

The Influence of Liquidity, Solvency and Efficiency Ratio on Conventional Banking Financial Performance For the 2019-2022 Period

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Abstract

This research aims to empirically prove the influence of liquidity, solvency and efficiency on financial performance in banking companies on the Indonesia Stock Exchange. The object of this research is a banking company for the 2019-2022 period. The sampling method uses purposive sampling, where sampling uses several criteria, so the final sample is 32 samples. The data analysis method uses multiple linear regression tests. So the results of this research are that liquidity has a negative and significant effect on financial performance. Solvency has a negative and significant effect on financial performance. Efficiency has a negative and significant effect on financial performance. Liquidity, solvency and efficiency have a significant effect on financial performance.

Keywords: Liquidity, Solvency, Efficiency, Financial Performance

INTRODUCTION

The financial sector has an important role in the country's economy. The higher a country's monetary position, the greater it is. The better the country's monetary position (Xu, J., She, S., Gao, P., & Sun, 2023). The financial institutions created today are traditional financial institutions. Customary banks are monetary organizations that complete public business activities as per the methodology and guidelines set by public authorities. Conventional banks use a reasonable loan cost framework with no restrictions/free fees. Ultimately the budget report is a cyclical record, that is, an outline of the monetary exchanges that occur during the financial year. A complete fiscal summary usually includes money notes. Installment notifications Real money balance progress notifications and other detailed and logical notes that are important for fiscal reports (Fajrin 2016).

There are many points of view to consider when dealing with an association. Especially the turnover rate. The solvency and productivity your association achieves can benefit from different components. of the proportion of bank money. Calculating the proportion of bank liquidity. The proportion of bank solubility and the proportion of bank proficiency. From these various relationships, clearly, each relationship has conceivable results (Limiana, 2015). Based on sources recorded on the Monetary Administration Authority (OJK) website, banking insights for the period December 2019 to 2022 depend on the proportion of liquidity.

Table 1. Loan to Deposit Ration (In Percentage Form)

No	Nama Bank	2019	2020	2021	2022
1	Bank Central Asia, Tbk	84.08	65.64	60.89	63.24
2	Bank Negara Indonesia (Persero), Tbk	95.58	83.69	72.98	77.46
3	Bank Rakyat Indonesia (Persero), Tbk	88.06	80.65	79.88	75.77
4	Bank Tabungan Negara (Persero), Tbk	120.69	95.33	95.32	8.98
5	Bank Danamon Indonesia, Tbk	100.16	84.00	82.57	89.98
6	Bank Mandiri (Persero), Tbk	108.38	81.18	85.87	85.52
7	Bank CIMB Niaga Tbk	97.64	82.72	73.40	83.94
8	Bank Mega Tbk	72.84	61.37	61.41	66.72

Source: Financial Services Authority, 2023

As can be seen from the information above, PT Bank Focal Asia (TBK) shares are very unstable, falling 60.89% in 2021 before the year-to-date expansion. Work Party. Bank Indonesia (Persero) (Tbk) Unstable, fell 72.98% in 2021 before year-on-year expansion. Work Party. Bank Negara Indonesia (Persero) (Tbk) is unpredictable, growing by 88.06% in 2019 before experiencing a decline. Year after year, Work Party. The Bank (Persero) (Tbk) General Reserve Fund is more unpredictable, growing by 120.69% in 2019 before experiencing a decline compared to the previous year. PT Bank Danamon Indonesia (Tbk) experienced instability. Decreased 82.57% in 2021 but increased year on year. Work Party. Bank Mandiri (Persero) Tbk shares changed, growing 108.38% in 2019 before falling year-on-year. PT Bank CIMB Niaga Tbk Facing uncertainty, fell 73.40% in 2021 and has continued to grow consistently since then. PT Bank Mega Tbk faced uncertainty, fell 61.37% in 2020, and has continued to grow consistently since then. Bank liquidity proportion measures the ability of an organization to meet its temporary monetary commitments in a quicker time.

