.146	.165
	Negative	-.148	-.135	-.455	-.084	-.139	-.129
Test Statistic		.148	.169	.455	.115	.146	.165
Asymp. Sig. (2-tailed)		.200 [c,d]	.200 [c,d]	.000 [c]	.200 [c,d]	.200 [c,d]	.200 [c,d]

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Based on the results of the Kolmogorov Smirnov test, it can be concluded that from the table of data normality test findings, it can be observed that "the data that has been evaluated through tests on financial health before and after restructuring turns out to be abnormally distributed." The GCG ratio before and after credit restructuring is 0.00 < 0.05. Because the results were not normal, the paired sample difference test was carried out using the Wilcoxon Signed *Rank Test*.

Wilcoxon Test

Table 3. Wilcoxon Test Result

Test Statistics[a]

	NPL SESUDAH - NPL SEBELUM	LDR SESUDAH - LDR SEBELUM	GCG SESUDAH - GCG SEBELUM	ROA SESUDAH - ROA SEBELUM	NIM SESUDAH - NIM SEBELUM	CAR SESUDAH - CAR SEBELUM
Z	-2.524 [b]	-.700 [c]	.000 [d]	-1.192 [c]	-.560 [c]	-2.521 [b]
Asymp. Sig. (2-tailed)	.012	.484	1.000	.233	.575	.012

a. Wilcoxon Signed Ranks Test

b. Based on negative ranks.

c. Based on positive ranks.

d. The sum of negative ranks equals the sum of positive ranks.

Wilcoxon Signed Rank Test Analysis Test Health level of PT. Bank Maluku Malut in the period before and after the credit restructuring

Based on the information in the statistical test table, a hypothesis test can be carried out through the stage of comparing the level of difference (P-value) through the error:

1) Hypothesis testing 1
   a) Ho: "There is no difference in the average NPL ratio before and after the implementation of the credit restructuring policy"
   b) Ha: "There is a difference in the average NPL ratio before and after the implementation of the credit restructuring policy"

   From the test statistics table above, the probability score (Asymp Sig (2-tailed) = 0.012 < 0.05 then "Ha accepted", which means that "there is a difference in the average NPL ratio before and after the implementation of the credit restructuring policy."
2) Hypothesis testing 2
   a) Ho: "There is no difference in the average LDR ratio before and after the implementation of the credit restructuring policy"
   b) Ha: "There is an even difference in the LDR ratio before and after the implementation of the credit restructuring policy"

   From the above staistics test table, a probability score (Asymp Sig (2-tailed) = 0.484 > 0.05 then "Ha rejected", meaning that "there is no difference in the average LDR ratio before and after the implementation of the credit restructuring policy."
3) Hypothesis testing 3
   a) Ho: "There is no difference in the average GCG ratio before and after the implementation of the credit restructuring policy"
   b) Ha: "There is a difference in the average GCG ratio before and after the implementation of the credit restructuring policy"

   From the table of test staistics above, a probability score (Asymp Sig (2-tailed) = 1,000 > 0.05 then "Ha rejected", which means that "there is no difference in the average GCR ratio before and after the implementation of the credit restructuring policy."
4) Hypothesis testing 4
   a) Ho: "There is no difference in the average ROA ratio before and after the implementation of the credit restructuring policy"
   b) Ha: "There is a difference in the average ROA ratio before and after the implementation of the credit restructuring policy"

   From the table of test statistics, the probability score (Asymp Sig (2-tailed) = 0.233 > 0.05 then "Ha rejected", meaning that "there is no difference in the average ROA ratio before and after the implementation of the credit restructuring policy."
5) Hypothesis testing 5
   a) Ho: "There is no difference in the average NIM ratio before and after the implementation of the credit restructuring policy"
   b) Ha: "There is a difference in the average NIM ratio before and after the implementation of the credit restructuring policy"

   From the staistics test table, a probability score (Asymp Sig (2-tailed) = 575 > 0.05 then "Ha rejected", which means that "there is no difference in the average NIM ratio before and after the implementation of the credit restructuring policy."
6) Hypothesis testing 6
   a) Ho: "There is no difference in the average CAR ratio before and after the implementation of the credit restructuring policy"
   b) Ha: "There is a difference in the average CAR ratio before and after the implementation of the credit restructuring policy"

   From the test statistics table above, a probability score (Asymp Sig (2-tailed) = 0.012 < 0.05 then "Ha accepted", which means that "there is a difference in the average CAR ratio before and after the implementation of the credit restructuring policy."

