

Analysis of The Covid-19 Pandemic Impact on Operational Risk at Muamalat Bank Lamongan Sub-Branch Office

(Analisis Dampak Pandemi Covid-19 Terhadap Risiko Operasional Pada Bank Muamalat Kantor Cabang Pembantu Lamongan)

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Abstract: The role of risk management in banking is crucial in realizing a good and healthy banking industry. This research aimed to determine how the Covid-19 pandemic impacted operational risks at the Muamalat bank Lamongan branch office. The research method used is a qualitative research method using a case study approach. This research describes how the current Covid-19 pandemic impacts banking operational risks at the Muamalat Lamongan bank branch office. The results of this research are that several operational risks must be faced by the Muamalat bank Lamongan branch office, namely reduced banking operating hours, implementation of WFH (work from home) policies for banking employees, and increased bank operational costs. There are two operational risk factors, namely, internal and external factors. To overcome operational risks during the Covid-19 pandemic, the Muamalat bank Lamongan branch office made several efforts, including implementing health protocols, opening accounts for new customers outside the office, maximizing existing technology, and restructuring financing for customers affected by Covid-19.

Keywords: Pandemic Impact, Covid-19, Operational Risk, Muamalat bank Lamongan sub-branch Office.

Abstrak: Peran manajemen risiko dalam perbankan sangat penting dalam mewujudkan industri perbankan yang baik dan sehat. Penelitian ini bertujuan untuk mengetahui bagaimana dampak pandemi Covid-19 terhadap risiko operasional pada Bank Muamalat Kantor Cabang Lamongan. Metode penelitian yang digunakan adalah penelitian kualitatif dengan menggunakan pendekatan studi kasus. Penelitian ini fokus ingin mendeskripsikan tentang bagaimana dampak pandemi Covid-19 saat ini terhadap risiko operasional perbankan di kantor cabang bank Muamalat Lamongan. Hasil dari penelitian ini adalah beberapa risiko

operasional yang harus dihadapi bank Muamalat kantor cabang Lamongan yaitu pengurangan jam operasional perbankan, penerapan kebijakan WFH (work from home) bagi pegawai perbankan, serta peningkatan biaya operasional bank. Ada dua faktor risiko operasional, yaitu faktor internal dan faktor eksternal. Untuk mengatasi risiko operasional di masa pandemi Covid-19, Bank Muamalat kantor cabang Lamongan melakukan beberapa upaya, antara lain menerapkan protokol kesehatan, pembukaan rekening bagi nasabah baru di luar kantor, memaksimalkan teknologi yang ada, dan melakukan restrukturisasi pembiayaan bagi nasabah yang terdampak Covid-19.

Kata Kunci: Dampak Pandemi, Covid-19, Risiko Operasional, Bank Muamalat Kantor Cabang Pembantu Lamongan.

INTRODUCTION

Islamic Bank is a bank that runs its business based on sharia principles. An Islamic bank, or commonly referred to as an interest-free bank, is a banking institution whose products and management are developed based on the Al-Qur'an and the Hadith of the Prophet peace be upon him. Therefore, all financing restructuring in Islamic Banks is carried out with Sharia principles and keeps away from using interest, which is identical to usury (*ribā*).

Avoiding interest that is synonymous with usury is one of the challenges facing the Islamic world today. The nice thing today is that Islamic economists have put great empathy in coming up with ways that can replace the interest system in banking transactions in a way that is more in line with Islamic ethics. This method is used to construct an interest-free theoretical model of the economy and test it on economic improvement, income distribution, and allocation.¹

Muamalat bank, which was established in 1991, is considered the pioneer of Islamic banking in Indonesia. Founded by the Indonesian Ulema Council (MUI), the Indonesian Muslim Scholars Association (ICMI), Muslim entrepreneurs, and the government. Muamalat bank was listed as the first Islamic bank. Later on, it becomes a role model for conventional banks in Indonesia that wanted to have a sharia-based subsidiary in Indonesia.² Initially, it was considered unpopular, and its performance tended to be stagnant, making it difficult to develop. It was only after the economic crisis and reforms that occurred in Indonesia in 1998 that the

¹ Setia Budhi Wilarjo, "Pengertian, Peranan, Dan Perkembangan Bank Syariah di Indonesia", *Jurnal Unimus*, Vol 2, No 1., (2014): 1-4.