Kasmir (2016) pays attention to the higher the proportion of solubility, meaning the greater the support from outside. It becomes increasingly troublesome for organizations to obtain additional funds. This is because the organization is worried about the possibility of not being able to pay its obligations. Moreover, its purported property of estimating financial performance is essential in providing direction on how best to approach an organization's exhibition. Sources quoted from the Monetary Administration Authority (OJK) website stated that financial measurements for the 2019 to 2022 period were carried out by considering signs of banking monetary dissolvability.

Table 2. Debt to Equity Ratio

No	Nama Bank	2019	2020	2021	2022
1.	Bank Central Asia, Tbk	4.25	4.83	5.06	4.94
2.	Bank Negara Indonesia (Persero), Tbk	5.51	7.09	6.63	6.35
3.	Bank Rakyat Indonesia (Persero), Tbk	5.67	6.10	4.75	5.15
4.	Bank Tabungan Negara (Persero), Tbk	11.30	17.07	16.37	14.52
5.	Bank Danamon Indonesia, Tbk	3.26	3.66	3.32	3.16
6.	Bank Mandiri (Persero), Tbk	4.81	7.14	6.77	6.90
7.	Bank CIMB Niaga Tbk	5.34	5.85	6.16	5.78
8.	Bank Mega Tbk	5.49	5.16	5.94	5.87

Source: Financial Services Authority, 2023

Based on the information above, PT Bank Focal Asia (TBK) faces uncertainty, growing 5.06% in 2021 and falling 4.94% in 2022. Working Party. Bank Indonesia (Persero) (Tbk) faced instability, increasing 6.63. % in 2020 and down 6.35% in the 2021-22 Working Party. Bank Negara Indonesia (Persero) (Tbk) faces uncertainty, falling 4.75% in 2021 and growing 5.15% in the Working Party of 2022. Bank Negara (Persero) (Tbk) Savings shares face uncertainty, increasing 17.07% in 2020 and fell 14.52% in 2021-22. Work Party. Bank Indonesia (Tbk) faces uncertainty, growing 3.66% in 2020 and falling 3.16% in the Working Party from 2021 to 2022. Bank Mandiri (Persero), Tbk faces uncertainty, rising 7.14% in 2020 and down 6.77% in 2021. Portion of PT Bank CIMB Niaga bk facing Uncertainty, rose 6.16% in 2021 before falling from year to year Shares of PT Bank Mega Tbk were unstable, rose 5.94% in 2021 before falling from year to year.

Effectiveness is an organization's ability to manage its assets accurately and without waste (Abbas, J., & Khan, 2023; Sahoo, S., Kumar, A., & Upadhyay, 2023). To measure the level of bank effectiveness, this can be determined using the proportion of work costs to work wages (BOPO). Kasmir (2016) believes that the BOPO percentage is a percentage that reflects the performance of a bank or the level of costs incurred by a bank. Creating benefits from resources Sources referring to the Monetary Administration Authority (OJK) website stated that financial measurements for the period December 2019 to 2022 were measured using the proportion of bank effectiveness.

Table 3. Operating Expenses to Operating Income

No	Nama Bank	2019	2020	2021	2022
1.	Bank Central Asia, Tbk	1.45	1.47	1.36	1.38
2.	Bank Negara Indonesia (Persero), Tbk	1.81	1.50	1.66	1.45
3.	Bank Rakyat Indonesia (Persero), Tbk	1.58	2.24	2.45	1.74
4.	Bank Tabungan Negara (Persero), Tbk	3.35	3.09	4.26	4.15
5.	Bank Danamon Indonesia, Tbk	3.99	2.15	2.52	1.17
6.	Bank Mandiri (Persero), Tbk	1.51	1.34	1.42	1.55
7.	Bank CIMB Niaga Tbk	2.62	2.06	1.77	3.15
8.	Bank Mega Tbk	0.79	1.03	0.93	1.35

