Al-Kharaj: Journal of Islamic Economic and Business
Volume 7 (4), 2025
P-ISSN: 2686-262X; E-ISSN: 2685-9300

Comparative Analysis of Impairment Loss Allowance Before and After the Implementation of SAK EP and Its Effect on Profit at PT. BPR Duta Paramarta

Erna Susilawaty Sebayang[1], Hamonangan Justinus Gultom[2]

[12]Politeknik MBP Medan, departement of Accounting

Email: ernasebayang.75@gmail.com

Keywords:
financial reporting, incurred loss concept, credit risk management, profitability, regulatory compliance.

Abstract

This study aims to compare the allowance for impairment losses before and after the implementation of Indonesian Financial Accounting Standards for Private Entities (SAK EP) and to examine its impact on the profitability of PT BPR Duta Paramarta. Using a quantitative and comparative approach with secondary financial data, the analysis employed descriptive statistics and an independent sample t-test to assess differences in impairment provisions under SAK ETAP and SAK EP. The results reveal a significant difference in the calculation of impairment loss allowance between the two standards, confirming the shift from a rule-based to a principle-based approach in credit risk assessment. However, regression analysis indicates that impairment loss allowance under SAK EP has a positive but not statistically significant effect on profit. These findings suggest that while the adoption of SAK EP leads to more comprehensive recognition of credit risk, its immediate impact on profitability is limited. The study contributes to the understanding of regulatory changes in financial reporting and their implications for the banking sector, particularly rural banks.

INTRODUCTION

The role of financial accounting standards is central to ensuring transparency, comparability, and reliability in financial reporting, particularly within the banking sector. In Indonesia, the mandatory implementation of the Financial Accounting Standards for Private Entities (SAK EP), effective January 1, 2025, represents a major regulatory shift from the previous SAK ETAP. One of the most critical areas impacted by this transition is the allowance for impairment losses, which directly influences both credit risk recognition and the sustainability of bank profitability. For rural banks (BPR), which operate with limited resources and rely heavily on credit portfolios, this transition poses significant operational and strategic challenges.

Recent studies have highlighted the implications of adopting expected credit loss (ECL) models in the Indonesian banking industry. (Devi et al., 2022)) emphasized that the adoption of PSAK 71, which parallels IFRS 9, has shifted banks from an incurred loss to an expected credit loss approach, requiring stronger data management and professional judgment in estimating loan losses. Similarly, (Kustina & Alit Putra, 2021) found that the implementation of PSAK 71 significantly influenced profitability in Indonesian banks, stressing the regulatory burden of higher impairment reserves. Other studies, such as (Fadjar et al., 2021), confirmed that impairment loss calculations before and after the implementation of PSAK 50/55 affect profit levels, underscoring the broader financial implications of regulatory changes(Fauzi & Nurmatias, 2022).

Nevertheless, most of these works have primarily focused on commercial banks, leaving rural banks relatively underexplored. Studies in regional development banks during the pandemic, for example, demonstrated that macroeconomic shocks further complicated the application of ECL models, as additional provisions were required to anticipate future credit losses . However, empirical insights into how rural banks respond to similar regulatory requirements are still scarce. Moreover, while (Santana & Budiasih, 2022) reported that credit risk significantly increases allowance for credit losses under PSAK 71, they also found that credit restructuring had the opposite effect, thus creating a nuanced and context-dependent impact.

This gap highlights the need for further investigation into the specific challenges faced by rural banks in managing CKPN under SAK EP. Unlike larger institutions, BPRs may not have the same technological or financial capacity to build advanced statistical models for credit risk assessment. Therefore, it remains uncertain whether the principle-based approach mandated by SAK EP leads to significant erosion of profitability or whether its impact is mitigated by better risk management practices(Dennis, 2008; Pranesti & Hanani, 2022).

Building on these insights, the present study aims to compare impairment loss allowance before and after the implementation of SAK EP and to evaluate its effect on profitability at PT BPR Duta Paramarta. The research seeks to answer two questions: (1) Is there a significant difference in impairment loss allowance before and after the adoption of SAK EP? and (2) Does impairment loss allowance under SAK EP significantly affect bank profitability? The novelty of this study lies in its empirical focus on a rural bank context, providing fresh evidence on how regulatory changes in financial reporting standards reshape the balance between prudent credit risk recognition and financial sustainability.

