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Financial Condition Analysis Based on Profitability Ratios at XYZ Rural Bank in 2020-2022

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Abstract: Researchers conducted this research, namely in order to find out how the development of financial performance in terms of profitability ratios using return on equity (ROE) analysis in BPR Banks. The subject used is BPR Bank while the object used in this research is an analysis of financial conditions based on profitability ratio analysis. The type of data used is quantitative data. Data collection methods in this research are interviews and documentation. The results of this research illustrate that the financial performance of BPR Banks from 2020 to 2022 can be said to be quite good because according to the results of the calculations the author has made, the results can reach industry standards for profitability ratios that have been set. Therefore, the development and growth of ROE in BPR Banks from 2020 to 2022 has created an average value of 14.90% and has met the industry standard for profitability ratios that have been set, which is 12.50% and can be categorized in a healthy condition.

Keyword: Rural Banks, Profitability Ratios, Return on Equity

INTRODUCTION

The emergence of various institutions or companies engaged in banking services has indicated that intense competition in the business sector in the current era of globalization is very widespread in various regions in Indonesia. This can certainly reduce the number of unemployment in each region. In increasing the government's efforts in national development and reducing unemployment, it cannot be separated from the efforts of the community in building a business both in the field of services and trade. in the field of services and trade. Banking Law No. 10 of 1998 defines a bank as a business entity that raises money from the public in the form of deposits and then distributes it back to the public in the form of credit or other means to raise money, the standard of living of the community. Bank Perkreditan Rakyat (BPR) is a bank that serves commercial activities formally, namely in its activities it does not provide services when depositing flows. The main activity of BPR is to distribute

credit to the wider community. All types of BPR products and transactions will be reported to the institution so that if you save at BPR, the funds are safe and protected by LPS and all credit information is recorded at OJK. financial information system. Ensure that all types of activities and activities of BPR are always supervised to protect the interests of the community / BPR customers themselves.

Financial statements are a description of the financial condition and results of operations of a bank or company in a certain period or period of time that has been determined Mutia & Marlius (2020). In its daily activities, the bank is inseparable from the financial field, both in analyzing and assessing the financial position to find out how far the bank's ability to make a profit. So to measure the ability of bank operational activities can be known through the Profitability Ratio.

Profitability ratio is a ratio needed to measure the company's ability to generate a lot of profit from the activities carried out Sari & Marlius (2019). Profitability has a more valuable meaning than profit because profitability describes the company's ability, namely comparing the profit earned with the wealth or capital that generated the profit. The higher the bank's profitability ratio, the bank can be said to have good performance and vice versa. According to Yanti & Afriyeni (2019) to see the bank's ability to achieve profit in a certain period, the profitability ratio is used. The profitability ratio uses several financial ratios such as, Return on Asset (ROA), Return on Equity (ROE).

According to Afriyeni & Fernos (2018) ROA is a tool to determine the level of profit generated by the company by utilizing all the assets it has. With Return On Asset (ROA) we can assess whether the company has been effective or not in using its assets in operating activities to generate profits. The better the level of ROA, the bank is said to be good at managing its assets. Return on Equity (ROE) measures how much the shareholders get for the capital they have deposited in the bank concerned. The higher this ratio, the better, because it provides a greater rate of return to shareholders.

In addition, BPRs have an impact on finance, especially at the regional level. It must be able to function at a certain scale and have the financial resources to expand its mission (Permatasari, 2015). BPRs will be able to compete with other financial community groups to serve the community by functioning at the micro level by working at an economy of scale. BPRs are required to have a certain amount of capital to realize economies of scale. If the BPR experiences losses, the paid-up capital that must be met at the time of creation may not be sufficient to achieve the expected economies of scale, hence the need for minimum shareholder capital for rural banks (Isalina et al., 2020). In addition, Rural Banks, which are mainly concerned with providing services to MSMEs and communities in remote areas, have certain features, such as ineffective operations and difficulties in obtaining financial assistance, if in the context of structural problems, Rural Banks need assistance from a larger minimum capital adequacy ratio, it is desirable to be able to realize the dangers that may be faced. More expert management of rural banks can be applied to make them more effective and efficient. BPR was chosen for the research object because it is always willing to help small communities and offer financing for small businesses. This study aims to understand the financial performance of XYZ Rural Banks by comparing the minimum capital adequacy, asset quality, profitability and liquidity of each BPR. Abdullah (2005) states that a bank's financial performance is a component of overall performance that embodies a summary of the gains of the bank in its operations, including finance, sales, fundraising and distribution, technology, and human resources.