Source: Financial Services Authority, 2023

Based on the information above, PT Bank Focal Asia (TBK) is experiencing uncertainty, growing 1.47% in 2020 and falling 1.36% in 2021. Working Party. Bank Indonesia (Persero) (Tbk) unexpectedly grew 1.81% in 2019 and decreased by 1.45% in 2021-2022. Work Party. Bank Negara Indonesia (Persero) (Tbk) is faced with uncertainty, falling 1.58% in 2019 and to 2.45% in 2020 to 2021. Workers' Party. Bank Negara (Persero) (Tbk) Savings shares are unstable, rising 4.26% in 2021 and falling 4.15% in 2022. Workers' Party. Tanamon Bank Indonesia (Tbk) faces uncertainty, growing 2.52% in 2021 and weakening. 1.17% in the 2022 Labor Party. Bank Mandiri (Persero) Tbk shares are unpredictable, rising 1.51% in 2019 and falling 1.34% in 2020. PT Bank CIMB Niaga Tbk shares experienced uncertainty, rose 3, 15% in 2022 Before falling year-on-year, PT Bank Mega Tbk shares were volatile, rising 1.03% in 2020 before falling year-on-year.

Banks are an important branch of a country's funds (Buch, C. M., & Goldberg, 2022; Hasan, I., Liu, L., Saunders, A., & Zhang, 2022). Banks act as monetary delegates. The main action of banks is to collect assets from the people who own them and distribute them to individuals who need them. Banks are also trying to capitalize on revenue. So banks can collect and disperse reserves. They need public trust to take advantage of their government. In connection with building trust, the Bank must achieve consistently good work results. Productivity is one of the models used to measure bank execution. Benefits are the capacity of an organization to produce benefits in accordance with agreements, all resources and investor value (Sartono, 2010). Bank productivity can be estimated using markers. For example, Return on Resources (ROA) ROA is an organization's capacity to create work benefits from all its working capital. Or, conversely, contrast employee benefits with the values and obligations used to produce the rewards. communicated as interest rates (Iravati, 2006), banks in Indonesia also use return on resources to focus on the value of benefits. This is because Bank Indonesia focuses on the value of banking productivity. This is estimated based on resources that are mainly supported by government investment funds (Dendawijaya, 2014).

METHODS

This research is quantitative research. The subject of this research is only conventional financial organizations and there are 47 banks listed on the Indonesian Stock Exchange (BEI). Information regarding financial institutions in this research only includes institutions listed on the Indonesia Stock Exchange (BEI). Examples of standard determinations are as follows: 1) The following are organizations in the financial business that effectively carry out exchanges during 2019-2022, and 2) Banking sector organizations considering the 10 financial sector stocks with the largest market capitalization. Data analysis techniques include multiple linear regression tests, Partial Determination Coefficient (R^2) and Hypothesis Testing.

RESULTS AND DISCUSSION

By managing liquidity well, controlling operational costs, and increasing overall operational efficiency, banks can increase ROA by maximizing the use of their assets and capital. Through a commitment to corporate social responsibility programs and environmentally friendly operational practices, banks can create a positive image in the eyes of the public and potential customers. This positive image can influence public perception and trust in the bank, which in turn can increase ROA by increasing demand for banking services (Doan, Hoang, & Pham, 2020; Bătae, O. M., Dragomir, V. D., & Feleagă, 2021).

Table 4. Descriptive Statistics Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	32	.001	.031	.01716	.008872
LDR	32	.090	1.207	.80844	.193991
DER	32	3.165	17.071	6.65488	3.451792
BOPO	32	.789	4.265	2.04047	.936106
Valid (listwise) N	32				

Source: Data Processing Results, 2023

From the results of the measurement explanation test above, it is known that the example (N) of this review is 32. The variable ROA (Y) shows that the minimum incentive for PT Bank Tabungan Negara (Persero) Tbk in 2019 is 0.001 and the largest incentive is PT Bank Focal Asia Tbk in 2019 it was 0.031. The mean value of this variable is 0.017 and the standard deviation is 0.008. Meanwhile, the LDR variable (X1) shows that the basic value of PT Bank Tabungan Negara (Persero) Tbk in 2022 is 0.090 and the highest value of PT Bank Tabungan Negara (Persero) Tbk is 1.207 in 2019. The average of this variable is 0.808 and the standard deviation of 0.193. The DER variable (X2) shows the smallest value of 3.165 for PT Bank. Danamon Indonesia Tbk in 2022 and the highest value was 17,071 for PT Bank Tabungan Negara (Persero) Tbk in 2020. The average value of this variable was 6,654 (standard). Meanwhile, for the BOPO variable (X3), the basic value for PT Bank Mega Tbk in 2019 was 0.789 and the extreme value for PT Bank Tabungan Negara (Persero) Tbk in 2020 was 4.625. The mean of this variable is 2.040, the standard deviation is 0.936.

