

Eva-Based Analysis of the Experience of Pt. Bank Pan Indonesia Tbk and Pt. Bank Bukopin Tbk for the Period of 2017-2021 in Indonesia

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ABSTRACT: PT. Bank Pan Indonesia Tbk and PT. Bank Bukopin Tbk performance will be evaluated in this research utilizing the 2017-2021 EVA technique. Secondary data are employed in a quantitative research technique. The information was gleaned from the published reports of PT. Bank Pan Indonesia Tbk and PT. Bank Bukopin Tbk in the form of documents. Analysis of the data utilized is EVA with indications if (1) $EVA > 0$ indicates a process of added economic value or strong company performance, (2) $EVA = 0$ indicates break-even or profit created to cover debts, and (3) $EVA < 0$ indicates there is no added economic value or total capital is larger than profit. Profit before taxes, weighted average cost of capital, and capital structure make up the three components of EVA. According to study with EVA estimates done at PT. Bukopin Tbk and PT. Panin Tbk over 2017–2021, the two banks did not create additional economic value, or had an EVA of zero. The corporation is prevented from creating economic added value by a number of circumstances. One of the causes is that, despite the fact that the after-tax profit created is far lower than other costs, the cost of debt is still substantial. This is due to the high interest costs incurred yet the limited availability of long-term debt or outside borrowing.

KEYWORDS: Bank; Performance; EVA, Economic; Company.

I. INTRODUCTION

A bank is a financial entity that collects and distributes funds. According to Banking Law No. 10 of 1998, a bank is a commercial institution that receives funds from the public in the form of savings and returns or distributes them to the community in the form of credit or other forms in order to improve the general public's standard of living (Qomariah, 2015). During the epidemic, banks faced a little economic disturbance. This may be observed in the way that certain individuals use their funds or money on a massive scale. As a result, the financial industry will face serious challenges. The bigger the quantity of cash seized, the more likely the bank would be unable to conduct financial transactions smoothly. As a result, the bank's health may deteriorate or its performance may suffer.

The first is the result of labor in terms of quantity or quality done by someone in accordance with the tasks assigned (Dosenpendidikan, 2021). Second, according to Prawiro (2020), performance includes all parties participating in operations and is an intrinsic component of the organization's or company's activities. The outcome or amount of achievement obtained by a person in his field of work according to specified criteria is recognized by the firm or organization's supervisor or management. This is directly tied to the work standards established by the organization (Guruekonomi, 2021).

Performance is also an indicator of an organization's or bank's success. The degree of profit created and the capacity to pay commitments are often used to assess excellent or poor performance. In connection with this issue, there has been media speculation that numerous banks' earnings have declined. First, PT. Panin Tbk's management indicated that the profit reduction was attributable to bank loans facing a halt in credit growth due to Indonesia's slowing economic development, as well as the application of prudential standards in preserving portfolio quality (Redaksi WE online, 2020).

The second BPK opinion on PT. Bank Bukopin Tbk supervision said that it does not suggest amending NPL (non-performing loans), provision for impairment, and minimum capital adequacy criteria. As a result, banks faced capital constraints (BPK, n.d.). Furthermore, the issue of rush money has forced many consumers to withdraw their monies on a regular basis. As a result, there is a need for research in order to increase performance while also becoming appealing to investors. The Economic Value Added

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(EVA) approach is one of the analyses that may be utilized to understand the performance circumstances that occur in the bank. So that management may take the necessary measures or choices in a timely and correct manner.

According to Larrabee (2013), EVA is a consistent rate of return for investors derived from economic profits. Economic value added (EVA), according to Clayton (2014), is a technique that may be utilized as a gauge of investment performance for hotels and other sorts of businesses. According to Stewart (*Economic Value Added Analysis for the Manufacturers Alliance/ MAPI*, 2011), EVA is an assessment of a company's genuine economic profit after deducting the costs of all invested capital, stock, and debt. The goal of this research, as stated above, is to assess the performance of PT. Bank Pan Indonesia Tbk and PT. Bank Bukopin Tbk using the 2017-2021 EVA technique.

II. RESEARCH METHODS

This is quantitative research with a descriptive explanation. In this study, descriptive means describing the situation of the item without proving the hypothesis. The size of conventional banking that has gone public was chosen for this study. PT. Bank Pan Indonesia Tbk and PT. Bank Bukopin Tbk were chosen as the location banks.

Documentation was used to collect data in this investigation. Documentation is secondary data collecting done on the site via direct data download. PT. Panin Tbk and PT Bukopin Tbk data collecting through online media. EVA analysis was utilized to analyze the data in this study. The Big Indonesian Dictionary defines analysis as a method of analyzing an occurrence in order to discover / know the true situation. The following are the steps for calculating EVA:

1) Determining the Cost of Debt Capital

This calculation use a pre-tax debt cost of debt formula (Interest Expense/Total Long-Term Debt) multiplied by 1.

