Financial Performance AnalysisBanking CompanyOn the Indonesian Stock Exchange

[1*]Fredy Olimsar, [2]Nurmawati Mambuhu, [3]Nurhikmah Sibua, [4]Sri Wahyuningsih, [5]Alfiana
[1]Jambi University, Jambi, Indonesia
[2]Muhammadiyah University Luwuk, Sulawesi Tengah, Indonesia
[3]Pacific University Morotai, North Maluku, Indonesia
[4]STAIN Bengkalis, Riau, Indonesia
[5]Muhammadiyah University Bandung, Indonesia
[1]fredyolimsar@unja.ac.id, [2]nunumambuhu@gmail.com, [3]sibuanurhikmah@gmail.com, [4]rambesriwahyuningsih@gmail.com, [5]alfiana.dr@umbandung.ac.id

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ABSTRACT

The success of a bank can be measured by the ability of the bank's fiscal work. By looking at the ability of a bank's fiscal work, it can be concluded whether the bank is in good condition or not. This research aims to dissect the fiscal work capabilities of banks listed on the Indonesia Stock Exchange for the 2019-2021 period based on the bank's liquidity level and solvency level. This research uses data analysis, a quantitative descriptive approach style and the data collection method used in this research is the validation method and the data studied is in the form of daily financial reports I-IV. The population used in this research is all banks registered on the IDX for the 2019-2021 period. The slice model used in this exploration is a deliberate slice system. The results of this research show that firstly, the fiscal work capacity of banks listed on the Indonesia Stock Exchange for the 2019-2021 period based on the level of liquidity as measured by the current ratio is good because it is suitable for paying current debts due to the minimum measurability of 2 times or 200. Second, The fiscal performance of banks listed on the Indonesia Stock Exchange for the 2019-2021 period based on the level of solvency as measured by the debt to equity ratio shows that the condition is not bad because the figure is above the minimum measure of 35.

Keywords: Financial Performance, Liquidity, Solvency

INTRODUCTION

Innovation in the banking industry in Indonesia is very much paid attention to, so that the presence of banking is very necessary. It is known that the banking industry plays a very strategic role in supporting the implementation of national development in order to encourage equitable development. The better the condition of the banking industry in a country, the better the condition of that country's economy. The success of a bank is measured based on the ability of the bank's financial work. The bank's financial performance is a description of the bank's financial condition in a certain period, thus becoming the basis for assessing the bank's ability to carry out its function as a fund collector and channeler of public funds. So that the good and bad of financial work abilities can be assessed through the financial reports presented by banks in each period. Financial reports are the result of accounting activity processes that occur during a certain period so that they can be used as a tool for decision making and as information to parties with an interest in the banking financial report data. Under normal circumstances, financial reports for the first quarter (January-March) are published no later than 30 April, financial reports for the second quarter (April-June) no later than 31 July, financial reports for the third quarter (July-September) no later than 31 October and quarterly financial reports IV or annual (October-December) is published no later than March 31 of the following year.

According to Sofyan in(Sawir, 2015)that "one way to assess and measure the ability of a company's financial work is to carry out an analysis of the company's financial statements". Analysis of banking financial work capabilities can be carried out using indicators of financial work capabilities. A bank's financial work capabilities can be measured by banking liquidity, solvency, capital and profitability. The ability of a Bank's work can be seen from the level of liquidity and solvency of the Bank, which means how liquid the Bank is in fulfilling and paying all short-term financial debts at maturity using the amount of assets available and how capable the solvency ratio is of assessing the company's ability to pay off all its debts. , both short term and long term, with collateral for assets or wealth owned by the company until the company closes or is liquidated(Hardian & Asyik, 2016). Liquidity and solvency ratios are closely related to each other, because these two ratios both show the company's ability to pay debts through all the assets owned by the company. Manusripa in(Dj et al., 2012)says that the level of banking liquidity is not only related to the overall state of banking finances, but is also related to its ability to convert total assets into cash. The liquidity ratio is a ratio where by using this ratio it is possible to determine the innovation of a company's current and short-term debt assets for now and in the future. Until it can be decided whether the company's condition is good or vice versa(Hardianti & Asyik, 2016).

The Bank's solvency ratio level is a ratio that compares the company's overall debt burden to its assets or equity. This ratio shows the total amount of company assets owned by shareholders compared to the assets owned by creditors (debt givers). With the solvency ratio, it will show the Bank's ability to pay off debts using all the assets they own. So if more of the company's assets are owned by shareholders, the company is less leveraged. If creditors or debt providers, usually banks, have dominant assets, the company has a high level of leverage. If financial work capabilities decline, then it is necessary to analyze banking financial work capabilities. whether it is able to meet its short-term and long-term debts during a certain period. Assessment of financial work capacity can be carried out over several periods so that the liquidity ratio of a bank will be visible from time to time(Nugroho, 2013). With the bank's ability to pay current debts with its current assets, it certainly provides collateral for creditors to provide further loans. Until there is a liquidity and solvency ratio, it can be seen how the current assets and current liabilities of a bank are for now and for the future, whether the condition of the bank's financial work capacity is good or vice versa. Several banks are listed on the Indonesia Stock Exchange which records total assets and total debt through quarterly reports I-IV. By knowing the total assets and total debt at the Bank, you can then find out what the bank's financial performance capabilities are.

