Strengthening the Performance and Role of Islamic Bank Intermediation in Indonesia during the Covid Pandemic 19

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Abstract

This research aims to find credit restructuring then draw some steps banks syariah should do to strengthen its performance and its role as financial intermediary in COVID-19 condition. The descriptive-critical analysis is used in this paper. The analysis began by presenting data on credit restructuring, its forms used by national banks, and credit restructuring policy issued by OJK to anticipate negative impact of COVID-19 on banking syariah activities. Analysis continued to application of the policy to find credit restructuring on banks' performance and its intermediary financial role. Based on the analysis, some steps are recommended to followed by banks syariah to strengthen its performance and intermediary financial role. This research found some credit restructuring. First, credit restructuring needs high capital and liquidity so that the banks which have low capital will be in trouble and will affect financial system nationally. Second, credit restructuring needs some sorting process, which will exclude unpotential debitur. Third, uncertainty of recovery process of debitur as impact of COVID-19. Forth, how long banks could use credit restructuring while maintaining its performance and intermediary financial role. Hence, credit restructuring would not be enough for banks syariah to play its role in supporting debitur, maintain its business, strengthen its performance and intermediary financial role, and positively play role for economic growth and society. This research suggests five concrete steps banks could use to strengthen its performance and financial intermediary role.

Keywords: *Performance, Financial Intermediary, Credit Restructuring, Islamic Bank, the Covid Pandemic 19*

Introduction

The corona virus pandemic is a threat to the world for both the health and economic sectors. The spread of the coronavirus is increasingly widespread, and cases around the world [1]. The COVID-19 pandemic has resulted in more than 4.3 million confirmed cases

[1] Aiping Wu et al., "Genome Composition and Divergence of the Novel Coronavirus (2019-NCoV) Originating in China," *Cell Host and Microbe* 27, no. 3 (2020): 325–28, https://doi.org/10.1016/j.chom.2020.02.001; Chih Cheng Lai et al., "Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2) and Coronavirus Disease-2019 (COVID-19): The Epidemic and the Challenges," *International Journal of Antimicrobial Agents* 55, no. 3 (2020): 105924, https://doi.org/10.1016/j.ijantimicag.2020.105924.

and more than 290,000 deaths globally[2]. The World Health Organization (WHO) declared the COVID-19 outbreak a global emergency on January 30, 2020 [3]. Indonesia is a country expected to be affected significantly over a more extended period [4]. At the same time, preparedness to face a pandemic is lacking [5], inadequate health services [6] and lockdown and social distancing policies have limited mobility.

The spread of the Covid-19 virus has caused a decline in economic activity around the world and could pose new risks to financial stability. It is estimated that 6.7 million people have been laid off, and the poverty rate has increased by 11%, with the number of poor people reaching 30 million.[7] The impact of COVID-19 on several economic activities (production, consumption)[8] ultimately has an impact on the banking sector as an intermediary financial institution. [9]

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[2] Maria Nicola et al., "The Socio-Economic Implications of the Coronavirus Pandemic (COVID-19): A Review," *International Journal of Surgery* 78, no. April (2020): 185–93, https://doi.org/10.1016/j.ijsu.2020.04.018.

[3] Catrin Sohrabi et al., "World Health Organization Declares Global Emergency: A Review of the 2019 Novel Coronavirus (COVID-19)," *International Journal of Surgery*, 2020; Charis M Galanakis, "The Food Systems in the Era of the Coronavirus (COVID-19) Pandemic Crisis," *Foods* 9, no. 4 (2020): 523.

[4] Riyanti Djalante et al., "Review and Analysis of Current Responses to COVID-19 in Indonesia: Period of January to March 2020," *Progress in Disaster Science* 6 (2020): 100091, https://doi.org/10.1016/j.pdisas.2020.100091.

[5] Sai Krishna Gudi and Komal Krishna Tiwari, "Preparedness and Lessons Learned from the Novel Coronavirus Disease," *The International Journal of Occupational and Environmental Medicine* 11, no. 2 (2020): 108; Djalante et al., "Review and Analysis of Current Responses to COVID-19 in Indonesia: Period of January to March 2020."

[6] Siti Setiati and Muhammad Khifzhon Azwar, "COVID-19 and Indonesia," *Acta Medica Indonesiana* 52, no. 1 (2020): 84–89.

