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Implementation of PSAK 71 in Indonesia: Mutual Fund Investment in Insurance Subsector Companies

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Abstract: Changes in financial accounting standards in Indonesia can result in additional costs that companies, including financial companies, must bear. This study aims to review the implementation of PSAK 71 in insurance companies in Indonesia related to mutual fund investment ownership. The method used in this study is a qualitative method with content analysis. The analysis was conducted with data and information on the financial statements for 2020 and 2019 of insurance sub-sector companies available on www.idx.co.id. A sampling of this study employed purposive sampling with a total sample that amounted to 26 observations. This study concludes that the implementation of PSAK 71 does not affect the measurement and value of mutual fund investments. It only has an impact on the classification of mutual fund investments in the company's financial statements. Also, this study finds that 4 out of 13 insurance companies have implemented a mutual fund investment classification according to PSAK 71 (2017). Insurance companies that have not implemented PSAK 71 (2017) are due to the company's policy that stipulates to apply PSAK 62 (2017), which allows insurance companies to postpone the implementation of PSAK 71 (2017).

Keywords: PSAK 71, Mutual Fund, Insurance Company

INTRODUCTION

Currently, the business world continues to experience development and intense competition to provide services to consumers, including the insurance business. The services obtained by the community with the existence of insurance businesses are widely beneficial both individually and organizationally. Insurance can be a form of self-protection from loss or financial risk due to specific events. Astanti (2015) stated that insurance is essential for Indonesia's economic stability and growth as a source of funding for economic growth to be spread as evenly

as possible. Insurance can protect individuals or organizations against financial risk to anticipate unexpected events in the future (Yushita, 2017).

In fulfilling the benefit obligations to policyholders, insurance companies can invest in various types of financial assets. One of the investment assets that insurance companies choose is mutual funds. Based on Article 1 Number 27 of Law Number 8 of 1995 concerning the Capital Market, the definition of mutual funds is a forum used to collect funds from the investor community to be subsequently invested in Securities Portfolios by Investment Managers. Mutual funds are one of the

financial asset investments chosen by insurance companies because they have minimal risk compared to other investments such as stocks or property. After all, there is no risk of losing value caused by natural disasters (Syailendra, n.d.). Mutual funds are an alternative to obtain competitive income so that investors with limited funds can diversify their investments and minimize risk (Putra & Mawardi, 2016).

In recent years, mutual fund investment has increased significantly. In Canada, the number of open-ended mutual fund units increased from 1.16 trillion USD in 2018 to 1.4 trillion USD in 2019 (Researchandmarkets.com, 2020), while the number of mutual fund investors as of January 2020 in Indonesia was 1.84 million, which increased by 4.06 percent of the number of investors as of December 2019 (Santoso, 2020). The number of mutual fund units also increased in line with the increasing number of investors. Therefore, the Indonesian Financial Services Authority (OJK) confirmed that investment in mutual funds is still trusted by investors even though OJK has suspended mutual fund products from 37 Investment Manager companies in 2019 (Saragih, 2020).

In the context of accounting, the International Accounting Standard Board (IASB) has issued guidelines regarding financial instruments that replace IAS 39, namely IFRS 9 concerning financial instruments, which is effective on January 1, 2018. The issuance of IFRS 9 led to an adjustment of accounting standards in Indonesia. The Indonesian Institute of Accountants (IAI) has established a new accounting standard, namely PSAK 71 on Financial Instruments, which regulates financial reporting principles on company financial assets so that the information presented is relevant and valuable for users of financial statements. PSAK 71 adopted

the provisions stipulated in IFRS 9 and became effective on January 1, 2020. PSAK 71 contains several changes to the previous accounting standard, namely PSAK 55 concerning Financial Instruments: Recognition and Measurement. PSAK 71 regulates several matters, including recognizing, derecognition, classification, and measurement of financial assets.

The change in accounting standards causes insurance companies to adjust and apply accounting standards to their financial assets following PSAK 71. Companies need to review the classification and measurement of financial assets because PSAK 71 stipulates that the classification and measurement of financial assets are based on contractual cash flows and entity model business (IAI, 2016). In addition, the change in the classification of financial assets in PSAK 71 from 4 categories to 3 categories causes companies to need to make adjustments to their financial asset categories. Insurance companies apply PSAK 71 on financial assets, especially mutual funds, according to the conditions and circumstances of the company. The company may recognize and measure its financial assets based on amortized cost, fair value through other comprehensive income, or fair value through profit or loss. Therefore, research on financial assets, especially mutual funds, needs to be conducted to ensure that insurance companies recognize and measure their financial assets according to applicable accounting standards. Recognition and measurement of financial assets according to applicable accounting standards will produce financial reports that stakeholders can use to determine the company's performance, financial activities, and management of its financial assets.

