

Preparations and Challenges Upon the Implementation of PSAK 55: A Case Study of Rural Banks

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Abstract

Purpose: This study aims to analyze the preparations and challenges of PSAK 55 implementation regarding Institutional Logics Theory and Diffusion Theory of Innovation that underlined the actor's decision to implement PSAK 55 in rural banks.

Method: This study uses descriptive qualitative methods through questionnaires and interviews analyzed with content, thematic, and constant comparative analysis. study uses descriptive qualitative methods through questionnaires and interviews analyzed with content, thematic, and constant comparative analysis.

Finding: This study reveals the factors that influence the actors' decisions in this implementation, such as the existence of dominant logic in which rural banks must comply with regulations, but actors are concerned more about the effectiveness of PSAK 55. Moreover, this study found the preparations to implement PSAK 55, such as updating internal regulations and systems, human resources, socialization and training. Whereas, the expected challenges are the limitations in analyzing objective evidence of impairment, calculating the fair value of collateral and value of future cashflow.

Novelty: This study differs from prior studies because it focused more on discussing the preparations and challenges using Institutional Logic Theory, while the previous discussed only the implementation of PSAK 55 in commercial banks and actors' behavior upon the credit restructuring. The implication of this research is to provide solutions to rural banks, so there would be no decoupling practice.

Keywords: *Preparations and Challenges, PSAK 55, Multiple Logics, Symbolic Carriers, Material Carriers, Dominant Logics*

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INTRODUCTION

According to Financial Services Authority Regulation or *Peraturan Otoritas Jasa Keuangan* (POJK) Number 12/POJK.03/2016 about Business Activities and Office Network Areas of Rural Banks Based on Core Capital defines rural banks or *Bank Perkreditan Rakyat* (BPR) as banks that carry out business activities by not providing services in payment traffic (OJK, 2016). Rural banks are grouped into 3 (three) categories of Rural Banks' Business Activities or *BPR Kegiatan Usaha* (BPRKU) based on their core capital that consists of BPRKU 1, BPRKU 2, and BPRKU 3. BPRKU 1 contains core capital of less than Rp 15 billion through profit growth, additional paid-in capital, mergers, consolidations, or acquisitions. Meanwhile, BPRKU 2 contains at least Rp 15 billion to less than Rp 50 billion core capital through profit growth, additional paid-in capital, mergers, consolidations, or acquisitions. Moreover, BPRKU 3 contains core capital of at least Rp 50 billion

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through profit growth, additional paid-in capital, merger, consolidation, or acquisition.

As a financial service entity, rural banks are required to apply accounting standards as a reference for proper accounting records. Bank Indonesia (2009) allows rural banks to use Financial Accounting Standards for Entities Without Public Accountability or *Standard Akuntansi Keuangan Entitas Tanpa Akuntabilitas Publik* (SAK ETAP) which requires rural banks to reserve for impairment of financial instruments based on POJK No. 33/POJK.03/ 2018 about the Quality of Earning Assets and the Establishment of Allowance for Elimination of Earning Assets or *Penyisihan Penghapusan Aktiva Produktif* (PPAP) for Rural Banks. However, some weaknesses in SAK ETAP are found, including too simple for relatively large-scale entities like rural banks, but too complex to be applied by small and medium-sized entities (IAI, 2020a). To overcome this, the Indonesian Institute of Accountants Financial Accounting Standards Board or *Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia* (DSAK-IAI) ratified the Exposure Draft of Private Entity Financial Accounting Standards or *Standar Akuntansi Keuangan Entitas Privat* (SAK EP) on July 29, 2020, to revise SAK ETAP (IAI, 2020b).

