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ANALYSIS OF LOAN TO DEPOSIT RATIO AND NON PERFORMING LOAN AT PT. BANK NAGARI BRANCH MAIN PADANG

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ABSTRACK

The aim of this research is to measure the financial health of Bank Nagari West Sumatra using the LDR and NPL ratios. This research uses a quantitative data analysis method, namely analyzing calculations obtained from the financial reports of PT Bank Nagari West Sumatra for 2020-2022. Based on the results of the analysis that has been carried out, it can be seen that the Loan To Deposit Ratio (LDR) of Bank Nagari West Sumatra in 2020 was 95.70%, in 2021 it was 91.19% and in 2022 it was 91.50%. This means that LDR PT. Bank Nagari West Sumatra for the last three years has been healthy. Where the Loan To Deposit Ratio (LDR) based on Bank Indonesia's standard criteria of >120% is declared unhealthy. And Non-Performing Loans (NPL) at Bank Nagari West Sumatra in 2020 was 2.90%, in 2021 it was 2.49% and in 2022 it was 2.21%. This means that NPL PT. Bank Nagari West Sumatra for the last three years has been healthy. Where Non Performing Loans (NPL) based on Bank Indonesia standard criteria <5% are declared healthy.

Keywords: *Loan To Deposit Ratio, Non-Performing Loans*

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INTRODUCTION

As time goes by, the role of the economy in advancing a country's economy is very large. Almost all factors related to various financial activities always require bank services. Banks are financial institutions whose main activity is collecting funds from the community and channeling these funds back to the community as well as providing other banking services, Kasmir (2012; 12). Furthermore, according to Law Number 10 of 1998, what is meant by a bank is "a business entity that collects funds from the public in the form of savings and channels them in the form of credit societies and/or other forms in order to improve the standard of living of many people".

A bank is an institution that acts as a financial intermediary between parties who have surplus units of funds and parties who need units of deficit funds and as an institution whose function is to facilitate payment traffic. Bank Nagari (which is the name for PT. Bank Nagari) is the only bank owned by the regional government of West Sumatra which aims to improve the economy of the community, especially in West Sumatra.

Meanwhile, credit according to Law number 10 of 1998 concerning banking, credit is the provision of money or bills given to a third party where the party is obliged to pay off the debt at maturity based on an agreed agreement. Financial reports are a collection of company financial information in a certain period which is presented in the form of a systematic report so that it is easy to read and understand by all parties who need it. A banking financial report is a financial report that is prepared as a form of responsibility to management regarding the financial performance achieved by the bank during a certain period or time.

In 2020, the whole world was affected by a deadly virus, namely the Corona virus, which almost spread and claimed quite a lot of lives. Banking companies are one of the sectors most affected by changes in social financial policies as an effort to overcome the spread of Covid-19 in Indonesia. This happens because banking institutions are institutions that have the task of intermediary between parties who have excess funds and parties who lack funds (Ilham, 2021). The government's policy in containing the spread of Covid-19 by carrying out efforts on a large social scale or what is known worldwide as a lockdown has resulted in the cessation of most of the Company's operational activities. The decline in the Company's operational activities has slowed the increase in credit congestion as a result of the Company's inability to pay its credit. Companies have difficulty getting funding so that credit payments are disrupted, which makes banking weak. The government provides stimulus issued through government regulations in lieu of Law (Perpu) Number 01/2020 concerning State Financial Policy and Financial System Stability for Handling the Covid-19 Pandemic with a credit debt payment policy. The credit payment budget has restrained cash flows into banks so that bank profits have decreased. The increasing trend in Covid-19 cases has caused the government to implement stricter social policies which will affect the financial performance of Bank Nagari as a Regional Development Bank in West Sumatra. The development of Bank Nagari's performance during Covid-19, which started from March 2020 to December 2020, moved towards a downward trend and was fluctuating. This means that there is a decline in Bank Nagari's financial performance during Covid-19 which could cause losses to the Company if it is not repaired properly.