The financial performance of a bank is a snapshot of the bank's financial position over time, as it accumulates or disburses funds, and is often assessed along with indicators of capital adequacy, liquidity, and profitability. When evaluating the financial capability of a BPR, it is important to look at the bank's financial statistics, which can be found in the financial statements. financial statements. According to Tanor et al. (2015) and Wardani

(2021), the results of the accounting process are used to provide financial data to interested parties in the form of financial statements. Financial statements must be evaluated to assess the performance of previous business management and use ratio analysis to prepare for the organization's future goals.

Thus, the financial statement analysis data from Bank BPR XYZ comes from the processed balance sheet and income statement for the period 2020 to 2022 as shown below:

Table 1. 1
Growth of Total Assets, Total Debt, Total Capital and Total Profit at Bank BPR XYZ in the 2020-2022 Period

Periode	Jumlah Aktiva (Rp)	Jumlah Hutang (Rp)	Jumlah Modal (Rp)	Jumlah Laba (Rp)
2020	370.572.225	328.683.000	41.814.225	15.021.120
2021	406.027.194	357.911.188	46.616.006	10.802.791
2022	384.274.980	326.914.588	56.634.492	14.339.486

Source: Data Processed from BPR XYZ Bank Reports

The BPR Annual Report is usually prepared for one year to provide a complete picture of the bank's performance, including general information and the BPR's financial statements. For the BPR's annual report and financial statements to be comparable, the presentation should look positive, but the financial status needs to be considered. An analysis of profitability ratios can provide further insight into the sustainability of the BPR's growth and the improvement efforts that may be required. This research will focus on analyzing return on equity (ROE) as an indicator of profitability. ROE will provide an overview of the efficiency of managing BPR assets in generating profits. Therefore, from the background that the author has described earlier, the author has the intention and interest to analyze the financial condition of BPR XYZ Bank using a profitability scale, namely by using the analysis of return on equity (ROE) calculation.

Thus the purpose of carrying out this research, namely how does the state of profitability affect BPR XYZ Bank from 2020 to 2022. And aims to know and analyze how the state of profitability at Bank BPR XYZ from 2020 to 2022.

METHOD

Interview

In this research, the author uses an interview method that has relevance to the object of research. This interview was conducted with the Head of the XYZ BPR Bank branch and the Deputy Head of the XYZ BPR Bank branch. From this interview, the author obtained information about general descriptions related to Bank BPR XYZ.

Documentation

In the implementation of this research, the author also uses the documentation method which is applied through the collection and research of written data and financial reports available at Bank BPR XYZ, then it will be to analyze all the problem formulations that the author will examine and to analyze financial conditions based on profitability ratios at Bank BPR XYZ.

1. Metode Analisis Data

In this research, the data analysis method used by the author is quantitative descriptive analysis method. In applying this method, the author analyzes numbers using previously collected data, which can later describe how the nature and condition of the object being studied, and then the author describes how the results of the analysis and conditions of the financial ratios of BPR XYZ Bank.

2. Data Source

In conducting this research, the data sources used by the author are:

a. Primary Data

The author utilizes primary data sources obtained from a stakeholder survey from BPR XYZ Bank.

b. Secondary Data

In this research, the author also uses secondary data sources obtained through collecting records available at BPR XYZ Bank, as well as collecting the main theories sourced from several journals and books that have a close relationship and connection with this research.

RESULTS AND DISCUSSION

Processable data information is needed in calculating the profitability scale, so that the results are obtained in the form of values which will later be used as guidelines for measuring the standard financial performance of the BPR concerned. Growth and State of Financial Performance of Bank BPR XYZ from 2020 to 2022. From the financial statements of the current 3 (three) years, which appears in table 1.2 below.

