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Research.

Analysis of Financial Ratios to measure Financial Performance at Syariah Bank for the 2017-2018 period

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Abstract: The method used in this research is a descriptive qualitative method, that is, research that focuses on collecting and presenting data from companies for analysis, namely by examining annual financial reports, using ratio analysis of financial statements in financial statements and then comparing them with other financial statements, so that it can be it is known the soundness level of performance at PT.Bank Syariah Mandiri.Tbk. The results of the liquidity ratio at Bank Syariah Mandiri in 2017-2018 show that the results of the analysis of the liquidity ratio at Bank Syariah Mandiri are still healthy because they are still in accordance with the principles that are analyzed in the liquidity ratio. The results of the analysis of the solvency ratio at Bank Syariah Mandiri in 2017-2018 on equity in 2018 experienced a decrease which made the performance assessment unfavorable.

Keywords: Financial Performance, liquidity, solvency.

INTRODUCTION

Banking has a very large use in meeting working capital needs and investment in the real sector with fund owners. Therefore, the function of the banking sector in macroeconomic policy infrastructure must be directed at making money an effective means of increasing economic added value. (Camel et al. 2016)

The development of banks in Indonesia is certainly very concerned and also necessary because the function of banking itself has a very important role in the country's economy. If the better the performance of the Bank in a country, then the economy will also be good. This development is not only felt by conventional banking financial institutions but also in Islamic banking. Islamic banking is a bank that runs its operational system with a sharia system, so it is different from conventional. One of them is that Islamic banking does not accept or burden customers with interest, because in the Islamic system it prohibits usury, interest is included in usury. However, Islamic banking uses a profit-sharing system, as well as other rewards in accordance with the contracts agreed at the beginning. (Heri & Kholis 2016)

To see development and growth in banking, it is also necessary to know the condition of the financial performance of the bank. (enik sulistri). And banking has also become an obligation to report the company's finances. (nufadilah). To view financial information at the bank in each period, which can be seen and presented in financial reports, it is very useful for related parties, both investors, creditors and parties outside the banking sector. (Oktaviani 2009). And what has been reported is then analyzed to get the latest company information and conditions. Financial reports consist of income statement reports, balance sheets, and other financial reports to assess financial performance and provide an overview of the results of developments in the company's financial performance. And to maintain and develop the company must maintain the aspects that support the company's improvement. There are many aspects, among which are the ratio of liquidity and solvency. And of these ratios must have a different function.

The bank's liquidity ratio serves to measure a company's ability to settle its short-term obligations on time. The solvency ratio serves to measure a company's ability to pay its obligations if the company is liquidated. The company is said to be successful, which is seen from the achievement of predetermined performance.

Formulation of the Problem

1. How is the financial performance of PT. Bank Syariah Mandiri according to Liquidity ratio?
2. How is the financial performance of PT. Bank Syariah Mandiri according to Solvency ratio?

LITERATURE REVIEW

Performance

Performance is the result of an assessment by looking at the quality and quantity that can be achieved by employees in carrying out the tasks that are conducted according to what has been set. Namely from the results of work in which there is a combination of ability, effort, and opportunity which is a performance. Performance is a condition that must be known and notified to interested parties to see the level of achievement of an institution's results in connection with the vision and can get negative or positive information from a system.

Financial Report Analysis

Analysis is a problem to explain a relationship between the parts to conclude the whole through an understanding. While the financial report is a summary obtained from the results of accounting records. Namely from financial transactions over a period of one year.

