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Analysis Of The Profitability Ratio PT. Bank Perkreditan Rakyat (BPR) Stigma Andalas

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Abstract: The purpose of this study was to determine the profitability ratio of PT BPR Stigma Andalas. This research uses qualitative and quantitative data analysis methods. The type of data used is secondary data obtained from published financial reports of Bank Indonesia and Rural Banks for the 2017 and 2018 periods. Based on the profitability analysis, the ROA, ROE, BOPO and NPM of PT Bank Perkreditan Rakyat Andalas Stigma have decreased.

Keywords: BPR, Profitability Ratio, ROA, ROE, BOPO, NPM

INTRODUCTION

Measuring the effectiveness and efficiency of company management can be seen from the profits generated on sales and investment seen from various financial reports (Sjahputra, 2019). The higher the ratio value, the better the company's condition based on its profitability ratio. Fintech is very influential in corporate earnings, especially banking. Profits obtained by banks may drop drastically with the existence of fintech, due to the rampant development of financial technology or in Indonesia what is known as (fintech).

To obtain an overview of the ability of a business entity to earn a profit in a certain period, the profitability ratio is used (Agustiningrum, 2011; Hamdi, 2018). Profitability Ratio is a ratio of comparison to determine the ability of a bank to earn a profit from income related to Assets and Equity based on certain measurements at the bank. Profitability ratios use several financial ratios such as Return on Assets (ROA), Return on Equity (ROE), Operational Costs (BOPO), and Net Profit Margin (NPM) (Habibah, 2018).

The ability of banks to earn profits can attract investors to invest their funds to expand their business, if the level of profitability is low, investors will withdraw their funds. It is important for banks to maintain stable profitability and even increase for the smooth running of banks in the future. According to (Jumingan, 2006) to measure the efficiency of bank activities and the ability of the bank to earn profits is the goal of the profitability ratio.

Profitability at a bank can be said to be good if the bank is able to meet the profit target that has been set based on assets or existing capital in that period. If the financial management is not good, it will disrupt the company's performance (Margie, 2018). All parties concerned in managing finances must be able to carry out their duties as well as possible so that income and expenses remain stable and the company does not suffer losses. With a high level of profitability, it means that the company will operate at a low cost level which will ultimately result in high profits. With all the profitability ratios, the ratio of a company to similar companies can be assessed with certainty. Only by making comparisons can judge whether the profitability of a company is good or bad.

The use of profitability ratios can be done by using comparisons between the components in the financial statements, especially in the balance sheet financial statements and profit and loss statements (Rismanty, 2019). If the bank is able to achieve its profit target, it means that the bank is successful in carrying out its mission, if on the other hand the profit does not reach the target, it can be said that the bank has failed in carrying out its mission.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Rural Banks

The banking industry is an important component in maintaining national economic stability. Banks carry out their function as an intermediary institution, namely by collecting funds from the public and channeling these funds back to the public and providing other bank services (Umam, 2012). According to the Banking Law No.7 of 1992 which was enhanced into Banking Law No.10 of 1998, Article 5 states that banks in Indonesia are divided into two types, namely commercial banks and rural banks. Rural Banks (BPR) are banks that carry out banking business activities either conventionally or based on sharia principles which in their activities do not provide services in payment traffic.

Profitability

Financial ratios are a tool (Mediana Badria, 2018) used by company management in assessing the effectiveness of company or bank performance in a certain period. Basically, financial ratios consist of four ratios, namely financial ratios liquidity, activity, solvency and profitability. (Sutrisno, 2014) The definition of profitability ratio is the company's ability to earn profits in relation to sales, total assets, and own capital. Thus the investor's part is very interested in this section, the ratio to assess the company's ability to seek profit. This ratio also provides an important measure for the company in achieving profit, because the main objective of a company is to want profit.

Profitability ratios contain numerical figures about the company's ability to earn profits (earnings) related to sales, assets and equity based on certain sizes. Profitability ratio describes how effective the company is in carrying out its activities, whether the company has been able to generate the expected profit or not from the activities carried out. . From the above ratio, it can be concluded that the profitability ratio is the ratio used to measure the ability and success of the company in making a profit.

ROA (*Return On Asset*)

According to (Afriyeni & Fernos, 2018) Return on Asset is a ratio that describes the company's profit (earnings) which is calculated by management on the total assets or assets owned by the company. This ratio is used by the bank to measure the ability of the People's Credit Bank management in obtaining profit (profit) as a whole as well as illustrating the efficiency of the bank's work ability and is used to measure the bank's ability to manage all operational and non-operational costs. BI also hints that a company's good ROA is more than 1.22%. The ROA ratio level assessment matrix according to Bank Indonesia (Bank Indonesia Circular, 2004) is as follows:

1. ROA > 1,5% Very good
2. 1,25% < ROA ≤ 1,5% Good
3. 0,5% < ROA ≤ 1,25% Enough

4. 0% < ROA ≤ 0,5% Not Good
5. 0 < ROA ≤ 0,5% Very Not Good

ROE (*Return On Equity*)

