

Financial Performance of Ultra-Micro Banks Before and During the Covid-19 Pandemic (A Case Study of BTPN Syariah)

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KEYWORDS

COVID-19, Financial Performance, Islamic Banking, Sharia Ultra Micro Business

ABSTRACT

The COVID-19 pandemic has significantly impacted financial performance across all economic sectors, including ultra-micro Islamic banking institutions such as BTPN Syariah, which specializes in serving underprivileged productive communities. This study examines the differences in BTPN Syariah's financial performance before (2017–2019) and during (2020–2022) the COVID-19 pandemic in Indonesia. Utilizing secondary data from monthly financial statements published by BTPN Syariah, this research employs a paired sample t-test analysis using SPSS software to compare six key financial performance indicators: Return on Assets (ROA), Return on Equity (ROE), Capital Adequacy Ratio (CAR), Operating Costs to Operating Income ratio (BOPO), Non-Performing Financing (NPF), and Financing to Deposit Ratio (FDR). The results indicate significant differences in banking financial performance between the pre-pandemic and pandemic periods, with CAR showing notable improvement due to a strategic Initial Public Offering (IPO), while ROA and ROE experienced temporary declines followed by gradual recovery. These findings contribute to understanding the resilience mechanisms of Islamic ultra-micro banking institutions during crisis periods and provide insights for policymakers and practitioners in developing countercyclical strategies for future economic disruptions.

INTRODUCTION

The COVID-19 pandemic has had a negative effect, namely a decline in all sectors, including the economic and financial sectors (Nicola et al., 2020). The decline affects community and economic activities (Pakpahan, 2020). One of the sectors most affected by the pandemic is MSMEs (Indrawati et al., 2022). The sustainability of micro, small, and medium enterprises (MSMEs) in Indonesia has also been significantly affected by the COVID-19 pandemic (Atmojo & Puspitasari, 2021). This situation poses a serious challenge for the national economy because MSMEs are the driving force of the domestic economy and the largest contributor to employment in Indonesia (Rahman et al., 2022). Consequently, it can lead to a decline in public welfare (Susilowati & Setiawan, 2021). Bank Indonesia Deputy Governor Doni Primanto Joewono explained that the reduction in social and economic mobility during the COVID-19 pandemic led to a decrease in MSME income. As a result, sales of business products, which are the backbone of the economy, fell sharply due to weakened demand (Tambunan, 2020).

According to data released by the Ministry of Cooperatives and SMEs in 2019, MSMEs comprised 99.99% of businesses in Indonesia, totaling 65,465,497 (Mustikowati et al., 2025). A total of 116,978,631 workers were absorbed by MSMEs, accounting for 97% of total labor absorption. Based on a study conducted by LIPI, 94.69% of businesses experienced a decrease in sales during the pandemic. MSMEs experienced a sales decline of more than 75%.

According to the findings of Fairlie (2020), African American business owners in the United States were the hardest hit by COVID-19, experiencing a 41 % decline in business activity (Fairlie, 2020). The first estimate from April 2020 showed a massive 41 % decline in business activity among Black business owners (Fairlie, 2020). In the United States, the number of small business owners plummeted from 15.0 million to 11.7 million during the two-month period from February to April 2020 (Fairlie, 2020). This drop of 3.3 million corresponds to a 22 % fall overall (Fairlie, 2020; Fairlie, Miranda, & Zolas, 2020).

As a result of the coronavirus pandemic, not only the MSME sector but also the financial industry, including banking, felt the impact. The banking sector had to be more cautious in distributing credit, as this condition increased the risk of default. With economic activity declining during the pandemic, the income of most individuals and businesses also decreased. Studies have shown that during the COVID-19 pandemic, banks became more conservative in extending loans due to higher credit risk (Darjana, Wiryono, & Koesrindartoto, 2022). In Indonesia, the Financial Services Authority (OJK) implemented several credit restructuring policies as a mitigation measure to maintain financial system stability (Shaleh & Disemadi, 2020). Data from the OJK in March 2020 indicated that category 2 and category 3 credit risks in the banking sector had increased compared to the previous year (OJK, 2021). Furthermore, research found that the rise in credit risk significantly affected the profitability of Indonesian banks during the pandemic period (Utari & Viverita, 2024).

In addition to the risk of default in credit disbursement, other banking fundamentals were also affected, particularly capital aspects. In its 2020 report, OJK noted that the Capital Adequacy Ratio (CAR) decreased from around 23–24 % in November 2019 to 21.77 % in March 2020 (OJK, 2020). The banking sector experienced a decline in capital and third-party funds (DPK), and growth generally slowed down. The increase in third-party funds reached only 9.12 % in April 2020, lower than the previous month (OJK, 2020). Without anticipatory measures, this trend is likely to slow down further. Such weakening in capital and DPK heightens banking liquidity risks during the coronavirus pandemic (Riza, 2024). Empirical research demonstrates that reductions in CAR and deposit growth during crises undermine banks' resilience (Susanti, 2023). Moreover, studies on Indonesian banks during COVID-19 reveal that capital adequacy and liquidity are significant determinants of stability under stress conditions (Laitupa, Christianty, & Widya, 2023; Soedarmono, 2023).

