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A Comparative Analysis and Overview of Indonesian & Global Debt Restructuring Policies Amid the Covid-19 Pandemic

Yulianto

Faculty of Law, Universitas Hang Tuah, Surabaya, Indonesia

Email: yuliantoylt@yahoo.com

https://orcid.org/0000-0003-2305-9075

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Abstract

Since implementing all feasible plans, strategies, and containment measures to avert the onset of the COVID-19 pandemic, the globe has failed to avoid the rapid spread of a novel coronavirus and its detrimental economic impact on the world. Similarly, the proliferation of COVID-19 has impacted economic stability in Indonesia and debtors' performance and capability to meet their debt commitments, which can potentially impair banking performance in debt management. Thus, drawing on historical crises and debt restructuring literature this study built on recent research (Disemadi & Shaleh, 2020) to shed light on the Indonesian government's/Central bank's debt restructuring policy and its efficacy in rehabilitating the impacted economic sector. Additionally, a comprehensive evaluation of the literature on global debt restructuring policies during COVID-19 is offered. The findings indicate that a successful banking policy directs banks to assist their clients and safeguard shareholders' interests. Additionally, the study's findings suggest that the restructuring scheme's implementation varies by context, based on each bank's regulations and appraisal of the debtor's profile and ability to pay. As a result, extreme steps are advocated during times of crisis to assist the developing economy. The authors make recommendations for future research avenues and policy consequences.

Introduction

COVID-19 has affected the entire world drastically after its sudden outburst in numerous geographical areas. This disease familiarised the unprecedented situation at a global level, which brought health problems and impacted almost all areas of human life, including the economy (Gupta et al., 2021). This pandemic was the worst economic crisis of the era (Ecosoc, 2020), for which the world was not prepared to overcome the devastating outcomes. Thus, the emerging challenge of the outbreak and economic downturn urged the governments to make such strategies in which they can vie with it (Hale et al., 2020).

For an economy of a country, the banking sector holds a central role without which no nation can recover from the economic crisis (González, Rodríguez Gil, Martorell Cunill, & Merigó Lindahl, 2016). Bank stability is critical for a country's economy, as banks are regarded as the pillars of the economy, as they disburse funds to the public in all sectors. As a result of the global financial crisis, banks are more capitalised than subprime mortgages (Stanica & Aristigueta, 2019). But the novel pandemic has many distressing effects on the banking sector, but banks with effective economic policies can overcome the financial crisis (Donthu & Gustafsson, 2020). An effective banking policy guides the banks to support their clients, but it also helps them protect the banks to keep their clients and helps them protect the rights of the shareholders. So, it is the bank's responsibility to care for all its stakeholders (Korzeb & Niedziółka, 2020). Therefore, after economic crises, bank restoration is necessary for economic recovery, which can be escorted by corporate debt restructuring. Debt restructuring is a term that refers to the process of reducing debt to restore liquidity, which enables a business or a sovereign entity to recover from a financial crisis and continue operating. (Andritzky, Christofzik, Feld, & Scheuering, 2019). Debt restructuring is required for two reasons: i.e.

i). To assist the ineffectual firms to exit.
ii). To enable the debt restructuring to provide financing to ineffectual firms that help it continue operations (Damijan, 2018).

As developing countries face debt crises, it is increasing concern among the public about creditors. These countries are pressurised under private commercial loans as they have to pay back those debts (van Barneveld et al., 2020). Thus, public outrage and government pressure can be alleviated by debt restructuring, which enables businesses to recover more quickly from the effects of the crisis. (Srivastava, 2015). Debt restructuring of banks also helps in improving health in significant ways. This article focuses on debt restructuring to rehabilitate banking borrowers in light of the COVID-19 pandemic.

Restructuring is considered a good option for the business's recovery. Thus, debt restructuring can help banks improve their performance (Alkalha, Al-Zu'bi, Al-Dmour, Alshurideh, & Masa'deh, 2012). Fear of the COVID-19 epidemic prompted investors to withdraw their money from markets, exacerbated the financial position, and necessitated external borrowing to resolve the debt issue (Korzeb & Niedziółka, 2020). Restructuring varies from country to country, but there are some triumphant ways of debt restructuring. One of the methods is debt restructuring, due to which loss of creditors can be decreased, and further debt troubles can be avoided by accomplishing the "borrowers" requirements (Brunner & Krahnen, 2008).

