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“Entrepreneurship on Global Economics Development in the Era of Society 5.0”

Bank Kalbar Financial Performance and it's Impact on the Regional

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ABSTRACT

This research was conducted with the aim of analyzing the performance of Bank Kalbar and its influence on the regional economy of West Kalimantan, using data sourced from Bank Kalbar and the West Kalimantan Central Bureau of Statistics from 2010-2021, in the form of CAR, LDR, ROA, NPL and GRDP of Kalimantan. West. The analytical method used is correlation analysis (r) Pearson Product Moment (r). The results of this study indicate that Return On Assets (ROA) has a strong relationship (0.60 – 0.799) and is significant to West Kalimantan GRDP and the financial performance of Bank Kalbar seen from a very healthy ROA and is ranked 1. Loan to Deposit Ratio (LDR) has a very low (0.00 – 0.199) and insignificant relationship to the GRDP of West Kalimantan and the financial performance of Bank Kalbar seen from the LDR is healthy and is ranked 2. Non Performing Loans (NPL) have a strong relationship (0.60 – 0.799) and significant to GRDP of West Kalimantan. The financial performance of Bank Kalbar seen from the NPL is very healthy and is ranked 1. The Capital Adequacy Ratio (CAR) has a strong relationship (0.60 – 0.799) and is significant to the GRDP of West Kalimantan and the financial performance of Bank Kalbar seen from CAR is very healthy and is ranked 1.

Keywords: Financial Performance, Impact, Region, Bank

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

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INTRODUCTION

Since the issuance of (Undang-Undang RI Nomor 13 Tahun 1962, 1962) concerning Basic Provisions for Regional Development Banks, several regions have begun to emerge to form regional banks, this is due to the regional need for banking for regional development. Regional banks also have the same function as other banks, including collecting funds from the public and channeling the funds collected back to the community. Of course, one of the goals of banks is to channel funds from the public in the form of credit in the context of the welfare of society, one example is productive credit, namely credit loans intended for people who want to open a business, there are also loans in the form of consumer loans specifically for people to borrow funds, to buy goods or services, such as home loans and others.

West Kalimantan is a province, one of which has formed regional financial institutions or Regional Banks, namely the West Kalimantan Regional Development Bank (BPD) (Bank Kalbar) which was formed in accordance with Regional Regulation No. 1 of 1963 in the form of regional company law. Bank Kalbar is also like other regional banks, namely as an intermediary institution between people who have excess funds and people who need funds. Regional banks or BPD (Regional Development Bank) also have a large contribution to regional development and are of particular concern because BPDs are real in driving the regional economy, especially regional development (Saragih, 2017). The difference between BPD Banks and BUMN banks (State Owned Enterprises) and others is that BPD banks have characteristics, namely that most of the DPK (Special Owners List) are local governments, with the aim of BPD ownership being able to encourage regional development both related with infrastructure, the MSME sector (Micro and Small and Medium Enterprises), the agricultural sector, the fisheries sector and other economic driving factors (Purwanto, 2019).

Therefore, the level of soundness of the BPD must be considered so that regional development is also achieved, meaning that the health of the banking system is the ability of the BPD to carry out normal banking operations and be able to fulfill all banking obligations (Sambur et al., 2022). In general, the financial management of BPD Bank Kalbar has been successful, even greater than the target of the Bank Business Plan (RBB), this can be seen from the development of Bank Kalbar financial performance. This achievement can be seen from the increase or growth in Bank Kalbar assets in 2021 of IDR 23,236,975 million rupiahs. Growing by 25,64% from 2019, which was IDR 18.494.496 million rupiah with a target achievement of 96,43%.

