



ANALYSIS OF SOLVENCY AND PROFITABILITY RATIOS AT PT. WEST SUMATRA REGIONAL DEVELOPMENT BANK

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ABSTRACT

The aim of research is to find out the financial condition and development of PT. West Sumatera Regional development Bank using solvency and profitabilitas ratios. The solvency ratio is a ratio that describes the company's ability to pay its long-term debt and loan capital as well as knowing the ratio of the bank's ability to know its obligations. The ratio calculation uses the Total Debt to Asset Ratio and Total Debt to Equity Ratio. The Total Debt to Asset Ratio is a comparison between total debt and total assets. Meanwhile, the Total Debt to Equity Ratio is a comparison of the total debt the company has with its own capital (equity). The performance of TDAR and TDER in 2020-2022 PT. The West Sumatera Regional Development Bank is considered to be not doing well due to the Covid-19 pandemic which means the company is unable to pay its predetermined long-term and short-term obligations and is unable to use its own capital for all bank debt. The calculation of this ratio uses the ROA, ROE, NPM and BOPO ratios. This research uses quantitative data analysis methods. The type of data used is data obtained from PT's financial reports, West Sumatera Regional Development Bank 2020-2022.

Keywords: *solvency and profitability ratio*

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INTRODUCTION

Banking plays a very important role in the country's economy. The role of banking is a measure of the country's progress. The better the the banking conditions in a country, the better the economy condition of a country, which also plays a role in facilitating the transfer process from parties who have excess funds to parties who need funds. To carry out this process, banks collet funds from people who are exhausted and distribute them back to people who need these funds for more productive activities.

In march 2020, precisely in march, the worldwas shocked by the spread of the covid-19 virus, which is a pandemic that has spread to almost all countries, including Indonesia. Covid-19 has spread to various types of sectors, not only the health sector, but also other sector, including banking.

The covid-19 phenomenon is a threat to the banking sector which will experience several possible risks that arise, such as the risk of bad credit, the risk of asset decline, market risk and so on, which then these risks will ultimately affect banking industry. The negative impact of covid-19 on the financial sector, and capital and the amount of credit disbursed, increasing non-performing credit, worsening efficiency and reduced profits.

According to Law Number 10 of 1998 concerning banking. Law Number 7 of 1992 concerning banking. Banks are business entities that collet funds from the public in the form of savings and distribute them back in the form of credit or other forms in order to improve

the standard of living of the people. According to Fernos (2017) banks are institutions that act as financial intermediaries between parties who have funds and parties who need funds and institutions that function to facilitate payment traffic. Apart from carrying out activities for collecting and distributing funds, it also tries to develop various products and other services to increase profits of the bank.

PT. West Sumatra Regional Development Bank is one of the commercial banks located in Padang City, which plays a role in providing active contributions in the development sector, especially in the credit sector. In financing this credit, of course the bank requires quite a lot of funds, in addition to having to fulfill other operational obligations. A company's financial performance can be measured from bank financial reports using solvency ratios and profitability ratios. To obtain a financial picture of the bank concerned, where the financial data is reflected in the financial reports. Financial reports are financial data that are quantitative in nature.

The solvency ratio can be seen from the debt to asset ratio and debt to asset equity ratio. According to Yants & Afriyeni (2017), to see a bank's ability to earn profits for a certain period, the profitability to make a profit and also provides a measure of the level of effectiveness of a company's management. Profitability ratios use several factors such as return on assets, return on equity, net profit margin and operating costs and operating income. The following is the financial report of PT. West Sumatra Regional Development Bank.

