



Performance of the Largest Group of Conventional Commercial Banks in Indonesia during the Covid-19 Pandemic

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ABSTRACT: This research seeks to analyze the impact of Covid-19 on the performance of the largest group of commercial banks in Indonesia. Based on the grouping of Business Group (BUKU) 4 Commercial Banks with a minimum capital of thirty trillion rupiah, there are ten conventional commercial banks. The data used is from 2019 to 2022 and comes from bank published reports on the Financial Services Authority website. The research found that: 1. On average there is fluctuation in the credit provided; 2. On average there is positive deposit growth; 3. On average, there will be growth in position assets from 2019 to 2022; 4. On average there will be capital fluctuations from 2019 to 2022; 5. On average, there will be fluctuations in profits from 2019 to 2022

KEYWORDS: Ccovid-19, Bank Performance, Loans, Deposits, Profits

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I. INTRODUCTION

The impact of the Covid-19 pandemic at the beginning of 2020 in Indonesia had an impact on all aspects of life, including the economy. As has happened in almost all countries in the world, Indonesia is also experiencing negative economic growth due to the pandemic. This happened because there was a program to limit community activities by prohibiting crowds to prevent the spread of Covid-19. With this restriction, the impact was felt by almost all types of businesses or industries, resulting in a decrease in business scale.

Banks as financial intermediaries between parties who need funds and parties who have excess funds are also experiencing the impact due to the overall decline in economic activity in all regions of Indonesia. For parties who have been channeling their funds through banks for savings in the form of current accounts, savings or deposits, some have withdrawn their funds due to a decrease in income. Parties experiencing a surplus of funds can consist of individuals, companies and governments, both central government and provincial or district/city governments.

Meanwhile, parties who need funds from banks, whether individuals, companies or the government, also make reductions or cancellations due to uncertainty in investment or other capital expenditures. In such conditions, the result is that banks as financial intermediary companies that connect parties who have excess funds with parties who need funds experience pressure from both sides, both in collecting funds and in distributing funds as the main business activity in the banking industry.

II. RESEARCH METHODS

This research aims to analyze the performance of the largest group of conventional commercial banks in Indonesia due to the Covid-19 pandemic. The population in this study are conventional commercial banks which are included in the Commercial Bank Business Group (BUKU) 4 group, namely banks that have a minimum capital of 30 trillion rupiah. With a minimum capital requirement of 30 trillion rupiah in Indonesia, there are 10 commercial banks consisting of 4 state-owned commercial banks and 6 private commercial banks. The research used data for four years, namely 2019 before the Covid-19 pandemic and 2020 to 2022 during the Covid-19 pandemic. The data that is the object of observation includes data: 1. Collection of third party funds;

2. Credit distribution; 3. Assets; 4. Equity; 5. Profit/loss; The analytical method used in this research is descriptive analysis.

III. RESEARCH RESULT

A. LOAN

Credit distribution by the largest group of conventional commercial banks in Indonesia from 2019 to 2022 will fluctuate on average. In 2019 the average credit was 350,174,148 million rupiah with the largest credit being 859,570,852 million rupiah and the smallest credit being 93,302,103 million rupiah. In 2020, the average credit disbursed by the largest group of conventional commercial banks in Indonesia was 346,907,532 million rupiah, the largest credit was 880,685,363 million rupiah, the smallest credit was 102,598,980 million rupiah. In 2021 the average credit is 367,641,746 million rupiah, the largest credit is 943,702,593 million rupiah and the smallest credit is 98,937,308 million rupiah. In 2022 the average credit will be 405,860,185 million rupiah, the largest credit will be 1,029,802,549 million rupiah, the smallest credit will be 112,695,089 million rupiah.