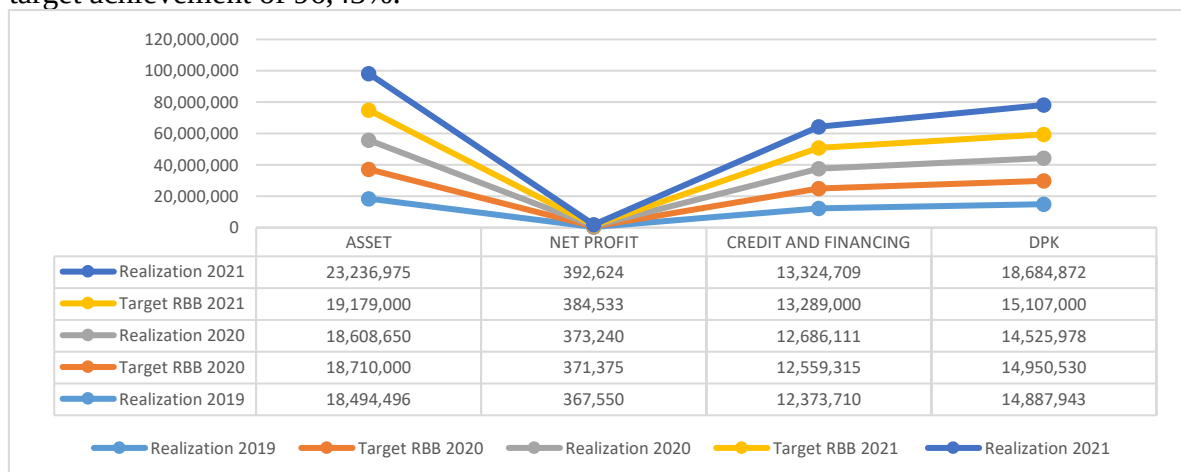


Figure 1. Comparison of RBB and Realization for 2019 – 2021 (in IDR million)

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

“Entrepreneurship on Global Economics Development in the Era of Society 5.0”

Source: Bank of West Kalimantan, 2022

Apart from assets, Credit and Financing also experienced growth, namely by 6,82% or IDR 13,324,709 million rupiah in 2021 from 2019 which was IDR 12,373,710 or with a target achievement of 93,11%, as well as Third Party Funds (DPK) whose growth is 25,50% in 2021 or IDR 18,684,872 million from IDR 14,887,943 million rupiah in 2019 with a target achievement of 98.54%. Meanwhile, BPD Bank Kalbar net profit grew by 6,82% to IDR 392.624 million rupiah in 2021 from IDR 367,550 million rupiah with a target achievement of 95,58%.

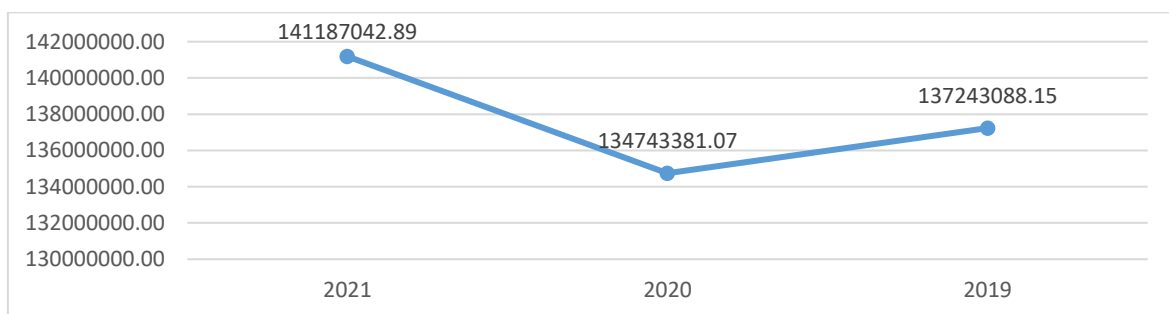


Figure 2. Gross Regional Domestic Product (GRDP) at constant prices for 2019-2021 (million rupiah)
Source: Bank of West Kalimantan, 2022

The increase in the number of assets and DPK of Bank Kalbar which every year cannot be followed by an increase in West Kalimantan's Gross Regional Domestic Product (GRDP), this can be seen from its development, which has experienced fluctuations from 2019-2021, namely in 2020 it has decreased by 1,83 % from 2019, but when viewed from its overall development, in 2019-2021 it experienced a growth of 2.87% from IDR 137,243,088.15 Million Rupiah in 2019 to IDR 141,187,042.89 in 2021. Development of BPD Economic Performance Bank Kalbar continues to experience developments such as assets, credit and financing, third party funds and net profit, but the problem of unemployment continues to increase in West Kalimantan, which is 5,82% in 2021 from 4,35% in 2019. In contrast to the problem of poverty where poverty in West Kalimantan has decreased, namely in 2019 by 7,49% or 378.41 thousand people to 7,15% or 367.89 thousand people in 2021. In looking at the bank's function as an intermediary, whether its function and role is large or not, it can be seen from the bank's financial ratios, such as the liquidity ratio through LDR, the profitability ratio through ROA, the solvency ratio through CAR, the asset quality ratio through NPL (Soebandi, 2016).

