

ANALYZING FINANCIAL PERFORMANCE IN PT. BANK MANDIRI (PERSERO) TBK

ANALISIS KINERJA KEUANGAN DI PT. BANK MANDIRI (PERSERO) TBK

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ABSTRACT

With the influence of the current global economic developments, which could lead to economic competition is very tight so it requires other factors that support the strengthening of the economic structure so that the economy of a country must be strong in the face of global economic competition. The Purpose of this research is to analyze whether there is significant difference on financial performance of PT. Bank Mandiri (Persero) Tbk of the last 5 years (2010-2014). The sampling technique used is a purposive sampling. This research is comparative study, because the purpose is to analyze and compare the data of the last 5 years. The objects of this research are provided in Bank Mandiri annual reports. This Current Research using a judgment sampling method. From the result, that the Financial Performance in PT. Bank Mandiri (Persero) Tbk at the last 5 years there was increase from year to year.

Keywords : Financial, Fundamental Factor, Current Ratio, ROA, ROE, NIM, CAR, LDR, EPS

ABSTRAK

Dengan adanya pengaruh perkembangan ekonomi global dewasa ini, yang dapat menimbulkan persaingan ekonomi yang sangat ketat sehingga diperlukan faktor lain yang mendukung penguatan struktur ekonomi sehingga ekonomi suatu Negara harus kuat dalam menghadapi persaingan ekonomi global tersebut. Tujuan dari penelitian ini adalah untuk menganalisis apakah ada perbedaan yang signifikan pada kinerja keuangan PT. Bank Mandiri (Persero) Tbk dari 5 tahun terakhir (2010-2014). Teknik sampling yang digunakan adalah purposive sampling. Penelitian ini merupakan studi banding, karena tujuannya adalah untuk menganalisis dan membandingkan data 5 tahun terakhir. Objek penelitian ini disediakan dalam laporan tahunan Bank Mandiri. Penelitian ini saat ini menggunakan metode judgment sampling. Dari hasil penelitian, bahwa Kinerja Keuangan di PT. Bank Mandiri (Persero) Tbk pada 5 tahun terakhir terjadi peningkatan dari tahun ke tahun.

Kata Kunci : Keuangan, Faktor Fundamental, Current Ratio, ROA, ROE, NIM, CAR, LDR, EPS

1. INTRODUCTION

Research Background

The development of a country is determined by the state of economic development, and is a benchmark for progress and development of a country. So that economic development has a very important role in increasing the Gross Domestic Product (GDP) of a country. Given the importance of economic development, because with the economic development may affect the level of welfare of a country, so that all parties must have an interest to develop the economy of the Country. With the influence of the current global economic developments, which could lead to economic competition is very tight so it requires other factors that support the strengthening of the economic structure so that the economy of a country must be strong in the face of global economic competition.

Banking is one of the very important instrument in supporting the economic development of Indonesia, so the banks are very influential and have a very important role in supporting economic activity, where banks essentially as providers of capital to support economic activities with high competitiveness.

Research Objective

The Objective of this research is to analyze the current Ratio, ROA, ROE, NIM, CAR, LDR, and EPS of PT. Bank Mandiri (Persero) Tbk.

2. THEORETICAL FRAMEWORK

Finance

Finance is a broad term that describes two related activities: the study of how money is managed and the actual process of acquiring needed funds. Because individuals, businesses and government entities all need funding to operate, the field is often separated into three sub-categories: personal finance, corporate finance and public finance (Kurt, 2012).

Finance Management

Financial management, also called corporate finance, focuses on decisions relating to how much and what type of assets to acquire, how to raise the capital need to buy assets, and how to run the firm so as to maximize its value. The same principles apply to both for profit a non-for-profit organization (Brigham, 2010). Financial management is mainly concerned with the effective funds management in the business. In simple words, Financial Management as practiced by business firms can be called as Corporate Finance or Business Finance Paramasivan (2009).

Financial Statement

A financial statement is an official document of the firm, which explores the entire financial information of the firm. The main aim of the financial statement is to provide information and understand the financial aspects of the firm. Hence, preparation of the financial, statement is important as much as the financial decisions (Paramasivan, 2009).