The COVID-19 pandemic not only affected conventional banks but also had an impact on Islamic banking. Sharia banks, as intermediary institutions that interact with many people, were at high risk of being affected by COVID-19—a major challenge for the Islamic banking sector (Ajizah, Widarjono, & others, 2023). To help banks remain resilient, the government implemented several policies, including policy number **11/POJK.03/2020** on the National Economic Stimulus as a Counter-Cyclical Policy (OJK, 2020). Article 2 of this regulation concerns the restructuring of MSME debtors impacted by COVID-19 (Peraturan OJK No. 11/POJK.03/2020, 2020). This policy provided relaxation measures such as credit or financing restructuring, interest rate reductions, loan extensions, reductions in principal and interest arrears, increased credit limits, and conversion of loans or financing into temporary capital participation (OJK, 2020; Bella & Rizkianti, 2022). Empirical research found that such regulatory relief helped mitigate declines in Islamic bank financing growth and sustain financial stability during the pandemic (Kurniawan, 2024). Moreover, comparative studies

indicate that Islamic banks, owing to their asset-backed and profit-sharing principles, demonstrated relatively greater resilience than conventional banks under the government stimulus regime (Butt, 2025).

In its press release dated May 25, 2023, Bank BTPN Syariah was recognized as the only Islamic bank that consistently serves inclusive customers, particularly resilient women economic actors who drive positive change in their families and communities (Siregar & Arifin, 2023). In 2022, BTPN Syariah served 4.25 million productive underprivileged families, highlighting its role as a microfinance-based Islamic bank that empowers women at the grassroots level (Yuliani, 2021). Before the pandemic, BTPN Syariah's financial statements showed strong performance. The following describes BTPN Syariah's financial performance before the pandemic, from 2017 to 2019, which reflected solid profitability and asset growth among Islamic banks in Indonesia (Rahman & Mulyani, 2020).

Based on this presentation, MSMEs were among the sectors most affected by the COVID-19 pandemic, and BTPN Syariah—as an Islamic bank focusing on serving ultra-micro customers within the MSME segment—was directly impacted. Therefore, the researcher aims to compare BTPN Syariah's financial performance data before and during the COVID-19 pandemic.

Based on the study by Effendie (2022), it was found that there was no significant difference between solvency, liquidity, and activity ratios, but a significant difference was observed in the profitability ratio (ROA and ROE) between the normal period and the COVID-19 pandemic in transportation companies listed on the IDX. Meanwhile, research by Rahmawati & Kholilah (2023) revealed that performance before and after the pandemic exhibited significant differences, particularly in liquidity, solvency, and profitability ratios. However, several internal and external factors allowed the banking sector in South Asia to remain resilient during the COVID-19 pandemic (Upadhaya et al., 2020).

Given this background, the study aims to analyze and compare financial performance before and during COVID-19, identify financial indicators that show improved positive performance, and examine both internal and external policies used to accelerate the recovery of BTPN Syariah's financial performance.

Based on the background described earlier, the author formulated several key research questions: How was BTPN Syariah's financial performance before and during the COVID-19 pandemic? Which financial indicators demonstrated positive performance during that period? And what policies were implemented by decision-makers to accelerate post-pandemic recovery? The study proposes the following hypotheses: H_0 , which states there is no difference in financial performance before and during COVID-19 at BTPN Syariah; and H_1 , which states there is a difference in financial performance—particularly in the ROA ratio—between the pre-pandemic and pandemic periods.

The scope of this research focuses on financial performance analysis using ratios commonly applied in Islamic banking, namely CAR, FDR, NPF, ROA, and ROE, based on BTPN Syariah's financial statement data from 2017 to 2022. The objective is to determine whether there are differences in financial performance before and during the pandemic, identify indicators showing positive performance, and evaluate the policies undertaken by BTPN Syariah and the government to facilitate financial recovery. This research is expected to provide valuable insights for academics, practitioners, and researchers by offering scientific

contributions, recommendations to improve financial performance, and a deeper understanding of financial ratio analysis in relation to the impact of the COVID-19 pandemic.

METHOD

The method used in this study was a mixed-method approach, combining qualitative and quantitative research. A sequential mixed-method strategy was applied, where quantitative data were collected and analyzed first to address the first research question regarding differences in BTPN Syariah's financial performance before and during the COVID-19 pandemic. This was followed by the collection and analysis of qualitative data to address the second research question concerning financial performance indicators that showed positive performance during the pandemic.

The study used financial statement data from all BTPN Syariah offices, officially published from 2017 to 2022. Data were collected through documentation and literature review, using secondary data obtained from Islamic banking financial statement publications. The analysis involved descriptive statistics to present research variables, normality tests to assess data distribution, and homogeneity tests to check data uniformity before testing hypotheses using either the independent sample t-test or the Mann–Whitney test, depending on the normality results. This approach was intended to provide a comprehensive understanding of BTPN Syariah's financial performance and the pandemic's impact on it.

RESULT AND DISCUSSION

Analysis of BTPN Syariah's Financial Performance Before and During the Covid 19 Pandemic

In 2021, Bank BTPN Syariah also felt the impact of the Covid 19 pandemic which affected the bank's financial performance. This pandemic has created a very high level of uncertainty, causing a crisis. Economists and bankers find it difficult to make predictions because this crisis is very different, namely from the health aspect, but has a very wide impact on the economic and social dimensions that are quite felt by the public and business people.