METHOD

The research approach used in this study is a descriptive quantitative research at the Regional Development Bank (BPD) Bank Kalbar, where the variable used is Bruti Regional Domestic Product with the dependent variable being Capital Adequacy Ratio (CAR), Return On Assets (ROA), Loan to Deposit Ratio (LDR) and Non-Performing Loans (NPL) for 2010-2021 sourced from the Bank Kalbar Website and the West Kalimantan Central Statistics Agency using the Pearson Product Moment (r) correlation analysis method, while to look at the health of Bank Kalbar using the Pearson Product Moment (r) approach. RGEC

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

“Entrepreneurship on Global Economics Development in the Era of Society 5.0”

(Risk Profile, Good Corporate Governance, Earnings, Capital) (Kinanti, 2015). Namely with criteria.

Table 1. Criteria for Determining Non-Performing Loans (NPL)

Rating	Information	Criteria
1	Very Healthy	$NPL < 2\%$
2	Healthy	$2\% < NPL < 5\%$
3	Healthy Enough	$5\% < NPL < 8\%$
4	Unwell	$8\% < NPL < 12\%$
5	Not Healthy	$NPL > 12\%$

Source: (Bank Indonesia, 2004)

Meanwhile, to see the rating and description of the LDR as follows:

Table 2. Criteria for Determining Loan to Deposit Ratio (LDR)

Rating	Information	Criteria
1	Very Healthy	$LDR < 75\%$
2	Healthy	$75\% < LDR < 85\%$
3	Healthy Enough	$85\% < LDR < 100\%$
4	Unwell	$100\% < LDR < 120\%$
5	Not Healthy	$LDR > 120\%$

Source: (Bank Indonesia, 2004)

Meanwhile, to see the rating and description of the ROA as follows:

Table 3. Criteria for Determining Return On Assets (ROA)

Rating	Information	Criteria
1	Very Healthy	$ROA > 1,5\%$
2	Healthy	$1,25\% < ROA < 1,5\%$
3	Healthy Enough	$0,5\% < ROA < 1,25\%$
4	Unwell	$0\% < ROA < 0,5\%$
5	Not Healthy	$ROA < 0\%$

Source: (Bank Indonesia, 2004)

Meanwhile, to see the rating and description of the CAR as follows:

Table 4. Criteria for Determining Capital Adequacy Ratio (CAR)

Rating	Information	Kreteria
1	Very Healthy	$CAR > 12\%$
2	Healthy	$9\% < CAR < 12\%$
3	Healthy Enough	$8\% < CAR < 9\%$
4	Unwell	$6\% < CAR < 8\%$
5	Not Healthy	$CARS < 6\%$

Source: (Bank Indonesia, 2004)

RESULT AND DISCUSSION

To get results and explanations about whether or not the influence of the Capital Adequacy Ratio (CAR), Return On Assets (ROA), Loan to Deposit Ratio (LDR) and Non-Performing Loans (NPL) variables has on the Gross Regional Domestic Product (GRDP)

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

“Entrepreneurship on Global Economics Development in the Era of Society 5.0”

Table 5. Interpretation of Correlation Coefficient (r)

Coefficient Intervals	Relationship Level
0.00 – 0.199	Very low
0.20 – 0.399	Low
0.40 – 0.599	Strong enough
0.60 – 0.799	Strong
0.80 – 1.000	Very strong

Source: Sugiyono, 2011

The results of the Pearson Product Moment test are as follows:

Table 6. Correlation Coefficient Test Results (r) Pearson Product Moment Correlations

		ROA	LDR	NPL	CAR	PDRB
ROA	Pearson Correlation	1	,338	-,794**	-,840**	,705*
	Sig. (2-tailed)		,283	,002	,001	,010
	N	12	12	12	12	12
LDR	Pearson Correlation	,338	1	-,353	-,396	-,005
	Sig. (2-tailed)	,283		,260	,202	,987
	N	12	12	12	12	12
NPL	Pearson Correlation	-,794**	-,353	1	,963**	-,612*
	Sig. (2-tailed)	,002	,260		,000	,034
	N	12	12	12	12	12
CAR	Pearson Correlation	-,840**	-,396	,963**	1	-,661*
	Sig. (2-tailed)	,001	,202	,000		,019
	N	12	12	12	12	12
PDRB	Pearson Correlation	,705*	-,005	-,612*	-,661*	1
	Sig. (2-tailed)	,010	,987	,034	,019	
	N	12	12	12	12	12

** . Correlation is significant at the 0.01 level (2-tailed).

* . Correlation is significant at the 0.05 level (2-tailed).