SAK EP is an accounting standard adopted from International Financial Reporting Standards (IFRS) for Small Medium-sized Entities (SMEs) 2009 by DSAK IAI which is effective as of January 1, 2025, but early implementation is allowed in 2022 (IAI, 2020b). SAK EP consists of several different discussions from SAK ETAP, one of which is related to the accounting treatment of financial instruments, such as giving entity the options to apply the requirements contained in Chapter 11 and Chapter 12 of SAK EP entirely or to apply Indonesian Accounting Standard 55th or *Pernyataan Standar Akuntansi Keuangan 55* (PSAK 55) and the disclosures in Chapter 11 and Chapter 12 of SAK EP (IAI, 2021). PSAK 55 is an accounting standard adopted from International Accounting Standard (IAS) 39 which aims to regulate the basic principles of recognizing and measuring financial assets, financial liabilities, and contracts to buy or sell non-financial items (IAI, 2014). PSAK 55 regulates the accounting treatment for allowance for impairment in the form of incurred credit losses that are different from the calculation of PPAP based on POJK No. 33/POJK.03/2018, where there are 2 (two) types of impairment, such as individual and collective impairment (KPMG, 2007). However, in practice, there are still rural banks that prefer to use simple accounting records and ignore applicable accounting standards due to a lack of human resource competence (Auliyah, 2012; Mulyani, 2013; Safri, 2013; Rudiantoro and Siregar, 2011). Therefore, the impairment calculation in PSAK 55 can potentially hinder the PSAK 55 implementation in rural banks.

This study differs from several previous studies in several respects. First, previous research still uses Bank of Indonesia Regulation Number 13/26/PBI/2011 in providing an allowance for impairment of financial instruments in rural banks (Supeno, 2015). Whereas this study uses PSAK 55 as the basis for calculating the allowance for impairment losses at rural banks considered more objective and reliable. Second, previous studies only discuss the impact of implementing IAS 32 and IAS 39 on commercial banks in Hong Kong and Indonesia (Abdul Adzis *et al.*, 2016; Sparta and Trinova, 2020). Meanwhile, this study focuses on the preparations and challenges upon PSAK 55 implementation in rural banks. Third, previous research discusses the disclosure by symbolic carriers (regulations) and material carriers (routines) using Institutional Logic Theory related to the phenomenon of actor behavior at rural banks that pays less attention to the credit restructuring (Kasmuri and Shauki, 2019). Meanwhile, this study discusses the influence of symbolic carriers on the behavior of material carriers in rural banks to implement or not PSAK 55 using Institutional Logic Theory. Moreover, this study uses 2 (two) main theories consisting of Institutional Logic Theory and the Diffusion Theory of Innovation. Therefore, this study aims to extend previous studies by analyzing preparations and challenges as well as the institutional logics that dominate each other and influence the actor's decision to implement (coupling) or not to implement (decoupling) the PSAK 55 implementation in rural banks through Institutional Logics Theory. In addition, this research also explores the Diffusion Theory of Innovation to find expected solutions to cover the dominant logic and decoupling practices over the implementation

of PSAK 55 in rural banks.

Institutional Logics Theory

This theory refers to the social layers, beliefs, and rules that govern the mindset and behavior of individuals and organizations (Ren *et al.*, 2017). Moreover, Friedland and Alford (1991) reveal that there are 2 (two) elements in an institution, namely symbolic carriers and material carriers (Ren *et al.*, 2017; Greenwood *et al.*, 2008). Symbolic carriers are a set of rules and social norms related to behavior that served as guidelines in an organization and are motivated by the motivation to avoid sanctions (DiMaggio and Powell as cited by Lepoutre and Valente, 2012). The symbolic carriers in this study consist of Basel III, the Financial Services Authority, the Indonesian Institute of Accountants or *Ikatan Akuntan Indonesia* (IAI), and the Association of Indonesian Rural Banks or *Perhimpunan Bank Perkreditan Rakyat Indonesia* (Perbarindo). Whereas material carriers refer to internal practices consisting of actors in an organization, artifacts based on certain logic, routines and procedures that apply in the rural bank (Scott as cited by Lepoutre and Valente, 2012; Zietsma and Lawrence, 2010).

