TIJDESSA, Vol 3 (No 02), 2022, Page 16-26
p-ISSN: 2581-2904, e-ISSN: 2581-2912
DOI: 10.26418/tijdessa.v1i1.41451

TANJUNGPURA INTERNATIONAL JOURNAL ON DYNAMICS ECONOMIC, SOCIAL SCIENCES AND AGRIBUSINESS
http://tijdessa.untan.ac.id/

Comparative Analysis Of The Efficiency; Asset Quality And Financial Stability Between NationalPrivate Commercial Banks (BUSN) And Local Development Bank (BPD) In Indonesia

Laode Arman Saipura[1]
[1]Universitas Tanjungpura

Abstract: This research aims to compare efficiency, quality of assets and financial stability between Nasional Private Commercial Bank (BUSN) and Regional development Banks (BPD). Efficiency variables are formulated with the ratio of operating costscompared to the operating income (BOPO), the quality of the asset is made in the ratio of non-performing Loan (NPL), namely the comparison of problematic financing with total Financing, and financial stability that is redefined with ReturnOn Asset (ROA) is a comparison of the profit generated by the bank with the total assets owned by the bank. The method in this research is the quantitative method ofusingdescriptive test, Classic Assumption test and Mann Whitney test. Based on thedescriptive results and Mann Whitney test, the efficienc, the quality of the asset andfinancial stability of the Nasional Private Commercial Banks (BUSN) is better when compared to the Regional development Banks (BPD).

Keywords: Efficiency, the quality of the asset, Financial Stability, BUSN, BPD.

Introduction

An important component of a nation's economy that supports people's financial and commercial transactions is the banking sector. The government thus plays a significant role in preserving economic stability by ensuring the banking sector's financial soundness. Developments Due to the financial and banking crises, banking growth fell in the 1997–1998 period, making it inversely proportional to the strong development recorded in the 1988–1996 period. The government is attempting to find a solution to the situation, in this case through Bank Indonesia and foreign organizations (Hidayat et al., 2022).

Among the actions taken were the recapitalization of 27 banks at a cost of more than 400 trillion rupiah and the ownership takeover of 7 additional banks. The steps taken to address the financial and banking crisis include giving banks liquidity through Bank Indonesia Liquidity Assistance (BLBI), identifying and recapitalizing banks that still have the potential to continue their business operations and banks that have a significant impact on its policies, closing troubled banks and merging banks, and creating special institutions to address issues in the banking industry (Foskett & Maringe, 2010).

The government, through Bank Indonesia, was forced to make changes in the banking industry as a result of the severe banking crisis that occurred in 1997–1998 in order to stabilize the financial system and stop a recurrence of the crisis. Regarding the actions taken as part of the reform process to address the crisis, a few examples include strengthening the regulatory framework by creating a clear implementation plan to adhere to the 25 Basel Core Principles for Effective Banking Supervision, which serve as an international benchmark for bank supervision, creating the Real Time Gross Scheme (RTGS) to enhance payment system infrastructure, and more. the Jakarta Initiative and the Indonesian Debt Restructuring Agency's work on restructuring bad loans and implementing a bank guarantee program to protect public deposits in banks (Malini, 2019; Sari et al., 2022).

Positive developments in the banking sector since the implementation of the stabilization program in the period 2002 to 2022 can be seen, among others, in lending which has begun to increase in product innovations that are starting to work, such as the development of derivative products (among others credit linked notes), as well as product collaborations with other institutions (mutual funds). and bancassurance) (Buchory, 2014; Wasiuzzaman, 2010).

As shown by the Financial Services Authority through the 2021 Indonesian Banking Statistics data, there have been 107 Commercial Banks with details namely 4 State-Owned Commercial Banks, 68 National Private Commercial Banks (BUNS), 27 Regional Development Banks (BPD) and 8 Branch Offices of Foreign Banks. Financial performance on bank performance is very important as a tool for evaluating bank operations, determining management plans and analyzing business strategies. So that the bank in this case has a role in economic growth.

