

Financial Ratio Analysis of PT Bank Negara Indonesia (Persero) Tbk Year 2018-2022

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Abstract

This research aims to determine the liquidity, solvency, and profitability ratios at PT Bank Negara Indonesia (Persero) Tbk for 2018-2022. This research uses quantitative methods with a descriptive approach. The results of the discussion in this research show that with liquidity ratios consisting of quick ratio, banking ratio, loan to assets ratio, and loan to deposit ratio, it can be seen that financial conditions change each period. Namely, the number of loans given is less than the amount of money customers save. An analysis of the solvency ratio at PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period shows that the primary and capital adequacy ratios tend to increase, making it easier for the bank to manage losses in each period. PT Bank Negara Indonesia (Persero) Tbk's profitability ratio tends to vary due to declines and increases. However, in the 2020 period, the level of health tends to be poor based on the ROA and ROE values because it has not been able to generate profits from the capital it has. It can be concluded that from all the liquidity, solvency, and profitability ratio analyses that have been carried out, it can be seen that the financial performance of PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period has increased quite significantly.

Keywords: Liquidity, Solvency, Profitability, Ratio, Bank

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1. Introduction

Banking has a vital role in the economic development of a country. Based on the definition of banks according to Law Number 10 of 1998, the primary function is collecting funds from the public in the form of savings and distributing them back to the community in the form of credit and other forms to improve people's living standards.

Every bank must make and provide three types of reports, namely monthly, quarterly, and annual financial reports. Financial statement analysis helps predict the bank's position, estimate the resolution of bank risks and operations, minimise losses, and assess the results of banking activities. The balance sheet is one of the financial reports in a bank as a means of communication with the public, the central bank, and investors. The bank's financial condition is displayed as a balance sheet to consider the bank's risk exposure to external parties. Financial reports aim to provide information regarding the company's condition regarding numbers in monetary units.

Financial ratio analysis in banks is used to determine the financial health of banks and the relationship between bank ratios and financial performance in banks. With financial ratios, it can be seen whether a bank's financial performance is good or not. Researchers intend to use financial ratios to analyse the financial performance of state-owned banks, namely PT Bank Negara Indonesia (Persero) Tbk.

The liquidity ratio shows a company's capability to meet its short-term obligations. The solvency ratio is an illustration of the company's ability to pay its debts if it is liquidated. The profitability ratio is a comparison that determines a company's ability to earn profits from its income related to sales, assets, and equity-based on specific measurements. Researchers will use these three ratios to analyse the financial performance of PT Bank Negara Indonesia (Persero) Tbk.

PT Bank Negara Indonesia (Persero) Tbk is a state-owned bank owned by the government, and most of its capital comes from state assets. The profits will go into the state treasury to pay state debt, state administration, exports and imports, etc. The number of assets PT Bank Negara Indonesia (Persero) Tbk owns is stable and increasing yearly. Shown in the table below:

Table 1. Total Assets of PT Bank Negara Indonesia (Persero) Tbk in Financial Reports

No.	Year	Total Assets (in billion rupiah)
1.	2018	808,572
2.	2019	845,605
3.	2020	891,337
4.	2021	964,838
5.	2022	1,029,837

Based on this information, it can be seen that the assets of PT Bank Negara Indonesia (Persero) Tbk continue to increase between 2018-2022. Therefore, to better understand the financial performance of PT Bank Negara Indonesia (Persero) Tbk, researchers will conduct a further study of the financial performance of PT Bank Negara Indonesia (Persero) Tbk based on financial reports. Based on this background, this research aims to determine the liquidity, solvency, and profitability ratios at PT Bank Negara Indonesia (Persero) Tbk in 2018-2022.

2. Research Methods

According to Digidowiseiso (2017), research is a series of activities that solve a problem. The function of research is to seek clarity and answers to these problems and provide alternatives to solving problems.

This research uses quantitative methods with a descriptive approach. Descriptive research explains a problem as it is, while quantitative is a collection of numbers from

observation and measurement. The data type used is secondary data originating from the financial reports of PT Bank Negara Indonesia (Persero) Tbk for 2018-2022.

The population is the subject the researcher chooses to obtain conclusions (Digdowiseiso, 2017). The population of this study is the financial report of Bank Negara Indonesia (Persero) Tbk, which is collected from the official website every year. The research period is from 2018 to 2022.

The valid financial reports of PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period were selected as the sample in this research, obtained directly from the official website of PT Bank Negara Indonesia (Persero) Tbk. This sample was chosen because the financial report at PT Bank Negara Indonesia (Persero) Tbk is very relevant for monitoring the current economic condition of PT Bank Negara Indonesia (Persero) Tbk.

