Financial Ratio Analysis To Assess Financial Performance With Bank (Case Study At Bank Btpn Listed On The Indonesia Stock Exchange, 2018-2020)

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ABSTRACT

A bank can be said to be successful if the bank is able and can be measured based on the financial performance of the bank. By looking at the financial performance, it can be concluded that the banking condition is in good condition or not. This study aims to analyze the financial performance of banks listed on the Indonesian Stock Exchange in the 2018-2020 period based on the liquidity ratio with the current ratio and quick ratio, then the solvency ratio with the debt ratio to assets and debt ratio to equity and the last is the profitability ratio with ROA, ROE, and profit margin ratio. This study uses data analysis techniques, quantitative descriptive approach and data collection techniques used in this study are documentation and the data studied are in the form of annual financial reports. The population used in this study is Bank BTPN which is listed on the Indonesia Stock Exchange for the period 2018-2020. The sampling technique in this research is purposive sampling. The results of this study are 4. In general, judging from the four financial ratios, it can be said that the financial performance of banks has decreased in the last year.

Keyword : Financial Performance, Liquidity ratio, solvency, and rentability

INTRODUCTION

Rapid economic development has led to strong competition in the business world. Some of the existing business sectors experienced many obstacles in maintaining the business that killed these activities. Therefore, a business entity is needed that plays a role in realizing an advanced, just and prosperous society that prioritizes mutual welfare, and a form of business that is in accordance with this, namely banks. Banks are the most important financial transactions and greatly affect the economy in Indonesia, both macro and micro. According to A, Abdurrachman (2014: 6) "Bank is a type of financial institution that performs various kinds of services, such as providing loans, circulating currency, supervising currency, acting as a place to store valuable objects, financing the business of companies" . According to Kasmir (2008:7) states simply that "Banks are defined as financial institutions whose business activities are collecting funds from the public and channeling these funds back to the community and providing other bank services". There are 4 evaluations that can be measured, namely performance related to regulations such as the value of the evaluation of the capital ratio, the Statutory Reserves (GWM). The second is performance related to finance such as ROE, ROA, Net Interest Margin (NIM), Capital (C), Asset Quality (A), Management (M), Earning (E), Liability (L), and Sensitivity market to risk (S) or

what is often abbreviated as CAMELS. The third is performance related to the function of intermediary institutions such as Loan to Deposit Ratio (LDR) and the last is performance related to efficiency.

Definition of Bank according to experts. Banks have broad definitions from various experts. The definition of a bank according to experts starts from the rules of the law to the opinions of various figures. Thomas Mayer, Z. Aliber, and James D. Duesenberry argue that banks are financial institutions whose function is to create money and related activities. RG. Howtery said the bank is a place to exchange money based on credit and credit by the public. In short, according to Howtery, the definition of a bank is a credit intermediary institution. While the definition of a bank according to economists in the Netherlands, a bank is an authorized body to receive deposits and credit from the public to be managed in order to generate profits, either interest or dividends. BEI Bank, based on its name, the stock exchange consists of two words that have their respective meanings (Mranani et al., 2019). Bursa means a place for buying and selling, while securities according to Law no. 8 of 1995, regarding the capital market, goods are traded at the place of sale and purchase. The securities included here are securities such as stocks and bonds. So, in short, the stock exchange is a market where there is buying and selling of securities of a company. according to Kasmir (2015:104) financial ratios are activities to compare the numbers in the financial statements. Comparisons can be made between one component with components in one financial report or between components that exist between financial statements. Then, the numbers being compared can be in the form of numbers in one period or several periods. According to Harahap (2015:297) financial ratios are numbers obtained from the comparison of one financial statement post with other posts that have a relevant and significant relationship. According to (Sugiyarso, 2011:101) Analysis is a process of examining each element of the financial statements, and examining the relationship between these elements in order to obtain understanding, a good and precise understanding of the financial statements of a business entity as an evaluation of the field of organization, management. business, capital and finance.

