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ISSUES OF MANAGING RISKS IN INDONESIAN BANKS DURING COVID-19 PANDEMIC CRISIS

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Abstract

The Covid-19 pandemic has had a substantial negative impact on the banking sector in Indonesia. The purpose of this study is to survey various initiatives and measures by the Indonesian banks and the financial authority organization to alleviate and anticipate this impact. This research used content analysis method which aims to identify issues pertinent to risk management activities by the Indonesian Financial Authority and the banks in preparing for the worst scenario. Data used in this study were news articles taken from Republika Newspaper website. The result showed that the Indonesian Authority and its banks took various actions and plans, which were crucial in managing the banks to survive the pandemic crisis. The pandemic also had brought changes to the landscape of the Indonesian financial industry in a better way to manage risks to prepare for a similar crisis in the future.

***Keywords**: Banking, Risk Management, Indonesia, Covid-19, Content Analyse*

A. INTRODUCTION

The Covid-19 pandemic has swept by storm without warning the world population. Its impact mainly affects human activity in terms of health and wellbeing to the point of taking millions of people's life and depriving those who still live. Saving humanity from this pandemic calls for the necessity to contain the virus from spreading wildly to the whole population of the world. This containment effort has caused a reduction in people's mobility and forced them to stay at home. From this social dimension, the problem then permeates to the economic dimension. The economy begins to slow down as consumers' demand decreases which in turn makes the supply side of the economy start reducing its production level. To close the cycle, this affects the households in the form of lower-income and purchasing power. The final effect is the shrinking of the economy, which disturbs all its constituent parts, including the financial sector in which banks operate. Therefore, the banks need to give responses to overcome the crisis caused by this pandemic (Berger & Demirgüç-Kunt, 2021).

One particular area of response that needs to be addressed by the banks is to find ways to enhance their risk management competence in terms of framework, policy measures, practice, and culture (Falzon & Vella, 2021). It is necessary since the crisis has increased the risk of all financial institutions and influenced the performance of the banks. Moreover, economic slowing down is expected to have many repercussions on the banks in various forms, such as debtors being unable to pay their debts and credit becoming challenging to execute, making the intermediation function decline in general (Bodellini & Lintner, 2020). Moreover, financial distress affects the profitability level and banks' solvency (Teresienė et al., 2021). Therefore, risk management activities must be strengthened for the banks' survival during this pandemic. This is also the case for the banks in Indonesia.

Prior research has studied and looked at the pandemic's effect on Indonesia's banking industry in terms of risk management areas. For example, the Covid-19 pandemic has effects on credit risk and relates to an increase in the non-performing loan (NPL) at general banks (Hardiyanti & Aziz, 2021), regional development banks (Aldi Akbar et al., 2021), and also NPL of rural banks (Tiwu, 2020). A case study by Fauziah et al., (2020) also finds that office services in the local bank have been restricted while operating expenses increase, which makes profitability shrink. Another line of research is looking at the government policy to improve risk management measures in the bank, such as credit stimulus program (Disemadi, 2021) credit restructuring (Ambarita & Mardayanti, 2020, and Abubakar & Handayani, 2021). However, none has examined risk management during the Covid pandemic from a comprehensive point of view nationally.

Unlike the previous studies, this article seeks to survey issues that are pertinent to the area of risk management conducted by the stakeholders in the banking industry in response to the Covid-19 pandemic at the national level. It looks at government governing bodies and banks' efforts to improve their risk management in terms of strength and resilience. The overall aim is to have an overview of what issues are considered necessary in risk management by the financial industry stakeholders.

