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Evaluation of The Financial Performance of The People's Credit Bank Owned By The West Java Provincial Government In 2020-2022

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Abstract: The West Java Provincial Government in improving the regional economy has formed Regionally Owned Enterprises (BUMD). One of them is the People's Credit Bank (BPR). As civil servants who have the task and function to foster BUMD, it is supposed to evaluate BPR owned by the Regional Government of West Java Province to measure the performance of BPR and whether BPR contributes to regional revenue. The purpose of writing this paper is to analyze BPR's financial statements over the past three years and see the development of the company's performance and its benefits to shareholders, in this case the West Java Provincial Government in the form of dividends. In conducting evaluation, horizontal analysis is used to describe trends or movements of important posts in the financial statements and uses vertical analysis to see the proportion of the headings of the financial statements.

Keywords: BPR, Evaluation, Financial Performance

INTRODUCTION

In order to provide benefits for the development of the regional economy, provide public benefits, and increase regional revenue, the West Java Provincial Government established BUMDs both in the financial institution and non-financial institution sectors. One of the BUMDs engaged in the financial institution sector is BPR. In addition, the purpose of establishing BPR is to reach small communities who have difficulty accessing banking facilities. Unlike commercial banks, BPR activities are limited. According to Syata W.M. (2023), "BPR businesses collect funds from the public in the form of deposits in the form of time deposits, savings, and/or other forms that are similar to that". The funds are used by BPR to distribute loans in the form of loans to debtors. According to Herli A.S. (2013), "Businesses that BPR should not do are accepting deposits in the form of current accounts, conducting banking business activities in foreign currency/foreign currency, investing in capital with *prudent banking principles* and *concern* for services to the needs of the lower middle class, conducting insurance businesses". The West Java Provincial Government owns shares in 15 BPRs with four BPRs having a share composition of more than 51% or becoming Controlling Shareholders (PSP), namely PT BPR Karya Utama Jabar (Perseroda), PT BPR Wibawa Mukti

Jabar (Perseroda), PT BPR Arthagaluh Mandiri Jabar (Perseroda), and PT BPR Majalengka Jabar (Perseroda).

One way to evaluate BPR performance is to analyze financial statements. According to Petty and Imam (2022), "Financial statement analysis is to outline financial statement posts involving balance sheet and profit and loss, to obtain information on the financial condition of a company". Analysis of financial statements can be done by comparing financial performance with previous years, as well as calculating financial ratios that are considered important such as ROA, NPL, BOPO, and other ratios that can describe BPR performance.

The financial performance of a BPR in a place can vary even though they have the same business. This can happen depending on many factors such as the condition of the surrounding community, economic conditions, changing policies, the quality of the credit disbursed, public trust and the strategies implemented by the company's management. All the influences of these factors can be described in general on the financial statements. In general, all shareholders want their company to generate profits and business sustainability to be maintained, so an evaluation needs to be carried out. Based on these reasons, this paper aims to present the results of the evaluation of BPRs owned by the West Java Provincial Government based on an analysis of its financial performance and provide suggestions so that BPRs are more developed and can survive in the midst of increasingly fierce banking competition.

