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Impact of Acquisition of Sumitomo Mitsui Banking Corporation on PT. Bank BTPN, Tbk

W.M.R.¹,
A.M.²,

Indonesia^{1,2}

Correspondence

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Abstract

This study aims to examine and analyze the financial performance of PT. Bank BTPN Tbk., before and after the acquisition by Sumitomo Mitsui Banking Corporation in 2014. Acquisition is a process in which a company buys majority shares or all shares of another company to expand the business or take over the business. Research is conducted using financial report data for 2010 – 2013 (pre-acquisition) and 2014 – 2018 (post-acquisition). The hypothesis was tested using a significance number <0.05 using parametric statistical tests for normally distributed data and non-parametric statistics for non-normally distributed data. The results showed that the average financial ratios studied (ROA, ROE, NIM, LDR, NPL, CAR, and BOPO) tended to decrease after an acquisition was made. Based on statistical tests, there is a significant difference for ROE, NIM, and LDR and the other ratios (ROA, NPL, CAR, and BOPO) show the opposite.

Keywords: bank, acquisition, financial performance, financial ratios

Introduction

Merger and acquisition activities have become one of the most interesting things in corporate restructuring to gain competitive advantage and company dominance (Kumaraswamy, Ebrahim, & Nasser, 2019). The primary objective of mergers and acquisitions is to create shareholder value to create greater market share, greater efficiency, and increased capabilities by expanding the operations of the companies involved (Tarigan, Yenewan, & Natalia, 2016).

Acquisition is a type of merger in which one company takes over ownership of another company so that even though the name of the target company remains, ownership has been transferred to the acquiring company (Tarigan, Yenewan, & Natalia, 2016). By definition of the Limited Liability Company Law Article 1 point 11, an acquisition or takeover can be defined as a legal action carried out by a legal entity or individual to take over the shares of a company resulting in a change in control over the company. One indicator to assess the success of an acquisition is to look at the company's performance after the acquisition, especially the financial performance of both the acquiring company and the company being acquired (Hamidah & Noviani, 2013).

Acquisitions made by foreign companies to domestic companies in Indonesia are the same as the acquisitions of domestic companies themselves (Sari, 2012). Acquisitions of foreign parties, also known as cross-border acquisitions, occur when a company changes hands from a domestic company to a foreign party as the acquirer. (Krishnamurti & SR, 2008).

It is necessary to conduct special research that focuses on foreign acquisitions made to companies, especially in the financial industry, seen from financial ratios based on existing financial report data, especially those that focus on more complete profitability and liquidity ratios and use a longer period to get accurate results as explained in this research. The results of this research are expected to show whether the acquisition process, especially acquisitions carried out by foreign companies, really has a positive impact on the company, both the acquirer and the acquirer, especially from the financial data reflected in the company's financial ratios.

Literature Review and Hypotheses

Liquidity Ratio

Liquidity Ratio is the ratio that measures a company's ability to meet its short-term obligations. Ratios that are included in this ratio are the Current Ratio, Quick Ratio, and Cash Ratio.

Solvability Ratio

Solvability Ratio is a ratio that measures how far a company's ability to meet its long-term obligations. The ratios that belong to this ratio are the total debt to total capital ratio, the total debt to total assets ratio, and the time interest earned ratio.

Activity ratio

Activity ratio is a ratio that measures the effectiveness of asset use by looking at the activity level of the asset. This ratio is calculated by dividing the account on the income statement by the account on the balance sheet. Ratios that belong to this ratio are Total Asset Turnover Ratio, Fixed Asset Turnover Ratio, Cash Conversion Cycle Ratio, Working Capital Turnover Ratio, and Inventory Turnover Ratio.

Profitability Ratio

Profitability Ratio is a ratio that looks at a company's ability to earn a profit (profitability) from income related to sales, assets, and equity based on certain measurements. The ratios included in the Profitability Ratio are Gross Profit Margin (GPM), Profit Margin Ratio (PMR), Return On Asset (ROA), Return On Equity (ROE), and Return On Sales Ratio (ROS).