Table 4. Descriptive Statistics of Financial Ratios Before and After Credit Restructuring

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
NPL SEBELUM	8	1.51	1.94	1.6838	.17443
NPL SESUDAH	8	1.96	2.53	2.2975	.19017
LDR SEBELUM	8	64.15	94.98	78.0213	12.71534
LDR SESUDAH	8	66.04	86.20	73.5838	6.84021
GCG SEBELUM	8	2.00	3.00	2.7500	.46291
GCG SESUDAH	8	2.00	3.00	2.7500	.46291
ROA SEBELUM	8	2.78	4.04	3.2025	.47418
ROA SESUDAH	8	2.69	3.43	3.0250	.23324
NIM SEBELUM	8	7.45	8.62	7.9163	.44791
NIM SESUDAH	8	7.43	7.88	7.6613	.14633
CAR SEBELUM	8	24.46	27.52	25.9413	.89958
CAR SESUDAH	8	25.82	32.21	28.4688	2.00921
Valid N (listwise)	8				

The Impact of Credit Restructuring on the Health Level of PT. Bank Maluku Malut Reviewed from Risk Profile Value

Non Performing Loan (NPL)

From the descriptive statistical table above, it shows that the maximum value of NPLs before restructuring is 1.94 "VERY HEALTHY" ratings while the maximum value of NPLs after restructuring is 2.53 "HEALTHY" ratings. From the average value of the NPL ratio before the restructuring, which is 1.6838 < the average score of the NPL ratio after the restructuring, which is 2.2975, which makes there is an increase in the NPL ratio, which is 0.6137, meaning that there is a decrease in the rating. Based on the Wilcoxon test, in the context of the average, there is a significant difference in the NPL ratio before and after the implementation of credit restructuring, meaning that the implementation of the credit restructuring policy can be stated to be still successful in ensuring the NPL value at the "HEALTHY" rating.

Loan to Deposit Ratio (LDR)

From the descriptive statistical table above, it shows that the maximum LDR value before restructuring is 94.98 "HEALTHY" ratings while the maximum LDR value after restructuring is 86.20 "HEALTHY" ratings. From the average score of the LDR ratio before the restructuring, which is 78.0213 > the average value of the LDR ratio after the restructuring, which is 73.5838, which makes it possible to strengthen the LDR ratio, which is 4.4375. Based on the Wilcoxon test, it can be stated that in the average context there is no significant difference in the LDR ratio before and after the implementation of credit restructuring, however, the implementation of credit restructuring policies can reduce the LDR ratio even though it is still at the "HEALTHY" rating.

The Impact of Credit Restructuring on the Health Level of PT. Bank Maluku Malut Reviewed from Good Corporate Governance (GCG)

From the descriptive statistical table above, it shows that the maximum value of GCG before restructuring is 3.00 and the maximum value of GCG after restructuring is 3.00 and the average value of GCG before restructuring is 2.7500 which has a standard deviation value before which is 0.46291 and the average score of GCG after restructuring is 2.7500 which has a standard deviation value of 0.46291. Based on the Wilcoxon test, it can be stated that in the context of the average, there is no significant difference in the GCG ratio, which means that in the GCG score itself, although there is an improvement, the level of health, before and after the restructuring is in a similar category, namely the "VERY HEALTHY" category.

The Impact of Credit Restructuring on the Health Level of PT. Bank Maluku Malut Reviewed From Earnings Value

Return On Asset (ROA)

From the descriptive statistical table above, it shows that the maximum value of ROA before restructuring is 4.04 and the maximum value of ROA after restructuring is 3.43 so there is a decrease in the ratio, which is 0.61. The average value of ROA before restructuring is 3.2025 which has a standard deviation before value of 0.47418 and the average value of ROA after restructuring is 3.0250 which has a standard deviation score after which is 0.23324. Based on the Wilcoxon test, it can be stated that in the context of the average, there is no significant difference in the ROA ratio even though in fact the ROA value itself has decreased, but the level of health, before or after the restructuring, is in a similar category, namely the "VERY HEALTHY" category

Net Interest Margin (NIM)

The descriptive statistical table shows that the maximum value of NIM before restructuring is 8.62 and the maximum value of NIM after restructuring is 7.88 so that there is a decrease in the ratio, which is 0.74. The average value of NIM before restructuring is 7.9163 with a standard deviation value before restructuring which is 0.44791 while the average value of NIM after restructuring is 7.6613 with a standard deviation value after restructuring which is 0.14633. Based on the Wilcoxon test, it can be stated that in the context of the average there is no significant difference in the NIM ratio even though in fact the NIM value itself has decreased but the level of health, before and after the restructuring is in a similar category, namely the "VERY HEALTHY" category.

The Impact of Credit Restructuring on the Health Level of PT. Bank Maluku Malut Reviewed From Capital Value

From the descriptive statistical table above, it shows that the maximum value of CAR before restructuring is 27.52 and the maximum value of CAR after restructuring is 32.21 and the average value of CAR before restructuring is 25.9413 with a standard deviation value before which is 0.89958 while the average value of CAR after restructuring is 28.4688 with a standard deviation value after which is 2.00921. Based on the Wilcoxon test, it can be stated that in the context of the average, there is a significant difference in the CAR ratio before and after credit restructuring, which means that in the CAR value itself, although there is an improvement, the level of health, before and after the restructuring is in a similar category, namely the "VERY HEALTHY" category.

CONCLUSION

The study findings indicate that the financial health of PT. Bank Maluku Malut has improved following credit restructuring, as reflected in its risk profile and low non-performing loan ratio, which helps maintain high capital adequacy. Good Corporate Governance (GCG) assessments also show enhanced financial health, adding value for stakeholders and ensuring asset security. While earnings valuation remains stable post-restructuring, the overall health of the bank is classified as very healthy. The research suggests future investigations into the long-term impacts of credit restructuring, comparative studies across banks, stakeholder effects, risk management frameworks, the role of GCG, sector-specific impacts, and the implications of regulatory policies on these outcomes.

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