² As the first Islamic bank in Indonesia, which officially operates on May 1, 1992, Muamalat bank has made many innovations and has always issued Islamic financial products which were later adopted by many new Islamic banks and financial institutions, such as sharia insurance (takaful insurance), funds Muamalat pension (DPLK Muamalat) and sharia multi finance and all of which are breakthroughs for Muamalat bank to continue to grow. Besides, the Muamalat Shar-e bank product, which was launched in 2004, is also the first instant savings in Indonesia. Apart from e-channel services such as internet banking, mobile banking, ATM, and cash management, all products issued by Muamalat bank have become the prima donna of Islamic financial products and have become important milestones for Islamic banking in Indonesia.

Muamalat bank began to attract customers. The monetary crisis that occurred at that time had drowned many conventional banks because of the interest system's failure, so that many conventional banks were liquidated. Meanwhile, the Muamalat bank that applies the sharia system can still exist and survive amid the crisis that occurs.

Besides, the global financial crisis that hit the world at the end of 2008 impacted domestic financial institutions. However, Islamic financial institutions persisted and again proved their resilience to the monetary crisis that occurred. Islamic financial institutions remain stable and can provide benefits and security for shareholders, securities holders, and customers who borrow funds or deposit funds at Muamalat bank. This shows that Muamalat bank's performance always increases every year because it is evident from its success in facing the monetary crisis that occurred in 1998. Even in the global crisis that occurred at the end of 2008, Muamalat bank could profit around 300 billion more and that without a dime from the government.³

The Islamic banking system's ability is facing the symptoms of this crisis can at least be used to show the public that Islamic banks are not inferior to conventional banks. Therefore it is necessary to take several strategic steps so that people can be interested in switching from conventional banks to Islamic banks. Considering that Indonesia is the largest Muslim country globally, it is hoped that Indonesia will become the center of world Islamic finance.⁴ With much public awareness of using Islamic banks, Indonesia's Islamic banking industry will develop well and compete with conventional banking on an established basis.

Along with the rapid development of Islamic banking, of course, it cannot be separated from the role of good risk management. The importance of risk management in banking is crucial in realizing a sound and healthy banking industry. The application of risk management as a partner business unit in achieving the bank's business targets is significant, where the bank's business is implemented in a controlled risk corridor. The implementation of tertiary risk management in each bank will ultimately assist the process of developing a healthier banking industry. The importance of risk management in banking plays an important role in increasing shareholder value through the application of risk-based business strategies. Risk management provides embodiment evaluation to

³ In his later process, Muamalat bank reportedly lost money because of its business strategy. He is more concerned and massive in channeling his financing to corporations, not retail or individual customers. As a result, it is considered too focused on corporate funding, resulting in a sharp increase in Muamalat bank's non-performing financing (NPF). This situation makes Muamalat bank need a capital injection to survive. Look at Houtmand P Saragih, "Terungkap! Ini Penyebab Masalah Kronis di Muamalat bank" on <https://www.cnbcindonesia.com/market/20191115093424-17-115443/terungkap-ini-penyebab-masalah-kronis-di-bank-muamalat>, accessed on December 14, 2020.

⁴ Agus Marimin, et.al. "Perkembangan Bank Syariah di Indonesia", *Jurnal Ilmiah Ekonomi Islam*, Vol. 1, No. 2 (2015): 83.

bank managers about potential losses in the future, as well as providing information to make the right decisions in helping to manage the bank to increase competitiveness.⁵

One of the risk management problems in Islamic banking is its relationship with operational risk, which is suspected to occur in every financial institution, both banks, and other financial institutions. Lately, in 2020 the world has been shocked by the outbreak of the Covid-19 pandemic, which has turned the whole world into a crisis both economically and vice versa. In the economic world itself, the situation is a very crisis both in other countries' banking world and the world of Islamic banking in Indonesia.⁶

