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Risks Due to Pandemic and Legal Protection for Customers

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ABSTRACT

The occurrence of a pandemic at the beginning of 2019 until now has had a very large loss impact, almost all over the world experiencing an economic decline, even high inflation. This condition is a blow, which requires all parties to be able to find their own way out. In the banking world, the impact of the pandemic has caused instability in interest rates and business liquidity, causing public panic, both as debtors and creditors. Therefore, this research was conducted to reveal the impact of the pandemic on the banking world in Indonesia and seek legal protection as a solution for customers. To answer the research phenomenon, a scientific method was established, namely the qualitative method. The object of research is the National Bank of Indonesia with primary and secondary data sources. Primary data was obtained through interviews, while secondary data was obtained by reviewing banking law literature. The results of the study revealed that the occurrence of the pandemic did not dampen the bank to continue to guarantee the rights of its customers. Although on the other hand, the impact of the pandemic is very significant for the banking industry, this is clearly seen in the declining number of banking activities.

Keywords: Pandemic Impact, Banking Legal Guarantee, Customer, Bank

INTRODUCTION

The World Health Organization, WHO, said that the first infection of the corona virus in humans probably occurred in mid-November 2019. The infection may not be related to the animal market in Wuhan. The first cases of Covid-19 were reported in China in late December 2019. Most of the initial cases in Wuhan were linked to an animal market in the city called the Huanan Wholesale Seafood Market. The year 2020 is a horrendous year for most of the international world, especially in Indonesia. Why is it horrendous because the Corona virus occurs simultaneously in almost all corners of the world. Starting from Wuhan China China, Singapore, Japan, Malaysia, Vietnam, Germany, Spain, Thailand, France, South Korea, America, and others including Indonesia. Covid-19 has had a major impact on the Indonesian state, especially in the economic sector (Seto & Septianti, 2021).

The economy is experiencing slow growth, many buying and selling trade activities have stopped, online motorcycle taxi drivers whose income has decreased due to no activity outside the home, tourist areas are really quiet so there is no income and economic activity (Safitri, et al. , 2021). If this continues, and you don't know when it will stop, the impact will be even greater and can spread to the banking industry and credit banks (Sholihah, 2021). Banks may provide new credit or financing and/or provision of other funds to debtors affected by the spread of Covid-19, including MSME debtors. This is an unprecedented problem in the Indonesian banking industry related to the Covid-19 pandemic (Hasan, et al., 2021). The Indonesian government swiftly takes policies to protect the Indonesian banking industry, including customers.

THEORY

Legal Protection

The word protection in the Big Indonesian Dictionary (KBBI) is defined as the method, process and act of protecting. Legal protection is all protection given to legal subjects in the form of preventive and repressive legal instruments, both written and unwritten, thus legal protection is defined as a description of the legal function, namely the concept when the law can provide a sense of benefit. , justice and certainty to the community.

In Law No. 40 of 1999 concerning the Press, it is stated that legal protection is a guarantee of the protection of the government and/or society to citizens in carrying out their functions, rights, obligations and roles in accordance with the provisions of the applicable laws and regulations.

Law is a written rule made by the ruler intended for the community for the sake of creating order and peace (Dewi & Fitriana, 2021). Meanwhile, according to JCT Simorangkir and Woerjono Sasropranoto, the law is coercive regulations, which determine human behavior in the community made by authorized bodies, which violations of these regulations result in action being taken, namely with certain laws. (Ruwe, 2021).

Customers

Based on Law no. 10/1998 Article 1 number (16), Customer is a party using bank services. Customers are divided into two groups, namely Depositors and Debtors.

Depositing Customers are customers who place their funds in a bank in the form of deposits based on the bank's agreement with the customer concerned. Meanwhile, Debtor Customers are customers who obtain credit or financing facilities based on sharia principles or equivalent based on the bank's agreement with the customer concerned.