LITERATURE REVIEW

Financial work capability is information that shows the formal business conditions of a company. Through measuring financial work ability, future prospects for the company's financial growth and innovation can be seen. According to Bastian in(Kamir, 2012)"Financial work ability is a picture where the picture is related to the achievement of the implementation of activities in the company both when realizing the company's goals, objectives, mission and vision which are in the strategic rules (strategic planning) of an organization or company." In general, it can also be said that job capability is an achievement that can be achieved by an organization in a certain period. Job capability is an important indicator used to measure organizational effectiveness and efficiency. Measuring job capability shows the state of measuring the results of strategic decisions, operations and financing in a company. In order to assess whether a bank's financial job capability is good or bad, it can be done by analyzing the bank's financial reports.

Therefore, it is important to maintain the bank's financial job capability. If the bank's financial performance is poor, it will have an impact on the distribution of funds to parties who need funds. To measure job capability, there needs to be a measure used, such as the Liquidity ratio, which measures the company's ability to fulfill its obligations.(Kashmere, 2013)

Cashmere(2013) say that "financial ratios are activities where the numbers in financial reports are compared by dividing one number by another number". In this way, comparisons can be made between one component and another component in one financial report or between components in financial reports. Then the figures being compared can be figures in a quarterly period or several annual periods. According to Harahap in(Digdowiseiso et al., 2022)says that financial ratios are numbers obtained from the comparison of one financial statement item with other items that have a relevant and significant relationship. For example, between debt and capital, between cash and total assets, between cost of production and total sales, and so on.(Kasmir, 2014)

This method is very commonly used by financial report analysts because financial ratios are very important in analyzing financial work capabilities regarding financial conditions. Measuring the Bank's financial work capabilities can use financial ratios of liquidity, profitability, profitability, and activity ratios and solvency ratios. Ismail in(Hidayat, 2019)said that financial reports are a form of management responsibility towards parties with an interest in the bank's performance capabilities achieved during a certain period and the aim is to provide information about financial position, performance capabilities, changes in equity, cash flow and other information that is useful for users of financial statements. in the context of making decisions and showing responsibility for the use of resources by management. According to Hery in(Thaib & Dewantoro, 2017)Financial reports are the final product of a series of processes for recording and summarizing business transaction data which can be used as a tool to communicate financial data or company activities to interested parties. In other words, this financial report functions as an information tool that connects the company with interested parties, showing the state of the company's financial health and the company's performance capabilities. According to Kasmir in(Oktaviarni et al., 2019)"Financial reports are reports that show the company's financial condition at this time or in a certain period". The purpose of financial reports which show the current state of the company is the current state, which can be seen from quarterly financial reports or annual financial reports.

METHOD

TypeThe research used by researchers in this research is descriptive research, namely research carried out to describe banks' financial performance capabilities based on the results of their financial ratio analysis which have been published on banks listed on the Indonesia Stock Exchange for the 2019-2021 period.(Creswell, 2012). Descriptive research is research into the existence of independent variables, either only on one variable or more. The type of data in this research is the type of internal data, namely the type of financial report data sourced from the data corner of the official website of the Indonesia Stock Exchange, namely www.idx.co.id and other necessary sites regarding financial work ability news. The data source used is secondary data, namely data obtained from quarterly financial reports at the Bank which have been published on the Indonesia Stock Exchange.(Sugiyono, 2015)

This research uses quantitative data analysis. Sumardi in(Sugiyono, 2017)said that "Quantitative Descriptive, namely a method that explains a problem from data based on calculating numbers from research results"(Creswell, 2014). In this case, the data used for analysis is financial report data for quarters I-IV for the 2019 - 2021 period by reviewing the report data, carrying out calculations, and applying it to the research results. The method used is to use the liquidity ratio (Current Ratio) and solvency ratio (Debt to Equity Ratio).

RESULTS AND DISCUSSION

Based on the analysis that has been carried out, it shows that the health level of the banking companies sampled in this research for the 2019-2021 period always received the title of Healthy.

Current Ratio

Based on the current ratio calculations that have been carried out, it can be seen that the current ratio of Banking Companies increased from 2019 to 2021. The highest current ratio was achieved in 2021, namely 240.68%, while the lowest current ratio was experienced in 2019, namely 218.32% . Based on the magnitude of the current ratio above, it can be seen that the Banking Company's current ratio in 2019 was not good because every Rp. 1 of current debt was only guaranteed by Rp. 2.1 of current assets. Meanwhile, in 2021, every IDR 2.4 of current assets guarantees IDR 1 of current debt.

Debt to Equity Ratio (DER)

In assessing the financial performance capabilities for the DER ratio in banking companies sampled in this research in the 2019-2021 period. Based on the presentation of the debt to capital ratio, it is found that the debt to capital ratio of Banking Companies for 2019 was 65.62%, for 2020 it was 62.08% and for 2021 it was 56.22%. This means that banking companies experienced a decline from 2019 to 2021. The highest debt to capital ratio occurred in 2019, namely 65.62% and the lowest debt to capital ratio occurred in 2021, namely 56.22%.

CONCLUSION

Analysis of liquidity ratios consisting of the current ratio shows that banking companies have the best financial performance capabilities. Analysis of the solvency ratio which consists of the debt to capital ratio shows that banking companies have the best financial capabilities.

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