

The Effect Of Added Financial Ratio And Economic Value On Company Market Value (Case Study On Islamic State-Owned Banks In Indonesia For The 2017 – 2019 Period)

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ABSTRACT

This study aims to examine and analyze the effect of financial ratios and Economic Value Added on Market Value Added in Islamic Commercial Bank BUMN in Indonesia. The data used are secondary data in the form of financial statements of BRI Syariah, BNI Syariah, and Bank Syariah Mandiri in 2017-2019. The samples used were three companies with a purposive sampling method. The research data analysis stage is multiple linear analysis. The results of the study simultaneously showed that CAR, BOPO, FDR, NPF, and EVA affect the Market Value Added. Partially CAR and FDR has no effect on stock prices. NPF affecting the Market Value Added. This means that every increase in NPF will raise Market Value Added, while BOPO and EVA has a negative influence on Market Value Added, meaning that any increase in BOPO and EVA will reduce Market Value Added.

Keyword: financial ratio, financial performance, EVA, and MVA.

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Introduction

UU no. 10 of 1998 regarding amendments to Law no. 7 of 1992 concerning banking as a form of policy adjustment in the economic sector to deal with the national economy and the growing financial system. The amendment to the law creates an opportunity for conventional rural credit banks and commercial banks to carry out Islamic banking transactions. In its development, state-owned Islamic banks always try to improve their financial performance. According to Indonesian Islamic Banking statistics, from 2017 to 2019, BNI Syariah, BRI Syariah, and Bank Syariah Mandiri Bank Syariah Mandiri always ranked in the top five in the Syariah Bank Ranking by Assets. The financial performance data of the three are in Table 1.

Table 1. Rating of Islamic Banks Based on Assets

Bank name	Total Assets (Trillion Rp)		
	2017	2018	2019
Mandiri Syariah Bank	87.94	98.58	112.29
Muamalat Bank	55.71	57.2	54.5
BNI Syariah Bank	34.82	41.05	49.98
BRI Syariah Bank	31.54	38.48	43.12
Aceh Syariah Bank	23.08	23.2	26.1

Source: OJK Snapshot

Increasing assets at BNI Syariah, BRI Syariah, and Bank Syariah Mandiri Bank Syariah Mandiri proves its commitment to continuously improve and improve performance in order to achieve its mission to become a leading Islamic banking financial institution. The commitment of the three can be seen from the development of financial ratios in the period 2017 to 2019. Below are data on the Development of Financial Ratios of BNI Syariah, BRI Syariah, and Bank Syariah Mandiri.

Table 2. Development of Financial Ratios

Financial Ratio	Mandiri Syariah Bank			BNI Syariah			BRI Syariah		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
CAR	15.89	16.26	16.15	20.14	19.31	18.88	20.29	29.72	25.26
BOPO	94.44	90.68	82.89	87.62	85.37	81.26	95.24	95.32	96.80
FDR	77.66	77.25	75.54	80.21	79.62	74.31	71.87	75.49	80.12
NPF	4.53	1.56	1.00	1.50	1.52	1.44	4.72	4.97	3.38

Source: Annual Report of BNI Syariah, BRI Syariah, and Bank Syariah Mandiri BSM

Based on Table 2, in general, the financial performance of BNI Syariah, BRI Syariah, and Bank Syariah Mandiri Bank Syariah Mandiri experienced an increase. The above-mentioned evaluation of banking performance is only based on the accounting side in general. However, there is no information for investors on how much added value the company generates. Therefore, it is necessary to have a concept to calculate the company's true wealth value regarding company capital, loans, and how much company value is achieved. This can be explained by the concepts of Economic Value Added (EVA) and Market Value Added (MVA). The concept will show how much the value of the company.