In the concept of Institutional Logic Theory, there is 1 (one) or more institutional logic (multiple logics) which are dominant and influence the behavior of actors (Friedland and Alford, 1991; Thornton, 2004; Suddaby and Greenwood as cited by Dunn and Jones, 2010). The logic consists of regulatory logics as symbolic carriers and banking logics as material carriers. Regulatory logic is pressure from external regulations, such as PSAK 55 to be complied with. Meanwhile, banking logic are reflected in the initial goal of the rural bank to earn profit for the sake of its business continuity (Battilana and Dorado, 2010). However, Scott (2008) argues that the regulations (symbolic carriers) often cannot be applied within internal institutions (material carriers) because they were not following the practice in the field, thus encouraging the emergence of decoupling practices in PSAK 55 implementation. Decoupling is a behavior of actors not following the regulations, while the coupling is a behavior to follow these rules (Scott, 2008).

Diffusion Theory Innovation

This theory discusses a process of creating new ideas or activities which is divided into 5 (five) stages consisting of knowledge, persuasion, decision, implementation, and confirmation. Rogers *et al.* as cited by Shaikh *et al.* (2020) explain that the knowledge stage is the stage where a person recognized innovation and begins to understand it further. Furthermore, persuasion is the stage where the individual started to support or not to support the innovation based on the perceived characteristics of the innovation. Meanwhile, implementation is the stage where an individual decides to accept and implement the innovation in the social system. Meanwhile, confirmation is the stage where an individual integrates a decision on whether to accept or reject an innovation if there is information that contradicts the fact. This theory can anticipate problems related to the preparation for the implementation of PSAK 55 in rural banks by using BPRKU 3 as an example in calculating impairment for all rural banks in the BPRKU 1 and 2 categories by creating a template and education related to the impairment calculation process.

METHODS

This study uses descriptive qualitative methods to explore and understand deeper information related to the preparations and challenges of PSAK 55 implementation in rural banks. In addition, this study uses primary data obtained from a questionnaire consisting of 14 open questions and 1 (one) closed question which broadly discusses symbolic carriers such as POJK No. 33/POJK.03/2018 and PSAK 55 aim to find out a general description of the impairment of financial instruments in rural banks, as well as general knowledge regarding PSAK 55 for rural banks. In collecting data, this study distributes questionnaires first through a google form which is distributed to BPRKU 1, 2, and 3 through the intermediary of the Financial Services Authority. This questionnaire is participated by 62 respondents from several positions consisting of directors, operational unit, internal control, accounting, credit, and branch office head. However, 2 (two)

respondents are excluded from the data analysis process because they do not meet the criteria required in this study.

Furthermore, the information obtained from the questionnaire will be deepened through semi-structured interviews containing questions about symbolic carriers such as POJK No. 12/POJK.03/2016, POJK No. 33/POJK.03/2018, and PSAK 55, material carriers, coupling/decoupling, and the Diffusion Theory of Innovation. The interview is participated by 3 (three) respondents consisting of Respondent A who is a Head of Accounting Department at BPR ABC and has worked for 10 years, Respondent B who is a Branch Office Head at BPR EFG and has worked for 12 years, and Respondent C who is a Branch Office Head at BPR XYZ and has worked for 15 years. Moreover, those rural banks are located in West Java. All respondents that participate in both questionnaire and interview are selected because their positions are relevant to the implementation of PSAK 55, such as responsible for making decisions, reporting, auditing, and credit reporting.

In analyzing data, this study uses content analysis techniques for questionnaire and interview data, as well as thematic analysis and comparative constant analysis for interview data using the NVivo 12 Pro software. The content analysis in this study is carried out to obtain the most often-discussed words and reflects the attention of the respondents relevant to the research questions obtained from the questionnaire data and interviews that have been transcribed. Meanwhile, thematic analysis is carried out to generate themes and sub-themes to identify and classify the data obtained from interviews that have been transcribed into several themes (Braun and Clarke as cited by Vaismoradi *et al.*, 2013). Whilst a constant comparative analysis is a technique for comparing information obtained from questionnaires and interviews, so that this study could obtain similarities and differences in each respondent's answers which can increase the variety of answers and the resulting analysis (Shauki, 2018).

RESULTS AND DISCUSSION

RESULTS

Questionnaire

This questionnaire is followed by 62 respondents consisting of directors (62%), operational unit (13%), internal control (5%), compliance and risk management (10%), accounting (7%), credit (2%), and branch heads (2%). However, after validation, the number of questionnaires answered completely is 60 questionnaires (97%) of the total questionnaire responses as shown in Table 1 Questionnaire Respondents Demographic below.

