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**Analysis of the Financial Performance of Local Government-Owned Bank
Between Year 2018 and Year 2019 (Case Study at PT Bank Jatim Tbk)**

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Abstract: The purpose of this study is to analyze whether there are differences in bank performance at PT Bank Jatim (BPD Jawa Timur) Tbk between year 2018 and year 2019. The bank performance parameters consist of Capital, Capital Adequacy Requirement (CAR), Non Performing Loan (NPL), Return on Assets (ROA), Return on Equity (ROE), Net Interest Margin (NIM), Operational Expenses to Operating Income (BOPO) and Loan to Deposit Ratio (LDR). The method used is the *paired sample t-test*. The research results show that there is no difference between the financial performance of Bank Jatim in year 2018 and year 2019.

Keywords: Financial Performance and Bank Health

1. INTRODUCTION

PT. Bank Jatim, Tbk (BJTM) was established on August 17, 1961 under the name PT Bank Pembangunan Daerah Jawa Timur and started commercial business activities in 1961 (britama.com).

PT Bank Pembangunan Daerah Jawa Timur Tbk (BJTM) officially has become custodian bank listed in the Kustodian Sentral Efek Indonesia (KSEI). The signing of the Custodian Bank product collaboration was carried out by President Director of Bank Jatim, Ferdian Timur Satyagraha, and President Director of KSEI, Uriep Budhi Prasetyo. Ferdian said that as member of the Kompas 100 index, by becoming a custodian bank, would certainly provide more services to customers, especially in activities related to investment in the capital market and securities. (Sitanggang LMS, 2019).

Bank Jatim is one of the banks that already has custodian bank products among 14 banks in Indonesia. Through this collaboration, Bank Jatim can provide facilities to customers in the administrative process, supervise and safeguard securities assets (safe-keeping) through custodian bank products.

As the comparison, the bank performance result of PT Bank Danamon Tbk indicated the value of determinant composite on 2015, 2016, 2017 are "very healthy" and 2018 was "healthy" (Widyanto, ML). The result of the health research at PT Bank Bengkulu in 2014-2016 period showed that PT Bank Bengkulu get PK 1, which is "very healthy" (Fitriano. Y & Sofyan RM, 2019). The soundness (health) level of a bank at PT Bank Rakyat Indonesia Tbk is seen from the risk profile, good corporate governance, earnings and capital factors during the 2013-2017 period with an average value of 93.99% including in the category "very healthy" or composite rating 1 (PK 1) (Dewi, M, 2018). The Bank Tabungan Negara

in the period 2014 get predicate “healthy enough” and in the period 2015 - 2016 increasing by obtaining the predicate “healthy”. (Dewi. IASK & Candradewi. MR, 2018). There are significant differences in the assessment of financial performance on the Bank DKI in 2016 and 2017 (Helsinawati, Widyanto ML & Viciwati). The results of the bank performance study of PT Bank MNC International Tbk showed that there was not a difference between bank performance in 2017 and bank performance in 2018 (Faizal H, & Sari A, 2019).

The difference test results show that there is a statistically significant difference between Bank Mandiri and Bank BCA as seen by NPL, ROA and BOPO and there is no significant difference between Bank Mandiri and Bank BCA as seen by LDR, ROE, NIM and CAR (Saladin H & Hendri E, 2017)

2. LITERATURE REVIEW AND METHODOLOGY.

2.1. RGEC Method (Risk Profile, Good Corporate Governance, Earning, Capital)

Based on Bank Indonesia Regulation No. 13 of 2011 Article 6, banks are required to evaluate the soundness of banks individually using a risk approach (Risk-Based Bank Rating) with the scope of the assessment of the following factors:

1) Risk Profile (Risk Profile)

The formula used in calculating risk profiles is:

a. Non Performing Loans (NPL) .

$$\text{NPL} = \text{Non Performing Loan} / \text{Total Credit} \times 100\%$$

(Source: SE No.13 / 24 / DPNP / 2011)

b. Loan to Deposit Ratio (LDR)

$$\text{LDR} = \text{Total Credit} / \text{Third Party Deposit} \times 100\%$$

(Source: SE No.13 / 24 / DPNP / 2011)

2) Good Corporate Governance (GCG)

Good Corporate Governance is a system that manages and controls a company to create added value (value added) for parties who are interested.