METHOD

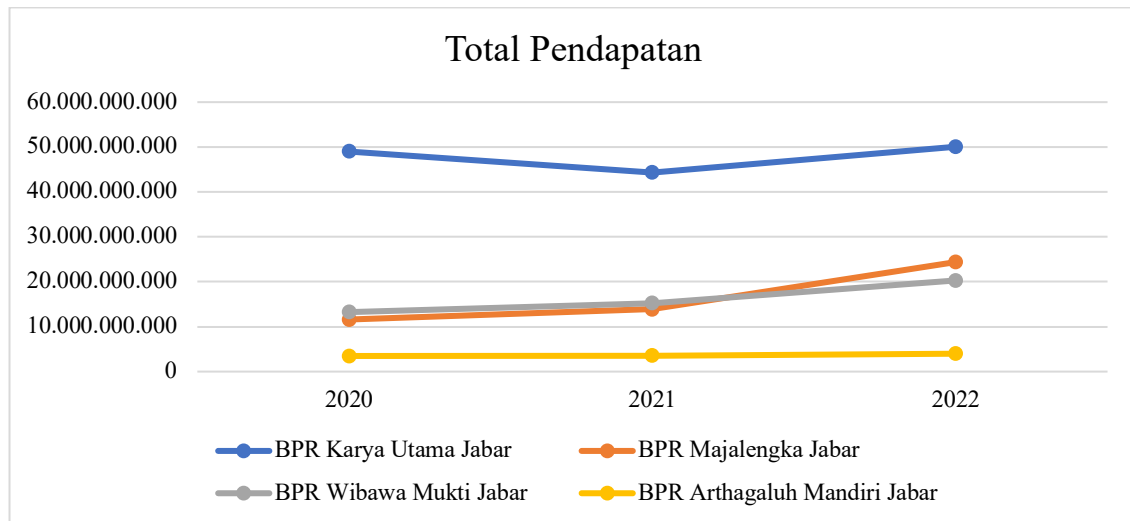
The data used in this paper are the Financial Statements from the audit results of the last three years from PT BPR Karya Utama Jabar (Perseroda), PT BPR Wibawa Mukti Jabar (Perseroda), PT BPR Arthagaluh Mandiri Jabar (Perseroda), and PT BPR Majalengka Jabar (Perseroda). The data was obtained directly from the four BPRs through the financial reporting application of BUMD Financial Institutions owned by the West Java Provincial Government called SIMPELKEU.

The type of analysis applied in this discussion is a comparative research, namely by comparing the financial statements of each BPR for the last three years, comparing the posts in the financial statements, and comparing the financial ratio with the applicable regulations. According to Sari, P.A and Hidayat Imam (2022), "The purpose of comparative analysis is to obtain an overview of the direction and tendencies (tendencies) of changes that may occur in each element of the financial statements in the future and also to compare financial data of two or more periods". The scope of financial performance analysis is limited to up/down trends in revenue, expenses, profits, ROAs, NPLs, and BOPO

$$\begin{aligned} \text{ROA} &= \frac{\text{Profit Before Tax}}{\text{Average Total Assets}} \times 100\% \\ \text{NPL Gross} &= \frac{\text{Total Non-Performing Loans}}{\text{Total Loans Disbursed}} \times 100\% \\ \text{NPL Net} &= \frac{\text{Total Non-Performing Loans} - \text{CKPN Non-Performing Loans}}{\text{Total Loans Disbursed}} \times 100\% \\ \text{BOPO} &= \frac{\text{Total Operating Expenses}}{\text{Total Operating Income}} \times 100\% \end{aligned}$$

Good Financial Ratio Criteria		
ROA	> 1.45%	OJKNomor Circular Letter 20/SEOJK.03/2019
NPL Net	< 5.00%	Bank Indonesia Regulation No. 15/2/PBI/2013
BOPO	< 94.00%	Bank Indonesia Circular Letter No. 13/1/PBI/2011