All respondents above were given the same questions. However, the answers provided by the respondents were different depending on the background of the position and responsibility of each of the respondents. Afterwards, the results of the questionnaire are processed using content analysis and then grouped into preparations (positive) and challenges (negative) as shown in Table 2 Word Frequency Analysis of Questionnaire below.

According to the table above, there are 5 (five) words that appear most often and are categorized as preparations, as well as 5 (five) words that are included in the challenges. The first word mentioned the most in preparations is "important" which relates to the provision for impairment of financial instruments. 60 respondents (100%) said that the provision for impairment was important to mitigate the risk of non-performing loans (NPL) and losses resulting from these NPL. Then, the next most words are "losses" which refers to whether the reserves calculation or PPAP can cover losses on NPL. Among 60 respondents, 10 respondents (17%) stated that the PPAP calculation cannot cover losses on NPL in rural banks. Therefore, the words "important" and "losses" reflect the preparation of rural banks to implement PSAK 55 considering PPAP calculations according to POJK No. 33/POJK.03/2018 has yet to be optimal. On the other hand, the word "calculation" is classified as a challenge due to the possible difficulties that will be faced by rural banks in implementing PSAK 55. 58 respondents (97%) stated that rural banks will experience difficulties in calculating reserves because deeper understanding and effort is needed, also the system they have cannot accommodate individual and collective impairment as regulated

Table 1. Questionnaire Respondents Demographic

Position:	Total	Percentage
Director	37	62%
Operational Unit	8	13%
Internal Control	3	5%
Compliance and Risk Management	6	10%
Accounting	4	7%
Credit	1	2%
Branch Office Head	1	2%
Total	60	100%
Length of Work:		
a. Less than 1 year	0	0%
b. 1 up to 5 years	7	12%
c. 6 up to 10 years	12	20%
d. 10 up to 15 years	13	22%
e. 15 up to 20 years	17	28%
f. 21 up to 25 years	5	8%
g. 25 up to 30 years	6	10%
Total	60	100%

in PSAK 55.

Interview

In addition, this study analyzes the results of the questionnaire which begins with content analysis through the NVivo 12 Pro implementation, which results in the 40 most frequently spoken words as shown in Table 3 Word Frequency Analysis of Interview below.

Table 3 shows the word that appears the most and becomes the main concern is “collection”. From the perspective of Institutional Logics Theory, the collection is related to material carriers, namely routines because the collection is one of the routines carried out by rural banks at the end of the month to cover NPL.

“Follow up of debtors is done at the end of every month. For example, if the debtor is due today, usually there is confirmation from the Collection Department, especially if the payment has not been received. This is done to minimize arrears.” (Respondent A, 2021).

Table 2. Word Frequency Analysis of Questionnaire

No.	Word	Frequency	Percentage (100%)	Category
1	important	60	2.13	
2	losses	48	1.62	
3	socialization	28	0.95	Preparations
4	earning	24	0.81	
5	prepare	24	0.81	
6	calculations	54	1.83	
7	collection	40	1.35	
8	allowances	38	1.29	Challenges
9	principles	26	0.88	
10	understand	20	0.68	

Table 3. Word Frequency Analysis of Interview

No.	Word	Frequency	Percentage (%)
1	collection	28	2.23
2	regulations	28	2.23
3	calculations	24	1.91
4	directors	23	1.83
5	government	18	1.43
6	system	17	1.35
7	adjust	15	1.20
8	information	12	0.96
9	internal	12	0.96
10	understand	10	0.80

Then, the next words are regulation or “regulation” and “credit” which are part of symbolic carriers. These two words have close relationship because credit is one of the financial instruments owned by rural banks where there are regulations that require rural banks to form some allowances for financial instruments. After all, the rural bank is highly regulated by various kinds of regulations which are updated every few periods.

“All assessments of financial instruments quality have been adjusted to POJK 33 and SAK ETAP.” (Respondent C, 2021).