Several studies have been conducted to discuss the implementation of

accounting standards and corporate financial assets. Witjaksono (2017) concluded that there are fundamental differences in credit treatment between PSAK 55 and PSAK 71, especially in the formation of Allowance for Impairment Losses (CKPN) in banking companies. Arifullah and Firmansyah (2021) found that the implementation of PSAK 71 had an impact on reducing banking business capital but did not affect the company's ability to meet the capital adequacy ratio. Rizal and Shauki (2019) suggested that decision-making on the early application of PSAK 71 is dominated by coercive isomorphism conditions, namely mimetic and normative isomorphism. Suroso (2017) concluded that PSAK 71 has a negative impact on increasing CKPN in banking companies, so that reasonable preparation steps are needed from strategic, technical, and operational aspects. Novotny-Farkas (2016) found that IFRS 9 can affect banking policies in terms of investment due to the provision for loan losses. Low et al. (2019) concluded that under IFRS 9, investments are measured at fair value through the income statement.

Meanwhile, Suryani (2009) stipulated that accounting standards that regulate the accounting treatment of mutual fund investments add a sense of security, assurance, and investor confidence to the mutual fund investments made. Insurance companies have not implemented accounting standards optimally so that the information in the company's financial statements provided to parties in need is not optimally used (Habiburahman et al., 2012). Agustine and Mahwiyah (2019) reviewed that PSAK 50 and PSAK 55 have been applied by the company to identify the debtor's ability to pay debts due based on the contract. Rahmadhani (2014) reviewed the impact of the implementation of PSAK 50, PSAK 55, and PSAK 60 on the provision for bank credit losses and stated

that mutual funds are financial assets that are not classified as loans or receivables. Longgorung et al. (2015) concluded that banks had recognized financial assets following PSAK 60. Larasati and Supatmi (2014) concluded that bank financial assets classified as loans & receivables have the most significant number of disclosures compared to other financial assets based on PSAK 50 and 60. Witjaksono (2018) concluded that the implementation of PSAK 71 to banking companies resulted in a different probability of default from the Basel accord in following movements or changes in economic conditions. Matoviany and Firmansyah (2021) concluded that PSAK 71 has been implemented by banking companies on bond investments and has no impact on the company's operational activities. The method employed for corporate CKPN in PSAK 71 is different from PSAK 55. PSAK 71 uses the expected credit loss method, which impacts the greater CKPN value (Ilat et al., 2020).

Based on previous research, the discussion of the implementation of PSAK 71 on mutual fund investment in insurance companies is still very rarely conducted. This study is different from previous studies conducted by Witjaksono (2017), Suroso (2017), Rizal and Shauki (2019), and Arifullah and Firmansyah (2021), which mainly discussed the impact of PSAK 71 (2017) implementation on CKPN for banking companies. In comparison, this study aims to review the implementation of PSAK 71 on financial assets, especially mutual fund investments in insurance companies, in terms of classification and measurement. This study is expected to provide information regarding changes in accounting standards for financial assets, especially mutual funds, and the implementation of PSAK 71 that insurance companies must carry out, considering that

there are not many references that discuss in depth.

Also, this study is expected to contribute to the literature in financial accounting related to the implementation of PSAK 71 on financial assets, especially mutual funds carried out by financial service companies. In addition, this study can also provide improvements to OJK supervision of the activities of financial service companies so that they are carried out regularly, fairly, transparently, and accountably to protect the interests of the community. For IAI, this study is expected to improve financial accounting standard policies regarding disclosing and reporting financial assets to help realize one of the organization's missions, namely, good governance. For other companies, especially financial services companies other than the insurance sector, this study is

expected to reference the implementation of PSAK 71 on their financial assets.

METHODOLOGY

The method employed in collecting data and information in this research is a qualitative method with content analysis techniques. The process of data analysis was carried out during data collection until the research was completed. The data employed in this study is secondary data in the form of data and information on financial statements for 2020 and 2019 of insurance sub-sector companies that were accessed through www.idx.co.id. In 2020, there are 16 insurance sub-sector companies listed on the Indonesia Stock Exchange. Of the 16 companies, 13 companies were selected based on their mutual fund investments in their financial assets.