Financial Fundamental Factors

Paramasivan (2009) said ratio analysis is a commonly used tool of financial statement analysis. Ratio is a mathematical relationship between one numbers to another numbers. Ratio is used as an index for evaluating the financial performance of the business concern. An accounting ratio shows the mathematical relationship between two figures, which have meaningful relation with each other.

Bank

Bank is a business entity of wealth, especially in the form of financial assets (financial assets) as well as the profit motive and social, not just for profit only. Bank is the creator and distributor of currency. Creator and distributor of currency (banknotes and coins) is the sole authority of the central bank (Bank Indonesia), while demand deposits can be created by commercial banks (Hasibuan, 2006).

Financial Ratio Bank

Cecchetti (2006) said financial banking ratio is a financial ratio analysis technique of financial analysis to determine the relationship between certain items in the balance sheet and income statement, both individually and simultaneously. Conclusions of several definitions that financial ratio analysis is an analytical technique for evaluate the condition of a company's performance by analyzing the financial statements of the company.

Current Ratio

Current ratio is financial ratio that also known as working capital ratio or 2:1. It is the ratio of total of total current assets to total current liabilities. Current assets are those which usually converted into cash or consumed within short period. Current liabilities are required to be paid in short period. The formulation of current ratio is:

$$C \quad R = \frac{C}{L} \quad A$$

Return on Assets

According to Cecchetti (2006) return on assets (ROA), the ratio used to measure the ability of the bank's management in gain (profit) as a whole. The higher ROA of a bank will make the greater level of profit that the bank achieved and the better bank's position in the use of the asset. ROA is a profitability ratio that is used to measure the effectiveness of the company in generating profits by exploiting its total. The return on assets is calculated as follows:

$$R = \frac{N \quad In}{T \quad A}$$

Return on Equity

The ratio of net income to common equity; measures the rate of return on common stockholders' investment (Brigham, 2010). According to Rose (2010) in Bank Management & Financial Services, ROE is return in equity that result or the amount declared as a parameter and earned on investments in the company's common stock for a certain period of time. ROE is strongly influenced by the magnitude of the profits derived by an enterprise, the higher the profits the more it will increase ROE. ROE is the ratio of profit after tax to total equity which is derived from one owner, profit is not shared and other reserves are owned by the company. ROE is calculated as follows:

$$R = \frac{N \text{ in}}{C \text{ c} \quad E}$$

Net Interest Margin (NIM)

NIM is an indicator of profitability as financial ratios to measure the ability of the bank management in managing assets to generate net interest income. NIM of healthy bank is above 2%. The net interest margin measures how large a spread between interest revenues and interest costs management has been able to achieve by close control over earning assets and pursuit of the cheapest sources of funding (Rose, 2010). This ratio can be calculated by the formula:

$$N. = \frac{I_i \quad \text{in} \quad - I_e \quad e.}{T \quad a}$$

Capital Adequacy Ratio

Capital Adequacy Ratio is the capital adequacy of banks that describe the ability to maintain sufficient capital and bank management’s ability to identify, measure, monitor, and control the risks that arise that can affect the amount of capital. Capital Adequacy Ratio is based on the principle that every investment which is has risk should be provided with the suitable capital based on the percentage of that investment. CAR is measured as follows:

$$C = \frac{O \quad C}{R \quad W \quad A \quad (R \quad)}$$

Loan Deposit Ratio

Loan to Deposit Ratio (LDR) is a ratio that measures a bank’s ability to fulfill the financial obligations that must be met. Obligations in the form of call money that must be met at the time the obligation of clearing, where fulfillment is carried out of the current assets of the company (Rose, 2009).

$$L. = \frac{L \quad g}{F \quad r}$$

Earnings per Share

The firm’s earnings per share (EPS) are generally of interest to present of prospective stockholders and management. EPS represents are number of dollar earned during the period on behalf of each outstanding share of common stock (Gitman, 2006). Earnings per share are calculated as follows:

$$E = \frac{N \text{ in}}{N_i \quad o \text{ s} \quad o \text{ c c} \quad s \quad o}$$

