

Financial Ratio Analysis of PT Bank Central Asia Tbk Period 2019 – 2022

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Abstract

The banking sector is a vital sector for the development of a country. To find out the company's performance, an analysis of the company's financial reports can be carried out, and the increases and decreases that occur can be used as an analysis for the company's future. The research results on the financial statements of PT Bank Central Asia Tbk for the 2019–2022 period show that total current assets will be higher than total short-term liabilities, so the quick ratio presentation will decrease. From a liquidity perspective, a bank's health is measured by its loan-to-deposit ratio. The solvency ratio shows that the company's results have increased yearly because the level of assets owned by the company is relatively high, and the initial capital tends to be small. This can result in the company's level of capital health being sufficient. The profitability ratio results show that the company gets high ROE and ROA results, so it can be interpreted that the net gain is relatively high.

Keywords: Annual Report, Financial Ratios, Banking.

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1. Introduction

The banking sector is a vital sector for the development of a country. National stability, economic development, and equitable development must be more honest to achieve a better social life. Recent advances and increasingly sophisticated technological developments tend to encourage the growth of banking activities. This is proven by the number of new banks being established, which increases the banking sector's competitiveness. This will help me learn more about the world of banking.

Company assets are assets that are necessary for the survival of the company. All company assets must be reported annually in financial reports for internal purposes so that management and directors can make decisions and set business requirements at any time.

This is for external purposes, namely for the general public's and investors' interests in making share ownership decisions.

The banking sector has a vital role in the movement of the national economy, especially in collecting funds, distributing funds and providing other banking services. Therefore, it is essential to know and evaluate the performance of the banking sector itself.

The critical role of banking for a country is to collect and channel funds for macroeconomic activities. Banking activities can support all aspects of public investment, distribution, consumption and use of money (Rose et al., 2020).

A company's performance can be seen from the annual report published by the company, which provides an overview of financial analysis, human resources, marketing, operations, and even the sustainability of the company's strategy. However, the annual report will refer to the financial report for external parties. Investors will see how the company is managed through the results obtained from asset, liquidity and equity analysis.

Generally, financial reports are intended to provide financial information about a company at a particular time and for a certain period. Financial ratio analysis is an analytical tool companies use to evaluate and analyse their financial performance based on comparative data for specific periods for each item in the financial reports. Usually, a company's accounting department prepares and summarises financial reports consisting of a balance sheet, profit and loss statement, cash flow, changes in capital, etc. This report will be submitted to management at the end of each month. This financial ratio is a guideline for investors when investing their funds. Investors face situations of uncertainty and risk when making investment decisions. Investors do not know exactly what their investment will produce.

Ratio analysis helps investors and creditors decide and consider the company's success and prospects. This can be done by comparing the financial indicators of a period with the previous period. Apart from that, analysis can also be carried out by comparing a company's financial metrics with similar companies in the same industry regarding liquidity and solvency. PT Bank Central Asia Tbk is a bank with low credit risk. This is supported by relatively strict risk management practices. Jan Hendra, Corporate Secretary of PT Bank Central Asia Tbk, said BCA had implemented several strategies to overcome the non-performing loan (NPL) ratio. Financial information reports are available for affiliated banks listed on the Indonesian Stock Exchange (BEI) and Bank Indonesia to make it easier to access bank share price information. Investment or capital investment activities effectively manage and distribute funds, thereby having a productive and profitable impact for investors.

Bank health assessments are carried out every year to determine what improvements have been made within the company. It does not matter whether the bank's health improves or not. However, if a bank goes bankrupt, the supervisory bank can provide information. This action can change management, merger, consolidation, or liquidation if the company's condition is very adverse.

This research aims to determine the existing ratio based on background information provided by PT Bank Central Asia Tbk from 2019 to 2022.

2. Research Methods

2.1. Types of research

Research is a scientific way to obtain data with specific purposes and uses. The primary function of research is to discover, develop, or test the truth of knowledge (Sugiyono, 2013).

2.2. Population and Sample

According to Handayani (2020:58), Population is the totality of every element to be studied with the same characteristics; it can be individuals in a group, events, or something to be reviewed.

According to Sugiyono (2019:146), the sample is part of the number and characteristics possessed by the population. The sample used in this research is the financial report at PT Bank Central Asia Tbk, where researchers will observe and analyse the financial ratios of PT Bank Central Asia Tbk for 2019 - 2022.

