

POSTPONEMENT OF DEBT PAYMENT OBLIGATIONS (PKPU) IN INDONESIAN BANKRUPTCY LAW: STRATEGIC APPROACH TO ADDRESSING BUSINESS CHALLENGES

Bernard Nainggolan

Universitas Kristen Indonesia, Jakarta, Indonesia
bnainggolan.uki@gmail.com

Abstract

This research aims to determine the potential for implementing Payment Postponement (PKPU) when the economy is sluggish and to find out the challenges faced by business entities. By using a normative juridical approach with a philosophical and conceptual perspective, this research reveals critical insights. These findings underscore the important relationship between PKPU and bankruptcy as a reasonable solution for debtors experiencing difficulties. However, in this solution there are latent risks that can be detrimental. Therefore, the debtor's careful behavior is very important in dealing with this dangerous situation. This research emphasizes that the option to carry out debt restructuring or financial restructuring carries relatively lower risks for debtors, thereby placing them in an advantageous position. Instead, PKPU appears as a viable solution, although it is best done as a last resort. This research highlights the dynamics that exist around the use of PKPU, highlighting the potential as well as the associated risks. The report advocates informed decision-making among debtors, by emphasizing the importance of choosing debt settlement strategies with the least risk.

Keyword: Debt; PKPU; Bankruptcy; Credit Restructuring.

A. INTRODUCTION

In the realm of economic jurisprudence, the concept of Payment Postponement (PKPU) is an important institution provided by the State to provide opportunities for debtors to improve their financial conditions, especially in the face of temporary difficulties¹. Contained in Article 222 paragraph (2) Law no. 37 of 2004, PKPU provides relief to debtors who are unable to pay off their debts, so they can ask to postpone their debt payment obligations.² This legal provision allows debtors to prepare a peace plan including proposals for debt payments to creditors³.

¹ Nugroho, Susanti Adi. *Hukum Kepailitan di Indonesia: dalam teori dan praktik serta penerapan hukumnya*. Kencana, 2018: 24.

² Sutrisno, Sutrisno. "Legal Protection for Debtors over Separatist Creditors' Rights Related To Bankruptcy." *Jurnal Akta* 7, no. 1 (2020): 83.

³ Ginting, Elyta Ras. *Hukum Kepailitan: Teori Kepailitan*. Bumi Aksara, 2018. See also: Soegianto, Soegianto, and Sukarmi Sukarmi. "The Settlement of Credit Due to Death." *Jurnal Akta* 8, no. 4 (2021): 188.

Current economic conditions have been disrupted by various difficulties that have significantly hampered debtors' ability to meet their financial obligations. In particular, the unexpected economic crisis has created major challenges, resulting in debtors being unable to pay their debts.⁴ Widespread disruption and stagnation of economic activity, exacerbated by external turmoil, has caused financial distress among debtors, hampering their ability to meet payment terms. The real manifestation of this economic turmoil lies in the increasing number of debtors submitting PKPU applications at several Commercial Courts in Indonesia⁵. This surge underscores the magnitude of financial pressure that is bearing down on businesses, forcing them to seek legal recourse to reconstruct debts and delay payments. The increasing trend of PKPU applications is an important indicator of the magnitude of economic difficulties hitting various sectors.

Based on the background above, it becomes clear that the convergence of economic turmoil and legal provisions such as PKPU has a major impact on debtors experiencing financial difficulties. The increasing number of PKPU applications underscores the urgent need for effective measures to address underlying economic challenges and facilitate the debt resolution process.⁶ As the business world faces volatile economic conditions, wise use of legal mechanisms such as PKPU is an important strategy to overcome financial licensing and pave the way towards sustainable debt management and business recovery.⁷ In the current economic climate which is characterized by unprecedented disruption and challenges, the study of Bankruptcy and Postponement of Debt Payment Obligations (PKPU) as a Solution to Business Difficulties has very high urgency and relevance. As the global economy reels from the impact of the unexpected crisis, businesses are facing immense pressure to overcome financial difficulties and ensure their survival amidst adversity.

Understanding the ins and outs of PKPU and its impact on debtors is very important because more and more companies are on the verge of bankruptcy.⁸ The increase in PKPU applications in Commercial Courts in Indonesia underscores the urgent need to uncover underlying economic

⁴ Sturzenegger, Federico, and Jeromin Zettelmeyer. *Debt defaults and lessons from a decade of crises*. MIT press, 2007, 29.

