

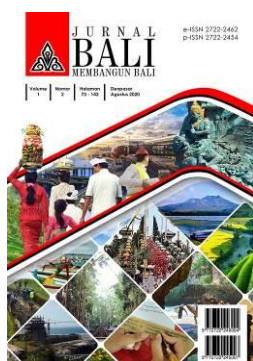


## Supporting the Recovery of Travel Agencies in Bali through Softloan

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### Abstract

**Purpose:** The aim of this paper is to address the challenges faced by Travel Agencies in Indonesia due to the significant decrease in the tourism sector caused by the Covid-19 pandemic. The paper aims to find a solution for Travel Agencies, particularly in terms of capital.

**Research methods:** The paper utilizes a mixed-method research approach. The descriptive analysis method with a qualitative approach is employed to describe and summarize the current situation and conditions that Travel Agencies are facing. It also involves analyzing regulations related to the industry. Additionally, a quantitative method is used to gather information from travel agency business actors through the completion of a questionnaire.

**Results and discussion:** The Covid-19 pandemic has led to a significant decrease in the tourism sector in Indonesia, particularly affecting Travel Agencies, which face challenges due to suspended operational activities and a reliance on tourist visit transactions.

**Implication:** To address the capital needs of Travel Agencies and support their recovery, utilizing the government's national economic recovery program, including options like interest subsidies and credit restructuring at banks, is crucial.

**Keywords:** soft loan, economic policy, travel agencies, tourism, Covid-19.

### Abstrak

**Tujuan:** Tulisan ini dibuat untuk menjawab tantangan yang dihadapi oleh Biro Perjalanan di Indonesia akibat penurunan yang signifikan pada sektor pariwisata akibat pandemi Covid-19. Tulisan bertujuan untuk mencari solusi bagi Travel Agencies khususnya dalam hal permodalan.

**Metode penelitian:** Tulisan ini menggunakan pendekatan penelitian metode campuran. Metode analisis deskriptif dengan pendekatan kualitatif digunakan untuk menggambarkan dan merangkum situasi dan kondisi terkini yang dihadapi oleh Biro Perjalanan. Ini juga melibatkan analisis peraturan yang terkait dengan industri. Selain itu, metode kuantitatif digunakan untuk mengumpulkan informasi dari pelaku usaha biro perjalanan melalui pengisian kuesioner.

**Hasil dan pembahasan:** Pandemi Covid-19 telah menyebabkan penurunan yang signifikan pada sektor pariwisata di Indonesia, terutama pada Biro Perjalanan Wisata yang menghadapi tantangan karena terhentinya kegiatan operasional dan ketergantungan pada transaksi kunjungan wisatawan.

**Implikasi:** Untuk memenuhi kebutuhan modal Biro Perjalanan dan mendukung pemulihannya, pemanfaatan program pemulihan ekonomi nasional pemerintah, termasuk opsi seperti subsidi bunga dan restrukturisasi kredit di bank, sangatlah penting.

**Kata Kunci:** pinjaman lunak, kebijakan ekonomi, agen perjalanan, pariwisata, Covid-19.

## INTRODUCTION

Since the Covid-19 pandemic hit Indonesia in March 2020, the tourism sector, which is the mainstay of the Balinese people, has been badly hit economically. In Indonesia, based on data from the Central Statistics Agency of Indonesia (BPS), the number of foreign tourists decreased by 73.6 percent during January-November 2020 compared to the same period in 2019. During January-November 2019, there were 14.73 million foreign tourists entering Indonesia. This number fell sharply to 3.89 million foreign tourists in 2020. Statistical data as of February from the Bali Tourism Office (Government Tourism Office, 2021) compared the number of tourist arrivals to Bali in January 2020, the number reached 528,883 pax, while in January 2021, there were only 10 foreign tourists who entered the territory of Indonesia.

The Travel Agencies, which plays an important role in bringing both domestic and foreign tourists to Bali, faces huge and massive losses due to the closure of Bali to foreign tourists and the limited number of domestic tourists entering. This condition affects the operational costs of the office that cannot be covered, paying employee salaries, paying taxes, paying administrative obligations and paying various bills to third parties. So that it is necessary to distribute financing assistance in the tourism sector such as Soft Loans which with this scheme are expected to be working capital to restart their businesses, as well as assist liquidity to ensure the avoidance of additional layoffs and the status of employees being laid off.