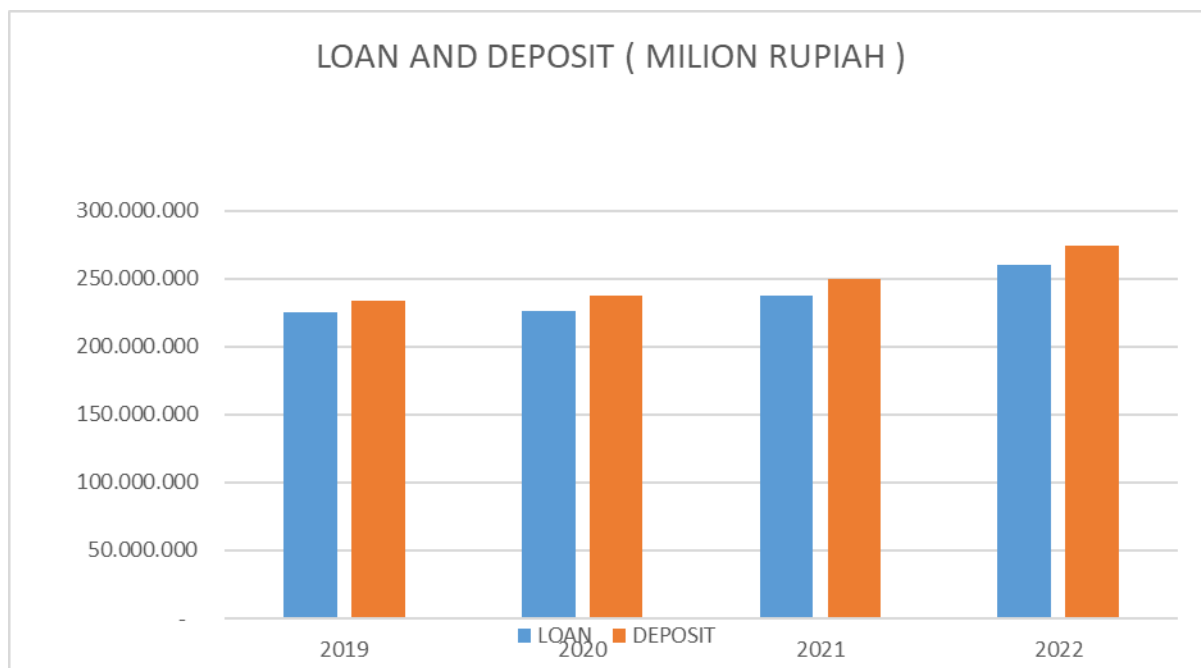
The average credit growth of the 10 largest conventional commercial banks in Indonesia in 2020 was minus 2.48 percent, with 6 banks experiencing negative growth and 4 banks experiencing positive growth. In 2021, credit growth will average 3.35 percent, with details of 7 banks having positive credit growth and 3 banks having negative credit growth. In 2022 there will be very good development with credit growth averaging 9.69 percent and no more banks experiencing negative credit growth.

This data shows how big the impact of the Covid-19 pandemic was on the performance of banks, especially conventional commercial banks in Indonesia, more specifically in 2020, which was the beginning of the Covid-19 pandemic. In 2021, economic life will slowly recover so that the impact on banks is also positive so that credit distribution experiences positive developments even though the figures are still low. In 2023, which is the end of the Covid-19 pandemic, the performance of conventional commercial banks in Indonesia will again show positive development with credit growth which is already quite high, approaching normal economic conditions before the Covid-19 pandemic.

B. DEPOSIT

The largest group of conventional commercial banks in Indonesia during the Covid-19 pandemic continued to show good performance with every year from 2019 to 2022 always experiencing positive development. In 2019 the average amount of third party fund collection was 380,254,912 million rupiah, the highest data was 969,750,006 million rupiah and the lowest data was 77,492,930 million rupiah. In 2020, the average third party funds collected were 429,378,756 million rupiah, the largest data was 1,052,663,870 million rupiah and the smallest data was 91,669 million rupiah. In 2021, third party funds will average 477,650,184 million rupiah, the largest data is 1,127,848,716 million rupiah, the smallest data is 98,406,669 million rupiah. In 2022, third party funds collected on average will reach 523,930,523 million rupiah, the largest data is 1,300,775,618 million rupiah, the smallest data is 102,818,019 million rupiah. From 2019 to 2022, on average, the collection of third party funds by the largest group of conventional commercial banks in Indonesia experienced positive growth. In 2020 compared to 2019 it grew 15.21 percent, in 2021 it grew 9.33 percent and in 2022 it grew 6.25 percent.

The data above shows that in the conditions of the Covid-19 pandemic, the largest group of conventional commercial banks in Indonesia are still able to collect third party funds well, meaning that banks are still trusted by the public to store their funds. The trust of the public, companies and government in banks cannot be separated from the guarantee program provided by the Deposit Insurance Corporation which provides guarantees to depositors to provide compensation in the event of bankruptcy of the bank where they place their funds.



C. ASSET

During 2019 to 2022, on average, the assets of the largest group of commercial banks in Indonesia experienced positive growth. In 2020 all banks experienced positive growth with an average of 8.71 percent, in 2021 there were eight banks with positive growth and two banks with negative growth with an average growth of 8.19 percent. In 2022, on average, banks will grow positively by 5.14 percent, with eight banks experiencing positive growth and two banks experiencing negative growth. In terms of assets of the largest group of commercial banks in Indonesia, there is quite a sharp difference between the largest and smallest banks. In 2019, the assets of the largest bank were 1,343,077,860 million rupiah, while the smallest were 161,254,340 million rupiah, and in 2022 the total assets of the largest bank were 1,750,994,673 million rupiah and the smallest bank's total assets were 155,689,241 million rupiah.

The continuous increase in assets shows the bank's increasing ability to increase its business scale, especially in raising funds and extending credit. The source of this increase in assets can come from the owner by increasing paid-in capital or retained earnings that are not distributed in the form of dividends to shareholders. Apart from bank owners, their assets can increase from external sources, namely depositors, both individuals, companies and governments, both central and regional governments who place their funds in banks.

