West Science Business and Management
Vol. 1, No. 01, January 2023, pp. 1-6

Analysis Before And After The Covid-19 Pandemic On Profitability In Bank

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Article Info

Article history:

Received Jan, 2023
Revised Jan, 2023
Accepted Jan, 2023

Keywords:

Banking,
Profit Income,
Ratio Profitability.

ABSTRACT

Banking profitability is the most important thing in the financial system for the economy in Indonesia (developing countries) in the future, because profitability is a ratio that shows the ability to earn profits or profits. The level of income earned in banking is influenced by external factors and internal factors. The purpose of this study is to determine whether or not there is a decrease in the income obtained by banks during the Covid-19 pandemic and the comparison of profits obtained before and after the Covid-19 pandemic. Even though the Covid-19 pandemic is not yet one year old, it has brought many bad effects, Meanwhile, the results of research on the analysis of profit comparisons using the profitability ratio method produce data, namely that there is a significant decrease in earnings reaching 40% from the previous year period. This decline is considered to be the greatest from the previous year period.

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INTRODUCTION

During this fairly difficult period, namely facing the Covid-19 pandemic that has never been experienced before by the entire community and has had a significant impact on the stability of the banking economy in Indonesia. Several banks are starting to prepare future plans to measure how much the stability of the banking economy is affected by the Covid-19 pandemic because it is estimated that the impact of the pandemic on banking economic stability will have an adverse effect.

Bank is a business entity that has the aim of generating a profit, banking is also divided into several types, namely BUMS Banks and BUMN Banks. State-owned banks are banks where most of the capital is owned by the state through direct investment which comes from state assets and part of the capital comes from the public. Banks benefit from being intermediaries between savers and borrowers in most economies. Banking prioritizes a good management team to distinguish between different levels of liquidity, maturity dates, and risks. Thus, banks must be able to evaluate and monitor properly so that the creditworthiness of borrowers remains profitable for the bank.

The profitability performance plays a role in demonstrating the success of a bank's management and the importance of profitability or profitability in the banking sector which can also be assessed from different levels, namely the micro level and the macroeconomic level, which has led researchers to develop considerable interest in the factors that determine good and bad. bank profitability. At the microeconomic level the benefits are part of the most important prerequisite for a competitive banking institution. Meanwhile, at the macroeconomic level, it can contribute well to financial system stability so that banks are able to withstand negative shocks.

LITERATURE REVIEW

A. Financial Statements

Financial statements are reports" which can describe the financial condition of a company that occur now or in the future period [1]. The financial statements consist of balance sheet and a profit and loss account of the company's operating results with reports relating to changes in equity in a company [2]. Financial statements are: an end result of an accounting process that includes two reports (balance sheet and income statement), which are prepared for the purpose of providers of financial information to companies that can be used as material for consideration in decision-making by the parties involved have an interest [3].

The analysis of financial statements as follows is an application of analytical tools and techniques for general purpose financial statements and related data to produce estimates and conclusions that are useful in business analysis [4]. Financial statements are reports that are expected to provide information about the company and are combined with other information, such as economic conditions, which can provide a better picture of the company's prospects and risks [5]. “Financial statements describe the financial condition and results of operations of a company at a certain time or certain time. As for the type of report commonly known financial statements are balance sheets, income statement, cash flow statement and statement of changes in financial position” [6].

B. Return on Investment (ROI)

ROI analysis in financial ratio analysis has an important meaning as one of the comprehensive (comprehensive) financial ratio analysis techniques [5]. According to the Analysis of Return on Investment (ROI "That the higher the Return on Investment of a business segment, the greater the profit generated from every dollar invested [7]. ROI or also called the level of investment taking is a comparison. The numerator is the opinion in the financial statements and the denominator is the asset used [8].

Return on investment (ROI) or return on investment is the company's ability to invest all assets held to generate profit. ROI (Return on Investment) is the result of multiplying Total Assets Turn Over and Net Profit Margin (NPM), meaning that to achieve ROI (Return on Investment) it is necessary to multiply the company's ability to generate sales from its assets and the company's ability to generate profits. net of sales made [9].

