ANALYSIS OF IMPLEMENTATION OF PSAK 71 AGAINST RESERVE LOSS OF IMPAIRMENT WHEN COVID-19 PANDEMIC IN PT. BANK CENTRAL ASIA TBK

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Abstract

This study aims to analyze the implementation of PSAK 71 against impairment loss reserves during the Covid-19 pandemic in banking. The object of research on scientific writing is PT. Bank Central Asia Tbk. The types of data used in this research are qualitative and quantitative data. Sources of data used in this study is secondary data obtained from the company's official website. The data collection techniques used are literature studies and documentation techniques in the form of financial statements of PT. Bank Central Asia Tbk 2020. The results of this study showed that the bank has implemented PSAK 71 since January 1, 2020 in forming CKPN using the expected loss method which is reclassified using the business model method and SPPI testing first. Each reporting date period PT. Bank Central Asia Tbk will measure the loss reserve for financial instruments based on the amount of finance based on the amount of ECL-Lifetime (the number of expected credit losses throughout life) due to an indication of increased credit risk, the bank will put credit risk into stage 2 and Bank BCA calculates CKPN using ECL lifetime so that the formation of Bank BCA CKPN becomes larger. Judging from the number of CKPN in the 2020 financial statements decreased signaling better credit growth.

Keywords: PSAK 71, Financial Instruments, CKPN

1. INTRODUCTION

At the end of 2019 there was a global problem related to health, namely the emergence of the Coronavirus Disease 2019 (Covid-19) outbreak that shocked the world. The Covid-19 outbreak entered Indonesia early in the first quarter of 2020. Banking is one of the financial sectors that experienced a significant impact from the Covid-19 pandemic. Because the banking sector itself in carrying out its operations involves external parties both in the form of individuals and business entities. In 2017, the Financial Accounting Standards Board (DSAK) and the Indonesian Accountants Association (IAI) issued new financial accounting standards adopted by IFRS 9, a system from International Financial Reporting Standards (IFRS) to PSAK 71. The Financial Accounting Standards Board (DSAK) stated that PSAK 55 will be replaced with PSAK 71 concerning Financial Instruments and will come into effect on January 1, 2020.

PSAK 71 replaces the calculation of depreciation loss reserves (CKPN). CKPN made with financial assets owned by banks, one of which is credit given to loans. From the credit distributed, the bank is obliged to make a Impairment Loss Reserve (CKPN). CKPN is a reserve prepared by banks to deal with the risk of future impairment losses and is also one of the most accruals in the bank's financial statements. The enactment of PSAK 71 requires banks to reserve greater impairment losses compared to PSAK 55 which has been effective since January 2015. This is because PSAK 71 requires banks to use the approach of credit losses early on (expected loss) in forming impairment loss reserves from credit. The purpose of the provision for losses that is greater than before by banking issuers is to make banking safer in the face of difficult times such as crises or natural disasters in the future. Banks can also apply the principle of skepticism or prudence in distributing credit to customers because the greater the amount of credit disbursed, the greater the CKPN that must be set aside and this will result in a decrease in profit.

2. LITERATURE REVIEW

2.1 Definition of Impairment Loss Reserve

Impairment is a condition where the carrying amount of an asset exceeds its recoverable value. While, Impairment Loss is the amount that is reduced from the carrying amount to the recoverable amount of the asset.
In the Indonesian Banking Accounting Guidelines (2008) Impairment Losses Reserve is a reserve that must be established by a bank if there is objective evidence of a decrease in the value of a financial asset or group of financial assets as a result of one or more events that occurred after the initial recognition of the asset (adverse events), and has an impact on the estimated future cash flows. The amount of loss reserves measured as the difference between the carrying value of the financial asset and the present value of estimated future cash flows (excluding future credit losses that have not occurred) discounted using the financial asset's original effective interest rate.

2.2 PSAK 71 : Financial Instruments (2017)
According to Statement of Financial Accounting Standards (2017): Financial Instruments, the purpose of the statement of PSAK 71 is to establish principles for financial reporting on financial assets and financial liabilities that will provide relevant and useful information for users of financial statements to assess the amount, timing and uncertainty of the company's future cash flows.

2.3 Recognition and Derecognition
According to PSAK 71 (2017), companies must recognize and derecognize financial assets and liabilities in the following ways:

1. Initial Recognition
   The company may recognize financial assets and liabilities in the financial statements, if it becomes a party to the contractual provisions of the instrument.