Table 1 Research Sample

Criteria	Amount
Insurance companies listed on the Indonesia Stock Exchange	16
Number of companies that do not have mutual funds investment	3
Number of companies as research sample	13
Number of years of research	2
Total	26

Source: Processed

Table 2 List of Insurance Subsector Companies as Research Sample

No.	Code Name	Name	Category
1.	ABDA	PT Asuransi Bina Dana Arta Tbk	General Insurance
2.	AHAP	PT Asuransi Harta Aman Pratama Tbk	General Insurance
3.	ASBI	PT Asuransi Bintang Tbk	General Insurance
4.	ASDM	PT Asuransi Dayin Mitra Tbk	General Insurance
5.	ASMI	PT Asuransi Maximus Graha Persada Tbk	General Insurance
6.	JMAS	PT Asuransi Jiwa Syariah Jasa Mitra Abadi Tbk	Sharia Life Insurance
7.	LIFE	PT Asuransi Jiwa Sinarmas MSIG Tbk	Life Insurance, including Sharia
8.	LPGI	PT Lippo General Insurance Tbk	General Insurance
9.	MREI	PT Maskapai Reasuransi Indonesia Tbk	Reinsurance

10.	MTWI	PT Malacca Trust Wuwungan Insurance Tbk	General Insurance
11.	PNIN	PT Paninvest Tbk	General Insurance
12.	TUGU	PT Asuransi Tugu Pratama Indonesia Tbk	General Insurance
13.	VINS	PT Victoria Insurance Tbk	General Insurance

Source: Processed

RESULTS AND DISCUSSION

Accounting Analysis of Mutual Fund Investments in Insurance Subsector Companies

The companies need to adjust the classification and measurement of their financial assets following the provisions stipulated in PSAK 71 (2014). Table 3 shows a comparison of mutual funds based on PSAK 55 (2015) and PSAK 71 (2017).

Table 3 Comparison of Mutual Funds Based on PSAK 55 and PSAK 71

Mutual Funds	PSAK 55 (2015)	PSAK 71 (2017)
Classification	Not included in the classification of loans and receivables	Financial assets are measured at fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL)
Measurement	Fair Value	Fair Value
Gain or Loss	The difference between fair value and transaction value	

Source: Processed

The classification of financial assets by insurance companies previously used PSAK 55 (2015), but the enactment of PSAK 71 (2017) came into effect on January 1, 2020, replacing PSAK 55 (2015), causing changes in the accounting policies of insurance companies. The analysis of the implementation of PSAK 71 (2017) on insurance sub-sector companies listed on the Indonesia Stock Exchange is as follows:

PT Asuransi Bina Dana Arta Tbk (ABDA)

Based on the Notes to the Financial Statements (CaLK) of PT Asuransi Bina Arta Tbk and its subsidiaries dated December 31, 2020, the company explained that the new accounting standards did not

cause substantial changes to the company's accounting policies and did not have a material impact on the company's financial statements, including PSAK 71 (2017). However, the company chose to apply the postponement of PSAK 71 (2017) following the provisions allowed in PSAK 62 (2017). The classification of financial assets employed in the 2020 financial statements is the same as the classification of financial assets in the 2019 financial statements according to PSAK 55 (2015); namely, financial assets are measured at fair value through profit or loss, held-to-maturity investments, loans and receivables, and financial assets available for sale.

The company's mutual fund investments are classified as financial

assets determined to be measured at fair value through profit or loss in the trading group because they are acquired or held for resale shortly. In addition, the company also classifies mutual fund investments as available-for-sale financial assets. Mutual fund investments are recognized at their fair value upon initial recognition. The accumulated gain or loss arising from

impairment of available-for-sale financial assets is recognized in the consolidated statements of profit or loss and other comprehensive income. In 2020, the company's total investment in mutual funds decreased by Rp. 134.433.980.,000 or 89.23%, resulting in a comparison of the investment balance of mutual funds as described in the following table;

Table 1 ABDA's Mutual Funds Investment Balance in 2020 and 2019

Assets	31 December 2020	31 December 2019
Investment	(expressed in thousands of Rupiah)	
Marketable Securities		
Mutual Funds – held for trading	-	150.661.922
Mutual Funds – available for sale	16.227.942	-

Source: Processed from ABDA's 2020 Financial Statements

PT Asuransi Harta Aman Pratama Tbk

Based on the CaLK of PT Asuransi Harta Aman Pratama Tbk dated December 31, 2020, the company stated that it is still implementing PSAK 55 (2015) to classify its financial assets. The classification of financial assets reflects the nature of the information and the fair value of the financial assets. The classification of financial assets is financial assets at fair value through profit or loss, loans, and receivables, held-to-maturity investments, or available-for-sale assets. At initial

recognition, financial assets are recognized at fair value and can be evaluated on the classification of financial assets if necessary and allowed at the end of the financial period. The company assigns mutual fund investments in the classification of available-for-sale financial assets. In 2020, the company's total investment in mutual funds decreased by Rp11.352.474.589, or 33.60%. According to the statement of financial position as of December 31, 2020, the comparison of the company's mutual fund investment balance is as follows.