One element that banks must pay attention to is their health level. According to (Saifi, 2014) bank health is the ability of a bank to carry out normal banking operational activities and be able to fulfill its obligations properly in accordance with applicable banking regulations and laws. The health of a bank is of interest to all parties involved, be it owners, management or managers of companies, as well as the public or customers who are users of bank services (Umiyati and Faly, 2015). In addition, healthy bank conditions will increase public confidence that banks are a safe and profitable place to store their assets (Saifi, 2014). If a banking system is unhealthy, it will cause payment traffic carried out by the banking system to become unstable and inefficient. Therefore, a bank certainly really needs an analysis to find out whether its condition is healthy or unhealthy after carrying out its operational activities for a certain period of time. The development of Bank Nagari's performance during Covid-19, which started from March 2020 to December 2020, moved towards a downward trend and was fluctuating. This means that a decline in Bank Nagari's financial performance during Covid-19 could cause losses to the Company if it is not repaired properly.

Financial performance is a company's ability to gain profits based on the level of asset and capital sales. Financial performance measurement can use financial ratios, where the use of these ratios can see the real composition of financial conditions. Financial ratios are ratios that describe the index of the relationship between two or more accounting accounts which are obtained by dividing one number by another number (kasmir, 2018). In this research, to look at the financial performance of Bank Nagari before and after Covid-19 using the Loan To Deposit Ratio (LDR) and Non Performing Loan (NPL) ratios.

Loan to Deposit Ratio (LDR) is a comparison between the amount of credit given to the amount of third party funds collected from the public, consisting of current accounts, savings and term deposits (deposits). Loan to Deposit Ratio (LDR) functions to measure the bank's ability to fulfill the financial obligations that must be fulfilled. This ratio is used to see how much third party funding sources, which are generally short term, are used to finance illiquid assets such as credit. According to Riyaldi (2015:199) "Loan to Deposit Ratio" (LDR) is the ratio of total credit to third party funds (DPK) collected by the bank.

Meanwhile, Non-Performing Loans (NPL) or non-performing loans are a situation where the customer is unable to pay some or all of his obligations to the bank as agreed. According to Bank Indonesia, non-performing loans are loans that are classified as substandard, doubtful and non-performing. Non-Performing Loans (NPL) is one of the ratios used to measure the credit risk provided by banks to debtors.

Table 1.
Development of LDR and NPL at PT. Bank Nagari Padang Main Branch
2020-2022
(in millions)

Year	Information		
	Third-party funds	Credits Given	Problematic Credit
2020	20.408.340	19.530.240	566.376,96
2021	22.999.596	20.972.783	522.222,2967
2022	24.559.308	22.472.603	496.466

Source: Bank Nagari West Sumatra

From the explanation above, the author is interested in taking the title of this final assignment about "LDR and NPL Analysis at PT. Bank Nagari Padang Main Branch”.

RESEARCH METHODS

Field study Direct research on the object concerned by examining the results of the data obtained. This research can help the author complete the required data, with activities carried out by interviewing the parties concerned or the company, related agencies. Library studies are research carried out by looking at and reading previous research references in the library. In data analysis, the author uses quantitative data analysis as a research method that explains in description the LDR and NPL ratios at PT. Bank nagari Padang Main Branch.

The data analysis method is viewed from two different aspects, namely between theory and practice which needs to be applied so that it can be seen to what extent it is implemented, whether differences arise regarding the basic principles of the concept itself. This question will be answered later and the results of the analysis will be used as a basis for drawing conclusions and suggestions.