3. Results and Discussion

3.1. Liquidity Ratio

The liquidity ratio is a ratio that describes the capabilities of a company to fulfil short-term obligations (debt). What is included in the liquidity ratio is (1) **Quick Ratio**. A quick ratio is a ratio that measures a company's ability to fulfil its short-term obligations; (2) **Banking Ratio**. Banking ratios is a ratio used to measure bank liquidity by comparing the amount of credit disbursed with the number of deposits held; (3) **Loan to Asset Ratio (LAR)**. Loan to Asset Ratio (LAR) is a ratio used to measure the level of bank liquidity, which shows the bank's ability to meet credit needs using the total assets owned by the bank; and (4) **Loan to Deposit Ratio (LDR)**. Loan Deposit Ratio (LDR) is the ratio between the entire amount of credit provided by the bank and the funds received by the bank. This ratio measures the bank's ability to pay its debts and repay its depositors.

The following are the results of calculating the liquidity ratio at PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period:

Table 2. Liquidity Ratio

%	2018	2019	2020	2021	2022
QR	11	11.3	10.4	11	14.3
BR	90.6	93.7	89.2	79.3	82.3
LAR	63.4	65.8	65.8	60.4	62.7
LDR	75.8	77.4	76.2	66.9	69.9

Quick Ratio

The quick ratio value at PT Bank Negara Indonesia (Persero) Tbk tends to vary. In the 2018 period, it was 11%, then there was an increase in the 2019 period, it was 11.3%, but in the 2020 period, it decreased by 0.9%, only getting a value of 10.4% due to the bank's total current debt being more significant than its cash assets. So, banks are still unable to fulfil their commitments.

In the 2021 period, the value obtained was 11%, an increase in the 2022 period, namely 14.3%. This increase was caused by the bank's current liabilities being more significant than its assets. So, it can be said that the bank can fulfil its commitments.

Table 2 and the explanation above show that the quick ratio results at PT Bank Negara Indonesia (Persero) Tbk for 2018-2022 are still below the bank's quick ratio Health Level standard, namely 15%-20%. This shows that PT Bank Negara Indonesia (Persero) Tbk has not

been able to fulfil its obligations to use its assets. So, it can be concluded that PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period has a level of liquidity that is still not good.

Banking Ratio

The banking ratio value at PT Bank Negara Indonesia (Persero) Tbk tends to vary. In the 2018 period, it was 90.6%, then there was an increase in the 2019 period, it was 93.7%, but in the 2020 period, it experienced a decrease of 4.5%, only getting 89.2%. The bank ratio in 2021 also decreased by 9.9%, only reaching 79.3%. The bank ratio in the 2022 period increased to 82.3%. The tendency for this variation is that the loans issued by customers are more than the total savings held by the bank.

Bank liquidity will increase if the banking ratio value decreases because the bank can calculate customer loan costs from current customer savings. Table 2 and the explanation above show that the banking ratio results at PT Bank Negara Indonesia (Persero) Tbk for 2018-2022 tend to have a relatively declining banking ratio ranking.

Loan To Asset Ratio

The value of the loan-to-asset ratio of PT Bank Negara Indonesia (Persero) Tbk over the five periods tends to vary because loan demand is greater than the bank's total essential assets. In 2018, it was 63.4%, then it increased in the 2019 period to 65.8% and was stable until 2020 with the same value.

The loan ratio in the 2021 period decreased by 5.4% to 60.4%. This shows that the bank's assets, amounting to IDR 964,838,000, are insufficient to grant customers' requests. The loan ratio in the 2022 period increased by 2.3% to 62.7%.

Based on Table 2, the results of the loan-to-asset ratio at PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period tend to decrease, which means the level of liquidity is high, which shows that PT Bank Negara Indonesia (Persero) Tbk is unable to meet customer demand during this period using all existing assets.

Loan to Deposit Ratio

The ratio value of loans to deposits at PT Bank Negara Indonesia (Persero) Tbk over the five periods tends to vary. In 2018, it was 75.8%, and then there was an increase in 2019 to 77.4%. However, in the 2020 period, there was a decline of 1.2%, only getting 76.2%; in the 2021 period, there was also a decline of 66.9%. The loan-to-deposit ratio for the 2022 period increased by 3% to 69.9%.

Based on Table 2, the results of the loan-to-deposit ratio at PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period can be said to be that the ratio is not more than 100% or tends to be low. It can be concluded that PT Bank Negara Indonesia (Persero) Tbk has a good level of liquidity for 2018-2022. However, many idle funds will reduce the bank's opportunity to receive more significant funds.

3.2. Solvency Ratio

The solvency ratio is a ratio that assesses a company's ability to pay off all its obligations, both short and long-term, with the collateral of assets owned by the company. What is included in the solvency ratio is (1) **Primary ratio**. The primary ratio measures whether the company's capital is adequate and the extent of the decline in the company's total assets; (2) **Capital Adequacy Ratio (CAR)**. CAR is the capital adequacy ratio, which has the function of accommodating the risk of bank losses. The higher the CAR value, the better the

bank can bear risks from risky credit/assets. The following are the results of calculating the solvency ratio at PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period:

Table 3. Solvency Ratio

%	2018	2019	2020	2021	2022
PR	13.7	14.85	12.7	13.1	13.6
CAR	21.06	22.61	19.38	22.88	22.47

Primary Ratio

Based on Table 3 above, The primary ratio at PT Bank Negara Indonesia (Persero) Tbk in the 2018-2022 period tends to vary from an increase in the 2018 period of 13.7% to 14.85% in the 2019 period. Then, in the 2020 period, it decreased due to the rise in total assets only acquired, amounting to 12.7%. It can be seen that in the 2021 period, the value was obtained at 13.1%, then it increased in the 2022 period by 0.5% from the 2021 period, namely 13.6%.