Before becoming a pandemic, this virus was detected early in Wuhan, Hubei Province, China, in December 2019. Made a report announcing an outbreak of pneumonia related to a virus known as Severe Acute Respiratory Syndrome Coronavirus-2 (SARS-CoV-2). Infections from the virus spread rapidly throughout all regions of China and other countries worldwide in the following weeks. According to the World Health Organization (WHO), the Coronavirus (CoV) is part of a family virus that causes illnesses ranging from flu to more severe illnesses such as Middle East Respiratory Syndrome (MERS-CoV) and Severe Acute Respiratory Syndrome (SARS-CoV). As Anhusadar's research, the disease caused by the coronavirus or known as Covid-19, is a new type discovered in 2019 and has never been identified before.⁷

Coronavirus or Heavy Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2) is a virus that attacks the respiratory system. This viral disease is called Covid-19. The Coronavirus can cause minor disorders of the respiratory system, severe lung infections, and death. Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2), better known as the Coronavirus, is a new type of Coronavirus

⁵Juried, "Manajemen Risiko Bank Islam (Penanganan Pembiayaan Bermasalah dalam Produk Pembiayaan Pada PT. Muamalat bank Cabang Pembantu Panyabungan)", *Jurnal Analytica Islamica*, Vol 5, No 1., (2016): 81-117

⁶Heftika Nur Fauziyah, *et. Al.*, "Analisis Risiko Operasional Bank Syariah Pada Masa Pandemi Covid-19", *Jurnal Al-Intaj*, Vol 06, No 02, (2020): 39

⁷ Iqbal Faza Ahmad, "Alternative Assessment In Distance Learning In Emergencies Spread Of Coronavirus Disease (Covid-19) In Indonesia", *Jurnal Pedagogik*, Vol 07, No 01, (2020), Hal 198-200

Wang as quoted by Yuliana revealed that the Coronavirus is a positive, encapsulated, and non-segmented single-strain RNA virus. Coronavirus belongs to the order Nidovirales, family Coronaviridae. The structure of the corona virus forms a cube-like structure with the S protein located on the surface of the virus. Protein S or spike protein is one of the main antigen proteins of viruses and is the main structure for carrying out genes. S protein which plays a role in the attachment and entry of viruses into the host cell (the interaction of S protein with its receptors in the host cell). Coronaviruses are heat sensitive and can be effectively inactivated with a disinfectant containing chlorine, a lipid solvent at a temperature of 56 degrees for 30 minutes, ether, alcohol, peroxycetic acid, non-ionic detergents, formaldehyde, oxidizing agents, and chloroform. Chlorhexidine is not effective at preventing viruses. Lihat Yuliana, "Corona Virus Diseases (Covid-19); Sebuah Tinjauan Literatur", *Jurnal Wellness And Healthy Magazine*, Vol 02, No 02, (2020): 187-192

transmitted to humans. Although it affects the elderly more often, this virus can actually affect anyone, from babies, children, teenagers until adults, including pregnant women and nursing mothers. The Coronavirus infection is called Covid-19 (Corona Virus Disease 2019) and was first discovered in Wuhan, China, at the end of December 2019. This virus is spreading very quickly and has spread to almost all countries, including Indonesia, in just a few months.⁸

The Coronavirus pandemic or COVID-19 has had many impacts on various aspects of the life of Indonesian society. The massive spread of the virus has forced the government to issue social and physical distancing policies to prevent more massive and widespread transmission of the virus. This policy is implemented nationally so that it does affect not only the affected areas but also all areas that have not been affected by the covid-19 pandemic.