Bali as a tourist destination in Indonesia has been most affected by the Covid-19 pandemic, requires a special policy in terms of soft lending for business actors in Bali so that they can recover and rise again. Based on information from the Ministry of Tourism and Creative Economy of Indonesia, the soft loan program targets a total financing scheme of up to IDR 9.9 trillion with each maximum financing of IDR 50 million (Bisnis.com, 2021).

The Association of Indonesian Travel Agencies (ASITA) or the Association of the Indonesian Tours and Travel Agents as a forum for aspirations consisting of various types of Travel Agencies, has held several meetings with the Ministry of Tourism and Creative Economy, the House of Representatives, and other stakeholders to discuss the expected soft loans. However, the central government has not implemented it yet because the mechanism and formula for the soft loan scheme are not yet clear. It is important to be able to analyze and formulate the Soft Loan mechanism which will be used as working capital so that it can be channeled properly to the affected Travel Agencies so that it can restart operations and make a significant contribution to the national economy.

Bali has long been known as a global tourism destination. The allure of the island of Bali as a tourism destination is no longer in doubt. Customs and culture that are thick with the original traditions of the Balinese people are an economic value for the Bali tourism sector which makes it an alternative for many tourists to visit or vacation on the island of Bali. The development of tourism in Bali which continues to increase certainly has an impact on all components and levels of society in Bali which has the potential to increase the regional income of the island of Bali itself. The tourism sector as one of the attractions in national development is implemented to increase the economic potential for national income. The tourism sector itself is proven to be able to support the community's economy and its existence is needed as one of the important sectors to earn foreign exchange and increase local and central government revenues outside of oil and gas. For this reason, the government continues to increase the potential of the tourism industry to increase people's income and equal employment opportunities, encourage regional development, use natural resources, and develop cultural arts, through the tourism industry.

The tourism sector is one of the supporting sectors of the national economy. For the province of Bali, the tourism sector even has a more dominant role compared to other sectors in supporting the economy of the Bali region. This is reflected in the structure of the Gross Regional Domestic Product of Bali Province in 2019, which was dominated by the category of providing accommodation and food and drink with a contribution of 23.26 percent. The contribution of the tourism sector, which is a "multiplier effect" on the Balinese economy, also contributes to job creation, business opportunities, foreign exchange earnings, to various regional infrastructure improvements. The improvement in tourism infrastructure has further contributed to various improvements in the quality of tourism businesses, not limited to large scale ones but also for medium and small ones (Government Tourism Office, 2021).

The impact of the Covid-19 pandemic for Indonesia has a significant impact on all levels of Indonesian society. The real impact of this pandemic is the decline in people's income because the workplace/business/business has collapsed. The tourism sector also experienced the same thing, especially for the Bali tourism sector. For the Balinese economy, in the second quarter of 2020 Bali's economic growth experienced a deep contraction of up to -10.98% (Balipost, 2020).

Various efforts to recover the economy continue to be carried out, both in the form of programs and economic stimulus, both from the central government and local governments, such as soft loan stimulus. The condition of national stability (economic, social, political, legal) is also one of the important reasons for foreign people / foreign tourists to make tourist visits so that it is hoped that with the stability of all domestic

sectors, tourism will also recover soon. In addition, the government has a role to take strategic steps for the sustainability of Indonesian tourism, such as providing various stimuli needed by tourism industry worker/business actors during the pandemic and post-Covid-19 recovery. The step of formulating policies as a new standard for the recovery of the tourism sector is expected to be beneficial for all layers, not just certain layers.

The pandemic that swept across the world caused action and reaction in the world of tourism. Tazim Jamal argues for the need to manage discrimination and fear inside and outside China. Because a pandemic is inevitable. In addition, local-global collaboration and coordination are needed to jointly cope with the impact of the pandemic (Jamal & Budke, 2020).

In the national context, the state also pays special attention to the tourism sector. One form of state attention is to provide financial assistance in the form of an injection of funds for affected entrepreneurs. The injections of funds are in the form of grants, while others are in the form of loan facilities through credit interest subsidies or convenience mechanism of installment through relaxation. These loans are categorized as soft loans because of the conveniences that probably could help business actors.

