

Impact Of Credit Crunch Implementation On The Quality Of Non-Performing Loan (Npl) During Economic Crisis

by Prof. Sukirno, S.Pd., M.Si., Ph.D;Arief Zuliyanto Susilo, S.E., M.Si;Patriani Wahyu Dewanti, S.E., M.Acc

ABSTRACT

Banks, as intermediary institutions, had to be able to channel funds properly. To ensure that the funds channeled could return as expected, a credit crunch was implemented without or with a very low NPL, which was regulated in Bassel International. Credit analysts were given performance targets for each period that might feel tough. A credit analyst gave a higher loan repayment ability rating than it should have been to achieve this. In stable conditions, it did not cause significant problems. Business conditions affected by Covid-19, one of which had caused a decrease in income for individual and corporation debtors, resulted in a drastic decrease in the ability of debtors to pay loans. This situation had caused many debtors to apply for postponement of loan repayments to banks and other financial institutions such as leasing. So, it was feared that the level of Non-Performing Loans (NPL) would potentially increase and become a problem in the future. High NPLs could be a problem for banks and financial institutions such as leasing because they could not generate profits. This research aimed to explore the practice of how the risk management of banks and financial institutions in providing credit to borrowers and risk management of NPLs in the economic conditions affected by Covid 19 by conducting interviews with creditors and credit breakers in banks and financial institutions such as leasing.

Kata Kunci: *Bank, Credit Crunch, Non-Performing Loan (NPL)*