There have been many researches on banking financial performance. In general, there are many researchers who examine financial performance based on financial ratio analysis and EVA separately, but none have combined the variables of financial ratios (CAR, BOPO, FDR, NPF), EVA and MVA simultaneously. Some of these studies are as follows: First, research by (Aminah et al., 2016) with the title The Effect of Financial Ratios on Firm Value in the Banking Sector Listed on the Indonesia Stock Exchange with the results of his research revealing that the significant indicators of the model are PBV, CAR, NPL, BOPO, ROA, LDR and GWM. While the financial ratios that affect firm value are the ratio of productive assets and the ratio of profitability. Two recent studies conducted two years ago by (Rahayu & Aisjah, 2019) entitled The Effect of EVA and MVA on Stock Returns in Companies Listed in the Jakarta Islamic Index for the 2015-2017 Period. The results show that although the value of EVA and MVA companies increases, it is not necessarily the stock return that will be received by investors, and vice versa. Therefore, the researcher chose to combine the financial ratio variables, EVA, and MVA together in order to complement and prove previous research. In addition, the object of this research is the Indonesian Islamic State-Owned Bank, which has just merged in early 2021 so that it will provide a foundation for other researchers in the future.

The objectives of this study are (1) to analyze the financial performance of BNI Syariah, BRI Syariah, and Bank Syariah Mandiri based on financial ratio analysis, (2) to analyze the financial performance of BNI Syariah, BRI Syariah, and Bank Syariah Mandiri based on EVA, (3) to analyze the relationship between between financial ratios and EVA to MVA.

The theoretical benefit of this research is that it becomes the basis for future researchers when conducting other similar studies. And become a reference source for research on financial performance according to financial ratio analysis, EVA and MVA methods.

Research Method

Object of research

In this study, the objects in question are BNI Syariah, BRI Syariah, and Bank Syariah Mandiri which have been registered on the IDX and published their financial statements for the period 2017 - 2019.

Data Types and Sources

This study uses quantitative data types, namely data in the form of numbers and can be calculated. The research data uses time series data types in the form of financial reports from BRI Syariah Bank, BNI Syariah Bank, and Mandiri Syariah Bank for the period 2017 – 2019.

This study uses secondary data sources obtained from banking financial reports that have been published between 2017-2019 which are contained on the IDX website and on the website of each bank.

The sampling technique used was purposive sampling method, where the sampling was determined by itself with several considerations. The considerations in question include: 1) The company has been registered in the Jakarta Islamic Index (JII). 2) Have audited financial reports for 2017 – 2019. 3) These three state-owned Islamic banks have been around for a long time compared to other Islamic banks. 4) The three banks have the most assets compared to other Islamic banks. 5) Both have network offices that are widely spread in Indonesia. 6) Both have a fairly broad market share. 7) The company was selected by the government for a merger since 2021.

Statistical Hypothesis

The formulation of the hypothesis is as follows: H₀ : there is no effect between financial ratios and EVA on MVA. H_a : there is an influence between financial ratios and EVA on MVA

H₀ indicates the null hypothesis and H_a indicates the alternative hypothesis. The significance test of the constants and each independent variable is indicated by the magnitude of the probability value of the f-value results. Simultaneous f testing uses the following hypothesis: H₀ : regression coefficient is not significant. H_a : significant regression coefficient. If probability > 0.05 then H₀ is accepted. If probability < 0.05 then H₀ is rejected

Researchers chose the level (α) 5% because to minimize the tolerance for the probability of errors that will occur. So it can be concluded that if H₀ is accepted, it means that the independent variables (financial ratios and EVA) have no simultaneous effect on MVA. On the other hand, if the rejection of H₀ occurs, it means that the independent variables simultaneously affect the MVA.

Data analysis method

The researcher uses multiple regression equation analysis model, this is because there are five independent variables and one dependent variable being studied. This regression test uses Partial T-Test and Simultaneous F-Test to see the influence between these variables with a level (α) of 0.05 or 0.5 percent. However, before testing with multiple linear regression, the researcher conducted a classical assumption test consisting of Normality Probability Plot, Multicollinearity, Heteroscedasticity, and Autocorrelation.

Results

Financial Ratio

Capital Adequacy Ratio (CAR)

Overall, the CAR value of BNI Syariah, BRI Syariah, and Bank Syariah Mandiri Bank Syariah Mandiri is above the average CAR value of the Indonesian Islamic Banking Industry, namely 10% for Islamic banks that have health ratings of levels I and II, and 14% for levels III and IV.