After announcing COVID-19 as a pandemic by the world health organisation (WHO), the Indonesian government responded swiftly to devise policies to deal with it (Jaelani & Hanim, 2020). Considering the further worst situation, the governments needed specific policies to combat COVID-19 effects (Hartarto, 2020); therefore, they decided to make changes in state financial policies to prevent the impact of this disease, such as for funding purposes, i.e. financing to poor community groups. Authorities also plan to avoid a future financial crisis (Korzeb & Niedziółka, 2020). In early March 2020, a coronavirus outbreak began in Indonesia. Following the emergence of COVID-19, the Indonesian government announced several new regulations to combat the epidemic. (Novitzky-Basso et al., 2020).For instance, the Reg. No.11 of 2020 was introduced about implementing a health emergency in the country on March 31 2020.

Further, the Reg. No.21 of 2020 was about social limitations to prevent the additional loss, while the Health Reg. no. 9 of 2020 was related to social restriction on an extensive level. But despite these restrictions, the pandemic in Indonesia affected many businesses very severely that it became complicated for them to survive further. It resulted in a shortage of cash flow and other related financial problems. To the best of the author's knowledge, this is the first-ever comprehensive study that will focus on the debt restructuring situation in the Indonesian banking sector after the COVID-19 pandemic.

The current attempts to shed light on the following questions:

1. What are the government's policies in saving debt banking debtors amid the Covid-19 Pandemic adopted globally?
2. What is an effective form of debt Restructuring for bank debtors to settle problematic debts?
3. What debt restructuring policy the Indonesian government adopts, and how much is it effective in providing rehabilitation to the affected economic sector?
4. What policy insights can be drawn from this review research study.

Literature Review

A. Debt Restructuring

Debt restructuring is a term that refers to the process by which a company engages in debt reduction when it is under financial strain and faces the possibility of cash flow default (Vos et al., 2016).Debt restructuring is a legal process involving the exchange of debt instruments, which is necessary for the debtor/creditor relationship (Korzeb & Niedziółka, 2020); as banks face uncertainty in their money-flow processes, they are unsure whether all of their debts will be repaid. Thus, restructuring debts is required to avoid potential loss (Kaur & Srivastava, 2017). The past studies discussed that debt restructuring helps the debtors from the repercussion of crises, and the economies that perform effective restructuring can comparatively recover quickly from other firms (Damijan, 2018).

B. Debt Restructuring and its Worldwide Use in the Times of Crises

The global financial crises have troubled the economy in various countries. Aftermaths of these crises introduced a reduction in credit and low customer demand. When this financial crisis was intense, it required debt restructuring policies to fix the balance sheets and the economy's overall recovery (Laryea, 2010). When government borrowing is appropriately managed, it can develop nations' economic development. Several countries have used debt restructuring in the past to save their economies. The

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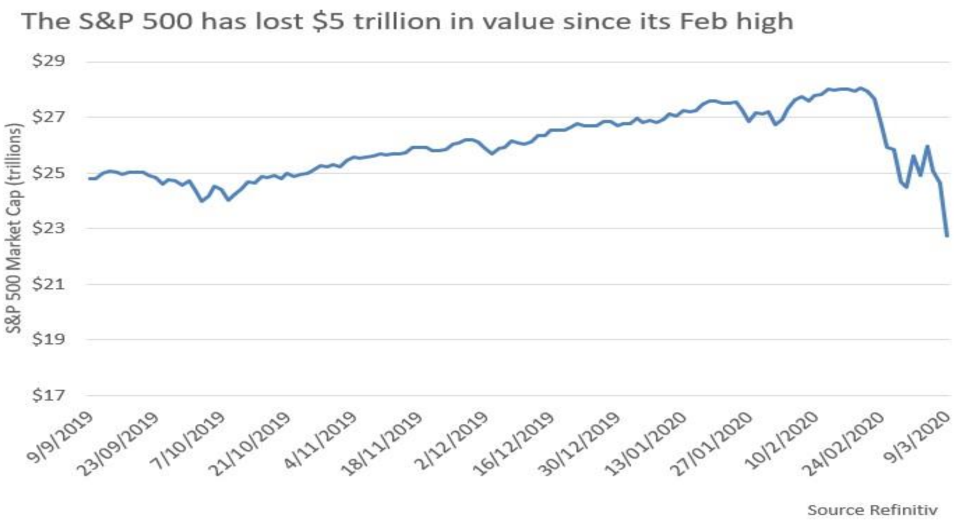
following table summarises critical frameworks implemented by several countries in response to various crises:
Based on a systematic review, this study listed some of the important researches regarding debt restriction during the financial crisis:

C. Global Debt Restructuring Policies during COVID-19 Crises

The crisis that arose from the COVID-19 pandemic was more severe than previous crises, affecting every kind of business, including the corporate sector (Rizki, 2020). Where long-term lockdown has helped save precious lives, it also leads to economic misery (Nicola et al., 2020). The impact of COVID-19 was so intense that it affected the global economy on a large scale. Because of ambiguity and insecurity issues during this pandemic, the corporate sector started losing profits as it was noticed that global stock markets obliterated about US$6 trillion in just one week of the pandemic (Ozili & Arun, 2020). Further, a loss of over $5 trillion was observed by S&P 500 companies, from which more than $1.4 trillion was faced by just the most significant ten companies (Randewich, 2020).



In March 2020, IMF warned that this pandemic would result in a global recession and it will be as bad as the 2007-2008 global financial crises (Georgieva, 2020). Comparatively, this pandemic resulted in a different kind of recession. In 2008 a global financial crisis occurred, which resulted in recession, and due to weak monetary policy, it followed high leverage in the banking sector. Similarly, during COVID-19, all countries employed various tactics to avert further loss as they sought recovery in different impacted sectors, which aided in the global economy's reconstruction. (Amir, Bin, & Bin Amir, 2020). Economic suffering was severe, as most businesses were closed, and its effects were felt in various fields, including aviation, sports, education, and the media. (Horowit, 2020; Larry Elliot, 2020). Based on a systematic literature search, some of the significant monetary and Fiscal policy responses from various countries are summarised in table 3 given below:

Table 1: Corporate Restructuring Processes

Feature	Indonesia	Korea, Rep. of	Malaysia	Thailand	Turkey	Mexico
Name of Initiative or coordinating body	Jakarta Initiative Task Force (JITF)	Corporate Restructuring Coordination Committee (CRCC)	Corporate Debt Restructuring Committee (CDRC)	Corporate Debt Restructuring Advisory Committee (CDRAC)	Istanbul Approach	Unidad Coordinadora del Acuerdo Bancario Empresarial (UCABE)
Basic approach	Forum for negotiations, followed by the adoption of time-bound mediation procedures	Forum for negotiations	Forum for negotiations	Forum for facilitation, superseded by contractual approach (debtor/creditor/ agreements)	Forum for negotiations superseded in the fall of 2001 by a legal approach (Law on corporate debt restructuring)	Promotion of a voluntary debt workout program for the most significant 40 corporations (only about 10% of all bank lending)
Resolution of inter-creditor disputes	No special procedure	Possibility of having loan of opposing creditor purchased; also, arbitration committee consisting of private experts	Nothing special apart from persuasion by the central bank	Three-person panel to attribute difference, but any concerned creditor can opt-out	None	Possibility to form a convention; all creditors are treated equally, and decisions bind all creditors
Default structure for failure to reach agreement	JTIF may refer an uncooperative debtor to the government for a possible bankruptcy petition	Foreclosure, liquidation through court receivership	Foreclosure, liquidation, or referral to an asset management company with super administrative powers	If less than 50% support the proposed workout, the debtor-credit agreement obliges creditors to petition the court for the collection of debts	Regular bankruptcy	Criminal bankruptcy procedures or "suspension of payments" to banks permitted by courts

Source: *Stijn Claessens, 2005, "Policy Approaches to Corporate Restructuring: What Worked What failed?" A Corporate Restructuring Lesson from experience (Washington: World Bank p. 16)*

