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# Performance of Bank Rakyat Indonesia (BRI)

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**ABSTRACT:** Banking performance must be maintained and improved so that performance is good, so that the number of customers will increase in the future. The aim of the research is to see the performance of Bank Rakyat Indonesia (BRI) in terms of NIM, BOPO and LDR.

The research method uses regression correlation analysis, partial tests and simultaneous tests of BRI's profitability (ROA) for 8 years from 2015 to 2022 in Indonesia.

The research results showed that only the BOPO variable had a significant effect on BRI's profitability, while NIM and LDR showed insignificant results, but simultaneously had a significant effect on the Bank's profitability (ROA).

**KEYWORDS:** NIM, BOPO, LDR and Bank ROA

## INTRODUCTION

Banks can be defined as "financial institutions whose main activity is collecting funds from the public and channeling these funds back to the community as well as providing other banking services. According to Law No. 10 of the Republic of Indonesia Number 1998, "commercial banks are banks that carry out business activities conventionally or based on Sharia principles, in its activities it provides services in payment traffic. The nature of the services provided is general, in the sense of providing all existing banking services. There are several activities of commercial banks in Indonesia, namely collecting funds from the public through deposits, channeling funds to the public in the form of credit, and providing banking services." In carrying out these banking functions and roles, banks as commercial institutions are required to be able to generate profits. both originating from the bank's main activities and supporting activities.

The banking sector has significant potential and room to grow in its role as a major force of change for society and the business sector. The public and business sector are the service parties who play the most important role, so they have a responsive response to the various forms of services provided by each bank to attract the sympathy of its customers. According to Law Number 10 of 1998 concerning Banking, 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 and/or other forms in order to improve the standard of living of many people.

Bank growth projections until the end of 2021, large banks report positive financial performance. Of the top four banks in Indonesia, Bank Mandiri is in first place, with total assets of more than 1.726 trillion and growing 11.9% compared to the same period last year. The second position is Bank BRI with total assets of 1.678 trillion, followed by BCA with total assets of 1.228 trillion, and finally Bank BNI with total assets of 964.8 trillion (F. Ramadanti, 2022).

This increase in asset growth will have a positive effect on the company's profitability. Profitability is the most appropriate indicator in measuring the performance of a bank and the measure of profitability that is often used in the banking sector is Return On Assets (ROA), because ROA is used to measure a company's effectiveness in generating profits by utilizing the assets it owns (Dewi, 2017).

The level of soundness of banks in the Indonesian economy must always be maintained, including bank management which is based on the principle of prudence. A bank's ability to earn profits, otherwise known as bank profitability, determines the performance and survival of a bank. Profitability is one of the determining indicators for assessing the health of a bank, both by the bank itself and its stakeholders.

Financial Services Authority (OJK) Circular Letter Number 14/SEOJK.03/2017 dated March 17 2017, concerning Bank Health Level Assessment based on CAMELS states that the assessment of commercial bank profitability uses the Return on Assets (ROA) parameter. ROA focuses on the bank's ability to generate profits in its operational activities. The higher the ROA of a bank, the greater the bank's ability to generate profits.

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The magnitude of the Return on Assets (ROA) ratio cannot be separated from the factors that influence these fluctuations. The first factor that can influence Return on Assets (ROA) is "Net Interest Margin (NIM). NIM is a comparison between net interest income to average productive assets. This ratio reflects the bank's ability to generate net interest income by placing productive assets. The more The greater the ROA ratio will reflect, the better the bank's performance in generating net interest income, so that it will have a positive influence on ROA. Net Interest Margin (NIM) is still getting the main attention of banks in Indonesia, considering that NIM is directly related to the bank's ability to manage productive assets. Dominant in credit business.

Research on the influence of NIM on Return on Assets (ROA) has been carried out by Susanto & Kholis (2016), Pinasti & Mustikawati (2018), stating that the NIM variable has a dominant influence on ROA. Research that disagrees with the opinion carried out by Alaziz (2020) states that NIM has a negative and significant effect on ROA. The same research conducted by Winarso & Salim (2017) and Hastalona (2020) shows that NIM has no effect on ROA.