B. LITERATURE REVIEW

1. Risks confronted by Banks

Banks undoubtedly have been the cornerstone of the modern economy of practically every nation. Its existence promotes economic development and, more importantly, distributes wealth. However, as a financial institution bank has various risks associated with its business; these risks, for example, can be seen relatively broadly in Figure 1 below. Generally, Van Greuning & Bratanovic (2020) classify risks into three big categories, namely, financial, operational and business, and environmental. Financial risks are concerned with the banks' primary economic function in the economy as an intermediation institution. At the same time, operational and business risks involve internal processes occurring inside the banks. Lastly, environmental risks are associated with an external macro ecosystem of the banks.

Financial risks	Operational and business risks	Environmental risks
Balance sheet structure	Internal fraud	Country and political risk
Earnings and income statement structure	External fraud	Macroeconomic policy
Capital adequacy	Employment practices and workplace safety	Financial infrastructure
Credit	Clients, products, and business services	Legal and regulatory infrastructure
Liquidity	Damage to physical assets	Banking crisis and contagion
Market	Business disruption and system failures (technology risk)	Reputational risk
Interest rate	Execution, delivery, and process management	Strategic risk
Currency	Outsourcing of key functions	Money laundering ("know your customer" rules)
	Business and market conduct	Cybercrime
	Information governance (data quality)	

Figure 1. Banking Risk Categories
Source: Van Greuning & Bratanovic (2020), page 4

Financial risks involve capital accumulated by the banks to comply with the minimum required by the national regulation. These risks are also reflected in the balance sheet and income statement. Asset and liability are needed to match to provide stability and sustainability to the bank's financial activity. Credit traditionally plays the most crucial role in the banking business since this is the main activity of distributing depositor funds to the debtor. Credit risk happens when debtors fail to honor their commitments. Liquidity risks occur when the banks cannot fulfill their obligations to the third party. At the same time, market risks encompass challenges faced by the banks when fluctuations in the financial market affect the levels of interest rate and currency which worsen the bank's financial position (Zhao, 2021).

Operational and business risks related to activities inside the banks include internal fraud and crime, which are now increasing as the banks see a period of digitalization in the last several years (Von Solms et al., 2021). Operational risks also involve business relations with employees, suppliers, and clients whose relationships sometimes do not go well. In addition, physical systems and technology deployed by the banks pose risks in terms of their installation and application. Furthermore, the business process system, which determines the execution, delivery, and implementation of activities in the banks, also plays a part in contributing to the risks. Lastly, the aspect of governance defines these risks in that it influences the working state of the banks with their stakeholders (Inegbedion et al., 2020).

Environmental risks are associated with the effect of surrounding conditions on the banks, impacting the whole financial system. Politics and macroeconomics provide habitus for the banks and influence their business conduct. The financial infrastructures such as payment systems, laws, and regulations provide enabling conditions that pose risks when they are not in place to streamline the financial transactions. The systemic dimension of risks also comes with these institutional and infrastructure arrangements. Reputational risk is included in this category since the risk impact originates from the banks' surrounding stakeholders. When the banks fail to adapt and plan for the changing business situation, strategic risks emerge, which are imposed by the environment. Lastly, cybercrime which has been increasingly prominent in recent years, such as money laundering and the potential of cyberattacks, also carries risks to the banks (Teresienė et al., 2021).

2. Impacts of the Covid-19 Pandemic on Banks

The benefits of banks in the economy have been hampered by the Covid pandemic that threatens the health of these banks. The impact is mainly related to the rise of various risks faced by the banks. Various studies have reported how the impact has affected the banks' existence and performance (Dovhan, 2020).

The pandemic can increase the systemic risk to the economy as a whole, as is the case reported in China by Liu et al. (2021) as it is noticed during the peak of the virus outbreak. The effect also experiences the point of causing a short recession in the United States, as reported by Berger & Demirgüç-Kunt (2021). In terms of liquidity risk, during the pandemic, the banks also have difficulties fulfilling their short-term liabilities. Therefore, it necessitates prudent asset and liability management, as in Indonesia reported by Rahmi & Sumirat (2021).