Table 2: Studies Regarding Debt Restricting to Minimise Financial Crisis

Sr. No.	Article Name/year/ Author(s)/ Journal	Findings
1	Restructuring Project Finance Bank Debt in India: Information Asymmetry and Agency Costs, 2015. *Journal of Structured Finance. Authors: Vikas Srivastava*	This study proposed a conceptual framework as it proceeds those countries like India face information asymmetry among stakeholders, resulting in agency costs. Thus, debt restructuring policies should address these issues.
2	What we learned from a sovereign debt restructuring in France in 1721, 2016. *Economic Perspectives. Authors: François R. Velde*	This study discusses some positive and negative outcomes of French debt restructuring in 1721
3	Debt Restructuring and Country Risk Assessment for Malaysia, Thailand, Philippines, and Indonesia, 2016. *Life Science Journal Authors: Cheng Fan-Fah, See-Nie Lee, Taufiq Hassan*	This study discussed the country risk of four ASEAN countries (Malaysia, Philippines, and Thailand, Indonesia). The results showed that risk factors less affected Indonesia's debt restructuring than other countries.
4	Class Warfare in Debt Restructuring: Does Australia Need Cross-Class Cram Down for 'Creditors' Schemes of Arrangement? 2017. *U.Queensland LJ Authors: Jason Harris*	It concludes that Australia needs such laws that provide a practical agenda to support restructuring to remain competitive.
5	Sovereign Debt Restructuring in Europe, 2018. *Global Policy Authors: Lee C. Buchheit and G. Mitu Gulati*	The study described the Eurozone debt crisis that started in 2010. It discusses how the situation was handled by implementing distinct debt restructuring policies.
6	A mechanism to regulate sovereign debt restructuring in the euro area, 2018. *International Finance Authors: Jochen Andritzky , Désirée I. Christofzik , Lars P. Feld , Uwe Scheuering*	This study proposed a novel mechanism for debt restructuring. It discusses that as post-crisis debts developed to be unsustainable, debtor countries can confer a more profound debt restructuring.
7	Debt restructuring through equity issues, 2019. *Journal of Banking & Finance Authors: Woojin Kim, YoungKyung Ko, Shu-Feng Wang*	The results showed that through debt restructuring, equity issues could be recapitalised. It discusses Korean publicly traded firms.
8	The impact of debt restructuring on firm investment: Evidence from China, 2019. *Economic Modelling Authors: Jinglu Jiang, Bo Liu, Jinqiang Yang*	This paper used an empirical approach to investigate the causal effects of debt restructuring on firms' investment. It resulted in that debt restructuring impacted firm investment heterogeneously
9	The Social Sustainability of Public Debt in the Framework of the Middle East and North African Countries: Egypt, Lebanon, Morocco, Tunisia, and Turkey, 2020. *Journal of Sustainable Development Authors: Wissem Ajili & Hassan Ayoub*	This study discussed the public debt in MENA countries (Egypt, Lebanon, Morocco, Tunisia, and Turkey) and found that public debt has been used to finance such departments, which didn't give benefit the ' 'public's living conditions; therefore, it recommended to consider the perspective of both debtors and creditors.
10	Transforming debt restructuring in the Netherlands, 2020. *International Tax Review. Authors: Dresen, Jean Paul; Jian-Cheng, Ku; Mehdi el Manouzi.*	This study discussed the ongoing pandemic and the crisis produced because of this. Dutch companies can get relief in the short term through this debt restructuring policy.
11	Business continuity in times of distress: debt restructuring agreements and compositions with creditors in Italy, 2020. *Bank of Italy Occasional Paper Authors: Alessandro Danovi, Iacopo Donati, Ilaria Forestieri, Tommaso Orlando and Andrea Zorzi*	This study discusses that financial distress does not always lead to liquidity. It described that firms, after facing financial loss go for debt restructuring, but there is less effectiveness of such instruments in the firm's survival, but there is less effectiveness of such devices in the firms' survival.