If the bank's performance is good, it is possible that the economy will also be good. This is because banking performance is a description of the achievements achieved in bank operations, which are related to financial, marketing, fundraising and distribution aspects, technology and human resources (HR). A bank's financial performance is a picture of a bank's financial condition in a certain period, both in terms of raising funds and channeling funds, which are usually measured by financial indicators such as capital adequacy, liquidity and bank profitability (Hsing & Hsieh, 2012; Malini, 2020; Mustopo et al., 2019; Schwert, 2003)

In general, the concept of efficiency is a comparison between output and input. Where efficiency is the company's ability to produce optimal output with the input (resources) owned by the company. In order to gain public trust and also maintain the continuity of bank operations, one of the ratio indicators of success is to maintain efficiency ratios which will then have an impact on optimal bank performance. So that if banking operations in Indonesia are more efficient in carrying out their intermediary functions, they will have an increasingly competitive advantage (Hasan & Daud, 2014).

Below is the BOPO development ratio between National Private Commercial Banks (BUSN) and Regional Development Banks (BPD).

From chart 1 above, the BOPO development ratio between BUNS and BPD is experiencing fluctuating growth which in 2020 BOPO at BUNS has increased to 84.66% from 81.59% in the previous year, which in this case means that BUSN has obstacles perform optimal operational cost efficiency. On the other hand, BPD in 2020 experienced the same upward trend as BUSN from 79.56% in the previous year to 80.60%. so that it can be concluded from the data above that in general, even though both are experiencing an upward trend when viewed from the BOPO ratio, BPD is more efficient in its operational activities compared to BUSN (Malini & Nilam, 2022).

The competition in the banking industry includes, among other things, obtaining funds from the public and seizing market share for business financing loans, both large, medium and small businesses in the regions as well as financing development programs. Competition between banks in financing credit for productive businesses is much tighter because BPDs have to compete with state-owned banks and private banks in the regions. Competition also occurs between BPDs and people's credit banks which incidentally operate in districts/cities in each province, especially in MSME financing. (Micro small and Medium Enterprises). So that the intense competition that occurs between banks in the regions "forces" each BPD to maintain healthy and stable financial performance so that BPDs can become "leaders" in their regions because BPDs are relatively difficult to expand outside their territory or to the national level. However, the distribution of BPD loans to the non-productive sector has so far received criticism from the OJK because in terms of quality and quantity it has not fully supported regional economic development (Malini & Giovandi, 2022).

Based on the development data and phenomena that occur above, the researcher feels the need to carry out further research entitled "comparative analysis of National Private Commercial Banks (BUSN) and Regional Development Banks (BPD) in terms of Efficiency, Asset Quality and Financial Stability in Indonesia" period 2016- 2020.

Literature Review

Efficiency is an important indicator in measuring the whole performance of company activity. Efficiency is often meant how a company could produce with the lowest cost, but it is not just like that, efficiency is also deal with input-output connection management, that is how to allocate available production factors optimally to be able to produce maximal output. A company is considered as having a higher level of efficiency if by a number of certain input could produce more output or for certain number of output could use fewer input. Efficiency for a bank or banking industry as a whole is a very important aspect taken into account to create a healthy and sustainable financial performance. Banking industry efficiency can be under studied from micro or macro point of view (Malini et al., 2021). From micro perspective, in a tighter competition atmosphere, for being able to keep going and developing a bank should be efficient in its operation. Inefficient banks are highly probable to exit from market for being unable to compete with its competitors either in pricing or product and service quality.Inefficient banks will find difficulties in maintaining its customer loyalty and also prospective customers for broadening its customer base are not interested. Meanwhile from the macro perspective, an efficient banking industry could influence financial intermediary cost and financial system stability on the whole.