⁵ Budiyo, Tri. "penundaan kewajiban pembayaran utang (pkpu) dalam masa pandemi covid-19: antara solusi dan jebakan." *Masalah-Masalah Hukum* 50, no. 3 (2021): 232.

⁶ Rahadini, Edi, and Bambang Tri Bawono. "The Loan Application with Land Certificate Guarantee." *Jurnal Akta* 8, no. 4 (2021): 197.

⁷ Sukardi, Didi. "The Legal Responsibility Of Debtor To Payment Curators In Bankruptcy Situation." *Jurnal Pembaharuan Hukum* 8, no. 2 (2021): 142.

⁸ Yitawati, Krista, and Adi Sulistiyono. "Constitutional Court Decision Number 23/PUU-XIX/2021: Analysis of Judges' Considerations Is It Permissible to Take Cassation Against Decisions to Postpone Debt Payment Obligations?." *Jurnal Jurisprudence* 12, no. 1 (2022): 18.

difficulties and explore effective debt resolution mechanisms. In addition, with the economic impact having a major impact on the business world at all scales and sectors, this research has significance in providing insight to policy makers, legal practitioners, and business world stakeholders. By highlighting the challenges faced by debtors and the effectiveness of legal provisions such as PKPU in overcoming financial turmoil, this study contributes to the discourse on sustainable debt management strategies and helps formulate appropriate decisions to mitigate economic risks and foster business resilience.

This article aims to explore the ins and outs of debt settlement through Payment Postponement (PKPU) in Indonesia. His party will question whether PKPU can be a viable solution or has the potential to ensnare debtors in further financial difficulties. In addition, this research seeks to evaluate the effectiveness of the debt settlement framework provided by the government compared to PKPU. The central investigation revolves around determining the most profitable debt settlement option for the continuity of the debtor's business, juxtaposing PKPU with debt restructuring. Through a comprehensive analysis of these options, this research aims to provide insight into the optimal path to debt settlement, thereby helping debtors, policy makers and legal practitioners make the right decisions in the midst of financial turmoil.

B. RESEARCH METHODS

This research uses a normative juridical legal research approach, namely a scientific method that aims to establish truth based on scientific logic from a normative point of view. Normative legal research is more than just an examination of positive law; it digs deeper into coherence, assessing whether legal regulations are in line with legal norms and principles, and whether actions comply with those norms and principles. This approach combines statutory and conceptual analysis.

In the Statutory Approach, this involves reviewing the laws and regulations related to Postponement of Debt Payment Obligations (PKPU) in Indonesia. Important legal texts, including laws, regulations and official documents such as POJK No. 11/POJK.03/2020, will be reviewed carefully to understand the legal framework surrounding the PKPU process. This approach allows a comprehensive understanding of the legal provisions governing debt settlement mechanisms. Along with the statutory analysis, a conceptual approach will be used to explore the broader legal principles and concepts underlying PKPU and debt settlement. This includes reviewing the theoretical framework, legal doctrine, and jurisprudential perspective to explain the conceptual basis of PKPU as a debt settlement mechanism. By examining this conceptual basis, this research aims to enrich understanding of the role of PKPU in the legal landscape.

This research will mainly rely on laws and regulations that are relevant to the PKPU process. This includes the text of statutory regulations that regulate procedural aspects and legal principles governing PKPU, as well as norms established by state authorities to facilitate debtor-creditor settlements, as exemplified in POJK No.11/POJK.03/2020. Apart from that, documents sourced from various Commercial Courts, especially PKPU application data, will be used as complementary legal material. These documents provide practical insights into the implementation and outcomes of the PKPU process, thereby enriching the analysis.

By using a normative juridical legal research approach complemented by statutory and conceptual analysis, this research seeks to provide a deeper understanding of PKPU as a debt settlement mechanism in Indonesia. Through a careful study of legal materials and conceptual frameworks, this research aims to provide valuable insights into the effectiveness and implications of PKPU, thereby contributing to the discourse on debt settlement strategies and legal mechanisms for business continuity.