3) Rentability (Earning)

Rentability can be calculated using a formula, namely :

a. Return On Asset (ROA)

$$\text{ROA} = \text{Earnings Before Tax} / \text{Average Asset Total} \times 100\%$$

(Source: SE No.13 / 24 / DPNP / 2011)

b. Net Interest Margin (NIM)

$$\text{NIM} = \text{Net} / \text{Average Interest Income on Earning Assets} \times 100\%$$

(Source: SE No.13 / 24 / DPNP / 2011)

4) Capital (Capital)

CAR Formula is as follows:

$$\text{CAR} = \text{Risk Weighted Capital} / \text{Assets} \times 100\%$$

(Source: SE No.13 / 24 / DPNP / 2011) [2]

This study will use all above ratios except Good Corporate Governance parameter plus other bank financial ratios as financial performance parameters for analyzing and comparing Bank Jatim's performance in 2018 and 2019. This study will be focused to analyze the bank financial performance specifically.

2.2. Financial Performance

The elements of the company's financial performance that are directly related to performance measurement company presented in the income statement and net income often used as a measure of performance or some basis for other sizes.

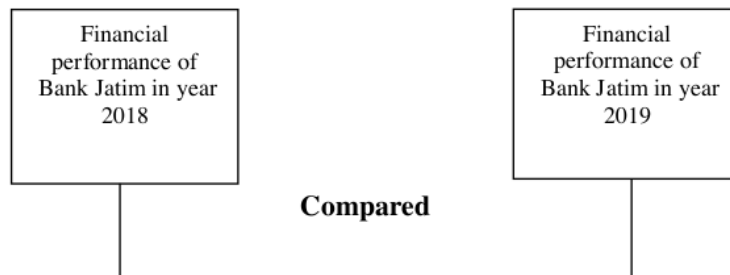
The Bank is considered as a financial institution that perform various financial activities (Ismail, 2017). Financial performance is an achievement by company in certain period that reflects to the health of the company (Sutrisno, 2013).

Bank health represents the competence of a bank for carrying out its activities in accordance with applicable regulation (Fitrawati, Saifi & Zahro, 2016)

2.3. Analysis of Mean Difference or t-test (Paired Sample t-test)

The data analysis method used in this study is the *paired sample t-test*. Data analysis method aimed to test whether there is a difference in the *mean* for two paired samples or not. What is meant by pairs is that the data in the second sample is change or different from the first sample data. This test was conducted to see whether there were differences in *financial performance* in 2018 and 2019 with a significance number greater than alpha 0,05 atau (sig 2-tailed) > 0,05. (Helsinawati, et.el, 2018)

2.4. Frame-work of Thinking



Picture 1. Frame Work of Thinking

2.5. Hypothesis

H₀ : There are no difference in financial performance between 2018 and 2019 at Bank Jatim

H₁ : There are difference in financial performance between 2018 and 2019 at Bank Jatim

3. RESULT & DISCUSSION

3.1. Profile of PT Bank Pembangunan Daerah Jawa Timur Tbk (Bank Jatim Tbk)

Profile of PT Bank Pembangunan Daerah Jawa Timur Tbk on the official website at www.bankjatim.co.id are as follows :

PT Bank Pembangunan Daerah Jawa Timur Tbk (“Bank Jatim”) was established under the name PT Bank Pembangunan Daerah Djawa Timur on August 17, 1961 by deed drawn up by Notary Anwar Mahajudin, No. 91 dated 17 August 1961. With the existence of Law No. 13 of 1962 concerning the Basic Provisions for Regional Development Banks, which require that Regional Development Banks be established with a Regional Government Regulation, the East Java Regional Government issued Regional Regulation No. 2 of 1976. Based on the regional regulation, the name of PT Bank Pembangunan Daerah Djawa Timur was changed to Bank Pembangunan Daerah Jawa Timur.

This Regional Government Regulation was ratified by the Minister of Home Affairs in Decree No. Pem.10 / 5 / 26-18 dated January 31, 1977 and announced in the Regional Gazette of the East Java Province of 1977 Series C No. I / c dated February 1, 1977. The Regional Regulation has undergone several changes, and the last was amended by Regional Regulation No. 11 years 1996, December 30, 1996 which was approved by the Minister of Home Affairs with Decree No. 584.35-280 dated 21 April 1997. With the ratification of Regional Regulation No. 1 of 1999 by the DPRD of East Java Province on March 20, 1999, and by the Minister of Domestic Affairs with Decree No. 584.35-317 dated April 14, 1999, then the legal form of the East Java Regional Development Bank was changed from a Regional Company to a Limited Liability Company.