C. Return on Assets (ROA)

Return on Assets is a ratio of profitability that shows the results (return) on the number of assets used in the company [1]. Return on Assets (ROA) is the ratio of net income to total assets to measure the return on total assets [10]. "Return on Assets is to see how far the investment that has been invested is able to provide appropriate returns as expected and the investment is actually the same as the company's assets invested [11].

Return on Assets (ROA) is also used to assess the extent to which the investment that has been invested is able to provide a return profit as expected. And the investment actually the same as the company's assets that are invested or assigned [11]. Understanding Return on Assets (ROA) is the company's ability to use its assets to make a profit. This ratio measures the rate of return on investment has been carried out by the company using all funds (assets) owned. This ratio can be compared to the bank's interest rate apply [12].

METHODS

This study aims to analyze the comparison to net income from before and after the covid-19 in banking using financial ratio analysis methods. The data used in this study is to use secondary data which contains the income statement and is listed in the financial statements. The data period used in this research is 2019-2020, and the data is taken from the Indonesia Stock Exchange (IDX).

The analysis resulted from this research is forsee the increase or decrease in net income in banking from one period to the next. The analysis used is the analysis of financial ratios, the analysis of financial ratios is divided into several methods and the method used is the profitability ratio.

Profitability ratio is a ratio used to measure how much income is a profit the profitability ratio is divided into several types, namely:

- Gross Profit Margin is a ratio analysis used to estimate a company's ability to earn gross profit. The formula for calculating Gross Profit Margin: income – COGS income.
- Operating Income Ratio is a ratio analysis used to estimate operating income before adding interest and taxes. The formula for calculating the Operating Income Ratio: net sales - COGS - general and administrative expenses x 100%.
- Net Profit Margin is a ratio analysis used to estimate the ability of net income. The formula for calculating Net Profit Margin: net profit x100%Comprehensive profit.
- Earning Power of Total Investment is a ratio analysis used to estimate a company's ability to manage capital in order to generate profits or profits for investors and shareholders, the formula for calculating Earning Power of Total Investment: profit before tax.
- Rate of Return Investment (ROI) is a ratio analysis used to estimate net income from invested capital. The formula for calculating the Rate of Return Investment (ROI):

$$\frac{Total\ Sales - investment}{Investation}\, x\ 100\%$$

- Return on Equity (ROE) is a ratio analysis used to estimate the ability of equity to generate net income. The formula for calculating Return on Equity: net profit Shareholder's equity.
- Rate of Return on Net Worth is a ratio analysis used to estimate income for shareholders in their capital capacity. The formula for calculating Rate of return net worth: EAT Amount of own capital.

RESULTS AND DISCUSSION

Analysis of profit income in BUMN banking uses financial ratio analysis. The type of financial ratios used is the profitability ratio, then calculates the Net Profit Margin, Return on Equity (ROE), Return on Assets (ROA).

Table 1. Comparison of net income income in state-owned banking

No	Banking Name	2019 Net Income	2020 Net Income (January-October)
1	Bank Rakyat Indonesia	34.4 Trillion	14.15 Trillion
2	Bank Mandiri	27.5 Trillion	14.2 Trillion
3	State Savings Bank	2.8 Trillion	767.58 billion
4	Bank Negara Indonesia	15.4 Trillion	4.32 Trillion

Source: Indonesia Stock Exchange (IDX) 2020

With the comparison of net profit data between before and after being impacted by Covid-19, it can be seen that the Covid-19 pandemic has an impact on banking in Indonesia and has experienced a significant decrease in net income.