This is caused by the banking industry strategic role as an intermediator and financial services producer. With the higher level of efficiency banking performance will be better in allocating financial sources and at the end is able to enhance investment and economic growth (Malini et al., 2021). (Dockery & Kavussanos, 1996) noted that efficiency is a vital sign of bank operational condition and one of success indicators of individual bank after examining the whole banking industry. Efficiency study is also important to measure appearing potential impacts from a particular central bank/ government policy toward banking policy adjustment. (Oh, 2007) revealed, that efficiency of a company consists of two components, those are technical and allocative efficiency. Technical efficiency indicates the company capacity in maximizing output produced with certain available input. While allocative efficiency indicates the company capacity to optimize the use of available input with pricing structure and its production tech- nology. The combination of the two measures can be used to measure economic efficiency. (Beaver, 1981) said that technical efficiency is one of the economic efficiency components on the whole. Yet, in the framework to achieve its economic efficiency a company should be technically efficient. To gain a maximal level of profitability a company should be able to produce output at an optimal level with certain number of input (technical efficiency) and produce output with a proper combination on

certain pricing level (allocative efficiency). Basically benefits of measuring technical efficiency are: first, as a measuring tool to get relative efficiency for comparing inter activity units easily. Second, if varied level of efficiency found during examination of various activity units, so a research would be conducted to find out factors responsible for those variations (Malini et al., n.d.). Therefore, a proper solution could be proposed. Third, information about inefficiency has policy implications. For that, the parties concerned could take proper policies.

Research Method

Data

1) BPD and BUSN operating in Indonesia during the 2016-2020 period;
2) Present financial reports for the 2016-2020 observation period which have been published on OJK or the website of each bank;
3) The Conventional Bank does not experience a change in the form of business entity during the observation period.
4) BPD and BUSN with Conventional and Foreign Exchange principles Based on the above criteria in 2016-2020 there were 25 Commercial Banks

National Private Bank (BUSN) and 25 Regional Development Banks (BPD) that meet the criteria with 5 years of observation, so it can be concluded that there are 25x5=125 National Private Commercial Banks and 25x5=125 Regional Development. BUSN and BPD include:

Uji Statistik Deskriptif

as is without intending to make generally accepted conclusions or generalizations. So that descriptive analysis is used to discuss quantitative data.

Descriptive statistical analysis used in this study is the average value, maximum value, and minimum value for all research variables at BUSN and BPD. which is then tested with descriptive statistics using the SPSS computer program or other programs.

Two Mean Difference Test (independent sample t test)

The independent sample t test is a test to test the significant difference in the mean of the two groups. Independent here in the sense that both are not related to each other and are not related to each other coming from 2 different populations or samples. This aims to find out whether the two sample groups differ in certain variables (Sugiyono 2017).

Before the two different test average.
As for the formula for the Average Difference Test (Independent sample t test), there is a formula as follows:
1. The t test for the same variance (Equal Variance) uses the Polled Variance formula, which is as follows:

$$t = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{(n_1 - 1)S_1^2 + (n_2 - 1)S_2^2}{n_1 + n_2 - 2}\left(\frac{1}{n_1} + \frac{1}{n_2}\right)}}$$

Independent sample t test) data in research must meet the following assumptions:
1. Interval or ratio data scale, in this study the research data scale is in the form of a ratio.
2. The data group must be unpaired or independent data.
3. Data per group is normally distributed.
4. Do homogeneity test

The t test is carried out to compare the t count and t table values with the following conditions:
a) If t count ≥ t table then Ho is rejected and Ha is accepted
b) If t count <t table then Ho is accepted and Ha is rejected.

Then, for data that is not normally distributed, the calculation uses a non-parametric test, namely the Mann Whitney Test. By using a significance level of 5%. The basis for making a decision to accept or reject the hypothesis on the Mann Whitney test is as follows:
a) If the probability (Asymp.Sig) < 0.05 then Ho is rejected, meaning there is a difference.
b) If the probability (Asymp.Sig) > 0.05 then Ho is accepted meaning there is no difference.

Result and Discussion

Tabel 1
Statistic Descriptive

	N	Minimum	Maximum	Mean	Std. Deviation
BOPO BUSN	125	51,70	235,20	88,1478	21,32672
BOPO BPD	125	60,13	195,70	79,8508	16,24237

Based on the BOPO Descriptive Statistical Results table 4.1 above, it can be seen that the number of samples in this study were Commercial Banks in the 2016-2020 period consisting of 25 National Private Commercial Banks (BUSN) and 25 Regional Development Banks (BPD). Then, when viewed from the average efficiency value proxied by the BOPO ratio at BUSN, it is 88.14, this figure is higher than the BOPO ratio at BPD of 79.85, this shows that BPD is more efficient than BUSN. The minimum efficiency value proxied by BOPO at BUSN is 51.70, namely PT. Bank BNP Paribas Indonesia in 2020, while the minimum BPD score is 60.13, namely at PT. BPD South Sulawesi and West Sulawesi in 2016. The maximum score of BUSN is 235.20, namely PT. Of India Indonesia in 2016, while the maximum value of BPD is 195.70, namely at PT. Banten in 2016. The deviation value for BUSN is 21.32 while for BPD it is 16.24.

