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Comparison of Bank Mandiri's Financial Performance with Bri

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Abstract

There are 4 state-owned banks, so it is necessary to carry out a comparative analysis between one state-owned bank and another state-owned bank, so that the government (Minister of state-owned enterprises) can provide corrective steps for the 4 state-owned banks it owns.

This research will look at what variables have significant differences between Bank Mandiri and Bank Rakyat Indonesia (BRI). The research was used with SPSS version 26 software, using independent sample test analysis for the ROA, NPL, LDR, CAR, NIM and ROE variables for 14 years from 2009 to 2022.

The research results show that only the financial ratios Return on Assets (ROA) and Net Interest Margin (NIM) have significant differences on average between Bank Mandiri and BRI. Meanwhile, other financial ratios such as; Return on Equity (ROE), Loan Deposit Ratio (LDR), Capital Adequacy Ratio and Non Performance Loans (NPL) on average do not differ significantly between Bank Mandiri and Bank Rakyat Indonesia, for the period 2009 to 2022.

Keywords

Independent Samples Test, ROA, NPL, LDR, CAR, NIM and ROE

1. Introduction

In recent years the banking industry has experienced major changes. The banking industry has become more competitive due to strict regulatory deregulation, because banking has a very important role as one of the driving forces of the country's economy. Banks are institutions that act as intermediaries between parties who have excess funds and parties who lack funds.

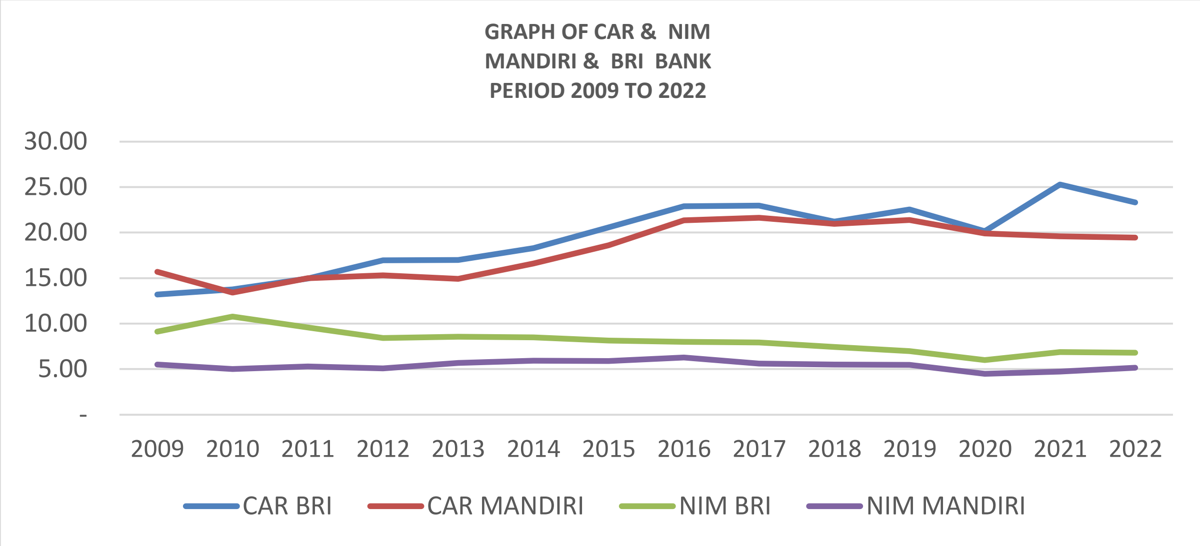
The party with a surplus of funds will save money in the bank, while the party with a shortage of funds will borrow money from the bank. In Indonesia there are many types of banks, namely; state-owned banks, national private banks, and foreign banks. State-owned commercial banks have a dual role, namely profit and as state development agents. So state-owned banks are required to be able to manage state assets well.