The next word is “calculation” which is part of the material carriers, namely procedures. The word “calculation” refers to impairment in PSAK 55 which is different from PPAP based on POJK No. 33/POJK.03/2018. Furthermore, the results of the interviews are analyzed using thematic analysis of which the themes generated grouped into regulatory logics and banking logics. The first themes are credit and NPL that relate to regulatory logic. These themes are closely related to the calculation of allowance for impairment as required by POJK No. 33/POJK.03/2018 and SAK ETAP as accounting standards for mitigating the risk of NPL or defaults from debtors, which can cause losses for rural banks. In line with this, the implementation of PSAK 55 is also closely related to credit and NPL in the context of ratifying the revision of SAK ETAP to become SAK for Private Entities by DSAK-IAI as shown in Figure 1 Regulation Logics as Symbolic Carriers.

Meanwhile, the themes related to banking logic are grouped into actors, procedures, artifacts, and routines. The theme that is related to an actor is human resources which refer to actors involved in assessing the quality of financial instruments and the decision to implement or not PSAK 55 in a rural bank. Based on the interview, it is found that the actors involved are the director and the accounting department. In this case, the director has the authority to decide whether they implement the regulations in a rural bank. Whereas the accounting department

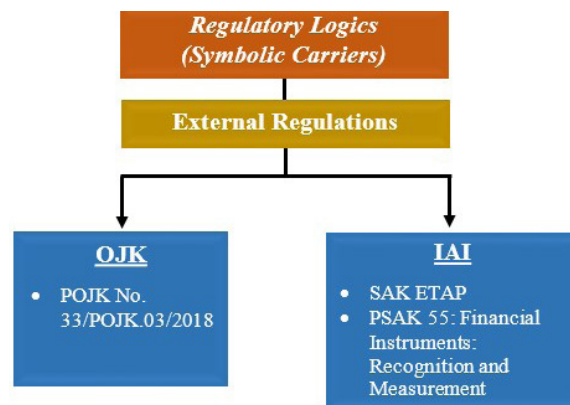


Figure 1. Regulatory Logics as Symbolic Carriers

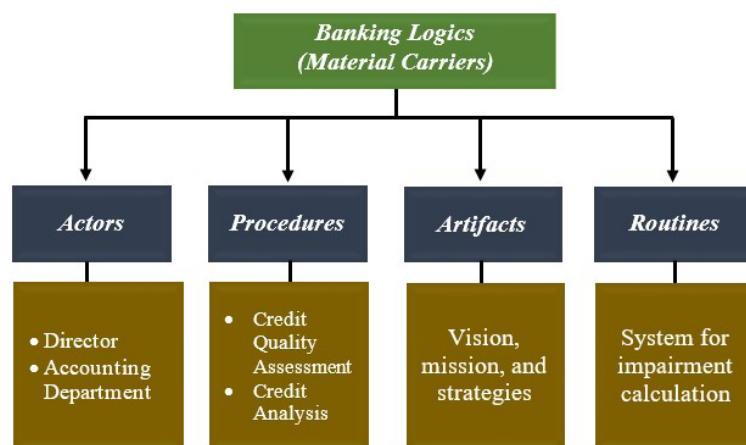


Figure 2. Banking Logics as Material Carriers

plays a role in reviewing the assessment of the quality of financial instruments. Next, the themes related to procedures are “credit” which refers to the procedure for assessing the quality of financial instruments that involves a proper and strict credit analysis to maintain good credit quality. On the other hand, the artifacts found in this study refer to vision, mission, and strategy in terms of provision for impairment in rural banks. Meanwhile, routines refer to the systems used for impairment of financial instruments in rural banks. Based on the interviews, it can be concluded that all rural banks who have participated in this study have a system for calculating reserves or PPAP. In addition, they revealed that the system they owned have functioned optimally because it had been handled directly by the vendor and was always checked regularly. The conclusion from the explanation of banking logic as material carriers found in this study can be seen in Figure 2 Banking Logics as Material Carriers.