Credit risk challenges the banks during the time of the pandemic. Bodellini & Lintner (2020) describes the number of non-performing loans increases, and the banks have trouble with credit management as the number of debtors unable to pay their debts increases (Disemadi, 2021). The size of credit risk grows to the point of causing financial instability for the banks, as reported by the banks in Ukraine (Kovalova, 2021). Credit supply decreases as the banks limit their credit to minimize nonperformance loans.

In the area of operational risks, Von Solms et al. (2021) describe the impact of the pandemic on digitalization when the banks adopt advanced technology in the areas of assets and risk management. It calls for establishing a "smart analytical center" which helps the banks manage their venture in utilizing digital technology. However, the pandemic seems to moderate the digitalization process to speed up the deployment of technology that enables customers to use banking services from their homes (Dovhan, 2020). In another part of operational risks, Rahmi & Sumirat (2021) argues that although the banks can achieve profitability during the pandemic, in the long run, this pandemic can increase the operational cost.

During the pandemic, banks seemed to lose their liquidity level, as Zhao (2021) reported about Banks in China and Nguyen et al. (2022) in Vietnam. Although a bank in Russia, as in the case study reported by Savchina et al. (2021), has stability during the pandemic, the banks' liquidity risk during the pandemics shows increasing in size (Mehrotra et al., 2020).

All the above studies show that there is an increased level of various risks experienced by the banks during the pandemic (Thijs & Bobker, 2021). Consequently, the banks need to respond to this challenge by improving their risk management activity and practice by reorganizing themselves and managing changes to survive the crisis (Radović et al., 2021).

3. Measures Implemented in Risk Management to Combat the Pandemic

Previous studies have reported how the banks respond to the pandemic. In term of credit management, Thijs & Bobker (2021) recommends that the banks improve their strategic effort in managing the credit by doing a stress test to simulate the actual condition of the bank credit and its associated risk. For capital management, Kovalenko et al. (2021) suggest strengthening capital adequacy to prevent it from collapsing due to the economic crisis caused by the people's limited mobility. In anticipating the impact of the pandemic, Mohamed (2021) suggests that banks revise their Expected Credit Losses (ECLs) to be more resilient to the impact. The investment policy of the banks needs to be evaluated by examining their investment portfolio so that the efficiency and quality can be improved (Vladyka et al., 2021). Banks can reduce their loss by restructuring credit and improving the level of NPL monitoring (Hidayat et al., 2021). Nonfinancial risks (NFR) also need to be managed as the showcase of banks in Canada gives evidence that this gives more groundwork and resilience to the corresponding banks (Tullo, 2021).

Von Solms et al. (2021) propose the deployment of digital technology that enables customers to have banking services from the convenience of their homes. The pandemic seems to accelerate the already-underway transformation of the financial industry into digitalization even more rapidly. In Finland, financial institutions have benefited from adopting this technology (Hundal & Zinakova, 2021). As Dovhan (2020) argues, this technology can provide an opportunity to communicate more intimately with customers without compromising the quality of banking services. The same argument also applies to the case of banks in Vietnam, as reported by Nguyen et al. (2022). Moreover, Savchina et al. (2021) reported that this particular use of digital technology in Russia has made the bank they investigated still profitable during the pandemic. On the customer's side, the restricted movement during the pandemic causes them to use the technology (Niyazbekova, 2020) willingly.

On the side of government and authority institutions, policy measures and regulations have been released to combat the pandemic's effect. One necessary regulation is the facility for credit relaxation so that debtors have the opportunity to solve their problems in paying their debts (Ambarita & Mardayanti, 2020). In addition, it is to allow the economy banks to recover and preserve the banks' function as intermediary institutions (Abubakar & Handayani, 2021). This countercyclical policy is intended to stimulate the economy so that debtors can be given a chance to stand up on their feet so that their businesses can sustain and continue to prosper (Disemadi, 2021).