Conceptual Framework

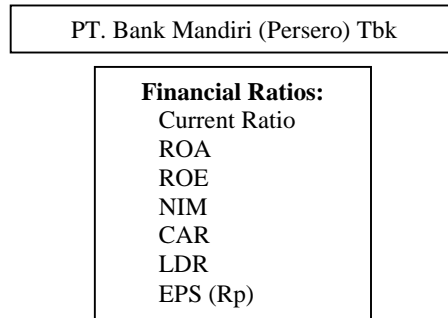


Figure 1. Conceptual Framework
 Source: Data Processed, 2015.

3. RESEARCH METHOD

Type of Research

This Research will use quantitative method. Quantitative research methods is a research method that is based on the philosophy of positivism, used to examine the population or a particular sample. The sampling technique is purposive sampling. Purposive sampling is a sampling technique with particular consideration (Sugiyono, 2012: 96).

Place and Time of Research

This Research was conducted to PT. Bank Mandiri (persero) Tbk in Indonesia. The objects of this research are provided in PT. Bank Mandiri (persero) Tbk annual reports. The researcher analyses the annual reports started from May 2015.

Population and Sample

Population is The entire Group of people, events of things of interest that the researcher wishes to investigate. (Sekaran and Bougie, 2009:262). Population in this research is the annual report each year of PT. Bank Mandiri (Persero) Tbk, which had annual reports from 2001 until 2014 on its official website. The sample of this research is PT. Bank Mandiri (Persero) Tbk Financial data past 5 years (2010-2014). Based on the data obtained and the discussion is conducted in a systematic and objective analysis.

Data Collection Method

Secondary data is the data gathered through such existing sources. Moreover, those data has been available and do not have to be collected by the researcher. Some secondary data sources could be taken on statistic bulletins, government publications, published information available from either within or outside the organization, data available from previous research, case studies and library records, online data, company websites, and the internet in general. Secondary data are indispensable for more organizational research (Sekaran and Bougie 2009). In this research there will be no primary data. The requirement of this research is only a financial report of company. The objects and all information of this research are provided the financial report on their annual report.

Data Analysis Method

Financial ratios will be used for data analysis and later will be used as a basic for the descriptive analysis method to solve the problem that is mentioned before. Basically, a descriptive study is undertaken in order to ascertain and be able to describe the characteristic of the variable of interest in a situation. (Umar Sekaran, Research Methods for Business – A Skill Building Approach, 2003, pg 121).

Operating Definition and Measurement of Research Variables

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$$E = \frac{N \cdot i_n}{N_i \cdot o \cdot s \cdot r \cdot e \cdot o \cdot c \cdot c \cdot s \cdot o}$$

4. RESULT AND DISCUSSION

Result

Table.1. Ratio of PT. Bank Mandiri (Persero) Tbk from 2010-2014

	Current Ratio	ROA	ROE	NIM	CAR	LDR	EPS (Rp)
2010	1.103	3.50%	33.09%	5.39%	13.36%	65.44%	439.38
2011	1.129	3.37%	25.57%	5.29%	15.34%	71.65%	529.33
2012	1.135	3.55%	27.23%	5.58%	15.48%	77.66%	664.46
2013	1.138	3.66%	27.31%	5.68%	14.93%	82.97%	780.16
2014	1.140	3.57%	25.81%	5.94%	16.60%	82.02%	851.66

Source : Data Analysis Result, 2015

The table 1 shows that:

1. Current Ratio has the highest point at 1.140 in 2014 and the lowest point at 1.103 in 2010.
2. ROA has the highest point at 3.66% in 2013 and the lowest point at 3.37% in 2011.
3. ROE has the highest point at 33.09% in 2010 and the lowest point at 25.57% in 2011.

