



International Journal of Sciences: Basic and Applied Research (IJSBAR)

ISSN 2307-4531
(Print & Online)

<http://gssrr.org/index.php?journal=JournalOfBasicAndApplied>



Financial Ratio Analysis for Increasing the Financial Performance of the Company at Bank Bukopin

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Abstract

This paper analyzes the liquidity, profitability, activity and solvency ratio on the performance of Bank Bukopin. This study uses the secondary data that is financial statements of Bank Bukopin on the period of 2011-2013. From the calculation of these ratios, it can be determine the financial performance of Bank Bukopin. That financial performance then adjusted with the standards of the financial ratio. The research proves that the level of financial performance at Bank Bukopin from 2011-2013 according to the liquidity, profitability, activity and solvency ratios is expressed in good and healthy state. This study is limited in the scope of research on financial performance measured from the financial ratio. This study examines the cases of Bank Bukopin, Indonesia. The contribution of this study provide an insight how to keep the companies survive and develop accordance with the demands of the financial health and also this study is different from the previous studies because of the scale of study is a national level with a long research period that is for 3 years period.

Keywords: Financial Ratio Analysis; Financial Performance; Bank Bukopin.

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1. Introduction

The Indonesia's economic success is inseparable from the banking sector, especially the role of banks as a source of financing the domestic industry. When the economic crisis occurred in 1997, the economic activity in Indonesia was hit as the impact of the decline of the banking sector [1]. In recent years, with the improvement of Indonesian economic, the number of the listed companies in the Indonesian stock exchange is increased. The increasing number of the listed companies will bring a better direction for the interested parties, among other it will be easier for the company to raise the stock, and the investors will receive a return [2]. The investors will be interested to invest the funds because the profit investment is promising to gain the high profit levels, both from the dividends and from the capital gain [3]. The result of the profit and loss statement data of a bank is the main information on the sources and structure of the earnings. Bank is an institution that plays a role as a financial intermediaries (financial intermediary) between the parties that have the funds (surplus units) with the parties who require funds (deficit units) and also as an institution that has the function to expedite the traffic flow of payment [4]. The section headings are arranged by numbers, bold and 10 pt. Here follows further instructions for authors. An institution can be called as a financial institution if that institution could expedite the exchange of goods and services using cash or credit and also that institution can help, channeling the savings of the one society to the other society's savings who need the investments financing [5]. Bank Bukopin is one of the banks that compete closely with the other banks in Indonesia. The performance improvement of Bank Bukopin cannot be separated from the more people who saved money in Bank Bukopin. The financial performance assessment is a very important factor for the companies that can be used to assess the success of the company [6]. While the financial statements are the data that provided by the company to provide the information about the company's progress to the interested parties or companies. The audit of the financial statements of Bank Bukopin and the entity of the subsidiary company by the end of 2011, 2012, 2013 describe the profit and loss statement data, the comprehensive statement of profit and loss data, the changes of equity statement, and the cash flow statement. The financial statements are the responsibility of bank management that situated on the opinion of the financial statements based on our audit and financial position, and also the financial relations and the financial position of the bank. This study purpose to determine the effect of liquidity ratios, profitability ratios, activity ratio and solvency ratios on the Bank Bukopin's performance.

2. Literature Review

Financial ratio is a financial analysis tool that is often used. Financial ratios are used to connect the various predictions that contained in the financial statements so that the financial condition and results o the operations of a company can be described [7]. Ratio is a useful guidance in evaluating the company's financial position and the operating results and comparing with the previous years or other companies [8]. There are four groups of financial ratios, which are [9]:

1. The liquidity ratio is the ratio to determine a company's ability to implement the production process and meet the financial obligations at the billed time.
2. Activity ratio is the ratio to determine the company's ability to perform activities of daily company
3. Profitability ratio is the ratio to determine the company's ability to gain the profit from the policies and

decisions that have been taken.

4. The solvency ratio is a ratio that used to measure how far the company's assets are financed by debt. The figure number and caption should be typed below the illustration in 10pt and center justified.

3. Methodology

This study uses the secondary data that obtained from the Indonesia Stock Exchange (BEI) that is the Bank Bukopin financial statements on the period of 2011-2013. The study calculates the liquidity ratios, profitability ratios, activity ratios and solvency ratios. Then, from the calculation of these ratios, it can be determine the financial performance of Bank Bukopin. as a result of this study. That financial performance is adjusted with the standards of financial ratio.

4. Result and Discussion

Based on data obtained from the financial statements of Bank Bukopin on the period of 2011 until 2013 that were taken in the Indonesia Stock Exchange (BEI), the financial ratios of the company Bank Bukopin is processed as follows.

