

 <p>Journal of Management and Business Innovation (JOMBINOV) <a href="https://v-learnov.com/index.php/jombinov">https://v-learnov.com/index.php/jombinov</a> Volume 02 Number 01 March 2026 Page: 78-81 ISSN: 3123-6464 (Online)</p>	<p><b>Analysis Of Credit Restructuring Implementation as a Strategy for Handling Non-Performing Loans at PT. BPR Christa Jaya Perdana in Kupang City</b></p> <p><b>Stevi C. Lodo<sup>1*</sup>, Maria I. Hewe Tiwu<sup>2</sup>, Muhammad A. Habibi Mushlih<sup>3</sup></b> <sup>1-3</sup> Department of Economics, Nusa Cendana University, Indonesia</p>
<p><b>Article History:</b> Received: 21 Jan 2026 Revised: 28 Jan 2026 Accepted: 04 Feb 2026</p> <p><b>Corresponding Author:</b> Stevi C. Lodo</p> <p><b>Corresponding E-mail:</b> <a href="mailto:lodostevi@gmail.com">lodostevi@gmail.com</a></p>	<p style="text-align: center;"><b>Abstract</b></p> <p><b>Research Aims:</b> This study aims to examine the implementation of credit restructuring as a strategic approach to managing Non-Performing Loans (NPL) at PT. BPR Christa Jaya Perdana, Kupang City, during the 2020–2024 period, and to assess its effectiveness in improving debtor repayment capacity, particularly among Micro, Small, and Medium Enterprises (MSMEs).</p> <p><b>Methodology:</b> The study adopts a qualitative descriptive research design. Data were collected through in-depth interviews, field observations, and documentation analysis involving management and staff responsible for credit restructuring and loan recovery. The collected data were analyzed using qualitative descriptive techniques to identify patterns and practical outcomes of restructuring practices.</p> <p><b>Theoretical Contribution/Originality:</b> This research contributes to credit risk management and agency theory by empirically demonstrating that credit restructuring functions as an adaptive contractual mechanism to mitigate default risk and align creditor–debtor interests. The study’s originality lies in its empirical focus on Rural Banks (BPR) as regional financial intermediaries, a context that remains underrepresented in existing empirical literature.</p> <p><b>Practitioners/Policy Implications:</b> For practitioners, the findings emphasize the importance of rigorous pre-restructuring credit assessment, continuous post-restructuring monitoring, and the enhancement of debtor financial literacy to ensure sustainable loan recovery. From a policy perspective, the study provides evidence-based insights that may assist regulators in designing more flexible and responsive credit restructuring frameworks tailored to rural banking institutions.</p> <p><b>Research Limitations/Implications:</b> This study is limited to a single rural bank, which may constrain the generalizability of the findings. Nevertheless, the results offer valuable implications for similar financial institutions in strengthening NPL management strategies and maintaining regional financial stability.</p> <p><b>Keywords:</b> Credit Restructuring, Non-Performing Loans, Rural Banks, Risk Management, MSME.</p>
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### INTRODUCTION

Non-performing loans (NPL) represent a primary source of financial vulnerability, as high NPL ratios directly erode profitability, strain liquidity, and jeopardize overall financial stability (Indah Sucianty et al., 2016). This vulnerability is significantly amplified for Rural Banks (BPR), which operate with limited capital buffers and rely heavily on interest income from Micro, Small, and Medium Enterprises (MSME)—a segment highly susceptible to external economic shocks (Astari & Dewi, 2022).

In credit risk management theory, banks must employ both preventive and corrective measures to mitigate default risks, with credit restructuring serving as a vital corrective instrument (Hariadi & Novita, 2023). Restructuring mechanisms—such as rescheduling, reconditioning, and restructuring—are designed to realign loan terms with the debtor's actual repayment capacity, theoretically preserving the productive relationship and reducing the probability of loss (Hapsari, 2022). Furthermore, agency theory posits that restructuring acts as a tool to bridge information asymmetry and reduce moral hazard by re-aligning contractual obligations with the debtor's financial reality (Hariadi & Novita, 2023).

Despite its theoretical benefits, a significant gap exists in the current literature. Most existing studies on NPL management are heavily skewed toward large-scale commercial banks or utilize quantitative approaches that overlook the operational nuances of regional financial institutions (Lusiana & Utami, 2021; Suartama et al., 2017). There is a distinct lack of qualitative inquiry into how credit restructuring is operationalized within the relationship-based banking model characteristic of BPRs.

Specifically, the managerial considerations and contextual challenges in implementing these policies at the regional level—where local economic dynamics play a decisive role—remain under-explored. This study aims to fill this research gap by providing a qualitative analysis of credit restructuring implementation at PT. BPR Christa Jaya Perdana.