The state-owned commercial banks in Indonesia are Bank Negara Indonesia (BNI), Bank Rakyat Indonesia (BRI), Bank Tabungan Negara (BTN) and Bank Mandiri which are the four State-Owned Enterprise Banks (BUMN) and each bank has different management. Of these four banks, all banks have recorded increased net profits, such as; PT Bank Mandiri Tbk, PT Bank Negara Indonesia Tbk (BNI), PT Bank Rakyat Indonesia Tbk (BRI) which have the most efficient performance from year to year.

Bank health is in the interests of all parties, if banking conditions are unhealthy it will cause the bank's function as an intermediary institution to not function optimally.

Therefore, analysis and comparison are needed to determine the condition of banking management in carrying out its operational activities.

The analysis carried out is in the form of an assessment of the bank's health level. There are several ratios chosen in assessing bank health, namely ROA, ROE, LDR, BOPO and CAR, NIM and NPL which are key indicators in assessing banking financial performance.



Sources: *Annual Report Mandiri and BRI Bank*

The graph above is data on the Capital Addition Ratio (CAR) and Net Interest Margin (NIM) from Bank Mandiri and BRI for the period 2009 to 2022. Even though the CAR and NIM data are almost the same between State Banks (BUMN), there are slight differences that look slightly different between 2 government-owned banks, during the observation period 2009 to 2022.

Fransiska Rumondor's research (2012) entitled "Comparison of the Financial Performance of Bank Mandiri, BRI and BNI Listed on the Indonesian Stock Exchange, shows the results that the variables CAR, ROA, KAP and BOPO have a significant effect.

Budi Wahono's research (2016) shows that there are significant differences in financial performance in the CAR, NPL, LDR, BOPO and ROA variables between the financial performance of Sharia Commercial Banks and Conventional Commercial Banks in Indonesia.

The results of Christian's research (2009) state that there are differences in the financial performance of the CAR ratio between Government Banks and National Private Banks. Research by Marsuki (2012) states the opposite, namely that there is no difference in financial performance between Government Banks and National Private Banks when viewed from the CAR ratio

The research results of Untari (2014) and Faliha (2015) state that there is no difference in the financial performance of Government Banks and National Private Banks, seen from the LDR ratio. Research by Christian (2009) and Theis (2016) states that when viewed from the LDR ratio, there are differences in the financial performance of Government Banks and National Private Banks.

The results of research by Untari (2014), Theis (2016) and Wulandari (2018) state that there are differences in the financial performance of Government Banks and National Private Commercial Banks seen from the ROA ratio.
Research by Christian (2009), Marsuki (2012), and Maharani (2014) shows different results, stating that judging from the ROA ratio there is no difference in financial performance between Government Banks and National Private Commercial Banks. Results of research conducted by Theis (2016) and Wulandari (2018). Where both studies state that if we look at the ROE ratio, there is a significant difference between the financial performance of Government Banks and National Private Banks.

For the NIM ratio, the results of research by Maharani (2014) stated that if you look at the NIM ratio, there is a significant difference between the financial performance of Government Banks and National Private Commercial Banks. The financial performance of government-owned banks also needs to be compared with one another, so that their level of efficiency and effectiveness can be seen. This research will look at the financial performance of BRI, Bank Mandiri, Bank BTN and BNI 46 which have quite good financial performance and always pay dividends every year.
Seeing the inconsistent research results between one researcher and another regarding the level of financial health of both state-owned (government) banks and private banks, it is necessary to conduct detailed and in-depth research on the differences between Bank Mandiri and Bank Rakyat Indonesia (BRI) seen from several financial ratios, such as; ROA, NPL, LDR, NIM, ROE and CAR during the period 2009 to 2022.

2. Theoretical Review

Definition of Bank, according to Law no. 10 of 1998 concerning amendments to Law No. 7 of 1992 concerning banking explains that the definition of a bank is a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit and/or other forms in order to improve the standard of living of many people. Banking is everything that concerns banks, including institutions, business activities, as well as methods and processes for carrying out business activities.