Table 1.2 Growth of Assets, Total Liabilities (Debt), Total Equity and Total Bank BPR XYZ XYZ Period 2020-2022

Period	Total Assets(Rp)	Total Liabilities (Debt) (Rp)	Total Equity (Rp)	Total Profit (Rp)
2020	370.572.225	328.683.000	41.814.225	15.021.120
2021	406.027.194	357.911.188	46.616.006	10.802.791
2022	384.274.980	326.914.588	56.634.492	14.339.486

Source: Data Processed BPR XYZ Bank Financial Statements

As shown in Table 1.2, it can be seen that the amount of equity has always increased from the period 2020 to 2022 and the total liabilities, operating profit and total assets have fluctuated in the period 2020 to 2022. Thus, this needs to be explored further to find out how efficient the utilization and use of working capital is in its operational activities.

ROE (Return On Equity)

ROE is the annualized rate of return earned by Bank BPR XYZ on the equity investment made by investors in Bank BPR XYZ. Return on equity can be calculated using the following formula.

$$\text{ROE} = \frac{\text{Net Profit After Tax}}{\text{Total Equity}} \times 100\%$$

The ROE level in the 2020 period can be calculated as follows.

$$\text{ROE} = \frac{\text{Rp. } 15.021.120}{\text{Rp. } 41.814.225} \times 100\%$$

$$\text{ROE} = 0,3592 \times 100\%$$

$$\text{ROE} = \underline{\underline{35,92\%}}$$

In accordance with the calculation process that the author did above, it can be said that in the 2020 period, the total ROE contributed 35.92% of the total working capital of Rp 41,814,225, and Bank BPR XYZ was able to realize a net profit of Rp 15,021,120. Thus, every Rp 1 of working capital is able to contribute a net profit of Rp 0.3592.

The ROE level in the 2021 period can be calculated as follows.

$$\text{ROE} = \frac{\text{Rp. } 10.802.791}{\text{Rp. } 46.616.006} \times 100\%$$

$$\text{ROE} = 0,2317 \times 100\%$$

$$\text{ROE} = \underline{\underline{23,17\%}}$$

Based on the calculation process that the author did above, it can be said that in the 2021 period the total ROE achieved by the company was 23.17%, and from the total equity of Rp 46,616,006, the company was able to obtain a net profit of Rp 10,802,791. with a total of IDR 10,802,791. Therefore, it can be said that every Rp 1 of business equity can contribute a net profit of Rp 0.2317. Therefore, it can also be said that the calculation results in the 2021 period show that ROE has decreased by 12.75% from 2020.

The ROE level in the 2022 period can be calculated as follows.

$$\text{ROE} = \frac{\text{Rp } 10.802.791}{\text{Rp. } 46.616.006} \times 100\%$$

$$\text{ROE} = 0,2317 \times 100\%$$

$$\text{ROE} = \underline{\underline{25,32\%}}$$

According to the calculation process that the author did above, it can be said that if in the 2022 period the total Return on Equity achieved by the company in the 2022 period is 25.32% of total business equity of Rp. 56,634,492, the relevant XYZ BPR Bank has been able to obtain a net profit of Rp. 10,802,791. So it can be said, if every Rp1 of business capital is able to contribute a net profit of Rp0.2532. These results show an increase in return on equity of 2.15% compared to 2021.

Table 1.3 Summary of Return On Equity Calculation Levels at BPR XYZ Bank in 2020-2021

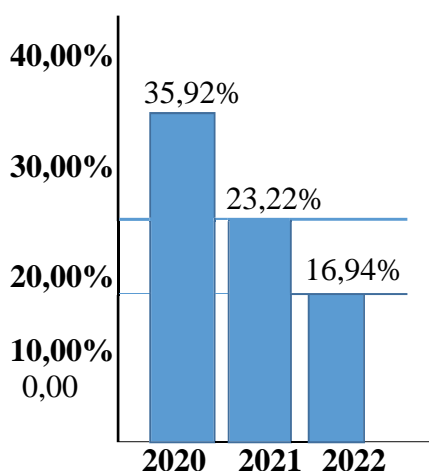
Periode	ROE (Return On Equity)	Total Increase and Decrease in Previous Period (Increase/Decrease)
2020	35,92%	-
2021	23,22%	12,75% (Turun)
2022	16,94%	2,15% (Naik)
Rata-Rata	14,90%	-

Source: Data Processed from the Financial Statements of Bank BPR XYZ

Furthermore, the author will present a graph that illustrates the ups and downs of the ROE level at Bank BPR XYZ from 2020 to 2022.