2. Derecognition of Financial Assets
   The company may determine the derecognition of a financial asset if it meets one of the following criteria:
   a. Consists of cash flows from a specifically identified financial asset.
   b. Consists of a proportionate share of the full flow of financial assets.
   c. Consists of a fully proportionate share of the cash flows of a specifically identified financial asset. The decline in value is set at 90% of the interest cash flows.

3. Derecognition of Financial Liabilities
   The Company removes financial liabilities from the statement of financial position, when the liability expires (cancelled or expires). Exchanges between debtors and creditors of debt instruments with different terms are accounted for as a write-off of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability that is terminated or transferred and the consideration paid is recognized in profit or loss.

2.4 Classification
According to PSAK 71 (2017), the classification of financial assets and liabilities is as follows:

1. Classification of Financial Assets
   PSAK 71 provides arrangements for the approach to classification of financial assets through the company's business model in managing financial assets and the contractual cash flow characteristics of financial assets. Financial assets are measured at fair value through profit or loss unless measured at amortized cost or fair value through other comprehensive income.

2. Classification of Financial Liabilities
   The Company classifies all financial liabilities, so that after initial recognition they are measured at amortized cost. However, companies can also designate financial liabilities that are measured at fair value through profit or loss.

2.5 Measurement
According to PSAK 71 (2017), the methods of measuring financial assets and liabilities that must be carried out by companies are as follows:

1. Initial Measurement
   The company uses fair value at the time of initial measurement of financial assets and liabilities. The fair value is added or reduced by transaction costs directly related to the acquisition or issuance of financial assets and liabilities, the measurement applies to financial assets and liabilities that are not measured at fair value through profit or loss.

2. Measurement of Amortized Acquisition Cost
Measurement of amortized Acquisition cost calculated on financial assets is carried out using 3 methods, namely:

a. Effective interest rate method  
b. Modification of contractual cash flows  
c. Removal

2.6 Impairment
According to PSAK 71 (2017), The ways of recognize and measurement of impairment that must be done company as follows:

1. Recognition of Expected Credit Losses
PSAK 71 introduces the expected credit loss method in measuring losses on financial instruments due to impairment of financial instruments. Unlike the previous PSAK 55 which recognized credit losses when a credit loss event occurred, the method introduced by PSAK 71 requires immediate recognition of the impact of changes in expected credit losses after the initial recognition of financial assets. Based on this, the company measures the allowance for losses on a financial instrument at the amount of its lifetime expected credit losses, if the credit risk on the financial instrument has increased significantly since initial recognition.

If at the reporting date, the credit risk of a financial instrument has not increased significantly since initial recognition, the company measures the allowance for losses on that financial instrument at the amount of the 12-month expected credit loss. Such losses represent the expected credit losses arising from default on financial instruments that may occur within 12 months after the reporting date.

2. Determination of Significant Credit Risk Increase
PSAK 71 requires companies to consider whether there is a significant increase in credit risk (assessment based on changes in the possibility of default) by comparing the initial credit risk of financial instruments with credit risk at the reporting date. If the company estimates that the financial instrument has low credit risk at the reporting date (eg ‘investment grade’), then the company assumes that the credit risk of the financial instrument has not increased significantly. There is a rebuttable presumption that significant credit risk has occurred when payments are in arrears more than 30 days if no further specific information about the borrower is available, without undue cost and effort, to determine whether there is a significant increase in credit risk.

3. Calculation of Expectation Credit Loss
PSAK 71 requires companies to recognize impairment of loan commitments and financial guarantee contracts. For financial guarantee contracts, the company considers the changing risk that the debtor specified in the contract will default. For loan commitments, the entity considers changes in the risk of default on the loan associated with the loan commitment.

The measurement of the expectation credit loss for a financial guarantee contract is the expected payment to reimburse the security holder for the credit loss incurred less the amount the entity expects to receive from the guarantee holder, debtor, or other party.

PSAK 71 requires The companies to recognize the cumulative change in lifetime expected credit losses from the initial recognition of the financial asset as an allowance for losses on purchased or originated credit-impaired financial assets at the reporting date.

