ABSTRACT

PSAK 71's implementation in Indonesia has resulted in major changes for banks in terms of credit risk management, which would have an impact on their financial statements.

The purpose of this study is to look at how Allowance for Impairment Losses (CKPN), Capital Adequacy, and credit restructuring affect financial performance before and after the implementation of PSAK 71. This study utilizes a quantitative approach, utilizing secondary data from the financial statements of banks listed on the Indonesia Stock Exchange from 2016 to 2023. Purposive sampling was employed to assure appropriate sampling, resulting in 240 samples from 30 companies collected over an 8-year period. The analysis was performed using Eviews 12 software, which included difference tests and panel data regression analysis.

This study found substantial differences in the variables CKPN, capital sufficiency, credit restructuring, and financial performance before and after the introduction of PSAK 71. CKPN, capital sufficiency, and loan restructuring all have an impact on financial performance. Partially, the findings indicate that CKPN and credit restructuring have a negative and insignificant impact on financial performance, whereas capital adequacy has a positive and insignificant impact.

This study is anticipated to help banking organizations make judgments about accounting rules and credit restructuring, as well as investors evaluate the quality of banking financial performance.

Keywords: PSAK 71, CKPN, CAR, ROA, credit restructuring, financial performance.