In addition, this study finds that there is a decoupling practice in the preparation of PSAK 55 implementation due to several factors, one of which is the lack of rural banks understanding regarding the calculation of impairment in PSAK 55.

“...So far what I know is SAK ETAP, but not PSAK 55...” (Respondent A, 2021).

Another factor is some rural banks think that the implementation of PSAK 55 is not in line with the conditions in rural banks where the costs required to implement PSAK 55 are greater than the benefits obtained. Therefore, there are doubts from the respondents as actors to implement PSAK 55 which can lead to conflicts between regulatory logic and banking logic. As a result, this can encourage decoupling of PSAK 55 implementation in rural banks. In addition, there are several expected difficulties, including more complex impairment calculation based on PSAK 55 compared to PPAP based on POJK No. 33/POJK.03/2018 because PSAK 55 requires more elements and data, resulting in actors’ behaviour to do decoupling of PSAK 55 and prefer to follow SAK ETAP and POJK No. 33/POJK.03/2018.

Moreover, this study also processed data from interviews using constant comparative analysis consisting of credit quality assessment, NPL losses coverage with PPAP, high NPL factors, decision-makers, difficulties in the implementation of PSAK 55, preparation for the PSAK 55 implementation, and the response of rural banks in addressing the implementation of PSAK 55. This study finds that the respondents in general have implemented a provision for financial instruments following POJK No. 33/POJK.03/2018, although 1 (one) respondent says that the calculation of the reserve cannot cover the NPL losses. On the other hand, in preparation for the implementation of PSAK 55 in rural banks, all respondents agree to follow (coupling) the implementation of PSAK 55 as long as it is regulated by the government. This shows that there is a dominant logic behind the rural banks’ decision to implement (coupling) or not to implement (decoupling) PSAK 55 which refers to the decision not to comply with applicable regulations, considering that rural bank is highly regulated. Nevertheless, there are several expected constraints, including a lack of understanding of human resources regarding the

impairment calculation of PSAK 55. This allows conflicts between symbolic carriers and material carriers to occur, where regulations containing sanctions, but the pressures are not matched by the actors' belief in implementing PSAK 55, thus motivating the decoupling practices for PSAK 55 implementation in rural banks.

DISCUSSION

Based on the explanation above, all respondents in the questionnaire and interviews have various preparations and challenges in implementing PSAK 55 in rural banks. The preparation is divided into internal and external preparation. Internal preparations can be in the form of updating internal regulations and existing systems related to the calculation of impairment, increasing understanding in terms of human resources regarding PSAK 55, as well as the role of actors, especially those authorized to make decisions, such as directors to be able to provide internal training to employees to carry out adjustment of PSAK 55 to the internal conditions of rural banks. Meanwhile, preparations made by external parties can be in the form of socialization and training related to the calculation of impairment based on PSAK 55 held by the government or standard setters to all rural banks. On the other hand, the expected challenges are limited skills of human resources in assessing and analyzing objective evidence of impairment, calculating the fair value of collateral, as well as the value of future cash flows and the core banking system to calculate individual and collective impairment under PSAK 55. Those are due to the absence of information related to PSAK 55, thus it encourages decoupling practice upon PSAK 55 implementation because the actors cannot understand and implement it and choose to continue to apply the calculation PPAP based on POJK No. 33/POJK.03/2018 and SAK ETAP which are considered simpler and more familiar.

This decoupling behavior occurs because of the role of symbolic carriers that affect material carriers caused by several factors, such as lack of understanding of PSAK 55 from actors, rural banks' assumption saying that the PSAK 55 implementation is not following existing conditions in rural banks where costs required is greater than the benefits, and the calculation of impairment based on PSAK 55 is considered more complicated and complex compared to PPAP based on POJK No. 33/POJK.03/2018. As result, those can encourage actors to conclude that PSAK 55