Ratio Analysis

In the opinion of Munawir (2002: 33), Ratio Analysis is a method for analyzing and knowing the relationship between reports on the development of data to be compared which are written in rupiah amounts, percentages and trends, individual ratios that will help in analyzing the level of a company's position in the field finance. (Nuryanto, Tho'in, and Wardani 2014)

Liquidity Ratio

There are several ratios that are often used to measure bank performance, namely:

a. *Quick Ratio*

b. *Banking Ratio*

c. *Assets to Loan Ratio*

d. *Loan to Deposit Ratio (LDR)*

Solvency Ratio

Some of the ratios used to measure performance at the bank are:

a. *Primary Ratio*

b. *Risk Assets Risk Ratio*

c. *Secondary Risk Ratio*

d. *Capital Ratio*

(Florensia Verginia)

Banking

Banking is a financial institution that has a very important process in international trade activities and national development. Banking is anything related to banks, institutions, company/business activities, as well as procedures and processes for carrying out activities. (Camel et al. 2016)

RESEARCH METHODS

Research Approach

The method used in this research is a descriptive qualitative method, that is, research that focuses on collecting and presenting data from companies for analysis. (Rakhmawati, Lestari, and Rosyafah 2017)

Data Type

The research used is comparative descriptive, namely by examining annual financial reports, using ratio analysis of financial statements and then compared with other financial reports, so that the soundness of performance can be known at PT. Bank Syariah Mandiri.Tbk.

Data Source

In this research the type of data used is quantitative data because it emphasizes financial reports, numbers and calculations in it.

Data sources according to Kuncoro (2008: 127), are divided into two, namely:

1. Primary data

Sources of research data obtained directly by the researcher do not use intermediaries in it.

2. Secondary data

Sources of research data obtained indirectly where the researcher must use an intermediary in it if he wants to get the data.

In this research, the data source used is a secondary data source where the researcher must use an intermediary in finding the data he wants to use.

The research method contains the research design used including methods, data sources, populations and samples, data collection techniques, research variables and their operationalization, as well as data analysis techniques. (Camel et al. 2016)

Data Analysis Technique

The several ratio indicators used to measure the performance of the company PT. Bank Syariah Mandiri are:

1. Liquidity Ratio

a. Current Ratio

b. Quick Ratio

c. Cash Ratio

d. Ratio Asset Lancar Terhadap Total Aset

2. Solvency Ratio

1. Debt to Asset Ratio
2. Debt to Equity Ratio
3. Long Term Debt to Equity Ratio

RESULTS AND DISCUSSION

Research Result

To analyze the ratio of liquidity and solvency the authors use financial reports that contain balance sheets and income statements of PT. Mandiri Syariah Bank. During 2 periods, namely from 2017-2018. The following is an analysis of liquidity and solvency ratios.

1. Liquidity Ratio PT. Bank Syariah Mandiri in 2017 - 2018

a. Current Ratio

This ratio will show the extent to which current assets are developing to cover short-term liabilities.

The bigger the ratio of current assets to short-term liabilities, the higher the company's ability to cover its short-term liabilities.

This ratio is safer if it is above 1 or 100%, meaning that current assets must be greater than short-term liabilities.

To find the current ratio, you can use current assets divided by short-term liabilities.

In the table 1.1, the current assets from 2017 only reached 72,758,887 and in 2018 reached 74,273,333. It can be seen how in 2018 there was a significant increase of 1,514,446.

In 2017 short-term liabilities reached 6,917,050 and in 2018 reached 7,354,902. From what we can see in 2018 there was an increase of 437,852.

It can be analyzed that the financial position in 2017 has a ratio of 1052%, which is very high compared to the ratio in 2018 which only reached 1010%. If you look at the current ratio, it will be safer if the ratio is above 100%. This ratio can be considered safe because more than 100%, but in 2018 it decreased by 42% and is still relatively safe.

Table 1.1
Current Ratio
Current Assets / Short Term Liabilities

CURRENT ASSETS	2017	2018
cash	1,135,610	1,324,081
placement at BI	14,391,293	9,658,298
placement at other banks	701,347	1,452,103
securities	375,000	375,000
accounts receivable	34,739,430	37,007,475
financing	20,628,438	23,849,276

CURRENT ASSETS	2017	2018
ijarah asset inventory	787,769	607,100
TOTAL	**72,758,887**	**74,273,333**
SHORT-TERM LIABILITIES	2017	2018
immediate liability	1,012,854	1,047,903
undistributed profit sharing	89,529	79,117
wadiah savings < 1 year	5,814,667	6,227,882
TOTAL	**6,917,050**	**7,354,902**
CURRENT ASSETS / SHORT TERM LIABILITIES	105.2%	101.0%

b. Quick Ratio

This ratio shows the extent to which the most liquid current assets cover short-term liabilities. The greater this ratio, the better the company's ability, this ratio does not have to be 100% or 1:1. To find the quick ratio, you can use cash and cash equivalents plus receivables divided by short-term liabilities.