Table 1
Financial data PT. West Sumatra Regional Development Bank for the 2020-2022 period

Information	Year		
	2020	2021	2022
Total assets	25.559.008.291.909	27.982.084.555.688	30.096.359.098.249
In Ecuador	3.207.855.881.614	3.416.642.969.672	3.682.782.535.791
operational expensus	156.026.508.439	174.030.734.296	193.433.996.686
Expenses profit before	1.131.391.020.092	1.315.173.759.117	1.526.493.765.844
Tax	450.717.668.069	510.970.614.496	561.889.124.040
Liabilitas	20.189.000.749.452	22.140.296.223.529	23.500.232.941.370
Net profit after tax	330.247.815.390	408.715.008.799	471.272.601.041

Source: Annual Financial Report PT. West Sumatra Regional Development Bank

RESEARCH METHODS

In the UU research method, the full use of the library research method is carried out by reading and studying literature related to the problem that is the object of research and field research is a data collection technique using questionnaires and described statistically. In this case the author also conducted interviews with related parties to find the information needed.

RESULTS AND DISCUSSION

Understanding Banks

Banks are a broad lens, that is, established for private government companies and individuals to invest or obtain funds through credit activities and the various services provided. According to Law (No. 10 of 1998) concerning banking, what is meant by a bank is a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit or other forms in order to improve the standard of living of the general public. In general, a bank is a general financial intermediary institution with the authority to accept deposits of money, lend money and issue promissory notes or

Analysis Of Solvency.....(putra, jasmawati)



know as bank notes.

Bank Functions

The are several functions of a bank:

1. Agen of trust
2. Agen of development
3. Agen of service

Types of banks

According to Law no. 10 of 1998 concerning banking, banks area grouped into two types, namely

- a. Commercial banks
Is a banks that carries out business activities conventionally and /or based on sharia principles whose activities provide services in payment traffic
- b. Rural banks (BPR)\
BPR according to Law no. 10 of 1998, namely banks that carry out activities conventionally or based on sharia principles whose activities do not provide services in payment traffic.

Sources of Bank funds

In general, bank funding sources can be obtained from

1. The bank is independent
2. Funds from the community
3. Funds sourced from other institutions

Understanding financial repost

- a. Financial position report (income statement)
- b. Statement of changes in capital
- c. Cash flow report

Analysis of memories report

Analysisi of a company's financial statements is basically a calculation of ratios to assess the company's financial condition in the past, present and possible future as well as looking for cause and effect relationship.

Financial report

1. The liquidity ratios is to determine the company's ability to finance operations and fulfill financial obligations at the time
2. The asset ratio is a ratio to determine the company's ability to carry out daily company activities or the company's ability to sell, collect receivables and utilize assets
3. The profitability ratios is a ratio to determine the company's ability to gain profits from the various polcies and decisions that have been taken
4. Solvency ratio is a ratio to measure the extent to which a company's assets are

Solvency ratio

1) Total debt to assets ratio

Table 2
Calculation TDAR PT. Bank Pembangunan Daerah Sumatera Barat Period
2020-2022
(in rupiah)

Information	2020	2021	2022
Total amount of debt	20.189.000.749.452	22.140.296.223.529	23.500.232.941.370
Total Asset	25.559.008.291.909	27.982.084.555.688	30.096.359.098.249

With formula

$$\text{Total Debt To Asset Ratio} = \frac{\text{total hutang}}{\text{total aktiva}} \times 100\%$$

1. Year 2020 = $\frac{20.189.000.749.452}{25.559.008.291.909} \times 100\% = 78,98\%$
2. Year 2021 = $\frac{22.140.296.223.529}{27.982.084.555.688} \times 100\% = 79,12\%$
3. Year 2022 = $\frac{23.500.232.941.370}{30.096.359.098.249} \times 100\% = 78,08\%$

From the TDAR ratio of PT. West Sumatra Regional Development Bank in 2020 the value is 78,98%, in 2021 the value is 79,12%, and in 2022 the value is 78,08%. The standard set by BI is 70%, performance companies that are considered unfavorable, due to the covid-19 virus which affects the company being unable to pay the company's obligations in the long term and short term that have been determined.