C. RESULT AND DISCUSSION

Postponement of Debt Payments (PKPU) is a government mechanism designed to provide debtors with the opportunity to increase their debt payment capacity, especially in the midst of temporary difficulties⁹. Based on Article 222 paragraph (2) Law no. 37 of 2004, debtors who experience difficulties in fulfilling their debts that are due and must be paid can submit a request for a postponement of their debt payment obligations, with the aim of preparing a peace plan including proposals for debt settlement to creditors.¹⁰ The impetus for seeking PKPU lies in the debtor's inability or expected inability to pay off his debt. However, the implementation of PKPU was highlighted by various economic challenges that significantly hampered debtors' ability to meet their financial obligations. This economic difficulty is manifested in the form of disrupted or stagnant economic activity, making it difficult for debtors

⁹ Mulkan, Hasanal, and Serlika Aprita. "Criminal Elements in Debt Restructuring During The Covid-19 Pandemic: Between Business Continuity and Legal Compliance." *LEGAL BRIEF* 11, no. 2 (2022): 1223. See also: Nuriskia, Centia Sabrina, and Ahmad Yoga Novaliansyah. "The Urgency of Regulations Revision Related to Filing Bankruptcy and Postponing Debt Payment Obligations Amid the COVID-19 Pandemic." *Lex Scientia Law Review* 5, no. 2 (2021): 105. See also: Siregar, Dini Syakina. "Settlement Of Bad Loans Through Debt Payment Obligation Submitting Institutions (PKPU)." *Journal of Law Science* 3, no. 3 (2021): 93.

¹⁰ Sihotang, Zeffrianto. "Duties And Authority Of PKPU Management Basen On Law No. 37 Of 2004 Concerning Bankruptcy And Suspension Debt Payment Obligations." *Journal of Law Science* 3, no. 1 (2021): 15. See also: Al Kautsar, Izzy, and Danang Wahyu Muhammad. "Investigation the Interest of Creditor and Debtor in Suspension of Debt Payment Obligations." *Jurnal Hukum Bisnis Bonum Commune* (2021): 159.

to fulfill their debt obligations.¹¹ An observable trend indicating this financial pressure is the substantial increase in PKPU applications in various Commercial Courts in Indonesia. This surge in applications shows the magnitude of the economic difficulties faced by debtors, thus encouraging them to use legal channels such as PKPU for debt relief.

For business entities, the certainty of good economic conditions, including both macroeconomic and microeconomic factors, is still uncertain. As a result, the changes inherent in business operations are a multifaceted reality. Before the pandemic, Payment Postponement (PKPU) emerged as a common solution for debtors and creditors in dealing with debt and receivable problems.¹² In particular, in the period 1 March 2019 to 30 July 2019, 101 PKPU applications were recorded at the Jakarta District Court, 15 applications at the Semarang District Court, 22 applications at the Surabaya District Court, and 3 applications at the Surabaya District Court. Makasar District Court, and 7 Medan District Courts. Comparing year-on-year (y-to-y) data between 2019 and 2020 shows differences in the landscape. Although there was a 66% decrease (from 3 to 1) in the Makasar District Court, other courts experienced quite large increases. In particular, the Medan District Court experienced an increase of 242% (from 16 to 7), the Central Jakarta District Court experienced an increase of 66% (from 144 to 152), and the Surabaya District Court experienced an increase of 71% (from 22 to 31). In contrast, a marginal decrease of 7% (from 15 to 14) occurred at the Semarang District Court.

It is important to note that fluctuations in PKPU applications may not comprehensively reflect macroeconomic conditions. However, the trend of increasing PKPU applications can be a potential indicator of the economic impact on the business world. Especially in Jakarta, which is often seen as determining the direction of the national economy, there is a correlation between economic decline and an increase in the number of PKPU applications. When compared with bankruptcy applications, obtained from data obtained from the SIPP system in the District Court which is equipped with a Commercial Court room, it shows that PKPU appears as the main choice in settling debts and receivables, while bankruptcy is the second choice. These trends are explained in Table 1.

The Postponement of Debt Payment Obligations (PKPU) mechanism provides creditors' claims relief to debtors, as well as providing an opportunity to stabilize their business affairs within a certain period of time. The legal rationale underlying this arrangement is to enable business actors, usually also

¹¹ Bawono, Bambang Tri. "Construction Contract Of Hire Purchase And Correlation With Criminal Offense." *International Journal of Law Reconstruction* 3, no. 1 (2019): 35.