2.7 Hedging Accounting
According to PSAK 71 (2017), the classification of financial assets and liabilities is as follows:

1. Qualification Criteria for Hedging Accounting
According to PSAK 55, a hedging relationship can be considered effective if it meets the requirements of the 80-125% effectiveness test. In contrast to PSAK 55, PSAK 71 eliminates the effectiveness test requirement and introduces a more general requirement (principle-based) using management judgment, namely:

a. There is an economic relationship between hedging items and hedging instruments.  
b. The influence of credit risk does not dominate the change in value resulting from such economic relationships.  
c. The hedging ratio of the hedging relationship is the same ratio of the product of the quantity of the hedged item actually being hedged and the quantity of the hedging instrument that the entity actually uses to hedge the quantity of the hedged item.
2. Rebalancing Hedging Relationships
   PSAK 71 requires that if the hedging relationship no longer meets the requirements for hedging effectiveness related to the hedging ratio, but the risk management objectives of the hedging relationship are set the same, the company adjusts the hedging ratio of the hedging relationship so that it meets the qualifying criteria again.

3. Accounting for the Time Value of Options for Cash Flows and Fair Value Hedging
   PSAK 71 requires companies to distinguish the time value of options based on the type of hedged item that is hedged by the transaction option relating to the hedged item and the time period associated with the item. When an enterprise separates the intrinsic value and time value of an option contract and designates only the change in the intrinsic value of the option as a hedging instrument, the company records the time value of the option.

3. RESEARCH METHOD

3.1 Types and Sources of Data
   The types of data used in this study are qualitative and quantitative data. Qualitative data is data that contains information about PT. Bank Central Asia Tbk such as the history of the company's establishment, the company's vision and mission, company products and services, organizational structure, business activities, and other qualitative data. Quantitative data is data in the form of numbers in the form of credit quality data, mutation of allowance for impairment losses and statements of financial position in 2020.
   The source of data used in this study is secondary data. Secondary data is a source of research data obtained through intermediary media or indirectly in the form of books, records, existing evidence, or archives, whether published or not publicly published. The secondary data used is the company's 2020 financial report, which was obtained from the company's official website (www.bca.co.id), and relevant data sources from the internet.

3.2 Data Collection Techniques
   The Data Collection technique used is literature study, namely this data collection technique is a collection of data obtained from books, literatures, official documents, articles, scientific writings, and other sources of decisions related to a problem being researched. And the documentation technique, namely this data collection technique is done by studying documents to get data or information related to the problem being studied (Sugiyono in Helmizar et al, 2020). The documentation material studied is in the form of the financial statements of PT. Bank Central Asia Tbk in 2020.

3.2 Analysis Techniques
   The data analysis technique used in this research is descriptive qualitative analysis technique. This method is carried out by analyzing qualitatively, namely by reviewing, describing, examining, and explaining the data obtained at PT. Bank Central Asia Tbk. In this study the authors took data from the annual financial statements of PT. Bank Central Asia Tbk in 2020 which will then be analyzed in accordance with the application of PSAK 71: Financial Instruments related to allowance for impairment losses.

4. RESULTS AND DISCUSSION
   PT. Bank Central Asia Tbk in finance as of December 31, 2019 and 2020, PSAK 71 has been implemented in the financial statements for 2020. PT. Bank Central Asia has implemented PSAK 71 in determining CKPN (Impairment Loss Reserve) which previously applied PSAK 55 (Revised 2014) “Financial Instruments: Recognition and Measurement”. The establishment of CKPN has been agreed by the Indonesian Bankers (2019) that the PSAK 71 impairment model aims to provide accurate, relevant, systematic and real-time information that is used as a basis for decision making. Therefore, based on PSAK 71, the calculation of losses on financial assets such as loans in Impairment Loss Reserve (CKPN) will always be updated and recognized from the beginning of recognition until the last maturity date without waiting for objective evidence.

<table>
<thead>
<tr>
<th>Credit Period</th>
<th>Total Credits</th>
<th>Substandard</th>
<th>DPK</th>
<th>Less Smooth</th>
<th>Doubtful</th>
<th>Jammed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>588,251</td>
<td>568,788</td>
<td>11,586</td>
<td>1,307</td>
<td>687</td>
<td>5,883</td>
</tr>
<tr>
<td>2020</td>
<td>575,649</td>
<td>555,188</td>
<td>10,134</td>
<td>2,048</td>
<td>1,090</td>
<td>7,189</td>
</tr>
</tbody>
</table>

Source: Credit Quality Data PT. Bank Central Asia Tbk in 2020.
Based on table 4.1, describes the credit movement that occurs at PT. Bank Central Asia Tbk during 2019 and 2020. In the table tends to increase, it can be seen from the data that the total credit in 2019 amounted to Rp. 588,251,000,000 decreased to Rp. 575,649,000,000 in 2020. Thus, PT. Bank Central Asia Tbk experienced a decrease in credit of Rp. 12,602,000,000 in 2020.

