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JL.Surya Kencana No.1 Pamulang, Tangerang Selatan – Banten
Telp. (021) 7412566, Fax (021) 7412491
Email : humanisproccedings@gmail.com

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Comparative Analysis of the Financial Performance of Bank Perkreditan Rakyat (BPR) during the Covid-19 Pandemic (Quarter I-IV Years 2020-2021)

Asri Maulia Rahma[1]; Mei Prasetyoningtias[2]

Pamulang University, Indonesia

E-mail: [a]asri.mauliarahma15@gmail.com
[b]tyasmei9@gmail.com

Abstract: At the beginning of 2020, Indonesia was rocked by a situation that threatened the country's economy, which is the emergence of the Covid-19 pandemic. The existence of banking companies is certainly affected by the Covid-19 pandemic, one of which is Bank Perkreditan Rakyat (BPR). For this reason, a research using quantitative comparative study method was carried out to determine the financial performance of BPR. The results showed that the NPL ratio continued to decline in 2021, although initially in 2020 the NPL was quite large. This situation is much better, although BPRs still have to try to lower their NPLs. The ROA and BOPO ratios show that conditions are not improving in 2021, even experiencing a decrease in capital gains and BPR performance efficiency so that there needs to be an increase in the following years. In the CAR ratio, there was an increase from 2020 which initially decreased, then in 2021 which increased significantly, although from the beginning of 2021 to the end of 2021 it decreased but remained in the healthy category. And lastly, the LDR ratio has fluctuated from the beginning of 2020 to the end of 2020, and again increased significantly in early 2021, although in the second to fourth quarters it continued to experience a significant decline but was still in the fairly healthy category. This shows the need for improvements in several parts and improvements in parts that are considered good for the survival and progress of Bank Perkreditan Rakyat (BPR).
Keywords: Financial Performance, Bank Perkreditan Rakyat (BPR), Covid-19

INTRODUCTION

In the last three years, there has been a very blow to the global economy caused by a pandemic that has affected the whole world, including Indonesia. Corona Virus Disease 2019 or Covid-19 is a new virus that was originally found in animals but suddenly hit human life in the world [1]. according to information provided by the World Health Organization (WHO), Covid-19 occurred for the first time on December 31, 2019 initially there were cases of pneumonia with a new etiology in Wuhan, Hubei province, China [2]. Furthermore, on March 2, 2020 President of Indonesia, Joko Widodo, announced that the first positive case of Covid-19 was found in Indonesia, with a very fast spread. Even as of April 2020, 45.029 positive cases of Covid-19 have been found, with 17.833 cases recovered and 2.429 cases declared dead [3].

Covid-19 can be transmitted very quickly from human to human, so the number of positive cases of Covid-19 every day is increasing. The efforts made by the Indonesia government to stop the spread of Covid-19, by implementing a stay at home policy and implementing health protocols. This situation is a serious threat not only to human health but also to the nation's economy, in addition to the many fatalities due to the virus, the poverty rate is also expected to increase significantly. The Institute for Demographic and Property Studies (IDEAS) stated that the prediction of poverty in Indonesia caused by this pandemic will reach 15% from 9.22% at the beginning. The business sector in Indonesia has also been negatively impacted by this pandemic. The performance of companies engaged in property, tourism, manufacturing, automotive, finance, even UMKMs. In addition, the occurrence of this pandemic has forced the government to implement Large-Scale Sosial Restrictions (read: Pembatasan Sosial Berskala Besar/PSBB) which has forced all people to stay at home due to the appeal. This has had a significant impact on these various sectors. The banking sector also affected the slowdown in financing growth caused by the large number of people who lost their jobs. Therefore, this non-current financing has an impact on banking financial performance (non-performing financing or NPF) [3].

Bank is a Department of Store, which means a service institution with various financial services. Banks have three main activities, namely deposits, savings and current accounts which are deposits of funds from the public. Banks also provide financing for people in need, and serve various types of payment services [1]. Banking companies are one of the financial sub-sectors that have a strategic role in economic activities. This is because the bank has a function as a financial intermediary institution, namely collecting and distributing public funds. Activities carried out by banks also aim to increase equitable distribution of economic growth and maintain national stability towards increasing the welfare of the people so that the existence of banking is very important during the Covid-19 pandemic. But in reality, when viewed in terms of net losses and profits, this pandemic has also had an impact on banking companies. Supporting data from Indonesian Banking Statistics shows that there was a decline in banking companies in terms of average net profit and loss growth in 2019 quarters III to IV by 123,940 billion to 42,048 billion rupiah, while in 2020 quarters I to II there was also a decline in profit. and net loss at bank indonesia of -66.07% [4].