2.3. Data collection technique

In this research, the author used data collection techniques, namely documentation, to obtain data directly from the research site, including relevant books, regulations, activities, photographs, documentary films, and research-relevant data (Sudaryono, 2017, p. 219). The data collection used in this research is based on the annual report published by PT Bank Central Asia Tbk.

3. Results and Discussion

3.1. Liquidity Ratio

Table 1. Liquidity Ratio

	2022	2021	2020	2019
Quick Ratio	16.3%	15.9%	18.8%	18.5%
Banking Ratio	83.2%	83.5%	82.8%	81.4%
Loan To Asset Ratio	68.4%	65%	68.6%	83.3%
Loan To Deposit Ratio	65.2%	62%	65.8%	80.5%
Liquidity Coverage Ratio	393.5%	396.3%	379.2%	276.3%

Quick Ratio

The quick ratio has experienced a continuous decline from 2019 to 2022. This is because the cash assets owned by the company have increased, where the cash available in 2019 was IDR. 73,326,000,000, cash in 2020 amounted to 51,805,000,000, in 2021 cash amounted to Rp. 89,401,000,000, and in 2022, IDR cash will be obtained. 125,470,000,000. This is what underlies the decrease in the presentation of the quick ratio because total cash is higher than total current debt from 2019 to 2022.

From 2019 to 2022, total current assets will be higher than total short-term liabilities so that the quick ratio presentation will decrease. Looking at the table above, it can be seen that the rapid rate is relatively high. PT Bank Central Asia Tbk's liquidity was 18.5% in 2019, 18.8% in 2020, 15.9% in 2021, and 16.3% in 2022.

PT Bank Central Asia Tbk has a quick 15–35% ratio in 2019–2022, below Bank Indonesia's standard health level evaluation criteria. This indicates that PT Bank Central Asia Tbk will be unable to fulfil its obligations with liquid assets from 2019 to 2022.

Based on Lemiyana's theory (2015:49), a bank is considered liquid if it has paid off its debts, paid off all deposits, and completed liquidation by the Asian Central Bank. Based on this theory, we can conclude that PT Bank Central Asia Tbk has poor liquidity.

Banking Ratio

The banking ratio achieved by PT Bank Central Asia Tbk from 2019 to 2022 tends to increase for the company. In 2019 the results were 81.4%; in 2020, they were 82.8%; in 2021, they were 83.5%; and in 2022, they were 83.2%.

This happens because the bank calculates customer debt based on customer deposits in this period, so this can result in a high ratio level and tends to increase.

Based on the table above, the ratio results at PT Bank Central Asia Tbk from 2019 to 2022 show that the higher the bank ratio value, the smaller the impact on the bank ratio. If you have less savings, you can use it for loans, and vice versa. The lower the bank quota value, the higher the bank's liquidity. Because banks can hedge their customers' loan costs through deposits.

So, based on the data analysis, the banking ratio results are pretty high because the value of bank deposits or debts to customers has a small value from 2019 to 2022.

Loan to Asset Ratio

The table above shows that the loan-to-asset ratio of PT Bank Central Asia Tbk has changed from 2019 to 2022. The higher the loan-to-asset ratio, the lower the bank's liquidity. However, based on these calculations, PT Bank Central Asia's loan-to-asset ratio from 2019 to 2022 tends to be lower, which means it has higher liquidity. In that period, PT Bank Central Asia Tbk's available assets could not meet the debtor's needs.

Loan to Deposit Ratio

The LDR ratio shows a bank's ability to pay off deposit withdrawals by relying on loans provided as a source of liquidity. From a liquidity perspective, a bank's health is measured by its loan-to-deposit ratio. This key figure shows the level of bank liquidity to meet short-term obligations. The LDR ratio shows management where the bank lends the collected funds and maintains liquidity when the owner withdraws funds at any time. Based on the table above, the ratio at PT Bank Central Asia Tbk looks varied and tends to be low, so it can be said that PT Bank Central Asia Tbk has a good and healthy level of liquidity from 2019 to 2022.

3.2. Solvency Ratio

Table 2. Solvency Ratio

Year	Primary Ratio	CAR
2022	0.6%	25.8%
2021	0.8%	25.7%
2020	0.7%	25.8%
2019	0.5%	23.8%

Primary Ratio

Based on the results obtained, the primary ratio increases in each period, which indicates that the total assets owned by the company have a reasonably high figure each year – in 2019, total assets amounted to IDR 899,035,962, in 2020 amounting to IDR 1,056,362,108, in 2021 amounting to IDR 1,205,491,799, and in 2022 amounting to IDR 1,283,366,355.