Table 3: Monetary and Fiscal Policy Responses by Various Countries

Some fast policy responses during the 2020 global recession			
	Type	Fast policy response adopted by policymakers	Countries
1	Monetary policy measures	Granting (i) regulatory forbearance to banks and (ii) principal or interest moratorium to debtors affected by COVID-19	Ireland, China, Nigeria, and Italy
		Central banks' provision of liquidity to financial (bond and equity) markets	China and the US
		Central banks purchase bonds and securities that were plunging in value rapidly	Australia, EU, and Canada
		Lowering interest rates by Central banks	Turkey, the US, New Zealand, Japan, the UK, Nigeria, South Korea, and Canada
		The sustained flow of credit to banks, SMEs, the public health sector, individuals, and essential businesses	Australia, Nigeria, the US, and the UK
2	Fiscal measures	Governments approving a large federal stimulus package for sectors and industries most affected by the COVID-19 pandemic	UK, US, Australia, and Nigeria
		Provision of income support for individuals	Australia, the US, the UK, and India
		Social welfare payments to support each household	Australia, US

Source: Ozili and Arun (2020)

Despite the confusion to go for debt restructuring or not, when a country has to face debt burdens, the messes to go for debt restructuring or not when a country has to face debt burdens, there is no way of going out except through debt restructuring. A well-planned restructuring policy is recommended for the betterment of all shareholders, debtors/creditors, and the financial system (Hagan, 2020). The recent global crisis augmented by the COVID-19 pandemic led to financial distress. Additionally, it became imminent for many countries to respond to this crisis as international interest rates increased and the default rate enhanced, which urged them to restructure their debts (Bulow et al., 2020). Since the 'countries' funds began collapsing, the International Monetary Fund, the World Bank, and other parties have rushed to provide support funding for this disaster.

Unluckily debt restructuring is when debtors expect high future debt in exchange for low payments. Moreover, creditors also need to renew obligations to look at their balance sheets in better form (Bulow et al., 2020). In international debt restructuring, more care is required about the local tax system. According to Norton Rose Fulbright, there are three scenarios of debt restructuring:

- Sale of distressed debt
- Debt-to-equity swaps
- Debt waivers

In an international context, each of the above scenarios is affected by local tax regulations.

C. Indonesian Response to Covid-19

In Indonesia, since this pandemic started in March, it strokes the Indonesian economy, especially the business sectors and banking. These institutions helped raise public and business operations funds, which enhanced the risk of more debts and being a defaulter. The government of Indonesia launched various measures to fight a pandemic, such as implementing public health emergencies by imposing social restrictions in different cities.

To ease the economic crisis caused by the COVID-19 epidemic, the Ministry of Finance designated RP 405.1 trillion (US$26. 1 billion) for several emergency programmes. (Toime, 2020). Indonesian President Joko Widodo signed regulation number 1 of the year 2020, which asks the government to raise the budget deficit to help the economy recover from the crisis. Thus, the Indonesian government announced distinct packages to help the economy in this process. The main packages are listed in the table below.

Table 4: Distinct Packages Announced by the Indonesian Government

Economic Recovery Program Budget: RP 150 trillion (US$9.7 Billion)	The economic recovery program is to support SMEs and other businesses in terms of credit restructuring and financing. This involves credit relaxation for loans below Rp 10 billion (US$650) business purposes as provided by bank and non-bank financial institutions, including the reduction of interest and suspension of repayment for up to one year.
Social Protection Measures Budget: Rp 110 trillion (US$7 billion)	This includes a range of measures such as prioritizing families in the family hope program as well as families in the staple food program, free electricity for 24 million customers using 450 KVa and 7 million customers using 900 Kva, support for low-cost housing (to cover financing for 175,000 new homes under the subsidized housing program), basic logistics and needs and as a pre-employment card system for laid-off workers, informal workers and micro and small business owners.
Healthcare Sector Budget: Rp 75 trillion (US$4.8 Billion)	Healthcare stimulus is allocated to purchase medical equipment such as test kits and ventilators, provide incentives to medical workers including doctors and nurses, and subsidize the state health insurance (BPSJ) premium.
Tax Measures and Incentives Budget: Rp 70.1 trillion (US$4.5 Billion)	This includes a 6-month deferral of income tax on imports 19 manufacturing sectors, absorption of Article 21 Employee Income Tax for April – September 2020 for workers in the manufacturing sector, extensions for filing tax returns, new digital economy tax measures and acceleration of other tax reform including reduction in corporate income tax rate (see below Accelerated Tax Reforms in Response to Covid-19 for more details). Tax measures also involve a relaxation of PPh imports for export purposes (KITE), excise payments due to logistical delays as a result of Covid-19. Value Added Tax ("VAT") refund accelerations will be applied in 19 manufacturing sectors and 11 other sectors, including oil and gas, mining, construction and others