The second factor that can influence Return on Assets (ROA) is the "Loan to Deposit Ratio (LDR). LDR is a ratio to measure the composition of the amount of credit given compared to the amount of public funds and own capital used. This ratio is used to provide an overview of the bank's capabilities in fulfilling its short-term obligations. The higher this ratio, it explains the bank's ability and availability to overcome its liquidity problems in obtaining a level of income. The bank's ability to generate income is very dependent on maintaining liquidity levels with careful management.

The influence of LDR on ROA was researched by Hapsari (2018), Pandoyo (2019), and Dewi & Badjra (2020), stating that LDR had a significant positive effect on ROA. However, research by Ingawati et al. (2018), Azmy et al. (2019) results that LDR has a negative influence on ROA.

The third factor that influences Return on Assets (ROA) is Operating Costs, Operating Income (BOPO). BOPO is a ratio between operational costs and operational income. The BOPO ratio in banking describes how efficient banks are in carrying out their activities. The BOPO ratio increases, so the bank's ability to generate income decreases, thus affecting the decline in the bank's income ratio.

BOPO research on ROA was conducted by Thamrin et al. (2018) and Yunita et al. (2019) stated that BOPO has a negative effect on ROA. However, research conducted by Abdissa (2016) and Sudarsono (2017) stated another opinion that BOPO has a positive effect on ROA.

Sasono Research & Mawarto (2020), NPL and LDR have a significant influence on the ROA of state-owned banks in Indonesia and simultaneously CAR, NPL and LDR have an effect on the ROA of state-owned banks (BRI, Mandiri, BTN and BNI 46) in Indonesia for the period 2009 to 2017.

In research (F. Ramadanti, 2022), it shows that the variables NPL, LDR, BOPO and NIM simultaneously influence ROA. The results of calculating the coefficient of determination show that the influence exerted by the independent variable on the dependent variable is 95.54%, while the remaining 4.46% is influenced by other variables.

Research conducted by (Lestari & Setianegara, 2020), (Ismadi & Irawati, 2019) and (Yogi Prasanjaya & Ramantha, 2013), shows that NIM has a positive influence on the profit growth of a banking company.

Based on the statements above, it is necessary to conduct in-depth research on what factors influence the performance of Bank Rakyat Indonesia (BRI) for the period 2015 to 2022 in Indonesia.

## THEORITICAL REVIEW

According to Republic of Indonesia Law Number 10 of 1998, 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 and/or other forms in order to improve the standard of living of many people.

Financial performance is the value of a company's ability to run, manage and allocate the resources it has (Yatiningsih & Chabachib, 2015). Financial reports are a benchmark for financial performance, where ratios are usually measured by capital adequacy, liquidity, profitability and profitability ratios. ROA = (Net Profit/Total Assets) X 100.

BOPO (Operating Costs to Operational Income) is a ratio which in its operations describes banking effectiveness. Operational costs are interest costs given to customers, while operational income is interest earned from customers (Kasmir. 2016). BOPO = (Operational Costs/Operational Income) X 100%.

BOPO is a comparison between operating expenses and operating profits (Dendawijaya, 2015). BOPO is used to measure the efficiency and ability of a bank in running its business. Measuring efficiency and performance in the implementation of bank business. The lower the BOPO ratio, the more efficient the bank is in running its business. So it can provide a good signal to stakeholders.

Net Interest Margin (NIM) is a ratio that describes the success of bank management in managing its productive assets, in order to generate net interest income. Net interest income on interest income minus interest expense. NIM = (Net Interest Income/Earning Assets) x 100%.

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Net Interest Margin (NIM) is an indicator that measures a bank's ability to generate net interest income from managing company assets. A bank with a high net interest margin (NIM) shows that the bank can manage its productive assets effectively. This causes good financial performance, namely higher profit growth. So that it will provide a good signal to stakeholders, the results of research conducted by (Lestari & Setianegara, 2020).