Tabel 2
Hasil Uji Statistik Deskriptif NPL

	N	Minimum	Maximum	Mean	Std. Deviation
NPL BUSN	125	,00	6,37	1,7734	1,18637
NPL BPD	125	,00	4,92	1,1497	1,16424

Sumber: Data yang diolah menggunakan spss 25

Based on the results of the NPL Descriptive Statistics table 4.2 above, it can be seen that the number of samples in this study were Commercial Banks in the 2016-2020 period consisting of 25 National Private Commercial Banks (BUSN) and 25 Regional Development Banks (BPD). Then when viewed from the average value of Asset Quality which is proxied by the NPL ratio at BUSN is 1.77, this figure is greater than the NPL ratio at BPD of 1.14, this shows that BUSN has higher Asset Quality. low when compared to BPD. The minimum value of Asset Quality proxied by BOPO at BUSN is 0.00, namely PT. Bank BNP Paribas Indonesia in 2016-2018, while the minimum BPD value is 0.00, namely PT. BPD Central Sulawesi in 2019-2020. The maximum value of BUSN is 6.37, namely at PT. KB Bukopin in 2017, while the maximum BPD score is 4.92, namely at PT. Banten in 2018. The deviation value for BUSN is 1.18 while for BPD it is 1.16.

Tabel 3
Hasil Uji Statistik Deskriptif ROA

	N	Minimum	Maximum	Mean	Std. Deviation
ROA BUSN	125	-4,61	11,15	1,5531	1,51284
ROA BPD	125	-9,58	4,96	2,2610	1,60045

Sumber: Data yang diolah menggunakan spss 25

Based on the results of the ROA Descriptive Statistics table 4.3 above, it can be seen that the number of samples in this study were Commercial Banks in the 2016-2020 period consisting of 25 National Private Commercial Banks (BUSN) and 25 Regional Development Banks (BPD). Which then, when viewed from the average value of Financial Stability proxied by the ratio of ROA at BUSN, is 1.55, this figure is smaller than the average value of ROA at BPD of 2.26, this shows that BPD has more in generating profits compared to BUSN. The minimum value of Financial Stability proxied by ROA at BUSN is -4.61, namely PT. KB Bukopin in 2020, while the minimum BPD score is -9.58, namely at PT. Banten. The maximum score of BUSN is 11.15, namely PT. Of India Indonesia in 2016, while the maximum value of BPD was 4.96, namely at PT BPD South Sulawesi and West Sulawesi in 2016. The deviation value of BUSN was 1.51 while at BPD it was 1.60.

BOPO (Operating Costs to Operating Income) is a ratio that describes how effective and efficient a bank is in carrying out its activities. Costs incurred by banks in their operations such as interest costs, marketing costs, labor costs, and other operating costs. The smaller the BOPO value, the more efficient the bank is in carrying out its operations (Vivi, Achmad, Junaidi, 2019).

Based on the test results with the Mann Whitney test during the study period (2016-2020) there is a significant difference in efficiency proxied by the BOPO ratio between BUSN and BPD. Then, when viewed from the average efficiency value proxied by the BOPO ratio at BUSN, it is 88.14, this figure is higher than the BOPO ratio at Regional Development Banks of 79.85. In accordance with the results of this study, it can be seen that BPD is more efficient than BUSN in carrying out its operational activities.