Market Ratio

Market Ratio is a ratio related to the development of the company's value relative to the company's book value. This ratio can be used as a benchmark for companies in providing investment returns to investors through the company's dividend profits. For investors, this ratio can be used as an evaluation tool in carrying out investments. The ratios included in this ratio are the Price Earning Ratio (PER), the Dividend Payout Ratio, and the Dividend Yield Ratio.

Return On Assets

Return On Assets (ROA) is part of the profitability ratio where this ratio tested how far an investment that has been invested can provide returns as expected and whether the investment is the same as the company's assets invested or placed (Hikmah, Hamzah, & Sofilda, 2016). The formula for this ratio is shown in Eq.1

$$ROA = \frac{\text{Net Income}}{\text{Total Assets}} \quad (\text{Eq.1})$$

Return On Equity

Return On Equity (ROE) is part of the profitability ratio where the ratio is used to measure how good management is in utilizing investment from shareholders, (Hikmah, Hamzah, & Sofilda, 2016). The formula for this ratio is shown in Eq.2

$$ROE = \frac{\text{Net Income}}{\text{Shareholder's Equity}} \quad (\text{Eq.2})$$

Net Interest Margin

Net Interest Margin (NIM) is a profitability ratio used to measure a bank's performance in generating net interest income from its production activities (Saut & Diansyah, 2019). The formula for this ratio is shown in Eq.3

$$NIM = \frac{\text{Interest Revenue} - \text{Interest Expenses}}{\text{Average Earning Assets}} \quad (\text{Eq.3})$$

Loan Deposit Ratio

Loan Deposit Ratio (LDR) is a liquidity ratio that is used as an indicator in measuring banking performance in terms of the number of loans disbursed by banks. (Dewi & Purnawati, 2016). The formula for this ratio is shown in Eq.4

$$LDR = \frac{\text{Loan}}{\text{Deposit} + \text{Capital}} \quad (\text{Eq.4})$$

Non-Performing Loan

Non-Performing Loan (NPL) is a liquidity ratio that is used as an indicator of management in terms of managing loans disbursed by banks (Dewi & Purnawati, 2016). The formula for this ratio is shown in Eq.5

$$NPL = \frac{\text{Non Performing Credit}}{\text{Total Credit}} \quad (\text{Eq.5})$$

Capital Adequacy Ratio

Capital Adequacy Ratio (CAR) is the ratio used to measure a bank's performance in terms of the adequacy of capital held to support the level of risky assets (Saut & Diansyah, 2019). The formula for this ratio is shown in Eq.6

$$CAR = \frac{\text{Tier 1 Capital} + \text{Tier 2 Capital}}{\text{Risk Weighted Assets}} \quad (\text{Eq.6})$$

Operational Costs on Operational Revenues

Operational Costs on Operational Revenues (BOPO) is part of the profitability ratio which is used as an indicator for banks in evaluating bank operational costs that must be incurred to obtain company income (Dewi & Purnawati, 2016). The formula for this ratio is shown in Eq.7

$$BOPO = \frac{\text{Operating Cost}}{\text{Operating Income}} \quad (\text{Eq.7})$$

Research Gap

There were not much research has been conducted to analyze the impact of foreign company acquisitions on companies in Indonesia, especially in the financial/banking sector, and use complete financial ratios that can measure the condition of companies before and after an acquisition. In the research conducted by Sari (2012), she did not test acquisitions in the financial industry. Another study conducted by Reza & Rokhmawati (2018) only analyzed the ratios of Non-Performing Loans (NPL), Return On Assets (ROA), Operational Costs on Operational Revenues (BOPO), Capital Adequacy Ratio (CAR), and Loans to Deposits. Ratio (LDR). In other research involving other ratios such as Return On Equity (ROE) and Net Interest Margin (NIM) by Agustin & Widhiastuti (2021) using mixed research samples between banks that carry out acquisitions and mergers so that the results cannot describe the condition of the companies that become an object of acquisition of another company. The latest research conducted by Marcellina, Kurniawati, & Soeroto (2022) does not analyze overall profitability and liquidity ratios and the research period is short.