RESULTS AND DISCUSSION



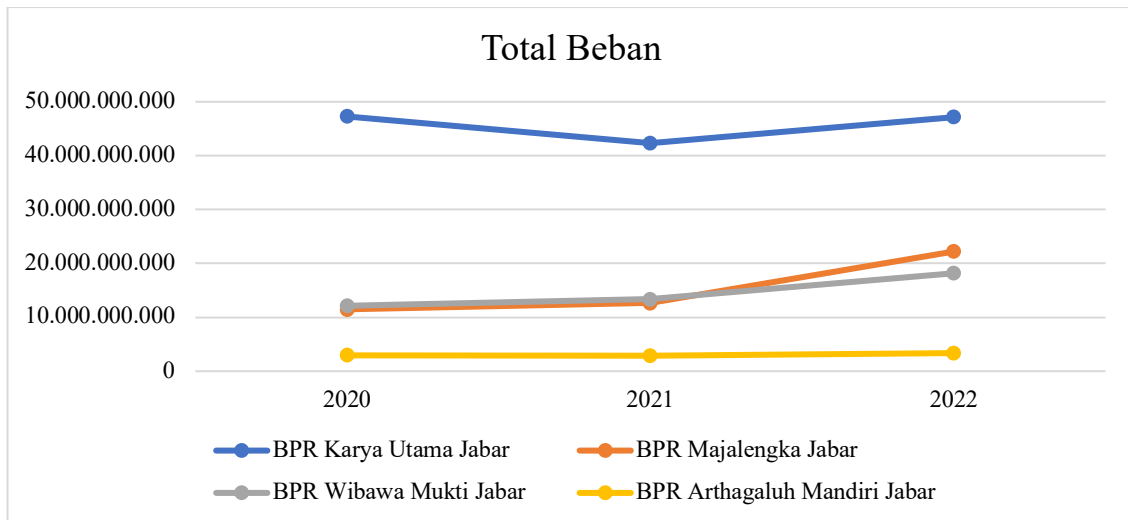
Picture 1. Income

Total Pendapatan	2020	2021	2022
PT BPR Karya Utama Jabar	49.021.744.511	44.315.142.532	50.066.782.016
PT BPR Majalengka Jabar	11.594.677.988	13.896.358.163	24.387.272.515
PT BPR Wibawa Mukti Jabar	13.240.533.358	15.237.029.013	20.294.872.144
PT BPR Arthagaluh Mandiri Jabar	3.474.628.860	3.533.371.501	3.978.368.536

Table 1. Income

Figure 1 and Table 1 show that the trend of BPR revenue is upward and only one BPR has decreased in 2021. In 2021, PT BPR Karya Utama Jabar's revenue decreased by 9.60% from the previous year. For PT BPR Majalengka West Java, the 2021 revenue increased by 19.85% from 2020. PT BPR Wibawa Mukti Jabar recorded an increase in revenue of 15.08% compared to 2020, and for PT BPR Arthagaluh Mandiri Jabar revenue also increased by 1.69% from 2020. Combined, in 2021 although three BPRs increased and only one decreased, the total revenue of the four BPRs decreased by 0.45% due to a fairly high decline in revenue at PT BPR Karya Utama Jabar.

In 2022, the four BPRs all experienced an increase in revenue when compared to 2021. PT BPR Karya Utama Jabar recorded an increase of 12.98%, PT BPR Majalengka Jabar recorded an increase of 75.49%, PT BPR Wibawa Mukti Jabar recorded an increase of 33.19% and PT BPR Arthagaluh Mandiri Jabar recorded an increase in revenue of 12.59%. Overall, if combined, the revenue of the four BPRs in 2022 increased by 28.25% from 2021.



Picture 2. Burden

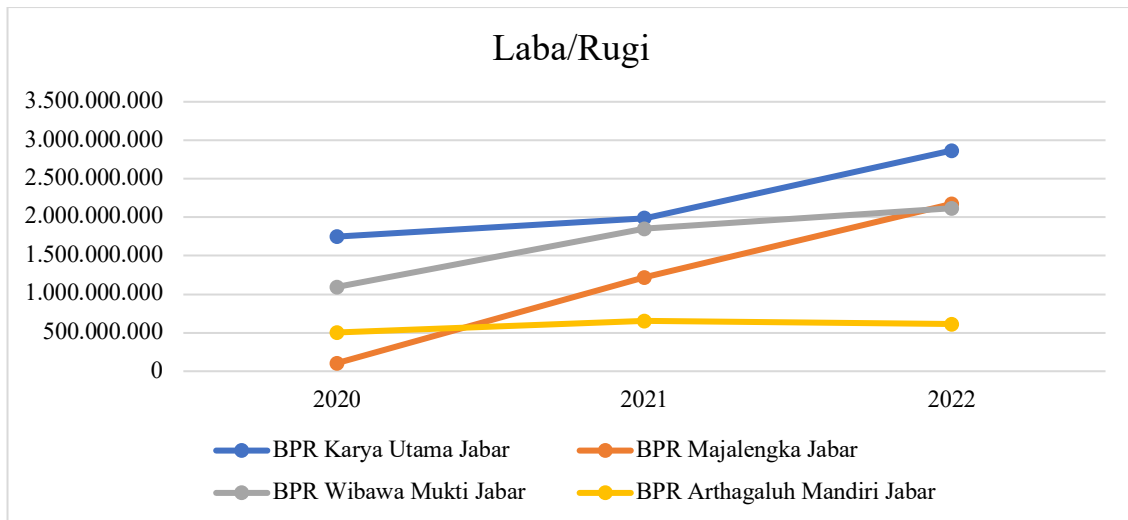
Total Beban	2020	2021	2022
PT BPR Karya Utama Jabar	47.272.716.237	42.325.360.695	47.199.433.122
PT BPR Majalengka Jabar	11.488.888.791	12.675.910.680	22.213.523.923
PT BPR Wibawa Mukti Jabar	12.145.108.377	13.387.755.791	18.177.279.848
PT BPR Arthagaluh Mandiri Jabar	2.971.123.692	2.879.163.697	3.364.803.210