2) Total debt to equity ratio

Tabel 3
Calculation TDER PT. Bank Pembangunan Daerah Sumatera Barat
Period 2020-2022
(in rupiah)

Information	2020	2021	2022
Total amount of debt	20.189.000.749.452	22.140.296.223.529	23.500.232.941.370
Owner's equity	3.207.855.881.614	3.416.642.969.736	3.682.782.535.791

With formula

$$\text{Total Debt to Equity Ratio} = \frac{\text{total hutang}}{\text{modal sendiri}} \times 100\%$$

1. Year (2020) = $\frac{20.189.000.749.452}{3.207.855.881.614} \times 100\% = 293,61\%$
2. Year (2021) = $\frac{22.140.296.223.529}{3.416.642.969.736} \times 100\% = 480,13\%$
3. Year (2022) = $\frac{23.500.232.941.370}{3.682.782.535.791} \times 100\% = 381,10\%$

From the TDER ratio of PT. West Sumatra Regional Development Bank in 2020 the value is 293,61%, in 2021 the value is 480,13% and in 2022 the value is 381,10%. The standard set by BI is 70%, company performance at PT. West Sumatra Regional Development is considered to be not good. Due to the covid-19 virus which has a affected



the company, it is unable to use its own capital for all bank debts.

Profitability ratio

1) *Return on asset* (ROA)

Return On Asset (ROA) is a ratio to measure the level of return on investments made by a company using all the funds (assets) it owns (Kariyanto, 2017).

Table 4
Calculation of Return On Assets PT. Bank Nagari Period 2020 – 2022
(In Rupiah)

Component	Return On Asset	
	Profit before tax	Total Assets
2020	450.717.668.069	25.559.008.291.909
2021	510.970.614.496	27.982.084.555.688
2022	561.889.124.040	30.096.359.098.249

Source: Precessed Data

With the formula :

$$ROA = \frac{\text{Laba Sebelum Pajak}}{\text{Total Asset}} \times 100\%$$

1. Year 2020 = $\frac{450.717.668.069}{25.559.008.291.909} \times 100\% = 1,76\%$
2. Year 2021 = $\frac{510.970.614.496}{27.982.084.555.688} \times 100\% = 1,82\%$
3. Year 2022 = $\frac{561.889.124.040}{30.096.359.098.249} \times 100\% = 1,86\%$

From the ROA ratio of PT. Bank Nagari in 2020 the value is 1.76%, in 2021 the ROA value is 1.82%, in 2022 the ROA value is 1.86%. So the ROA of PT. Bank Nagari is said to be very good, because from 2020 to 2022 it has increased. Therefore, if ROA is higher, the bank will operate effectively and efficiently in utilizing its assets with the aim of making a profit.

2) *Return On Asset* (ROE)

Table 5
Calculation of Return On Equity PT. Bank Nagari
Period 2020 – 2022
(In Rupiah)

Component	Return On Equity	
	Net Profit	Owner's Equity
2020	330.247.815.390	3.207.855.881.614
2021	408.715.008.799	3.416.642.969.672
2022	471.272.601.041	3.682.782.535.791

Source : Processed Data

With Formula :

$$\text{ROE} = \frac{\text{Laba Bersih}}{\text{Modal Sendiri}} \times 100\%$$

1. Year 2020 = $\frac{330.247.815.390}{3.207.855.881.614} \times 100\% = 10,29\%$
2. Year 2021 = $\frac{408.715.008.799}{3.416.642.969.672} \times 100\% = 11,96\%$
3. Year 2022 = $\frac{471.272.601.041}{3.682.782.535.791} \times 100\% = 12,79\%$

From the ROE ratio of PT. Bank Nagari in 2020 the value is 10.29%, in 2021 the value is 11.96%, in 2022 the value is 12.79%. ROE has increased from 2020 to 2022. However, PT. Bank Nagari's ROE is said to be not good because the criteria level is below 13% and still below BI standards. Therefore, ROE is inefficient to utilize its capital in making a profit.