The central banks also increase their leading role in managing the banks by giving directions to improve their governance (Langley & Morris, 2020). The macro-environment where the banks operate needs to provide a good signal for cooperatively alleviating the pandemic's impact (Ha et al., 2021). At the same time, the banks must disclose and report about their business and provide a detailed description of how the pandemic affects their business to avoid a worse impact on the banks (Niyazbekova, 2020).

These measures by the banks and the government authority are conducted to improve the risk management level and prepare for the pandemic's more profound impact (Thijs & Bobker, 2021).

4. Research Framework

The research framework for this paper does not explicitly use any particular framework, although the one proposed by Van Greuning & Bratanovic (2020) can be of reference. Apart from the relatively exhaustive nature of the framework, classifying risks into three big categories is very intuitive and appealing. However, an open mind should be promoted in the research since the nature of research pursued in this study is exploratory. Therefore, relying on one particular research framework will limit the range of investigative quality of this research. Therefore, all the insights from the literature reviewed above will guide the author in framing and analyzing the data (Kolbe & Burnett, 1991).

C. RESEARCH METHOD

This research used a qualitative method appropriate which popular called as content analyze. The purpose of this research, i.e., to explore various issues in risk management as responses to the crisis caused by the Covid-19 virus. The data source were newspaper articles from the Republika website (www.republika.co.id). The articles were conveniently obtained using Google's search engine with the keywords "manajemen risiko" and "bank". This choice of keywords was used to identify the correct articles suitable for the study purpose. The publication time of the identified articles were from 2 March 2020, which was at the outset of the pandemics when the Indonesian Government officially announced the existence of the virus for the first time in the country, until 31 December 2021 at the time of writing this article.

Data analysis involved three activities, i.e., data reduction, data display, and concluding (Miles & Huberman, 1994). Before data reduction was executed, articles obtained by the searched engine were carefully chosen to ensure only relevant and appropriate data were analyzed. To reduce the data, the author used coding as a device to identify the themes that emerged from the articles. Without using any particular theory or framework, insights from the literature review in the previous section function as a guide to the coding construction. In this research, coding units could be words, sentences, or paragraphs. The coding was created manually as the author reads through the articles by examining words, sentences, and paragraphs. The author then freely assigned codes to the article text where it deems appropriate. The coding represents an idea embedded in the text analyzed. Later, some processes of modification to the coding along the way reflect the author's increased understanding of the data.

In its simplest form, this content analysis method can be utilized to analyze newspaper articles (Kolbe & Burnett, 1991). Software QDA Miner Lite version 2.0.9 is used to organize the coding and analyze the data. The codes identified were then translated into themes and subthemes to describe various issues related to risk management conducted and exercised by the Indonesian Financial Authorities and the banks during the pandemics. These themes and subthemes were clustered systematically into groups with similar features to arrive at a coherent analysis. It was called categorization, the procedure of organizing and classifying coding units (Kassarjian, 1977). The software helped to display the themes and subthemes in a meaningful description. An example of the relevant article was included in the corresponding paragraph when elucidating a description of the themes and subthemes. From this theme organization, conclusions were drawn accordingly to reflect what happened in the bank ecosystem and what salient features are prominent when discussing the efforts expedited by the government financial authority and the Indonesian banks during the Covid-19 pandemics.

D. RESULT AND DISCUSSION

Initially, more than one hundred articles are captured by the search engine. After cleaning up the irrelevant articles, the amount of the articles then reduces. The author then reviews the data further by looking at the title of each article and removing repeated articles. Opinion articles are also omitted from the search list. It ensures that only relevant articles suitable for the study make up for the final list. Eventually, only 24 relevant news articles were obtained from the search process used for the analysis. Of these relevant articles, 18 come from the Government's media release. Five articles come from the banks, and only one article comes from the release of independent consulting.