Table 2. Burden

Figure 2 and Table 2 illustrate that the burden on the four BPRs is trending increasing. From these figures and tables, it can be illustrated that an increase in income is usually likely to be followed by an increase in expenses.

In 2021, PT BPR Karya Utama Jabar recorded a decrease in expenses of 10.47% from the previous year. For PT BPR Majalengka West Java in 2021 recorded an increase in expenses of 10.33%. PT BPR Wibawa Mukti Jabar in 2021 recorded an increase in expenses of 10.23% and PT BPR Arthagaluh Mandiri Jabar in 2021 recorded a decrease in expenses of 3.10% compared to the previous year. If the four BPRs are combined, the overall expense will decrease by 3.53%

In 2022, all four BPRs recorded an increase in expenses compared to the previous year, namely 2021. For PT BPR Karya Utama Jabar, expenses increased by 11.52%, PT Majalengka Jabar expenses increased by 75.24%, PT BPR Wibawa Mukti Jabar expenses increased by 35.78% and PT BPR Arthagaluh Mandiri Jabar increased by 16.87%. If combined in total, the four BPRs recorded an increase in expenses in 2022 of 27.62% when compared to 2021.



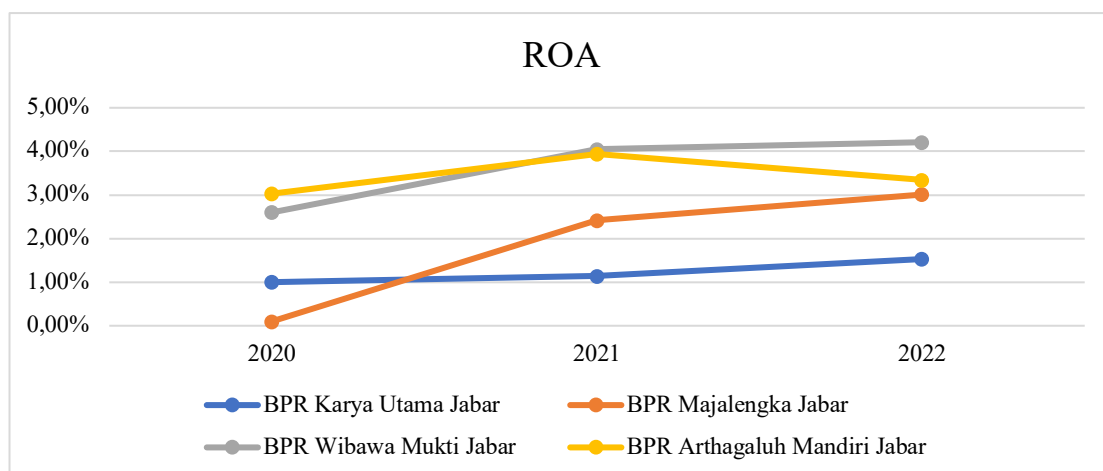
Picture 3. Profit/Loss

Laba/Rugi	2020	2021	2022
PT BPR Karya Utama Jabar	1.749.028.274	1.989.781.837	2.867.348.894
PT BPR Majalengka Jabar	105.789.197	1.220.447.483	2.173.748.592
PT BPR Wibawa Mukti Jabar	1.095.424.981	1.849.273.222	2.117.592.296
PT BPR Arthagaluh Mandiri Jabar	503.505.168	654.207.804	613.565.326

Table 3. Profit/Loss

From Figure 3 and Table 3, it can be seen that all BPRs recorded profits for the last three years. The biggest jump was in PT BPR Majalengka West Java in 2021 which recorded a profit of more than 10x compared to 2020. For PT BPR Karya Utama Jabar, PT BPR Wibawa Mukti Jabar and PT Arthagaluh Mandiri Jabar in 2021 recorded an increase in profit of 13.76%, 68.82% and 29.93%, respectively. In total, if combined, the four BPRs recorded an increase in profit of 65.44% last year when compared to 2020.