1) Liquidity Ratio

Liquidity Ratio that used in this study is that Current Ratio and Quick Ratio. The data are presented in the following table

Table 1: Liquidity Ratio of PT. Bank Bukopin Tbk

Period	Current Ratio	Quick Ratio
2011	1,41	1,38
2012	1,14	1,13
2013	2,87	2,87

Based on Table I, the liquidity level of Bank Bukopin can be expressed in good and health condition based on the current ratio and quick ratio because the level of liquidity is more than 0.50 which is accordance with the average of liquidity level of the company that determined by Bank Indonesia. While the liquidity of Bank Bukopin increased in 2013 with the value of 2.87 that measured from current ratio and quick ratio. Based on the calculations, it is concluded that the level of liquidity affects the performance of Bank Bukopin, which is the better level liquidity of the company, so that company is declared to have the ability to meet its obligations.

The benefit of liquidity ratio is to measure a company's ability to pay the obligations or debt that immediately due when billed [10]. Besides that, the liquidity ratio is used to measure the company's ability to pay short-term obligation with current assets as a whole, the company's ability to pay short-term obligation with current assets

regardless the stock of money or receivable, comparing the number of money stock which are available with the company's work stock and to measure how much cash that available to pay the debt [11].

2) Profitability Ratios

To measure the profitability ratios, it used the return on investment ratio (ROI) and return on equity ratio (ROE). The data are presented in the following table:

Table 2: Profitability ratios

Period	ROI	ROE
2011	1,31	0,68
2012	1,28	0,76
2013	1,27	0,63

Based on Table II, the data found that the profitability ratios of Bank Bukopin is measured by return on investment ratio (ROI) and return on equity ratio ratio (ROE) is expressed in a healthy and stable state. Based on the ratio of return on investment (ROI) of data in 2011, 2012 and 2013, it had a return on investment ratio (ROI) does not exceed the limits of the provisions of Bank Indonesia as much as 3%. While the return on equity ratio (ROE) of Bank Bukopin declared in a healthy and stable state appropriate with standards return on equity ratio (ROE) based on Bank Indonesia regulations with the level of return on equity (ROE) to 1.25. From the data, it is easy to understand that the return on investment (ROI) and return on equity ratio (ROE) it will increasing the stock of Bank Bukopin.

3) Activity Ratio

This ratio measures how the company's ability to effectively manage its assets. This ratio is used to see how much the level of certain assets that owned by the company, whether it is appropriate and reasonable from the side of the current sales rate and projected. The data are presented in the following table:

Table 3: Activity Ratio

Period	Turnover Ratio
2011	3,36
2012	4,05
2013	3,05

Based on Table III, is known that the activity ratio of Bank Bukopin declared in a good condition because it accordance with the Bank Indonesia rate of activity ratios above 3%. Where the turnover of fixed asset of Bank Bukopin has decreased in 2011 amounted to 3.36%, in 2012 as much as 4.05% and by 2013 as much as 3.05%.

The ratio of activity has increased and decreased activity due to factors Bank Bukopin activity is not too maximal so that sales and current assets owned did not experience the balance and improvement.

4) Solvency Ratio

The solvency ratio is used to measure the company's ability to meet its obligations. The ratio of total debt or leverage ratio, this ratio measures the percentage of funds that provided by creditors to the total assets that owned by the company. The data are presented in the following table:

Table 4: Solvency Ratio

Period	<i>Rasio Leverage</i>
2011	6,85
2012	7,68
2013	7,68

Based on Table IV are known the solvency ratio of Bank Bukopin in 2011 as much as 6.85%, while in 2012 and in 2013 as much as 7.68% so the level of solvency ratios are declared in the healthy and good condition and appropriate with the standard of solvency ratio of Bank Indonesia, which not less than 5% and not exceed than 12.5 %. The solvency ratio is a measure of a company's ability to meet its financial obligations at the time the company is liquidated. Solvency indicates the company's ability to pay off all the debt that is using all its assets.

5. Conclusion

Based on the analysis that has been presented, it can be concluded that:

1. The research result proves that the liquidity level of Bank Bukopin can be avowed in the healthy and well state.
2. The profitability ratios of Bank Bukopin is measured by return of investment ratio (ROI) and the return of equity ratio (ROE) is expressed in a healthy and stable state.
3. The ratio of activity of Bank Bukopin is declared in a good state because it is accordance with the Bank Indonesia rate of activity ratios, which above 3%.
4. The solvency ratio of Bank Bukopin in the period of 2011 until 2013 is declared in a healthy and good state because it appropriate with the standard of Bank Indonesia solvency ratio which not less than 5% and not exceed 12.5%.

6. Suggestion

Things that should be considered in the management of liquidity that is manage the liquidity carefully with regarding to the principles like must have the core resources of financial and must manage the sources of funds

and placements carefully. Quoad for improving the profitability, Bank Bukopin needs to know the various factors that determine the level of a company's profitability with improving the economic profitability like increasing the profit margins and increasing or enhancing the turnover of operating assets. To increase the activity of Bank Bukopin, it needs to regulate the activity strategy and provide the good service to customers.

Acknowledgements

Contribution of this study provide an insight how to keep the companies can survive and develop accordance with the demands of the financial health and also this study is different from the previous studies because of the scale of study is a national level with a long research period that is for 3 years period

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