Source: Indonesia in Focus - April 2020 (Toime, 2020)

D. Indonesian ' 'Government's Policies about Debt Restructuring

In Indonesia, the debt restructuring strategy was outlined in Regulation No. 11 of the Financial Services Authority Regulations for the Year 2020. (POJK) (Rizki, 2020). This regulation contains few formalities for the debtors applying for debt restructuring. This strategy was implemented to allow businesses affected by the COVID-19 epidemic to continue operating and meet their business obligations. It is expected that this policy will be helpful to the companies in the recovery process from the ongoing crisis. This regulation is applicable until March 2021 (Disemadi & Shaleh, 2020). It is considered that about 50% of the banking credit is distributed to the corporate sector for business activities. Thus, this restructuring scheme will help the businesses efficiently get out of the crisis arising from the COVID-19 pandemic, leading to the rise of the Indonesian economy.

Additionally, Ahmed Siddik Badruddin, head of risk management at Bank Madiri in Jakarta, stated that the eruption of COVID-19 resulted in an increase in credit, which increased the chance of debt default. Additionally, he noted that the banking industry had restructured 6,557,903 borrowers through June 2020. (Rizki, 2020). But for restructuring purpose, it is necessary to follow some obligations as follow:

- COVID-19 affected businesses would do the restructuring
- Debtors should not be listed on the national bank list
- Should perform loan collectability
- The business should have a constructive scenario for the future
- Should be cooperative
- Have experienced a decline in sales because of COVID-19

Indonesian Chairman for the chamber of commerce said that COVID-19 has severely affected many businesses. It resulted in a country's collective economic loss (Rahman, 2020). So, these affected businesses should be provided with spurs, such as debt restructuring, which can help businesses and the overall economy re-grow. The government also supported the idea of restructuring presented by various parties. Further, Ivan Bailey, the managing partner of the law firm 'Ivan Almeida Baely &Firmansyah Law 'Firm' who has experience in debt restructuring, explained that debt restructuring is a step towards recovering the economy by saving the COVID-19 affected businesses (Rizki, 2020). He also shared ways to help the debt restructuring process, such as reducing outstanding amounts and interest rates and improving credit facilities to alter debts into shares. The government of Indonesia has issued the following regulations to help debtors and creditors (Bank and non-bank financial institutions) regarding debt restrictions amid COVID-19 (Novitzky-Basso et al., 2020):

a. OJK Regulation No. 11/POJK.03/2020

b. Banks were entitled to provide various types of money to affected debtors under this rule, and it will be distinct from previous findings made available to them before the COVID-19. Banks received specific advice on how to comply with these regulations. OJK Regulation No. 14/POJK.05/2020

In this regulation, NBFIs were asked to restructure their finances for COVID-19 affected debtors after a financial analysis.

Research Methodology

This research used a systematic literature search methodology to collect relevant secondary data from Scopus's most popular database. The key words search was employed on the database using the most popular keywords such as "Pandemic 2019", "COVID-19", "Debt Restructuring", "Debt Restructuring Policies in Indonesia", and "Banks Restructuring Policies during Times of Crises". The first timeline was selected from 2000 to 2020 to search crises and debt restructuring-related material in past literature. The second timeline was chosen from February 2020 to September 2020 to search for all papers published in the last eight months on the pandemic and debt restructuring. However, we realise that specific journals are excluded due to the limitations of our methodical search using Scopus. The first timeline search provided 100 articles broadly, which were further analysed by the study authors to select the 11 most relevant studies in this study. The second timeline search provided 95 more searched papers regarding debt structuring during times of crisis globally. However, after careful content analysis, 24 studies were shortlisted to be included in this research. These studies were published during the eight-months (Feb-Sep, 2020) period of COVID-19. Regarding debt restructuring in Indonesia, 03 significant studies were found in these eight months. This study was inspired by (Disemadi & Shaleh, 2020) and further extended the research with a better methodological approach and in-depth analysis and comparison with policies adopted by various governments in contrast with Indonesian government policies.