In previous research, there are some differences between previous research and current research. First, the research from Riani Tanjung, April Lidya Sodikin is clearly different from the year of research. The previous research was in 2012-2016, while the author's research was in 2018-2020. And also the ratio used from previous research ratios using ROA, LDR, KAP, NOM, and CAR while the current research uses quick ratio, current ratio, debt ratio to assets, debt ratio to equity, ROA, ROE and Profit Margin. Second, Akasya Alwa Maulidyah's research is different from the current research. The difference in previous research in collecting data using observation and questionnaires. While the current research uses observation only. Third, in the research of Menentek the final results obtained in his research for the liquidity ratio are not significant or not

in good condition. While the current research results for the liquidity ratio in a good/normal condition.

This study has a problem formulation, namely: first, whether the bank's financial ratios that have been running so far have met the financial performance?, and how is the bank's financial performance seen from the liquidity ratio, solvency ratio, and profitability ratio? . There is also the purpose of this study, namely the first to determine the application of financial ratios to the financial performance of banks and the second to determine the financial performance of 2018-2020 seen from 3 ratios. Finally, the benefits of this research are for the Bank: this research is expected to provide additional information that will be used as consideration for the Bank in measuring the Bank's performance through analysis of liquidity ratios, solvency and profitability to produce optimal Banki performance and can be used as material for decision making. related to the performance of a Bank. For researchers: as an exercise in developing theories obtained in lectures which are expected to add and improve knowledge in the field of accounting and in making this final report, this thesis is made to fulfill one of the requirements in obtaining an undergraduate degree. For Readers: can be used as a reference and motivate further researchers for the development of science.

The liquidity ratio or the smoothness ratio shows the smoothness of a company in fulfilling its short-term obligations (Gumanti, 2007). Liquidity ratios include current ratios and quick ratios. Solvency ratio or Leverage Ratio, which is a ratio that provides an overview of the company's debt adequacy level, meaning how large the portion of debt in the company when compared to existing capital or assets (Gumanti, 2007). debt ratio includes debt ratio to asset and debt ratio to equity. Rentability ratio is a ratio that shows how capable the company is in generating profits, both from sales and from the total owned (Gumanti, 2007). Rentability ratio includes return on total asset (roa), return on equity (roe), and profit margin ratio.

RESEARCH METHODS

Research Type and Design

In accordance with the purpose of this study, the type of research used is descriptive quantitative method. Descriptive quantitative method is an activity of collecting, managing and then presenting observational data so that other parties can easily obtain an overview of the nature (characteristics) of the object from the research data.

Object of research

The object of this research is based on the financial statements in 2018-2020. And all company data is based on Bank BTPN which is already listed on the Indonesia Stock Exchange.

Population and Sample or Research Target

According to Sugiyono (2017: 80) population defines population in quantitative research as a generalization area consisting of: objects or subjects that have certain quantities and characteristics set by researchers to be studied and then drawn conclusions. According to Sugiyono (2017: 81) the sample is part of the number and characteristics possessed by the population. Determination of the number of samples in this study refers to the nature of the population. The number of samples in the case of unidentified populations, can be determined by Quota Sampling is a technique to determine samples from populations that have certain characteristics. The population and sample in this study are the company's financial statements at Bank BTPN in the 2018-2020 period.

Variables and Operational Definitions

1. Financial report is a report that describes the financial condition of the company's business results for a certain period of time which is used to determine the company's financial performance.

2. Financial performance is a description of the company's financial condition in a certain period that reflects the level of health of the company whether the company is progressing or declining, and is also used to make decisions in the future, about what things need to be improved or reduced.

3. Bank BTPN is a company engaged in banking and headquartered in Indonesia.

Research Instruments

Observation, carried out by conducting direct observations in the process of data processing activities regarding the selection policy applied to the company.

Data collection technique

1. Literature Research

This data collection is obtained by reading, reviewing and reviewing various books that have to do with the problems discussed.