Table 3. CAR

Year	BSM	BNIS	BRIS
2017	15.89	20.14	20.29
2018	16.26	19.31	29.72

2019	16.15	18.88	25.26
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Source: Audited Financial Statements

Financing to Deposit Ratio (FDR)

In 2017, the highest FDR was achieved by BNI Syariah at 80.21 percent. Entering 2018, there was a decrease in the FDR value of BNI Syariah by 0.59 percent compared to the previous year to 79.62 percent. While the lowest FDR was still obtained by BRI Syariah at 75.49 percent.

In 2019, BRI Syariah's FDR value increased significantly by 4.63 percent compared to the previous year making it the highest FDR of 80.12 percent. Then the FDR of Bank Syariah Mandiri was 75.54 percent. While the lowest FDR was obtained by BNI Syariah at 74.31 percent. Overall changes in the value of FDR at each bank fluctuate very much every year.

Table 4. FDR

Year	BSM	BNIS	BRIS
2017	77.66	80.21	71.87
2018	77.25	79.62	75.49
2019	75.54	74.31	80.12

Source: Audited Financial Statements

Operating Costs to Operating Income (BOPO)

In 2019 BNI Syariah and Bank Syariah Mandiri have entered the efficient category because the level of banking efficiency according to Bank Indonesia regulations is 90 percent. Meanwhile, BRI Syariah is categorized as inefficient because the BOPO ratio in 2019 still exceeds 90 percent.

Table 5. BOPO

Year	BSM	BNIS	BRIS
2017	94.44	87.62	95.24
2018	90.68	85.37	95.32
2019	82.89	81.26	96.80

Source: Audited Financial Statements

Net Performing Financing (NPF)

The greater the NPF value, the greater the financing risk that must be borne by the bank. As a result, banks must have larger reserves of funds to cover these risks. Overall there is a decline in each of these banks every year.

In 2019, overall there was a decline in each of these banks. The lowest NPF ratio was obtained by Bank Syariah Mandiri at 1.00 percent, then BNI Syariah at 1.44 percent, and the highest NPF ratio was still obtained by BRI Syariah at 3.38 percent.

Table 6. NPF

Year	BSM	BNIS	BRIS
2017	4.53	1.50	4.72
2018	1.56	1.52	4.97
2019	1.00	1.44	3.38

Source: Audited Financial Statements

Economic Value Added (EVA)

In general, the value of each EVA of the bank is in a positive position and fluctuates every year. During the 2017–2019 period, the highest EVA value was always obtained by BSM, then BNI Syariah, and BRI Syariah as the owner of the lowest EVA value. EVA value in each bank can be seen in the table below:

Table 7. EVA Value of BSM, BNI Syariah, BRI Syariah 2017-2019

Banking Sector	<i>Economic Value Added (EVA) in rupiah</i>		
	2017	2018	2019
BSM	18.198.000.000	6.082.000.000	14.059.000.000
BNI Syariah	976.000.000	1.331.000.000	5.183.000.000
BRI Syariah	749.000.000	435.000.000	267.000.000

Source: Financial Report (processed)

Market Value Added (MVA)

In general, the MVA value obtained by BNI Syariah, BRI Syariah, and Bank Syariah Mandiri Bank Syariah Mandiri for the period 2017 – 2019 was in a negative position (except BRI Syariah in 2018). The MVA values from BSM, BRI Syariah and BNI Syariah in 2017 - 2019 are as follows:

Table 8. MVA value of BSM, BNI Syariah, BRI Syariah 2017-2019

Banking Sector	<i>Market Value Added (MVA) in rupiah</i>		
	2017	2018	2019
BSM	-4.825.219.0665.000	-5.050.143.065.000	-6.2566.813.065.000
BNI Syariah	-1.305.798.000.000	-1.740.666.000.000	-2.233.576.000.000

BRI Syariah	-623.841.000.000	74.319.000.000	-1.881.718.000.000
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Source: Financial Report (processed)