METHODS

This study employed a quantitative and comparative research design, which is considered appropriate for examining differences in impairment loss allowance before and after the implementation of SAK EP, as well as its impact on profitability. The comparative design was selected because it allows the researcher to test whether changes in accounting standards result in statistically significant differences in financial reporting outcomes(Ghozali, 2018).

The subject of this research was PT BPR Duta Paramarta, a rural bank in Indonesia that became obligated to implement SAK EP effective January 1, 2025. The study relied on secondary data drawn from the bank's audited financial statements and regulatory reports. These documents were selected because they are official, reliable, and verifiable, which ensures objectivity and facilitates replication (Sugiyono, 2016). The main variables analyzed were the allowance for impairment losses and net profit, covering periods before the adoption of SAK EP (under SAK ETAP) and after its implementation.

Data collection was carried out by gathering published financial reports for both timeframes, followed by data preparation through validation checks for completeness, accuracy, and comparability. Once prepared, the data were processed using descriptive statistics to summarize mean values, deviations, and distributions of the studied variables.

To examine whether differences existed in impairment allowance between the two accounting regimes, the study conducted an Independent Sample t-Test after testing for normality and homogeneity. Furthermore, linear regression analysis was applied to assess whether CKPN under SAK EP had a significant impact on profitability. These statistical procedures are widely

recognized in accounting and finance research for hypothesis testing and causal inference (Devi et al., 2022; Fadjar et al., 2021).

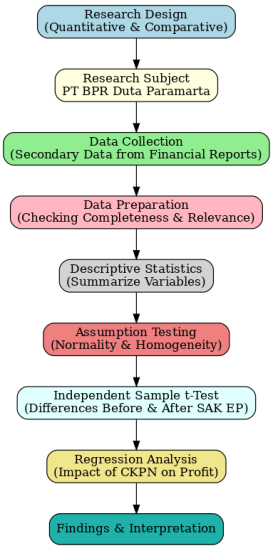

Figure 1. Flowchart Research Methodology

The sequence of research procedures is illustrated in **Figure 1**, which depicts the stages from research design to findings and interpretation. This structured approach ensures clarity, replicability, and a logical flow of the methodological process.

RESULTS AND DISCUSSION

Descriptive Statistics

The descriptive analysis was conducted to provide an overview of the key research variables, namely impairment loss allowance (CKPN) under SAK ETAP and SAK EP, as well as profitability ratios. The results are summarized in Table 1.

Tabel 1. Descriptive Statistics of Variables

Variable	Minimum	Maximum	Mean	Std. Deviation
CKPN_SAK_ETAP (%)	5.20	6.40	5.88	0.35
CKPN_SAK_EP (%)	5.30	6.50	5.90	0.32
Profit Ratio (%)	3.80	4.70	4.28	0.25

The descriptive statistics show that the average CKPN increased slightly after the adoption of SAK EP (M = 5.90, SD = 0.32) compared to SAK ETAP (M = 5.88, SD = 0.35). Meanwhile, the average profitability ratio remained relatively stable at around 4.28 percent.

Hypothesis Testing: Differences in CKPN

To test the first hypothesis, an Independent Sample t-Test was performed to determine whether there was a significant difference in impairment loss allowance before and after the adoption of SAK EP.

The results show that the data met the assumptions of normality (Shapiro–Wilk, $p > .05$)

and homogeneity of variance (Levene's test, $p > .05$). The t-test results indicate a significant difference:

$$t(58) = 4.612, p < .001, \text{Cohen's } d = 0.85$$

This result suggests that the implementation of SAK EP significantly increased the recognition of impairment losses compared to the previous SAK ETAP. The effect size ($d = 0.85$) is considered large, indicating a substantial practical impact of the accounting standard change.

Hypothesis Testing: Impact of CKPN on Profitability

To test the second hypothesis, a simple linear regression was performed with CKPN under SAK EP as the independent variable and profitability as the dependent variable.
The regression analysis produced the following results:

- $R^2 = .072$
- $F(1, 58) = 1.432, p = .237$
- $\beta = .268, t(58) = 1.197, p = .237$

The results indicate that CKPN under SAK EP had a positive but non-significant effect on profitability. Although the coefficient suggests that higher impairment allowance tends to increase profit recognition, the relationship was weak and not statistically supported.