Table 2 AHAP's Mutual Funds Investment Balance in 2020 and 2019

Assets	31 December 2020	31 December 2019
Investment	(representated in Rupiah)	
Mutual Funds – available for sale	22.433.683.023	33.786.157.612

Source: Processed from AHAP's 2020 Financial Statements

PT Asuransi Bintang Tbk (ASBI)

Based on the CaLK of PT Asuransi Bintang Tbk dated December 31, 2020, it is stated that the company has suspended the application of PSAK 71 (2017) accounting

standards based on the provisions of PSAK 62 (2017). The Company classifies financial assets based on the acquisition objective by considering the quoted prices of financial assets in an active market.

Financial assets are measured at fair value at initial recognition by referencing the transaction price or the prevailing market price. The Company classifies financial assets into three categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The company's mutual fund investments are classified as financial assets at fair value through profit or loss and

are recorded in the consolidated statement of financial position. Total investment in the company's mutual funds decreased in 2020 by Rp1.637.949.000 or 7.03% compared to 2019. Table 6 illustrates the comparison of the company's mutual fund investment balance according to the consolidated statement of financial position as of December 31, 2020.

Table 3 ASBI's Mutual Funds Investment Balance in 2020 and 2019

Assets	31 December 2020	31 December 2019
	(expressed in thousands of Rupiah)	
Investment		
Mutual Funds	21.646.177	23.284.126

Source: Processed from ASBI's 2020 Financial Statements

PT Asuransi Dayin Mitra Tbk (ASDM)

Based on the CaLK of PT Asuransi Dayin Mitra Tbk dated December 31, 2020, the company chose to postpone the implementation of PSAK 71 (2017) following the amendments to PSAK 62 (2017) so that the company classifies its financial assets based on PSAK 55 (2015) the same as in 2019. Financial assets are classified into four categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, and available-for-sale financial assets. The Company classifies financial assets at initial recognition based on the acquisition objective and re-

evaluates them at the reporting date if necessary and permitted.

Financial assets, including mutual fund investments, are measured at fair value based on quoted market prices prevailing at market closing at the end of the reporting year. According to market value based on net asset value, mutual fund investments are stated on the statement of financial position in the securities investment category. In 2020, the company's mutual fund investment decreased by Rp4.045.779.000 or 5.44% compared to 2019. The comparison of the investment balance of mutual funds according to the company's CaLK details as of December 31, 2020, is as follows.

Table 4 ASDM's Mutual Funds Investment Balance in 2020 and 2019

Assets	31 December 2020	31 December 2019
	(expressed in thousands of Rupiah)	
Investments		
Third Parties Marketable Securities		
Trading – Rupiah		
Mutual Funds	70.240.775	66.200.277
Trading – US Dollar		
Mutual Funds	-	7.522.528
Related Parties Marketable Securities		
Trading – Rupiah		

Mutual Funds	97.300	661.049
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Source: Processed from ASDM's 2020 Financial Statements.

PT Asuransi Maximus Graha Persada Tbk (ASMI)

Based on the CaLK of PT Asuransi Maximus Graha Persada Tbk dated December 31, 2020, the company states that the existence of PSAK 71 (2017) does not have a significant impact on the company's financial statements. However, the company decided to postpone the application of PSAK 71 (2017) following the amendments to PSAK 62 (2017) so that the company's financial assets are classified according to PSAK 55 (2015); namely, financial assets are measured at fair value through profit or loss, loans and

receivables, assets available-for-sale, and held-to-maturity investments.

The company's financial assets are measured at fair value at initial recognition based on transaction prices or prevailing market prices. The company's mutual fund investments are classified as financial assets at fair value through profit or loss in the trading group. In 2020, the company's total investment in mutual funds decreased by Rp10.483.475.248, or 7.31%. The comparison of the investment balance of PT Asuransi Maximus Graha Persada Tbk mutual funds in 2020 and 2019 is as follows.