Table 1.2

Quick Ratio
Cash And Cash Equivalents + Receivables / Short Term Liabilities

FINANCIAL POSITION	2017	2018
CASH AND CASH EQUIVALENTS	13,296,197	14,118,261
RECEIVABLES	34,739,430	37,007,475
TOTAL	48,035,627	51,125,736
SHORT TERM LIABILITIES	96,071,254	102,251,472
QUICK RATIO	50%	50%

In the table above it can be seen that the financial position of cash and cash equivalents in 2017 amounted to 48,035,627.

And in the financial position of short-term liabilities in 2017 it was 96,071.245 and in 2018 it was 102,251,472. So in 2018 there was an increase in 2018 of 6,180.218.

It can be analyzed that in 2017 it has a quick ratio of 50%, this figure can be said to be large, so the company is good at running the company's capabilities and in 2018 the quick ratio is also 50% where the ratio figure becomes 50:50 so the company is already good at running the company's capabilities.

c. Cash Ratio

The cash ratio serves to show the extent to which the ability of cash and cash equivalents to cover short-term liabilities. To find the cash ratio by dividing cash and cash equivalents by short-term liabilities.

Table 1.3
Cash Ratio
Cash And Cash Equivalents / Short-Term Liabilities

FINACIAL POSITION	2017	2018
CASH AND CASH EQUIVALENTS	13,296,197	14,118,261
SHORT-TERM LIABILITIES	13,298,214	14,120.279
Cash Ratio	100%	100%

From the table above, it can be seen in the financial position of cash equivalents in 2017 of 13,296,197 and in 2018 of 14,118,261. and in 2018 there was an increase of 822,064. In the financial position, short-term liabilities can be seen in 2017 of 13,298,214 and in 2018 of 14,120,279 and in 2018 there was an increase of 822,065. It can be analyzed that in 2017 it has a ratio of 100% and in 2018 it also amounts to 100%, so this company is able to cover short-term obligations, because what is being analyzed is a banking company, the ratio that is 100% is good. But if the baitul maal wat tamwil is analyzed, you have to adapt it to your needs.

d. Rasio Aset Lancar Terhadap Total Aset

This ratio shows the portion of current assets over total assets, the greater this ratio, the greater the company's ability. To find the current ratio to the total set, namely current assets divided by total assets.

Table 1.4
Current Assets To Total Assets Ratio
Current Assets / Total Assets

FINACIAL POSITION	2017	2018
CURRENT ASSETS	72,758,887	74,273,333
TOTAL ASSETS	87,915,020	98,341,116
assets ratio	83%	76%

From the table above, the financial position of current assets in 2017 was 72,758,887, and in 2018 it was 74,273,333, an increase of 1,514,446. and in 2018 it increased by 10,426,096.

It can be analyzed that the ratio of current assets to total assets in 2017 was 83% in large numbers, so in 2017 the company was good at showing the portion of its current assets over assets, but in 2018 it decreased to 76%. can or fail to conduct the company's capabilities properly.

2. Solvency Ratio PT. Bank Syariah Mandiri in 2017 - 2018

a. *Debt to Asset Ratio*

This ratio shows the extent to which debt can be covered by assets, if the ratio is greater, the safer the company, it can also be read how much debt to assets is or shows some of the value of assets financed by debt.