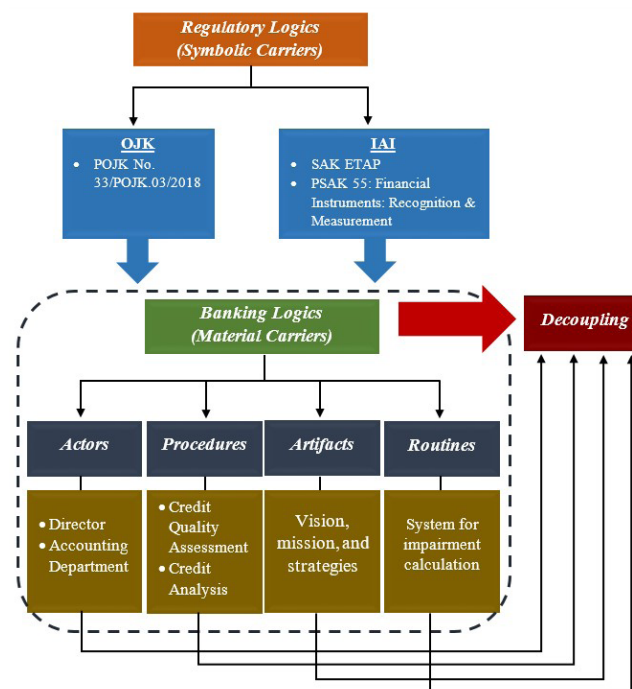


Figure 3. Decoupling Process upon PSAK 55 Implementation in Rural Banks

requires very complicated calculations and requires many elements, making it difficult to apply and adapt to the internal conditions of each rural bank, including internal procedures related to credit quality assessment based on PSAK 55, prepared strategies (artifacts), and systems (routines) for the calculation of impairment as shown in Figure 3 below.

In addition, the decoupling practice is affected by the existence of regulatory logics and banking logics which dominate and compete. In terms of preparation, those two logics dominate each other where rural banks must comply with the regulations (regulatory logics), but there are doubts from the actors about the effectiveness of PSAK 55 in reducing losses due to NPL to keep them low because PSAK 55 has never been implemented previously in rural banks, although they realized that the PPAP calculation was not optimal (banking logics). In terms of constraints, the impairment calculation based on PSAK 55 is considered very complicated (regulatory logics) and requires a large amount of money, making the actors think that PSAK 55 implementation is in line with the conditions in rural banks, also encourages scepticism of the actors not to implement PSAK 55 and prefer to follow SAK ETAP and POJK No. 33/POJK.03/2018.

However, this study tries to provide a solution to reduce the dominant logic by implementing sanctions for rural banks that do not implement PSAK 55. These sanctions can be arranged in regulations that are included as symbolic carriers from the government, such as Financial Services Authority as shown in Figure 4 Solution to Minimize Dominant Logics.

Other than sanctions, the dominant logic can also be minimized by providing assistance by rural banks in BPRKU 3 to BPRKU 1 and 2 in the form of preparing templates and providing education on impairment calculations based on PSAK 55 through the implementation of the Diffusion Theory of Innovation which starts with “the knowledge stage” where the rural banks know that there is information related to PSAK 55 which will be applied to rural banks on January 1, 2025. In addition, at this stage, rural banks begin to understand PSAK 55 further. However, findings from questionnaires and interviews indicate that most rural banks have not received any information of PSAK 55 implementation, thus preventing rural banks from understanding it further.