Hypotheses Formation

Based on research conducted on 6 banks that carried out mergers and acquisitions for the 2014-2018 period, shows that there is a significant difference in the ROA ratio before and after the acquisition (Agustin & Widhiastuti, 2021). In another study conducted on banking companies listed on the Indonesia Stock Exchange for the period 2000 – 2012, it was shown that there was a significant difference in the ROA ratio between before and after the acquisition

(Okalesa, Efni, & Zulbahridar, 2014). These results are also supported by research on case studies of companies listed on the Indonesia Stock Exchange for the period 2004 – 2013 showing that there is a significant difference in the ROA ratio between before and after the acquisition (Kuncoro W. H., 2014).

Other research shows the opposite. The analysis conducted on the acquisition by BCA of Bank Royal Indonesia shows there is no significant difference related to ROA (Marcellina, Kurniawati, & Soeroto, 2022). Likewise in other research conducted on the acquisition process carried out on Bank Jago, where there is no significant difference in ROA (Rahman, Bukhari, & Prasetyo, 2022).

Based on the results of the research above, the following hypotheses were developed:

H1: *There is a significant difference in the value of ROA between before and after the acquisition.*

Research conducted on the impact of acquisitions on abnormal returns and financial performance in companies listed on the Indonesia Stock Exchange shows that there are significant differences in ROE before and after the acquisition (Tarigan & Pratomo, 2015). Other research conducted to analyze the effect of the acquisition on PT Bank Rakyat Indonesia also found that there was a significant difference in ROE before and after the acquisition (Surya, 2021). The same result shown in research conducted on the acquisition process of acquisitions made on Bank UOB Buana is that acquisitions have a significant impact on ROE (Indryati & Sugiri, 2012).

On the other hand, research conducted on the acquisition by Bank BCA of Bank Royal Indonesia, it was shown that ROE is a component of financial ratios that have not experienced significant changes (Marcellina, Kurniawati, & Soeroto, 2022). Another study conducted on the acquisition process of Bank Sinar Bali showed that there was no significant difference in ROE (Dewi & Purnawati, 2016).

Based on the results of the above research, the following hypotheses were developed:

H2: *There is a significant difference in the ROE value between before and after the acquisition.*

In the process of acquiring PT Bank MNC Indonesia, it shows that NIM is a component of financial ratios that has significant changes (Saut & Diansyah, 2019). Likewise, research conducted on 6 banks listed on IDX for the 2004-2018 period showed that there were significant differences in NIM (Agustin & Widhiastuti, 2021). Other research conducted on the acquisition process of acquisitions made to Bank UOB Buana also concluded that acquisitions had a significant impact on NIM (Indryati & Sugiri, 2012).

In another study conducted to test the bank's performance before and after the acquisition for the 2007-2013 period, it was stated that there was no significant difference in the NIM value after the acquisition was made (Lestari, 2016). The same result was also found in research conducted to test the performance of banks in Indonesia after acquisitions with foreign ownership in the period 2002 – 2010 where there was no significant difference in NIM. (Amalia & Ika, 2014).

Based on the results of the above research, the following hypotheses were developed:

H3: *There is a significant difference in the NIM value between before and after the acquisition.*

In research conducted on banking companies listed on the Indonesia Stock Exchange for the period 2000 – 2012, it was shown that there was a significant difference in the LDR ratio before and after the acquisition (Okalesa, Efni, & Zulbahridar, 2014). Another study conducted on PT Bank Jago Tbk showed that there was a significant difference in the LDR ratio after the acquisition by PT Bank Artos Indonesia (Rahman, Bukhari, & Prasetyo, 2022). Research conducted on the performance of banks that carried out mergers and acquisitions in the period

2000 – 2011 also shows that there is no significant difference in the LDR value after the acquisition is made. (Adriaans, Winarto, & Suwardyono, 2015)

Research conducted on the acquisition process of Bank Sinar Bali shows that there is no significant difference in LDR (Dewi & Purnawati, 2016). Another research conducted on the acquisition process carried out on PT Bank MNC Indonesia shows that LDR is a component of financial ratios that has significant changes (Saut & Diansyah, 2019).