From the analysis conducted by the author, some themes stand out from the data. They come in three significant groupings, i.e., macro-environmental context, risk management policy and regulation, and bank operational measures. These groupings intuitively relate to different levels of setting in which the banks operate. For example, the macro environmental context describes all factors affecting the banks from external forces and represents trends occurring at regional and international levels. The second theme reflects an internal environment where the Government and its governing bodies can exert and influence the work setting of the banks by devising appropriate policy and regulations. The last theme represents efforts by which the individual banks can equip and prepare themselves to anticipate the effect of pandemics on improving their governance and risk management activities. Every theme consists of subthemes that make up the category and explain issues crucial in risk management during pandemics. All of the themes and their subthemes are depicted in Figure 2 below.

	Count	% Codes	Cases	% Cases
Macro Environmental Context				
Green Economy	2	6,3%	2	8,3%
Digitalization	1	3,1%	1	4,2%
Financial Crime and Fraud	1	3,1%	1	4,2%
Risk Management Policy and Regulation				
Financial Relaxation and Restructuring	3	9,4%	3	12,5%
New Regulation	5	15,6%	5	20,8%
Financial Infrastructure	1	3,1%	1	4,2%
Bank Operational Measures				
Prudential Credit Distribution	1	3,1%	1	4,2%
Cyber Security	9	28,1%	6	25,0%
Governance Enhancement	7	21,9%	5	20,8%
Capital Adequacy Improvement	2	6,3%	2	8,3%

Figure 2. Table Tree of Themes Resulted from the Content Analysis
Source: Author's Analysis

From the table tree above, in the context of the macro environment, three subthemes affect the banking setting in Indonesia. They are green economy, digitalization, financial crime, and fraud. In the context of risk management policy and regulation, three subthemes emerge, i.e., financial relaxation and restructuring, new regulation, and financial infrastructure. While at the operational level of the banks, four subthemes appear to stand out: prudential credit distribution, cyber security, governance enhancement, and capital adequacy improvement.