D. EQUITY

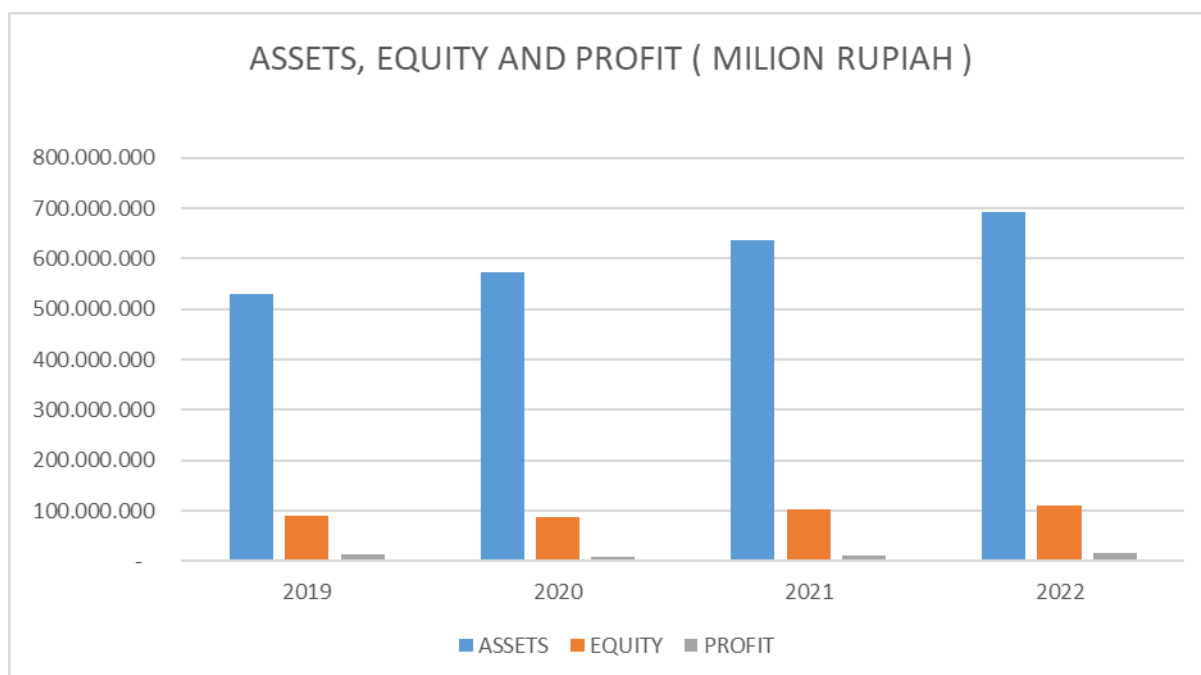
In contrast to other types of industry, bank capital is set at a minimum to provide guarantees that the owner has the ability to bear risks in accordance with established regulations. Based on the provisions of the minimum capital requirement, commercial banks are required to have a minimum capital of eight percent of their risk-weighted assets. Determining the percentage of the minimum capital requirement is also determined by the bank's health level, where banks with a higher level of health have lower minimum capital requirements compared to banks with a lower health level.

In the period 2019 to 2022, on average, bank capital fluctuated, where in 2020 it experienced a decrease compared to 2019 and in 2021 and 2022 it experienced an increase. In 2019 the average bank capital was 88,775,876 million rupiah, in 2020 it decreased to 86,902,596 million rupiah, in 2021 it increased to 102,070,041 million rupiah, and in 2022 it became 108,948,546 million rupiah. The capital adequacy ratio (CAR) from 2019 to 2022 experienced fluctuations, namely in 2019 it was 22.01 percent, in 2020 it rose to 24.30 percent, in 2021 it rose to 25.15 percent and in 2022 it fell to 24.63 percent. This capital adequacy percentage figure is quite high so it is hoped that it will provide confidence to customers that the owner has sufficient capital to bear the risk if the bank fails.

E. Profit.

One indicator for assessing the performance of a company, including the banking industry, is profit. The higher the bank's profit level indicates good performance, whereas a low profit level, even if it experiences losses, indicates that the bank's performance is not good. From 2019 before the Covid-19 pandemic to 2022, on average, there will be fluctuations in bank profits. In 2019, the average bank profit was 13,635,005 million

rupiah, decreasing by 28.06 percent in 2020 to 8,606,890 million rupiah. In 2021, bank profits on average will increase by 40.05 percent compared to 2020 to 10,830,844 million rupiah. In 2022, there will again be an increase in average bank profits by 25.34 percent to 14,870,057 million rupiah.



IV. CONCLUSION

Based on the description above, this research concludes that during the Covid-19 pandemic, the largest groups of commercial banks in Indonesia: 1. On average, there were fluctuations in credit provided; 2. On average there is positive deposit growth; 3. On average, there will be growth in position assets from 2019 to 2022; 4. On average there will be capital fluctuations from 2019 to 2022; 5. On average there will be fluctuations in profits from 2019 to 2022.

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