[7] Irwan Abdullah, "COVID-19: Threat and Fear in Indonesia," *Psychological Trauma: Theory, Research, Practice, and Policy* 12, no. 5 (2020): 488–90, https://doi.org/10.1037/tra0000878.the poorly equipped health care system, and lockdown policies in dealing with the spread of the coronavirus. Four different types of psychological trauma were increasingly observed, based on digital communication with people affected and reports from the news and social media. These 4 types of psychological trauma were social withdrawal, hysteria, individual violence, and collective violence. On the basis of the described psychological consequences of the pandemic, it can be assumed that both the individual and collective reactions must be considered to reduce harm of the coronavirus pandemic.","author":[{"dropping-particle":"","family":"Abdullah","given":"Irwan","non-dropping-particle":"","parse-names":false,"suffix":""}],"container-title":"Psychological Trauma: Theory, Research, Practice, and Policy","id":"ITEM-1","issue":"5","issued":{"date-parts":[["2020"]]},"page":"488-490","title":"COVID-19: Threat and Fear in Indonesia","type":"article-journal","volume":"12"},"uris":["http://www.mendeley.com/documents/?uuid=6f0b88f3-ece0-4196-86b6-83d11ae97130","http://www.mendeley.com/documents/?uuid=1763ffa3-6c84-4f72-951a-1254b55a10c6"]}],"mendeley":{"formattedCitation":"Irwan Abdullah, "COVID-19: Threat and Fear in Indonesia," <i>Psychological Trauma: Theory, Research, Practice, and Policy</i> 12, no. 5 (2020

[8] Luca Fornaro and Martin Wolf, "Covid-19 Coronavirus and Macroeconomic Policy : Some Analytical Notes," *Barcelona GSE Working Paper Series*, no. 1168 (2020): 1–8; Hiba Hafiz et al., "Regulating in Pandemic: Evaluating Economic and Financial Policy Responses to the Coronavirus Crisis," *SSRN Electronic Journal*, 2020, https://doi.org/10.2139/ssrn.3555980; Arnoud W A Boot et al., "The Coronavirus and Financial Stability" (SAFE Policy Letter, 2020); Thomas Ritter and Carsten Lund Pedersen, "Analyzing the Impact of the Coronavirus Crisis on Business Models," *Industrial Marketing Management* 88, no. April (2020): 214–24, https://doi.org/10.1016/j.indmarman.2020.05.014.the Covid-19 coronavirus is spreading throughout the globe. Besides its impact on public health, this coronavirus outbreak is likely to have significant economic consequences. The consensus is that the virus will cause a negative supply shock to the world economy, by forcing factories to shut down and disrupting global supply chains (OECD, 2020

[9] Boot et al., "The Coronavirus and Financial Stability."

The Covid-19 crisis is not a financial crisis. Nevertheless, because it crippled the economy and seriously disrupted financial markets, it posed the risk of a banking crisis[10]. The biggest partner of banking, MSMEs, cannot operate or production is reduced, which has an impact on refunds to banks. The paralysis of the business sector, especially MSMEs and the consumption sector, has an impact on the risk of lousy bank credit. So far, banks have always been overshadowed by bad credit problems, and this risk is getting heavier with pandemic conditions like now. This condition requires conventional banks and Islamic banks to be careful and creative in their risk mitigation process.

The government, in this case, the Financial Services Authority (OJK), asked banks to take several steps to reduce the impact of COVID-19 on banks. First, the impact of COVID-19 on the banking environment is analyzed, including the real sector, debtor performance, and economic growth. Second, credit risk and adequate liquidity are mitigated by understanding the economic sector and debtors as well as preparing restructuring scenarios. Third, a test for capital adequacy pressure related to increased credit risk. Fourth, optimization of portfolio management by identifying vulnerable and affected portfolios [11].

Finally, the steps taken by the OJK to maintain banking resilience amid the pandemic are through a credit restructuring policy. Credit restructuring is not a new step, but a common practice that has been done by banks for a long time in overcoming lousy credit. However, this time the conditions faced were different because the bad debts that appeared were faced by all banks nationwide. When the restructuring policy is set centrally, how will it affect banks in the long term?If credit restructuring is not successful enough, what steps should be taken, especially Islamic banks to strengthen their performance and intermediary role in the midst of the Covid-19 pandemic?

