Analysis of Financial Performance Before and During the Covid-19 Pandemic Era at PT. Bank Rakyat Indonesia (BRI) TBK

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ABSTRACT

This study aims to analyze the financial performance at PT Bank Rakyat Indonesia Tbk. and so that the difference in financial performance before and during the Covid-19 pandemic are known also to determine the effect of the Covid-19 pandemic on financial performance at PT. Bank Rakyat Indonesia (Persero) Tbk. So that this research can be used by company management to evaluate the performance of PT. Bank Rakyat Indonesia Tbk. so that it better and also as a consideration for investors who want to invest. The financial statements used for analysis are the second quarterly financial reports that have been published on the Indonesian stock exchange. This study uses financial cash ratio, loan to deposit ratio, primary ratio, capital adequacy ratio, return on equity, and return on asset. The results of this study show that the level of cash ratio, loan to deposit ratio, primary ratio, capital adequacy ratio, return on equity, and return on asset has decreased in 2020.

Keywords: Banking, liquidity ratio, solvency ratio, profitability ratio

Introduction

At the end of 2019, the world was shocked by the disease caused by the novel coronavirus (SARS-COV-2), which is a disease that causes respiratory system disorders. At the end of 2019, the first case with a corona positive patient was confirmed in the city of Wuhan. Indonesia has also become one of the countries that have cases of the spread of COVID-19 cases. Indonesia first confirmed the case of COVID-19 on March 2, 2020 (detiknews) and after this incident, the corona case in Indonesia has increased with a very fast spread. The World Health Organization (WHO) declared the 2019 coronavirus outbreak as public health emergency of international concern (PHEIC) on January 30, 2020, and a pandemic on March 11, 2020.

To control the spread of covid-19 in Indonesia, apply large-scale social restrictions (PSBB) in areas with cases of positive corona which is quite high such as restrictions on public transportation, enforcing work from home, limiting direct social interaction by limiting going out of the house, prohibiting going home (Heryanto, 2020) especially in big cities such as the Jakarta, Depok, Bogor, Depok, Tangerang, Bekasi (JABODETABEK) area, which is an area with quite a lot of COVID-19 patients, especially in DKI Jakarta. The impact of the existence of COVID-19 affects the business world where each company competes with each other show the show good company performance, one of the competing companies in banking. Kasmir (2003) states that banks are financial institutions whose business activities are collecting funds from the public and providing other services.

The existence of the coronavirus outbreak and policies provided by the government such as the PSBB will cause several business sectors will run slowly (Heryanto, 2020). Therefore, if the business sector has credit loans at banks, it will have difficulty making payments to banks. Meanwhile, banks have exposure to corporations and households whose sectoral performance is disrupted, especially those that support credit in this sector, and corporate and household performance pressures that are occurring in line with a continuous slowdown in credit, which can cause materialized vulnerability to disrupt the financial system (financial stability studies Bank Indonesia: 2020). For example, it was recorded that...
since March 16-31 2020 more than 134 thousand MSME players have been relaxed by BRI with a portfolio of IDR 14.9 trillion (Tempo.co). BRI continues to provide credit, especially micro, small and medium enterprises (MSMEs), to stimulate the country's economy to remain stable during a pandemic.

PT Bank Rakyat Indonesia (Persero) Tbk is the oldest commercial bank in Indonesia which was established and operated commercially on December 18, 1868, and became a public company from 2003 until now. When viewed from the financial statements contained in the Indonesian stock exchange bank BRI is one of the banks that have the largest assets in Indonesia. Bank BRI is a state-owned company (BUMN).

In determining the direction of company planning the finance department has an important role in the company. Therefore, financial performance is needed by the company. To assess financial performance, especially during the Covid-19 pandemic, companies must report their financial reports during the pandemic period. The report will be analyzed so that the bank's health condition can be found out and how much the Covid-19 pandemic affects the bank's health condition. According to Van Horne and Wachowicz (1995) is to evaluate the financial condition and performance of a firm, the financial analyst needs a certain yardstick. The yardstick frequently used is a ratio index, relating two pieces of financial data to each other.