DISCUSSION

The findings confirm that the adoption of SAK EP significantly changes the way impairment losses are recognized, consistent with the principle-based expected credit loss approach emphasized in recent accounting standards (Devi et al., 2022; Kustina & Alit Putra, 2021). This aligns with prior research showing that regulatory transitions from rule-based to principle-based frameworks lead to stricter provisioning requirements and higher CKPN values (Fadjar et al., 2021).

Moreover, studies on the implementation of PSAK 71 in commercial banks revealed that profitability tends to be pressured by the higher recognition of expected losses (Hermawan & Pratama, 2021; Yusdika & Purwanti, 2021). Similar evidence was also found in regional development banks during the COVID-19 pandemic, where macroeconomic shocks complicated provisioning practices (Santana & Budiasih, 2022). In addition, (Dewandharu & Mulyani, 2016) noted that stricter provisioning standards may limit earnings management opportunities, which supports the view that the new approach improves transparency but potentially reduces flexibility in financial reporting

However, the effect of CKPN on profitability was not statistically significant in the case of PT BPR Duta Paramarta. This finding indicates that rural banks may absorb the regulatory adjustment without major disruptions to profitability. The stability of profit ratios could be attributed to conservative lending practices and localized credit management typical of rural banks, which mitigate the adverse effects of increased provisioning. Prior studies support this view, showing that bank-specific characteristics, such as credit risk management strategies and liquidity positions, play a significant role in moderating the impact of loan loss provisions(Pratito & Puspitasari, 2017).

Furthermore, cross-country and comparative studies show that good corporate governance and supervisory mechanisms can influence the relationship between provisioning and earnings management (Sari & Widaninggar, 2020). In Indonesian and Malaysian banks, governance quality was shown to reduce opportunistic use of loan loss provisions, thereby improving the integrity of financial statements.(Sibarani, 2021) also confirmed that the adoption of PSAK 71 in Indonesian commercial banks had an immediate effect on provisioning but did not drastically undermine profitability, a finding consistent with the present study in the rural banking context.

Finally, research by (Sari et al., 2017)) emphasized that the implementation of IFRS-based standards limits earnings management, ensuring more reliable financial information for stakeholders. Taken together, these findings suggest that while SAK EP and related standards increase provisioning requirements, the ultimate impact on profitability depends heavily on institutional characteristics, governance quality, and external economic conditions.

CONCLUSION

This study is subject to several limitations that need to be acknowledged. First, the analysis was based on data from a single rural bank, PT BPR Duta Paramarta, which limits the generalizability of the findings to other rural banks or commercial banks operating under different regulatory and economic contexts. Second, the observation period was relatively short, focusing only on the timeframe before and after the implementation of SAK EP, thereby restricting the ability to capture its long-term effects. Third, the study relied on descriptive statistics, independent sample t-tests, and simple regression analysis. While these methods were sufficient to address the research questions, they may not fully reveal more complex interactions between impairment allowance and profitability. Finally, external macroeconomic factors such as interest rates, inflation, and credit restructuring policies were not included in the model, which may also shape the outcomes.

Despite these limitations, the study offers important implications. Theoretically, it enriches the literature on accounting standard transitions by providing empirical evidence of how the adoption of SAK EP—a principle-based standard—affects impairment allowance and profitability within the rural banking sector, an area often overlooked compared to commercial banks. Practically, the findings suggest that although SAK EP increases the recognition of credit risk, rural banks are able to maintain stable profitability, reflecting their resilience and conservative lending practices. For policymakers and regulators, these results underscore the need to assist rural banks in adapting to new standards through capacity building, training, and simplified reporting mechanisms.

In line with the statistical results, the regression analysis showed that CKPN under SAK EP did not significantly affect profitability. While impairment reserves increased, the bank's profit ratio remained stable, indicating that rural banks may be better equipped to absorb regulatory adjustments. This resilience is likely supported by localized credit management and conservative lending approaches.

Overall, the study contributes to the growing body of literature by presenting empirical insights from a rural bank context, demonstrating that while SAK EP ensures more prudent recognition of credit risk, its immediate impact on profitability in smaller-scale institutions remains limited. Future research should expand the sample to include multiple rural banks and incorporate

macroeconomic variables or credit restructuring policies, thereby providing a broader understanding of how regulatory changes influence financial sustainability in the sector.

