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BPRS's Financial Response to the COVID19 Pandemic: A Study Based on Common Size Analysis

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Abstract

The pandemic COVID19 had a significant impact on the banking sector, including the Sharia People's Financing Bank (BPRS). This study aims to understand the adaptation of BPRS in its asset structure and liabilities post-COVID using the Common Size analysis method. Data was obtained from BPRS's financial statements in 2020, 2021, and 2023. The results showed an increase in the proportion of current assets and a decrease in non-current assets, indicating BPRS's efforts to increase liquidity and reduce risks. Although BPRS faces challenges in financing revenue, financing and operational expenses have been successfully reduced. These findings demonstrate BPRS's response to post-COVID uncertainty with a focus on efficiency and risk management. It is recommended for BPRS to continue to consider diversifying its revenue sources and strengthening its risk management strategy.
Keywords: Financial Response, BPRS, Pandemic, Covid-19, Common Size Analysis

Abstrak

Pandemi COVID19 berdampak signifikan terhadap sektor perbankan, termasuk Bank Pembiayaan Rakyat Syariah (BPRS). Penelitian ini bertujuan untuk mengetahui adaptasi BPRS dalam struktur aset dan liabilitas pasca COVID dengan menggunakan metode analisis Common Size. Data diperoleh dari laporan keuangan BPRS tahun 2020, 2021, dan 2023. Hasil penelitian menunjukkan adanya peningkatan proporsi aset lancar dan penurunan aset tidak lancar, yang mengindikasikan upaya BPRS dalam meningkatkan likuiditas dan mengurangi risiko. Meskipun BPRS menghadapi tantangan dalam pendapatan pembiayaan, namun beban pembiayaan dan operasional berhasil ditekan. Temuan ini menunjukkan respons BPRS terhadap ketidakpastian pasca COVID dengan fokus pada efisiensi dan manajemen risiko. BPRS disarankan untuk terus mempertimbangkan diversifikasi sumber pendapatan dan penguatan strategi manajemen risiko.
Kata Kunci: Respon Keuangan, BPRS, Pandemi, Covid-19, Common Size Analysis

A. INTRODUCTION

In the last decade, the banking industry has undergone various significant changes, both in terms of regulation, technology, and the macroeconomic environment. One of the events that had a profound impact on this sector was the COVID19 pandemic. Previous research has shown that the pandemic has affected the financial performance of banks around the world, with some banks experiencing liquidity pressures, while others are seeking to strengthen their capital (Nugroho dan Abdurohim 2021).

Sharia People's Financing Bank (BPRS) is not exempt from this impact. As a financial institution that operates with sharia principles, BPRS has unique challenges and opportunities in facing crises. The concept of liquidity and risk management is very important in this context, considering the importance of maintaining customer trust and ensuring operational sustainability (Mustofa, Dianto, dan Udin 2023).

Based on financial management theory, liquidity and capital structure are two key aspects that affect the stability and financial performance of banks (Sari dan Sisdianto 2024). In the context of BPRS, an increase in the proportion of current assets and a decrease in non-current assets may reflect efforts to increase liquidity and reduce risk. However, the question is whether this strategy is effective in improving BPRS's financial performance and resilience amid post- COVID uncertainty.

The data presented shows that BPRS has made several adjustments in its asset structure and liabilities post-COVID. However, there is a gap in our understanding of how these changes affect the long-term financial performance of BPRS and whether this strategy is in line with market conditions and customer preferences (Agniya dan Asnaini 2023). In addition, although there have been previous studies exploring the impact of COVID19 on the banking sector in general (Seto dan Septianti 2021), very little literature has focused on BPRS and the unique challenges it faces. Therefore, it is important to understand how BPRS is responding to this crisis and what the long-term implications are for the Islamic banking industry.

Taking into account all of the above factors, this study aims to fill in the gaps in the literature by focusing on the analysis of BPRS's post-COVID financial performance. Through this analysis, we can better understand how BPRS is adapting to post-pandemic challenges and what lessons can be learned for the future.

The Common Size method is one of the vertical analysis techniques used to compare the components of financial statements in the form of percentages. In the context of a balance sheet statement, each item of asset or liability is expressed as a percentage of total assets or total liabilities and equity. This allows researchers to compare asset structures and liabilities between companies, even if the companies are different in size. This method is very useful in identifying trends in asset composition and liabilities over time, as well as comparing a company's financial profile with its competitors in the same industry.