With the phenomenon that has been described before, this study intends to determine the financial performance before and during the COVID-19 pandemic at era Bank BRI. Therefore in this study, the researcher took the title "Financial Performance Analysis Before and During the Covid-19 pandemic at PT. Bank Rakyat Indonesia (BRI) Tbk"

Literature Review

Bank

Banking is everything related to a bank, including institutions, business activities, methods, and processes in carrying out activities. Today there is a lot of literature that provides an understanding or definition of a Bank. A bank is a business fund that collects funds from the public in the form of savings and distributes them to the public in the form of credit and/or other forms to improve the standard of living of the people at large. In simple terms, a bank according to Kasmir (2008) is a financial institution whose business activities are to collect funds from the public and channel these funds back to the community and provide other banking services.

The bank is a business entity whose main task is as a financial intermediary institution, which channels excessive party funds and to parties who need funds or lack funds at a specified time. Another definition states that a bank is an institution or private person who runs a company in receiving and giving money to and from third parties (Fahmi, 2014). Based on this definition, it can be concluded that a bank is one of the financial institutions whose activities are to collect funds (money) from the public in the form of savings, then channel it back in the form of loans (credit) to the people who apply, and the bank provides other services, such as money transfer (transfer), securities billing originating from within the city (clearing), billing securities originating from outside the city and abroad (collection), letters of credit (L/C), safe deposit boxes, bank guarantees, banknotes, travelers check and others.

Financial performance

The definition of performance is a description of the achievement of implementation/programs/policies in realizing the goals, objectives, mission, and vision of an organization. Meanwhile, according to Fahmi (2011) financial performance is an analysis carried out to see the extent to which a company has implemented financial implementation rules properly and correctly. From the definition of financial performance above, it can be concluded that financial performance is a measure for assessing the success of a company in achieving the goals set by the company.
Financial statements

The financial reports describe the financial condition and results of operations of a company at a certain time or for a certain period. The types of financial statements that are commonly known are balance sheets, income statements, or business results, cash flow statements, changes in financial position reports. According to Fahmi (2012), financial statements are information that describes the financial condition of a company, and further this information can be used as a description of the company's financial performance. Therefore, financial statements can be understood as information about the financial condition of a company so that this information can be used as a reference in making decisions for parties with an interest in that information.

Financial ratio analysis financial

Ratio analysis can reveal an important relationship between estimated financial statements and can be used to evaluate the company's financial condition and performance (Sultan, 2014). Another definition states that five types of financial ratios are often used to assess a company's financial condition and performance, namely: Liquidity Ratios, Solvency Ratios, Activity Ratios, Profitability Ratios, Valuation Ratios or Market Size Ratios. Meanwhile, Fahmi (2012) states that financial ratios are very important to analyze the company's financial condition. Based on some of the opinions of these experts, financial statement analysis is an analysis of the financial condition of a company using certain methods to obtain more accurate information on financial conditions to produce appropriate decisions.

Material and Methods

The research method used in this study is a quantitative method by calculating the financial ratios contained in the financial statements of PT. Bank Rakyat Indonesia Tbk. in the second quarter of 2019 and in the second quarter of 2020. The second quarter was chosen because during that period many companies began to experience shocks due to Covid-19.

Types and sources of data

The data used in this study are secondary. The data is in the form of the second-quarter financial report of PT. Bank Rakyat Indonesia, Tbk of 2019, and the second quarter financial report of 2020 2020 taken from the Indonesia Stock Exchange website. This period was taken because during that a large-scale social restriction policy was implemented in several areas with cases of the spread of the coronavirus.