Table 1.5
Debt To Assets Ratio
Total Liabilities / Total Assets

DEBT TO ASSETS RATIO	2017	2018
TOTAL LIABILITIES	6,917,050	7,354,902
TOTAL ASSETS	87,915,020	98,341,116
RESULTS	8%	7%

From the table above, it can be seen that the financial position of the total liabilities in 2017 was 6,917,050 lower than the total liabilities in 2018 which amounted to 7,354,902, there was a difference of 437,852. and in the financial position the total assets in 2017 were 87,915,020 and in 2018 it was 98,341,116 where in 2018 there was an increase of 10,426,096.

From this, it can be analyzed that in 2017 the debt to asset ratio was 8%, this figure can be said to be high where if it is high, the company can show the extent to which debt can be covered by its assets. Meanwhile, in 2018 there was a decrease of 1%, namely to 7%, then here the company experienced a slight decline in performance.

b. *Debt to Equity Ratio*

This ratio shows the extent to which capital can cover all liabilities owned by the company, the smaller this ratio, the better the company's performance.

Table 1.6

Debt To Equity Ratio

Total Liabilities / Total Equity

Debt to equity ratio	2017	2018
Total liabilities	13,506,681	14,477.262
Total equity	7,314,241	8,039,165
Results	185%	180%

From the table above, it can be seen from the financial position of total liabilities in 2017 of 13,506,681 and in 2018 of 14,477,262, so in 2018 there was an increase of 970,581. and in the financial position in total equity in 2017 it was 7,314,241 and in in 2018 it was 8,039,165. and this year there was an increase of 724,924.

You can do a debt to equity ratio analysis where in 2017 the ratio was 185% and in 2018 there was a decrease of 5% to 180%. %. and in 2018 you could say the company has started to be able to cover its capital and all of its obligations because this year's ratio is smaller than the previous year's ratio, that company is even better.

c. *Long Term Debt to Equity Ratio (LTDER)*

This ratio indicates the extent to which capital can cover all the long-term liabilities of the company to be analyzed, the smaller the ratio, the better the company's performance.

Table 1.7

Long Term Debt To Equity Ratio (Ltder)
Total Long-Term Liabilities/Total Equity

Long term debt to ratio	2017	2018
Total long-term liabilities	20,628,438	23,849,276
Total equity	7,314,241	8,039,165
Results	282%	297%

From the table above, it can be seen in the financial position report total long-term liabilities in 2017 amounted to 20,628,438 and in 2018 amounted to 23,849,276 in 2018 there was an increase of 3,220,838 and in total equity in 2017 amounted to 7,314,241 and in 2018 amounted to 8,039,165 and there was an increase in total equity of 724,924.

From the table and statement above, it can be analyzed that the ratio of long-term debt to ratio in 2017 is 282%, this result can be said to be smaller than in the following year, in 2017 the company did well because the ratio was relatively small and could cover all of the company's long-term obligations , but in 2018 there was an increase of 15%, so the company has not been able to cover its long-term obligations.

Discussion

According to the results of the research that has been described above, it will then be explained to answer the formulation of the problem how the financial performance of PT. Bank Syariah Mandiri according to the liquidity ratio and how the financial performance of PT. Bank Syariah Mandiri according to solvency ratio.

1. Liquidity Ratio

a. Current Ratio

This ratio shows the extent to which the development of current assets to cover short-term liabilities. The greater the ratio of current assets to short-term liabilities, the higher the company's ability to cover its short-term liabilities. This ratio is safe if it is above 1 or 100%, meaning that current assets must be greater than short-term liabilities. To find the current ratio, you can use current assets divided by short-term liabilities.

The results of the research show that the Current Ratio in 2017 and 2018 has reached the one set by BI, namely in 2017 it was 1052% and in 2018 it was 1010%. This means that the company is successful in covering its debts or short-term obligations. Opinion of Kasmir (2012, 135) Current Ratio which reaches the standard and satisfies the company is 2:1. This means that the results of this ratio are at a safe point in the short term. It can be seen from the standard both are good. (Masyitah & Hope 2018)

b. Quick Ratio

This ratio shows the extent to which the most liquid current assets cover their short-term liabilities. The greater this ratio, the better the company's ability, this ratio does not have to be 100% or 1:1. To find the quick ratio, you can use cash and cash equivalents plus receivables divided by short-term liabilities.