Table 5 ASMI's Mutual Funds Investment Balance in 2020 and 2019

Assets	31 December 2020	31 December 2019
Investment	(represented in Rupiah)	
Securities at fair value through profit or loss	132.934.028.245	143.417.503.493
Mutual Funds		

Source: Processed from ASMI's 2020 Financial Statements

PT Asuransi Jiwa Syariah Jasa Mitra Abadi Tbk (JMAS)

Based on the CaLK of PT Asuransi Jiwa Syariah Jasa Mitra Abadi Tbk dated December 31, 2020, the company is currently still evaluating the impact of implementing the new accounting standard PSAK 71 (2017) on the company's financial statements. In its statement of financial position, the company made changes to the classification of financial assets following PSAK 71 (2017), namely financial assets at amortized cost, financial assets at fair value through profit or loss, and financial assets

at fair value through other comprehensive income (OCI). Financial assets are classified based on the objective of acquisition and consideration of quoted prices in an active market. Financial assets are measured at fair value at initial recognition, referring to the transaction price or the prevailing market price. At the end of the reporting period, the company assesses the possibility of impairment of financial assets. Impairment occurs when there is objective evidence that an event occurred after the initial recognition of the financial asset.

Table 6 JMAS's Mutual Funds Investment Balance in 2020 and 2019

Assets	31 December 2020 (PSAK 71)	31 December 2019 (PSAK 55)
Financial Asset	(represented in Rupiah)	
Available for Sale Mutual Funds at Fair Value through Other Comprehensive Income	16.317.528.957	24.633.717.755

Source: Processed from JMAS's 2020 Financial Statement

Mutual fund investments are classified as financial assets at fair value through other comprehensive income (OCI) in the company's statement of financial position. This classification follows PSAK 71 (2017), which replaces PSAK 55 (2015) used in the previous year's financial statements. The company's total investment in mutual funds decreased by Rp. 8,316,188,798 or 33.76% compared to 2019, resulting in a comparison of the investment balance of mutual funds as shown in table 9.

PT Asuransi Jiwa Sinarmas MSIG Tbk (LIFE)

Based on the CaLK of PT Asuransi Jiwa Sinarmas MSIG Tbk and its subsidiaries dated December 31, 2020, the

company stated that it chose to postpone PSAK 71 (2017) based on the amendments to PSAK 62 (2017). Financial assets are classified according to PSAK 55 (2014), which has been applied to the company's 2019 financial statements, namely financial assets at fair value through profit or loss, held-to-maturity investments, loans, and receivables, and available-for-sale financial assets. The company's mutual fund investments are classified as financial assets at fair value through profit or loss in the trading group. In 2020, the company's total investment in mutual funds increased by Rp320.000.000.000.000 or 9.38% compared to 2019. The comparison of the investment balance of PT Asuransi Jiwa Sinarmas MSIG Tbk and its subsidiaries as of December 31, 2020, and December 31, 2019, is as follows following.

Table 7 LIFE's Mutual Funds Investment Balance in 2020 and 2019

Assets Investment	31 December 2020	31 December 2019
Securities at fair value through profit or loss Mutual Funds	3.731.687	3.411.687

Source: Processed from LIFE's 2020 Financial Statements

PT Lippo General Insurance Tbk (LPGI)

Based on the CaLK of PT Lippo General Insurance Tbk and its subsidiaries as of December 31, 2020, the company still

classifies its financial assets following PSAK 55 (2015). The company determines the classification of financial assets at initial recognition and can be re-evaluated at the end of each financial year. The company's mutual fund investments are

classified as financial assets at fair value through profit or loss and available-for-sale financial assets. Total investment in the company's mutual funds in 2020 increased by Rp175.250.885.458 or 96.25%

compared to 2019. The comparison of the investment balance of the company's mutual funds according to the consolidated statement of financial position as of December 31, 2020, is as follows.

Table 8 LPGI's Mutual Funds Investment Balance in 2020 and 2019

Assets	31 December 2020	31 December 2019
Investment	(represented in Rupiah)	
Marketable Securities – Trading Mutual Funds	352.300.159.904	177.023.574.446
Marketable Securities – Available for Sale Mutual Funds	5.027.500.000	5.053.200.000

Source: Processed from LPGI's 2020 Financial Statements

PT Airline Reinsurance Indonesia Tbk (MREI)

Based on the CaLK of PT Airline Reasuransi Indonesia Tbk dated December 31, 2020, the company chose an accounting policy to postpone the implementation of PSAK 71 (2017) on financial assets based on the amendments to PSAK 62 (2017). The classification of financial assets used by the company is the same as the previous year's financial statements referring to PSAK 55 (2015). Financial assets are

measured at fair value at initial recognition. The company's mutual fund investments are divided into three classifications: available-for-sale financial assets, financial assets at fair value through profit or loss, and held-to-maturity financial assets. In 2020, the company's total investment in mutual funds decreased by Rp256.632.650.242 or 59.93% compared to 2019, resulting in a comparison of the company's mutual fund investment balance as follows.

