

Comparative Analysis of Financial Performance Between Bank Mandiri of Conventional and Bank Syariah

¹Nazariah, ²Adillah Ulanda

^{1,2}University of Jabal Ghafur, Indonesia

nazariah.isma@gmail.com, adillaulanda@gmail.com

*Corresponding Author : nazariah.isna@unigha.ac.id

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Abstract

The purpose of this study is to find out there are differences between the Financial Performance of Conventional Bank Mandiri and Islamic Banks at PT. Bank Mandiri Conventional and Bank Mandiri Syariah 2014-2018. The analytical technique used to compare the financial performance of Bank Mandiri Syariah with conventional Bank Mandiri is the Independent sample t-test method. The analysis conducted shows that there are significant differences for each financial ratio between Bank Mandiri Syariah and Bank Mandiri Conventional in Indonesia. Bank Mandiri Syariah had better performance in terms of LDR and ROA, while conventional Bank Mandiri had better performance in terms of CAR, NPL, and BOPO.

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Introduction

The banking industry in Indonesia has a very important role in the economy. Bank is one of the financial institutions that have an important role in the economy of a country as a financial intermediary institution. This is because banking is one of the financial systems that functions as a Financial Intermediary, which is an institution that has a role to bring together owners and users of funds. Therefore, bank activities must run efficiently on a macro and micro scale. Funds resulting from community mobility are allocated to various economic sectors and all areas in need, accurately and quickly.

The development of the Islamic banking system in Indonesia is carried out within the framework of a dual-banking system or a dual banking system within the framework of the Indonesian Banking Architecture (API), to present an increasingly complete alternative to banking services to the Indonesian people. The sharia banking system and conventional banking synergistically support the mobilization of public funds more broadly to increase financing capacity for sectors of the national economy.

The informal development of the Islamic finance industry began before the formal legal framework was issued as the basis for banking operations in Indonesia. Several non-bank financing business entities have been established prior to 1992 which have implemented the concept of profit sharing in their operational activities. This shows the community's need for the presence of financial institutions that can provide sharia-compliant financial services.

Islamic banks in Indonesia in a relatively short period of time have shown significant progress and are increasingly showing their existence in the national economic system. Banks based on sharia principles or Islamic banks as well as conventional banks also have a function as an intermediary institution (Intermediary Institution). This sharia system offers justice, transparency, accountability and mutual trust among economic actors.

During the period 1992 to 1998, there was only one Sharia Commercial Bank and 78 Sharia Rural Banks (BPRS) that had been operating. In 1998, Law no. 10 of 1998 concerning amendments to Law no. 7 of 1992 concerning banking. The amendment to the Law has resulted in several changes that provide greater opportunities for the development of Islamic banks. The law has detailed the legal basis and the types of businesses that can be operated and

implemented by Islamic banks. The law also provides direction for conventional banks to open Islamic branches or even convert themselves to become fully Islamic banks (Wulandari (2004) in Maharani (2010).

At the end of 1999, along with the enactment of the banking law, commercial Islamic banks were established and commercial banks opened sharia business units. Since the operation of Bank Muamalat Indonesia (BMI), as the first Islamic bank in 1992, with one service office with initial assets of around Rp. 100 billion, then Bank Indonesia data as of June 30, 2011 shows that currently national Islamic banking has grown rapidly, when the perpetrators consisted of 11 Sharia Commercial Banks (BUS), 23 Sharia Business Units (UUS), and 154 Sharia Rural Banks (Statistics Indonesian Banking June 2011).

The development of Islamic commercial banks and conventional banks that opened sharia branches was also supported by the persistence of Islamic banks when the national banking crisis experienced a severe crisis in 1998 and the global crisis in 2008. The sharia banking profit sharing system implemented in Bank Muamalat products led to The bank relatively maintains its performance and is not swept away by the soaring deposit interest rate so that the operating expenses are lower than conventional banks (Wulandari (2004) in Rindawati (2007)).

The following table shows the financial performance of Conventional Commercial Banks with Islamic Commercial Banks in Indonesia:

Table 1.1. Financial Performance of Conventional Commercial Banks and Islamic Commercial Banks 2014 to 2018 (in percent %)

| RATIO (%) | CONVENTIONAL COMMERCIAL BANKS | | | | | SHARIA COMMERCIAL BANKS | | | | |
|-----------|-------------------------------|-------|-------|-------|--------|-------------------------|-------|-------|-------|-------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2014 | 2015 | 2016 | 2017 | 2018 |
| CAR | 19.57 | 21.39 | 22.93 | 23.35 | 23.24 | 16,10 | 15.02 | 15.95 | 17.91 | 24.8 |
| LDR | 89.42 | 92.11 | 90,70 | 90.55 | 94.09 | 91.50 | 88.03 | 85.99 | 79.65 | 95,40 |
| NPL | 2.88 | 2.48 | 2.59 | 2.47 | 2.37 | 4.95 | 4.84 | 4.42 | 4.77 | 3.83 |
| BPO | 76.29 | 81.49 | 82.22 | 81.74 | 76.29. | 96.97 | 97.01 | 96.23 | 94.91 | 88.75 |
| ROA | 2.85 | 2.32 | 2.23 | 2.07 | 2.52 | 0.80 | 0.49 | 0.63 | 0.63 | 1.37 |