**Analysis of the Effect of CAR, FDR, BOPO, NPF, and EVA on MVA
 Partial t-test Based on Significance Value**

Table 9. Partial t-test

Coefficients^a

Model	t	Sig.
1 (Constant)	1,879	0,157
CAR (X1)	-0,888	0,440
BOPO (X2)	-4,990	0,015
FDR (X3)	2,843	0,065
NPF (X4)	5,870	0,010
EVA (X5)	-8,348	0,004

Source: SPSS 26 . Data Processing

Based on the table, we can conclude that FDR and CAR have no effect on MVA because the significance value of FDR and CAR is 0.065 and 0.440 > 0.050, respectively. While BOPO, NPF, and EVA have an effect on MVA.

Partial t-test based on calculated values and tables

If the value of $t_{count} > t_{table}$, it means that the independent variable (X) partially affects the dependent variable (Y). The formula for finding $t_{table} = (α/2; n-k-1)$ Where: $α$ = significance, n = population, k = number of independent variables. $t_{table} = (0,05/2 ; 9-5-1) = (0,025 ; 3) = 3,182$.

To find out t_{count} can be seen again in Table 19. So the conclusion is as follows: a) Capital Adequacy Ratio (CAR) : The t-count value of CAR is 0.888, meaning that CAR (X1) has no effect on MVA (Y) because this value is in the area of no effect. The capital component used for CAR does not directly affect changes in MVA. b) Operating Expenses to Operating Income (BOPO) : The t-count value of BOPO is -4.990, meaning that BOPO (X2) has a negative effect on MVA (Y), meaning that the higher the BOPO value, the lower the MVA value. These results are in accordance with previous research conducted by Widianingsih et al. (2020) which states that the BOPO has a negative effect on stock prices so that the higher the BOPO value, the lower the stock price and firm value. c) Financing to Deposit Ratio (FDR) : The t-count value of FDR is 2.843, meaning that t-count (2.843) < t-table (3.182) so that FDR (X3) has no effect on MVA (Y). As well as the results of research from Widianingsih et al. (2020) which says that stock prices and firm value are not affected by FDR. d) Non Performing Financing (NPF) : The t-count NPF value is 5.870 (X4) has a positive effect on MVA, meaning that the higher the NPF, the higher the MVA value. e) Economic Value Added (X5) has a negative effect on MVA (Y), because in the period 2017 – 2019 the high amount of equity was not accompanied by an increase in the number or price of existing shares, causing the MVA value to be negative.

Simultaneous F Test Based on Significance Value

Based on Table 10, it is obtained that the value of Sig. is 0.007 < 0.05, it can be concluded that CAR (X1), BOPO (X2), FDR (X3), NPF (X4) and EVA (X5) simultaneously affect MVA (Y). The percentage of the effect is R Square 0.984, meaning that the effect of CAR, BOPO, FDR, NPF, and EVA simultaneously on MVA is 98.4 percent.

Table 10. Simultaneous F Test Results

Model	F	Sig
Regression Residual Total	37.638	.007 ^b

Source: SPSS Output Results

Conclusion

Overall, the CAR ratios for BNI Syariah, BRI Syariah, and Bank Syariah Mandiri are good. Meanwhile, the BOPO ratio for BRI Syariah until 2019 is still not efficient, while BNI Syariah and Bank Syariah Mandiri have entered the efficient category. And for the ratio of FDR and NPF in general, the three of them experience very fluctuating changes every year. The Economic Value Added (EVA) that was successfully achieved by BNI Syariah, BRI Syariah, and Bank Syariah Mandiri Bank Syariah Mandiri was very good, because it had a positive value. This shows that the company has generated economic added value for shareholders. During the period 2017 – 2019, the highest EVA value was always obtained by Bank Syariah Mandiri, then BNI Syariah, and BRI Syariah as the owner of the lowest EVA value. Based on the results of multiple linear regression test shows that NPF, CAR, BOPO, FDR, and EVA simultaneously have a very significant effect on MVA, which is 98.4 percent. BOPO and EVA have a negative effect on MVA, NPF have a positive effect on changes in MVA, while FDR and CAR have no effect on MVA.

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