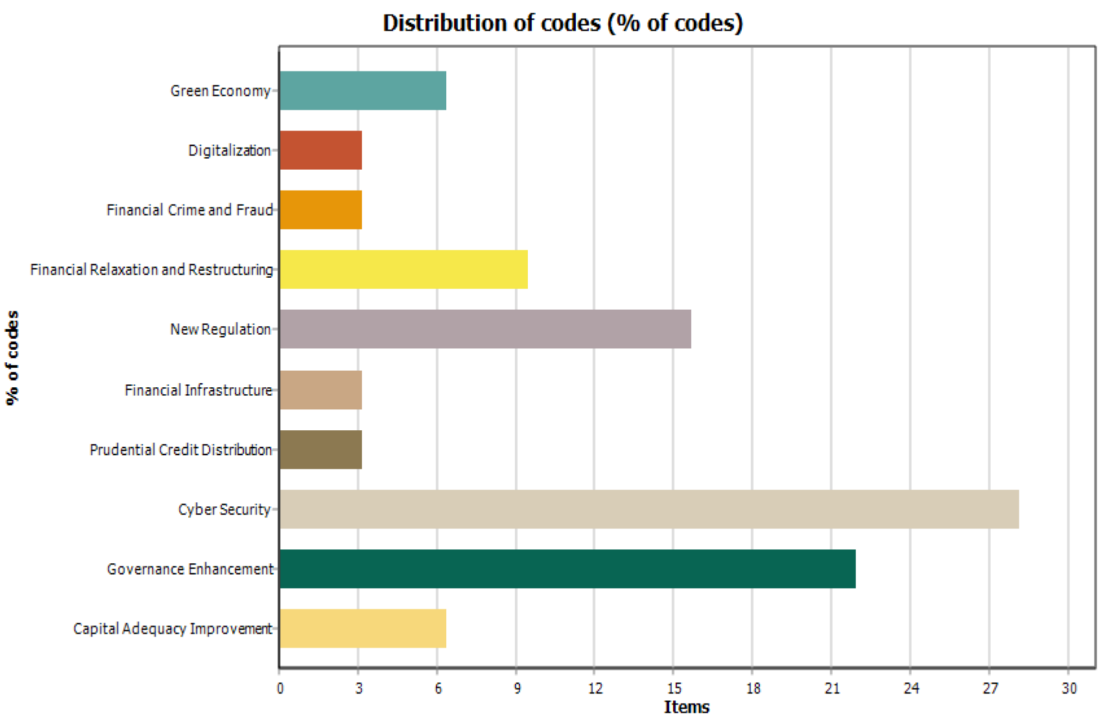

Figure 3. Frequency Distribution of the Themes
Source: Author's Analysis

In terms of frequency, some themes occur more often than others. Figure 3 shows the frequency distribution of each theme. Cyber security, governance enhancement, new regulation, and financial relaxation and restructuring occur more frequently than the other subthemes. Therefore, we can argue that these subthemes give more influence to the issue of the banking situation at the time of the pandemics. However, this paper will not pursue that direction since the purpose of this research is merely to survey what issues were about risk management in the banking sector during the pandemics. More data is needed to justify the conjecture. Therefore, what follows next is the explanation of each theme and its elements.

Macro Environment Context

Context situations surrounding the environment make up the bank state of affairs during the pandemics. The first theme is the emergence of green economic development. Climate change makes people realize that the world needs a new economy to prosper without causing natural disasters in the form of floods, droughts, and other catastrophes which are resulted from climate change. In response to this, there is a firm commitment from the Indonesian Financial Authority (OJK) to promote sustainable finance in line with the climate change challenge. A roadmap on Sustainability Finance is issued to guide banks in creating suitable financial instruments such as green bonds. The framework for structuring risks related to climate change is also developed to assist banks in anticipating various risks arising from climate change. By defining the proper taxonomy of green terminology, the bank ecosystem can be directed to mobilize financial resources to promote green economic development. A special task force is formed by the Authority to manage green issues at national, regional, and international levels (Republika, 2021d).

The second subtheme is the digitalization of the banking industry. The process of digitalization is already underway before the pandemics. It is possible due to the advancement of information technology penetrating all walks of economic life. The increasing use of mobile smartphones gives impetus and foundation for the process. It is argued that the pandemics merely provide the more significant push for even more significant digitalization progress. The pandemics effectively inhibit people's mobility and forces them to stay at home and render all their activities domestically. It accelerates the deployment and the use of information technology that enables people to connect and communicate with others from their homes. This digital technology provides means to use various financial services from banks without leaving their homes (Republika, 2021g).

Finally, the third subtheme is the rise of financial crime and fraud in the Asia Pacific Region. It relates to the release of an IDC study published by GBG, a global company specializing in digital identity business, that gives recommendations on preventing such crime and fraud in the financial market. The banks need to invest in their infrastructure and capability to combat financial crime and devise strategies per the existing regulation. It is expected that in the future, financial crime and fraud will become increasingly complex as the financial market progresses more internationally as capitals move seamlessly between countries. In addition, consumers' increasing use of digital technology to access their financial services will induce more innovative ways for felons to create to commit financial crimes. The banks and other financial institutions must be ready to anticipate this forthcoming situation (Republika, 2021i).

Risk Management Policy and Regulation

The first subtheme relates to financial relaxation and restructuring. Bank Indonesia, the monetary Authority of Indonesia, implements policy to accommodate the effect of the pandemics by introducing some directives for relaxing financial constraints and increasing the banks' liquidity. The first directive is to keep the Countercyclical Capital Buffer ratio to zero percent. Secondly, by extending the period of down-payment for new-ownership vehicle credit to zero percent. For property financing, the Loan to Value (LTV) ratio is also extended by relaxing to a level as high as one hundred percent. The extension also applies to credit card payments with a minimum payment of five percent from the total invoice. In addition, the penalty for late payment of credit cards is also decreased by one percent from the outstanding amount. The purpose of all this extension is to promote credit growth but still signifies prudent financial decisions. The more excellent aim is to promote macroeconomic stability and improve economic recovery efforts (Republika, 2021f).