Data analysis methods

The technique used to analyze data in this study is by calculating financial ratios. The financial ratios used include:

Liquidity ratio

According to Baraja and Yosya (2019) the liquidity ratio is a ratio used to measure how liquid a company is. The liquidity ratio in this study is calculated by:

- A cash Ratio is a tool used to measure how much cash is available to pay debts (Kasmir, 2012). The cash ratio can be calculated by:

\[ \text{ROA} = \frac{\text{Net income}}{\text{Total Assets}} \times 100\% \]  \hspace{1cm} (1)

- Loan to Deposit Ratio (LDR) is a ratio used to determine how far the bank's ability to repay customer withdrawals by relying on credit as a source of liquidity (Dendawijaya, 2005: 116). Loan Deposit Ratio (LDR) can be calculated by:
Solvency ratio

According to Kasmir (2012) solvency ratio is the ratio used to measure the extent to which the company's assets are financed by debt. The solvency ratio in this study was calculated by:

- Capital Adequacy Ratio (CAR) is a ratio that shows how far all bank assets that contain risk (credit, investment in securities, claims on other banks) are also financed from the bank's capital fund in addition to obtaining funds from sources outside the bank, such as funds from the community.

\[ CAR = \frac{\text{Equity}}{\text{T. Loans + Securities}} \times 100\% \]  

- Primary Ratio is the ratio used to measure whether the capital owned is adequate or the extent to which the decrease in total assets entered can be covered by capital equity. Primary Ratio can be calculated by:

\[ \text{PR} = \frac{\text{Equity}}{\text{Total Asset}} \times 100\% \]

Profitability ratio

According to Kasmir (2012), the profitability ratio is the company's ability to seek profit. The profitability ratio which in this research calculated by:

- Return on Equity (ROE) is often referred to as own capital profitability, which means to calculate how much profit will be the right of the owner of the capital itself (Azis et al., 2018). Return on Equity (ROE) can be calculated by:

\[ \text{ROE} = \frac{\text{Net Profit}}{\text{Total Equity}} \times 100\% \]

- Return on Asset (ROA) is a ratio that describes the extent to which the company's ability to utilize all its assets (assets) to generate net profit after tax. Return on Asset (ROA) can be calculated by:

\[ \text{ROA} = \frac{\text{Net Income}}{\text{Average Total Assets}} \times 100\% \]

Results and Discussion

Liquidity ratio

Table 1. Cash ratio

| Description                                      | 2019            | 2020            |
|--------------------------------------------------|-----------------|-----------------|
| Cash + cash equivalents                          | 106,859,980     | 74,902,222      |
| Current accounts + Wadiah demand deposit         | 165,807,983     | 180,078,413     |
| Immediate liabilities                            | 8,287,693       | 7,559,892       |
| Cash ratio                                       | 61.38%          | 39.91%          |
The results of the 2019 cash ratio research of 61.38% show that BRI bank is liquid because it has exceeded the standard set by Bank Indonesia, namely 3%, this indicates that BRI is liquid, meaning that BRI bank can pay its short-term debt with existing cash. However, in 2020, there was a significant decrease of 21.47% because the cash ratio was only 39.91% because in 2020 there was a significant decrease in cash from Rp. 106,859,980 in 2019 to 74,902,222 even though the cash ratio experienced a significant decline, the figure was still above the standard set by Bank Indonesia.

Table 2. Loan to deposit ratio

| Description         | 2019      | 2020      |
|---------------------|-----------|-----------|
| Total loan          | 823,271,747 | 823,764,867 |
| Total deposit       | 9,45,054,267 | 1,031,492,523 |
| Equity              | 190,840,791 | 187,835,213 |
| Loan to deposit ratio | 72.48%      | 68.38%    |

Based on the results of the LDR calculation from 2019-2020 it has decreased, the amount of credit given in 2019 is Rp. 823,271,747 and the number of funds received in 2019 was Rp. 1,135,895,058 resulting in an LDR percentage in 2019 of 72.48%. In 2020, it decreased by 4.1% to 68.38%. But in this case, the LDR of BRI banks is too low because what is set by Bank Indonesia is 78% - 94%, meaning that BRI banks have to increase their LDR otherwise they will be subject to fines.