Table 4.2
Percentage of Credit Movements in 2018 – 2020

<table>
<thead>
<tr>
<th>Credit Period</th>
<th>Total Credits</th>
<th>Substandard</th>
<th>DPK</th>
<th>Less Smooth</th>
<th>Doubtful</th>
<th>Jammed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>588,251</td>
<td>96.7%</td>
<td>2.0%</td>
<td>0.2%</td>
<td>0.1%</td>
<td>1.0%</td>
</tr>
<tr>
<td>2020</td>
<td>575,649</td>
<td>96.4%</td>
<td>1.8%</td>
<td>0.4%</td>
<td>0.2%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

Source: Credit Quality Data PT. Bank Central Asia Tbk in 2020.

Based on table 4.2, it shows that the percentage of current credit payments has decreased from 96.7% in 2019 to 96.4% in 2020. The percentage for DPK credit (In Special Mention) decreased in 2020, namely 1.8%. The percentage for substandard loans increased to 0.4% in 2020. The percentage for doubtful loans in 2020 increased by 0.2% to 0.4%. Meanwhile, the percentage for bad loans increased from 1.0% in 2019 to 1.2% in 2020.

This shows that PT. Bank Central Asia Tbk may experience difficulties if bad credit continue to increase because if it continues to increase the bank will no longer be able to provide credit to other customers in large numbers because the bank itself is also experiencing difficulties in cash flow turnover caused by bad loans. Then for TPF credit, substandard credit, and doubtful loans tend to fluctuate (up and down). Meanwhile, current credit has decreased. So that BCA Bank must be careful in distributing credit to its customers so as not to suppress the potential for default.

Discussion

Prior to the implementation of PSAK 71, there were several revisions, changes and adjustments to financial accounting standards (SAK) and interpretations of SAK that were effective for financial years beginning on or after January 1, 2020, including: PSAK 71: Financial Instruments, PSAK 72: revenue from contracts with customers, PSAK 73: Leases, Amendments to PSAK 55, Amendments to PSAK 60 and Amendments to PSAK 71, concerning reform of interest rate reference.

PSAK 71

PSAK 71 is a replacement from PSAK 55 (Revised 2014) regarding “Financial Instruments”. Changes related to the new arrangement for the classification and measurement of financial instruments based on the valuation of the business model and contractual cash flows, the recognition and measurement of allowance for impairment losses on financial instruments using the expected credit loss model, which replaces the incurred credit loss model and provides a simpler approach to hedging accounting.

PSAK 71, the bank chose to apply retrospectively with the cumulative effect at the beginning of application being recognized on January 1, 2020 and not restating comparative information.

PSAK 71, classification and measurement, and requirements for impairment of financial assets are applied retrospectively by adjusting retained earnings at the date of initial application.

Financial assets of PT. Bank Central Asia Tbk mainly consists of cash, current accounts with Bank Central Asia, current accounts with other banks, placements with Bank Central Asia and other banks, marketable securities and other assets.

Table 4.3
Classification of Financial Instruments

<table>
<thead>
<tr>
<th>Categories defined by 71</th>
<th>Class (determined by the Bank)</th>
<th>Sub-class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets Financial assets at fair value through profit or loss</td>
<td>Securities</td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current accounts with Bank Central Asia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current accounts with other banks</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
After initial recognition, banks measure financial assets, according to their classification at amortized cost and fair value through other comprehensive income or fair value through profit or loss. Gains or losses arising from changes in fair value are recognized in profit or loss, reclassification of financial assets is effective from January 1, 2020, reclassification of financial assets is carried out if there is a change in the business model of managing financial assets and it is not allowed to reclassify financial liabilities. As for the identification and measurement of impairment losses, namely:

A. Financial Assets effective January 1, 2020

The Bank recognizes allowance for expectation credit losses on financial instruments that are not measured at fair value through profit or loss. There is no allowance for expected credit losses on investments in equity instruments. The Bank measures allowance for losses at the amount of expected credit losses over its lifetime, except for the following, which measures the amount of expected credit losses at 12 months: (1) Debt instruments that have low credit risk at the reporting date; and (2) other financial instruments whose credit risk has not significantly increased since initial recognition.