Net Profit Margin:

a) Bank Rakyat Indonesia
Net profit x 100% Net sales
2019 period: 34,400,000,000,000 x 100% = 870,917.01
39,498,597
2020 period: 15,150,000,000,000 x 100% = 3,312,023,097
10,386,401

b) Bank Mandiri
Net profit x 100% Net sales
2019 period: 27,500,000,000,000 x 100% = 771,028,009
35,666,668
2020 period: 14,200,000,000,000 x 100% = 1,893,151,494
14,526,043

c) State Savings Bank Net profit x 100%
Net sales
2019 period: 2,807,921,063,074 x 100% = 5,038,147
557,332,000
2020 period: 767,580,000,000 x 100% = 2,760,589,820
1,014,276

d) PT. Bank Negara Indonesia (Persero)
Net profit x 100% Net sales
2019 period: 15,400,000,000 x 100% = 837,648,943
18,384,000,000
2020 period: 4,320,000,000,000 x 100% = 3,786,263,927
4,067,334

Table 2. Net profit margin comparison In BUMN Banking

No	Banking Name	2019 Net Profit Margin	2020 Net Profit Margin
1	Bank Rakyat Indonesia	870,886,076	3,312,023,097
2	Bank Mandiri	770,308,128	1,893,151,494
3	State Savings Bank	5,038,147	2,760,589,820
4	Bank Negara Indonesia	837,648,943	3,786,263

Source: Indonesia Stock Exchange (IDX) 2020

The results obtained from the comparison of Net Profit Margin in state-owned banks show that the average bank has experienced a significant decline due to the Covid-19 pandemic.

Table 3. Return on Equity (ROE) Comparison In state-owned banking

No	Banking Name	ROE Period 2019	ROE Period 2020
1	Bank Rakyat Indonesia	19.41%	12.93%
2	Bank Mandiri	15.08%	11.56%
3	State Savings Bank	12.59%	10.06%
4	Bank Negara Indonesia	14.0%	5.4%

Source: Indonesia Stock Exchange (IDX) 2020

The comparison results of Return on Equity in BUMN banking can be seen that it has decreased quite significantly due to the Covid-19 pandemic.

Table 4. Return on Assets (ROA) Comparison

No	Banking Name	ROE Period 2019	ROE Period 2020
1	Bank Rakyat Indonesia	3.50%	2.41%
2	Bank Mandiri	3.03%	1.95%
3	State Savings Bank	1.12%	0.63%
4	Bank Negara Indonesia	2.4%	0.9%

Source: Indonesia Stock Exchange (IDX) 2020

The results that can be seen from Comparison of Return on Assets in state-owned banks, namely banks experienced a significant decline in Return on Assets as well as a result of the Covid-19 pandemic.

CONCLUSION

Based on the results of research and analysis regarding profit income obtained by banks, it shows unexpected results. The difference in net profit at BRI bank amounted to 867,574,053, at Mandiri bank the difference in net profit decline was 768,414,976,506, then the difference in net profit decrease at Bank BTN was 2,277,557.18, and the difference in net profit decline at Bank BNI was 833,862,680. The average decline in net profit in state-owned banks after the Covid-19 pandemic is 40%.

The results of the analysis carried out on Return on Assets (ROA) in banks also showed a significant decrease, namely ROA at BRI banks experienced a decrease difference of 0.9% from 3.50% to 2.41%, the difference in the decrease in ROA at MANDIRI bank. Namely in the amount of 1.06% from 3.03% to 1.95%, the difference in the reduction in ROA at Bank BTN was 0.49% from 1.12% to 0.63% and the difference in the subsequent decline was the ROA at Bank BNI of 1.6% from 2.4% to 0.9% and the results of the last analysis conducted to determine the comparison that occurred to the Return on Equity (ROE) also experienced a significant decrease, namely the ROE at BRI banks.

Experienced a difference in decline large 6.4% from 19.41% to 12.83%, the difference in the decline in ROE at Bank MANDIRI is 3.71% from 15.08% to 11.56, the difference in the decline in ROE at Bank BTN is 2.54% from 12.59% to 10.06%, then the difference in the reduction in ROE at BNI bank was 9.3% from 14.0% to 5.4%.

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