Table 5. Multiple Linear Regression Test Results

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	.041	.006		7.217	.000
LDR	-.014	.006	-.297	-2.200	.036
DER	-.001	.000	-.349	-2.102	.045
BOPO	-.003	.002	-.365	-2.189	.037

a. Dependent Variable: ROA

Source: Data Processing Results, 2023

$$ROA = 0,041 - 0,014LDR - 0,001DER - 0,003BOPO + e$$

- The consistent value (β) is equivalent to 0.041 and the additional sign really means that with stable liquidity, solvency and productivity ($X_1, X_2, X_3 = 0$) the monetary marker (Y) increases by 0.041
- The liquidity value (X1) increases by one unit, so that skills and abilities remain unchanged ($X_2, X_3 = 0$). The monetary pointer (Y) fell by 0.014.
- The relapse coefficient for the solvency variable (X2) is -0.001 with a negative sign. This shows that if liquidity and effectiveness (X1) do not change, then returns (Y) will decrease by 0.001.
- The exhibition variable relapse coefficient (X3) is -0.003 with a negative sign. This shows that the proficiency value (X3) increases by one unit when liquidity and solubility are stable ($X_1, X_2 = 0$), turnover (X3) Y) decreases by 0.003.

Table 5. Coefficient of Determination Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin - Watson
1	.710 ^a	.504	.451	.006577	1.845

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

b. Dependent Variable: ROA

Source: Data Processing Results, 2023

From the table above it can be seen that the value of the different connection coefficients in the modified R - square section compared to the modified collateral coefficient is 0.451, for example 45.1%, which shows that factors such as liquidity, solubility and productivity. contributed 45.1% to monetary execution and the remainder (55.9%) was influenced by various factors.

Table 7. Simultaneous Test Results (F)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	.001	3	.000	9.473	.000 ^b
Residual	.001	28	.000		
Total	.002	31			

a. Dependent Variable: ROA

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

Source: Data Processing Results, 2023

As seen from the table above, the Fcount of the result is 9.473 and the importance value is 0.000. Thus, an F table is obtained with a value of 2.920, for example > 3.980 and an importance value (Sig) of 0.000 < 0.05. Therefore, we can assume that these speculations are reasonable and liquidity, solubility and autonomous factors exhibit at the same time an impact on monetary execution.

Table 8. Hypothesis Test Results (T)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.041	.006		7.217	.000
LDR	-.014	.006	-.297	-2.200	.036
DER	-.001	.000	-.349	-2.102	.045
BOP	-.003	.002	-.365	-2.189	.037

a. Dependent Variable: ROA

Source: Data Processing Results, 2023

1. Let us accept that the experimental results show that the degree of liquidity importance is equal to (0.036), which is likely not exactly 0.05 ($0.036 < 0.05$), that is, it is very large in the negative direction. As a result, it can be assumed that liquidity adversely impacts monetary execution when using X_a .
2. Let's hope that the experimental results show that the degree of importance of solubility is equal to (0.045) and the value is not exactly the probability of 0.05 ($0.045 < 0.05$), which is very important in relation to the negative. In this way We can reason that dissolvability has an adverse impact on monetary execution when H_a is presented.
3. Assume the experimental results show that the survival importance is (0.037), which is not a probability of 0.05 ($0.037 < 0.05$), that is, it is very important in the negative direction. Therefore, it can be assumed that exhibitions have a detrimental impact on monetary execution when using X_a .

CONCLUSIONS

Monetary performance of banking organizations in Indonesian Securities Trading. This research focuses on banking organizations for the 2019-2022 period. The testing strategy is purposeful inspection and tests are collected based on various norms. The final example consists of 32 examples. An information checking strategy is used. Many immediate relapse tests Therefore, the results of this review are as follows:

1. Liquidity factors have a negative impact on monetary execution

2. The dissolvability factor has a negative effect on monetary execution.
3. Execution factors have a negative impact on monetary execution
4. Liquidity, solvency and productivity factors fundamentally influence monetary execution.

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