The results of the research show that the Quick Ratio in 2017 and 2018 is 50%, which means it is at a safe standard. The number in this ratio does not have to be at 100%. The comparison to the Quick Ratio for 2017 – 2018 is 1:1. So from these results the company managed to pay its short-term obligations, the company can be said to be good.

c. Cash Ratio

The cash ratio serves to show the extent to which cash and cash equivalents cover short-term liabilities. The greater this ratio, the better the company's ability, normal standard. This ratio figure adjusts to the level of cash needs. To find the cash ratio by dividing cash and cash equivalents by short-term liabilities.

The results of the research show that the Cash Ratio in 2017 - 2018 is equal to 100%, so it is balanced. This means that this ratio reaches the normal standard of 100%. And this ratio figure adjusts to the level of cash needs of Bank Syariah Mandiri.

d. Ratio of Current Assets to Total Assets

This ratio shows the portion of current assets to total assets, the greater this ratio, the better the company's ability. To find the ratio of current to total assets, namely current assets divided by total assets.

The results of the research show that the ratio of current assets to total assets in 2017 is 83%, still within normal standards, and in 2018 it is 76% and is equally balanced.

2. Solvency Ratio

a. *Debt To Asset Ratio*

This ratio shows the extent to which debt can be covered by assets, if the ratio is greater, the safer the company, it can also be read as to how much debt is to assets or shows some of the value of assets financed by debt.

From the results of the research, it can be shown that in 2017 the Debt To Asset Ratio was 8%, this figure is high where if it is high, the company can show the extent to which debt can be covered by its assets, whereas in 2018 there was a decrease of 1%, namely to 7%, then here the company experienced a slight decline in performance.

b*. Debt to Equity Ratio*

This ratio shows the extent to which capital can cover all liabilities owned by the company, the smaller this ratio, the better the performance of a company.

The results of the research show that, the Debt Equity Ratio in 2017 was 185% and in 2018 there was a decrease of 5% to 180%. This shows that in 2017 the company failed to cover capital and all company obligations because the ratio was relatively large, namely 185%. And in 2018 it can be said that the company has started to be able to cover its capital and all of its obligations because the ratio in that year was smaller than the previous year's ratio, in fact the company was even better.

c. *Long Term Debt to Equity Ratio (LTDER)*

This ratio shows the extent to which capital can cover all the long-term liabilities of the companies to be analyzed, the smaller this ratio, the better the company's performance.

The results showed that, the Long Term Debt to Ratio in 20017 was 282%, this result can be said to be smaller than in the following year. In 2017 the company did well because the ratio was relatively small and could cover all of the company's long-term obligations, but in 2018 there was an increase of 15%, so the company has not been able to cover its long-term obligations.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

According to the results of the research it can be concluded that:

The results of the liquidity ratio at Bank Syariah Mandiri in 2017-2018 show an increase in demand for credit while the funds received have not increased much, and the results of the analysis of the liquidity ratio at Bank Syariah Mandiri are still fairly healthy because they are still in accordance with the principles -principles in the analysis of liquidity ratios.

The results of the analysis of the solvency ratio at Bank Syariah Mandiri in 2017-2018, there has been a decrease in 2018 because total liabilities divided by total assets in 2018 have decreased from the previous year, and also equity in 2018 has decreased. which makes performance appraisal not good.

Recommendations

Efforts to maximize financial performance in companies especially in generating profits, the researchers outline the following suggestions:

1. Bank Syariah Mandiri must pay attention to increasing its liquidity, namely whether or not the bank is able to finance bank assets by debt using the Current Ratio, Quick Ratio, and cash ratio
2. Bank Syariah Mandiri must pay more attention in improving its solvency, namely whether or not it is able to finance bank assets by banks for debt using the Total Assets to Total Debt Ratio and Total Debt to Equity Ratio.

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