Bank

According to the Banking Law No. 10 of 1998 Article 1 paragraph (2) it is stated that, a Bank is a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit and/or other forms in order to increase the standard of living of many people (Afdaliana, et al., 2019). Whereas in Article 1 paragraph (1) it is stated that, Banking is everything related to banks, including institutions, business activities as well as methods and processes in carrying out business activities (Simatupang, 2019).

In general, the main function of banks is to collect funds from the public and channel them back to the community for various purposes or as a financial intermediary (Satria & Setiani, 2018). More specifically, banks can function as agents of trust, agents of development and agents of services (Haryanto, 2018). The Bank's products include Savings. There are four types of deposits: Deposits which are bank products, namely Current Accounts, Time Deposits, Certificates of Deposits and Savings. According to Kasmir, the elements contained in the granting of a credit facility are as follows: Trust, Agreement, Term, Risk, Reward (Azhari & Wahyudi, 2020).

Challenges and Impacts

On December 31, 2019, the WHO China Country Office reported a case of pneumonia of unknown etiology in the city of Wuhan, Hubei province, China. On January 7, 2020, China identified the case as a new type of coronavirus. On January 30, 2020, WHO declared the incident a Public Health Emergency of International Concern (PHEIC) and on March 11, 2020, WHO declared Covid-19 as a Pandemic. To maintain the stability of the value of the rupiah as a goal Bank Indonesia's main pillars are supported by three main pillars, namely: Monetary Policy with the principle of prudence; Fast and cheap payment system; sound banking and financial system (Hayat, et al., 2020).

METHOD

The approach method in normative research is a problem approach by looking at existing regulations and norms, existing legal theories and provisions of applicable laws and regulations as well as expert opinions. The data used in this approach is secondary data through literature study. While the sociological approach is carried out by approaching the problems that occur in the field regarding existing phenomena and realities related to Banking Legal Protection for customers due to the pandemic.

The type of data used by the author in this study is primary data and secondary data. Primary Data is information or facts obtained directly through field research, either by interview or field study directly with related parties. Secondary data is information or facts that are not obtained directly in the field, but are obtained from literature studies of various books, archives, documents, laws and regulations, scientific research results and other library materials related to the problem to be studied.

The data analysis method used is qualitative data analysis, namely the process of compiling, categorizing qualitative data, looking for patterns or themes with the intention of understanding their meaning. The data analysis method is carried out in a way, the data obtained will be analyzed qualitatively. Conclusions are drawn using deductive thinking, which is a way of thinking that is fundamental to things that are general in nature and then specific conclusions are drawn according to the subject matter.

RESULTS

Legal Protection for Banking Customers in the Midst of the Pandemic

To carry out regulatory and supervisory duties in the banking sector, regulation and supervision of bank health, including liquidity, profitability, solvency, asset quality, minimum capital adequacy ratio, maximum grant limit credit, the ratio of guarantees to deposits and bank reserves, bank reports related to the health and performance of banks and debtor information systems.

As Article 9 of the OJK Law, it is stated that to carry out the supervisory duties as stipulated in Article 6 of the OJK Law, the OJK has the authority, including setting operational policies for supervision of financial service activities, carrying out

supervision, examination, investigation of consumer protection and other actions against financial service institutions.

Law No. 10 of 1998 concerning Banking, where Article 29 states that: 1. Banks are fostered and supervised by Bank Indonesia. 2. Banks are required to maintain bank soundness in accordance with the provisions on capital adequacy, asset quality, management quality, liquidity, profitability, solvency, and other aspects related to the bank's business, and are required to carry out business activities in accordance with the prudential principle, 3. In providing credit or financing based on Sharia Principles and conducting other business activities, banks are required to adopt ways that are not detrimental to the bank and the interests of customers. who entrusts their funds to the bank, 4. For the benefit of the customer, the bank is required to provide information regarding the possible risk of loss in connection with customer transactions conducted through the bank, 5. The provisions that must be fulfilled by the bank as referred to in paragraph (2), paragraph (3) , and paragraph (4) shall be stipulated by Bank Indonesia.