In 2022, only PT BPR Arthagaluh Mandiri West Java experienced a decrease in profit, which was 6.21% when compared to 2021. For the other three BPRs, namely PT BPR Karya Utama Jabar, PT BPR Majalengka Jabar and PT BPR Wibawa Mukti Jabar in 2022, recorded an increase in profit compared to 2021 which was 44.10%, 78.11%, and 14.51%, respectively.



Picture 4. ROA

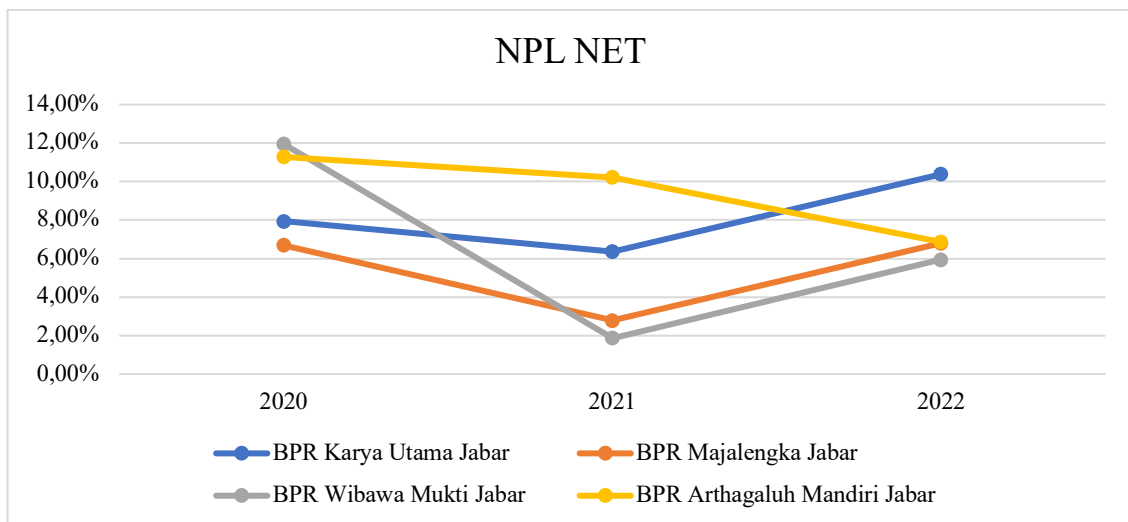
ROA	2020	2021	2022
PT BPR Karya Utama Jabar	1,00%	1,14%	1,53%
PT BPR Majalengka Jabar	0,10%	2,42%	3,01%
PT BPR Wibawa Mukti Jabar	2,60%	4,05%	4,21%
PT BPR Arthagaluh Mandiri Jabar	3,03%	3,94%	3,34%

Table 4. ROA

LONG or *Retutn on Assets* It is very important to know. According to Juniasti R. (2022), "ROA is a reflection of the BPR's ability to generate profit on the assets used, so the higher the value of ROA, the better the BPR's ability to use assets". even according to Ngatno (2020), "*Return On Assets* (ROA) has a significant effect on *Earning Per Share* (EPS)". Simply put, the financial ratio of ROA can describe how well BPRs can manage or use their assets in generating profits. From Figure 4 and Table 4, it can be seen that the ROA of all BPRs tends to increase.

In 2021, the ROA of the four BPRs increased compared to 2020, namely PT BPR Karya Utama Jabar increased by 0.14%, PT BPR Majalengka Jabar increased by 2.32%, PT BPR Wibawa Mukti Jabar increased by 1.45% and PT BPR Arthagaluh Mandiri Jabar increased by 0.91%

In 2022, only PT BPR Arthagaluh Mandiri West Java recorded a decrease in ROA, which was 0.60% compared to 2021. Meanwhile, PT BPR Karya Utama Jabar rose 0.39%, PT BPR Majalengka Jabar rose 0.59%, and PT BPR Wibawa Mukti Jabar rose 0.16%.