In this case, the researcher looked at the financial performance of BTPN Syariah bank in the form of financial ratios of CAR, ROA, ROE, NPF, FDR, and BOPO. The researcher compared data obtained from the period before the covid 19 pandemic, namely 2017-2019 to the period during the covid 19 pandemic, namely 2020-2022. From this data, a graph is then made to provide an overview of the movement of financial performance consisting of six variables, then interpret which financial performance variables have decreased, stabilized, or experienced an increase in performance during the covid 19 pandemic. The following will be explained for the 6 financial performance variables studied:

1. Capital Adequacy Ratio (CAR)

Table 1. CAR Before and During the Covid 19 Pandemic (in %)

N	Year	
	2017-2019	2020-2022
1	23,88	42,44
2	24,76	42,28
3	27,26	43,09
4	28,91	49,44
5	27,74	50,70

N	Year	
	2017-2019	2020-2022
6	36,90	52,02
7	39,69	54,98
8	40,92	58,10
9	39,34	53,01
10	39,40	48,38
11	41,11	48,80
12	44,57	52,05

Source: www.btpnsyariah.com (data processed)

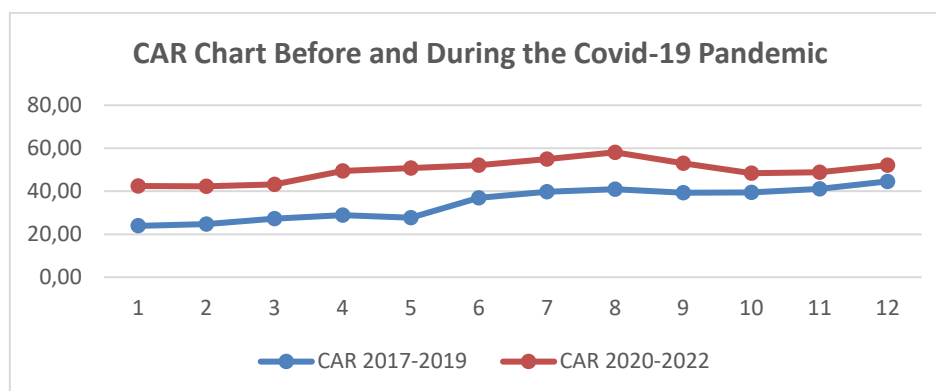


Figure 1. CAR Trend Comparison Before and During Pandemic

Source: Research data analysis, 2024

Based on the graph above, at the beginning of the Covid 19 pandemic year, namely 2022, BTPN Syariah's CAR actually increased rapidly compared to before the pandemic. This happened because BTPN Syariah conducted an Initial Public Offering (IPO) program as a capital strengthening strategy through 2018. With this strategy, BTPN Syariah was able to increase its bank capital with additional funds from the IPO reaching IDR 751.1 billion (excluding issuance costs), so that in July 2020, BTPN Syariah changed its status and rose to a Commercial Bank of Business Group 3, and at the end of 2020 the capital adequacy ratio (CAR) was 49.4% which exceeded the required limit. This high capital adequacy ratio helps BTPN Syariah to be able to develop, grow and strengthen supporting infrastructure, such as information technology as well as in technical and operational terms.

BTPN Syariah continues to strengthen its capital structure both organically and inorganically. BTPN Syariah's core capital stood at IDR 6.8 trillion at the end of 2021. This makes BTPN Syariah bank upgrade its status to a Group of Banks Based on Core Capital (KBMI) 2, which is a bank that has a core capital ranging from IDR 6 trillion to IDR 14 trillion. In addition, BTPN Syariah also continues to maintain a capital adequacy ratio (CAR) at an excellent level, which is 58.3% at the end of 2021, well above the minimum requirement. The CAR at BTPN Syariah has increased precisely during the Covid 19 pandemic.

2. Return on Asset (ROA)

Table 2. ROA Performance Before and During the COVID-19 Pandemic (in %)

N	Year	
	2017-2019	2020-2022
1	9,97	13,58

N	Year	
	2017-2019	2020-2022
2	10,38	6,96
3	10,74	5,80
4	11,19	7,16
5	12,49	11,36
6	12,54	11,57
7	12,39	10,86
8	12,37	10,72
9	12,68	11,12
10	12,73	11,37
11	13,05	11,53
12	13,58	11,36

Source: www.btpnsyariah.com (data processed)