In this study, the Common Size method is used to describe changes in the composition of BPRS's assets and liabilities from 2020 to 2023. By analyzing data in percentage form, we can understand the relative changes in the asset structure and liabilities of BPRS, especially in the post-COVID context. This technique provides in-depth insight into how BPRS is adapting its financial strategy to face challenges and opportunities in the post-pandemic era.

B. THEORETICAL FRAMEWORK

1. Report Analysis Using Common Size

Common Size analysis is one of the vertical analysis methods used in the assessment of financial statements. According to Harrison & Horngren, the Common Size analysis allows comparisons between items in financial statements based on their relative proportions, rather than face value. By converting all items in a financial statement into a percentage of a given total amount (for example, total assets or total revenue), this analysis makes it easier to understand composition and trends over time. This is very useful, especially when comparing companies of different sizes or in assessing internal changes in a company's financial structure from year to year (Indria 2022).

2. Financial Components in Common Size

In the context of the balance sheet report, the main components analyzed through the Common Size method include current assets, non-current assets, short-term liabilities, long-term liabilities, and equity. Brigham & Ehrhardt explain that by expressing each of these components as a percentage of total assets or total liabilities and equity, analysts can quickly assess the relative proportions of each component and how those proportions change over time. In the context of the income statement, revenue, expenses, and net income are the main components analyzed, with each item expressed as a percentage of total revenue (Sriwiyanti dan Saragih 2024).

3. Understanding Common Size

Common Size refers to financial statements in which each item is expressed as a percentage of a base number (Lismawati Hasibuan dkk. 2023). In the balance sheet statement, each item of assets, liabilities, and equity is expressed as a percentage of total assets or total liabilities and equity. Meanwhile, in the income statement, each item of revenue and expense is expressed as a percentage of total revenue. The main purpose of the Common Size report is to facilitate vertical comparison and analysis, allowing stakeholders to see the relative composition and trends in the financial statements.

C. RESEARCH METHODS

This study adopts a quantitative descriptive approach to understand how Bank Pembiayaan Rakyat Syariah (BPRS) Madina Mandiri Sejahtera adjusts its asset structure and liabilities post-COVID. With a focus on the period 2020 to 2023, this study utilizes data derived from BPRS's financial statements. These reports are obtained through documentation studies, where relevant information is extracted for further analysis.

After the data was successfully collected, the Common Size analysis technique was applied.

In this technique, each financial item in the balance sheet statement, such as current assets, non-current assets, and various types of liabilities, is expressed as a percentage of total assets or total liabilities and equity. This approach allows researchers to compare the relative proportions of each component from year to year, providing an overview of how the financial composition of BPRS Madina Mandiri Sejahtera has changed over time.

During the analysis process, emphasis is placed on the validity and reliability of the data. Therefore, only financial statements from official and credible sources are used. After the analysis was completed, interpretation was given to understand the implications of the findings, especially in the context of BPRS MADINA MANDIRI SEJAHTERA's response to post- COVID dynamics.

D. RESULTS AND DISCUSSION

Common Size of Current or Non-Current Assets of BPRS

Account	2020	2021	2023
Current Assets	92,8	94,1	95,8
Assets Not Current	7,2	5,9	4,2

1. Current Assets:

   In 2020, current assets accounted for 92.8% of total assets. In

   2021, the proportion of current assets increased to 94.1%. In

   2023, this proportion will increase again to 95.8%.

2. Assets Not Current:

   In 2020, non-current assets accounted for 7.2% of total assets. In

   2021, this proportion decreased to 5.9%.

   In 2023, this proportion decreased further to 4.2%.

Discussion

Increase in Current Assets: The increase in the proportion of current assets from 2020 to 2023 suggests that BPRS may increase its focus on short-term operations or increase its liquidity. In the post-COVID context, this could indicate that BPRS is trying to maintain good liquidity to deal with economic uncertainty and potential increased credit risk. With higher liquidity, BPRS may be better prepared to face potential withdrawals or sudden financing needs.

Decline in Non-Current Assets: The decline in the proportion of non-current assets from

2020 to 2023 indicates that BPRS may reduce its investment in long-term assets or there is a decline in the value of these assets. In a post-COVID context, this could indicate BPRS's prudence in making long-term investments, perhaps due to economic uncertainty or the need to maintain liquidity.

Overall, the data shows that BPRS may have made strategic adjustments in its asset allocation post-COVID. An increased focus on current assets indicates a desire to maintain liquidity and flexibility amid potentially more difficult economic conditions, while a decline in illiquid assets indicates a more conservative approach to long-term investments (Addinpujoartanto dkk. 2024).