¹² Saputra, Rian, and Resti Dian Luthviati. "Institutionalization of the approval principle of majority creditors for bankruptcy decisions in bankruptcy act reform efforts." *Journal of Morality and Legal Culture* 1, no. 2 (2020): 104.

debtors, to make joint efforts to improve their business conditions. The underlying assumption is that by facilitating the debtor's capacity to revitalize business operations, the debtor will be in a better position to fulfill its financial obligations to creditors. Basically, the debtor-creditor relationship in the business world is ideally mutualistic, that is, both parties gain benefits. As a debtor's business grows, their ability to meet financial commitments to creditors increases. Consequently, this symbiotic relationship fosters mutual understanding between all stakeholders involved.

Table 1. PKPU Applications 1 March – 30 July 2019 and 1 March – 30 July 2020

State Court	PKPU Bankruptcy Application			
	2019	2020	2019	2020
Jakarta	152	101	23	25
Semarang	14	15	13	8
Surabaya	31	22	5	14
Makassar	1	3	2	1
Medan	16	7	1	3
Amount	214	149	44	51

In Law no. 37 of 2004, provisions regarding Postponement of Debt Payment Obligations (PKPU) are outlined from Article 222 to Article 298. PKPU functions as a temporary institutional framework which aims to ease debtor business difficulties. The main advantage of choosing PKPU as a solution in the midst of business challenges lies in its juridical nature, which guarantees consideration by the Panel of Judges. The initial PKPU application can come from the debtor or creditor. If instigated by the debtor, PKPU is a request to direct debt settlement and fulfill obligations to creditors. On the other hand, if initiated by the creditor, this signals recognition of the debtor's difficulties and a willingness to find a way to resolve the debt. What is important, every PKPU application is legally mandated to be reviewed by the Panel of Judges, in accordance with Article 225 paragraphs (2) and (3) of Law no. 37 of 2004, which regulates that the Court must provide a response within a maximum of three days from the date of registration of the application as intended in Article 224.

In accordance with the provisions contained in Law no. 37 of 2004, upon submission of a PKPU application, the Court is obliged to immediately grant a temporary postponement of debt payment obligations. Furthermore, it is mandatory to appoint a Supervisory Judge from among the court judges and appoint one or more administrators, who together with the Debtor will supervise the management of the Debtor's assets. This provision guarantees that there is a structured framework for managing business activities during the PKPU period, so that debtors do not need to bear the direct burden of debt payments.

If a PKPU application is submitted by a creditor, the court is obliged to act within the specified time period. In particular, within 20 days from the date the application letter is registered, the Court must grant the request for a temporary postponement of debt payment obligations. Likewise, the Supervisory Judge must be appointed from among the court judges, as well as one or more administrators who manage the Debtor's assets. The consistency of this procedure emphasizes the importance of providing legal certainty to debtors, making it easier to carry out their business affairs without the pressure of urgent debt payment obligations. The essence of the PKPU concept is the provision of legal certainty, which guarantees that debtors can carry out their business activities without being hindered by debt settlement obligations that will soon occur during the PKPU period. This temporary suspension of payments effectively suspends creditors' rights to collect receivables, thereby providing respite for debtors amidst financial challenges. Apart from that, the main goal of PKPU is to create an environment of reconciliation and peace between debtors and creditors. As stated in Article 222 paragraph (2) Law no. 37 of 2004, debtors who experience difficulties in fulfilling their debts are given the opportunity to request a postponement of their debt payment obligations, with the aim of drawing up a peace plan including proposals for debt settlement to creditors. This peace stage becomes a forum for debtors and creditors to renegotiate existing debts. It is in this context that debtors can propose various debt restructuring steps, such as debt-to-equity exchange programs, to achieve mutually agreed terms.

In the end, the pinnacle of success within the PKPU framework is the achievement of true peace, where the agreement made between debtors and creditors supersedes everything. This underscores the importance of achieving consensus and mutual understanding, where debtors and creditors collaboratively navigate the complexities of debt settlement, thereby fostering harmonious relationships based on legal integrity and fair compromise.

The implementation of Postponement of Debt Payment Obligations (PKPU), among other things, provides relaxation of debt payments to debtors based on legal certainty that the PKPU request will be definitively granted. The judicial process mandates that the judge must hold a hearing within a strict time frame: no later than 3 days after registration of the PKPU application submitted by the debtor, or within 20 days from registration of the application if at the request of the creditor. Within the PKPU framework there are two types of postponement, namely a temporary postponement granted by the judge at the initial hearing of the PKPU application, and a permanent postponement, which results from negotiations between the debtor and creditor at the Creditors' Meeting. This procedural architecture underscores the important role of the Panel of Judges in facilitating discourse between

debtors and creditors, fostering prospects for settlement or permanent suspension.