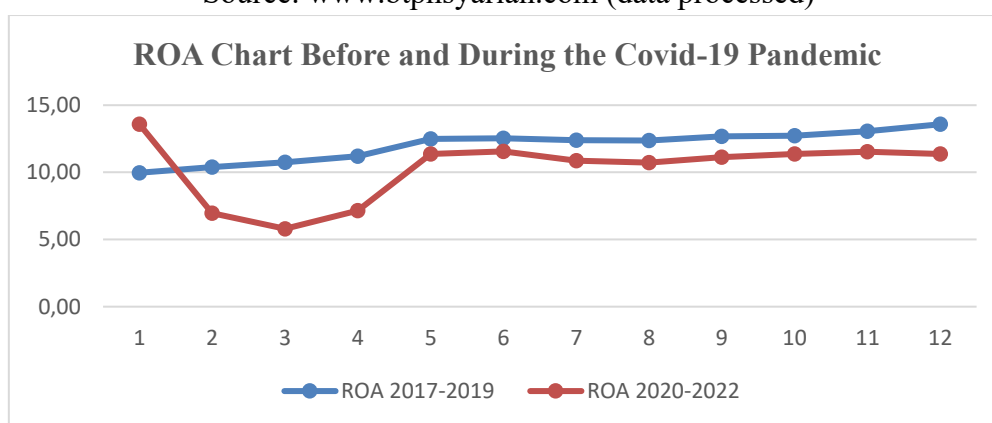


Figure 2. ROA Trend Comparison Before and During Pandemic

Source: Research data analysis, 2024

Based on the chart above, the ROA (Return on Asset) at BTPN Syariah at the beginning of the pandemic, namely the first quarter of 2022, was still not too affected by the effects of the pandemic, still around 13.58%. However, in the second quarter, ROA declined sharply to 6.96%. ROA in the next quarter decreased. At the beginning of 2021, ROA increased by around 10%-11%. Bank BTPN Syariah in 2021 generally experienced performance achievements that were above the average for the Islamic banking industry in the country. Until the end of 2022, the ROA at BTPN syariah has not shown the same performance as it did before Covid 19, although it can be said that it still shows good financial performance compared to other Islamic banks.

3. Return on Equity (ROE)

Table 3. ROE Before and During the Covid 19 Pandemic (in %)

N	Year	
	2017-2019	2020-2022
1	34,19	29,77
2	35,00	15,19
3	35,63	12,79
4	36,50	16,08
5	37,16	25,84
6	33,92	26,12
7	31,79	24,20

N	Year	
	2017-2019	2020-2022
8	30,82	23,67
9	28,75	23,40
10	29,30	24,59
11	30,15	25,14
12	31,20	24,68

Source: www.btpnsyariah.com (data processed)

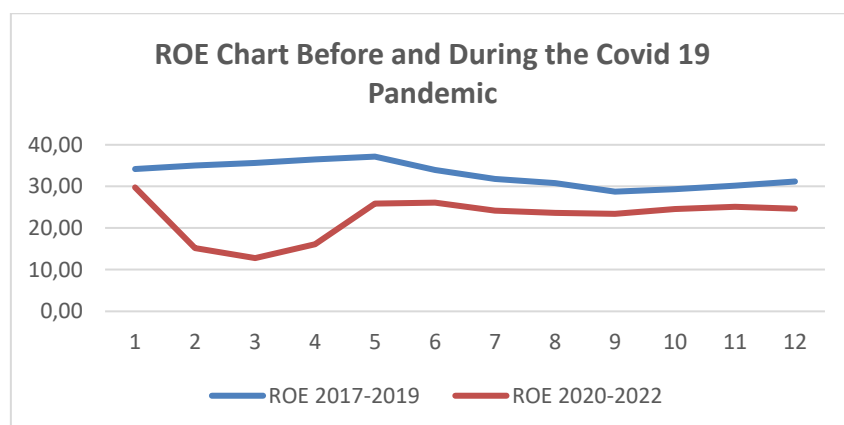


Figure 3. ROE Trend Comparison Before and During Pandemic

Source: Research data analysis, 2024

Based on the chart above, the Return on Asset (ROE) at BTPN Syariah during the Covid 19 pandemic showed not as good results as before the Covid 19 pandemic occurred. In the second quarter of 2022, BTPN Syariah's ROE had decreased to 15.19% when compared to the previous quarter. However, at the end of 2020 there was an increase to 16.08%, then continued to increase to 25.84% in the first quarter of 2021. Until the end of 2022, the ROE at BTPN Syariah is still quite stable in the range of 23%-25%.

4. Non Performing Finance (NPF)

Table 4. NPF Before and During the Covid 19 Pandemic (in %)

N	Year	
	2017-2019	2020-2022
1	1,74	1,43
2	1,70	1,79
3	1,66	1,87
4	1,67	1,91
5	1,67	2,10
6	1,65	2,38
7	1,56	2,38
8	1,39	2,37
9	1,38	2,41
10	1,34	2,54
11	1,30	2,36
12	1,36	2,65

Source: www.btpnsyariah.com (data processed)

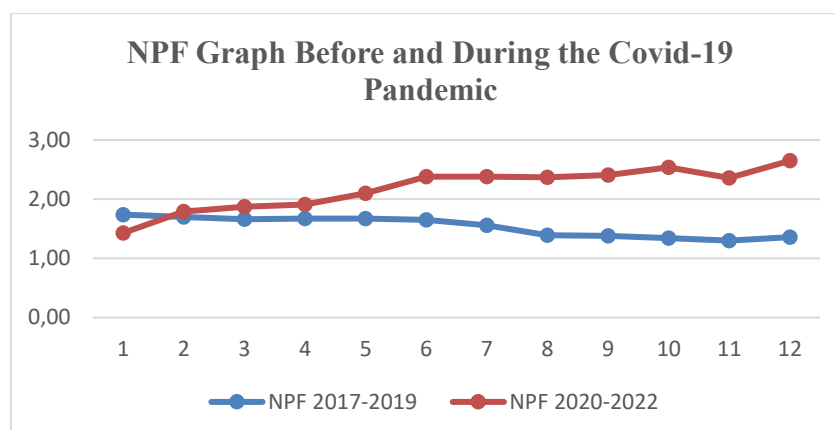


Figure 4. NPF Trend Comparison Before and During Pandemic

Source: Research data analysis, 2024

Based on the graph above, the NPF in BTPN Syariah increased during the Covid 19 period. However, it is still maintained at its highest level of 2.65%. According to the annual report published by BTPN Syariah, this financial institution that focuses on the underprivileged productive society, has implemented the prudential principle by increasing the ratio of Reserve Losses to Impairment of financial assets compared to non-performing financing to 466.5% and the NPF-net ratio to be at the level of 0.0%. With this good ratio, it proves that BTPN Syariah always pays attention to the principle of prudence as one of the strategies that is the key to BTPN Syariah's growth.

