

ANALYSIS OF COV-19 IMPACT ON FINANCIAL PERFORMANCE AT PT. INDONESIAN PEOPLE'S BANK (PERSERO) TBK AND PT. BANK CENTRAL ASIA, TBK FOR 2016-2020 USING ECONOMIC VALUE ADDED (EVA) AND MARKET VALUE ADDED (MVA) METHODS

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Abstract: COVID-19 has a negative impact on economic activity, one of which affects the financial performance of banks. Where the net profit of each bank decreased and the bank had to restructure credit to its debtors. The purpose of this study was to determine the impact of CoV-19 on the financial performance of PT. Bank Rakyat Indonesia (Persero), Tbk, and PT. Bank Central Asia, Tbk using Economic Value Added (EVA) and Market Value Added (MVA) methods. In this study, the type of data used was secondary data. The analytical method used is descriptive method of data collected and then compiled and analyzed. The results showed that the EVA value at PT. Bank Rakyat Indonesia (Persero), Tbk experienced fluctuations, although EVA is not stable, this company still produces an EVA value > 0 or positive value., and for MVA it increased in 2016-2019 but in 2020 it decreased, even so the MVA value > 0 or positive. While at PT. Bank Central Asia, Tbk EVA value has increased every year so that the value of EVA > 0 , and for the value of MVA has increased every year with the resulting value of MVA > 0 .

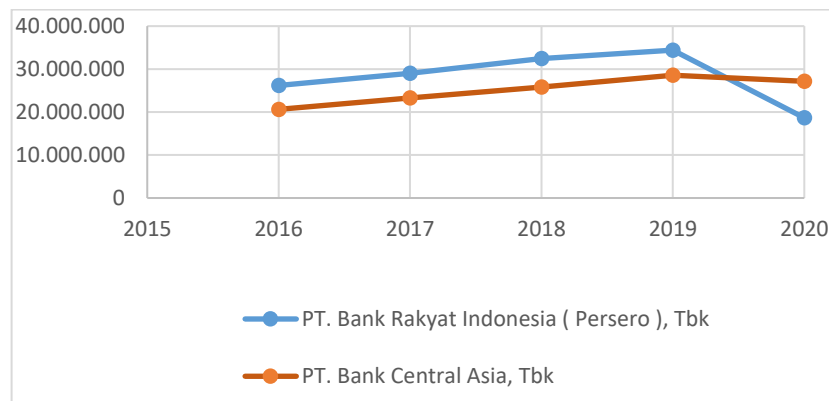
Keywords: Corporate Financial Performance, Economic Value Added (EVA) and Market Value Added (MVA)

INTRODUCTION

Technological developments and economic growth in the era of globalization are growing rapidly. This makes companies try to get as much profit as possible, besides that companies are also competing to attract the attention of investors to invest their capital. The company's financial performance is one of the information that is needed by management, investors and creditors. Financial performance information can help management to find out whether the company is good or not in a certain period so that it can be taken into consideration by management in making a decision to achieve company goals in increasing profits. EVA (Economic Value Added) method.

EVA is a method that was first introduced by *Stern Steward & co*, in 1991. EVA can measure the performance (achievement) of management based on the size of the added value created, through the EVA concept the management can find out the actual cost of capital from the scope of its business so that the rate of return on capital can be seen. Besides EVA, there is also MVA (Market Value Added) which is used to measure the performance of a company in terms of creating wealth for its owners. In other words, MVA is the result of various investments that have been made for the prosperity of shareholders. COVID-19 has caused fear and anxiety in the community, causing disruption of world economic activities, including Indonesia.

One of these impacts affects the banking industry as a vital industry and controls the country's economic activities. As a result, the banking industry had to make many credit adjustments (credit restructuring) to loans given to debtors due to COVID-19 which affected the performance and capacity of debtors to meet their credit obligations. Banks affected by CoV-19 include Bank BRI and Bank BCA where the net profit of each bank has decreased.



Based on the description above, the author will take the title "**Analysis of the Impact of CoV-19 on Financial Performance at PT. Bank Rakyat Indonesia (Persero), Tbk and PT. Bank Central Asia, Tbk 2016-2020 Using Economic Value Added (EVA) and Market Value Added (MVA) Methods**".

LITERATURE REVIEW

Financial performance

According to the Decree of the Minister of Finance of the Republic of Indonesia No. 740/kmk.00/1989 concerning Improving Efficiency and Productivity of State-Owned Enterprises "Financial Performance is an achievement achieved by a company within a certain period which reflects the level of soundness of the company. The company's financial performance is one of the basic assessments of financial conditions that can be done based on the analysis of financial ratios.

Economic Value Added (EVA)

Economic Value Added is a measure of the success of company management in increasing value added for the company. The assumption is that if the management's performance is good or effective (judging by the added value provided), it will be reflected in an increase in the company's stock price. (Renowati, 2010). Economic Value Added causes

companies to pay more attention to capital structure policies. EVA explicitly takes into account the cost of capital on equity and recognizes that because of the higher risk faced by owners of equity, the cost of capital on equity is higher than the level of cost of capital on debt.

Market Value Added (MVA)

Market value added (MVA) is the difference between the capital invested in the company over time (for the entire investment in the form of capital, loans, retained earnings and so on) to the profit that can be taken now, which is the difference between the book value and the market value of the overall demand. capital.

RESEARCH METHOD

Object of research

The object of this research is to analyze the company's financial performance using EVA and MVA methods at PT. Bank Rakyat Indonesia (Persero) , Tbk and PT. Bank Central Asia, Tbk period 2016-2020.