LDR describes the comparison of the amount of loans given by banks to their customers with funds collected from the public (Nurfakhi Yatiningsih, 2015b). When the credit provided to the public is greater, this will reduce unused funds and increase profitability. Therefore, the higher the LDR ratio, the higher the ROA value. LDR = (Total Credit provided/Third Party Funds) x 100%.

## RESEARCH METHODS

This research uses a "quantitative approach, namely a research method that is based on positivism with an emphasis on testing theories through measuring research variables with numbers and analyzing data using statistical procedures.

The research location is Bank Rakyat Indonesia (BRI) in Indonesia which is listed in the Bank's Publication Report. During the research, observations were carried out for 8 (eight) years, namely from 2015 to 2022.

The research variables are Net Interest Margin (NIM) as Variable X1, Operational Costs to Operating Income (BOPO) as Variable X2 and Loan to Deposit Ratio (LDR) as Variable X3 and Return on Assets (ROA) as Variable Y.

Data analysis used SPSS software version 26, to see correlation and multiple linear regression and partial t test and simultaneous Anova test on BRI's dependent variable (ROA) for the 8 year period 2015 to 2022 in Indonesia.

The research model is as follows:

Information:

Y : Return Of Asset (ROA)

a : Konstanta

X1 : NIM

X2 : BOPO

X3 : LDR

b1-b3: Regression coefficient, is the magnitude of the change in the dependent variable due to changes in each unit of the independent variable.

e: Residual Error (error).

## RESULTS AND DISCUSSION

**Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .990[a] | .980 | .966 | .13252 |

a. Predictors: (Constant), LDR, BOPO, NIM

The results of the summary model show that the correlation of LDR, BOPO and NIM with BRI's ROA for 8 years (2015 to 2022), seen from the Adjusted R Square, is 0.966 or 96.6%, that is, it has a very strong correlation.

**ANOVA[a]**

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| 1 | Regression | 3.517 | 3 | 1.172 | 66.753 | .001[b] |
| | Residual | .070 | 4 | .018 | | |
| | Total | 3.587 | 7 | | | |

a. Dependent Variable: ROA

b. Predictors: (Constant), LDR, BOPO, NIM

The results of the Anova test or simultaneous correlation between LDR, BOPO and NIM on BRI's profitability for 8 years are significant with sig 0.001 < 0.05 or calculated F of 66.753 > F table of 6.591.

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**Coefficients**[a]

| Model | | Unstandardized Coefficients B | Unstandardized Coefficients Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | 8.163 | 1.990 | | 4.102 | .015 |
| | NIM | .280 | .180 | .288 | 1.552 | .196 |
| | BOPO | -.101 | .020 | -.762 | -5.112 | .007 |
| | LDR | .004 | .010 | .054 | .395 | .713 |

a. Dependent Variable: ROA

The correlation equation for the influence of Net Interest Margin (NIM), Operational Costs and Operating Income (BOPO) and Loan Deposit Ratio (LDR) on BRI's Return on Assets (ROA) for the period 2015 to 2022 is:

Y = 8,163 + 0,280 NIM – 0,101 BOPO + 0,004 LDR

This means that:

If the NIM, BOPO and LDR values are 0 (zero), then BRI's ROA is 8.163.

The results of the significance test are:

a) The calculated t value of the NIM variable is 1.552 and the t table is 2.776, and the sig is 0.196 > 0.05, so it can be concluded that NIM has no significant effect on BRI's ROA in Indonesia.

b) The calculated t value of the BOPO variable is 5.112 and the t table is 2.776, and the sig is 0.007 <0.05, so it can be concluded that BOPO has a significant effect on BRI's ROA in Indonesia.

c) The calculated t value of the LDR variable is 0.395 and the t table is 2.776, and the sig is 0.713 > 0.05, so it can be concluded that NIM has no significant effect on BRI's ROA in Indonesia.

## CONCLUSION

The research conclusion is that only the BOPO variable has a significant effect on BRI's ROA, so this operational cost ratio must be made as efficient and small as possible and BRI management must carry out its operational activities effectively and efficiently so that profitability can be increased for the future.

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