Source: Conventional Banking Statistics (2018) and Sharia Banking Statistics (2018)

The table above shows the financial performance of Islamic Commercial Banks and Conventional Commercial Banks as measured by the ratio level. In terms of capital, Islamic commercial banks have increased from year to year and have met the capital adequacy standard of Bank Indonesia, which is 8%. We can see that there is a not too big difference between the CAR of Islamic Commercial Banks and Conventional Commercial Banks, only around 6-9%. In terms of NPL, Islamic Commercial Banks have met the standards of Bank Indonesia, which is below 5% and there is no too much difference compared to Conventional Commercial Banks. For LDR, Islamic Commercial Banks have also met the best standards from Bank Indonesia, which are between 85%-110%. For BOPO itself, Islamic commercial banks have not met the standards of Bank Indonesia, namely 92%.

In several respects, both conventional banks and Islamic banks have similarities, especially in terms of technical receipts of money, transfer mechanisms, general requirements for obtaining financing and so on. However, there is a fundamental difference between the two, namely in Islamic banks, the contracts carried out have worldly and ukhrawi consequences because the contracts are carried out based on Islamic law. The basic characteristics of Islamic banking, which include prohibiting the application of usury and prohibiting transactions based on speculative motives, make Islamic banks identified as financing institutions that have close links with the real sector, and this is a competitive advantage for Islamic banks.

As a financial institution, banks need to maintain their performance in order to operate optimally. Moreover, Islamic banks have to compete with conventional banks which are dominant and have developed rapidly in Indonesia. This increasingly fierce competition must be accompanied by good management to survive in the banking industry. One of the factors that must be considered by banks in order to survive is the bank's financial performance. Financial reports on banking shows the financial performance that has been achieved by banks at a time. The financial performance can be known by calculating financial ratios so that it can determine the performance by using ratio analysis, namely the ratio of liquidity, solvency, profitability, and operational efficiency.

Aspects of liquidity used in banking ratios can be known by calculating the quick ratio, banking ratio, and loan to asset ratio. Financial ratios to measure bank solvency can be known by calculating the capital adequacy ratio (CAR), primary ratio, and capital ratio.

Profitability ratio can be known by calculating return on assets (ROA), return on equity (ROE), and gross profit margin (GPM). Meanwhile, the operational efficiency ratio can be determined by calculating the leverage multiplier ratio, assets utilization ratio (AUR), and operating ratio (Martono in Isna Rahmawati, 2008). In addition, ratio analysis also assists management in understanding what is actually happening in banking based on financial statement information, both by comparison of current and future ratios in internal banking as well as comparisons of bank ratios with other banks or with average ratios. industry average at the same point/external comparison (Munawir in Isna Rahmawati, 2008).

Discussion

CAR Ratio Analysis

In the table above, it can be seen that Bank Mandiri Syariah has an average (mean) CAR ratio of 4,29% in 2014 (4.29%), 2015 (4.05%), 2016 (3.13%) 2017 (2.71%) and 2018 (1.56%). Meanwhile, conventional Bank Mandiri has an average (mean) CAR ratio in 2014 of (9.60%), 2015 (8.30%), 2016 (25.07), 2018 (22.09). This means that during the 2014-2018 period Conventional Bank Mandiri had a better CAR than Bank Mandiri Syariah, because the higher the CAR value, the better the quality of the bank's capital. However, if it refers to the provisions of Bank Indonesia that the best CAR standard is 8%, then Bank Mandiri Syariah is still in an ideal condition because it is still above the provisions of Bank Indonesia. With the small deviation of the data, it shows that the data on the CAR variable is quite good.

LDR Ratio Analysis

In the table above, it can be seen that Bank Mandiri Syariah has an average (mean) LDR ratio in 2014 of (81.92%), 2015 (81.99%), 2016 (79.19%), 2017 (77.66%), in 2018 (77.25). Meanwhile, conventional Bank Mandiri has an average (mean) LDR ratio in 2014 (15.44%), 2015 (14.14%), 2016 (13.55%), 2017 (12.47%), in 2018 (11.68%). This means that during the 2014-2018 period, Bank Mandiri Syariah had a better LDR than conventional Bank Mandiri. Islamic

Commercial Banks meet the best LDR standards from Bank Indonesia, while Conventional Bank Mandiri does not meet the best standards from Bank Indonesia. With the small deviation of the data, it shows that the LDR variable data is quite good.