Philosophically, the authority to postpone debt payment obligations essentially lies with the creditor, because only the person who has the right can delegate that right to another person. Therefore, the original prerogative to delay payment rests with the creditor, and the Panel of Judges has derivative authority in this matter. The cumulative effect of a temporary suspension (imposed by a judge) and a permanent suspension (implemented by a creditor) is limited to 290 days. This marks the maximum relaxation period for debtor obligations within the PKPU framework. It is important to realize that although easing debt repayment obligations provides temporary relief for debtors, a prolonged extension may not provide optimal results. The 290-day time limit aims to maintain a protracted relaxation period, so that the PKPU process remains conducive to debt settlement and does not hinder the achievement of a mutually beneficial agreement between debtors and creditors. In essence, the PKPU structured framework not only offers a mechanism for temporary relief from debt obligations but also functions as a platform for constructive dialogue and negotiation between debtors and creditors. By establishing clear procedures and timeframes, PKPU seeks to create a conducive environment for achieving fair settlements and encouraging financial stability for all parties involved.

PKPU holds precedence over Bankruptcy proceedings, as deliberately established by legislators.¹³ Despite the possibility of simultaneous submission of PKPU and bankruptcy applications, PKPU is designed to be prioritized over bankruptcy.¹⁴ Article 229 of Law no. 37 of 2004 explicitly mandates that in cases where both applications are under review simultaneously, the decision regarding postponement of debt payment obligations must be rendered first. This hierarchical relationship between PKPU and bankruptcy reflects a proactive stance towards debt management, wherein preventive measures are favored over curative actions for the collective welfare.

The legislative emphasis on PKPU as a preventive measure underscores its pivotal role in providing legal certainty to debtors. PKPU guarantees definitive approval, thus offering reassurance to debtors amidst financial uncertainty. Moreover, the decision rendered by the Panel of Judges in PKPU proceedings is immune to legal challenges, whether through ordinary or extraordinary legal recourse. Article 235, paragraph (1) of Law no. 37 of 2004 explicitly precludes the submission of legal actions regarding the decision to

¹³ Christiani, Theresia Anita. "Legal Analysis of Bankruptcy in The Perspective of Legal Purposes." *Jurnal Pembaharuan Hukum* 8, no. 1 (2021): 73.

¹⁴ Handoko, Widhi. "Debtor Protection in Perspective of Pancasila Justice Value on Separatic Creditor Executions." *International Journal of Law Reconstruction* 5, no. 1 (2021): 93.

postpone debt payment obligations, further reinforcing the legal certainty conferred by PKPU.

However, the legislative inclination towards debtor interests is evident in the limitations imposed on creditor rights by statutory regulations. This intervention by the state serves to mitigate potential abuses arising from contractual freedoms and uphold equitable resolutions between debtors and creditors. Such legislative interventions are motivated by considerations of economic interests, with both micro and macro-level implications. Despite its advantages, PKPU is not without its limitations. PKPU effectively presents debtors with three potential outcomes: achieving a peaceful resolution, full repayment of debts, or eventual bankruptcy. Once PKPU is chosen as the preferred avenue for dispute resolution, debtors are bound to adhere to one of these pathways, with limited scope for alternative courses of action. Consequently, in strategic deliberations regarding dispute resolution models, PKPU often emerges as a preferable alternative to bankruptcy, reflecting its utility as a mechanism for averting financial insolvency.

Although this strategic approach can provide positive results, there is a significant risk of potential failure, which could lead the debtor into a bankruptcy scenario. This risk comes from the intrinsic link between Postponement of Debt Payment Obligations (PKPU) and the bankruptcy process. This relationship is illustrated through three points of contact between PKPU and bankruptcy. These points mark the critical point where PKPU transitions towards bankruptcy. First, if the debtor does not attend the initial creditors' meeting, this could trigger a transition to bankruptcy. Second, failure to reach consensus on a peace plan or a court's refusal to approve an agreed plan could push for a transition. Finally, if the period of temporary suspension and permanent postponement exceeds the maximum limit of 270 days without repayment of debts to creditors, this could result in bankruptcy. Therefore, although PKPU offers a temporary reprieve, its failure to navigate these critical moments effectively could result in the debtor falling into bankruptcy.