Managing an organizational crisis arising from a global health pandemic is more complicated than managing a crisis originating from a traditional "financial" or local crisis (Mora Cortez & Johnston, 2020). This paper tries to find out the problems ("black holes") of implementing credit restructuring policies during the Covid-19 pandemic and maps several steps that banks syariah can take to survive and strengthen their performance and role of intermediation during the Covid-19 pandemic.

Literature Review

The COVID-19 crisis has threatened the stability of the global financial system and is testing the institutions and mechanisms established to support countries facing a liquidity crisis[12]. The banking sector, which has large capital, is essential for a rapid economic recovery from

[10] Jézabel Couppey-Soubeyran, Erica Perego, and Fabien Tripier, "European Banks and the Covid-19 Crash Test" (EconPol Policy Brief, 2020).

[11] OJK, "Peraturan Otoritas Jasa Keuangan (POJK) Nomor 11/POJK.03/2020," 2020.

[12] Kevin P. Gallagher et al., "Safety First: Expanding the Global Financial Safety Net in Response to COVID-19," *GEGI Working Paper*, 2020, 1–13.in particular the massive capital outflows from emerging market and developing economies and the global shortage of dollar liquidity. Both the United Nations (UN

the COVID crisis[13].[14];[15];[16] stated that the government needs to review the debt restructuring policy in this COVID-19 situation. The restructuring has proven to be a successful policy after the Global Crisis [17].

A financial restructuring occurs when the borrowing entity's financial obligations are changed. Financial restructuring can destroy the value of existing debt, even if the entity does not default. For example, a restructuring can change the subordination of debt contracts, reducing its priority in case of default[18]. Direct bankruptcy costs, leverage, short-term liquidity, and debt structure are widely recognized as the main determinants of the restructuring method [19].

Credit restructuring is a transaction in which debt repayment is reduced or postponed because the debtor does not want to pay off his creditor; he is unable to pay the credit on time [20]. Some understand credit restructuring as a corrective measure in lending activities for debtors who have the potential to experience difficulties and fulfill their obligations to repay credit. In other words, credit restructuring is a relief provided to debtors in returning credit to banks.

Even so, not all debtors can apply for credit restructuring. There are at least two conditions that must be met by a debtor to be able to apply for a credit restructuring, namely: First, the debtor is experiencing difficulties in paying the principal and loan interest. Second, the debtor has good business prospects and is considered capable of meeting obligations after the credit restructuring. When the two conditions above have been met, the bank can accept applications for credit restructuring from debtors in several forms, such as lowering interest rates, extending the period, reducing interest arrears, reducing principal arrears, adding facilities, and converting credit to Equity Participation [21].

Credit Restructuring and its problems

The rescheduling process is a mechanism that allows debtors not to default on their loans and remain in the international financial system. It also prevents creditors from facing all

[13] Moritz Schularick, Sascha Steffen, and Tobias H Tröger, "Bank Capital and the European Recovery from the COVID-19 Crisis," 2020.

[14] Blanchard et al. (2020)

[15] Becker et al. (2020)

[16] Laeven & Valencia (2012)

[17] Shai Bernstein, Josh Lerner, and Filippo Mezzanotti, "Private Equity and Financial Fragility during the Crisis," *The Review of Financial Studies* 32, no. 4 (2019): 1309–73; Edie Hotchkiss, David C Smith, and Per Strömberg, "Private Equity and the Resolution of Financial Distress," in *Coller Private Equity Institute Conference, London Business School, June*, 2011.

[18] Antje Berndt, Robert A. Jarrow, and Choong Oh Kang, "Restructuring Risk in Credit Default Swaps: An Empirical Analysis," *Stochastic Processes and Their Applications* 117, no. 11 (2007): 1724–49, https://doi.org/10.1016/j.spa.2007.01.013.

[19] Mascia Bedendo, Lara Cathcart, and Lina El-Jahel, "Distressed Debt Restructuring in the Presence of Credit Default Swaps," *Journal of Money, Credit and Banking* 48, no. 1 (2016): 165–201.

[20] Gregory Makoff, "Debt Reprofiling, Debt Restructuring and the Current Situation in Ukraine," 2015.

[21] OJK, "Peraturan Otoritas Jasa Keuangan (POJK) Nomor 11/POJK.03/2020."

the consequences of the financial crisis [22]. [23] noted, the main drawback of debt rescheduling is that it hinders countries' efforts to undertake costly economic reforms.