By exploring how restructuring strategies are executed and their subsequent impact on NPL reduction from 2020 to 2024, this research seeks to provide a grounded perspective on the effectiveness of these interventions. Ultimately, this study offers a critical rationalization for adaptive credit policies that support both the sustainability of rural banks and the resilience of the local MSME sector.

### METHODS

This study adopts a qualitative descriptive research design to provide an in-depth understanding of credit restructuring practices at PT. BPR Christa Jaya Perdana, Kupang City. Data collection was conducted over a four-month period in 2024, covering a longitudinal analysis of restructuring cycles from 2020 to 2024.

Informants were selected through purposive sampling, involving a cross-section of stakeholders—from top management (directors) to account officers—to capture both strategic and operational perspectives. The research utilized triangulated data collection methods, comprising semi-structured interviews, direct observation of credit workflows, and a comprehensive documentation review of internal NPL reports and restructuring SOP.

Data were analyzed using the interactive model of data reduction, data display, and conclusion drawing, ensuring methodological rigor by cross-verifying interview insights with empirical bank records to maintain data validity and reliability.

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## RESULT

The results reveal that PT. BPR Christa Jaya Perdana strictly operationalizes credit restructuring through three primary mechanisms: rescheduling, reconditioning, and restructuring, each tailored to rigorous debtor repayment capacity assessments and business feasibility evaluations.

Empirically, the implementation of these strategies is directly correlated with a measurable decline in Non-Performing Loan (NPL) ratios and a significant increase in debtor repayment compliance. Beyond these quantitative indicators, the study interprets these findings as evidence of enhanced financial resilience; restructuring served not merely as a temporary relief but as a strategic intervention that stabilized debtor cash flows and ensured business continuity.

This suggests that when restructuring is aligned with the debtor's actual economic reality, it functions as a mutually beneficial instrument that restores credit quality while simultaneously fostering the long-term viability of MSME borrowers.

## DISCUSSION

The findings confirm that credit restructuring functions as a pivotal credit risk management strategy within the rural banking sector. The successful implementation of rescheduling, reconditioning, and restructuring at PT. BPR Christa Jaya Perdana aligns with the research of Erna & Hidayat (2023), which emphasizes that flexible repayment schemes are essential for reducing NPL levels. However, this study extends that premise by demonstrating that in a regional context, the effectiveness of these schemes relies heavily on the "relationship banking" model, which offers deeper qualitative insights into debtor behavior than the purely transactional approaches often seen in larger commercial banks.

From an agency theory perspective, restructuring effectively mitigates information asymmetry and moral hazard by recalibrating credit agreements to match the debtor's actual cash flow (Hariadi & Novita, 2023). This observed selective assessment of debtor goodwill mirrors the findings of Suartama et al. (2017), who argued that prudent restructuring must prioritize business viability over mere administrative adjustment to avoid "evergreening" non-performing loans.

Furthermore, the emphasis on continuous post-restructuring monitoring in this study reinforces the framework proposed by Indah Sucianty et al. (2016), suggesting that monitoring acts as a critical feedback loop that ensures long-term compliance. By synthesizing these elements, this study argues that restructuring in rural banks transcends short-term recovery; it serves as a strategic stabilizer for local economic development by preventing the systemic collapse of MSME borrowers.

## CONCLUSION

This study concludes that credit restructuring serves as a vital strategic instrument for managing non-performing loans in rural banks, provided it is executed with prudence and rigorous monitoring. At PT. BPR Christa Jaya Perdana, the integration of rescheduling, reconditioning, and restructuring has effectively restored debtor repayment capacity and bolstered credit quality, particularly within the vulnerable MSME sector. The primary practical implication of this research is the necessity for rural banks to shift from purely administrative restructuring to a "relationship-based" recovery model.

This model mandates that management prioritizes three operational pillars: accurate business feasibility assessments before approval, intensive post-restructuring oversight to prevent relapse into delinquency, and proactive communication to maintain debtor commitment. For regulators and practitioners, these findings underscore that a flexible yet disciplined restructuring framework is essential to balancing risk mitigation with the objective of local financial inclusion. While this study is limited to a single institution, it provides a foundational roadmap for other rural banks to enhance their resilience against economic fluctuations through adaptive credit management.

### LIMITATION

While this study provides valuable insights, it is subject to several limitations that clarify its scope and suggest directions for future inquiry. Methodologically, the focus on a single institution limits the generalizability of the findings, as the results are inherently context-specific to the regional and institutional characteristics of PT. BPR Christa Jaya Perdana. Furthermore, the reliance on qualitative interviews and internal documentation may introduce informant bias, prioritizing managerial perspectives over objective statistical outcomes.

To address these gaps, future research should expand the analytical scope by conducting comparative studies across multiple rural banks and incorporating quantitative performance indicators to measure long-term financial impacts. Additionally, examining the debtor's perspective would provide a more holistic understanding of restructuring effectiveness and its role in mitigating moral hazard.

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