Analisis Common Size Pasiva BPRS

Account	2020	2021	2023
Short-Term Liability	65,9	64,9	58,1
Long-Term Liability	24,6	26,5	34,4
Equity	9,6	8,7	7,5

1. Short-Term Liabilities (Current Liabilities):

   In 2020, short-term liabilities accounted for 65.9% of total liabilities and equity. In

   2021, the proportion of short-term liabilities decreased slightly to 64.9%.

   In 2023, this proportion decreased further to 58.1%.

2. Long-Term Liability:
   In 2020, long-term liabilities accounted for 24.6% of total liabilities and equity. In

   2021, this proportion increased to 26.5%.

   In 2023, this proportion will increase again to 34.4%.

3. Equity:

   In 2020, equities accounted for 9.6% of total liabilities and equity. In

   2021, the proportion of equity decreased slightly to 8.7%.

   In 2023, this proportion decreased further to 7.5%.

Discussion

Decline in Short-Term Liabilities: The decline in the proportion of short-term liabilities from 2020 to 2023 may indicate that BPRS has succeeded in reducing its short-term liabilities. This could be a sign that BPRS has better liquidity post-COVID or there may be a strategy to reduce reliance on short-term funding.

Increase in Long-Term Liabilities: An increase in the proportion of long-term liabilities indicates that BPRS may increase its long-term funding. This could be due to the need to fund expansion or to replace short-term funding that has matured. In the post-COVID context, this may indicate BPRS's efforts to strengthen its capital structure with more stable and long-term funding.

Decline in Equity: The decline in the proportion of equity from 2020 to 2023 may indicate that BPRS is experiencing pressure on its capital, perhaps due to a decrease in profit or an increase in liabilities. In the post-COVID context, this could indicate that BPRS is facing challenges in maintaining its profitability or there may be a withdrawal of capital by shareholders.

Overall, the data shows that BPRS has made some adjustments in its capital structure post- COVID. While there has been an increase in long-term liabilities, which may indicate an effort to strengthen the funding structure, there are also signs of pressure on equities that may indicate challenges in financial performance.

Common Size Analysis of BPRS Income Statement

Account	2020	2021	2023
Financing Income	53,5	55,2	41,1
Financing Burden	35,2	26,4	15,5
Operational Expenses	43,9	42,9	24,7

Based on the Common Size data for Financing Revenue, Financing Expenses, and Operating Expenses, here is the interpretation:

1. Financing Income:

   In 2020, financing revenue accounted for 53.5% of total revenue. In

   2021, this proportion increased to 55.2%.

   However, in 2023, there was a significant decrease to 41.1%.

2. Financing Expenses:

   In 2020, financing expenses accounted for 35.2% of total revenue. In

   2021, this proportion decreased to 26.4%.

In 2023, this proportion decreased further to 15.5%.

3. Operational Load:

In 2020, operating expenses accounted for 43.9% of total revenue. In

2021, this proportion decreased slightly to 42.9%.

In 2023, this proportion decreased significantly to 24.7%.

Discussion

Financing Revenue: Although financing income increased from 2020 to 2021, there was a sharp decline in 2023. This may indicate that BPRS is facing challenges in generating revenue from financing in the post-COVID years, perhaps due to a decline in financing demand or an increase in defaults.

Financing Expenses: Consistent declines in financing expenses from 2020 to 2023 suggest that BPRS may be successful in reducing its funding costs. This could be due to lower interest rates or better risk management strategies. Operating Expenses: A decrease in operating expenses as a percentage of revenue indicates that BPRS may have increased its efficiency or reduced its operating costs. This could be the result of cost-reduction initiatives, automation, or other operational adjustments post-COVID.

Overall, the data shows that while BPRS may face challenges in generating revenue post-COVID, the bank has managed to reduce its financing and operational burden. This shows an effort to improve efficiency and manage costs amid economic conditions that may be more difficult.

E. CONCLUSION

In the post-COVID period, BPRS appears to have made significant strategic adjustments in its asset structure and liabilities. The increased focus on current assets, reflecting the proportion that grew from 92.8% in 2020 to 95.8% in 2023, demonstrates BPRS's efforts to maintain liquidity and flexibility amid economic uncertainty. In contrast, the decline in the proportion of non-current assets from 7.2% in 2020 to 4.2% in 2023 indicates a more conservative approach to long-term investments. In terms of liabilities and operations, BPRS has managed to reduce its financing and operational expenses, while facing challenges in generating revenue from financing.

The overall data shows that BPRS has been working to improve efficiency and manage costs amid economic conditions that may be more difficult post-COVID. A focus on liquidity and a conservative approach to long-term investing may be a response to higher uncertainty and risk in a post-pandemic environment.

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