Picture 5. NPL Net

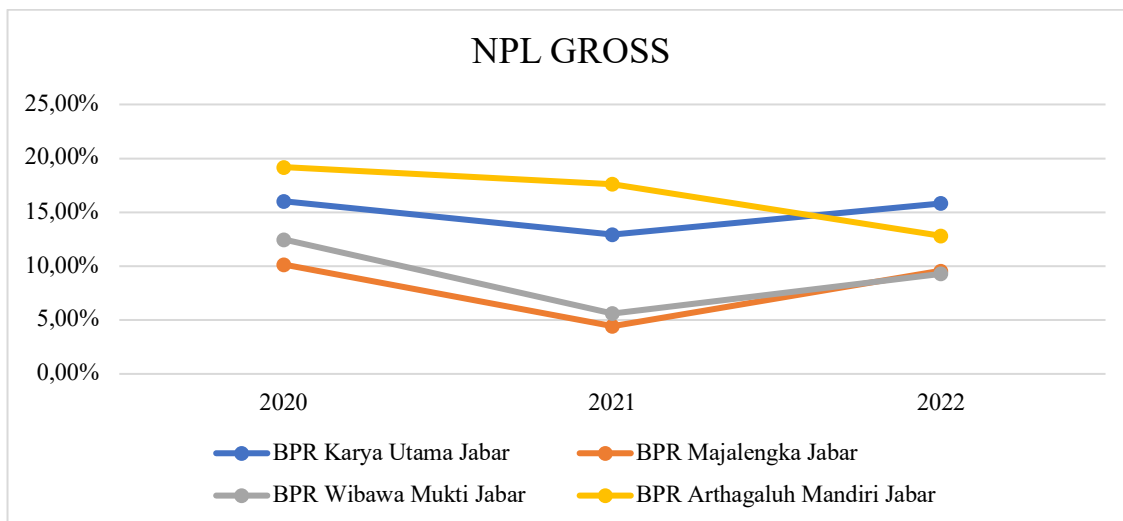
NPL NET	2020	2021	2022
PT BPR Karya Utama Jabar	7,94%	6,36%	10,38%
PT BPR Majalengka Jabar	6,69%	2,79%	6,80%
PT BPR Wibawa Mukti Jabar	11,95%	1,86%	5,94%
PT BPR Arthagaluh Mandiri Jabar	11,28%	10,22%	6,86%

Table 5. NPL Net

From Figure 5 and Table 5, it can be seen that the Net NPL of all BPRs has fluctuated. In 2021, all BPRs experienced a decrease in Net NPL. PT BPR Karya Utama Jabar recorded a decrease in Net NPL of 1.58% compared to 2020. PT BPR Majalengka Jabar, PT BPR Wibawa

Mukti Jabar and PT BPR Arthagaluh Mandiri Jabar each recorded a decrease in net NPL in 2021 of 3.90%, 10.09%, and 1.06% when compared to 2020.

In 2022, only PT BPR Arthagaluh Mandiri West Java recorded a decrease in Net NPL, which was 3.36% compared to 2021. For PT BPR Karya utama West Java NPL Net increased by 4.02%, PT BPR Majalengka West Java recorded an increase in NPL Net by 4.01% and PT BPR Majalengka Jabar NPL Net increased by 4.08%.