NPL Ratio Analysis

In the table above, it can be seen that Bank Mandiri Syariah had an average (mean) NPL ratio in 2014 of (5.68%), in 2015 (5.08%), in 2016 (4.03), in 2017 (3.50%), in 2018 (2.45%). Meanwhile, conventional Bank Mandiri has an average (mean) NPL ratio in 2014 of (34.49%), 2015 (22.49%), 2016 (21.26), 2017 (21.94%) and in 2018 (19.85%).

This means that during the 2014-2018 period, Bank Mandiri Syariah had a better NPL than conventional Bank Mandiri, because the lower the NPL value, the better the asset quality of a bank. below 5%, the Islamic Commercial Bank is still in an ideal condition because it is still under Bank Indonesia regulations. With the small deviation of the data, it shows that the data on the NPL variable is quite good.

BOPO Ratio Analysis

In the table above, it can be seen that Bank Mandiri Syariah has an average (mean) BOPO ratio in 2014 of (100.60%) in 2015 (94.78%) in 2016 (94.12%) in 2017 (94 ,44%) and in 2018 (90.68%), while at Bank Mandiri Conventional in 2014 it was (696.41), in 2015 (670.81%), in 2016 (418.63%), in 2017 (655.12%) and in 2018 (785.67%).

This means that during the 2014-2018 period Conventional Bank Mandiri had a better BOPO compared to Bank Mandiri Syariah, because the lower the BOPO value, the better the quality. However, if it refers to the provisions of Bank Indonesia that the best BOPO standard is below 92%, then Bank Mandiri Syariah is still in an ideal condition because it is still under the provisions of Bank Indonesia. With the small deviation of the data, it shows that the data on the BOPO variable is quite good.

ROA Ratio Analysis

In the table above, it can be seen that Bank Mandiri Syariah has an average (mean) ROA ratio in 2014 of (0.04%) in 2015 (0.56%) in 2016 (0.59%) in 2017 (0, 59%) in 2018 (0.88%). While at Bank Mandiri Conventional in 2014 (3.57%) in 2015 (3.15%) in 2016 (1.95%) in 2017 (2.72%) in 2018 (3.17%). This means that during the 2014-2018 period Conventional Bank Mandiri had a better ROA than Bank Mandiri Syariah, because the higher the ROA value, the better the quality. However, when referring to the ROA standard from Bank Indonesia, which is 1.5%, then Bank Mandiri Syariah is still in ideal condition. With the small deviation of the data, it shows that the ROA variable data is quite good.

Method

This study uses the data analysis method used in this study is financial ratio analysis (financial ratio analysis). Financial ratio analysis is related to company/bank performance appraisal. This analysis is based on quantitative data, namely data in the form of numbers contained in the company's financial statements. Financial ratio analysis used is Capital, Liquidity, Efficiency, Profitability (Kasmir, 2008:49).

Conclusion

Based on data processing and the results of data analysis referring to the problem and research objectives, it can be formulated research conclusions from the results of the independent sample t-test statistical test showing the ratio of CAR, LDR, NPL, BOPO, and ROA of Bank Mandiri Syariah significantly different from conventional Bank , as seen as follows(1) Bank Mandiri Syariah's CAR value is below conventional Bank Mandiri, however, Bank Mandiri Syariah's CAR ratio is still above the criteria of good condition set by Bank Indonesia, which is more than 8%. (2) The mean LDR value between Bank Mandiri Syariah and Bank Mandiri Conventional shows that the LDR value of Bank Mandiri Syariah is above conventional Bank Mandiri. The conventional Bank Mandiri LDR ratio is below the good condition criteria set by Bank Indonesia, which is between 85-110%.(3) The mean NPL value between Bank Mandiri Syariah and Bank Mandiri Conventional shows that the NPL value of Bank Mandiri Syariah is below Conventional Bank Mandiri, but the NPL ratio of Bank Mandiri Syariah is still in the good condition criteria set by Bank Indonesia, which is below 5%. (4) The mean BOPO value between

Bank Mandiri Syariah and Bank Mandiri Conventional shows that the BOPO value of Bank Mandiri Syariah is below Conventional Bank Mandiri, but the BOPO ratio of Bank Mandiri Syariah is still in the good condition criteria set by Bank Indonesia, which is below 92%. (5) The mean ROA value between Bank Mandiri Syariah and Bank Mandiri Conventional shows that the ROA value of Bank Mandiri Syariah is above conventional Bank Mandiri, but the ROA ratio of Conventional Bank Mandiri is still in the good condition criteria set by Bank Indonesia, which is above 1.5%.

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