2. Field Research

Data collection in the field uses the documentation method, namely by searching for data, collecting, studying, classifying and using existing data regarding things or variables in the form of notes, archives, books, magazines, agendas and so on that are still related to the company.

Data analysis technique

The analytical technique used is quantitative analysis. Quantitative analysis is a research method that uses data processing in the form of numbers as a tool to analyze and conduct research studies. The data in the form of calculated figures were analyzed using time series analysis, namely the analysis carried out by comparing the company's financial ratios from one period to another.

The comparison between the ratios achieved today with the ratios in the past will show whether the company is progressing or regressing. To determine the company's financial condition used an analytical tool in the form of financial ratios. Financial ratios consist of Liquidity Ratio, Solvency Ratio, and Profitability Ratio.

RESULTS AND DISCUSSION

In this study, the financial report data will be analyzed by the author, so that the company's performance can be known. The author analyzes financial statement data using financial ratios which include liquidity ratios, solvency ratios, and profitability ratios. The following is Bank BTPN's financial statements for the period 2018 to 2020.

Table 1. Summary of Bank BTPN's Financial Statements for the 2018-2020 period

(In Rupiah)

No.	Description	Period		
		2018	2019	2020
1.	Cash and Cash Equivalents	11.059.952	14.168.873	9.635.395
2.	Inventory	3.319.353	3.815.183	3.365.693
3.	Current Assets	95.078.580	174.709.040	175.933.814
4.	Fixed Assets	6.262.644	6.922.345	7.232.164
5.	Current Debt	79.402.252	105.787.780	117.691.474
6.	Total Assets	101.341.224	181.631.385	183.165.978
7.	Term Debt Length	4.334.332	45.975.562	34.258.788
8.	Total Debt	93.736.584	151.763.342	151.950.262
9.	Equity	17.604.660	29.868.043	31.215.716
10.	Sales	14.731.912	20.302.625	18.103.070
11.	Cost Sales	8.225.136	9.545.813	7.827.755
12.	Gross Profit	2.919.428	4.018.922	2.633.076
13.	Operating Expenses	4.585.807	- 11.970.920	18.663.821
14.	Net Profit After Tax	2.128.064	2.992.418	2.005.677

Source: Bank BTPN's Annual Financial Statements Listed on the Indonesia Stock Exchange

1. Liquidity Ratio

Table 2. BTPN Bank Liquidity Ratio

Liquidity Ratio	Period			Average
	2018	2019	2020	
Current Ratio	119,7%	165,1%	149,4%	144,7%
Quick Ratio	119,7%	165,1%	149,4%	144,7%

Source: Data processed by Bank BTPN for 2018-2020

a. Current Ratio

Based on table 4.9. shows that the average current ratio and quick ratio during 2018-2020 is 144.7%. The increase in the current ratio is due to the fact that current assets always increase and

current liabilities also increase every year. If the industry average is 200% (Kasmir: 2012), then the level of liquidity at the bank from 2018-2020 is in good condition even though it is below the average because if the ratio is more than 1.0 times, the bank has a good ability to repay debt from 2018-2020.

b. Quick ratio

Comparing current assets without inventory with current liabilities. From the above calculations in table 4.10. it can be seen that the quick ratio value has increased from 2018 to 2019 but in 2020 it has decreased by 16%. It can be seen that the average quick ratio is 150% (Kasmir: 2012), it can be concluded that the company's ability to meet its current maturing current debt by using very current assets is good because the ratio figure for 2018-2020 is more than 1, 0 times.

In the discussion above, it can be seen from the overall calculation using the ratio using the liquidity ratio of the company's financial performance in good condition.