Discussion and Conclusion

This study aimed to present a comparative review of COVID-19's impacts on other nations and provide information regarding previous crises, their economic consequences, and the actions implemented by various governments. This latest pandemic is not just impacting the impoverished, but it is also wreaking havoc on many developed countries, either directly or indirectly. Few quick and significant governmental measures are necessary to address the short- and long-term situation. Governments must play an essential role in resolving the financial crisis. Thus, appropriate policy actions can assist in maintaining a healthy economy even in a challenging scenario like COVID-19. Governments can play a role by enacting such policies and helping various institutions connect global and national economies to everyday life. To preserve the economy's financial health, the government must implement appropriate measures in response to the crisis's monetary and fiscal setbacks.

The COVID-19 pandemic has affected the world very badly from an economic perspective that may lead to a global recession and intense disaster. The unprecedented shock of COVID-19 has severely damaged the Indonesian debtors' performance, which directly affected the country's economy. The study clarified that Indonesian bank debtors faced low profitability and the worst credit portfolio during the crisis. Thus, it became necessary to take such initiatives to raise funds and save the economy, i.e., by observing debt restructuring policies introduced by the government. This study provided insights for Indonesian policymakers to learn from international debt restructuring efforts to support the economy in a developing country context with a vast population.

This study further concludes that the latest crisis has affected banking functions due to non-performing loans and write-offs in Indonesia, asking essential measures such as debt restructuring can mitigate the affected borrowers' loss and the lost revenues. The Ministry of Finance of the Republic of Indonesia also restructured the bankers' debts by compiling some laws and regulations to support its economy. Also, Indonesia's government introduced some important recovery programs, such as the national economic recovery program, to mitigate the economy's financial loss. The main objective of this economic recovery program was to support the national economy and financial system stability.

Furthermore, table 4 depicts that the governments issued taxation policies on economic stimulus because of the current pandemic. These policies were provided only to manufacturing industries as the remaining industrial sectors were not compensated, although they were also affected by COVID-19. This global agony entails intercontinental association in the economy, health, business, and other sectors. However, coordination and government programmes do not yield immediate effects; they take time and patience to bear fruit. As a result, our research shed light on policy directions for extending debt restructuring programmes to bolster the country's economic foundations. A thorough examination of the impacted sectors is recommended to paint a complete picture of the economy. This clear vision will aid in the development of policies for both short- and long-term debt restructuring measures, particularly in labour-intensive industries, to limit the negative impact on the average person's life.

Research Implications and Future Research Directions

Overall, the study provides some important implications that can help the countries maintain their economy. It indicates that making long term policies is essential for governments as it can help them save and recover the economy from the aftermath of the crises. It can be suggested from past experiences that a problem like this pandemic will haunt the people in the future, especially for the world economy. Thus, having pre-planned short term and long-term policies in parallel will be helpful in this kind of uncertain situation. Additionally, worldwide sharing of best practices can assist economic experts and policymakers in collaborating and mitigating the negative impact of COVID-19. This study synthesis improves this work by providing an overview of various countries' debt restructuring policies. As a result, this research is critical for Indonesia's global economic and financial authorities and economic advisors and policymakers. Due to effective policies, developments in the global and local economy may encourage governments to regulate economic targets. Besides, the COVID-19 situation indicates that investors are closely monitoring the devastating effects, which negatively affect the financial health of the banking sector. Additionally, these worldwide catastrophes teach organisations always to be prepared to deal with situations similar to this pandemic in the future. Some adaptable techniques are required during times of crisis to prepare organisations to meet a variety of difficulties.

The current study has a few limitations. For instance, the study is analysed based on a short period. Future studies can review government policies during coronavirus with more shreds of evidence. This study focused exclusively on debt restructuring strategies in the banking sector; hence, additional research should be conducted to investigate the influence of government policies in other sectors. This paper examines the Indonesian government's debt restructuring policy; further research should review comparable policies in different contexts. Due to a lack of time and resources, our research concentrated on Scopus database literature. Future studies may look into a broader and broader search in all databases with a wider time, frame. Future researchers may also examine the comparative study of COVID-19 damages to different sectors in a single country's economy. Then a comparative study of industries within the ASEAN region can be an excellent future area of research. A detailed, in-depth comparison of ASEAN nations' financial policies and debt restructuring initiatives can bring unique policy insights to the region.

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