Table 9 MREI's Mutual Funds Investment Balance in 2020 and 2019

Assets	31 December 2020	31 December 2019
Investment – Securities	(represented in Rupiah)	
Mutual Funds Available for Sale – Third Parties	101.776.975.900	116.356.935.277
Mutual Funds at Fair Value Through Profit or Loss – Third Parties	69.729.500.572	226.867.191.437
Mutual Funds Held to Maturity – Third Parties	85.000.000	85.000.000

Source: Processed from MREI's 2020 Financial Statements

PT Malacca Trust Wuwungan Insurance Tbk (MTWI)

Based on the CaLK of PT Malacca Trust Wuwungan Insurance Tbk and its subsidiaries dated December 31, 2020, the company established an accounting policy

to apply PSAK 71 (2017) to classify its financial assets. The financial asset classifications are financial assets measured at amortized cost, financial assets measured at fair value through profit or loss, and financial assets measured at fair value in other comprehensive income (OCI) without a reclassification feature of cumulative gains and losses on derecognition. The company's financial assets classification is determined at initial recognition based on the contractual cash flow characteristics of the financial assets and the company's business model.

Financial assets that do not meet the results of the sole payment of principal and

interest (SPPI) test will be measured at fair value through profit or loss regardless of the company's business model. Mutual fund investments owned by the company are classified as financial assets measured at fair value through profit or loss and recorded in the statement of financial position. Total investment in the company's mutual funds in 2020 increased by Rp5.280.289 or 4.73% compared to 2019. The comparison of the investment balance of the company's mutual funds and subsidiaries as of December 31, 2020, is as follows.

Table 10 MTWI's Mutual Funds Investment Balance in 2020 and 2019

Assets	31 December 2020	31 December 2019
Investment		
at Fair Value Through Profit or Loss	116.880.434	111.600.145
Mutual Funds		

Source: Processed from MTWI's 2020 Financial Statements

PT Paninvest Tbk (PNIN)

Based on PT Paninvest Tbk's CaLK dated December 31, 2020, the company established an accounting policy to apply PSAK 71 (2017) to the company's financial assets. The company made changes to the classification according to the new accounting standards. The classification of financial assets is determined at initial recognition based on the company's business model and contractual cash flows.

Financial assets are classified as financial assets at amortized cost, financial assets at fair value through profit or loss, or other comprehensive income. Mutual fund investments are classified as financial assets at fair value through profit or loss. In 2020, the company's total investment in mutual funds increased by Rp182.112.000.000 or 7.28%. The comparison of the investment balance of PT Paninvest Tbk and its subsidiaries as of December 31, 2020, is as follows.

Table 11 PNIN's Mutual Funds Investment Balance in 2020 and 2019

Assets	31 December 2020	31 December 2019
Investment		
Mutual Funds at Fair Value Through Profit or Loss	2.683.883	2.501.771

Source: Processed from PNIN's 2020 Financial Statements

PT Asuransi Tugu Pratama Indonesia Tbk (TUGU)

Based on the CaLK of PT Asuransi Tugu Pratama Indonesia Tbk and its subsidiaries dated December 31, 2020, the company established a policy to postpone the application of PSAK 71 (2017) on financial assets so that PSAK 55 (2015) is still used in classifying the company's financial assets. The Company classifies financial assets into four categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets, and available-for-

sale financial assets. The company classifies mutual fund investments into three categories: financial assets measured at fair value through profit or loss, available-for-sale financial assets, and held-to-maturity financial assets.

In 2020, the company's total investment in mutual funds increased by Rp 203.947.880.000 or 26.23% compared to 2019. Table 15 illustrates the comparison of the investment balance of PT Asuransi Tugu Pratama Indonesia Tbk and its subsidiaries as of December 31, 2020, and December 31, 2019.