However, the Covid 19 pandemic has caused Non-Performing Finance to be quite high when compared to the period before the Covid 19 pandemic. At the end of 2021, the value of non-performing financing was 2.37%. As an anticipation measure, BTPN Syariah has determined the Reserve Loss of Impairment of financial assets compared to non-performing financing (CKPN/NPF) reached 282.8% and the NPF-net ratio was 0.18%.

5. Finance to Deposit Ratio (FDR)

Table 5. FDR Before and During the Covid 19 Pandemic (in %)

N	Year	
	2017-2019	2020-2022
1	90,82	94,69
2	96,82	92,37
3	93,31	98,48
4	92,47	97,37
5	93,21	92,16
6	97,89	94,67
7	96,03	96,04
8	95,60	95,00
9	96,03	96,24
10	96,17	93,98
11	98,68	95,60
12	95,27	95,67

Source: www.btpnsyariah.com (data processed)

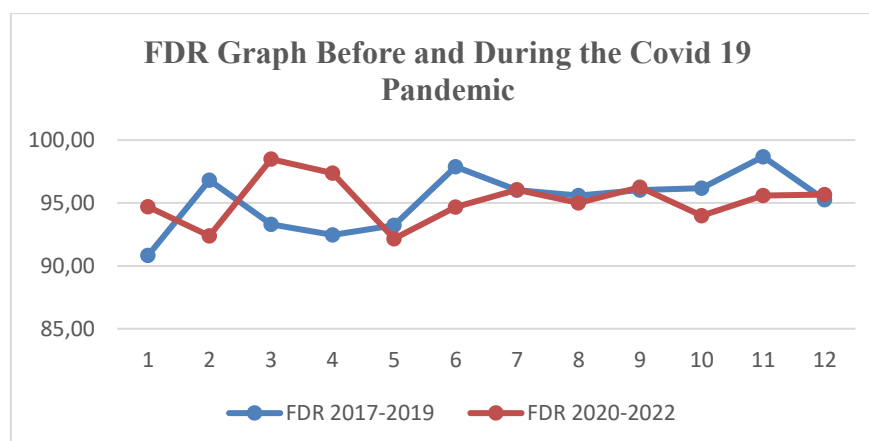


Figure 5. FDR Trend Comparison Before and During Pandemic
Source: Research data analysis, 2024

Based on the graph above, the FDR distributed by BTPN Syariah was not too significant between before and during the Covid 19 pandemic. The amount of FDR distributed ranged from 92%-98%. In this case, BTPN Syariah continues its financing policies and strategies as before the Covid-19 pandemic by focusing on programs to improve the quality of financing and improve customer relationships with BTPN Syariah through programs that can empower customers.

In terms of minimizing risks to the distribution of financing to customers, BTPN syariah conducts a credit risk management process that has been carried out starting from the customer acquisition process. Then carry out the customer selection process, analyze payment ability, and maintain account processes by fostering and improving good relationships between customers and Bank officers.

In order to implement a financing process that prioritizes the principle of prudence, BTPN Syariah studies and adjusts its financing policy periodically, in accordance with the business that continues to grow and adjusted to current conditions and government regulations as a regulator, including ensuring the level of compliance with the implementation of sharia principles and values.

Bank BTPN Syariah was able to disburse financing of Rp10.4 trillion to pre-productive and prosperous customers. This amount has increased by 9.7% when compared to 2020 of IDR 9.5 trillion. However, with a considerable value of FDR, BTPN Syariah on the other hand also needs to maintain sufficient liquidity against the potential for tight liquidity in the domestic market.

6. Operating Costs and Operating Income (BOPO)

Table 6. BOPO Before and During the Covid 19 Pandemic (in %)

N	Year	
	2017-2019	2020-2022
1	71,98	54,85
2	71,23	72,07
3	70,26	77,20
4	68,81	72,42
5	63,82	57,23
6	62,90	56,81

7	62,61	59,11
8	62,36	59,97
9	61,27	58,52
10	60,40	57,60
11	59,62	57,54
12	58,07	58,13

Source: www.btpnsyariah.com (data processed)