According to the Dictionary of Banking and Financial Services by Jerry Rosenberg in Taswan (2010: 6) what is meant by a bank is an institution that accepts demand deposits, deposits and pays on the basis of documents drawn on certain people or institutions, discounts securities, provides loans and invest their funds in securities.

Based on Law no. 10 of 1998 concerning Banking, there are two types of banks, namely: 1) Commercial Banks, are banks that carry out business activities conventionally and/or based on sharia principles whose activities are to provide services in payment traffic. 2) Rural Credit Bank is a bank that carries out business activities conventionally or based on sharia principles whose activities do not provide services in payment traffic. According to Kasmir (2015), in terms of ownership, there are four types of banks, namely:

1) Government-owned banks are banks whose deeds of establishment and capital are owned by the government, so that all profits earned by the bank belong to the government.
2) National private owned bank is a bank whose capital and deed of establishment are wholly or partially owned by the national private sector. Likewise with the profits, the profits obtained belong to the national private sector
3) Foreign-owned banks are branches of banks located abroad, whether owned by foreign private companies or foreign governments of a country.
4) Mixed-owned banks are banks whose share ownership is owned by foreign parties and national private parties, but the majority of share ownership is held by Indonesian citizens.

Financial reports are the final result of the accounting process used by interested third parties to determine the activities of a company or the financial position of a company.

From the financial reports, it can be seen how the company has developed and the results of the company's efforts in achieving its goals over time. By analyzing financial ratios from financial reports, it is possible to determine the business results that have been achieved by a company (Munawir, 2002).

According to Kasmir (2008), financial reports are reports that show the company's financial condition at this time or in a certain period. Usually financial reports are prepared per period, for example three months or six months for internal company purposes.

The financial condition of a company can be seen to be better from the results of analysis of various ratios. Analytical tools in the form of ratios can explain and provide an overview of a company's financial position. According to Kasmir (2008) the financial ratios of banking companies consist of liquidity ratios, solvency ratios and profitability ratios. The purpose of conducting financial ratio analysis is to help companies identify the company's financial strengths and weaknesses and to assess the performance of the company's financial reports in utilizing all the resources owned by the company (Sujarweni, 2017). In addition, the results of this ratio analysis can be used to assess management performance in achieving targets that have been set within a period.

Financial Ratios The ratios used by banking companies are not much different from non-bank companies. The number of ratios used in assessing financial performance in banking companies is greater than in non-bank companies. This is because the components of the balance sheet and income statement of banking companies are different from those of non-bank companies.

According to Kasmir (2008) there are three types of bank financial ratios, including bank liquidity ratios, bank solvency ratios and bank profitability ratios. Liquidity ratios are used to measure a bank's ability to meet its short-term obligations when they are billed. The greater the results of calculating this ratio, the better the bank's ability to meet its short term requirements.

The solvency ratio is used to measure a bank's ability to find sources of funds to finance its activities. This ratio is used as a measure of bank wealth to see efficiency for the bank's management. The profitability ratio is used to determine the amount of profitability obtained by banking companies and the level of business efficiency that has been achieved by banking companies. Profitability ratios include Return on Assets (ROA), Return on Equity (ROE), Net Interest Margin (NIM), and Operational Costs to Operating Income (BOPO).

2.1 Capital Adequacy Ratio (CAR)

"The capital ratio commonly used to measure bank capital adequacy is the Capital Adequacy Ratio (CAR)" Barus, Andreani Caroline. (2011). The amount of CAR is measured from the ratio between own capital and Risk Weighted Assets (RWA). Systematically the Capital Adequacy Ratio (CAR) can be formulated as follows (according to Bank Indonesia Circular Letter No. 3/30/DPNP dated 14 December 2001). CAR = (Bank Capital / Risk Weighted Assets) X 100%.