2) Determining the Shared Capital Cost

This cost calculation use formula 1, which denotes a year divided by the Price Earnings Ratio, which may be calculated from the cost of equity as the share price in a year divided by earnings per share in a year.

3) Capital Structure Calculation

The capital structure is calculated by adding the total long-term debt and capital.

4) Determining the Weighted Average Capital Cost (WACC)

The computation is based on a formula that calculates each component, such as the cost of debt, the cost of share capital, and the proportion of equity. each in the capital structure of the firm.

5) EVA Calculation

There are several formulae for determining EVA. $EVA = NOPAT - \text{Capital charges}$, according to Liestiyowati (2011). The EVA calculation, according to Amri, is $\text{Operating profit} \times (1 - \text{tax rate}) - (\text{Weighted Average Cost of Capital} \times (\text{total assets} - \text{current liabilities}))$. Meanwhile, another viewpoint holds that $EVA = NOPAT - (\text{WACC Capital Invested})$ (Haddad, 2012).

In accordance with some of the ideas expressed above, it may be deduced that the calculating formula is $EVA = NOPAT - (\text{WACC} \times \text{capital structure})$.

6) Indicator-based interpretation (Rist, 2015)

Michael and Albert (2015):

- $EVA > 0$ (positive)

There is a firm/organization process in producing additional value for shareholders, which may also be regarded as strong business performance for the company.

- $EVA = 0$ (break even)

The earnings is utilized to pay off the organization's/debt. company's

- $EVA < 0$ (negative)

If the value is negative, the firm's or organization's performance is poor, and the operational profit after tax produced or created is less than the entire cost of capital in the enterprise.

III. RESULTS AND DISCUSSION

The data collected on the item under investigation by modifying the analysis tool's requirements. This research makes use of the essential data and is tailored to the requirements of EVA calculations. Except for share prices and earnings per share, the data is given in tabular form with values in millions of rupiah. So that the data collected and processed may be provided in the form of tables 1 and 2 (Idnfinancials, n.d.-a), (Idnfinancials, n.d.-b).

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Table 1. Shows data from PT. Bukopin Tbk. Balance Sheet and Income Statement for the fiscal year 2017-2021

Information	Year				
	2017	2018	2019	2020	2021
Interest expense	46.691.399	5.082.247	5.442.479	4.498.700	3.169.293
Long-term debt	9.332.860	1.279.392	1.072.147	3.953.365	2.426.241
Share price	590	272	224	575	270
Earnings per share	2	2,83	3,23	(48,61)	(34,35)
Equity	221.908.806	8.594.437	8.905.485	8.466.442	13.205.904
Profit before tax	8.540.086	216.335	133.794	(3.922.869)	(3.144.025)
Tax expense	(2.354.487)	(26.365)	(82.955)	(664.760)	(841.746)

Source: processed data (2022)

Table 2. Shows data from PT. Panin Tbk. Balance Sheet and Income Statement for the fiscal year 2017-2021

Information	Year				
	2017	2018	2019	2020	2021
Interest expense	8.831.594	8.247.532	8.755.818	7.378.410	4.792.084
Long-term debt	4.479.606	4.748.233	5.644.826	3.093.526	1.286.050
Share price	1.140	1.145	1.335	1.065	770
Earnings per share	100,15	129,22	137,70	128,83	85,67
Equity	36.288.731	40.747.117	44.441.714	47.460.332	48.547.747
Profit before tax	2.963.453	4.572.779	4.595.617	4.071.792	2.514.336
Tax expense	(955.016)	(1.385.622)	(1.097.318)	(947.587)	(697.360)

Source: processed data (2022)

A. Result

The study's findings are the outcomes of data analysis following computation or data processing. So, based on the data gathered and in line with what has been discussed, the following data analysis will be performed:

1) Determining the Debt Capital Cost (kd*)

$Kd^* = Kd$ is the formula employed in this computation (1-t)

The cost of debt that must be borne after tax at PT. Bukopin Tbk and PT. Panin Tbk may be computed and reported in tables 3 and 4.