ROE at BPR XYZ Bank from 2020 to 2022, as shown in Figure 1.1 below.

Figure 1.1. Graph of the Ups and Downs of ROE from Bank BPR XYZ in 2020-2022.



Source: Data Processed from the Financial Statements of BPR XYZ Bank.

In accordance with the graph that the author has presented earlier, it can be concluded that there are several financial ratios that can be a contributing factor that can affect the rise and fall of ROE levels in an industry, which are as follows.

CR (Current Ratio)

The first ratio that factors in the rise and fall of ROE (return on equity) is the current ratio. current ratio (CR) is a scale used to measure the expertise of an industry in fulfilling its short-term obligations. This financial scale can be calculated by comparing the total current assets with the current liabilities of the industry. To be clearer about the formula used in calculating the current ratio, the author will write it down as follows. And for the calculation results, the author will present in table 1.4 below.

$$CR = \frac{\text{Total Aset Lancar}}{\text{Total Kewajiban Lancar}} \times 100\%$$

Tabel 1.4 Hasil Perhitungan Dari Tingkatan CR dari Bank BPR XYZ tahun 2020-2022

Period	Current assets (Rp)	Current liabilities (Rp)	Current Ratio
2020	376.822.225	328.683.000	114,65%
2021	414.777.194	357.911.188	115,89%
2022	394.724.980	326.914.588	120,74%
Rata-Rata	-	-	117,09%

Source: Data Processed from the Financial Statements of Bank BPR XYZ

Seen from the chart that the author has presented above, it can be said that the total current ratio in the 2020-2022 period is fluctuating. In the 2020 period as much as 114.65%, in the 2021 period it increased by 1.24% to 115.89% and in the 2022 period it has increased again by 4.85% to 120.74%.

DER (Debt to Equity Ratio)

The second financial scale that factors in the rise and fall of return on equity (ROE) is the debt to equity ratio or better known as the debt-equity ratio. Thus, the debt to equity ratio is a financial scale used to compare the amount of debt with the amount of capital of a company in a certain period. This ratio can be calculated using the following formula.

$$DER = \frac{\text{Total Debt}}{\text{Total Capital}} \times 100\%$$

Thus, for the calculation results of the debt to equity ratio, the authors will present it in table 1.5 below.

Table 1.5 Calculation Results of the CR Level of BPR XYZ Bank from 2020 to 2022

Period	Total Liabilities (Rp)	Total Equity (Rp)	Liability Ratio and Equity
2020	328.683.000	41.814.225	786,06%
2021	357.911.188	46.616.006	767,79%
2022	326.914.588	56.634.492	577,24%
Average	-	-	710,36%

Source: Data Processed from the Financial Statements of BPR XYZ Bank.

As shown in table 1.6 above, the author can say that the development of the total debt to equity ratio (DER) has decreased in the 2021 period by 18.27% to 767.79% and decreased again in the 2022 period by 190.55% to 577.24%.

CONCLUSION

Based on all the explanations that the author described earlier, thus the author can draw the conclusion that every year the return on equity (ROE) ratio of Bank BPR XYZ from 2020 to 2022 has experienced an increase and decrease in its ratio level (fluctuating). The return on Equity value in the 2020 period was 35.92%, the 2021 period was 23.22% and in the 2022

period was 16.94%. From the results of the calculation and the amount of capital used by Bank BPR XYZ, on average, it can get a net profit of 14.90%. The highest value of ROE obtained in the 2020 period is 35.92% and the lowest value obtained in the 2022 period is 16.94%. Therefore, the level of ratios that have been obtained by Bank BPR XYZ can be said that this industry is in a healthy category in the period 2020 to 2022. Therefore, there are several causal factors that can affect the rise and fall of the level of return on equity (ROE), namely the current ratio (CR) and debts to equity ratio (DER).

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