2.2 Return on Assets (ROA)

"ROA is a ratio that shows the comparison between profit (before tax) and total bank assets. This ratio shows the level of efficiency in asset management carried out by the bank concerned. ROA is an indicator of the bank's ability to earn a profit on a number of assets owned by the bank." Systematically Return On Assets (ROA) can be formulated as follows (according to Bank Indonesia Circular Letter No. 3/30/DPNP dated 14 December 2001. ROA = [(Profit before Tax/ Total Assets (average)] X 100 %.

2.3 Non Performing Loans (NPL)

The NPL ratio shows the quality of credit assets whose collectability is substandard, doubtful and non-performing from the total credit as a whole, so the bank is facing problem loans. According to Bank Indonesia Regulation Number 6/10/PBI/2004 dated 12 April 2004 concerning the Health Level Assessment System for Commercial Banks, "the higher the NPL value (above 5%), the unhealthy the bank is." Systematically, Non-Performing Loans (NPL) can be formulated as follows (according to Bank Indonesia Circular Letter No. 3/30/DPNP dated 14 December 2001. NPL = (Non-Performing Credit / Total Credit) X 100 %.

2.4 ROE (Return on Equity)

ROE = Profit after tax/Average Equity. Average equity: average core capital (tier 1) Example: For June position: (sum of core capital January-June)/6. Core capital calculations are carried out based on the applicable Minimum Capital Requirement provisions.

2.5 Loan to Deposit Ratio (LDR)

"LDR is also called the ratio of credit to total third party funds which is used to measure third party funds distributed in the form of credit. Distribution of credit is the main activity of the bank. Therefore, the bank's main source of income comes from this activity" Wardiah, Mia Lasmi. (2013), Systematically, the Loan to Deposit Ratio (LDR) can be formulated as follows (according to Bank Indonesia Circular Letter No. 3/30/DPNP dated 14 December 2001). LDR = (Total Credit / Third Party Funds).

2.6 Net Interest Margin (NIM)

Net Interest Margin (NIM) is a ratio used to analyze the comparison between net interest income and a company's productive assets. If the NIM ratio increases, it shows that the bank generates a greater amount of income than the productive assets it owns (according to Bank Indonesia Circular Letter No. 3/30/DPNP dated 14 December 2001). NIM = [(Interest Income - Interest Expense) / (Average Earning Assets)].

3. Research Methods

3.1 Population and Sample

The population in this study is Mandiri and BRI banks which issue annual financial reports for the period 2009 - 2022. Purposive sampling is non-probability sampling based on the special characteristics of the sample which are related to the known characteristics or characteristics of the population. previously and is considered to represent all levels of the population.

This research sample selected several important financial ratios to carry out an independent comparison sample t test using SPSS version 26 software.

The basic concept of the independent sample t test is used to find out whether there is a difference in the average of two unpaired samples, with the requirement of having normal and homogeneous data. The basis for decision making, if the sig (2-tailed) value is <0.050, then there is a significant difference between the financial performance of Bank Mandiri and Bank Rakyat Indonesia (BRI), during the research period.

3.2 Data Collection Technique

The data in this research is secondary data, namely in the form of annual financial reports for the period 2009 to 2022. The data collection method used in this research is the documentation method, namely by collecting data or documents obtained from the Financial Services Authority (OJK), Bank Indonesia and reports. Years from each Bank Mandiri and Bank Rakyat Indonesia (BRI), period 2009 to 2022.

4. Analysis and Discussion

4.1 Normality Test

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
roe	.164	28	.052	.946	28	.162
ldr	.098	28	.200*	.978	28	.801
car	.110	28	.200*	.954	28	.248
nim	.174	28	.029	.929	28	.060
npl	.119	28	.200*	.944	28	.141
roa	.143	28	.149	.958	28	.313

**This is a lower bound of the true significance. a. Lilliefors Significance Correction*

Based on the Shapiro-Wilk Normality Test, it produces the following values:

1) The Sig value of ROE is 0.162 > 0.050, so the ROE data is normal data
2) The LDR Sig value is 0.801 > 0.050, so the LDR data is normal data

3) The Sig CAR value is 0.248 > 0.050, so the CAR data is normal data
4) The NIM Sig value is 0.060 > 0.050, then the NIM data is normal data
5) The NPL Sig value is 0.141 > 0.050, so the NPL data is normal data
6) Sig ROA value is 0.313 > 0.050. Then the ROA data is normal data

So it can be concluded that all research variables ROE, LDR, CAR, NIM, NPL and ROA, have normally distributed data, so they can be continued to the next level, namely the Independent Samples t Test.