Based on banking activities in Indonesia, soft loans are commonly used as credit facilities. One of the most popular soft loans in Indonesia is the Citizen Credit for Business (KUR). The government has appointed several banks to channel KUR funds for business actors who need a maximum of IDR 500 million (Minister of Finance Regulation Number: 10/PMK.05/2009 about Amendment to Regulation of the Minister of Finance Number 135/PMK.05/2008 about People's Business Credit Guarantee Facility, 2009).

KUR is an ideal scheme to add capital for businesses affected by the pandemic. Soft loans for the KUR scheme have very low interest rates and the requirements are quite easy, the latest interest based on the government's recommendation is 3% with loans of up to IDR 100 million without collateral (Ministry & Indonesia, 2021). Low interest rates can reduce the burden on entrepreneurs to restore the condition of their companies during this pandemic.

The Indonesian Financial Services Authority (Otoritas Jasa Keuangan/OJK) has optimized KUR by expanding the implementation of the KUR cluster pilot project. OJK optimizes the role of the regional financial access acceleration team for KUR. This is a form of OJK's realization in the implementation of the national economic recovery program (Authority, 2021).

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are thick with the original traditions of the Balinese people are an economic value for the Bali tourism sector which makes it an alternative for many tourists to visit or vacation on the island of Bali.

The National Economic Recovery Program is one of a series of activities to reduce the impact of Covid-19 on the economy (Government Regulation of the Republic of Indonesia Number 23 Year 2020 about Implementation of the National Economic Recovery Program in Framework Supporting State Financial Policy for Management of the Corona Virus Pandemic Disease 2019 (Covid-19), 2020). This program aims to protect, maintain, and improve the economic capacity of business actors in running their businesses during the Covid-19 pandemic. The forms of government support through this program (which is including Interest subsidies, Tax Incentives, Working capital guarantee, Restructuring fund, State equity participation, Compensation payments, National Strategic Projects) are: (Indonesia), 2020).

1) Support for MSMEs

The government provides support in the form of interest subsidies for MSMEs amounting to IDR 34.15 trillion. The funds are channeled through designated banks. In addition, the government has also allocated funds of 28.06 trillion Rupiah through tax incentives. The government distributes assistance in the form of guarantees for working capital loans in the amount of IDR 6 trillion for MSMEs specifically.

2) Support for Corporations

Tax incentives are also given to corporate companies. The amount of tax incentives distributed by the government is IDR 34.95 trillion. Tax incentives in the form of exemption from import income tax number 22, reduction of income tax number 25 installments and pre-refund of VAT. In addition, the government also placed funds of IDR 35 trillion for debtor restructuring in the banking sector.

3) Support for State Own Enterprises

State-owned enterprises receive assistance from the government in the form of state capital participation, payment of compensation, bailouts (investment) for working capital, optimization of BUMN, settlement of bills, loss limit guarantees, dividend delays, government guarantees, payments for National Strategic Projects (Proyek Strategis Nasional/PSN) bailouts.

This research was conducted as a study to find out a complete and comprehensive picture of Bali's problems so that later it can provide scientific justification for policies and strategies. In addition, this study also aims to find out the urgency of the soft loan program for the tourism community in Bali, especially for the

Travel Agencies, and how the ideal policies should be formulated so that they can be applied properly.

## RESEARCH METHODS

The method in this article uses a descriptive analysis method with a qualitative approach and a quantitative method (Watson, 2020). The descriptive analysis method is describing, summarizing the situation and conditions that occur as well as analyzing regulations and linking them with other library sources. The analysis related to national policies in the economic sector to overcome the effects of Covid-19 and banking policies is carried out in this literature study. In addition, literature studies are also carried out on scientific articles in international journals to obtain comparative information related to the topics raised.

Another method is the quantitative method by distributing questionnaires (Yin, 2017). The questionnaire was distributed to research partners to obtain information on the partner's situation in dealing with the pandemic.

## RESULTS AND DISCUSSION

Travel agencies in Bali have had an unfavorable impact on business continuity during the pandemic. Businesses that have been running so far due to the presence of foreign tourists have become suspended due to the prohibition of traveling across countries. Australian tourists are tourists with the highest number of visits to Bali. The country still has not advised its citizens to travel to Bali (BaliPost, 2021).