Covid -19 has had a significant impact on world economic growth. The Covid-19 pandemic is a challenge for the business world, including the bank financial services authority industry. Based on sharia banking statistical data in January 2020, the number of Islamic Commercial Bank office networks was 1,922 well-known branch offices in various regions in Indonesia, dominated by Java Island. In line with areas where the Covid-19 is very abundant, namely on the island of Java. This shows that most of what is known to be Islamic Bank Offices are in an isolated zone. In carrying out its function as a financial intermediary institution that brings together people who have excess funds and people who lack funds, they must interact with many people. However, in other respects, the threat of exposure to the Covid-19 virus is a challenge in the banking world. There are various policies issued by banks to survive in the midst of this Covid-19 pandemic.⁹

Currently, the banking world has been faced with a difficult situation, namely the Covid-19 pandemic, which impacts all banking activities, both conventional and Islamic banks. Many risks may occur in banks during the current pandemic. One of the risks of the many kinds of risks currently experienced by banks during the Covid-19 pandemic is operational risks. With this covid-19 pandemic condition, this article will discuss the problems regarding operational risks that occur at Muamalat bank, Lamongan Sub-Branch Office. In this study, we will discuss the problems regarding operational risks that occur at the Maumalat bank, Lamongan Sub-Branch Office, the factors that cause operational risk in the Muamalat bank in the Lamongan Sub-Branch Office, and the efforts of Muamalat bank in the Lamongan Sub-Branch Office in overcoming the impact of the Covid-19 pandemic on bank operational risk.

⁸<https://www.unicef.org/indonesia/id/coronavirus>. (Accessed On November 06, 2020).

⁹Muhammad Syarqim Mahfudz, "Dampak Pandemi COVID-19 Terhadap Manajemen Industri Perbankan Syariah: Analisis Komparatif", *Jurnal Ekonomi Dan Manajemen*, Vol 02, No 01, (2020): 2-3

RESEARCH METHODS

This research was conducted at Muamalat bank, Lamongan sub-branch, which is located at Jl. Lamongrjo No. 115, Dapur Barat, Sidokumpul, Kec. Lamongan Kab. Lamongan. This research, using qualitative research methods using a case study approach. According to Cresswell, a case study is a research method in which researchers conduct in-depth exploration of programs, events, processes, activities for one or more people¹⁰ Using research with a case study approach is because the results of the research are difficult to falsify. After all, this study has little opportunity to control the events to be studied, using a case study approach strategy in this study because it follows the research question, namely "how".¹¹

This research focuses on a phenomenon that is currently happening, namely the Covid-19 pandemic, which impacts banking operational risks that occur at Muamalat bank, Lamongan sub-branch office. In this research, there are two sources of data used, namely primary and secondary data sources. Primary data is data obtained directly from respondents, namely interviews with Muamalat bank, Lamongan sub-branch office and from secondary data obtained from literature studies, namely by searching for literature from various books or scientific works from the internet, news, and quoting theories from books.¹²

The data collection technique in this study was an interview. An interview is a planned in-person meeting between the interviewer and the interviewee to receive or provide certain information.¹³ Interviews are conducted to gather data or to obtain information. In this research, using data collection techniques with structured interviews, structured interviews are interviews in which the interviewing person has prepared questions that will be asked to the interviewee.¹⁴ In writing this article, I conducted interviews first by preparing questions related to the research's title. This paper's discussion was obtained from the results of conducting interviews with the Muamalat bank, Lamongan branch office on November 2, 2020, namely Zainul Alimin, who served as Sub Branch Operations Supervisor at Bank Muamlat, Lamongan Sub Branch Office.

The data analysis technique in this research uses qualitative analysis according to Moelong, which states that qualitative analysis is a research procedure that produces descriptive data in written or spoken words from people and observed behavior. This research's analysis technique is qualitative descriptive analysis, namely data obtained from a study conducted at Muamalat bank Lamongan sub-branch office. The steps taken in analyzing the data are collecting the data or

¹⁰Mamik, *Metodologi Kualitatif* (Sidoarjo: Zifatama Publisher Cet:1 2015)

¹¹ Heftika Nur Fauziyah. dkk, "Analisis Risiko Operasional Bank Syariah Pada Masa Pandemi Covid-19", *Jurnal Al-Intaj*, Vol 06, No 02, (2020): 40

¹² Ibid., 40

¹³ Ibid.