2. Solvency Ratio

Table 3. Bank BTPN's Solvency Ratio

Solvency Ratio	Period			Average
	2018	2019	2020	
Debt Ratio to Asset	82,6%	83,5%	82,9%	83%
Debt Ratio to Equitas	475,6%	508,1%	486,7%	490%

Source: Data processed by Bank BTPN for 2018-2020

a. Debt Ratio to Asset

Debt to ratio to measure how much assets in the bank are financed by debt or how much bank debt affects asset management (Kasmir: 2012). From the above calculations in table 4.10. it can be seen that the value of debt has increased from 2018 to 2019 but in 2020 it has decreased by 6%. It can be seen that the debt ratio using total assets is normal because if the debt ratio is greater than 0.5 then the company's assets are financed from debt so the higher the ratio value will be directly proportional to the risk owned by the bank.

b. Debt Ratio to Equity

Debt to equity ratio to assess debt to equity. From the above calculation in table 4.10. it can be seen that the value of debt has increased in 2018 to 2019 but has decreased in 2020 by 21%. Judging from the average debt to equity ratio is 100% (Kasmir: 2012). So it can be concluded that the company's ability to meet debt using equity is good. Because a higher ratio can be riskier and potentially more profitable.

In the discussion above, it can be seen from the overall calculation using the liquidity ratio of the company's financial performance in good condition.

3. Rentability Ratio

Table 4. Bank BTPN's Rentability Ratio

Rentability Ratio	Period			Average
	2018	2019	2020	
Return on TotalAsset/ROA	2,1%	1,7%	1,1%	1,6%
Return on Equity/ROE	12,1%	10%	0,6%	7,6%
Profit Margin Ratio	14,4%	14,7%	11,1%	13,4%

Source: Data processed by Bank BTPN for 2018-2020

1. Return on Total Assets (ROA)

Return on Total Assets is to show how big the contribution in the return of these assets (Kasmir: 2012). From the results of the above calculations in table 4.11. It can be seen that the ROA value has decreased every year. In 2018 it was 2.1%, in 2019 it decreased by 5% and in 2020 it also decreased by 5%. So it can be concluded that the company's ability to return on assets is not good because it is less than 2%. This is because net profit after tax decreased in 2020 from the previous year. So the ability to get a net profit is difficult to reach.

2. Return on Equity (ROE)

Is a ratio to measure net profit after tax with own capital (Kasmir: 2012). From the results of the calculation above, it can be seen that the ROE value has decreased every year. In 2018 it was 12.1%, in 2019 it decreased by 2.1% and in 2020 it also decreased by 9.4%. So it can be concluded that the company's ability to return on equity is not good because net profit after tax decreased from the previous year in 2020 and could be said to be below average.

3. Profit Margin Ratio (Profit Margin Ratio)

Is a ratio to measure profit by comparing the profit after interest and taxes compared to sales. (Cashmir: 2012). From the results of the above calculation, it can be seen that the profit margin value increased in 2018 by 14.4%, in 2019 an increase of 3%, but held in 2020 decreased by 3.6%. So it can be concluded that the company's ability to generate profit margins is not good because net profit after tax and sales has decreased in 2020 and it can be said that the percentage is below average.

CONCLUSION

Based on the results of the research conducted above regarding the analysis of financial ratios at Bank BTPN for the 2018-2020 period,In terms of the Liquidity ratio, measured using the current ratio and quick ratio, it can be said that the Bank is in good condition because it is able to meet its current debt which will soon mature with the assets owned by the bank, although in the

last year the current ratio and quick ratio decreased because they were in a during the pandemic, but overall in a liquid state.

In terms of the solvency ratio, which is measured using total debt to assets and total debt to equity, it shows that it is in good condition. Although in recent years it has decreased due to the pandemic. However, overall the company is still able to finance debt, because seen from the financial condition, the composition of total assets is greater than total debt. In terms of the profitability ratios measured using turn on total assets and turn on equity, it can be said that the company is in poor condition because it is still below the industry average and fluctuates every year, in other words, banks are not effective and efficient in managing assets and activities that are low at the level of sales. In general, judging from the four financial ratios, it can be said that the financial performance of banks has decreased in the last year.

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