The existence of the company certainly feels the impact of the Covid-19 pandemic, one of which is Bank Perkreditan Rakyat (BPR), even though this financial company in the national economy has a big role and strategy. This encourages BPRs under various conditions to have good performance, including the current situation, so that public trust is maintained. The condition of Bank Perkreditan Rakyat (BPR) as a whole has an impact on credit performance that is not yet optimal and the credit performance of BPR which is at risk during the Covid-19 pandemic which is the cause of delays in the performance of increasing BPR's profitability. BPR customers, who are mostly UMKM businesses, have been greatly impacted by the Covid-19 pandemic. During the Covid-19 pandemic, especially in 2020, there was a significant decline in the turnover of UMKM owners. The sluggish tourism sector has resulted in a decline in MSME businesses, especially in F&B by 27%, while other sectors are estimated to experience a decline of 30-35% [5]. Despite the ups and downs from the beginning of the pandemic until now, BPRs have been able to survive and try to improve their financial performance. To see a comparison of BPR's financial performance at the beginning of the pandemic in 2020 to 2021, the researchers decided to conduct research by looking at the level of liquidity as measured by the percentage of LDR (Loan to Deposit Ratio), the level of solvency as measured by the proportion of CAR (Capital Adequacy Ratio), profitability level as measured by ROA and BOPO and credit quality as measured by NPL (Non Performing Loan) with a comparison between the two years whether it has increased or decreased. The title of the research that the researcher adopted is "Comparative Analysis of the Financial Performance of Bank Perkreditan Rakyat (BPR) during the Covid-19 Pandemic (Quarter I-IV Years 2020-2021)".

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Financial Performance of Bank

Financial performance is the result achieved by the bank in managing its resources to achieve its goals [6]. Financial performance can also be interpreted as an analysis carried out to see the extent to which a company has carried out its activities using financial implementation rules properly and correctly [7]. Calculations on financial ratios can be done to assess financial performance. The comparison is made on the value of financial ratios against existing benchmarks. Comparing these financial ratios obtained from year to year is a step taken to find out whether the results obtained are in poor or good conditions [8]. It can be concluded that financial performance is an assessment carried out to determine the extent of the company's condition by using comparisons and applicable rules. Analysis and interpretation of the obtained financial ratio values can provide a better and in-depth view of financial performance. Analysis of bank financial performance has a purpose according to Abdullah in Parathon et al. [8], namely:

1. To find out in the last year and the previous year how successful the bank's financial management was in terms of profitability, capital adequacy, and liquidity.
2. To determine the bank's ability to generate profits by utilizing all existing assets.

Increasing public trust is expected to always increase with proper understanding and information related to the financial performance in a company.

There is a general method that can be used to perform calculations in the process of analyzing bank financial performance, namely by using financial ratio analysis. This is done to determine whether the condition of the calculation results indicate a condition that is not good or good. Developments that can be seen from year to year in a company encourage companies to be able to make careful planning for the following year, and developments or a situation that is less than desirable in the related year can be corrected and directed to the goals that have been previously set.

Covid-19 Pandemic

At the end of 2019, a type of disease that has never been identified in humans emerged and this type of disease is still new, namely Covid-19 or Coronavirus Disease 2019. The main cause of this disease is the Sars-CoV-2 virus which is transmitted to humans from animals or called zoo-noses. According to scientific evidence, the transmission of Covid-19 can be through splashes of sneezing or coughing (droplet).

The highest risk that will experience this spread for the first time is people who treat patients or have direct contact with patients who are positive for Covid-19 [9]. Indonesia is expected to suffer for a long time from this pandemic due to its population density, which is a developing country with the fourth most populous population in the world. The first confirmed positive case of Covid-19 in Indonesia was found in a Depok resident who attended an event in Jakarta.

Previously, the patient had had direct contact with foreign nationals from Japan who resided in Malaysia. Not long after his meeting he had shortness of breath, cough, and fever [10]. Since that incident, day after day there have been many positive confirmed cases of Covid-19 until it reached its peak in 2020 and 2021. This has had a huge impact on all sectors in Indonesia, especially the business sector. There was a very significant decline that affected the national economy.

Bank Perkreditan Rakyat (BPR)

In terms of function, banks are divided into two, namely Commercial Banks and Bank Perkreditan Rakyat (BPR). Rural Banks or commonly called BPRs that are well known to the public are banks that focus on lending to Micro, Small and Medium Enterprises (UMKMs). This activity of lending to the public is the main source of obtaining BPR profits. In this day and age, BPR has its own market in society, in general, people who have small and medium businesses tend to choose BPR as a place to develop their business by borrowing money with small credit interest and easy borrowing procedures supported by management [11].