According to (Fernos, 2017) Return On Equity (ROE) is a profitability ratio which states the rate of return (return) obtained by management on capital invested by shareholders. Return On Equity shows from own capital to generate profits for preferred stockholders and common stock, the greater this ratio, the better. That Return On Equity is a ratio that measures a company's ability to generate net income from its own capital used by the company. According to BI standards the ROE is more than 12% (Good). The ROE ratio assessment matrix (Bank Indonesia Circular, 2004) is as follows:

1. ROE > 23% Very good
2. 18% < ROE ≤ 23% Good
3. 13% < ROE ≤ 18% Enough
4. 8% < ROE ≤13% Not Good
5. ROE ≤ 8% Very Not Good

BOPO

According to (Kurniasari, 2017) BOPO is the ratio of operating expenses used to measure the comparison of the level of efficiency and the ability of a bank to carry out its operational activities. This activity is also included in the commission income and fees received in the provision of loans. The BOPO ratio level assessment matrix (Bank Indonesia Circular, 2004) is as follows:

1. BOPO ≤ 83% Very good
2. 83% < BOPO ≤ 85% Good
3. 85% < BOPO ≤ 87% Enough
4. 87% < BOPO ≤ 89% Not Good
5. BOPO ≥ 89% Very Not Good

NPM

(Tompodung, 2014) states that Net Profit Margin is a ratio that shows a company to generate net profits after being deducted from taxes. Namely the sales contribution to the resulting net income. This ratio measures the extent of the ability of PT. BPR Stigma Andalas in generating net profit at a certain level of sales / income. This ratio can also be interpreted as a bank's ability to suppress company expenses in a certain period. The NPM ratio level assessment matrix (Bank Indonesia Circular, 2004) is as follows:

1. NPM ≥ 100% Very good
2. 81%≤ NPM < 100% Good
3. 66% ≤ NPM < 81% Enough
4. 51% ≤ NPM < 66% Not Good
5. NPM < 51% Very Not Good

METHODS

The research method used is qualitative and quantitative data analysis methods. Where qualitative methods describe and explain the data studied during the study. While the quantitative method analyzes the calculation of the level of profitability of PT. BPR Stigma Andalas.

RESULT AND DISCUSSION

Based on the financial data of PT. BPR Stigma Andalas that has been obtained, then calculates financial ratios with 4 indicators. The following is the calculation of the financial ratios:

1. ROA *(Return On Asset)*

Table 1. Calculation of ROA for BPR Stigma Andalas 2017 - 2018

COMPONENT	2017	2018
1. ROA		
Net Profit Before Tax	475,271	4,437,099
Total assets	37,940	3,859,608

Source : Processed data

Formula :

$$ROA = \frac{\text{Net Profit Before Tax}}{\text{Total assets}} \times 100\%$$

$$1.\ ROA\ 2017 = \frac{475{,}271}{4{,}437{,}099} \times 100\% = 0.1\%$$

$$2.\ ROA\ 2018 = \frac{37{,}940}{3{,}859{,}608} \times 100\% = 0.01\%$$

ROA of PT. BPR Stigma Andalas in 2017 amounted to 0.10% and in 2018 amounted to 0.01%. Based on these calculations it can be concluded that the ROA of PT. BPR Stigma Andalas has decreased. Based on the ROA assessment criteria matrix, in 2017 the criteria obtained were Enough and in 2018 Not Good.

2. ROE *(Return On Equity)*

Table 2. Calculation of Return On Equity PT. BPR Stigma Andalas 2017 - 2018

COMPONENT	2017	2018
2. ROE		
Net Profit After Tax	483,939	33,500
Owner's equity	2,000,000	2,000,000

Source : Processed data

Formula :

$$ROE = \frac{\text{Net Profit After Tax}}{\text{Owner's equity}} \times 100\%$$

$$1.\ ROE\ 2017 = \frac{483{,}939}{2{,}000{,}000} \times 100\% = 0.24\%$$

$$2.\ ROE\ 2018 = \frac{33{,}500}{2{,}000{,}000} \times 100\% = 0.02\%$$

ROE PT. BPR Stigma Andalas in 2017 was 0.24% and in 2018 it was 0.02%. Based on these calculations the bank's ROE has decreased. Assessment of the percentage of Return On Equity is Very Not Good, the bank is ineffective and inefficient and does not use the capital it has to make a profit.

If the company continues to experience a percentage of less than 12% continuously, shareholders and potential investors will disappear because the company cannot use its own capital to benefit from the company, especially since rural credit banks have only a few shareholders compared to commercial banks. For that, PT. BPR Stigma Andalas needs to increase the ROE value to attract investors and shareholders and make the company get the desired profit.