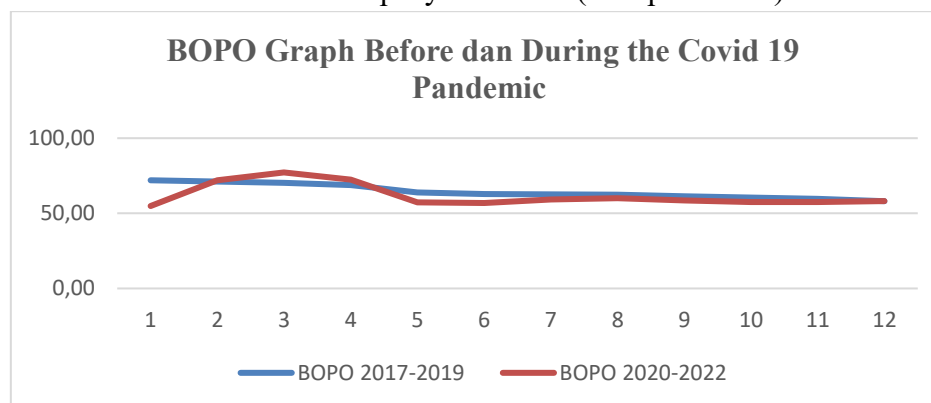


Figure 6. BOPO Before and During Pandemic

Source: Research data analysis, 2024

Based on the graph above, the BOPO between before and during the covid 19 pandemic did not show much difference. For the 2020 financial year, the BOPO ratio shows a high figure ranging from 72%-77%. This happened due to the increase in financing that needed to be restructured due to the Covid-19 pandemic. However, from 2021 to 2022, BOPO is in a stable range between 57%-59%, almost similar to the amount before the Covid 19 pandemic.

Covid 19 Handling Policy Strategy by the Government of Indonesia and BTPN Syariah

In facing the crisis conditions that are taking place due to the Covid 19 pandemic, a reference is needed in the form of regulations and policies that can support the bank and non-bank financial institution sectors to be able to survive in these conditions. In responding to the rapidly changing economic situation, various strategies, regulations and policies are needed that are dynamic and constantly moving so that in this case, the bank as an institution is able to make the best decisions by concentrating on two main priorities, namely protecting customer safety and empowering bankers (the term for BTPN Syariah employees). This is done in order to be able to maintain sustainable business growth in terms of volume and quality of financing so that it remains positive growth. There are several policies carried out by both the government and Bank BTPN Syariah.

1. Indonesian Government Policy in Handling Covid 19

According to Nainggolan (2020) on the Ministry of Finance website, there are several policies and regulations issued by the Government of Indonesia in the context of handling Covid 19 in relation to bank financial institutions, namely:

1) National Economic Recovery Policy Strategy (PEN)

The National Economic Recovery Policy (PEN) is carried out by the Government by carrying out policy strategies in the form of fiscal and monetary that are studied in depth. On the other hand, the Government also budgets funds from the State Budget in the context of

national economic recovery by synergizing together between fiscal policy authorities, monetary policy authorities and other related institutions, including:

a. Increase in domestic consumption,

Domestic consumption is one of the drivers of the national economy, the more the level of consumption of a country, the more the economy will move. Consumption is greatly influenced by people's purchasing power. Therefore, the Government has budgeted funds to encourage people's consumption/purchasing power. The funds will be distributed through government programs such as Direct Cash Assistance, Pre-Employment Cards, electricity exemption and others.

On the other hand, the Government also encourages the consumption of ministries/institutions/local governments through accelerating the realization of the State Budget/Regional Budget. Consumption is recommended for domestic products so that it provides significant multiplier effects.

b. Increased business activity

The government seeks to move the business world through incentives provided or stimulus to MSMEs and corporations. Some of the policies taken are:

1) For MSMEs, the government has taken a policy to provide installment deferrals and subsidies for bank loan interest.

2) Interest subsidies are through the People's Business Credit (KUR) and Ultra Micro programs.

3) Providing working capital guarantees for labor-intensive companies.

4) Providing tax incentives such as Income Tax (Income Tax Article 21) which is charged to the Government. For companies, tax incentives are carried out by providing free Income Tax Article 22 on imports, reduced Income Tax Article 25 installments and preliminary VAT refunds; Government-owned funds placed in banks for debtor restructuring. The government also provides working capital guarantees for strategic, priority or labor-intensive corporations.

c. Maintaining economic stability and expanding monetary policy.

Bank Indonesia strives to keep the rupiah exchange rate stable, interest rates can be lowered, buy government securities, and realize macroeconomic and financial system stability. Interest rates need to be lowered so that financial liquidity can increase so that business activities can be maximized.

2) Policy of Refocusing Activities and Budget Reallocation

Presidential Instruction No. 4 of 2020 issued by the President of the Republic of Indonesia, Joko Widodo has instructed all Ministers/Leaders/Governors/Mayors to accelerate the refocusing of activities, budget reallocation and procurement of goods and services as part of COVID-19 management.

Strengthening the care of Covid-19 patients is carried out by providing medical facilities and equipment, medicines, incentives for medical teams caring for Covid-19 patients and other needs. Social safety nets are provided to increase people's purchasing power through the Family Hope Program (PKH), Smart Indonesia Card (KIP), Basic Food Card and Prosperous Rice.

3) Non-Fiscal Stimulus Policy

As a complement to the fiscal policy issued by the Government, a non-fiscal policy package is also prepared to encourage export and import activities. The non-fiscal policy stimulus is in the form of:

- a. Simplification and reduction of the number of Prohibitions and Restrictions (Lartas) for export activities in order to increase competitiveness and facilitate exports.
- b. Simplification and reduction of the number of Prohibitions and Restrictions (Lartas) for import activities specializing in raw materials in order to facilitate imports and ensure the availability of raw materials. This policy in the context of non-fiscal stimulus is applied to companies as producers and as a first step will be applied to Iron Steel, Alloy Steel, and product differentiation, then the next step will be applied to the main food products such as industrial salt, sugar, flour as raw materials for the manufacturing industry.
- c. Acceleration of export and import activities for Reputable Traders, i.e. export-import companies with a good level of compliance. This company will be given additional incentives in the form of acceleration in the export and import process such as: the implementation of auto response and auto approval for the Lartas process for export and import activities as well as the elimination of Surveyor Reports on required commodities.
- d. Conducting supervision using the National Logistics Ecosystem (NLE). NLE is an application that bridges the collaboration of information systems between government and private institutions for the simplification and adjustment of information and document flows in export-import activities at ports and trade activities or distribution of domestic goods through data sharing, simplification of business processes, and elimination of repetition, as well as duplication.