So, it can be concluded that the primary ratio at PT Bank Central Asia Tbk has increased yearly because the level of assets owned by the company is relatively high, and the initial capital tends to be small. This can result in the company's level of capital health being sufficient.

Capital Adequacy Ratio (CAR)

The CAR figure shows the bank's ability to cover the decline in its assets due to bank losses caused by risky assets. PT Bank Central Asia Tbk has maintained a healthy CAR ratio, as seen from the large Capital Adequacy Ratio, which exceeds the percentage determined by Bank Indonesia, above 8%.

Overall, PT Bank Central Asia Tbk is expected to maintain the health of its capital because the 2019–2022 CAR ratio is considered healthy.

3.3. Profitability Ratio

Table 3. Profitability Ratio

	2022	2021	2020	2019
ROA	3.20%	2.80%	2.70%	3.20%
ROE	21.70%	18.30%	16.50%	18.00%

Return On Equity

Based on the results, the ROE of PT Bank Central Asia Tbk has increased, namely from 18.30% in 2021 to 21.70% in 2022, so this has resulted in a net profit obtained by the company in the 2019 to 2022 period.

The table above shows that PT Bank Central Asia Tbk recorded growth from 2019 to 2022. This means that PT Bank Central Asia Tbk's ROE generated excellent net profit in the 2019–2022 period compared to the size of its capitalisation. It could also be said that the better a bank's performance, or the more profits it generates, the smaller the possibility of problems occurring within it.

Return On Assets

The ROA ratio at PT Bank Central Asia Tbk for 2019 to 2020 decreased by 0.50%. Then, in the 2020 to 2022 period, there was an increase.

This means PT Bank Central Asia Tbk recorded good profits using existing assets. Alternatively, we can conclude that the higher the earnings of PT Bank Central Asia Tbk, the higher (better) the utilisation of the bank's assets.

The ratio shows the bank's ability to generate profits and overall efficiency. In terms of profitability, a bank's health is assessed by the ROA ratio, which shows the rate of return on capital. The ratio value is very high, so it can be said that PT Bank Central Asia Tbk maintains profitability and provides high returns. In the future, PT Bank Central Asia Tbk will maintain healthy profitability. The impact of healthy profitability is reflected in PT Bank Central Asia Tbk being very good at utilising existing resources to produce superior returns, thereby increasing profits. If the profits are excellent, it will affect the satisfaction of shareholders who have invested their shares in this bank and the maintenance of the flow of funds.

4. Conclusion

From 2019 to 2022, total current assets will be higher than total short-term liabilities so that the quick ratio presentation will decrease. Looking at the table above, it can be seen that the rapid rate is relatively high. PT Bank Central Asia Tbk's liquidity was 18.5% in 2019, 18.8% in 2020, 15.9% in 2021, and 16.3% in 2022.

Based on the table above, the ratio results at PT Bank Central Asia Tbk from 2019 to 2022 show that the higher the bank ratio value, the smaller the impact on the bank ratio. If you have less savings, you can use it for loans, and vice versa. The lower the bank quota value, the higher the bank's liquidity. Because banks can hedge their customers' loan costs through deposits.

So, based on the data analysis, the banking ratio results are pretty high because the value of bank deposits or debts to customers has a small value from 2019 to 2022.

PT Bank Central Asia Tbk experienced changes from 2019 to 2022. The higher the loan-to-asset ratio, the lower the bank's liquidity. However, based on these calculations, PT Bank Central Asia's loan-to-asset ratio from 2019 to 2022 tends to be lower, which means it has higher liquidity. In that period, PT Bank Central Asia Tbk's available assets could not meet the debtor's needs.

From a liquidity perspective, a bank's health is measured by its loan-to-deposit ratio. This key figure shows the level of bank liquidity to meet short-term obligations. The LDR ratio shows management where the bank lends the collected funds and maintains liquidity when the owner withdraws funds at any time.

The primary ratio at PT Bank Central Asia Tbk has increased yearly because the company's assets are relatively high, and the initial capital tends to be small. This can result in the company's level of capital health being sufficient.

PT Bank Central Asia Tbk's ROE generated excellent net profit in the 2019–2022 period compared to the size of its capitalisation. It could also be said that the better a bank's performance, or the more profits it generates, the smaller the possibility of problems occurring within it.

The ROA ratio at PT Bank Central Asia Tbk for 2019 to 2020 decreased by 0.50%. Then, in the 2020 to 2022 period, there was an increase.

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