Based on the results of the above research, the following hypotheses were developed:

H4: *There is a significant difference in the LDR value between before and after the acquisition.*

Based on research conducted on 6 banks that carried out mergers and acquisitions for the 2014-2018 period, shows that there is a significant difference in the NPL ratio between before and after mergers and acquisitions (Agustin & Widhiastuti, 2021). In another study conducted on banking companies listed on the Indonesia Stock Exchange for the period 2000 – 2012, it was shown that there was a significant difference in the NPL ratio before and after the acquisition (Okalesa, Efni, & Zulbahridar, 2014). Another study conducted on PT Bank Jago Tbk showed that there was a significant difference in the NPL ratio after the acquisition by PT Bank Artos Indonesia (Rahman, Bukhari, & Prasetyo, 2022).

The research conducted on the acquisition process carried out on PT Bank MNC Indonesia, shows that NPL is a component of financial ratios that has not changed significantly (Saut & Diansyah, 2019). Other research on state-owned banks that carried out mergers and acquisitions after the change of supervisor from Bank Indonesia to the Financial Services Authority also showed that there were no significant changes in NPL after the acquisition (Reza & Rokhmawati, 2018).

Based on the results of the above research, the following hypotheses were developed:

H5: *There is a significant difference in the NPL value between before and after the acquisition.*

Based on the research conducted on the acquisition by Bank BCA of Bank Royal Indonesia, shows that CAR is a component of financial ratios that has significant changes (Marcellina, Kurniawati, & Soeroto, 2022). Another research conducted on the acquisition process carried out on PT Bank MNC Indonesia, shows that CAR is a component of financial ratios that has significant changes (Saut & Diansyah, 2019). Likewise in other research conducted on the acquisition process carried out on Bank Jago, where there is a significant difference in the CAR value after the acquisition process is carried out (Rahman, Bukhari, & Prasetyo, 2022).

In another study conducted on banking performance in Indonesia before and after the transfer of the supervisory function from Bank Indonesia to the Financial Services Authority, it was stated that there was no significant difference in the CAR value after the acquisition (Reza & Rokhmawati, 2018). Research conducted on the performance of banks that carried out mergers and acquisitions for the period 2000 – 2011 also shows that there is no significant difference in the CAR value after the acquisition. (Adriaans, Winarto, & Suwardyono, 2015)

Based on the results of the above research, the following hypotheses were developed:

H6: *There is a significant difference in the CAR value between before and after the acquisition.*

In another study conducted on banking companies listed on the Indonesia Stock Exchange for the period 2000 – 2012, it was shown that there was a significant difference in the BOPO ratio between before and after the acquisition (Okalesa, Efni, & Zulbahridar, 2014). Another study conducted on PT Bank Jago Tbk showed that there was a significant difference in the BOPO ratio after the acquisition by PT Bank Artos Indonesia (Rahman, Bukhari, & Prasetyo, 2022). Research conducted on the performance of banks that carried out mergers and

acquisitions in the 2000-2011 period also showed that there was a significant difference in the BOPO value after the acquisition was carried out. (Adriaans, Winarto, & Suwardyono, 2015)

Research conducted on the acquisition process of Bank Sinar Bali shows that there is no significant difference in BOPO (Dewi & Purnawati, 2016). . Another study conducted on the acquisition process conducted by PT Bank MNC Indonesia shows that NPL is a component of financial ratios that have not changed significantly (Saut & Diansyah, 2019).