¹⁴ Albi Anggito Dan Johan Setiawan. *Metodologi Penelitian Kualitatif* (Sukabumi : CV. Jejak. Cet 1 2018)

information needed, identifying existing problems, and analyzing the data from interviews with Muamalat bank, Lamongan sub-branch office.¹⁵

RESULT AND DISCUSSION

1. Operational Risks of Muamalat bank Lamongan sub-branch office during the Covid-19 Pandemic

Currently, with the conditions of the Covid-19 pandemic, many banks are experiencing risks. The risks that arise can be classified into several risks, and one of them is operational risk. This study only focuses on the discussion related to operational risks in Islamic banks, namely the Muamalat bank Lamongan sub-branch office, especially during the Covid-19 pandemic.

Risk is a threat, danger, or the possibility of an event or action that creates an effect that is contrary to the intended purpose. In essence, a risk is an event that harms the company's strategy and goals. According to Sutanto, as quoted by Sirait and Susanty, the risk is a combination of the severity and likelihood of an event. The likelihood of a risk occurring and its consequences on the business are fundamental to identifying and measuring. The amount of risk is determined from several factors: the amount of exposure, the user, the location, the quantity, and the vulnerability of the elements involved.¹⁶

According to Hanafi, as conveyed by Mardiana, risks can be grouped into two types of risk: pure risk and speculative risk. Pure risk is the risk for which the possibility of loss exists, but profit does not exist. Types of pure risk include physical asset risk, employee risk, and legal risk. Speculative risk is the risk that we expect losses and gains. As presented by Hanafi, types of risk include market risk, credit risk, liquidity risk, and operational risk.¹⁷

Operational risk is defined as risk arising from inadequate or non-functioning internal bank processes, human error, system failure, or external factors affecting bank operations. Losses due to operational risk may have a direct or indirect impact on profits derived from banking. One of the external factors that banking institutions must-have is the Covid-19 pandemic, which affects operations that occur in banks. Banks are always required to innovate, so that bank operations remain stable and still get maximum profit.¹⁸

¹⁵ Moh. Shanminan Aziz. "Perancangan Sistem Informasi Akuntansi Penjualan Dan Persediaan Pada Koperasi Mahasiswa Uin Maliki Malang" (Etheses UIN Maulana Malik Ibrahim Malang. 2014), <http://etheses.uin-malang.ac.id>

¹⁶ Normaria Mustiana Sirait dan Aries Susanty, "Analisis Risiko Operasional Berdasarkan Pendekatan Enterprise Risk Management (ERM) Pada Perusahaan Pembuatan Kardus Di CV Mitra Dunia Palletindo", *Industrial Engineering Online Journal*, Vol. 5 No.4 November (2016): 3

¹⁷ Mardiana, "Pengaruh Manajemen Risiko Terhadap Kinerja Keuangan (Study Pada Perbankan Syariah Yang Terdaftar Di Bei)", *Jurnal Iqtishoduna* Vol. 14 No. 2 Tahun (2018): 153-154

¹⁸ Iwan Lesmana, "Risiko Operasional Bank Dan Permodelanya", *Jurnal IJAG*, Vol. 1, No. 2 (2017): 30.

In banking, the risk is a potential, unexpected and expected event that harms bank capital or revenue. Risk can also be considered an obstacle in achieving a goal (Bank Indonesia Circular Letter No.13 of 2011). In carrying out financial services, banking business actors (bankers) realize that banks are in a risky business.¹⁹

Operational risk is a risk caused by insufficient or malfunctioning internal processes such as system failure, human error, or external events that affect banking operations. Operational risk covers failures caused by human resources, processes, systems, and also in external events.²⁰ Operational risk can threaten the bank when the bank starts operational activities from morning to evening when the bank office is closed. Operational risk management is effective if the bank has the ability to identify operational risks and other risks.²¹

Several factors that can cause operational risk include infrastructures such as policies, technology, environment, disputes, security, resources, and others. Operational risks can be categorized as follows:

- a. Internal process risks: marketing negligence, money laundering, and transaction errors.
- b. Human risks: high employee turnover, poor management practices, and unqualified employee training.
- c. External risks: external fraud, fires, and natural disasters.²²

Several operational risks occur at Muamalat bank, Lamongan sub-branch office during the covid-19 pandemic, including:

- a. Bank Operational

Before the Covid-19 pandemic and the implementation of PSBB by the government, Muamalat bank normally operated from 08.00 to 17.00 western Indonesian time, but at the time of implementing the PSBB, due to the Covid-19 pandemic, banking operational hours had to be reduced to 09.00-15.00 western Indonesian time, and this is following government recommendations. As a result of these relatively short operating hours, the bank's performance is less effective. Service to customers is also reduced so that what banks should be able to receive financing or a large number of customers must be reduced due to ineffective or too short service hours. The expected target is not in accordance with what the bank got due to the Covid-19 pandemic.²³

¹⁹ Muhammad Iqbal Fasa, "Manajemen Resiko Perbankan Syariah Di Indonesia", *Jurnal Studi Ekonomi Dan Bisnis Islam* Volume 1 No. 2 Desember (2016): 37

²⁰ Ikatan Bankir Indonesia, *Manajemen Kesehatan Bank Berbasis Risiko* (Jakarta : PT. Gramedia Cet-1, 2016), 59

²¹ Ibid., 61

²² Muhammad Iqbal Fasa, "Manajemen Resiko Perbankan Syariah Di Indonesia", *Jurnal Studi Ekonomi Dan Bisnis Islam* Volume 1 No. 2 Desember (2016): 43

²³ Zainul Alimin (Sub Branch Operation Supervisor Muamlat Bank, Lamongan sub-branch office), *Interview*, 02 November 2020.

b. Implementation of Work From Home (WFH)

Work From Home is a term for working remotely, or to be more precise is working from home. Employees do not need to face other employees and do not need to come to the office. [1] Another risk that must be faced by Muamalat bank is the application of the WFH policy to employees. Employees are important things that must be present in every company. If employees experience problems, the company will also experience problems. Like the Muamalat bank, this WFH policy greatly influences banking performance effectiveness due to the reduced number of employees allowed to work in the office.²⁴

c. Operational Costs

The operational costs incurred by Muamalat bank have also increased compared to before the Covid-19 pandemic. Because during this pandemic, the bank had to pay additional costs to provide medical equipment for the prevention of Covid-19, which must comply with the government's health protocols for employees or customers at the Muamalat bank. One of the costs incurred during the Covid-19 pandemic is providing masks, providing hand-sanitizers, cleaning offices using disinfectants, and other things that aim to prevent the transmission of covid-19. So that the operational costs that must be incurred by the bank also increase and affect the profits generated by the bank.²⁵

d. Activities to raise funds and channel funds

With the covid-19 pandemic, this also has an impact on other banking activities, namely the collection of funds and financing carried out by Muamalat bank, where installments from customers are also reduced because some of their businesses have been affected by the pandemic, so that their income has decreased and is only sufficient to fulfill needs every day. So that many installments from customers are past due. Besides that, customers who initially want to save are also reduced due to conditions that make it impossible to leave the house or ineffective marketing methods because banks cannot go directly to the field to find customers.²⁶

2. Factors that Cause Operational Risk in Muamalat bank, Lamongan Branch Office during the Covid-19 Pandemic

The Coronavirus entry in Indonesia has a major impact on people's lives, starting from health, economy, social, religion, and educational life. During the Covid-19 pandemic, many risks caused disruptions in the economic activity sector, especially in the banking sector. From the interviews conducted with the Muamalat bank Lamongan sub-branch office, several things cause operational risk, and operational risk is divided into two factors: internal and external. Internal factors are factors that come from within. If in banking, the internal factors come from

²⁴ Zainul Alimin, *Interview*, 02 November 2020.

²⁵ Ibid.

²⁶ Ibid.

employees or the system. External factors come from outside, such as natural disasters or what is currently happening, namely the covid-19 pandemic, which is also an external factor that causes operational risks in banks.

In the internal factors that occur at Muamalat bank, Lamongan sub-branch office shows that there are employees who are active and doing their duties at home (WFH) because WFH itself is a government policy that must be done so as not to invite new clusters, the government also recommends that employees who work must be 70% or 80% of activities in the office and 20% WFH of course during this pandemic period is still not optimal in its services. Some employees sometimes do not comply with health protocols such as removing masks and not wearing them.