a. Expectation credit loss measurement (future)

The expected credit loss are probability-weighted estimates of credit losses measured as follows: (1) Financial assets that do not deteriorate at the reporting date of expected credit losses are measured as the difference between the present value of all cash shortfalls, i.e. the difference between between the cash flows owed to the bank in accordance with the contract and the cash flows that are expected to be received by the bank. (2) Deteriorating financial assets at the reporting date, the expected credit losses are measured at the difference between the gross carrying amount and the present value of the estimated future cash flows;

b. Deteriorating Financial Assets

At each reporting date, the bank assesses whether financial assets carried at amortized cost and debt instruments financial assets carried at fair value through other comprehensive income are credit impaired (deteriorating). A financial asset is impaired when one or more events that have an adverse effect on the estimated future cash flows of the financial asset have occurred. Objective evidence that a financial asset is impaired include negligence or arrears in payments by the debtor, credit restructuring or claims by the bank with conditions that cannot be provided if the debtor is not experiencing financial difficulties, an indication that the debtor or issuer will be declared bankrupt, loss of an active market for financial assets due to financial difficulties or other observable data relating to a group of financial assets such as deteriorating payment status of debtors or issuers in that group.

Impairment Loss Reserves

Each period of the reporting date of PT. Bank Central Asia Tbk will measure the loss reserves for financial instruments based on the financial amount based on the amount of ECL-Lifetime (Lifetime Expected Credit Loss), a financial instrument, if the credit risk of the financial instrument has experienced a significant increase since initial recognition. Bank BCA will recognize a loss allowance based on the amount of lifetime expected credit losses (ECL-Lifetime).

To determine whether loss allowance is measured using Lifetime Expected Credit Losses or 12-Month Expected Credit Losses, it really depends on the extent to which there has been a significant change in the credit risk of
financial instruments since initial recognition. In determining whether the credit risk of a financial instrument has increased significantly since initial recognition, it is necessary to compare the risk of default on a financial instrument at the date of initial recognition and the reporting date by considering the available relevant information (reasonable and supportable information). Banks do not have to conduct in-depth research to obtain the information needed to determine whether credit risk has increased significantly since initial recognition. Qualitative information, either internal or external, can also be used to determine whether a financial instrument has experienced a significant increase in credit risk. Some of the qualitative information, among others: significant changes in the internal credit rating of financial instruments, macroeconomic changes that have a negative effect on debtors, worsening changes in market indicators, arrears in principal and/or interest, worsening changes in debtors, etc.

Bank BCA has established a Impairment Loss Reserve (CKPN) for Financial Assets in accordance with applicable accounting standards and based on the condition of the quality of financial assets. In determining CKPN PT. Bank Central Asia Tbk, has classified CKPN in accordance with the provisions of PSAK 71, in recognizing the allowance for expected credit losses of PT. Bank Central Asia Tbk, has recognized in accordance with the provisions of PSAK 71.

**Decrease in the Value of Financial Assets**

Based on Figure 4.2, consolidated financial statements of December 2020, PT. Bank Central Asia Tbk uses the Expected Credit Loss (ECL) method which is forward-looking. The main factor in determining whether a financial asset requires a 12-month ECL (stage 1) or ECL lifetime (stage 2) and there has been a significant increase in credit risk at each reporting date. The stages of impairment include:

- **Stage 1**: includes financial assets that do not have a significant increase in credit risk since initial recognition or have low credit risk at the reporting date. ECL month will be calculated.
- **Stage 2**: includes financial assets that have experienced a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date), but have no objective evidence of impairment. For this asset, the ECL lifetime is calculated. ECL lifetime is the expected credit loss resulting from all possible default events over the estimated life of the financial asset.
- **Stage 3**: includes financial assets that have objective evidence of impairment at the reporting date. This stage contains debtors who have been impaired (failed to pay).

These steps are applied to all financial instruments that are not recognized at fair value through profit or loss.