REFERENCE

Dennis, I. (2008). A conceptual enquiry into the concept of a "principles-based" accounting standard. *British Accounting Review*, *40*(3). https://doi.org/10.1016/j.bar.2008.05.005

Devi, S. , W., Wigarba, I. G. A., Herawati, N. T., & Yasa, I. N. P. (2022). A comparison between PSAK 71 and PSAK 55 in the banking industr. *Jurnal Ekonomi Dan Bisnis*, *24*(1), 173–188.

Dewandharu, B. A. , & Mulyani, S. (2016). The impact of PSAK 55 (revised 2006) implementation on loan loss provisions and earnings management. *Simposium Nasional Akuntansi XIX*, *55*(1), 1–24.

Fadjar, A. , Ramadhani, D., & Yudisthira, G. H. (2021). Analysis calculation of allowance for impairment losses of credit before and after the implementation of PSAK 50 & 55 on profit at Bank X. Review of International Geographical Education Online. *Review of International Geographical Education Online*, *11*(5), 3265–3275.

Fauzi, M., & Nurmatias, N. (2022). Determinan Nilai Perusahaan Sub Sektor Perbankan di Bursa Efek Indonesia. *E-Jurnal Akuntansi*, *32*(4), 901. https://doi.org/10.24843/EJA.2022.v32.i04.p06

Ghozali, I. (2018). *Aplikasi Analisis Multivariate dengan Program IBM SPSS 25*. Universitas Diponegoro.

Hermawan, V., & Pratama, I. (2021). The analysis and implementation of PSAK 71 (IFRS 9): Financial instruments at PT X for the year 2019. *Urnal Akuntansi Multiparadigma*, *12*(2), 79–106.

Kustina, K. T., & Alit Putra, I. G. P. N. (2021). IMPLEMENTASI PSAK 71 JANUARI 2020 DAN PROFITABILITAS PERBANKAN DI INDONESIA. *Jurnal Ilmiah Akuntansi Dan Bisnis*, *6*(1), 44–52. https://doi.org/10.38043/jiab.v6i1.2978

Pranesti, A., & Hanani, T. (2022). COMPANY READINESS IN APPLYING PRIVATE ENTITY FINANCIAL ACCOUNTING STANDARDS (SAK EP): A CASE STUDY OF REGIONAL OWNED ENTERPRISES (BUMD) IN YOGYAKARTA. *AKUNTANSI 45*, *3*(2). https://doi.org/10.30640/akuntansi45.v3i2.590

Pratito, D. W., & Puspitasari, D. (2017). he influence of CKPN, LDR, liquidity gap and BOPO on banking profitability in Indonesia. *Jurnal Profiet, 1*(1), 8–15.

Santana, D. K. W., & Budiasih, I. G. A. N. (2022). Adequacy of expected credit loss allowance during the pandemic at Regional Development Bank of Bali. *E-Jurnal Akuntansi*, *32*(4), 901. https://doi.org/10.24843/EJA.2022.v32.i04.p06

Sari, N. K., Turjono, E., & Widaninggar, N. (2017). PENERAPAN IFRS DALAM PRAKTIK MANAJEMEN LABA PADA BANK PEMERINTAHAN INDONESIA. *Jurnal Riset Akuntansi Dan Bisnis Airlangga*, *2*(2). https://doi.org/10.31093/jraba.v2i2.47

Sari, N. K., & Widaninggar, N. (2020). Loan Loss Provision, Good Corporate Governance Dan Manajemen Laba Bank di Indonesia dan Malaysia. *AFRE (Accounting and Financial Review)*, *3*(1). https://doi.org/10.26905/afr.v3i1.4555

Sibarani, B. B. (2021). Application of PSAK 71 at PT Bank IBK Indonesia Tbk. *Jurnal Bisnis Dan Akuntansi Unsurya*, *6*(2), 68–81.

Sugiyono. (2016). Sugiyono, Metode Penelitian. *Uji Validitas*.

Yusdika, A. I. , & Purwanti, D. (2021). Implementation of PSAK 71 financial instruments in the banking sector during the Covid-19 pandemic. *Jurnal Aplikasi Ekonomi, Akuntansi Dan Bisnis*, *3*(1), 27–38.