**Solvency ratio**

According to Kasmir (2012), the profitability ratio is the company's ability to seek profit. The profitability ratio which in this research calculated by:

Table 3. Capital Adequacy Ratio (CAR)

| Description               | 2019      | 2020      |
|---------------------------|-----------|-----------|
| Equity                    | 190,840,791 | 187,835,213 |
| Total loans               | 823,271,747 | 823,764,867 |
| Equity Participation      | 460,940   | 114,945   |
| Capital adequence ratio   | 23.18%    | 22.52%    |

Based on the calculation of CAR in 2019-2020, it experienced a relatively small decline. In 2019 the CAR percentage value was 23.18%, then in 2020, it decreased by 0.66% so that the CAR value became 22.52%. From the research results, it can be stated that the ability of BRI Bank to provide funds to anticipate the possible risk of loss is lacking. Because the higher the CAR value that is formed reflects the better banking ability to face the possible risk of loss and conversely, if the smaller the CAR value is formed, the bank's ability is not good enough to face the possible risk of loss, no matter how small the decline.
Table 4. Primary ratio

| Information    | 2019             | 2020             |
|----------------|------------------|------------------|
| Equity         | 190.840.791      | 187.835.213      |
| Total assets   | 1.288.195.552    | 1.387.759.264    |
| Primary ratio  | 14.81%           | 13.53%           |

From this ratio analysis, in 2019 it was 14.81%, then in 2020, it fell to 13.53%. The primary ratio rate in 2020 is down due to the reduction in company capital invested in company assets.

**Profitability ratio**

According to Kasmir (2012), the profitability ratio is the company's ability to seek profit. The profitability ratio which in this research calculated by:

Table 5. Return on Equity (ROE)

| Description         | 2019       | 2020       |
|---------------------|------------|------------|
| Net income          | 16.162.860 | 10.201.042 |
| Total equity        | 190.840.791| 187.835.213|
| Return on equity    | 8.47%      | 5.43%      |

Based on the results of the above calculation, BRI bank ROE in 2019 of 8.47%, but in 2020 it decreased by 3.04% to 5.43%. This decrease was due to a significant decrease in profits obtained by BRI banks, namely Rp. 5,961.818. This shows that BRI banks are less able to manage existing capital to generate profits.

Table 6. Return on Asset (ROA)

| Information         | 2019       | 2020       |
|---------------------|------------|------------|
| Net income          | 16.162.860 | 10.201.042 |
| Total assets        | 1.288.195.552| 1.387.759.264|
| Return on asset     | 1.25%      | 0.73%      |

Based on the calculation of ROA in 2019-2020 has decreased. In 2019 the percentage value of ROA was 1.25%, then in 2020, it decreased by 0.52% so that the ROA value became 0.73%. From the results of these studies, it can be stated that the ability of BRI Bank to generate profits or income is not good. This can be seen despite the increase in terms of assets, BRI bank was not able to manage these assets properly, resulting in a decrease in profit of Rp. 5,961.818. The greater the ROA value that is formed, the better the company's ability to use its assets so that it can generate large profits or income, conversely if the smaller the ROA value is formed, it will reflect the company's poor ability to use its assets so that it can produce small income.

Based on the calculation of liquidity ratios (Cash Ratio and LDR), solvency (CAR and Primary Ratio), and profitability (ROA and ROE) financial performance of PT. During the pandemic, Bank
Rakyat Indonesia experienced a decline compared to the financial performance of PT. Bank Rakyat Indonesia before the covid-19.

Table 7. The financial ratio recapitulation of PT. Bank Rakyat Indonesia.

| Ratio                                | Yield ratio year |
|--------------------------------------|------------------|
|                                      | 2019  | 2020  |
| Liquidity                            |        |       |
| Cash Ratio                           | 61.38% | 39.91%|
| Loan to Deposit Ratio (LDR)          | 72.48% | 68.38%|
| Solvency                             |        |       |
| Capital Adequacy Ratio (CAR)         | 23.18% | 22.52%|
| Primary Ratio                        | 14.81% | 13.53%|
| Profitability                        |        |       |
| Return on Equity (ROE)               | 8.47%  | 5.43% |
| Return on Asset (ROA)                | 1.25%  | 0.73% |