In external factors that occur outside the Muamalat bank, including:

- a. The emergence of several government policies regarding compliance with health protocols issued to the public so that new clusters do not occur.
- b. The covid-19 outbreak has become a global disaster that has hit the whole world, including Indonesia.
- c. The decline in the economic sector thus also affects the banking sector in Indonesia.
- d. Customers do not cooperate with health protocols, such as when they come to the bank, and customers do not wear masks. Because of the Covid 19 pandemic, the customers' businesses decline and are unable to pay, as usual, in the end, they get relaxation.²⁷

3. Muamalat Bank Lamongan sub-branch office Policy in Overcoming the Impact of the Covid-19 Pandemic on Bank Operational Risk

Every company or bank has efforts to minimize the spread of covid-19 by implementing policies from the government or policies originating from the company or the banking sector to be implemented in their work environment. Every company or banking leader does not want their operational activities constrained by the covid-19 pandemic outbreak. Like the one in Muamalat bank, Lamongan sub-branch office based on the results of interviews with bank mumalat Lamongan sub-branch office, in overcoming the impact of the covid-19 pandemic, the Muamalat bank, the Lamongan sub-branch office provides several policies, of which the policy comes from the muamlat bank at the center, the policies include:

- a. Implement health protocols

Implementing health protocols during this pandemic is very important, especially for employees who work in banks who have to interact with other employees every day and with customers who come to the bank. In minimizing the spread of covid-19 in Muamalat bank Lamongan sub-branch office, what Muamalat bank Lamongan sub-branch office did, among other things, the bank implemented

²⁷ Ibid.

many policies such as having to apply health protocols, namely by wearing a mask, every employee who works is required to wear a mask, take body temperature measurements for customers and employees who will enter the bank.²⁸

If there are employees who are affected or indicated by covid-19, they will apply the WFH policy and sterilize the whole area of the bank office by spraying disinfectant, bringing in a new crew from the main branch with a new crew and for those who are WFH will be subjected to a swab test until the results are declared negative and can only begin to working in a bank office again, checking the temperature of employees and customers who want to enter the bank, providing a hand sanitizer, applying social distancing to customers by providing a seat distance when customers are waiting in line for service.

b. Optimizing controlling to employees

Optimizing controlling or controlling of employees, especially in terms of health, because employee health plays an important role in running bank operations. Educate employees about covid-19 and conduct employee performance audits, namely by self-assessment, where employees fill out a questionnaire to determine their performance level.²⁹

c. open an account outside the office

On a usual day before the Covid-19 pandemic, customers who wanted to open an account were not allowed to open an account outside the office, the customer had to come directly to the place, but only during the Covid-19 pandemic, there was a policy where customers could open an account without looking at them. Face to face with the bank and without the need to come to the bank, namely by taking advantage of the current sophistication of technology, by carrying out banking transactions through e-banking, because almost all banking transactions can be done via e-banking such as opening a savings account and also deposits through the Muamalat DIN (Digital Islamic Network) application.³⁰

The Muamalat DIN (Digital Islamic Network) application is a mobile banking service application from Muamalat bank that can be accessed anywhere and anytime by Muamalat bank customers or non-customers. This Muamalat DIN application has various interesting features, such as a financial feature that allows customers to make financial transactions without having to come directly to the Muamalat bank, making it very easy for customers.³¹ Customers only need to input data following the steps in the application. With technology, transaction activities at the bank are beneficial and can minimize the spread of covid-19.

d. Financing restructuring

²⁸ Ibid.

²⁹ Ibid.

³⁰ Ibid.