**Figure 4.2**

**Summary Statement of Financial Position of PT. Bank Central Asia Tbk**

<table>
<thead>
<tr>
<th>Total Aset (dalam miliar Rupiah)</th>
<th>2020</th>
<th>(%) terhadap Total Aset</th>
<th>2019</th>
<th>(%) terhadap Total Aset</th>
<th>2018</th>
<th>(%) terhadap Total Aset</th>
<th>2019</th>
<th>(%) terhadap Total Aset</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kas dan Giro pada Bank Indonesia</td>
<td>51.805</td>
<td>4.8%</td>
<td>73.326</td>
<td>8.0%</td>
<td>65.240</td>
<td>7.9%</td>
<td>(21.521)</td>
<td>-29.4%</td>
</tr>
<tr>
<td>Giro pada Bank Lain</td>
<td>11.972</td>
<td>1.1%</td>
<td>10.522</td>
<td>1.1%</td>
<td>8.498</td>
<td>1.0%</td>
<td>1.450</td>
<td>13.8%</td>
</tr>
<tr>
<td>Penempatan pada Bank Indonesia &amp; Bank Lain</td>
<td>47.451</td>
<td>4.4%</td>
<td>30.948</td>
<td>3.4%</td>
<td>31.683</td>
<td>3.8%</td>
<td>16.593</td>
<td>53.3%</td>
</tr>
<tr>
<td>Efek-efek</td>
<td>339.372</td>
<td>31.6%</td>
<td>152.559</td>
<td>16.6%</td>
<td>118.294</td>
<td>14.3%</td>
<td>186.813</td>
<td>122.5%</td>
</tr>
<tr>
<td>Efek-efek untuk Tujuan Investasi</td>
<td>192.553</td>
<td>17.9%</td>
<td>142.983</td>
<td>15.6%</td>
<td>109.081</td>
<td>13.2%</td>
<td>49.570</td>
<td>34.7%</td>
</tr>
<tr>
<td>Efek-efek yang Dibeli dengan Janji Dijual Kembali</td>
<td>146.819</td>
<td>13.7%</td>
<td>9.576</td>
<td>1.0%</td>
<td>9.213</td>
<td>1.1%</td>
<td>137.243</td>
<td>1,433.2%</td>
</tr>
<tr>
<td>Kredit yang Diborong - bruto</td>
<td>574.590</td>
<td>53.4%</td>
<td>586.940</td>
<td>63.9%</td>
<td>538.100</td>
<td>65.2%</td>
<td>(12.350)</td>
<td>-2.1%</td>
</tr>
<tr>
<td>Cadangan Kerugian Penurunan Nilai (CKPN) Kredit</td>
<td>(26.946)</td>
<td>-2.5%</td>
<td>(14.908)</td>
<td>-1.6%</td>
<td>(13.509)</td>
<td>-1.6%</td>
<td>12.040</td>
<td>80.8%</td>
</tr>
<tr>
<td>Aset Tetap</td>
<td>21.915</td>
<td>2.0%</td>
<td>20.852</td>
<td>2.2%</td>
<td>19.337</td>
<td>2.4%</td>
<td>1.063</td>
<td>5.1%</td>
</tr>
<tr>
<td>Lainnya</td>
<td>55.411</td>
<td>5.2%</td>
<td>58.748</td>
<td>6.4%</td>
<td>57.205</td>
<td>7.0%</td>
<td>(3.337)</td>
<td>-5.7%</td>
</tr>
<tr>
<td>Total Aset</td>
<td>1,075,576</td>
<td>100.0%</td>
<td>918,989</td>
<td>100.0%</td>
<td>824,788</td>
<td>100.0%</td>
<td>156,581</td>
<td>17.0%</td>
</tr>
</tbody>
</table>

Source: Annual Report of PT. Bank Central Asia Tbk in 2020
Table 4.4
Impairment Loss Reserve Mutation (in millions of Rupiah)

<table>
<thead>
<tr>
<th>Description</th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>CKPN initial balance</td>
<td>17,491,998</td>
<td>1,043,975</td>
<td>5,328,700</td>
<td>23,863,773</td>
</tr>
<tr>
<td>Including the impact of the initial implementation of PSAK 71</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formation (recovery) of CKPN in the current period (Net)</td>
<td>7,367,075</td>
<td>(133,862)</td>
<td>4,332,939</td>
<td>11,566,152</td>
</tr>
<tr>
<td>CKPN used to delete books on bills in the current period</td>
<td>-</td>
<td>-</td>
<td>(3,452,857)</td>
<td>(3,452,857)</td>
</tr>
<tr>
<td>Formation (recovery) in the current period</td>
<td>(39,251)</td>
<td>(45,494)</td>
<td>73,275</td>
<td>(11,470)</td>
</tr>
<tr>
<td>CKPN final balance</td>
<td>24,818,922</td>
<td>864,619</td>
<td>6,282,057</td>
<td>31,965,598</td>
</tr>
</tbody>
</table>