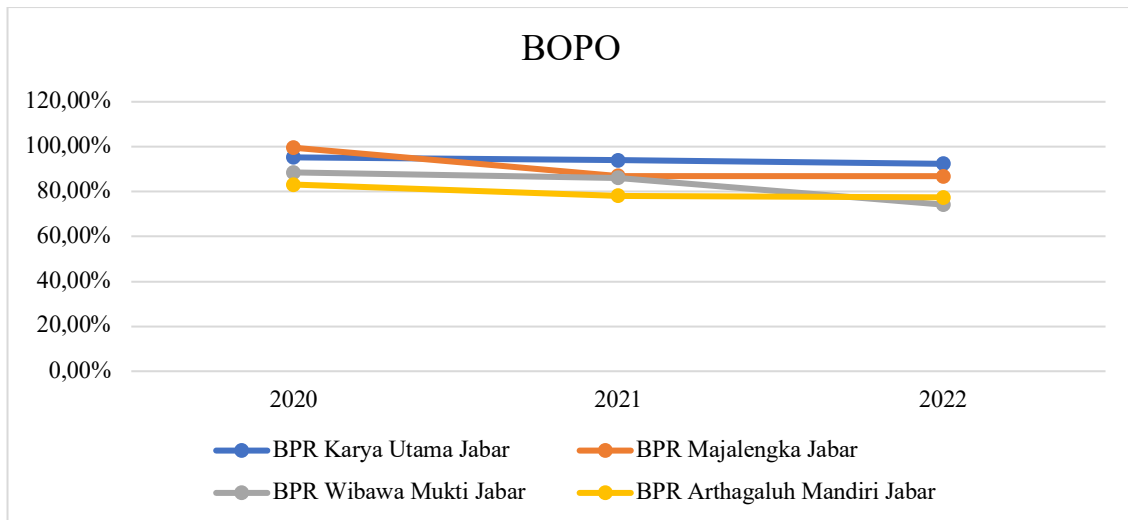
Picture 6. NPL Gross

NPL GROSS	2020	2021	2022
PT BPR Karya Utama Jabar	16,02%	12,93%	15,84%
PT BPR Majalengka Jabar	10,15%	4,43%	9,57%
PT BPR Wibawa Mukti Jabar	12,48%	5,60%	9,29%
PT BPR Arthagaluh Mandiri Jabar	19,19%	17,62%	12,81%

Table 6. NPL Gross

Similar to Net NPLs, Figure 6 and Table 6 show that Gross NPLs fluctuate. In 2021, all BPRs experienced a decrease in Gross NPLs for PT BPR Karya Utama Jabar, PT BPR Majalengkan Jabar, PT BPR Wibawa Mukti Jabar and PT BPR Arthagaluh Mandiri Jabar were 3.09%, 5.72%, 6.88% and 1.57% respectively when compared to 2020.

In 2022, PT BPR Karya Utama Jabar recorded an increase in Gross NPLs of 2.91% from 2021, PT BPR Majalengka Jabar recorded an increase in Gross NPLs of 5.14% compared to 2021, PT BPR Wibawa Mukti Jabar recorded an increase in Gross NPLs of 3.69% and only PT BPR Arthagaluh Mandiri Jabar recorded a decrease in Gross NPLs in 2022 of 4.81% compared to 2021.



Picture 7. BOPO

BOPO	2020	2021	2022
PT BPR Karya Utama Jabar	95,24%	93,95%	92,37%
PT BPR Majalengka Jabar	99,55%	86,94%	86,88%
PT BPR Wibawa Mukti Jabar	88,54%	86,06%	74,20%
PT BPR Arthagaluh Mandiri Jabar	83,15%	78,16%	77,45%

Table 7. BOPO

BOPO is a comparative ratio between operating expenses to operating income. So, the smaller the BPR, the more efficient it will be. Figure 7 and Table 7 reflect that the four BPRs have a BOPO ratio that tends to slope and does not change significantly every year. The highest change in the BOPO ratio was in PT BPR Wibawa Mukti Jabar in 2022, which decreased by 11.86% compared to 2021, and PT BPR Majalengka Jabar which in 2021 experienced a decrease in BOPO by 12.61% compared to 2020.

In 2021, all BPRs recorded a decrease in BOPO when compared to 2020. PT BPR Karya Utama Jabar recorded a decrease of 1.29%, PT BPR Wibawa Mukti Jabar recorded a decrease in BOPO of 2.48% and PT BPR Arthagaluh Mandiri Jabar recorded a decrease in BOPO of 4.99%.

In 2022, all BPRs also recorded a decrease in BOPO when compared to 2021. PT BPR Karya Utama Jabar recorded a decrease of 1.58%, PT BPR Majalengka Jabar recorded a decrease of 0.06% and PT BPR Arthagaluh Mandiri Jabar recorded a decrease in BOPO of 0.71% compared to the previous year.

CONCLUSION

Based on the results of the calculation and analysis of the financial performance of BPR owned by the West Java Provincial Government, the following can be concluded.

- The total revenue of the four BPRs has actually increased over the last three years (2020-2022).
- The total expenses of the four BPRs have been trendily increasing over the past three years, and the increase in expenses is relatively in line with the increase in revenue. This can illustrate that to increase revenue, BPRs need to spend *more resources*.
- The four BPRs for the last three years have posted profits so that they can contribute to the revenue of the West Java Provincial Government through the dividend distribution mechanism.