RESULTS AND DISCUSSION

1. Understanding Banks

The authentic definition of a bank has been formulated in Article 1 paragraph (2) of Law Number 10 of 1998 which defines a bank as a business entity that collects funds from the public in the form of savings and channels them in the form of credit and/or other forms in order to improve living standards. many people. According to (Saputri, 2019) a bank is a form of financial institution that acts as a financial institution (financial intermediary) between parties who have excess funds (surplus units) and parties who need funds, as well as an institution whose function is to facilitate traffic. payment. Based on the definition above, it can be concluded that banks are financial institutions operating in the field of trust that collect public funds and channel these funds back to communities that lack funds.

2. Bank Functions

The general function of banks is to collect funds from the wider community (funding) and distribute them in the form of loans or credits (lending) for various purposes. According to (Santoso, 2006) it is as follows:

a. Agent Of Trust
   Good trust to facilitate bank activities, namely collecting and distributing.
b. Agen Of Development
   Community economic development is also a bank's function in supporting the government.
c. Agen Of Service
   Providing services related to finance in the bank's products, such as clearing and so on.

3. Types of Banks

Based on Law no. 10 of 1998, the types of banks based on their functions are divided into Commercial Banks and Rural Credit Banks.

a. Commercial Bank, a bank that carries out its business activities using conventional or sharia principles, which in its activities provides services in payment traffic.
b. Rural Credit Bank, a bank that carries out its business activities using conventional or sharia principles, which in its activities does not provide services in payment traffic.

4. Source of Bank Funds

The source of bank funds is the bank's efforts to collect funds from the community. In collecting these funds, of course the bank must be familiar with the sources of funds that exist in various levels of society in different forms. (Amelia, 2018)

Funds to finance the operations of a bank can be obtained from various sources. Obtaining these funds depends on the bank itself, whether through loans (deposits) from the public or from other institutions. Apart from that, to finance its operations, funds can also be obtained with its own capital, namely capital contributions from the new owner. Acquisition is also adjusted to the purpose of using the funds.

The types of bank funding sources are:

a. Funds sourced from the bank itself (often called third party funds)
b. Funds sourced from external parties (often called second party funds)
c. Funds sourced from the wider community (often called third party funds)

From these three data, the main source of bank funds comes from public funds which consist of three types, namely: Savings, Deposits and Current Accounts.

5. Understanding Credit

Credit is the provision of a loan or financing by a lender to a borrower with a repayment process that takes place in stages over a period of time mutually agreed upon by both parties. According to (Kasmir, 2014) to find out or determine that someone can be trusted to obtain credit, you can use the analysis instrument known as The Five Of Credit or known as 5C, namely:

a. Character (Personality)
   A belief that creditors must know the character and nature of their prospective customers in order to be responsible for the agreed promises.

b. Capacity (Capability)
This is a customer's ability to pay his obligations as seen from the business or activities he carries out. Because this concerns profits or activities related to the continuity of the Company.

c. Capital
The amount of funds or own capital owned by prospective customers. Because the more capital a customer has for business, the better the business will be, therefore the bank will feel more confident in providing credit.

d. Collateral (Guarantee)
This principle needs to be paid attention to by the customer or bank because if the debtor cannot return the funds, the bank will confiscate the collateral provided for liability. Previously, the bank needed to check whether the goods being used as collateral were still registered as collateral or not.

e. Condition Of Economy
This principle is influenced by factors outside the bank and the customer. Because this involves natural factors or other factors that are beyond the control of the bank and the customer. This means that it was not intentional by both parties concerned.

6. Types of Credit

Credit provided by commercial banks and credit banks to the community consists of various types. In general, the types of credit can be seen from various aspects, including the following (Kasmir, 2014:90):

a. Viewed from a usability perspective
1. Investment credit, which is usually used for business expansion or building new projects/factories or for rehabilitation purposes.
2. Working capital credit, which is used to increase production in operations.

b. Viewed from the perspective of credit goals
1. Productive credit is credit used to increase business or production or investment. This credit is given to produce goods or services.
2. Consumptive credit, namely credit used for personal consumption.
3. Trade credit, namely credit used for trade, usually to purchase merchandise where payment is expected from the proceeds from the sale of the merchandise.

c. Viewed from a time period perspective
1. Short-term credit, namely credit that has a term of less than 1 year or a maximum of 1 year and is usually used for working capital purposes.
2. Medium term credit, namely the credit period ranges from 1 year to 3 years, usually for investment.
3. Long-term credit is credit with the longest repayment period. Long-term credit has a repayment period of more than 3 years or 5 years.