In Article 37 A, it is stated that, if according to Bank Indonesia's assessment there is a banking difficulty that endangers the national economy, at the request of Bank Indonesia, the Government after consulting with the House of Representatives of the Republic of Indonesia may establish a special agency that is temporary in nature for the purpose of banking restructuring, and a special agency as referred to above, conduct a restructuring program for the banks that are determined and submitted to the agency concerned. To follow up on the Law on the Financial Services Authority related to the Covid-19 pandemic, several regulations have been issued that provide protection to consumers or debtor customers as well as deposit customers.

Financial Services Authority Regulation Number 11/POJK.03/2020 concerning National Economic Stimulus as a Countercyclical Policy for the Impact of the Spread of Coronavirus Disease 2019 and Financial Services Authority Regulation Number 18/POJK.03/2020 concerning Written Orders for Handling Bank Problems. POJK No.11/POJK.03/2020 Article 2 paragraph (1) states that Banks can implement policies that support economic growth stimulus for debtors affected by the spread of coronavirus disease 2019 (COVID-19), including Micro, Small and Medium Enterprise debtors . Article 2 paragraph (4) states that in the event that a Bank implements a policy that supports the economic growth stimulus as referred to in paragraph (1), the Bank must

have guidelines for determining debtors who are affected by the spread of coronavirus disease, including debtors of Micro, Small and Medium Enterprises. Furthermore, Article 2 paragraph (5) states that the guidelines for determining debtors who are affected by the spread of coronavirus disease 2019, including micro, small and medium business debtors, at least contain the criteria for debtors who are determined to be affected by coronavirus disease and sectors affected by coronavirus disease 2019.

Article 7 paragraph (1) POJK No.11/POJK.03/2020 states that Banks may provide new credit or payments and/or provision of funds to debtors affected by the spread of coronavirus disease 2019, including Micro, Small and Medium Enterprise debtors. .

In response to the above, in accordance with Financial Services Authority Regulation Number 18/POJK.03/2020, the Financial Services Authority takes the necessary steps to maintain financial system stability, especially in the banking sector amid the threat of an economic slowdown as a result of the spread of the Covid pandemic. -19. These steps include: The scope of the regulation applies to banks, especially Conventional Commercial Banks (BUK), the authority of the Financial Services Authority to give written orders to banks to carry out mergers, consolidations, takeovers and/or integrations, and/or accept mergers, disbursement, acquisition, and/or integration, Written Order given to Banks that meet the criteria based on the Assessment of the Financial Services Authority, Obligations to banks that are given Written Orders to prepare action plans, as well as implement and maintain the smooth process of merger, consolidation, acquisition, and/or or integration in accordance with the action plan, In carrying out a Written Order by a Bank to perform or accept a merger, consolidation, acquisition, and/or integration: there are several adjustments to the process of merger, consolidation, acquisition, and/or integration, and for Conventional Commercial Banks based on agree n OJK may be exempted from the provisions regarding sole ownership in Indonesian banks, share ownership in commercial banks, and/or the time limit for meeting the minimum core capital.

To spur credit during the pandemic, Bank BNI relies on 3 sectors, namely Bank BNI will focus on:

1. Targeting financing distribution to sectors that are not impacted by the pandemic including the pharmaceutical, telecommunications and fast moving consumer goods (FMCG) sectors

2. Trying to be more selective and prioritize prudence
3. Will continue to support debtors who are still healthy and are market leaders in their respective sectors or are market leaders in their industry.