Current credit restructuring is interpreted as a process of modifying the terms and conditions of the initial contract because there are indications of credit risk in the form of late payments. Several conditions that fall under the category of debt restructuring in this group are debtors anticipating repayment difficulties by requesting debt rescheduling, with sufficient grace periods to allow recovery, capitalization of outstanding interest, and, in some cases, interest rate cuts on rescheduled debt [24].

This restructuring needs to be carried out by banks as a method to provide convenience for customers so that their monthly payment obligations continue for the long term. Current credit restructuring can be carried out in two ways, namely rescheduling of loan maturities and new financing for credit repairs [25].

Bad Debt Restructuring and the root of the problem

Non-performing loan restructuring includes the accumulation of credit payments over 90 days. This restructuring is applicable in conditions of a macroeconomic downturn or due to high uncertainty in debtor activities. In this condition, banks must be cautious in calculating the initial terms and conditions of credit related to the ability of the debtor to repay the credit [26]. Bank restructuring, including the settlement of problem loans and the recapitalization of associated banks, is often costly-but critical to the stability and efficient functioning of the banking system [27].

Non-performing loan restructuring is a banking effort to collect as many funds as possible borrowed by debtors to reduce losses from credit activities. This non-performing loan restructuring can be done in several ways, namely: First, reducing or even eliminating interest rates. Second, reducing the principal of the loan. Third, an extension of time due.

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[22] Silvia Marchesi, "Adoption of an IMF Programme and Debt Rescheduling. An Empirical Analysis," *Journal of Development Economics* 70, no. 2 (2003): 403–23, https://doi.org/10.1016/S0304-3878(02)00103-7.we could conclude that the adoption of an IMF programme could work as a sort of signal of a country's \"good intent\" which is thus rewarded with the debt relief. The results confirm the existence of a significant effect of the adoption of an IMF programme on the subsequent concession of a debt rescheduling by private creditors. © 2002 Elsevier Science B.V. All rights reserved.","author":[{"dropping-particle":"","family":"Marchesi","given":"Silvia","non-dropping-particle":"","parse-names":false,"suffix":""}],"container-title":"Journal of Development Economics","id":"ITEM-1","issue":"2","issued":{"date-parts":[["2003"]]},"page":"403-423","title":"Adoption of an IMF programme and debt rescheduling. An empirical analysis","type":"article-journal","volume":"70"},"uris":["http://www.mendeley.com/documents/?uuid=883a52c9-e49f-46e4-bc27-990024cfa49d","http://www.mendeley.com/documents/?uuid=9859dc87-1d9e-42cd-b370-111c901ec732"]}],"mendeley":{"formattedCitation":"Silvia Marchesi, "Adoption of an IMF Programme and Debt Rescheduling. An Empirical Analysis," <iJournal of Development Economics</i 70, no. 2 (2003

[23] Fernández-Ruiz (2000)

[24] Ira W Lieberman and Paul DiLeo, "COVID-19: A Framework for the Microfinance Sector," *FinDev Gateway. Https://Www. Findevgateway. Org/Sites/Default/Files/Publications/2020/Ira% 20Lieberman* 20 (2020).

[25] Nicolae Dardac, Teodora Cristina Barbu, and Iustina Alina Boitan, "Impact of Credit Restructuring on the Quality of Bank Asset Portfolio. A Cluster Analysis Approach," *Acta Universitatis Danubius. Œconomica* 7, no. 3 (2011).

[26] Dardac, Barbu, and Boitan.

[27] Guonan Ma, "Who Pays China's Bank Restructuring Bill?," *Asian Economic Papers* 6, no. 1 (2007): 46–71, https://doi.org/10.1162/asep.2007.6.1.46.

Fourth, the delivery of new assets as collateral. Fifth, the replacement of currency in the contract. Restructuring of non-performing loans is a concession provided by banks at the request of debtors where banks will not carry out this step unless the debtor experiences economic and financial difficulties.[28]

Research Methods

This study uses secondary data in the form of books, journals, newspapers, annual reports, and statistics obtained from the Financial Services Authority (OJK) website and other sources that discuss credit restructuring policies, forms, and processes of credit restructuring and the impact of restructuring. Banking credit. Data collection is carried out through literature studies by studying books or literature and scientific journals to obtain a comprehensive and robust theory of credit restructuring and its impact on performance and strengthening banking intermediation.