The second subtheme is to issue new regulations to alleviate the pandemics' negative economic effect. The OJK has released ten regulations and five circulation letters. These new regulations aim to increase transparency and promote the development of the banking industry. The more excellent aim is to create a solid financial service industry in supporting real economic sectors to recover from the previous level before the pandemics. Ten new regulations cover various aspects of financial stimuli such as countercyclical economic measures, consolidation, directives for handling trouble banks, financial conglomeration, Bank Perkreditan Rakyat (BPR, or Rural Bank), banks' reporting mechanism, and lastly, reporting and inquiry for debtor's information. Whereas five circulation letters encompass concerns with status and oversight activity of rural banks and Islamic rural banks (BPRS), risk-based asset calculation for operational risk faced by banks, transparency, and publication of banks' reports, good corporate governance for rural banks, and lastly, bank reporting mechanism through to the OJK system. These new regulations aim to consolidate the financial industry so that it can survive and thrive through the difficult time of pandemics (Republika, 2021b).

The third subtheme is the enhancement of financial infrastructure. One way to do that is when Bank Indonesia develops and implements a new money market system called the Electronic Trading Platform (ETP) Multimatching System. This deployment is part of the plan outlined in the Development Blueprint of Indonesian Money Market 2025. The payment system is one of the crucial components of the financial system that oversees financial transactions, determining the efficiency and cost of transactions. An inefficient payment system can create substantial settlement risks for the banks. This new ETP system will promote digitalization and strengthen financial infrastructure in terms of improved reliability, efficiency, security, and integrity of the money market system. This system also provides multilateral transactions which are more efficient and transparent in price formation without compromising good governance and risk management practice. Overall, this new system will help establish a modern money market system that can support the financing of the national economic development programs. In terms of monetary policy, the system can also promote effective monetary policy transmission and stabilize the financial system as a whole (Republika, 2021c).

Bank Operational Measures

This theme describes Indonesian banks' efforts individually to improve their risk management. The first element of these measures is a prudential distribution of credit to the right borrowers. In regular times, this should be the standard procedure for banks to select their potential debtors. This prudent action is to ensure that all the assets in the form of financing will give proper returns. During the time of the pandemics, the banks need to be more selective in choosing their debtors and only give financing to those projects that are feasible economically. Due to limited mobility, people in the time of pandemics travel less, causing some industries to close down, such as luxury goods retail, tourism, hotel, and hospitality. As unemployment increases, household income becomes reduced, which causes decreasing economic demand even more. In general level of consumption and investment decreased during the pandemics, effectively altering the economy's structure as a whole. However, some industries have started to develop and arise, such as online business, which includes cooked food and its corresponding delivery business, and other delivery businesses that emerge from online shopping activity. Therefore, banks should correctly identify which business to finance to avoid unnecessary credit risks (Republika, 2021j).

The second element in the operational measures is strengthening technology management and infrastructure in developing a higher level of cyber security and preventing the potential of cyber-attacks. It is in line with the macro situation where the digitalization process occurs the banking institution throughout the world. Some challenges in digitalization are the emergence of various risks such as personal data protection, strategic risk in IT investment, and cyber-attack risks. The banks should be prepared to overcome these challenges. These entail aspects such as improving data security, deploying proper technology, organizing a suitable risk management framework, and improving governance structure and communication. In addition, robotic technology enables banks to provide automation processes for their customers. Therefore, it will improve the business process efficiency in the banks while increasing the customers' satisfaction. Implementing cyber security measures can also ensure that the digital transformation undertaken in the banking business will go smoothly (Republika, 2021h).