4) Financial Sector Stimulus in the Context of Handling the Impact of COVID-19

The Financial Services Authority (OJK) has also issued a number of countercyclical policies through OJK Regulation (POJK) No. 48/POJK.03/2020 concerning domestic economic stimulus as a countercyclical policy on the impact of the spread of COVID-19, including:

- a. Banks can implement supportive policies to encourage economic growth for debtors affected by the spread of COVID-19, including MSME debtors in this case.
- b. The stimulus policy includes:
 - 1) The assessment of the quality of credit/financing/other financing is only based on the payment of principal and/or interest paid on time on loans amounting to a maximum of IDR 10 billion; and
 - 2) Restructuring can be done by banks for all credits/financing without looking at the credit ceiling or the type of debtor, including in this case also MSME debtors. After the restructuring, the quality of the credit/financing carried out by the restructuring will be determined.
 - 3) Conduct quality determination for new credit/financing separately.
 - 4) Applications in terms of risk management, in the form of:
 - a. Have references and standardization as guidelines for mapping debtors affected by the COVID-19 pandemic;
 - b. Appraisal debtors who are able to survive the impact of the COVID-19 pandemic and still have potential in their businesses so that restructuring can be given credit/financing in accordance with this POJK;
 - c. Increase reserves intended for debtors who are considered unable to survive after banks restructure credit/financing in accordance with this regulation;

- d. Considering the adequacy of capital with regard to the establishment of additional reserve funds to prevent possible deterioration in the quality of credit/financial resources for restructuring in the event that the bank pays dividends and/or dividends; and
 - e. Conduct periodic resilience testing against the possibility of credit quality deterioration or financial restructuring and its impact on the bank's liquidity and capital.
- 5) Performing credit/financing restructuring
- a. Loans/Restructuring Funds due to COVID-19 are excluded from the calculation of Low Quality Assets (KKR) in the bank's health assessment for BUK/BUS/UUS.
 - b. The Bank adjusts the procedure for approving credit/financing restructuring based on the principle of prudence.
 - c. Banks are required to conduct assessments and evaluations of the capacity of debtors affected by the spread of COVID-19 in order to survive until the end of this regulation. This will have an impact on the quality assessment of the restructured credit/financing.
- 6) Banks are allowed to implement liquidity and capital policies as a result of the spread of COVID-19 in the form of:
- a. BUK which is included in the group of commercial banks for business activities 3, commercial banks for business activities 4, and foreign banks can meet the minimum limit of liquidity coverage ratio and net stable funding ratio from 100% (one hundred percent) to 85% (eighty-five percent). This rule is valid until March 31, 2022.
 - b. BUK or BUS can budget education funds less than 5% of the human resource expenditure budget for 2020 and 2021.
 - c. BUK, BUS or UUS can determine the quality of the collateral confiscated until March 31, 2020 based on the quality of the collateral confiscated at the end of March 2020.
 - d. BUK or BUS that are included in the group of commercial banks for business activities 3 (BUKU 3) and commercial banks for business activities 4 (BUKU 4) are allowed not to meet the capital conservation buffer of 2.5% of risk-weighted assets.
- 7) Reporting Aspects
- a. Complete the Credit Stimulation or Capital Restructuring Report submitted monthly since the end of November 2020.
 - b. Added the "COVID19" in Credit/financing reporting that was restructured as a result of COVID-19 in the Financial Information Services System.

The implementation of policies that support economic growth stimulus in this OJK regulation is valid until March 31, 2022.

2. Bank BTPN Syariah's Strategy and Policies in Handling Covid 19

The ongoing COVID-19 pandemic has changed all aspects of the Bank's operations and work areas, as well as encouraged the Bank to continue to build achievements and develop its business in accordance with targets and conditions that require adaptation and appropriate solutions.

The challenges of the pandemic that have not yet been resolved certainly have a major impact on the Bank's operations and business. This extraordinary crisis has brought about changes in all aspects and areas of work, and it requires full support and concerted efforts from all parties to sustain the success and development of the business. There are several strategies carried out by BTPN Syariah so that it can survive during the Covid 19 pandemic:

1. Covid-19 Care Program

BTPN Syariah is committed to helping mitigate the spread of the impact of Covid-19 in the internal environment of employees and all stakeholders, by establishing a Covid-19 Task Force that is directly controlled by the President Director.

2. Strategy for customers

The Bank ensures that they retain access and connectivity that is appropriate to the Bank's products and services. This is done through various means of communication, verbal and digital, by phone or SMS. This in-depth communication is not limited to the process of financial transactions, both funding and financing.