Source: Annual Report of PT. Bank Central Asia Tbk in 2020

Based on table 4.4 above, it can be stated that financial assets that do not have a significant increase in credit risk are Rp. 24,818,922,000. Financial assets that experienced a significant increase in credit risk but had no objective evidence of impairment amounted to Rp. 864,619,000. And financial assets that have objective evidence of impairment of Rp. 6,282,057,000. So that the total of all financial assets, both those with increased risk and those without increased risk, is Rp. 31,965,598,000.

The condition of receivables of PT. Bank Central Asia Tbk During the Covid-19 Pandemic
In the midst of economic conditions resulting from all the challenges of the pandemic, BCA's financial position is at a healthy level with adequate liquidity and capital. Based on figure 4.2, BCA's 2020 financial statements, for total assets at the end of 2020, reached up to Rp. 1,075.6 trillion, a growth of 17.0% or equivalent to Rp. 156.6 trillion compared to 2019. This growth was due to an increase in liquidity, placed in securities in the form of government bonds. From the picture above, it can be seen that the credit value given has the largest nominal value, meaning that the credit included in this post provides a material nominal for Bank BCA and its Subsidiaries.

Implementation of Impairment Loss Reserve (CKPN) PT. Bank Central Asia Tbk Based on PSAK 71 During the Covid-19 Pandemic
Implement PSAK 71 in lieu of PSAK 55 regarding "Financial Instruments" effective January 1, 2020. Such changes are primarily related to the classification and measurement of financial instruments, the use of expected loss in the calculation of decreased financial asset values and improvements in hedging accounting models. In connection with the covid-19 pandemic that has caused global and domestic economic uncertainty, BCA bank continues to identify and monitor continuously and be on guard by establishing Impairment Loss Reserves (CKPN) if debtors who have received restructuring facilities perform well initially, are expected to decrease due to Covid19 and cannot recover after restructuring or the impact of COVID-19 end.

In figure 4.2, judging from the number of CKPN that in the 2020 financial statements decreased by -2.5% compared to the previous year 2019 which was -1.6%. And this decline in CKPN makes the bank's performance better and signals better credit growth. With the start of improving the economy, the amount of bad credit is predicted to decrease.

5. CONCLUSION AND SUGGESTION
Based on the results of research and analysis that has been done, it can be concluded that PT. Bank Central Asia Tbk in forming CKPN in accordance with applicable accounting standards, namely PSAK 71 which is effective from January 1, 2020. In implementing PSAK 71, CKPN formed by Bank BCA uses the expected loss method compared to incurred loss (PSAK 55). In percentage terms of credit movements, BCA bank can have difficulty if bad credit continues to increase because if it continues to increase the bank will no longer be able to provide credit to other customers in large quantities because the bank itself also has difficulty in cash flow turnover caused by bad credit. Then for DPK credit, credit is less smooth, and doubtful credit tends to experience fluktuas (up and down). While credit is currently declining. So Bank BCA must be careful in distributing credit
to its customers so as not to suppress the potential for default. Each reporting date period of PT. Bank Central Asia Tbk will measure the loss reserves for financial instruments based on the amount of finance based on the amount of ECL-Lifetime (the number of expected credit losses throughout the life) due to indications of increased credit risk, the bank will put credit risk into stage 2 and Bank BCA calculates CKPN using lifetime ECL so that the formation of CKPN Bank BCA becomes larger. Judging from the number of CKPN in the 2020 financial statements decreased signaling better credit growth.

Based on the conclusions that have been described, the suggestions that can be conveyed by the author are as follows:

1. For banking,
   seen from the establishment of Impairment Loss Reserves (CKPN) in PT. Bank Central Asia Tbk has followed the applicable accounting standard policies, moreover this policy is still relatively new. Therefore, it is hoped that banks will continue to implement this policy in the future.

2. For further researchers
   Based on the results of this study, it is expected that further research can be updated on PSAK 71, regarding the formation of CKPN for banks during the COVID-19 pandemic, and can add objects of research and further research development.

REFERENCES


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