If we synthesize the previous analysis, both Postponement of Debt Payment Obligations (PKPU) and bankruptcy are irreversible options. Once a decision is taken, it must be obeyed or implemented through bankruptcy procedures¹⁵. Given the potential pitfalls inherent in PKPU and bankruptcy, this encourages exploration of alternatives for debtors to mitigate the impact of financial difficulties. In this regard, one alternative that according to the author can be implemented is the legal framework provided in POJK No. 11/POJK.03/2020 concerning National Economic Stimulus as a Countercyclical Policy for the Impact of the Spread of Corona Virus Disease 2019. Legal

¹⁵ Damlah, Judita. "Akibat Hukum Putusan Kepailitan Dan Penundaan Kewajiban Pembayaran Utang Berdasarkan Undang-Undang Nomor 37 Tahun 2004." *Lex Crimen* 6, no. 2 (2017): 93.

regulations function as a countercyclical response to the economic impact triggered by the spread of COVID-19. This aims to optimize the banking intermediation function, maintain financial system stability, and increase economic growth amidst the global pandemic. One of the main reasons for the implementation of POJK No. 11/POJK.03/2020 is aware of the increasing credit risk faced by banks due to worsening debtor performance and capacity in fulfilling credit or financing obligations in the midst of the pandemic. economic downturn. Therefore, by utilizing the provisions outlined in this legal framework, debtors have the potential to face financial crises with greater resilience and adaptability, thereby reducing the need to resort to PKPU or bankruptcy.¹⁶

If consolidated with the previous analysis, both Postponement of Debt Payment Obligations (PKPU) and bankruptcy are definite decisions. Once initiated, compliance with the chosen path is mandatory, and implementation continues through the bankruptcy process¹⁷. Given the risks inherent in PKPU and bankruptcy, there is a need to find alternative ways for debtors to mitigate the impact of financial difficulties.¹⁸ In this context, one alternative that the author proposes is the use of the legal framework contained in POJK No. 11/POJK.03/2020 concerning National Economic Stimulus as a Countercyclical Policy for the Impact of the Spread of Corona Virus Disease 2019. The enactment of this law is a countercyclical response to the economic impact caused by the global spread of COVID-19, with the main aim of optimizing banking intermediation, maintaining stability of the financial system, and encouraging economic growth amidst the pandemic.

The main impetus behind the implementation of POJK No. 11/POJK.03/2020 is aware of the increasing credit risk faced by financial institutions, which is caused by the worsening performance and capacity of debtors in fulfilling credit or financing obligations in the midst of the ongoing economic crisis. caused by this pandemic. Therefore, by utilizing the provisions outlined in this legal framework, debtors will be prepared to face financial crises with greater resilience and adaptability. Therefore, this may reduce the need to resort to PKPU or bankruptcy as a last resort. Through proactive involvement in regulatory measures stipulated in POJK No. 11/POJK.03/2020,

¹⁶ Devi, Ria Sintha, Nanci Yosepin Simbolon, Lestari Victoria Sinaga, and Muhammad Yasid. "The Bankruptcy Legal Politics in Indonesia based on Justice Value." *Jurnal Pembaharuan Hukum* 8, no. 2 (2021): 142.

¹⁷ Elias, Jared A., and Robert J. Stark. "Bankruptcy Hardball." *California Law Review* 108 (2020): 3.

¹⁸ Asmara, Teddy. "The Reflection of Highest Value of Islam in the Protection of Debtors in Execution of Separatist Creditors." *Jurnal Akta* 9, no. 2 (2022): 157.

debtors can potentially overcome financial difficulties more effectively, thereby avoiding the need for drastic measures such as PKPU or bankruptcy.¹⁹

Based on the above analysis, settlement of debts and receivables affected by [the situation] can be completed by utilizing the restructuring or credit financing mechanisms outlined in POJK No. 11/POJK.03/2020, as well as through the use of PKPU institution. Realizing the potential bankruptcy risks inherent in the PKPU process, it is important to mitigate these risks, especially from the debtor's perspective.²⁰ Therefore, it would be more profitable if we view the PKPU institution as a last resort after the credit restructuring or financing model is used at an early stage.²¹ In essence, credit or financing restructuring as regulated in POJK No. 11/POJK.03/2020 (for debtors who meet the required criteria) is positioned as the main and preferred choice. Furthermore, PKPU institutions may be considered when alternative resolution pathways in business-to-business contractual relationships have been exhausted. This strategic approach is very important in minimizing the occurrence of bankruptcy. By adopting a sequential approach to debt resolution, businesses can face financial challenges with greater resilience, thereby avoiding the drastic impacts associated with bankruptcy.