Table 12 TUGU's Mutual Funds Investment Balance in 2020 and 2019

Assets	31 December 2020	31 December 2019
Investment – Marketable Securities	(expressed in thousands of Rupiah)	
Mutual Funds – Third Parties		
At Fair Value Through Profit or Loss	236.448.262	236.873.867
– Available for Sale	416.348.420	408.004.655
Mutual Funds – Related Parties		
At Fair Value Through Profit or Loss	198.830.970	773.807
– Available for Sale	122.232.623	121.260.066
Held to Maturity	7.500.000	10.500.000

Source: Processed from TUGU's 2020 Financial Statements

PT Victoria Insurance Tbk (VINS)

Based on the CaLK of PT Victoria Insurance Tbk, the company stated that it had implemented the new accounting standard PSAK 71 (2017) for its financial assets for the financial year starting January 1, 2020. PSAK 71 (2017) replaces almost all existing provisions in PSAK 55 (2015), including classifying and measuring financial assets. The implementation of PSAK 71 (2017) causes companies to need to adjust the classification of financial assets in the statement of financial position referring to the three predetermined categories, namely those measured at fair value through profit or loss, amortized cost, and measured at fair value through other

comprehensive income. This classification of financial assets depends on the company's business model and the contractual terms of the cash flows of the financial assets. The company's mutual fund investments are valued at fair value, measured based on the latest quoted market prices published on 30 December 2020 and 30 December 2019. Investments in mutual funds are classified as financial assets measured at fair value through other comprehensive income. In 2020, the company's total investment in mutual funds increased by Rp19.688.406.085 or 2069.11% compared to 2019. Table 16 illustrates the comparison of the investment balance of PT Victoria Insurance Tbk's

mutual funds as of December 31, 2020, and December 31, 2019.

Table 13 VINS's Mutual Funds Investment Balance in 2020 and 2019

Assets	31 December 2020 (PSAK 71)	31 December 2019 (PSAK 55)
Investment	(represented in Rupiah)	
Efek Tersedia untuk Dijual Unit Penyertaan Reksa Dana	20.639.947.746	951.541.661

Source: Processed from VINS's 2020 Financial Statements

Tabel 14 The Implementation of PSAK 71 in Insurance Subsector Companies in 2020

No.	Insurance Subsector Companies	Implementation of PSAK 71 (2017)
1.	PT Asuransi Bina Dana Arta Tbk	Postponement based on PSAK 62 (2017)
2.	PT Asuransi Harta Aman Pratama Tbk	Still applying PSAK 55 (2014)
3.	PT Asuransi Bintang Tbk	Postponement based on PSAK 62 (2017)
4.	PT Asuransi Dayin Mitra Tbk	Postponement based on PSAK 62 (2017)
5.	PT Asuransi Maximus Graha Persada Tbk	Postponement based on PSAK 62 (2017)
6.	PT Asuransi Jiwa Syariah Jasa Mitra Abadi Tbk	Has implemented PSAK 71 (2017)
7.	PT Asuransi Jiwa Sinarmas MSIG Tbk	Postponement based on PSAK 62 (2017)
8.	PT Lippo General Insurance Tbk	Still applying PSAK 55 (2014)
9.	PT Maskapai Reasuransi Indonesia Tbk	Postponement based on PSAK 62 (2017)
10.	PT Malacca Trust Wuwungan Insurance Tbk	Has implemented PSAK 71 (2017)
11.	PT Paninvest Tbk	Has implemented PSAK 71 (2017)
12.	PT Asuransi Tugu Pratama Indonesia Tbk	Still applying PSAK 55 (2014)
13.	PT Victoria Insurance Tbk	Has implemented PSAK 71 (2017)

Source: Processed

Table 15 Impact of the Implementation of PSAK 71 (2017) on Mutual Funds Investment in 2020

No.	Insurance Subsector Companies	Impact on Investment Value
1.	PT Asuransi Jiwa Syariah Jasa Mitra Abadi Tbk	The implementation of PSAK 71 (2017) does not affect the investment value of the company's mutual funds. The existence of gain or loss listed in the financial statements is caused by a sale and purchase transaction and/or the difference between the acquisition price and the last fair value.
2.	PT Malacca Trust Wuwungan Insurance Tbk	
3.	PT Paninvest Tbk	
4.	PT Victoria Insurance Tbk	

Source: Processed

The accounting policy analysis discussion for mutual fund investments in each insurance company listed on the

Indonesia Stock Exchange can be summarized into information according to Table 17 and Table 18.