Return On Assets (ROA) to Gross Regional Domestic Product (GRDP)

In the test results above, namely the variable Return On Assets (ROA) to GRDP in West Kalimantan, it has a correlation coefficient (Pearson Correlation) of 0.705 with a significance of 0.010 < 0.05. This means that Return On Assets (ROA) has a strong relationship (0.60 – 0.799) and is significant to West Kalimantan's GRDP. ROA is the profit or profit ratio of a bank, an increase in assets is proof that the profit of a bank is very good, an increase in the amount of credit and financing has a good impact on increasing bank profits. When viewed from the development of assets and net profit of Bank Kalbar from year to year there is always an increase, this increase has a significant impact on West Kalimantan's economic growth. Bank Kalbar succeeded in recording assets of IDR 23,236,975 million rupiahs in 2021 from IDR 9,642,735 million rupiahs in 2013. Likewise,

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

“Entrepreneurship on Global Economics Development in the Era of Society 5.0”

Bank Kalbar net profit continues to increase, namely in 2021 it is IDR 392,624 million rupiah from IDR 173,899 million rupiah in 2011. The high value of ROA indicates that the ability of banks to generate revenue is getting better, so that the financial performance of a company or bank is good (Kartika et al., 2020).

If you look at the level of financial health of Bank Kalbar with the average Return On Assets (ROA) indicator in 2010 to 2021 of 3,09%, it means that the ROA value of Bank Kalbar is greater than 1,5 (ROA > 1,5%), so that it can be concluded that Bank Kalbar finances in terms of ROA are very healthy and are ranked 1.

Loan to Deposit Ratio (LDR) to Gross Regional Domestic Product (GDP)

In the test results above, namely the Loan to Deposit Ratio (LDR) variable to the GRDP of West Kalimantan, it has a correlation coefficient value (Pearson Correlation) of 0.005 with a significance of $0.987 > 0.05$. This means that the Loan to Deposit Ratio (LDR) has a very low relationship (0.00 – 0.199) and is not significant to the GRDP of West Kalimantan. LDR is the ability of a bank to pay back the withdrawal of funds from the public in the form of credit. An increase in LDR is proof that a bank has extended credit to the public which is also high, but the LDR ratio of Bank Kalbar from 2010 to 2021 has decreased, namely 18.74%, where in 2010 the LDR of Bank Kalbar was 84,34% to 71,31% in 2021. This means that a decrease in the LDR ratio indicates that lending to the community is low, so the LDR ratio has no effect on West Kalimantan's GRDP because the LDR ratio does not make a large contribution to West Kalimantan's economy. One of the reasons is that LDR has no effect or has no relationship to the economy of a region, if a bank is selective in extending credit to avoid the risk of default (Anita, 2018).

If you look at the level of financial health of Bank Kalbar with the average Loan to Deposit Ratio (LDR) indicator in 2010 to 2021 of 82.84%, it means that the ROA value of Bank Kalbar is between $75\% < \text{LDR} < 85\%$, so it can be concluded that the finances of Bank Kalbar seen from the LDR are healthy and are ranked 2.

Non Performing Loan (NPL) to Gross Regional Domestic Product (GRDP)

In the test results above, namely the Non Performing Loan (NPL) variable on West Kalimantan's GRDP has a correlation coefficient value (Pearson Correlation) of 0.612 with a significance of $0.034 < 0.05$. This means that Non-Performing Loans (NPL) have a strong relationship (0.60 – 0.799) and are significant to West Kalimantan's GRDP. The decline in GRDP was also caused by an increase in the NPL ratio. A high NPL is evidence that the credit default in banks is quite high, or in simple language that a high LDR indicates that people who borrow funds from banks cannot pay off their credit or loans. Therefore, the Bank Kalbar NPL ratio has a negative relationship to West Kalimantan's GRDP, as evidenced by Bank Kalbar NPL in 2021 of 1.91% from 2010 of 0.13%. A decrease in the value of the NPL will have an impact on a decrease in a bank's interest income (Jumono, 2022). Therefore, in improving banking financial performance, the BPD should increase credit to the productive sector, so that regional development runs quickly (Saragih, 2017). To see how much experience a bank has, it can be seen from the decrease in the NPL level of a bank (Supatmi & Kristanto, 2012).