D. CONCLUSION AND RECOMENDATION

In conclusion, this research has explored the ins and outs of debt settlement mechanisms, particularly with a focus on the implementation of Payment Postponement (PKPU) in the context of the economic crisis. Through a normative juridical approach combined with a philosophical and conceptual perspective, critical insights are obtained that highlight the symbiotic relationship between PKPU and bankruptcy as a potential solution for debtors facing financial difficulties. Even though PKPU is a viable option, it also has latent risks that require debtors to behave carefully in dealing with this dangerous situation. This analysis underscores the importance of seeking alternative pathways for debt resolution, especially considering the irreversible nature of PKPU and bankruptcy. One alternative that the author proposes is the use of the legal framework contained in POJK No. 11/POJK.03/2020, which functions as a countercyclical response to the economic impact of the COVID-

¹⁹ Handitya, Binov. "Redesign The Relevance Of Justice In Debtor Protection Related To Parate Executions Performed By Separate Creditors In Liability Agreements." *Jurnal Akta* 8, no. 4 (2021): 222.

²⁰ Asmara, Gregorius Yoga Panji. "Protection Relevance of the Execution of Separatic Creditors Based on Pancasila Justice." *Jurnal Akta* 8, no. 1 (2021): 52.

²¹ Hanim, Lathifah, and M. S. Noorman. "Penyelesaian Perjanjian Kredit Bank Sebagai Akibatforce Majeure Karena Gempa Di Yogyakarta." *Jurnal Pembaharuan Hukum* 3, no. 2 (2016): 161. See also: Mashdurohatun, Anis, and Eyrsa Setya Kurnia. "The Settlement Model Against Credit Agreements Between Creditors And Debtors." *International Journal of Law Reconstruction* 4, no. 2 (2020): 124.

19 pandemic. This policy aims to improve the banking intermediation function, maintain financial system stability, and spur economic growth amidst the global crisis.

Implementation of POJK No. 11/POJK.03/2020 is very relevant considering the increasing credit risks faced by financial institutions due to worsening debtor performance amidst the economic downturn caused by the pandemic. By utilizing the provisions outlined in this legal framework, debtors can strengthen their resilience and adaptability in facing financial crises, thereby reducing the need to resort to PKPU or bankruptcy as a last resort. In synthesizing these findings, it becomes clear that a strategic approach to debt settlement is very important, where credit or financing restructuring mechanisms based on POJK No. 11/POJK.03/2020 is prioritized as the main solution, while the PKPU institution is reserved for emergencies. By implementing a sequential approach, the business world can face financial challenges more effectively, thereby avoiding the negative impacts associated with bankruptcy. Ultimately, informed decision making is critical for debtors, policymakers, and legal practitioners, as it emphasizes the importance of selecting debt settlement strategies with minimal risk exposure. As the global economy grapples with unprecedented uncertainty, the study of debt resolution mechanisms has become increasingly important, and provides valuable insights in improving financial resilience and business continuity in the face of adversity.

BIBLIOGRAPHY

- Al Kautsar, Izzy, and Danang Wahyu Muhammad. "Investigation the Interest of Creditor and Debtor in Suspension of Debt Payment Obligations." *Jurnal Hukum Bisnis Bonum Commune* (2021): 159-170.
- Asmara, Gregorius Yoga Panji. "Protection Relevance of the Execution of Separatic Creditors Based on Pancasila Justice." *Jurnal Akta* 8, no. 1 (2021): 52-60.
- Asmara, Teddy. "The Reflection of Highest Value of Islam in the Protection of Debtors in Execution of Separatist Creditors." *Jurnal Akta* 9, no. 2 (2022): 157-165.
- Bawono, Bambang Tri. "Construction Contract Of Hire Purchase And Correlation With Criminal Offense." *International Journal of Law Reconstruction* 3, no. 1 (2019): 35-47.
- Budiyono, Tri. "penundaan kewajiban pembayaran utang (pkpu) dalam masa pandemi covid-19: antara solusi dan jebakan." *Masalah-Masalah Hukum* 50, no. 3 (2021): 232-243.
- Christiani, Theresia Anita. "Legal Analysis of Bankruptcy in The Perspective of Legal Purposes." *Jurnal Pembaharuan Hukum* 8, no. 1 (2021): 73-85.