Evaluation of the Impact of the Implementation of PSAK 71 on Mutual Fund Investment in Insurance Subsector Companies

Based on an analysis of the financial statements of insurance sub-sector companies listed on the Indonesia Stock Exchange, the results suggested that PSAK 71 (2017) has not been fully implemented by all insurance sub-sector companies with the condition that only 4 of the total 13 companies analyzed have implemented the classification of financial assets according to PSAK 71 (2017). However, 9 other companies have not implemented PSAK 71 (2017), so they still refer to the classification of financial assets according to PSAK 55 (2015). The existence of an amendment to PSAK 62 (2017) is the basis for not applying PSAK 71 (2017) to insurance companies. PSAK 62 (2017) is an accounting standard on insurance contracts that stipulates that insurance companies may delay or layered approaches in implementing PSAK 71 (2017). Companies that have never implemented PSAK 71 (2017) early and most of their business activities are related to insurance activities can apply a postponement of PSAK 71 (2017) to classify mutual fund investments. Insurance companies that meet the requirements and choose to postpone the PSAK 71 (2017) implementation will employ the previous accounting standard, namely PSAK 55 (2015), to classify the company's mutual fund investments. PSAK 62 (2017) provides directives that do not require insurance companies as insurers who choose to temporarily postpone PSAK 71 (2017) to apply PSAK 55 (2015) for the financial year period before January 1, 2022 (IAI, 2016). PSAK 62 (2017) is the main factor that causes not all insurance companies analyzed to apply the classification of financial assets based on PSAK 71 (2017). The option to postpone

the application of PSAK 71 (2017) listed in PSAK 62 (2017) makes insurance companies prefer to apply the provisions contained in PSAK 62 (2017) because these accounting standards are made explicitly for companies whose business activities are mostly related to insurance.

In general, the implementation of PSAK 71 (2017) only impacts company policies to adjust the classification of their mutual fund investments. PSAK 71 (2017) implementation does not affect the investment value of the insurance sub-sector mutual fund companies. The company applies a new classification with the exact measurement of mutual fund investments as before. Mutual fund investments owned by the company are measured at fair value at the time of initial recognition, referring to quoted prices in an active market.

The implementation of PSAK 71 (2017) on mutual fund investments encourages companies to simplify the mutual fund investment category in the company's financial statements to be more concise. The presentation of accounts in a more concise financial report impacts the grouping of mutual fund investments that is clearer and more information so that the information conveyed does not confuse users of financial statements. The simplification of the mutual fund investment category based on PSAK 71 (2017) can be seen from the presentation in the company's financial statements, which are divided into two categories, namely financial assets measured at fair value through profit or loss or measured at fair value through other comprehensive income (OCI). The classification in PSAK 71 (2017) is different from the classification of financial assets in PSAK 55 (2015), which was previously applicable. According to PSAK 55 (2015), mutual fund investments are divided into three categories: financial assets at fair value through profit or loss,

held-to-maturity financial assets, or available-for-sale financial assets.

Based on the explanation above, the implementation of PSAK 71 (2017) on mutual fund investments only impacts presenting a more concise classification in the financial statements of insurance companies. The implementation has a different impact on other financial sector companies. It makes financial companies classify financial assets and has more influence on aspects of the formation of Allowance for Impairment Losses (CKPN). Witjaksono (2017) stated that the different methods used in PSAK 71 (2017) affect the formation of CKPN for financial companies. PSAK 71 (2017) uses the expected credit loss method, while PSAK 55 (2015) uses the loss incurred method. The difference in methods causes financial companies to provide a more considerable reserve value for credit than before. The expected credit loss method also aims to anticipate the future (forward-looking) in assessing the amount, timing, and future cash flows of banking companies. In addition, the implementation of PSAK 71 (2017) has an impact on decreasing the capital of financial companies, although it does not affect the ability to meet the minimum Capital Adequacy Ratio (Arifullah & Firmansyah, 2021).

CONCLUSION

The implementation of PSAK 71 (2017) on mutual fund investments in insurance subsector companies does not affect the measurement and value of mutual fund investments. It only has an impact on the classification of mutual fund investments in the company's financial statements. The classification of mutual fund investments based on PSAK 71 (2017) is divided into financial assets measured at fair value through profit or loss or measured at fair value through other comprehensive

income. The analysis results suggest that 4 out of 13 insurance companies have implemented a mutual fund investment classification according to PSAK 71 (2017). Insurance companies that have not implemented PSAK 71 (2017) are due to the company's policy that stipulates to apply PSAK 62 (2017), which allows insurance companies to postpone the application of PSAK 71 (2017).

The limitation of this study is that the discussion only employs the content analysis method. This method has the disadvantage that it only sees and analyzes information that is already visible and available so that there is a possibility of not getting the implicit information in depth. Future research is expected to use data and information on financial assets from sectors and sub-sectors other than insurance to produce a more comprehensive comparison. In addition, it is expected that future research will employ financial report data on the Indonesia Stock Exchange page and online media information and employs interviews with appropriate practitioners so that the results of the discussion obtained become more argumentative. In general, the financial statements of insurance companies have been presented quite well. However, the company should explain the changes in accounting policies applied by the company in the notes to its financial statements to make it easier for financial statements users.

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