The Independent Samples t Test is to see whether there is a difference in the average performance of Bank Mandiri and BRI companies as seen from the financial ratios ROE, LDR, CAR, NIM, NPL and ROA during the period 2009 to 2022.

4.2 Independent Samples Test

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
ROE	Equal variances assumed	8.328	.008	-2.635	26	.014	-8.20143	3.11243	-14.59913	-1.80373
LDR	Equal variances assumed	1.005	.325	-.894	26	.380	-2.96500	3.31672	-9.78261	3.85261
CAR	Equal variances assumed	1.582	.220	-1.073	26	.293	-1.37786	1.28410	-4.01736	1.26165
NIM	Equal variances assumed	6.099	.020	-7.485	26	.000	-2.67571	.35746	-3.41048	-1.94094
NPL	Equal variances assumed	.715	.405	.935	26	.358	.22286	.23836	-.26710	.71281
ROA	Equal variances assumed	1.592	.218	-3.192	26	.004	-.93071	.29158	-1.53006	-.33137

Based on the Independent Samples Test, the results show as follows:

1) That the average ROE Ratio with Sig (2-tailed) is 0.014 > 0.050, so it can be concluded that there is no significant difference between Bank Mandiri and BRI from 2009 to 2022.
2) That the average LDR ratio with Sig (2-tailed) is 0.380 > 0.050, so it can be concluded that there is no significant difference between Bank Mandiri and BRI from 2009 to 2022.
3) That the average CAR to Sig (2-tailed) ratio is 0.293 > 0.050, so it can be concluded that there is no significant difference between Bank Mandiri and BRI from 2009 to 2022.
4) That the average NIM to Sig (2-tailed) ratio is 0.000 < 0.050, so it can be concluded that there is a significant difference between Bank Mandiri and BRI from 2009 to 2022.
5) That the average NPL ratio with Sig (2-tailed) is 0.358 > 0.050, so it can be concluded that there is no significant difference between Bank Mandiri and BRI from 2009 to 2022.
6) That the average ROA to Sig (2-tailed) ratio is 0.004 < 0.050, so it can be concluded that there is a significant difference between Bank Mandiri and BRI from 2009 to 2022

5. Conclusion

There are currently 4 Government-owned Banks (BUMN), namely PT. Bank Mandiri, Persero, PT. Bank Rakyat Indonesia (BRI), Persero, PT. State Savings Bank (BTN), Persero and PT. Bank Negara Indonesia (BNI 46), Persero. The four state-owned banks have performed quite well, effectively and efficiently, as proven by providing dividend payments to the Indonesian Government every year and the companies can make quite large net profits.

The research results showed that only the financial ratios Return on Assets (ROA) and Net Interest Margin (NIM) had significant differences on average between Bank Mandiri and BRI. Meanwhile, other financial ratios such as; Return on Equity (ROE), Loan Deposit Ratio (LDR), Capital Adequacy Ratio and Non Performance Loans (NPL) on average do not differ significantly between Bank Mandiri and Bank Rakyat Indonesia, for the period 2009 to 2022.

Suggestion

There are 4 state-owned banks, so it is necessary to carry out a comparative analysis between one state-owned bank and another state-owned bank, in order to see which differences in performance (financial ratios), which show quite significant differences, so that the government (Minister of BUMN) can provide corrective steps. For the 4 state-owned banks he owns.

Banking management, especially state-owned banks, needs to create strategies for finance and other strategies, so that their performance can be improved, so that the company's vision and mission can immediately be realized and state-owned banks can still provide dividends to the government every year

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