3. BOPO

Table 3. Calculation of Operational Costs on Operational Income of PT. BPR Stigma Andalas Period 2017 - 2018

COMPONENT	2017	2018
3. BOPO		
Total Operating Expenses	781	708,955
Total Operating Income	326,723	716,395

Source : Processed data

Formula :

$$BOPO = \frac{\text{Total Operating Expenses}}{\text{Total Operating Income}} \times 100\%$$

1. BOPO 2017 $= \frac{781{,}306}{326{,}723} \times 100\%$

$= 2.40\%$

2. BOPO 2018 $= \frac{708{,}955}{716{,}395} \times 100\%$

$= 0.98\%$

BOPO PT. BPR Stigma Andalas in 2017 amounted to 2.40% and in 2018 was 0.98%. From these results it can be concluded that the BOPO of PT BPR Stigma Andalas has decreased. However, even though the numbers obtained decreased, PT BPR Stigma Andalas was still included in the Very good criteria obtained based on BI's assessment. So it can be concluded also that the Bank's performance is efficient. Because banks can generate a percentage below 83%. If the BOPO percentage is getting smaller, the higher the bank will get the profit, because the bank can control costs as efficiently as possible for the company's operations. If on the other hand a bank has a BOPO percentage of more than 89%, then the bank is said to be Very Not Good because of the many costs incurred by the bank for its operations. So that the profits obtained by the bank will decrease because of this large expenditure.

4. NPM

Table 4. Calculation of Net Profit Margin of PT. BPR Stigma Andalas in the 2017-2018 period

COMPONENT	2017	2018
4. NPM		
Net Profit After Tax	483,939	33,500
Total Operating Income	326,723	716,395

Source : Processed data

Formula :

$$NPM = \frac{\text{Net Profit After Tax}}{\text{Total Operating Income}} \times 100\%$$

1. NPM 2017 = $\frac{483{,}939}{326{,}723} \times 100\%$

= 1.48%

2. NPM 2018 = $\frac{33{,}500}{716{,}395} \times 100\%$

= 0.05%

It is known that the NPM of PT BPR Stigma Andalas in 2017 was 1.48% and in 2018 was 0.05%. Based on these data, NPM PT. BPR Stigma Andalas has decreased, even getting very bad criteria based on an assessment from BI because the figure shows less than 51%. The higher the Net Profit Margin, the better this ratio will be for the company to earn profits which can be used as a representative measure. The profit obtained must also be compared with the amount of funds to get the profit. This means that the ability of the bank to earn profits by managing bank operational costs must be considered so that it does not have a bad impact.

CONCLUSIONS

Table 5. Profitability Ratio Comparison Period 2017 - 2018

RATIO	2017	2018
Return On Asset	0.10%	0.01%
Return On Equity	0.24%	0.02%
Beban Operasional	2.40%	0.98%
Net Profit Margin	1.48%	0.05%

Source : Processed data

The data above describe:

1. Based on the table above, it can be seen that the ROA in 2017 is greater than the ROA in 2018. This illustrates that PT BPR Stigma Andalas cannot utilize the company's assets with Good so that the benefits obtained are not optimal. If the Roa produced is Good and continues to increase every year, then the company's revenue will also increase, so that creditors and investors will also increase because of a good increase in company revenue.
2. ROE PT. BPR Stigma Andalas in 2017 amounted to 0.24% and in 2018 amounted to 0.02%. Based on these calculations the bank's ROE has decreased. Assessment of the percentage of Return On Equity is Very Not Good, the bank is ineffective and inefficient and does not use the capital it has to make a profit. If the company continues to experience a percentage of less than 12% continuously, shareholders and potential investors will disappear because the company cannot use its own capital to benefit from the company, especially since rural credit banks have only a few shareholders compared to commercial banks. So it is necessary that PT. BPR Stigma Andalas increases the ROE value to attract investors and shareholders and make the company get the desired profit.
3. BOPO PT. BPR Stigma Andalas in 2017 was 2.40% and in 2018 it was 0.02%. From these results it can be concluded that the BOPO of PT BPR Stigma Andalas has decreased. However, even though the numbers obtained decreased, PT BPR Stigma Andalas was still included in the Very good criteria obtained based on BI's assessment. So it can be concluded also that the Bank's performance is efficient. Because banks can generate a percentage below 83%. If the BOPO percentage is getting smaller, the higher the bank will get the profit, because the bank can control costs as efficiently as possible for the company's operations. If on the other hand a bank has a BOPO percentage of more than 89%, then the bank is said to be Very Not Good because of the many costs incurred by the bank for its operations. So that the profits obtained by the bank will decrease because of this large expenditure.

4. The NPM of PT BPR Stigma Andalas in 2017 was 1.48% and in 2018 was 0.05%. Based on these data, NPM PT. BPR Stigma Andalas has decreased, even getting very bad criteria based on an assessment from BI because the figure shows less than 51%. The higher the Net Profit Margin, the better this ratio will be for the company to earn profits which can be used as a representative measure. The profit obtained must also be compared with the amount of funds to get the profit. This means that the ability of the bank to earn profits by managing bank operational costs must be considered so that it does not have a bad impact.

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