- d. The lowest BPR ROA in 2022 is at 1.53% (PT BPR Karya Utama Jabar) and the highest is at 4.21% (PT BPR Wibawa Mukti Jabar) if referring to OJK Nomor Circular Letter 20/SEOJK.03/2019 that BPR is considered good if the ROA is above 1.45%, then all BPRs have met this criterion.
- e. NPLs fluctuate both in net and *gross*. It can be known that in those years all economic sectors experienced a decline due to the impact of the Covid-19 pandemic. If referring to Bank Indonesia Regulation Number 15/2/PBI/2013 that a good bank has a Net NPL below 5%, then all BPRs do not meet this criterion. BPR businesses that are more dominant in distributing credit to the lower middle class and MSMEs cause BPRs to be involved in businesses that have a higher risk of bad loans compared to commercial banks.
- f. All BPRs recorded BOPO below 100% which means that operating income is still higher than operating expenses. The highest BOPO of the four BPRs in 2022 is PT BPR Karya Utama Jabar (92.37%) and the lowest is owned by PT BPR Wibawa Mukti Jabar (74.2%)

Suggestion

In carrying out the evaluation, it is necessary to be accompanied by suggestions to improve the financial performance of BPR. Based on the results of the analysis and conclusions above, several suggestions can be conveyed as follows.

- a. BPR needs to increase *fee-based income*. This is to increase the source of BPR income.
- b. BPRs need to be efficient, especially for BPRs that have high BOPO. Efficiency can be done in various ways, one of which is by evaluating the company's operational costs, especially related to the BPR office structure. Management needs to conduct an analysis or study related to the office structure to find out whether the number of existing branch offices is effective and efficient enough and whether the existing branch offices can actually be handled operationally by the cash office. The operational costs of a cash office are certainly lower than the cost of a branch office.
- c. High NPLs are a reflection that many loans are non-existent. Management needs to improve the quality of BPR human resources in conducting credit distribution analysis. BPRs also need to avoid or reduce credit distribution to high-risk debtors such as factory employees. In today's economic conditions, factory employees are at great risk of being laid off or reduced working hours. Both layoffs and reduced working hours cause debtors' income to drop and lead to default. If employees who are laid off still have obligations to BPR have found other jobs but their ability to pay has decreased, credit restructuring can be carried out by still conducting a feasibility analysis first.

Most BPRs still run their businesses traditionally. Nowadays, the use of technology is a necessity so BPR must innovate and make breakthroughs so that *Going Concern* BPR can continue to be maintained. Changes in people's behavior and needs for digital transactions and the emergence of *Fintech* will definitely affect the sustainability of BPR's business. The emergence of a regulation issued by the Financial Services Authority Number 12/POJK.03/2020, requires commercial banks to meet the minimum core capital requirements of IDR 3,000,000,000,000.00 (three trillion rupiah), causing commercial banks to be downgraded to BPRs. This causes BPR competition to become even tighter. This means that in addition to increasing revenue and reducing cost efficiency, the controlling shareholders (PSP), in this case the West Java Provincial Government, need to take strategic steps to face this competition by strengthening BPR capital. In addition to placing additional capital through the regional capital participation mechanism (PMD), capital strengthening can be carried out by combining these four BPRs into one BPR (*Merger*) considering that the four BPRs have the majority of shares owned by the same PSP.

By doing *Merger*/business merger of these four BPRs, the company becomes stronger and better prepared to face competition in the future. With *Merger* In addition, the core capital of BPR will exceed Rp50,000,000,000.00 (fifty billion rupiah) and according to OJK regulation number 12/POJK.03/2016, BPR resulting from this merger in the future will be included in the category to be able to carry out *Electronic Banking*. With the expansion of BPR business opportunities, it is hoped that it can increase BPR's profits and will be able to contribute more to the community in terms of improving the economy of the surrounding area and contribute more also to the revenue of the West Java Provincial Government through the dividend distribution mechanism. The examples of BPRs owned by the Regional Government that have been merged and are now considered successful are BPRs owned by the East Java Government, namely PT BPR Jatim (Perseroda) and BPRs owned by the Central Java Government, namely PT BPR BKK Jateng (Perseroda).

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