7. Understanding Financial Reports

Financial Reports are records of an entity's financial information for a certain period and can provide information regarding the entity's financial performance (Sujarweni, 2019). Financial reports are quantitative financial data. Financial reports are reports that show the financial position of an entity in that period or for a certain time (Kasmir, 2019). The types of financial reports that are commonly known are balance sheets, profit and loss reports or business results, reports of changes in equity, cash flow reports and financial position reports.

8. Analysis Loan To Deposit Ratio (LDR)

Loan To Deposit Ratio is the ratio between the amount of credit given to the amount of third party funds collected from the community consisting of current accounts, savings and term savings (deposits). This ratio can measure a bank's ability to meet its short term requirements (liquidity).

If the LDR ratio value is too high, the more illiquid a bank will be, meaning that the bank will have difficulty meeting its short-term obligations, such as sudden withdrawals by customers of their savings. Conversely, the lower the LDR level, the more liquid a bank is.

Based on Bank Indonesia Circular Letter No. 6/23/DPNP, Loan To Deposit Ratio (LDR) can be calculated by formulating:

$$LDR = \frac{\text{Total Credit Distributed}}{\text{Amount of Third Party Funds}} \text{ X } 100\%$$

a. Bank Nagari

Based on data obtained by PT. Loan To Deposit Ratio. Bank Nagari for the period December 2020 to December 2022 is shown in the table below:

Table 2
Calculation of Loan To Deposit Ratio (LDR)
PT. Nagari Bank 2020-2022 period
(in millions)

Year	Information		LDR (1:2) x 100%
	Total Credit Distributed	Amount of Third Party Funds (TPF)	
2020	19.530240	20.408.340	95,70%
2021	20.972.783	22.999.596	91,19%
2022	22.472.603	24.559.308	91,50%

Source: Bank Nagari West Sumatra

Year 2020

$$LDR = \frac{\text{Total Credit Distributed}}{\text{Amount of Third Party Funds}} \text{ X } 100\%$$

$$= \frac{19.530240}{20.408.340} \text{ X } 100\%$$

$$= 95{,}70\%$$

This means that PT. Bank Nagari's short-term compliance in 2020 was 95.70%, which is less than 120%. This means that this condition is in accordance with the provisions and can be said to be in an unhealthy condition.

Year 2021

$$LDR = \frac{\text{Total Credit Distributed}}{} \text{ X } 100\%$$

$$= \frac{\text{.....}}{\text{Amount of Third Party Funds}}$$

$$= \frac{20.972.783}{22.999.596} \text{ X } 100\%$$

$$= 91{,}19\%$$

This means that PT. Bank Nagari's short-term compliance in 2021 is 91.19%, which is less than 120%. This means that this condition is in accordance with the provisions and can be said to be in an unhealthy condition.

Year 2022

$$\text{LDR} = \frac{\text{Total Credit Distributed}}{\text{Amount of Third Party Funds}} \text{ X } 100\%$$

$$= \frac{22.472.603}{24.559.308} \text{ X } 100\%$$

$$= 91{,}50\%$$

This means that PT. Bank Nagari's short-term compliance in 2022 is 91.50%, which is less than 120%. This means that this condition is in accordance with the provisions and can be said to be in an unhealthy condition.