The change in the status of the legal form was in accordance with deed No. 1 dated May 1, 1999, made by Notary R. Sonny Hidayat Julisty, SH, and approved by the Minister of Justice of the Republic of Indonesia with Decree No. C2.8227.HT.01.01.TH.99 dated 5 May 1999 and published in the State Gazette of the Republic of Indonesia dated 25 May 1999 No. 42, Supplement to the State Gazette of the Republic of Indonesia No. 3008/1999.

In line with economic development and in order to meet the requirements as BPD Regional Champion, one of which parameters is to strengthen capital, an amendment to the Company's Articles of Association was made based on the Deed of Decision of the Limited Liability Company Extraordinary General Meeting of Shareholders Number 89 dated 25 April 2012, made by Notary Fathiah Helmi, SH, in Jakarta which has obtained approval from the Ministry of Law and Human Rights based on Decree Number AHU-22728.AH.01.02. Year 2012 dated 30 April 2012, has been registered in the Company Register in accordance with the Limited Liability Company Law with Number AHU-0038044.AH.01.09 Year 2012 dated April 30, 2012 and based on BAPEPAM Decree dated June 29, 2012 declared effective for registration statements and changed its name to PT Bank Pembangunan Daerah Jawa Timur Tbk. (bankjatim.co.id).

3.2. Bank Performance

The following is the performance data of PT Bank Pembangunan Daerah Jawa Timur Tbk.

Table 1. Performance of PT Bank Jatim Tbk

Performance Ratio	2019	2018
1. Minimum Capital Adequacy Requirement (CAR)	21.77	24.21
2. Gross NPL	2.77	3.75
3 NPL net	0.71	0.61
4. Return on Assets (ROA)	2.73	2.96
5. Return on Equity (ROE)	18	17.75
6. Net Interest Margin (NIM)	6.11	6.37
7 .. Operational Expenses to Operating Income (BOPO)	71.4	69.45
8. Loan to Deposit Ratio (LDR)	63.34	66.57

Source: Otoritas Jasa Keuangan (Financial Service Authority) in 2019 and 2020

3.3. Research Results

The results of the statistical test are as follows:

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistics	df	Sig.	Statistics	df	Sig.
2018	.246	8	.166	.774	8	.015
2019	.272	8	.082	.777	8	.016

a. Lilliefors Significance Correction

In the above table, the performance data of Bank Jatim in 2018 and 2019 are normally distributed because the sig value is smaller than 0.05

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Paired Samples Statistics

			Statistics	Bias	Std. Error	Bootstrap ^a	
						95% Confidence Interval	
						Lower	Upper
Pair 1	2019	Mean	23.3538	.4550	9,0657	7,7874	42.1949
		N	8				
		Std. Deviation	28,27828	-2.44738	6.78909	7.87262	34.35883
		Std. Err or Mean	9,99788				
	2018	Mean	23.9588	.4719	9.0980	8.4514	43.4500
		N	8				
		Std. Deviation	28.35402	-2.38411	6.58041	8.33665	33.85272
		Std. Mean Error	10.02466				

Based on the data in the table above in 2019 from 8 samples, the mean value is 23.3538%, the standard deviation is 28.27828% and the mean standard error is 9.99788%, while in 2018 the mean value is 23.9588%, the standard deviation is 28.35402% and the standard error is 10.02466. %

Paired Samples Correlations

		N	Correlation	Sig.	Bias	Bootstrap for Correlation ^a		
						Std. Error	95% Confidence Interval	
						Lower	Upper	
Pair 1	2019 & 2018	8	.998	.000	.000	.003	.995	1,000

From the paired sample correlation data, the sig 0% value means there is a correlation in the 8 samples.

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Paired Samples Test

Pair		Mean	Std. Deviation	Paired Differences		t	df	Sig. (2-tailed)	
				Std. Mean Error	95% Confidence Interval of the Difference				
					Lower				Upper
1	2019 - 2018	-60	1.62191	.57343	-1.96095 .75095	-1,055	7	.326	

From the above *paired sample test* data, the sig (2-tailed) value (0.326) is greater than 0.05 means that there is no difference between the performance of Bank Jatim in 2018 and the performance of Bank Jatim in 2019. It indicate that the performance relatively stable or consistent from 2018 and 2019.

4. CONCLUSIONS AND SUGGESTIONS

4.1. Conclusion

Based on the results of statistical tests, it can be concluded that there is no difference between the performance of Bank Jatim in 2018 and the performance of Bank Jatim in 2019.

4.2. Suggestion

It is expected that Bank Jatim can improve its financial performance in the next period.

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