Table 3. Debt Cost Calculation PT. Bukopin Tbk. year 2017-2021

Information	Year				
	2017	2018	2019	2020	2021
Interest expense	46.691.399	5.082.247	5.442.479	4.498.700	3.169.293
Long-term debt	9.332.860	1.279.392	1.072.147	3.953.365	2.426.241
Cost of debt before tax	5,0029	3,9724	5,0762	1,1379	1,3062
1-T	75%	75%	75%	78%	78%
Debt cost	375%	297%	380%	88%	102%

Source: processed data (2022)

Table 4. Debt Cost Calculation for PT. Panin Tbk. year 2017-2021

Information	Year				
	2017	2018	2019	2020	2021
Interest expense	8.831.594	8.247.532	8.755.818	7.378.410	4.792.084
Long-term debt	4.479.606	4.748.233	5.644.826	3.093.526	1.286.050

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Cost of debt before tax	1,9715	1,7370	1,5456	2,3851	3,7262
1-T	75%	75%	75%	78%	78%
Debt cost	147%	130%	116%	186%	290%

Source: processed data (2022)

According to the aforementioned estimations, Bank Bukopin suffers the greatest debt capital expenses in 2017-2021, which happened in 2019 at 380 percent owing to increased interest rates compared to 2017-2021. Meanwhile, Panin Bank will incur capital expenses in 2017-2021. Due to reducing long-term debt but still high interest expenditure, the peak debt occurred in 2021 at 290 percent.

2) Calculating the cost of equity (Ke)

The following formula is used to calculate the cost of share capital:

$$K_e = 1 / (\text{Closing share price} / \text{EPS})$$

$$T_o = 1 / \text{PER}$$

According to the specifications of the data used to compute, the formula can be constructed in the form of a table based on the calculation. The following are images of tables 5 and 6.

Table 5. Shows the calculation of PT. Bukopin Tbk. cost of shared capital for the fiscal year 2017-2021

Tahun	Share price	Earnings per share	Equity cost
2017	590	2	0,33%
2018	272	2,83	1,04%
2019	224	3,23	1,44%
2020	575	(48,61)	(8,45%)
2021	270	(34,35)	(12,72%)

Source: processed data (2022)

Table 6. Shows the calculation of PT Panin Tbk. cost of shared capital for the fiscal year 2017-2021

Tahun	Share price	Earnings per share	Equity cost
2017	1.140	100,15	8,78%
2018	1.145	129,22	11,28%
2019	1.335	137,70	10,32%
2020	1.065	128,83	12,11%
2021	770	85,67	11,13%

Source: processed data (2022)

According to the aforementioned estimate, the cost of PT. Bukopin Tbk. share capital was greatest in 2019 since profits per share generated were greater than in 2017-2021. PT. Panin Tbk. had the greatest cost of share capital to bear in 2020 since earnings per share did not fall dramatically.

3) Capital Structure Calculation

Tables 7 and 8 show how to calculate capital structure using the following formula:

$$\text{Long-term debt} + \text{equity} = \text{capital structure}$$

Table 7. shows the capital structure of PT. Bukopin Tbk. for the fiscal year 2017-2021

Information	Year				
	2017	2018	2019	2020	2021
Long-term debt	9.332.860	1.279.392	1.072.147	3.953.365	2.426.241
Equity	221.908.806	8.594.437	8.905.485	8.466.442	13.205.904
Total	231.241.666	9.873.829	9.977.632	12.419.807	15.632.145
Composition of debt	4,03%	12,96%	10,75%	31,83%	15,52%
Composition of equity	95,96%	87,04%	89,25%	68,17%	84,47%

Source: processed data (2022)

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Table 8. shows the capital structure of PT Panin Tbk. for the fiscal year 2017-2021

Information	Year				
	2017	2018	2019	2020	2021
Long-term debt	4.479.606	4.748.233	5.644.826	3.093.526	1.286.050
Equity	36.288.731	40.747.117	44.441.714	47.460.332	48.547.747
Total	40.768.337	45.495.350	50.086.540	50.553.858	49.833.797
Composition of debt	10,98%	10,44%	11,27%	6,12%	2,58%
Composition of equity	89,01%	89,56%	88,73%	93,88%	97,42%

Source: processed data (2022)

Based on the table for determining the share of long-term debt and ownership at PT. Bukopin Tbk and PT. Panin Tbk for the fiscal year 2017-2021.

4) WACC Calculation

The WACC formula is used in this calculation: $(K_d \times W_d) + (K_e \times W_e)$

The data may be displayed in the following table 9 and table 10 formats using the aforementioned formula:

Table 9. Calculation of PT. Bukopin Tbk Weighted Average Cost of Capital for the Fiscal Year 2017-2021

Information	Year				
	2017	2018	2019	2020	2021
Composition of debt	0,0403	0,1296	0,1075	0,3183	0,1552
Dept cost	3,7522	2,9793	3,8072	0,8876	1,0188
Composition of equity	0,9596	0,8704	0,8925	0,6817	0,8447
Equity cost	0,0033	0,0104	0,0144	-0,0845	-0,1272
WACC	15,43%	39,51%	42,21%	22,49%	5,06%

Source: processed data (2022)

Table 10. Calculation of PT. Panin Tbk Weighted Average Cost of Capital for the Fiscal Year 2017-2021

Information	Year				
	2017	2018	2019	2020	2021
Composition of debt	0,1098	0,1044	0,1127	0,0612	0,0258
Dept cost	1,4786	1,3027	1,1592	1,8604	2,9064
Composition of equity	0,8901	0,8956	0,8873	0,9388	0,9742
Equity cost	0,0878	0,1128	0,1031	0,1211	0,1113
WACC	24,05%	23,70%	22,21%	22,75%	18,34%

Source: processed data (2022)

The computed weighted average cost of capital is then multiplied by the capital structure to determine the cost of capital carried. The following tables, numbered 11 and 12, show how the total cost of capital for the two banks is calculated.