In the API it is stated that the competitiveness of BPRs is strengthened through activities to increase linkage programs between commercial banks and BPRs, facilitate the opening of BPR branch offices, and facilitate the establishment of joint service facilities for BPRs. Therefore, BPR which is part of the banking system must be healthy and can be trusted by the community in order to be able to contribute maximally in mobilizing and developing the regional economy in a healthy and comprehensive manner.

METHODS

This research is a type of quantitative comparative research. Comparative research is research that compares one variable with other variables or the same variable but on two or more samples or compared at different times. This study uses quantitative data by analyzing, studying, and drawing conclusions from the financial performance of Bank Perkreditan Rakyat (BPR) in Indonesia. The use of this research method is in accordance with the research objective, which is to compare the performance of BPRs in Indonesia during the Covid-19 pandemic, especially in 2020 to 2021. The data used in this study is secondary data taken from the banking industry profile reports that have been published on the Otoritas Jasa Keuangan (OJK) website from quarters I - IV of 2020 to quarters I - IV of 2021. The secondary data is then processed by calculating the ratios in advance to match the benchmarks in the study. From these data, analysis will be carried out in the related year.

RESULT AND DISCUSSION

The results of the BPR performance report in 2020 are listed in table 1, and the BPR performance in 2021 is listed in table 2 [12].

Table 1. BPR Performance in Quarter I - IV of 2020

	NPL (%)	ROA (%)	BOPO (%)	CAR (%)	LDR (%)
Quarter I	6.25	2.28	82.96	31.54	79.09
Quarter II	6.54	1.98	84.78	30.80	79.09
Quarter III	6.28	1.95	84.41	30.88	77.72
Quarter IV	5.33	1.87	84.24	29.89	75.44

Source: Otoritas Jasa Keuangan, 2022

Table 2. BPR Performance in Quarter I - IV of 2021

	NPL (%)	ROA (%)	BOPO (%)	CAR (%)	LDR (%)
Quarter I	4.91	1.87	84.31	34.02	79.81
Quarter II	5.00	1.71	85.07	32.48	75.31
Quarter III	5.02	1.76	84.35	32.01	74.90
Quarter IV	4.37	1.78	83.61	32.15	73.67

Source: Otoritas Jasa Keuangan, 2022

Non Performing Loan (NPL)

Management of BPR credit quality is very necessary because credit is the main income obtained by BPR and is the largest contributor to income. NPL is used as a measuring tool or ratio to credit quality, the higher the NPL ratio, so the lower the credit quality of the BPR. In 2020 at the beginning of the Covid-19 pandemic in Indonesia, the NPL of BPR experienced an increase and decrease, the NPL in 2020 tended to be higher than in 2021, where the NPL in the second quarter of 2020 increased by 0.29% to 6.54% from the first quarter which was originally 6.25%. Meanwhile, in the third quarter of 2020, the NPL of BPR again experienced an insignificant decline to 6.28%, and in the fourth quarter it decreased significantly by 0.85 to 5.33%. These conditions made BPRs try to improve their financial performance, so that in 2021 there will be a significant decline in NPL, where in the first quarter there was a significant decline to 4.91% even though in Quarter II and II there was an increase, although not significant, namely to 5.00% and 5.02%. However, in the fourth quarter, BPR again succeeded in reducing the NPL level to 4.37%. This situation is much better, although BPRs still have to try to reduce their NPLs, because according to the provisions of Bank Indonesia Regulation No. 15/2/PBI/2013 it explains that banks are considered to have potential difficulties that endanger their business continuity if the NPL ratio is more than 5%..

Return on Asset (ROA)

Return on Assets (ROA) is used as a ratio in calculating profit, if the ROA is lower, the quality of a company is considered to be declining. In 2020, BPR experienced a continuous decline from the first quarter to the fourth quarter. From the first quarter to the second quarter, there was a fairly large decrease of 0.30%, then it decreased again by 0.03% in the third quarter, and in the fourth quarter it decreased by 0.08%. Not only in 2020, when entering 2021 initially there was no decrease in ROA and it was still stable as in the fourth quarter of 2020, but in the second quarter of 2021 there was a significant decrease of 0.16%, but again an insignificant increase of 0.05% in third quarter, and increased by 0.02% in the fourth quarter. This means that BPRs are unable to maximize profits during the pandemic, the reason is that credit distribution by BPRs has decreased, but there has been an increase in BPRs obtained in DPK funds so that profitability is ultimately suppressed by the gap, especially ROA. The slowdown in credit growth occurred in all types of use, both productive credit and consumer credit. The low credit distribution during the pandemic is also a way for BPRs to be careful in extending credit to customers.