- Damlah, Judita. "Akibat Hukum Putusan Kepailitan Dan Penundaan Kewajiban Pembayaran Utang Berdasarkan Undang-Undang Nomor 37 Tahun 2004." *Lex Crimen* 6, no. 2 (2017): 93.
- Devi, Ria Sintha, Nanci Yosepin Simbolon, Lestari Victoria Sinaga, and Muhammad Yasid. "The Bankruptcy Legal Politics in Indonesia based on Justice Value." *Jurnal Pembaharuan Hukum* 8, no. 2 (2021): 142-156.
- Ellias, Jared A., and Robert J. Stark. "Bankruptcy Hardball." *California Law Review* 108 (2020): 3.
- Ginting, Elyta Ras. *Hukum Kepailitan: Teori Kepailitan*. Bumi Aksara, 2018.
- Handitya, Binov. "Redesign The Relevance Of Justice In Debtor Protection Related To Parate Executions Performed By Separate Creditors In Liability Agreements." *Jurnal Akta* 8, no. 4 (2021): 222-229.
- Handoko, Widhi. "Debtor Protection in Perspective of Pancasila Justice Value on Separatic Creditor Executions." *International Journal of Law Reconstruction* 5, no. 1 (2021): 93-103.
- Hanim, Lathifah, and M. S. Noorman. "Penyelesaian Perjanjian Kredit Bank Sebagai Akibatforce Majeure Karena Gempa Di Yogyakarta." *Jurnal Pembaharuan Hukum* 3, no. 2 (2016): 161-171.
- Mashdurohatun, Anis, and Eysa Setya Kurnia. "The Settlement Model Against Credit Agreements Between Creditors And Debtors." *International Journal of Law Reconstruction* 4, no. 2 (2020): 124-135.
- Mulkan, Hasanah, and Serlika Aprita. "Criminal Elements in Debt Restructuring During The Covid-19 Pandemic: Between Business Continuity and Legal Compliance." *LEGAL BRIEF* 11, no. 2 (2022): 1223-1245.
- Nugroho, Susanti Adi. *Hukum kepailitan di Indonesia: dalam teori dan praktik serta penerapan hukumnya*. Kencana, 2018.
- Nuriskia, Centia Sabrina, and Ahmad Yoga Novaliansyah. "The Urgency of Regulations Revision Related to Filing Bankruptcy and Postponing Debt Payment Obligations Amid the COVID-19 Pandemic." *Lex Scientia Law Review* 5, no. 2 (2021): 105-122.
- Rahadini, Edi, and Bambang Tri Bawono. "The Loan Application with Land Certificate Guarantee." *Jurnal Akta* 8, no. 4 (2021): 197-204.
- Saputra, Rian, and Resti Dian Luthviati. "Institutionalization of the approval principle of majority creditors for bankruptcy decisions in bankruptcy act reform efforts." *Journal of Morality and Legal Culture* 1, no. 2 (2020): 104-112.
- Sihotang, Zeffrianto. "Duties And Authority Of PKPU Management Basen On Law No. 37 Of 2004 Concerning Bankruptcy And Suspension Debt Payment Obligations." *Journal of Law Science* 3, no. 1 (2021): 15-24.

- Siregar, Dini Syakina. "Settlement Of Bad Loans Through Debt Payment Obligation Submitting Institutions (PKPU)." *Journal of Law Science* 3, no. 3 (2021): 93-101.
- Soegianto, Soegianto, and Sukarmi Sukarmi. "The Settlement of Credit Due to Death." *Jurnal Akta* 8, no. 4 (2021): 188-196.
- Sturzenegger, Federico, and Jeromin Zettelmeyer. *Debt defaults and lessons from a decade of crises*. MIT press, 2007.
- Sukardi, Didi. "The Legal Responsibility Of Debtor To Payment Curators In Bankruptcy Situation." *Jurnal Pembaharuan Hukum* 8, no. 2 (2021): 142-156.
- Sutrisno, Sutrisno. "Legal Protection for Debtors over Separatist Creditors' Rights Related To Bankruptcy." *Jurnal Akta* 7, no. 1 (2020): 83-92.
- Yitawati, Krista, and Adi Sulistiyono. "Constitutional Court Decision Number 23/PUU-XIX/2021: Analysis of Judges' Considerations Is It Permissible to Take Cassation Against Decisions to Postpone Debt Payment Obligations?." *Jurnal Jurisprudence* 12, no. 1 (2022): 18-29.