Another element that is also important is enhancing good corporate governance in managing the day-to-day activities of the banks. One of the efforts is to strengthen the role of internal auditors in the banks. The Indonesian Financial Authority (OJK) supports the Indonesian Institute of Internal Auditors (IIA) in this respect since this organization is strategic and serves as an umbrella body for the auditor profession. The auditors play an important role in controlling the banks' business in achieving organizational goals effectively. For example, working pattern changes as the pandemics cause a restriction on workers' movement. Support from the auditors is instrumental in adapting to this new working condition. The audit function can also support other action areas such as risk governance, culture development, behavior change, and business sustainability. One of the efforts initiated by the IIA is the implementation of sound professional standards and moral work ethics following the International Professional Practices Framework (IPPF). Ultimately, enhancing good corporate governance can be beneficial in promoting a more vital financial industry as a whole (Republika, 2021a).

The last element of the operational measures is an improvement of capital adequacy. Some banks choose to increase their capital to account for more allowance for impairment losses. It is carried out notwithstanding the relaxation policy decreed by the Indonesian Financial Authority. In addition, the coverage ratio for non-performing loans is increased to anticipate if the credit restructuration process does not perform as expected. Credit risks are expected to rise during the pandemics. Therefore, monitoring the quality of credit and asset performance is crucial in handling banks' capital. This capital improvement will give enough room for the banks to overcome non-performing loans and absorb some losses (Republika, 2021e).

Discussion

Various sub-themes identified in the analysis show the breadth of issues in the banking industry's risk management. There has been general awareness of the effect of the pandemic among the stakeholders in the financial industry as a whole. The banks take precautionary measures according to their assessment of their risk condition. Credit risk becomes the priority for the banks as this has been a long traditional business. The government authorities, whose function as the supervisory body, also release new policies and regulations giving directions to the financial industry. The first regulation also addresses credit risk since this is the banks' primary concern. Various related regulations to stimulate the economy are also in place. All of these describe how the financial industry has adapted to the new condition caused by the pandemic.

The themes identified reflect broad measures that encompass risk management in the banks. In terms of sources of newspaper articles, the significant majority come from the release of the Government. It is to be expected since the new policies and regulations need wide distribution among the financial market members. So naturally, newspapers are filled with news from the Government. While the banks are also inclined to give media releases when they want to communicate their plans to their customers and broader audiences, they do that not as often as the Government does. It means that the actions and measures taken by the banks to anticipate the pandemic are underestimated in this data analysis. More data must be taken directly from the banks' documents and official websites to lessen this bias.

All the measures reflect the initiatives of each bank and the supervisory body as market participants in the financial industry. However, at this point, we are not equipped with tools and data to evaluate whether they are enough in terms of effectiveness and efficiency. More quantitative research is needed to answer this question. This qualitative research has only shown how and with what instruments in the area of risk management the institutions in the financial industry have responded to the pandemic.

E. CONCLUSION

This research intends to survey various issues that have been done concerning risk management practices and systems during the Covid-19 pandemic. These issues range from a macro point of view regarding institutional setting to a small micro perspective of the banks. The variety of the issues shows that there is a change in the positive direction in the way risk management is practiced. More attention is given to preparing to anticipate the impact of the pandemic by the stakeholders. It puts the financial industry in Indonesia in a better position to succeed in the future incoming crises episode.

The limitation of this research is the volume of data collection. It only takes from one newspaper. Should more data from other newspapers be collected, the analysis result will be more robust and convincing. Furthermore, the data source can be enriched by including formal documents released by the banks and government authorities. It is because not all their actions and initiatives are communicated to the public and released to the media. Regarding the research method, a solid framework using a particular theory can be utilized to guide the analysis in the more specific inquiry.

Future research should look at the quantitative research design where the effect of management actions taken by banks or government authorities during the pandemic is measured, and the effect on banks' performance can be identified. It will permit an evaluation to see whether or not those actions have positive and beneficial effects on the banks' sustainability.

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