Operating Expenses to Operating Income (BOPO)

BOPO is used as a ratio in measuring the efficiency level of a BPR in carrying out its operational activities, if the lower the BOPO ratio results, the more efficient the BPR's performance will be [12]. At the beginning of the Covid-19 pandemic, the BOPO of BPR continued to increase, in the first quarter at the beginning of Covid-19 the BOPO of BPR was 82.96% and in the second quarter it rose by 1.82% to 84.78% which is the largest increase and means that the performance of BPR is inefficient. However, in the third and fourth quarters, the BPR managed to reduce its BOPO although not significantly. However, the increase was seen again in 2021 where in the first quarter of 84.31%, there was a significant increase to the second quarter of 0.76% to 85.07% which was the highest BOPO rate in a BPR for those 2 years. In the third and fourth quarters, BPR again succeeded in lowering the BOPO ratio. The performance of BPRs has been affected by the Covid-19 pandemic so that performance efficiency is not achieved because the income is smaller than the costs incurred. However, the category in this ratio is still considered healthy even though it continues to increase during this pandemic [13].

Capital Adequacy Ratio (CAR)

CAR is the ratio used to determine capital adequacy, the higher the CAR, so the better a company is in meeting its capital. At the beginning of Covid-19, the CAR ratio of rural banks according to the criteria for determining the capital rating as stated in the circular letter of Bank Indonesia was in the very healthy category with a CAR in the first quarter of 31.54%, although in the second to fourth quarters it decreased. However, in 2021, BPR achieved a very significant increase of 4.13% to 34.02% and continued to decline until the fourth quarter but was still in the very healthy category with a CAR of 32.15%. This shows that BPRs during the pandemic can strengthen their capital ratios and are still stable in resisting the shock caused by the Covid-19 pandemic. This must continue to be maintained at an adequate range to anticipate a potential decline in credit quality amid the uncertainty of this pandemic.

Loan to Deposit Ratio (LDR)

LDR is the ratio used to determine the level of bank liquidity, the higher the LDR, the better. At the beginning of the 2020 pandemic, the LDR in BPR was stable in the first to second quarters, but in the third quarter it decreased by 1.37% and in the fourth quarter it again decreased by 1.76% which illustrates that the performance of rural banks has decreased quite drastically due to the effects of the pandemic which has given pressure on the performance of the banking industry. In the first quarter of 2021, there was a significant increase of 4.37% from 2020 and was a very good achievement from BPR although in the second to fourth quarters it continued to experience a significant decline but was still in the fairly healthy category according to the criteria set by Bank Indonesia, but needs improvement for the following years so as to support economic recovery in Indonesia.

CONCLUSIONS

The COVID-19 pandemic has had a huge impact on various sectors in Indonesia, one of which is the banking sector. Rural Banks or BPR are one of the banking sectors that have felt the impact of this pandemic, there was a decline in performance at the beginning of the

Covid-19 pandemic. Based on the analysis carried out, in 2020 when the Covid-19 pandemic first entered Indonesia, there were significant changes but still in fairly good condition. In the 2020 NPL which was quite high, BPR tried to improve its performance until in the fourth quarter of 2020 there was a decrease in NPL so that the condition of managing BPR credit quality was getting better, followed by a significant decline in 2021, although there was an increase again in the second and third quarters, however in the fourth quarter, the BPR managed to restore its good condition with a decrease in NPL to 4.37%. This situation is much better, although BPRs still have to try to lower their NPLs.

In contrast to NPL, ROA which should have increased, but in fact from the beginning of 2020 to the end of 2021 there was a continuous decline and it was considered that BPRs could not earn maximum profit during the pandemic, the reason being that credit distribution by BPRs decreased, but there was an increase. obtained by BPR on DPK funds so that profitability is ultimately suppressed by the gap, especially ROA. Likewise with the BOPO ratio, from the beginning of 2020 to the end of 2021 there is an increase, where the increase is considered not good because the higher the BOPO, the company's performance is considered more inefficient. In this case, it is concluded that the performance of BPRs is affected by the Covid-19 pandemic so that performance efficiency is not achieved because the income is smaller than the costs incurred. However, the category in this ratio is still considered healthy even though it continues to increase during this pandemic.

Furthermore, the CAR ratio is considered to be getting better and the capital is sufficient if there is an increase in the number. In BPR there was an increase from 2020 which initially decreased to 2021 which increased significantly, although from the beginning of 2021 to the end of 2021 it decreased but remained in the healthy category. This shows that BPRs during the pandemic can strengthen their capital ratios and are still stable in resisting the shock caused by the Covid-19 pandemic. This must continue to be maintained at an adequate range to anticipate a potential decline in credit quality amid the uncertainty of this pandemic. In terms of the LDR ratio, the situation fluctuated from the beginning of 2020 to the end of 2020, and again increased significantly in early 2021 although in the second to fourth quarters it continued to experience a significant decline but was still in the fairly healthy category according to the criteria set by Bank Indonesia, however need improvement for the following years so that it can support economic recovery in Indonesia.

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