4. NIM has the highest point at 5.94% in 2014 and the lowest point at 5.29% in 2011.
5. CAR has the highest point at 16.60% in 2014 and the lowest point at 13.36% in 2010.
6. LDR has the highest point at 82.97% in 2013 and the lowest point at 65.44% in 2010.
7. EPS has the highest point at 851.66 in 2014 and the lowest point at 439.38 in 2010.

Discussion

From the financial data analysis above, we can see several things that happened from 2010 until 2014. From the result of data analysis shows mean that the current ratio PT. Bank Mandiri (Persero) Tbk experiencing a rising trend within the last 5 years and the mean level of debt settlement/ liability getting better from year to year.

The next result show that the income and asset PT. Bank Mandiri (Persero) Tbk tend to be stable, but not necessarily an increase profit/income and assets, due to profit/income PT. Bank Mandiri (Persero) Tbk has increased from year to year, followed by growth of assets in balance or increase in profit/income is directly proportional to the increase in assets.

From the data analysis show the mean in the last 5 year the ROE was increase of capital large enough and not comparable to the increase in earnings, so that the growth of ROE in the last 3 years is very slow even decreased when compared to ROE in 2010 amounted to 33.09% and 25.81% occurred in 2014.

Another result describe the data analysis of mean that the level of assets management to the level of interest income from year to year are quite encouraging trend on the level of net interest income.

The next data analysis show the mean PT. Bank Mandiri (Persero) Tbk managed to increase the CAR to 16.60% or 2 times greater than the standard CAR set by Bank Indonesia at 8%. it can be concluded that PT. Bank Mandiri (Persero) Tbk, have enough capital for business development in the years to come.

The data analysis mean in 2010, LDR PT. Bank Mandiri (Persero) Tbk good enough ie 65.44%, then experienced a progressive increase of 6.21% to 71.65% in 2011. The increase of 6.21% was the highest increase during the period of last 5 years, while the highest LDR obtained in 2013 amounted to 82.97%, then dropped to 82.02% in 2014, thus PT. Bank Mandiri (Persero) Tbk, is below the limits of tolerance in the provision of funds for the needs of depositors.

The last data analysis result mean that the amount of profits distributed to shareholders even greater, will lead to positive stakeholder image against PT. Bank Mandiri (Persero) Tbk, which will have a positive impact on the progress of the PT. Bank Mandiri (Persero) Tbk.

5. CONCLUSION AND RECOMMENDATION

Conclusion

Several financial ratios that have been test from PT. Bank Mandiri (Persero) Tbk financial performance, this research finally get the conclusion that the mean of:

1. The mean Current Assets of the last 5 years there was increase from year to year.
2. The mean ROA of the last 5 years tent to be stable.
3. The mean ROE of the last 5 years there was an increase of capital large enough and not comparable to the increase in earnings.
4. The mean NIM of the last 5 years there was increase from year to year.

5. The mean CAR of the last 5 years there was increase from year to year.
6. The mean LDR of the last 5 years there is a tendency of increase in IDR from year to year.
7. The mean EPS of the last 5 years there was increase from year to year.

Recommendation

1. PT. Bank Mandiri (Persero) Tbk is one of the largest banks in Indonesia and has a mission to be the bank's best and largest in ASEAN in 2020 (The Best Bank in ASEAN in 2020), it is necessary to carry out expansion to areas of potential, especially in North Sulawesi or Indonesia in general, because in general the Branch Office PT. Bank Mandiri (Persero) Tbk only be to the level of district towns, it will increase the asset even profit to ensure the continuity of the Bank in the future better.
2. PT. Bank Mandiri (Persero) Tbk has ethos / culture of good work with the motto "the spirit of building the country", and even has the human resources that have high integrity, so as to obtain the award for Good Corporate Governance (GCG) best for 5 successive years row, so it's good ethos / work culture and GCG could be disseminated / transmitted also to the Client / Debtor more particularly to large companies that have partnered with PT. Bank Mandiri (Persero) Tbk, thus the motto "Spirit builds the State" for Indonesia could materialize by itself, and can raises the effectiveness and the efficiency of in various lines, even the bank assets and earnings are expected to rise and companies or customers that have partnered with the bank also can develop better.

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