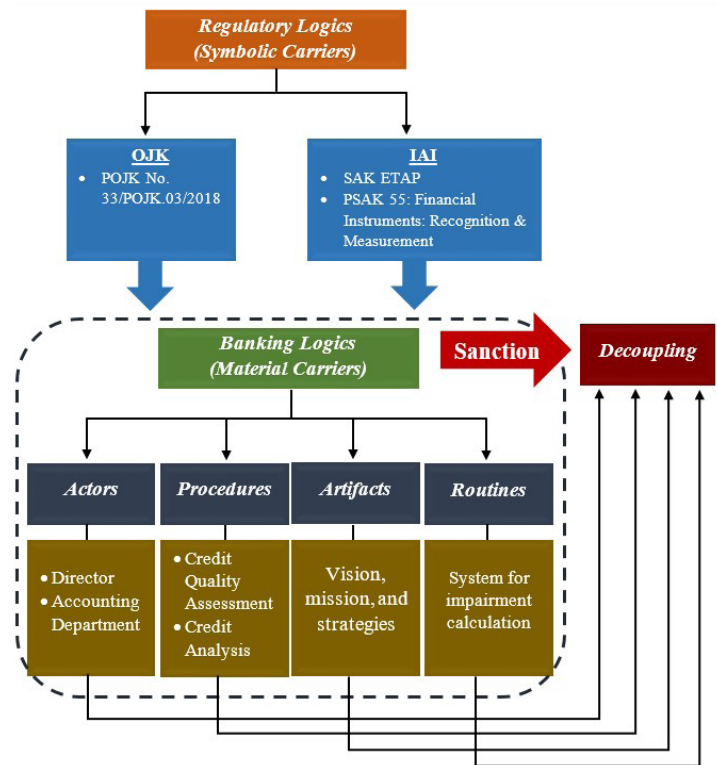


Figure 4. Solution to Minimize Dominant Logics

“I don’t know about the board of directors. But my colleagues and I have never received any information from the government or the board of directors, so we are not familiar with PSAK 55.” (Respondent A, 2021).

Therefore, the roles of the government and IAI are needed to convey this information through socialization and training to all rural banks in Indonesia, especially BPRKU 1 and 2. Then, the next stage is “the persuasion stage” where rural banks begin to be persuaded to support the preparation of PSAK 55 by IAI after understanding the requirements and benefits from PSAK 55 implementation. After that, they decide to accept and follow the application of PSAK 55 as in “the decision stage”. To facilitate this implementation, especially BPRKU 1 and 2 which do not have the competence of human resources and systems as good as BPRKU 3, all rural banks included in BPRKU 3 can assist BPRKU 1 and 2 by providing a template and provide education to calculate impairment based on PSAK 55. This can encourage rural banks to implement PSAK 55 and adapt it to the internal conditions because it can cover the assumption that the calculations required by PSAK 55 are more complicated and complex and cannot be applied in rural banks. After that, the last stage is “the confirmation stage” where rural banks prepare strategies as a step to anticipate differences between theory and practice in the future by maintaining communication with IAI and other rural banks to consult regarding the problems.

CONCLUSION

This study aims to extend previous studies by analyzing preparations and challenges along with the dominant logic that influences the actor’s decision to implement (coupling) or not to implement (decoupling) the implementation of PSAK 55 in rural banks. This study has succeeded to reveal the preparation and challenges upon the implementation of PSAK 55. The preparations consist of updating internal regulations and existing systems, increasing employees’ understanding, socialization, and training related to PSAK 55 by government or standard setters. Meanwhile, the expected challenges are limited skills of human resources in assessing and analyzing objective evidence of impairment, calculating the fair value of collateral, the value of future cash flows, and the core banking system to calculate individual and collective impairment under PSAK 55 that triggers the decoupling practice of PSAK 55 implementation. This occurs because of the role of symbolic carriers that affect material carriers due to several factors, such as lack of PSAK 55 understanding from the actors, assumption that the cost to implement PSAK 55 is more than the benefits, and the impairment calculation based on PSAK 55 is considered more complicated and complex compared to PPAP based on POJK No. 33/POJK.03/2018. However, this study provides some solutions to reduce the dominant logic by implementing sanctions by the government to rural banks that do not implement PSAK 55 and providing template and education related to the impairment calculations based on PSAK 55 by BPRKU 3 to BPRKU 1 and 2.

This study is expected to give some contributions, such as assisting rural banks to obtain information of PSAK 55 implementation, particularly related to the impairment calculation. This research is also expected to encourage the government and BPRKU 3 to provide education to BPRKU 1 and 2 regarding the reserve calculation. Nevertheless, there are some limitations in this study such as there is no mapping between respondents who acknowledge PSAK 55 and respondents who did not know it, because no significant difference was found between the two types of respondents. Moreover, there is no representative from BPRKU 1 in the interview. Therefore, this study recommends future studies to do mapping between those types of respondents to minimize bias in analyzing the results of questionnaires and to be represented by BPRKU 1 to delve deeper into the preparations and challenges faced by BPRKU 1.

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