9. Analysis of Non-Performing Loans (NPL)

Non-Performing Loan (NPL) is a situation where the customer is unable to pay part or all of his obligations to the bank as agreed. According to Bank Indonesia, non-performing loans are loans that are classified as Substandard, Doubtful and Loss. Non-Performing Loans (NPL) is one of the ratios used to measure the credit risk provided by banks to debtors.

If Non Performing Loans (NPL) are high, then profitability decreases and the profit sharing rate decreases and conversely if Non Performing Loans (NPL) decrease, then profitability increases and the profit sharing rate increases.

According to Bank Indonesia through SE No. 6/23/DPNP dated 31 May 2004 stipulates that the non-performing credit (NPL) ratio is 5%. The NPL ratio can be formulated:

$$\text{NPL} = \frac{\text{Total Problem loans}}{\text{Total credits}} \text{ X } 100\%$$

a. Bank Nagari

Based on data obtained by Non Performing Loan PT. Bank Nagari for the period December 2020 to December 2022 is shown in the table below:

Table 3
Calculation of Non Performing Loans (NPL)
PT. Nagari Bank 2020-2022 period
(in millions)

Year	Information		NPL (1:2) x 100%
	Total Problem loans	Total credits	
2020	565.614	19.530.240	2,90%
2021	521.340	20.972.783	2,49%
2022	496.466	22.472.603	2,21%

Source: Bank Nagari West Sumatra

Year 2020

$$NPL = \frac{\text{Total Problem loans}}{\text{Total credits}} \text{ X } 100\%$$

$$= \frac{565.614}{19.530.240} \text{ X } 100\%$$

$$= 2{,}90\%$$

This means that in 2020 PT's NPL ratio. Bank Nagari is 2.90%, so it can be said that the NPL ratio is in a healthy condition and in accordance with Bank Indonesia's assessment criteria, anything less than 5% is said to be healthy.

Year 2021

$$NPL = \frac{\text{Total Problem loans}}{\text{Total credits}} \text{ X } 100\%$$

$$= \frac{521.340}{20.972.783} \text{ X } 100\%$$

$$= 2{,}49\%$$

This means that in 2021 PT's NPL ratio. Bank Nagari is 2.49%, so it can be said that the NPL ratio is in a healthy condition and in accordance with Bank Indonesia's assessment criteria, anything less than 5% is said to be healthy.

Year 2022

$$NPL = \frac{\text{Total Problem loans}}{\text{Total credits}} \text{ X } 100\%$$

$$= \frac{496.466}{22.472.603} \text{ X } 100\%$$

$$= 2{,}21\%$$

This means that in 2022 PT's NPL ratio. Bank Nagari is 2.21%, so it can be said that the NPL ratio is in a healthy condition and in accordance with Bank Indonesia's assessment criteria, anything less than 5% is said to be healthy.

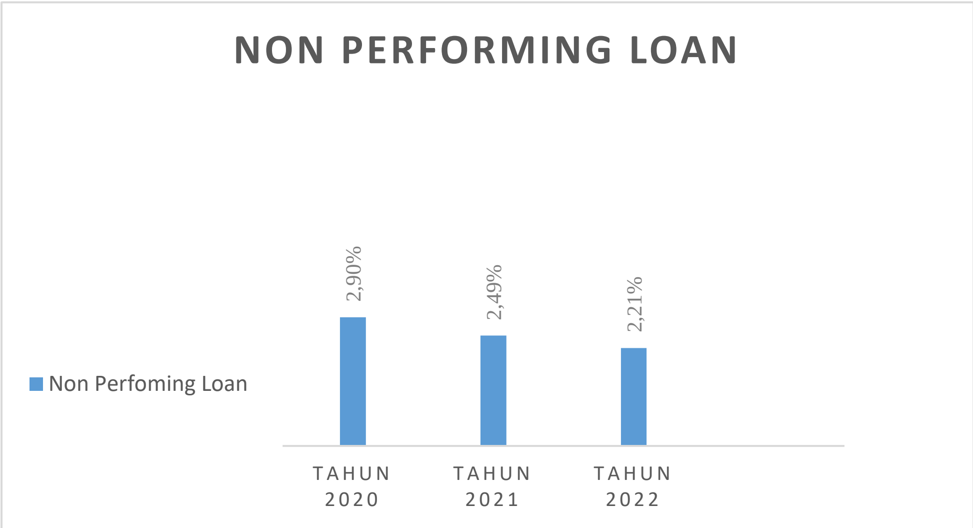
DISCUSSION

Based on the results of the analysis that has been carried out, it can be seen that the