The financial performance of PT. Bank Rakyat Indonesia before (2019) and during the pandemic (2020) are as follows:

a. Cash ratio
   Cash Ratio is a tool used to measure the amount of cash available to pay debts. The research results show that the BRI bank is liquid because it has exceeded the standards set by Bank Indonesia, which is 3%. However, the cash ratio value obtained by BRI banks decreased in 2020 by 21.47%. The decrease was due to a decrease in cash owned by BRI bank, but even though the cash owned by BRI bank decreased, the BRI bank was still able to pay its debts.

b. Loan to Deposit Ratio (LDR)
   LDR is a measurement that shows that existing sources of funds can cover customers' financing requests. The results of LDR calculations in 2019 and 2020 the funds received by BRI banks from customers can cover financing requests. In 2019, requests for financing that were distributed to customers were 823.271.747 while the number of funds received was Rp. 1.135.895.058. In 2020, the request for financing distributed to customers is Rp. 823.764.867 and the number of funds received was Rp. 1.219.327.736. This description, it shows that the BRI bank liquidity ratio from the LDR value is already liquid because it can provide financing to customers from the collection of funds sourced from customers. However, in 2020 the LDR value will decline, due to a slight increase in demand for financing, but the funds obtained have increased considerably.

c. Capital Adequacy Ratio (CAR)
   CAR is a capital ratio that shows a bank’s ability to provide funds to finance business development and to cover possible risks that may result in bank operations. The results of research in 2019 the CAR value of BRI bank was 23.1%, while in 2020 the CAR value was 22.52%. From the results of these studies, it can be stated that the ability of BRI Bank to provide funds to anticipate the possible risk of loss is still insufficient because it lacks strong capital to balance risk-weighted assets.

d. Primary Ratio
   The primary ratio is the ratio used to measure whether the capital owned is adequate or the extent to which the decrease in total assets can be covered by capital equity. The results showed that the capital
equity owned by BRI bank was not able to cover the total assets, because in 2020 the primary ratio value decreased by 1.28% due to reduced company capital invested in company assets.

e. Return on Equity (ROE)
   ROE is the ratio used to calculate how much profit the owner of the capital will own. The results showed that BRI banks were less able to manage existing capital to generate profits. In 2020, BRI bank experienced a decrease in ROE value by 3.04%. This decrease was due to a decrease in profits obtained by BRI banks, namely Rp. 5,961,818 (Rp. 16,162,860 Rp. 10,201,042).

f. Return on Asset (ROA)
   ROA is the ratio used to measure the extent to which a company manages its assets to generate large profits. The results of the study indicated that the ability of BRI Bank to generate profits or income was not good, because of a decrease in ROA of 0.52%. The decrease in ROA value experienced by BRI Bank was caused by a decrease in profit of Rp. 5,961,818 (Rp. 16,162,860 Rp. 10,201,042).

Conclusion
   Refer to the results of the financial performance analysis above using financial ratios, liquidity, solvency, and profitability. From the results of this research, it can be concluded:
   1. The cash ratio has decreased significantly during the Covid-19 pandemic. Also, the loan to deposit ratio has decreased, becoming lower and below the standard set by Bank Indonesia.
   2. The capital adequacy ratio has decreased which indicates that BRI bank is not good enough in anticipating the possible risk of loss. The primary ratio has also decreased in 2020 due to reduced company capital invested in company assets.
   3. ROE has decreased quite significantly, indicating that BRI bank is less able to manage existing capital to generate profits. In terms of ROA, it has also decreased due to the inability of BRI bank to manage assets, resulting in a decrease in profit or income.

Limitations of research
   As consideration for further research to achieve maximum results, the following are some limitations of this study:
   1. The research object uses only one company, namely the BRI bank
   2. This study only uses the types of financial ratios cash ratio, LDR, CAR, primary ratio, ROA, and ROE.
   3. The period used is only the interim financial reporting period, namely per 30 June 2019 and also per 30 June 2020.

Suggestions
   To achieve maximum results in future research in the future, the authors suggest:
   1. Using more research objects and broader subsectors.
   2. Use more or more complete financial ratios so that it is clear how the changes are and the results of the analysis are more valid.
   3. Increase the analysis period used beyond the two-year observation.

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