³¹ <https://www.bankmuamalat.co.id>, accessed 10 December 2020 at 08.30 pm

Financing restructuring is assistance in repaying loans. Restructuring is not a write-off but provides a concession in paying off debt payments. Loans still have to be paid but are given relief based on an agreement and bank assessment. This rule's relaxation applies to SME and non-SME debtors, with a validity period of up to one year from March 13, 2020, to March 31, 2021. Its implementation depends on the respect of each bank's policies.³²

The restructuring has been regulated in the Financial Services Authority Regulations (POJK) Number 11 / POJK.03 / 2020 concerning National Economic Stimulus as a Countercyclical Policy. In POJK Number 11 / POJK.03 / 2020, it is clear that banks can restructure all financing or credit to debtors affected by the Covid-19 pandemic. The forms of credit relaxation can take various forms, such as lowering interest rates, reducing principal arrears, extending time, and so on. The granting period may also vary according to the agreement between the bank and the debtor, which time period can start from 3 months, 6 months, 9 months, up to a maximum of 1 year.³³

Muamalat bank provides a financing restructuring policy for customers who have difficulty fulfilling their obligations to the bank for the financing products that have been distributed to them by rescheduling the financing depending on the respective financing agreement. However, not all businesses get restructuring approval. Only for businesses that are really affected by the Covid-19 pandemic, here there is a data and field check conducted by banks on customers who will receive a financing restructuring policy.³⁴

Such a policy also includes fulfilling the principles of sharia. It is a good thing that can attract mercy and blessings from Allah Almighty, as the Hadith of the Prophet Muhammad, peace be upon him:

رحم الله رجلاً سمحاً إذا باع، وإذا اشترى، وإذا اقتضى³⁵

“Allah Almighty bless someone tolerant when he trades, buys, and collects”.

³² Setia Budhi Wilarjo, “Pengertian, Peranan, Dan Perkembangan Bank Syariah Di Indonesia”, *Jurnal Unimus*, Vol 2, No 1., (2014): 4.

Another word for restructuring is an addendum, which is an effort made by a bank to improve financing activities for customers who have difficulty fulfilling their obligations. Look at Nur Fitriani, “Addendum Akad Murabahah Berdasar Peraturan Bank Indonesia Nomor 10 Tahun 2008 Tentang Restrukturisasi Pembiayaan Bagi Bank Syariah dan Unit Usaha Syariah (Studi Di BRI Syariah Kantor Cabang Malang)”, *Jurisdictie*: Vol. 8, No. 2 (2017) DOI: <https://doi.org/10.18860/j.v8i2.4441>, 147.

³³ Ade Mayasanto, “OJK Rilis Bank Umum Dan Bank Syariah Pemberi Kelonggaran Kredit Saat Pandemi Virus Corona”, *Kompas*, 5 April, 2020, accessed 10 December 2020 at 08.00 am. <https://kaltim.tribunnews.com/amp/2020/04/05/ojk-rilis-bank-umum-dan-bank-syariah-pemberi-kelonggaran-kredit-saatpandemi-virus-corona?page=2>

³⁴ Zainul Alimin, *Interview*, 02 November 2020

³⁵ Ahmad b. Ali b. Hajar al-Asqalani, *Fath al-Bari 'Sharh Sahih al-Bukhari* Vol.4 No. Hadis 1970 (Kairo: Dār al-Rayyan li al-Turāth, 1986), 359.

CONCLUSION

The Covid-19 pandemic is a challenge for the business world, including the Islamic banking industry in Indonesia. One of the problems associated with Islamic banking is the operational risk in every other financial institution. Based on the above discussion, it can be said that the Muamalat bank must carry out several operational risks, Lamongan branch office, including reducing bank operations, implementing WFH (working from home) policies for banking employees, increasing bank operational expenses due to the Covid-19 pandemic. As well as raising funds and financing. This operational risk has a big impact on the effectiveness of the performance of the Muamalat bank, Lamongan branch office.

Several factors cause operational risk at Muamalat bank, the Lamongan branch office, divided into two, namely internal and external factors. Internal factors are caused by the large number of employees who are WFH, and some employees sometimes do not comply with health protocols. For external factors, among others, it was caused by customers not cooperating to comply with health protocols, the existence of the Covid-19 outbreak, and the emergence of several government policies regarding compliance with health protocols. To overcome operational risks during the Covid-19 pandemic, Muamalat bank Lamongan branch office implemented several policies, including Implementing health protocols, optimizing controlling or controlling for employees, and open accounts outside the office carrying out banking transactions via e-banking. Such as opening a savings account and a time deposit, you can use the Muamalat DIN (Digital Islamic Network) application and provide a financing restructuring policy for customers affected by Covid-19.

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