Loan To Deposit Ratio (LDR) of Bank Nagari Padang Main Branch in 2020 was 95.70%, in 2021 it was 91.19% and in 2022 it was 91.50%. This states that the LDR of Bank Nagari Padang Main Branch is in an unhealthy condition. It can be seen from the Bank Indonesia Standard percentage that LDR >85% - 100% is considered unhealthy. It can be concluded that Bank Nagari Padang Main Branch experiences fluctuations from year to year.

Picture 1
Loan To Deposit Ratio

Non-Performing Loans (NPL) at Bank Nagari Padang Main Branch in 2020 was 2.90%, in 2021 it was 2.49%, and in 2022 it was 2.21%. This states that the NPL of Bank Nagari Padang Main Branch is in a healthy condition, which can be seen from the Bank Indonesia Standard NPL percentage <5% which is declared healthy



Picture 2
Non Performing Loan

Table 4
Evaluation of Bank Indonesia Standards
PT. Bank Nagari Padang Main Branch
2020-2022

Rasio	Bank Indonesia Standards	Tahun 2020	Evaluation	Tahun 2021	Evaluation	Tahun 2022	Evaluation
LDR	>120%	95,70%	Unwell	91,19%	Unwell	91,50%	Unwell
NPL	<5%	2,90%	Healthy	2,49%	Healthy	2,21%	Healthy

Source: Bank Nagari Padang Main Branch, Data Processed

Based on the comparative analysis, it can be concluded that the financial ratios of PT. Bank Nagari Padang Main Branch, the comparison results can be described as follows:

1. The Loan To Deposit Ratio (LDR) of Bank Nagari Main Branch in Padang in 2020, 2021 and 2022 is not healthy overall, meaning that the bank is unable to manage its liquidity in collecting and channeling its funds in credit to the public.
2. Non-Performing Loans (NPL) at Bank Nagari Padang Main Branch in 2020, 2021 and 2022 are healthy, because the NPL is <5%, this means that the smaller the Non-Performing Loan (NPL) value, the bank's profitability level will increase. Likewise, the greater the non-performing loan (NPL), the level of profitability will decrease.

CONCLUTION

Based on the analysis of financial ratio calculations, the assessment can be concluded as follows:

Loan To Deposit Ratio (LDR) at PT. Bank Nagari Padang Main Branch for the 2020-2022 period experienced ups and downs of 95.70%, 91.19% and 91.50%. The rise and fall of the LDR during Covid-19 is due to various reasons, the decline in economic activity can affect loan demand which in turn affects the LDR. Apart from that, economic uncertainty during the pandemic can make customers more careful in taking out loans, thereby reducing LDR. This means that LDR PT. Bank Nagari Padang Main Branch for the last three years has been unhealthy. Where the Loan To Deposit Ratio (LDR) based on Bank Indonesia standard criteria >85% - 100% is declared unhealthy. This proves that banks are unable to manage liquidity in collecting funds and distributing funds to the public. Meanwhile, Non-Performing Loans (NPL) for the 2020-2022 period were at percentages of 2.90%, 2.49 and 2.21%. This means that the NPL of Bank Nagari Padang Main Branch for the last three years is healthy. Where Non Performing Loans (NPL) based on Bank Indonesia standard criteria <5% are declared healthy. This means that banks are able to manage credit well so they can provide loans to the public.

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