Table 11. Total Capital Cost of PT. Bukopin Tbk. for the Fiscal Year 2017-2021

Year	Capital structure	WACC	Total
2017	231.241.666	15,43%	35.680.589
2018	9.873.829	39,51%	3.901.149
2019	9.977.632	42,21%	4.211.558
2020	12.419.807	22,49%	2.793.214
2021	15.632.145	5,06%	790.986

Source: processed data (2022)

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Table 12. Calculation of PT. Panin Tbk. Total Capital Cost for the Fiscal Year 2017-2021

Year	Capital structure	WACC	Total
2017	40.768.337	24,05%	9.804.785
2018	45.495.350	23,70%	10.782.397
2019	50.086.540	22,21%	11.124.220
2020	50.553.858	22,75%	11.501.002
2021	49.833.797	18,34%	9.139.518

Source: processed data (2022)

According to the preceding data, the total cost of capital at PT. When compared to 2017-2021, the highest Bukopin Tbk was Rp. 35.680.589.000 in 2017. In comparison to 2017-2021, PT. Panin Tbk had the highest total cost of capital in 2020 of Rp. 11.501.002.000, -.

5) EVA Calculation

The formula employed is: $EVA = NOPAT - (WACC \times \text{capital structure})$ The EVA calculation is performed after all of the operations in the analytical phases have been completed. As a result, EVA may be expressed in the following tables 13 and 14:

Table 13. PT. Bukopin Tbk EVA Calculation for the Fiscal Year 2017-2021

Information	Year				
	2017	2018	2019	2020	2021
Profit before tax	8.540.086	216.335	133.794	(3.922.869)	(3.144.025)
Tax expense	(2.354.487)	(26.365)	(82.955)	(664.760)	(841.746)
WACC	35.680.589	3.901.149	4.211.558	2.793.214	790.986
EVA	(29.494.960)	(3.711.179)	(4.160.719)	(7.380.843)	(4.776.757)

Source: processed data (2022)

Table 14. PT. Panin Tbk EVA Calculation for the Fiscal Year 2017-2021

Information	Year				
	2017	2018	2019	2020	2021
Profit before tax	2.963.453	4.572.779	4.595.617	4.071.792	2.514.336
Tax expense	(955.016)	(1.385.622)	(1.097.318)	(947.587)	(697.360)
WACC	9.804.785	10.782.397	11.124.220	11.501.002	9.139.518
EVA	(7.796.348)	(7.595.240)	(7.625.921)	(8.376.797)	(7.322.542)

Source: processed data (2022)

According to the foregoing statistics, EVA at Bukopin and Panin banks was negative from 2017 to 2021 since the weighted average cost of capital was greater than the profit after tax (NOPAT).

6) Interpretation

According to the indicators used, the study's findings are PT. Bank Pan Indonesia Tbk. and PT. Bank Bukopin Tbk. Because the weighted average cost of capital is more than the profit after tax, the resultant EVA is less than zero ($EVA < 0$) or does not create economic added value. This explains or demonstrates that the firm is unable to generate the rate of return that investors demand.

B. DISCUSSION

A series of analyses and EVA calculations performed at PT. Bukopin Tbk and PT. Panin Tbk between 2017-2021 revealed that the two banks did not produce economic added value. This is due to a number of factors that impede the firm from creating economic added value. For starters, the after-tax profit earned is significantly lower than other costs, or the after-tax cost of debt remains high. This is because the interest expense is considerable, yet there are few long-term debts or borrowed cash from outside parties. According to the cost of share capital, the increase of the company's profits per share is still not excellent.

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Second, in mid-2019, there was a pandemic, which indirectly influenced the credit or bad loan slowdown. Furthermore, the EVA calculation describes the company's performance. Managers have to assess a reduction in performance or negative economic value added at both institutions. Poor performance year after year cannot be used to predict the rate of return. This indicates that the corporation is having difficulties meeting its responsibilities, particularly to its shareholders.

IV. CONCLUSIONS

According to research conducted at PT. Bukopin Tbk and PT. Panin Tbk between 2017-2021, there is no added economic value created. This signifies that the corporation is having trouble meeting its responsibilities, particularly to shareholders. This is attributable to two factors: the cost of debt after tax remains high, and the cost of share capital remains low.

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