Data Types and Sources

The types and sources of data used in this study are secondary data in the form of financial performance reports and market capitalization for the 2016-2020 period of PT. Bank Rakyat Indonesia (Persero), Tbk and PT. Bank Central Asia, Tbk where in collecting the data is not directly given to the researcher but the data is obtained by using the study of literature.

Analysis Tools

The analytical tool used by researchers to achieve the objectives of this study is the method of Economic Value Added and Market Value Added.

EVA Calculation

1. Net Operating Profit After Tax (NOPAT)

$$\text{Net Profit After Tax} + \text{Interest Expense}$$

2. Invested Capital

$$\text{Total debt and equity} - \text{Short term debt}$$

3. Weight Average Cost of Capital (WACC)

$$D \times r_d (1 - T) + E \times r_e$$

a. Capital Level of Debt (D)

$$(\text{Total Debt} / \text{Total Debt and equity}) \times 100\%$$

b. Cost of Debt (rd)

$$(\text{Interest Cost} / \text{Total Debt}) \times 100\%$$

c. Capital Level of Equity (E)

$$(\text{Total Equity} / \text{Total Debt and Equity}) \times 100\%$$

d. Cost of Equity (re)

$$(\text{Earnings Per Share} / \text{Share Price}) \times 100\%$$

e. Tax Rate (T)

$$(\text{Tax Expense} / \text{Profit before tax}) \times 100\%$$

4. Capital Charges

$$\text{Invested Capital} \times \text{WACC}$$

5. EVA

$$\text{NOPAT} - \text{Capital Charges}$$

EVA Measurement Indicator

- **EVA value > 0 or EVA is positive** This means that the company's management has succeeded in creating economic added value for the company.
- **EVA value = 0** This means that the company's management is at the break-even point.
- **EVA value < 0 or EVA is negative** This means that there is no process of adding economic value to the company.

MVA calculation

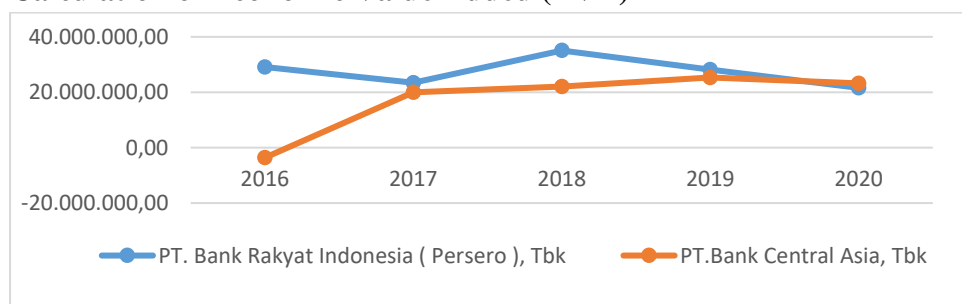
$$\text{MVA} = \text{Market Value of Shares} - \text{Total Equity}$$

MVA Measurement Indicator

- A positive MVA ($\text{MVA} > 0$), means that management is able to increase shareholder wealth.
- A negative MVA ($\text{MVA} < 0$), results in a decrease in the value of holder's capital.
- MVA value 0 ($\text{MVA} = 0$), the company does not increase wealth for shareholders.

FINDING AND DISCUSSION

Calculation of Economic Value Added (EVA)



If seen from the graphic image, it can be concluded that the company PT. Bank Rakyat Indonesia (Persero), Tbk has fluctuated this is caused by the components to produce EVA itself is not stable every year such as NOPAT and Capital Charges.

If seen from the graphic image, it can be concluded that at PT. Bank Central Asia, Tbk has increased over the last 4 years due to the increasing value of NOPAT and Capital Charges. However, in 2020 EVA decreased due to the declining value of NOPAT and Capital Charges.

Calculation of Market Value Added (MVA)



If seen from the graphic image, it can be concluded that the MVA value at PT. Bank Rakyat Indonesia (Persero), Tbk has increased in the last 4 years resulting in an MVA value > 0

If seen from the graphic image, it can be concluded that the MVA value at PT. Bank Central Asia, Tbk has increased every year, which means that the management of this company has succeeded in providing economic added value to investors every year.

CONCLUSION SUGGESTION

1. Financial performance using the Economic Value Added (EVA) method at PT. Bank Rakyat Indonesia (Persero), Tbk in 2016–2020 this company experienced an $EVA > 0$ which means that the company's management has succeeded in creating economic added value for the company.
2. Financial performance using the Market Value Added (MVA) method at PT. Bank Rakyat Indonesia (Persero), Tbk in 2016-2020 this company was able to create an MVA value > 0 or a positive MVA which means that management has succeeded in providing added value to investors.
3. Financial performance using the Economic Value Added (EVA) method at PT. Bank Central Asia, Tbk in 2016-2020 experienced an increase every year this company experienced $EVA > 0$ which means that the management of this company has succeeded in creating economic added value for the company.
4. Financial performance can also be measured using the Market Value Added (MVA) method at PT. Bank Central Asia, Tbk in 2016-2020 where this company has created an MVA value > 0 or a positive MVA which means this company has succeeded in providing added value to investors.

Suggestion

1. The company is expected to continue to maintain its financial performance in order to continue to create added value for the company as well as the added value of the market itself so that it can attract investors to invest their capital.
2. Investors and potential investors are expected to pay attention to the value of both methods because they can provide sufficient consideration and results. Because with the increasing value of EVA and MVA produced, the company can show management performance is good enough so that it can increase economic added value and market added value which is an indicator of performance assessment in maximizing the finances of shareholders, investors and parties in the company unit.

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