This research uses the descriptive-critical analysis method. This analysis begins by presenting an understanding of credit restructuring, the forms of restructuring commonly used by banks, and the restructuring policies issued by the OJK as a measure to anticipate the negative impact of Covid-19 on banks. Then an analysis is carried out on the implementation of the restructuring policy to determine the "black hole" of the credit restructuring policy on bank performance and intermediation. Based on the analysis results, a number of steps can be taken by banks to strengthen banking performance, and intermediation can be recommended.

Results

Quick steps taken by the government regarding the impact of the Covid-19 pandemic on banks are the issuance of the OJK Regulation on National Economic Stimulus as a Countercyclical Policy for the impact of the Spread of Corona virus Disease 2019. Given the circumstances of Covid-19 debtors that have reduced their ability to perform credit repayments, which may lead to higher credit risk, and disruptive banking performance, along with overall economic stability, the policy should be adopted which can encourage bank performance optimization, especially its intermediary function to maintain financial strength. One of these policies is credit or loan restructuring [29].

Credit restructuring may not be a new policy adopted by banks in their intermediation activities. The credit restructuring policy that we are discussing, however, is at a different level, given the impact of COVID 19, which almost all banks take this step. For debtors, this policy is good news during a pandemic that has severely impacted their business activities. Meanwhile, for banks syariah, this policy is also the right step to anticipate the increase in the number of bad loans amid uncertain conditions such as today. However, this credit restructuring policy has left several "black holes" for banks syariah and the financial system as a whole.

[28] Dardac, Barbu, and Boitan, "Impact of Credit Restructuring on the Quality of Bank Asset Portfolio. A Cluster Analysis Approach."

[29] OJK, "Peraturan Otoritas Jasa Keuangan (POJK) Nomor 11/POJK.03/2020."

Credit restructuring will reduce cash inflows to banks syariah, which will result in lower profits and liquidity bottlenecks. The presence or absence of a restructuring policy does not change the condition of the bank's syariah lack of liquidity because as long as the debtor is unable to pay installments, the cash inflow of the banks will be disrupted. If under normal conditions, banks syariah can overcome this problem by making interbank loans. However, currently, we are talking about the impact of the pandemic, which is not only targeting one bank but all banks on a national scale. Besides, large capital and smooth liquidity are the main requirements for banks syariah to survive with this credit restructuring step. For several large banks, this may not be difficult because their capital is extensive, and their liquidity is always maintained. Then what about a bank syariah with a small capital category? Of course, these banks could not take steps to restructure credit for too long. If these banks are in trouble, the national financial system will also be disrupted.

Apart from capital issues, credit restructuring also has an impact on segregating debtors regarding potential credit repayments. For debtors whose business is potential, credit restructuring can be provided safely, then what about debtors whose business is not potential? Of course, it is impossible to let them "die" because they do not meet the credit restructuring requirements. Not to mention the question of how long the recovery process will take for debtors due to the impact of Covid-19 and how long banks syariah can implement restructuring policies while maintaining the performance and role of financial intermediation properly.

Several "black holes" such as the author described above provide a clear picture to the fact that credit restructuring alone is not sufficient for banks in carrying out their role to support debtors, keep their business going, strengthen performance and the role of intermediation and play a positive role in economic growth and community prosperity. There are several concrete steps that banks can take, of course, with the help of the government and society at large so that the performance and role of intermediation run well:

Business and Empathy for Debtors

Service to debtors is a raw image for banking. Each bank has complete data regarding debtors who play a significant role in determining and fulfilling the debtor's needs so that banks syariah can easily map out which debtor groups can face a crisis well and which customers need assistance in dealing with crises. Instead of being limited to providing credit restructuring, banks can take the first steps to maintain long-term relationships with debtors in three ways.

First, for SMEs, a temporary exemption for a period of 30 days to 90 days. Second, managing the debtor's perception, image, and banking commitment to the local community through the method of being responsive to social media issues. Third, proactive banking syariah actions are based on specific debtor characteristics so that banks can identify debtors and their difficulties and needs and provide appropriate solutions. For example, a debtor who only experiences temporary financial disruptions can only be assisted by postponing interest payments. Meanwhile, debtors who are more severely affected can be assisted with proper procedures to maintain their business continuity.

Maintaining business continuity is indeed the main priority for banks syariah during a pandemic. However, it cannot be denied that assisting the continuity of the debtor's business is also the leading role of banks syariah in maintaining debtors' trust in banks syariah. Therefore, banks must carry out the identification process and find the right solution for each debtor according to the problems they face during the pandemic.