The results of the primary ratio of PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period are above Bank Indonesia's assessment requirements for the bank's health based on its primary ratio, namely 3% -6%. This shows that PT Bank Negara Indonesia (Persero) Tbk will be healthy from 2018 to 2022.

Capital Adequacy Ratio (CAR)

Table 3 shows that the CAR value at PT Bank Negara Indonesia (Persero) Tbk for 2018-2022 varies because it has increased and decreased. In the 2018 period, the CAR value was obtained at 21.06%. In 2019, it got 22.61%, then experienced a significant decline in 2020, only gaining 19.38%. The bank's capital was smaller than its Risk Weighted Assets (RWA), so it could not cover assets that posed risks.

Even so, in the 2021 period, the value of CARPT Bank Negara Indonesia (Persero) Tbk experienced a more significant increase than in the 2019 period, namely 22.88%. However, in the 2022 period, there was a decrease again, which was not large enough, namely 22.47%.

Table 3 and the explanation above show that the ratio is sufficient capital or Capital Adequacy Ratio (CAR) at PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period is above the limit set by Bank Indonesia for the capital adequacy ratio in the bank's health level, namely 8%. This illustrates that PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period has demonstrated its capital ability to cover assets that generate risk.

3.3. Profitability Ratio

Profitability ratios are a comparison to determine a company's ability to earn profits from its income related to sales, assets, and equity based on specific measurements. This profitability ratio is needed to record financial transactions. What is included in the profitability ratio is (1) **Return on Asset Ratio (ROA)**. ROA is a tool used to assess the percentage of profit to the total assets owned by a company; (2) **Return on Equity Ratio (ROE)**. ROE is the company's ability to generate earnings on equity or capital provided by investors (shareholders). The following are the results of calculating profitability ratios at PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period:

Table 4. Profitability Ratios

%	2018	2019	2020	2021	2022
ROA	2.8	2,4	0.5	1.4	2.5
ROE	16.1	14	2.9	10.4	16.4

Return on Asset Ratio (ROA)

Table 4 shows that the ROA value at PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period varied because it experienced increases and decreases. In the 2018 period, a value of 2.8% was obtained. 2019, it fell by 2.4%, then shared a pretty significant decline in 2020, only gaining 0.5%. This shows that bank management has not been able to manage assets to increase income.

However, in the 2021 period, the ROA value of PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period experienced a slight increase, reaching 1.4% and continuing for the 2022 period, it also experienced a rise, getting a value of 2.5%.

ROA results at PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 tend to decline. The ROA value in 2020 is unhealthy; as shown in 2020, it touched below 1% due to the global economic crisis and did not meet Bank Indonesia's standards for assessing bank health according to the ROA value of 1.25%.

Return on Equity Ratio (ROE)

Mark ROE at PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period experienced a decrease and increase. In 2018, it obtained a value of 16.1%, then shared a decline in 2019, namely getting a value of 14%. This means that PT Bank Negara Indonesia (Persero) Tbk has not been able to generate profits from the capital it owns.

In 2020, it obtained a meagre value compared to previous periods, namely 2.9%. In 2020, PT Bank Negara Indonesia (Persero) Tbk was considered unhealthy because it does not meet Bank Indonesia's standards for assessing bank health according to value. ROE, namely 12.5%. In the 2021 period, the ROE value was 10.4%, then it experienced an increase in the 2022 period, namely 16.4%.

With the results in Table 4 and the explanation above, it can be said that PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period, according to its ROE value, cannot still be said to be healthy.

4. Conclusion

The conclusions obtained from research on the financial ratio analysis of PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period are: The liquidity ratios consisting of the Quick Ratio, Banking Ratio, Loan Assets Ratio, and Loan to Deposit Ratio, it can be seen that the financial condition which changes each period, namely the amount of the loan given is less than the amount of money saved by the customer.

An analysis of the solvency ratio at PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period shows that the primary and capital adequacy ratios tend to increase, making it easier for the bank to manage losses in each period.

PT Bank Negara Indonesia (Persero) Tbk's profitability ratio tends to vary due to declines and increases. However, in the 2020 period, the level of health tends to be poor based on the ROA and ROE values because it has not been able to generate profits from the capital it has.

It can be concluded that from all the liquidity, solvency, and profitability analyses that have been carried out, it can be seen that the financial performance of PT Bank Negara Indonesia (Persero) Tbk for the 2018-2022 period has increased quite significantly.

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