In addition, based on previous research conducted by Purwanto, P (2019) also found that BPDs are more efficient than other commercial banks. Therefore, the BPD, which incidentally is operational, still plays a role in providing regional development funding facilities such as funds for the realization of the APBD, so that the BPD is required to carry out operational activities effectively and there is intervention from the government because BPD activities do not only carry out Commercial Bank activities but BPD also functions as a driving agent. regional development. The results of this study are important because BUSN is not more efficient than BPD, so there is a need for improvement in terms of carrying out operational activities by considering the following aspects.

aspects of efficiency in order to create an effective decision-making in carrying out operational activities therefore it is necessary to control operational costs by management in order to obtain maximum income so that it also increases bank performance in obtaining profits.

Based on the test results with the Mann Whitney Test during the study period (2016-2020) there is a significant difference in Asset Quality proxied by the NPL ratio between BUSN and BPD. Then when viewed from the average value of Asset Quality which is proxied by the NPL ratio at BUSN is 1.77, this figure is greater than the NPL ratio at BPD of 1.14, this shows that BUSN has higher Asset Quality. low when compared to BPD.

NPL (Non Performing Loan) is the ratio of non-performing loans to total credit loans. If seen from previous tests by Vivi, Achmad, Junaidi, (2019) it is known that there are differences in NPLs between BUSN and BPD. The higher the NPL means the higher the credit arrears, this has the potential to reduce interest income and reduce profit levels. Provision of credit to the public will always pose risks that cause bank losses, especially for non-performing loans. This can happen suddenly, so credit quality is divided into five, namely current, special mention, substandard, doubtful, and finally bad credit.

The results of this study indicate that BPD has better asset quality compared to BUSN. So that it can be said that BUSN has a large credit risk ratio in the possibility of bank losses as a result of non-payment of loans extended by banks to creditors and BPD adheres to the precautionary principle in extending credit to customers.

ROA (Return On Assets) is a ratio that measures a bank's profitability by comparing its net income with its assets, in order to find out how effectively a bank uses its assets to earn income. It can be seen that the greater the ROA, the better the bank (Vivi, Achmad, Junaidi, 2019).

Based on the results of testing with the Mann Whitney test during the study period (2016-2020) there is a significant difference in Financial Stability proxied by a significant ROA ratio between BUSN and BPD companies. Which then, when viewed from the average value of Financial Stability proxied by the ratio of ROA at BUSN, is 1.55, this figure is smaller than the average value of ROA at BPD of 2.26, this shows that BPD has more in generating profits compared to BUSN. In accordance with previous research by Anjani, D. P., & Pakpahan, R. (2020) it is known that the ROA of Government-Owned Banks is better than BUSN, so from this it can be seen that BPDs have been effective in managing their assets to obtain income and also many BPD banks have received projects from the government which is one of the factors that support the increase in ROA BPD.

Conclusions

Based on the results and analysis of the data that has been carried out in this study to answer the statement of the problem formulation and the existing hypotheses, it can be concluded that there are differences in the efficiency of National Private Commercial Banks (BUSN) and Regional Development Banks (BPD). From these results it shows

that BPD is more efficient compared to BUSN so we can see the implications of this research that in terms of management BPD is better than BUSN because BPD in carrying out its operational activities still refers to or there is intervention from the government and the scope of BPD in carrying out activities operations are still small so as to minimize ineffectiveness in operation. As for BUSN, which in fact are privately owned, they should be better in terms of performance, but several factors can hinder one of them, one of which is the large number of branch offices that are spread out, so that there is a need for improvement and in carrying out its operations, it must consider aspects of efficiency in the sense of having a simple but effective organization. in making decisions.

Based on the research that has been done and the researcher realizes that this research is still far from perfect, the following are some recommendations, among others:

It is advisable for further research to add other financial ratio variables in order to explain the overall differences between the two groups. It is better for further research to use a method that does not only focus on finding comparisons of the 2 groups but uses the influence method to look for relationships between the variables studied.

In terms of managing Commercial Banks, both BUSN and BPD, it is necessary to have breakthroughs and solutions in order to improve their performance. These solutions and breakthroughs are the joint responsibility of all Commercial Bank stakeholders, from the government, the community, academics and internal parties from Commercial Banks, both BUSN and BPD. Things that need to be considered after seeing the results and discussion in this study are increasing competitiveness, strengthening institutional resilience and increasing contributions to regional development and community welfare. To achieve these three things, to increase the effectiveness of business processes and risks at BUSN and BPD, there is a need for Product Development, Service Management, Marketing Development, Networking, Portfolio Management, and Strengthening Liquidity and Capital. so as to create efficiency and effectiveness of business and risk management both in BUSN and in each BPD. Which then creates a sound and quality financial health of the Bank.