Focus on Business Continuity Planning

Because of the pandemic in Covid-19 new habits exist, banks syariah must modify all activities to accommodate this new practice. These modifications can be made in branch and office operations. A large number of banking branches did not meet the rules of guarding distance due to Covid-19, so adjustments needed to be made.

First, temporarily closed several branches and retail outlets that were rarely used. Second, visits to branches must be made through the reservation to inform future service changes that will be made virtually and digital services. Third, the division of hours of work and staff so that the rules of guarding distance can be obeyed. Meanwhile, office operations can gradually be shifted to digital by increasing the function of the banking technology and information development team.

Credit Pressure Management and Debtor Sensitivity

During the months affected by the Covid-19 impact, banks began to feel liquidity pressure. Banks are starting to have difficulty making decisions related to the use of liquidity, between renewing existing loans or expanding new loans. Several steps that banks can take to deal with this balance sheet pressure include: First, to monitor fluctuations in deposits. Second, evaluate refinancing agreements with debtors based on a balance sheet strategy. Third, it involves credit risk management and accountants to determine how much impact the increased loss will have on revenue. Fourth, revise any planned capital actions.

A number of businesses have been affected by COVID-19 so that the rate of return of debtors to banks has decreased, which has an impact on bank syariah balance sheets. On the other hand, several businesses have experienced an increase due to Covid-19, such as online retail, pharmacy and health businesses, and several other businesses. Banks can expand new credit in business fields that have increased because of the Covid-19.

Find Ways to Balance Costs as Soon as possible

Minimizing expenditure is the right way, especially for activities that are not the central capability of the banking sector. First, create a multilevel control process to evaluate any costs that can be eliminated or offset. Second, stop development programs and ongoing projects that do not have a significant impact. Third, hold a regular process to cover unused software licenses. Fourth, developing a digital process to handle as many customer requests as possible as a result of branch closings.

Re-Plan Post-COVID-19 Strategy

We all certainly do not expect Covid-19 to continue to haunt the world and make us live with all existing protocols as we are now. However, the world may last forever, so that banks syariah need to prepare themselves for a long-term vision. First, banks syariah must adapt to the new order of customers through a new business model. Second, banks syariah must rethink the factors that encourage customer loyalty. Third, banks syariah must rearrange a mature plan following the post-COVID-19 order. Fourth, banks syariah must validate various long-term business assumptions. Fifth, banks syariah must prioritize plans for capital allocation.

Conclusions and Suggestion

The quick steps taken by the government regarding the impact of the Covid-19 pandemic on banks syariah are the issuance of the OJK Regulation on National Economic Stimulus as a Countercyclical Policy for the impact of the Coronavirus Disease 2019 Spread, one of which is credit or loan restructuring.

Credit restructuring will reduce cash inflows to banks syariah, which will result in lower profits and liquidity bottlenecks. The presence or absence of a restructuring policy does not change the condition of the bank's syariah lack of liquidity because as long as the debtor is unable to pay installments, the cash inflow of the banks will be disrupted. Thus, there are several problems ("black holes") in the implementation of the credit restructuring policy during the Covid-19 pandemic:

First, credit restructuring steps require large capital and smooth liquidity so that banks syariah with small capital will face difficulties that will impact the national financial system. Second, credit restructuring requires the segregation of debtors regarding potential credit repayments so that debtors who do not have the potential to repay loans can, of course, die in this condition. Third, the debtor recovery process is uncertain due to the impact of Covid-19. Fourth, the period of the ability of banks syariah to provide credit restructuring while maintaining the performance and role of good financial intermediation.

Several "black holes" such as the author described above provide a clear picture to the fact that credit restructuring alone is not sufficient for banks syariah in carrying out their role to support debtors, keep their business going, strengthen performance and the role of intermediation and play a positive role in economic growth and community prosperity.

There are at least five concrete steps that banks syariah can take, of course, with the help of the government and society at large so that the performance and role of intermediation run well: First, make the right business decisions while being empathetic towards debtors affected by Covid-19. Second, starting to focus on planning for business continuity during a pandemic. Third, pay attention to the balance sheet and management of credit pressure and debtor sensitivity. Fourth, find ways to balance costs as quickly as possible. Fifth, re-planning the post-COVID-19 strategy.

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