3) *Operating Cost Ratio (BOPO)*

Table 6
Calculation of Operational Costs Against PT's Operational Income Bank Nagari
Period 2020 – 2022
(In Rupiah)

Component	BOPO	
	Total Operating Income	Total Operational Expenses
2020	156.026.508.439	1.131.391.020.092
2021	174.030.734.296	1.315.173.759.117
2022	193.433.996.686	1.526.493.765.844

Source : Processed Data

With Formula :

$$\text{BOPO} = \frac{\text{Total Biaya Operasional}}{\text{Total Pendapatan Operasional}} \times 100\%$$

1. Year 2020 = $\frac{1.131.391.020.092}{156.026.508.439} \times 100\% = 72,51\%$
2. Year 2021 = $\frac{1.315.173.759.117}{174.030.734.296} \times 100\% = 75,57\%$
- Year 2022 = $\frac{1.526.493.765.844}{193.433.996.686} \times 100\% = 78,91\%$

From the BOPO ratio of PT. Bank Nagari in 2020 the value is 72.51%, in 2021 the value is 75.57%, in 2022 the value is 78.91%. The BOPO ratio has increased from 2020 to 2022. PT. Bank Nagari's BOPO ratio is said to be very good because the level of assessment criteria is below 83%. The smaller the BOPO ratio, the more efficient the bank is in controlling its operating costs and the profit earned by the bank will be maximized.



4) *Net Profit Margin (NPM)*

Table 7
Calculation of PT's Net Profit Margi Nagari Bank
Priond 2020 – 2022
(In Rupiah)

Component	Net Profit Margin	
	Net Profit	Total Operating Income
2020	330.247.815.390	156.026.508.439
2021	408.715.008.799	174.030.734.296
2022	471.272.601.041	193.433.996.686

Source : Processed Data

With Formula :

$$NPM = \frac{\text{laba Bersih}}{\text{Total Pendapatan}} \times 100\%$$

1. Year 2020 = $\frac{330.247.815.390}{156.026.508.439} \times 100\% = 21,16\%$
2. Year 2021 = $\frac{408.715.008.799}{174.030.734.296} \times 100\% = 23,48\%$
3. Year 2022 = $\frac{471.272.601.041}{193.433.996.686} \times 100\% = 24,36\%$

From the NPM ratio of PT. Bank Nagari in 2020 amounting to 21.16%, in 2021 the value is 23.48%, in 2022 the value is 24.36%. The NPM ratio from 2020 to 2022 has increased. However, the NPM ratio of PT. Bank Nagari is said to be very unfavorable because the level of assessment criteria is below 51%. This means that the bank's ability to earn profits by managing bank operating costs has not been effects.

CONCLUSION

Based on the results of the analysis in the previous chapter, an overview of the level of profitability ratio analysis at PT Bank Nagari during the 2020-2022 period can be concluded that:

1. From the TDAR ratio of PT. West Sumatra Regional Development Bank in 2020 the value is 78,98%, in 2021 the value is 79,12%, and in 2022 the value is 78,08%. The standard set by BI is 70%, performance companies that are considered unfavorable, due to the codis-19 virus which affects the company being unable to pay the company's obligations in the long term and short term that have been determined.
2. From the TDER ratio of PT. West Sumatra Regional Development Bank in 2020 the value is 293,61%, in 2021 the value is 480,13% and in 2022 the value is 381,10%. The standard set by BI is 70%, company performance at PT. West Sumatra Regional Development is considered to be not good. Due to the covid-19 virus which has a affected the company, it is unable to use its own capital for all bank debts.

3. From the ROA ratio of PT Bank Nagari from 2020 to 2022 has increased. Therefore, if ROA is higher, the bank will operate effectively and efficiently in utilizing its assets with the aim of making a profit.
4. From the ROE ratio of PT Bank Nagari from 2020 to 2022 has increased. PT Bank Nagari's ROE ratio is said to be unfavorable because the profit percentage is low and still below BI standards. Therefore, the bank has not been effective and efficient in using its capital to make a profit.
5. From the BOPO ratio of PT Bank Nagari from 2020 to 2022 has increased. The BOPO ratio is said to be very good, because the percentage gain is below the assessment criteria. This means that if the BOPO ratio is smaller, the bank is more efficient in managing operating costs to obtain its operating income.
6. From the NPM ratio of PT Bank Nagari from 2020 to 2022 it has increased. Although the value of the NPM ratio each year has met BI standards, the NPM ratio is still below the assessment criteria of 51%. This means that the bank's ability to earn net profit at the sales level has not been effective.

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