- 1) Reduction of workforce (11%)
- 2) Arrears on business obligations (18%)
- 3) Selling the business assets (11%)
- 4) Temporary business closure (58%)
- 5) Permanent business closure (3%)

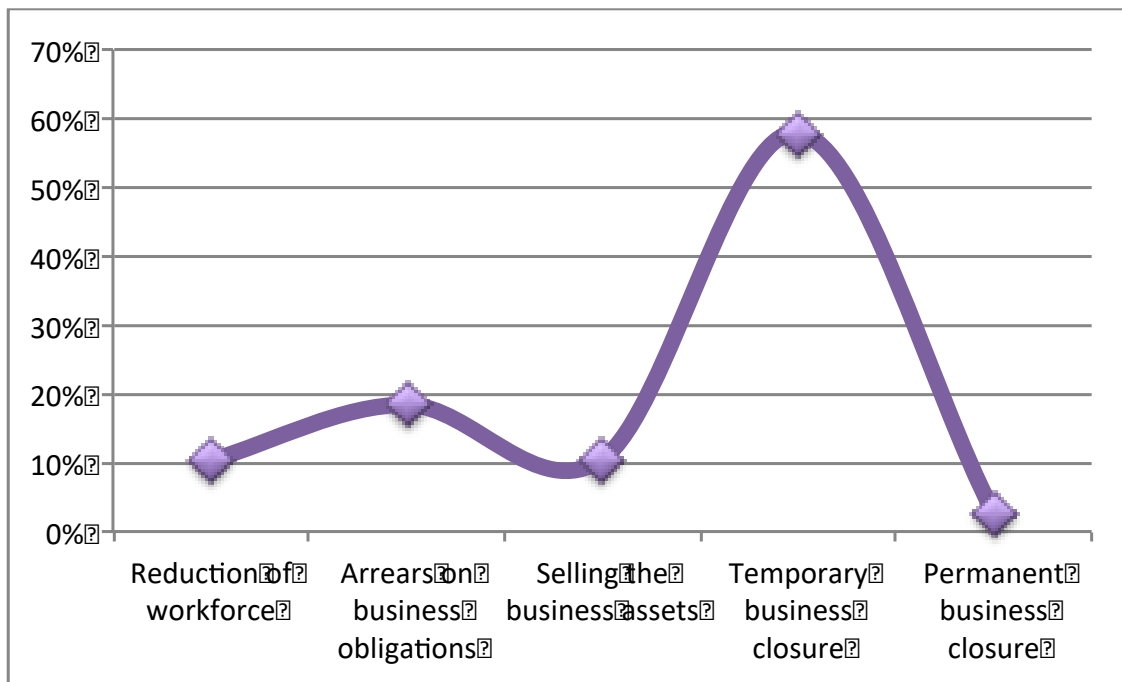


Figure 1. The impact of pandemic on travel agencies business based on the survey to member of ASITA  
 [Source: Arranged based on survey results by authors, 2023]

From the matrix in figure 1, it can be concluded that some entrepreneurs are still trying to continue their business. Most entrepreneurs choose to close their business for a while. And only a small part can no longer maintain their business.

On the other hand, the Indonesian government in order to realize the national economic recovery program has taken a policy to distribute grant funds for the tourism industry. The grant has been distributed 2 times. In 2020 the government disbursed IDR 3.3 trillion (Covid-19, 2020) and in 2021 IDR 3.7 trillion (P. I. Indonesia, 2021). However, the government grants were not distributed evenly, only 21% of the respondents enjoyed the grants in the form of incentives. If explored further, the incentive grant is specifically intended for hoteliers, so it is possible that the recipient of the incentive also owns a hotel business. In other words, there are no special grants for business travel agents.

The distribution of government grants/incentives which is considered uneven for travel agency business actors causes 42% of respondents to feel they still need and want the tourism grant funds. However, 58% realize that tourism grant funds are difficult to realize for companies operating in the travel agency sector, so the remaining 58% consider soft loans as an ideal form of assistance.