References

Beaver, W. H. (1981). Market efficiency. *Accounting Review*, 23–37.

Buchory, H. A. (2014). Analysis of the Effect of Capital, Operational Efficiency, Credit Risk and Profitability to the Implementation of Banking Intermediation Functions (Study on Regional Development Bank All Over Indonesia in 2012). *Academic Research International*, *1*(5), 440–457.

Dockery, E., & Kavussanos, M. G. (1996). Testing the efficient market hypothesis using panel data, with application to the Athens stock market. *Applied Economics Letters*, *3*(2), 121–123.

Foskett, N., & Maringe, F. (2010). *Globalization and internationalization in higher education: Theoretical, strategic and management perspectives*. Bloomsbury Publishing.

Hasan, A., & Daud, N. M. (2014). *The success factors of financial performance of Bank Pembangunan Daerah (BPD), Indonesia before and after autonomy*.

Hidayat, R. A., Shofiyah, I., & Hendra, H. (2022). Comparative Analysis of The Performance of Sharia Banks and Conventional Banks in Indonesia. *AKRUAL: Jurnal Akuntansi*, *13*(2).

Hsing, Y., & Hsieh, W. (2012). Impacts of macroeconomic variables on the stock market index in Poland: new evidence. *Journal of Business Economics and Management*, *13*(2), 334–343.

Malini, H. (2019). Efficient market hypothesis and market anomalies of LQ 45 index in Indonesia stock exchange. *Sriwijaya International Journal of Dynamic Economics and Business*, *3*(2), 107–121.

Malini, H. (2020). Behaviour of stock returns during COVID-19 Pandemic: Evidence from six selected stock market in the world. *Jurnal Ekonomi Indonesia*, *9*(3), 247–263.

Malini, H., & Giovandi, H. (2022). The Impact of the United States of America and China Export Rate Setting on Wealth and Liquidity of Shareholders. *SRIWIJAYA INTERNATIONAL JOURNAL OF DYNAMIC ECONOMICS AND BUSINESS*, *5*(4), 311–324.

Malini, H., Natalia, D., & Giriati, G. (2021). Corporate Governance and Company Value: A Manufacturing Industry Case Study. *INOBIS: Jurnal Inovasi Bisnis Dan Manajemen Indonesia*, *4*(4), 450–461.

Malini, H., & Nilam, F. B. (2022). Understanding Human Behavior in Wealth and Assets through Ethnographic Analysis (Study Case on Mapping Human Preferences in Reporting Tax). *Jurnal Dinamika Akuntansi*, *14*(1), 89–97.

Malini, H., Seinna, Y. E., & Rustam, R. (n.d.). INDONESIA'S FOREIGN DEBT DEVELOPMENT AND MACROECONOMIC VARIABLES. *Jurnal Ekonomi Bisnis Dan Kewirausahaan*, *11*(2), 144–158.

Mustopo, F. I., Budiyanto, B., & Solimun, S. (2019). FACTORS AFFECTING THE SUCCESS OF REGIONAL DEVELOPMENT BANK (BPD) TRANSFORMATION IN INDONESIA IN 2024. *Journal of International Conference Proceedings (JICP)*, *2*(1), 134.

Oh, C. H. (2007). *Three essays on market penetration by multinational enterprises*. Indiana University.

Sari, S., Ajija, S. R., Wasiaturrahma, W., & Ahmad, R. A. R. (2022). The Efficiency of Indonesian Commercial Banks: Does the Banking Industry Competition Matter? *Sustainability*, *14*(17), 10995.

Schwert, G. W. (2003). Anomalies and market efficiency. *Handbook of the Economics of Finance*, *1*, 939–974.

Wasiuzzaman, S. (2010). Impact of the global financial crisis on the volatility of the Malaysian stock market. *Available at SSRN 1659548*.