In addition to the 3 sectors mentioned above, Bank BNI also focuses on accelerating the loan restructuring process. In this focus, Bank BNI maintains service level agreements with customers and builds analysis that can accelerate the loan restructuring process. Therefore,

Bank BNI continues to support the government's efforts to move the national economy that was exposed to the corona virus pandemic. In this regard, Bank BNI has established a policy for restructuring debtor credit with the impact of COVID-19 by referring to provisions No.11/POJK.03/2020 concerning National Economic Stimulus as a Countercyclical Policy for the Impact of the Spread of Coronavirus Disease 2019.

Impacts and Risks of Banking Customers in the Pandemic Condition

Impact on the survival of credit customers (debtors) and the banking system itself

During the Covid-19 Pandemic, customers who experience the main impact in banking industry institutions are credit or loan customers (debtors), because these customers must continue to fulfill their monthly payment obligations until a predetermined period of time. But on the other hand, their business is experiencing financial problems due to disruption of production and marketing due to the COVID-19 pandemic and also the decline in people's purchasing power. Likewise experienced by other customers besides debtor customers.

Banks will experience difficulty or risk of banking liquidity during the pandemic, especially small banks

The Covid-19 will indirectly affect banking liquidity risk, especially for small banks, due to business disruption experienced by entrepreneurs or companies. They can't operate properly due to the covid-19 pandemic, so they make efficiency and save the business they are running.

Will have an influence on the revenue of the banking industry

The Covid-19 pandemic will continue to have an impact on slowing performance at Bank BNI. This can be seen in the company's net profit, which fell 23.93% yoy to Rp 10.29 trillion in the first semester of 2020. The decline in revenue was mostly due to the high decrease in operating profit by 21.36% to Rp 13.89 trillion from the previous year

period. IDR 17.67 trillion. In addition, the company's allowance for impairment losses (CKPN) continues to be increased, in line with rising credit risk. Bank BNI's CKPN costs have increased to Rp 10.29 trillion or 65.65% on an annual basis. The impact of this revenue slowdown can also be seen from the company's profitability ratios. Among other things, Return on Assets (ROA) and Return on Equity (ROE) fell to the level of 2.09% and 11.27%, respectively.

The provision of services to customers is less than optimal during the pandemic

During the COVID-19 pandemic, it also affects services to customers. The Bank implements policies in response to the government's appeal and the management of Bank BNI, including implementing a strict Health Protocol and conducting WFH (Work From Home) for employees. The bank also regulates the service time conditionally.

Customers reduce visits or come directly to bank branch offices.

The Covid-19 pandemic condition does not allow customers to come to the branch office. Even if you have to go to a bank branch office, it needs to be considered only for transactions that are urgent and still comply with the Prokes (Health Protocol). We need to maintain health and comfort in transactions. This needs to be a public concern, especially customers if they want to come to bank branch offices.

Declining Asset Quality due to weak economic conditions

The weakening of the global and domestic economy will have a significant impact on many industries in the economy. This will lead to a weakening of asset quality conditions in many sectors, especially in the service industry and MSMEs. Eighteen (18) main business sectors and the banking industry will be relatively vulnerable which affects asset quality. Vulnerable bank businesses in eighteen sectors in February 2020 reached IDR 3,971 Tn (OJK Banking Statistics: 2020).

CONCLUSION

The results of this study indicate that legal protection for banking industry customers in the midst of the Covid-19 pandemic in carrying out regulatory and supervisory duties in the banking sector, regulation and supervision of bank health, including liquidity, profitability, solvency, asset quality, capital adequacy ratio minimum, maximum credit limit, guarantee ratio to bank deposits and reserves, bank reports related to bank health and performance and debtor information system. Then the

Impact and Risks of Banking Industry Customers in the Midst of the Covid-19 Pandemic, Impacting the survival of credit customers (debtors) and the banking system itself, Banks will experience difficulties or risk of banking liquidity during the pandemic, especially small banks, Will have an impact on the banking industry revenue, The provision of services to customers is less than optimal during the pandemic, Customers reduce visits or come directly to bank branch offices and Decreased Asset Quality due to weak economic conditions.

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