Strategy for financing clients:

- a. Financing relaxation is in the form of payment delays. This is in line with the Financial Services Authority Regulation No. 11/POJK.02/2020 concerning National Economic Stimulus as a Countercyclical Policy for the Impact of the Spread of Coronavirus Disease which was later updated with POJK No. 48/POJK.03/2020. During the payment delay period, BTPN Syariah continues to strive to establish communication with customers. Communication can be done either by phone, SMS, or Whatsapp. This can continue to be done with the aim of providing motivational support, sharing tips and health protocols, and continuing to cultivate the four superior behaviors of BDKS; Dare to Try, Discipline, Cooperation, and Help Each Other.
- b. Implementing the Sustainable Finance Action Plan, BTPN Syariah conducts several programs including:
 - 1) Funding production for underprivileged communities (especially women)
 - 2) Explore alternative financial solutions for other underprivileged communities such as BTPN Sharia Partner financing, agricultural financing, education financing and other sustainable financial services.
 - 3) Financial training programs for financing customers and the surrounding community (in the fields of health, environment, community and entrepreneurship)
 - 4) Financing customer community infrastructure development program (related to education, environment and entrepreneurship).
 - 5) Offer incentive programs or rewards to customers who pay on time.
 - 6) Providing special support by providing various support services in the form of intensive training in business, MUI/IRT/BPOM certification process, participating in exhibitions, business diversification, online sales, contests, and others, so that these customers always inspire and empower the environment and the community around them.

3. Capacity Building of the Core Banking System

This is done to support the performance of employees as empowered bankers in the field. The process of collecting data information is carried out using cutting-edge technology that supports security in conducting transactions.

4. Execute a number of plans and pilot projects

One of the initiatives carried out by BTPN Syariah is to create an application that connects customers with BTPN Syariah partners so that it can make it easier to buy household and business needs at prices below market prices.

5. Intensify communication with customers

With intensive quality communication, customers are increasingly adaptive to pandemic conditions. Resilience and great fighting power have increased their ability to be more creative, and take the initiative in seeking business ideas and opportunities. This condition also plays a role in improving the Bank's financial performance.

6. Business Development and Infrastructure

By developing its business and infrastructure, in addition to consolidating existing banking products and services, the Bank will also collaborate with customers and the community in developing an agency model (Laku Pandai), to ensure that customers who are less able to receive banking services and transactions every day to meet other needs

7. Improvement of Information Technology

People experienced a peak level of dependence on information technology during the Covid-19 pandemic. Restricted mobility has changed people's behavior, with many moving banking transactions to digital services. BTPN Syariah responds to this to maintain sustainability by improving technology-based services. Some of the things that are done include:

a. Digitizing gradually

BTPN Syariah started the digitalization process through the process of service and assistance to customers, namely by issuing the Terra application, for bank field employees/Community Officers (CO). In this application, all services to customers are carried out digitally.

b. Set up the Agent Banking app

Customers appointed by BTPN Syariah as banking agents can perform deposit and cash withdrawal services, open accounts, serve transactions, and e-commerce services for daily necessities.

c. Improvement of e-channel services for funding customers through Tepat Mobile Banking

The application launched by BTPN Syariah is aimed at maximizing the ease of transactions, as well as to be involved in providing sustainable benefits for the community.

d. Developing new digital-based businesses

BTPN Syariah continues to strive to develop new digital-based businesses to support the Bank's business and operational activities online and in real time, and can be processed through automation/robotics in every line of its operational process

8. Product Innovation

The innovation carried out by BTPN Syariah in this case is to expand supply access and market access to support and further develop the business of inclusion customers to meet their daily needs. BTPN Syariah opens access to the supply of goods by partnering with Dagang (a partner company of BTPN Syariah Ventura). At Warung Tepat, Mitra Tepat can assist inclusion customers in their communities in making financial transactions and bill payments. Inclusion customers can get access to goods that are more competitive and more efficient.

9. Opening a subsidiary

BTPN Syaria established PT BTPN Syariah Ventura ("BTPN Syariah Ventura") as a subsidiary of the Bank that has received a license to fully operate in 2022. BTPN Syariah Ventura is the first Islamic venture company in Indonesia that is focused and committed to improving the welfare of an inclusive society. In 2022, BTPN Syariah Ventura has one business

partner company (PPU) called Dagang that can provide access to the supply of essential goods and access to markets with a wider range of regions and segments both online and offline.

CONCLUSION

As a conclusion to this study, the author conveys the conclusions drawn from the previous discussion, as well as providing suggestions that are expected to be input for academics, researchers, and other parties involved in decision-making or further research on the financial performance of Islamic banks before and during the Covid-19 pandemic. Based on the analysis that has been conducted, BTPN Syariah's bank's financial performance shows significant differences in the variables Capital Adequacy Ratio (CAR), Return on Asset (ROA), Return on Equity (ROE), and Non-Performing Finance (NPF) between the normal era before the pandemic and during the pandemic. In contrast, the variables of Finance to Deposit Ratio (FDR) and Operating Expenses and Operating Income (BOPO) did not show significant differences. Financial performance during the pandemic shows that CAR experienced a fluctuating increase thanks to initial public offerings, while ROA did not perform as well as before the pandemic, although it is still better than other Islamic banks. ROE decreased, but remained stable, while NPF increased but was still well managed. FDR remained consistent, and BOPO showed similar stability to the previous period. Despite the decline in performance in several aspects, BTPN Syariah maintains its position as an Islamic bank that focuses on underprivileged communities and MSMEs. This achievement is thanks to synergistic policies between the government and the bank's internal strategies, such as the Covid-19 mitigation program and increasing the capacity of the banking system. The suggestions provided include the need for further research to explore the impact of policies taken and continue to innovate in services to customers in order to adapt to changing situations.

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