If you look at the level of financial health of Bank Kalbar with the average Non Performing Loan (NPL) indicator in 2010 to 2021 of 0,90%, it means that the NPL value of Bank Kalbar is below 2% (NPL < 2%), so it can be concluded that Bank Kalbar finances, seen from the NPL, are very healthy and are ranked 1st.

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

"Entrepreneurship on Global Economics Development in the Era of Society 5.0"

Capital Adequacy Ratio (CAR) to Gross Regional Domestic Product (GRDP)

In the test results above, namely the variable Capital Adequacy Ratio (CAR) to GRDP in West Kalimantan, it has a correlation coefficient (Pearson Correlation) of -0.661 with a significance of $0.019 < 0.05$. This means that the Capital Adequacy Ratio (CAR) has a strong relationship (0.60 - 0.799) and is significant to the GRDP of West Kalimantan. The development of the Capital Adequacy Ratio (CAR) is an indicator of the capital of a bank, where the good or bad development of banking capital can be seen from the value of the Capital Adequacy Ratio (CAR), the higher the value the better the banking capital. This means that if the BPD Bank's capital is high, it will have a large (high) impact on the distribution of credit, from the high distribution of credit it will also have an impact on improving the economy of a region. The development of Bank Kalbar Capital Adequacy Ratio (CAR) has grown from year to year, where in 2021 it grew by 46,43% or from 2010, as well as credit conditions in the economic sector in West Kalimantan, 3 (three) economic sectors that dominated credit development in the economic sector in West Kalimantan, namely the other economic sector, the trade economic sector and the construction sector, the other economic sector grew by 200% or IDR 9,830,302 million in 2021 from IDR 3,276.098 Million Rupiah, trade sector from IDR 200,317 million rupiah in 2010 to IDR 1,442,948 million rupiah in 2021, as well as the increase in the construction sector which has the highest growth, which in 2021 is IDR 915,154 million rupiah from IDR 29,343 million rupiahs in 2010. Increasing credit by BPD can increase regional GDP growth, especially BPD that have good capital (Soebandi, 2016). The health parameters of a bank in terms of capital can be seen from its CAR (Tsania et al., 2022).

If you look at the level of financial health of Bank Kalbar with the average Capital Adequacy Ratio (CAR) indicator in 2010 to 2021 of 20,98%, it means that the CAR value of Bank Kalbar is above 12% ($CAR > 12\%$), so it can be concluded that Bank Kalbar finances, seen from CAR, are very healthy and are ranked 1st.

CONCLUSION

Return On Assets (ROA) has a strong relationship (0.60 – 0.799) and is significant to West Kalimantan's GRDP. If you look at the level of financial health of Bank Kalbar with the average Return On Assets (ROA) indicator in 2010 to 2021 of 3,09%, it means that the ROA value of Bank Kalbar is greater than 1.5 ($ROA > 1.5\%$), so that it can be interpreted that Bank Kalbar finances, seen from ROA, are very healthy and are ranked 1. The Loan to Deposit Ratio (LDR) has a very low relationship (0.00 - 0.199) and is not significant to the GRDP of West Kalimantan. If you look at the level of financial health of Bank Kalbar with the average Loan to Deposit Ratio (LDR) indicator in 2010 to 2021 of 82.84%, it means that the ROA value of Bank Kalbar is between $75\% < LDR < 85\%$, so it can be written that the finances of Bank Kalbar seen from the LDR are healthy and are ranked 2. Non Performing Loans (NPL) have a strong relationship (0.60 - 0.799) and are significant to the GRDP of West Kalimantan. If you look at the level of financial health of Bank Kalbar with the average Non Performing Loan (NPL) indicator in 2010 to 2021 of 0.90%, it means that the NPL value of Bank Kalbar is below 2% ($NPL < 2\%$), so it can be written that Bank Kalbar finances in terms of NPL are very healthy and are ranked 1. The Capital Adequacy Ratio (CAR) has a strong relationship (0.60 - 0.799) and is significant to the GRDP of West Kalimantan. If you look at the level of financial soundness of Bank Kalbar with the average Capital

Proceeding Medan International Conference Economics and Business

Volume 1, Year 2023

“Entrepreneurship on Global Economics Development in the Era of Society 5.0”

Adequacy Ratio (CAR) indicator in 2010 to 2021 of 20.98%, it means that the CAR value of Bank Kalbar is above 12% (CAR > 12%), so it can be meaningful that Bank Kalbar finances, seen from CAR, are very healthy and are ranked 1st.

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