The soft loan program as a stimulus for national economic recovery is a program established through government policies. The government issued Government Regulation Number 23 of 2020 concerning Implementation of the National

Economic Recovery Program in Framework Supporting State Financial Policy to Manage the Corona Virus Disease 2019 (Government Regulation of The Republic of Indonesia Number 23 Year 2020 about Implementation of the National Economic Recovery Program in Framework Supporting State Financial Policy for Management of the Corona Virus Pandemic Disease 2019 (Covid-19), 2020) as the legal basis for distributing grants/incentives for business actors. Through PP 23 of 2020, the distribution mechanism is also regulated.

Based on the survey conducted, most of the respondents did not understand the mechanism of the existing soft loan scheme related to the government regulation. As many as 26% of the respondents had participated in the socialization of the soft loan program. However, only 5% of the total respondents have ever received a bank offer for a soft loan program.

At the end of the survey, respondents were asked to provide statements and expectations for the sustainability of their business. Although there are 3% of respondents who are pessimistic about being able to run their business again, most of the rest are still very optimistic that their business can rise from adversity. The optimistic group of respondents stated that they still expect an injection of funds to be used to restore their business. The range of funds required by each respondent include:

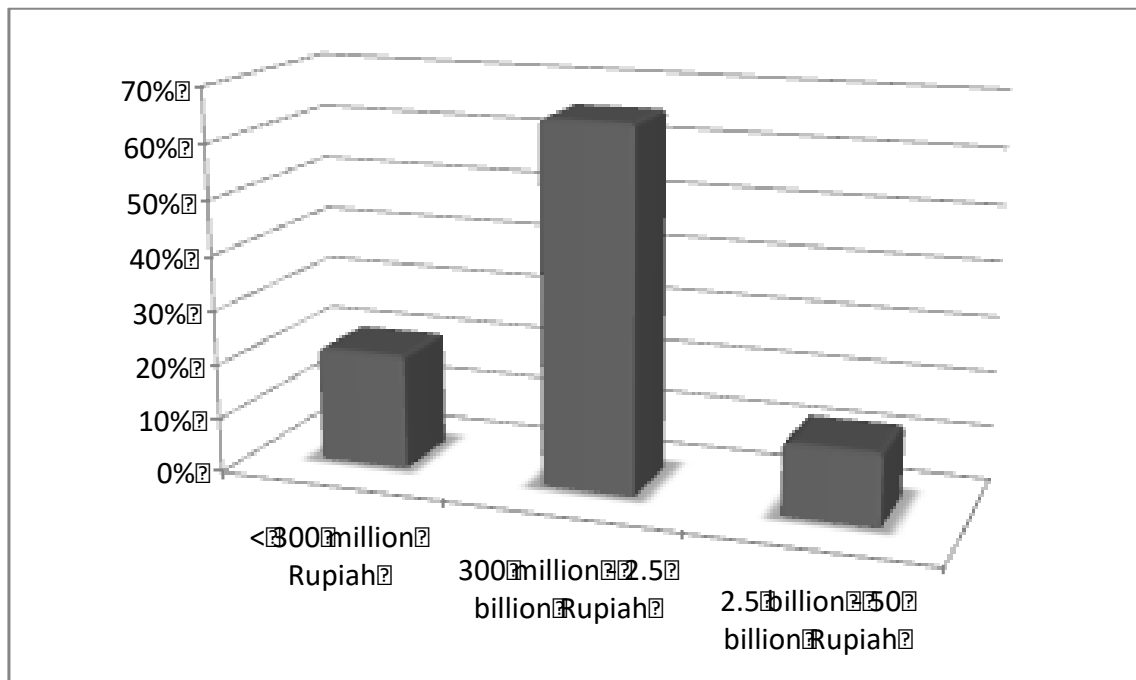


Figure 1. The needs of fund.  
[Source: Arranged based on survey results by authors]



## CONCLUSION

The condition of the tourism industry throughout the world, especially in Bali during the pandemic, experienced a very significant decline. These conditions have an impact on the economy of business actors as well as national income from the tax and foreign exchange sector. It is difficult for travel agencies to carry out their operational activities because they are hampered by aspects of capital. Operational funds are entirely dependent on the amount of income previously obtained through tourist transactions. To maintain its business, travel agencies must temporarily stop their business at all costs or rely on loans in the form of soft loans. And the soft loan option seems to be an option for the revival of the travel agencies business because this sector must have prepared itself for the new era of the tourism business. Business actors must take advantage of the economic policy momentum provided by the government.

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