Based on the results of the above research, the following hypotheses were developed:

H7: There is a significant difference in the BOPO value between before and after the acquisition.

Research Method

This research was conducted by comparing financial ratios 4 years before the acquisition and 4 years after the acquisition to produce as ideal results as possible due to taking the same time frame. This data is obtained from the official website of the Bank BTPN in the company report which is published annually to the public as an obligation that must be fulfilled by every issuer listed on the Indonesia Stock Exchange.

The data used in this study is PT Bank BTPN Tbk's financial report data for 2010 – from the 2018 Bank BTPN official website. The selection of this data is based on the year in which Bank BTPN was acquired by Sumitomo Mitsui Banking Corporation in 2014. The periods used as a comparison are 2010 – 2013 (before acquisition) and 2015 – 2018 (after acquisition). 2019 onwards are not used as a reference for the research period, because in 2019 there was a merger process carried out by Bank BTPN which could be another factor affecting the financial data studied as mentioned in research discussing the impact of BUMN sharia banking mergers on financial performance (Nissa, 2022).

This research was conducted using quantitative descriptive methods and inferential statistics. A quantitative descriptive research method is a method that aims to create an objective picture or description of a situation using numbers, starting from data collection, interpretation of the data as well as the appearance and results (Arikunto, 2006). While the inferential statistical method is a method related to the analysis of some data up to forecasting or concluding the entire data (Arifin, 2014).

There are two types of inferential statistical methods, parametric and non-parametric statistics. Parametric statistics are used for data that are normally distributed, while non-parametric statistics are used for data that are not normally distributed. To determine the type of distribution of data, a normality test was carried out, which in this study used the Shapiro-Wilk normality test because the data used as the sample was not large (<30) with a confidence coefficient of 95%.

Results and Discussion

Results

Descriptive statistics

Table 1 shows the financial ratios of Bank BTPN from 2010 – 2018 by dividing the periods before the acquisition, during the acquisition, and after the acquisition. At first glance, it can be seen that most of the ratios studied have decreased after the acquisition of the company.

Table 1: Bank BTPN Financial Ratios 2010 - 2018

Ratios	After Acquisition				Acquisition	Before Acquisition			
	2018	2017	2016	2015	2014	2013	2012	2011	2010
ROA	3.0%	2.1%	3.1%	3.1%	3.6%	4.5%	4.7%	4.4%	4.0%
ROE	11.6%	8.2%	12.6%	14.1%	18.6%	26.2%	32.6%	31.8%	36.4%
NIM	11.3%	11.6%	12.0%	11.3%	11.4%	12.7%	13.0%	13.0%	14.0%
LDR	96.2%	96.2%	95.4%	97.2%	97.5%	88.3%	86.0%	85.0%	91.0%
NPL	1.2%	0.9%	0.8%	0.7%	0.7%	0.7%	0.6%	0.7%	1.1%
CAR	24.6%	24.6%	25.0%	23.8%	23.2%	23.1%	21.5%	20.5%	23.4%
BOPO	80.1%	86.5%	81.9%	82.1%	80.4%	74.6%	74.0%	76.6%	80.0%

Source: www.btpn.co.id (2023)

To test the assumptions based on the data in Table 1, a descriptive statistical test was carried out using SPSS as shown in Table 2. Based on the results of the descriptive statistical test as shown in Table 2, it can be concluded that Bank BTPN's ROA in the 4 years before the acquisition had an average of 4.4 % and decreased to 2.82% in 4 years after the acquisition, this shows that the company is increasingly ineffective in managing its assets to generate profits.

Bank BTPN's ROE in the 4 years before the acquisition had an average of 31.75% and there was a decrease to 11.63% in the 4 years after the acquisition. This shows that the company's ability to generate profits from the use of capital decreases.

Bank BTPN's NIM in the 4 years before the acquisition had an average of 13.18% and there was a decrease to 11.55% in the 4 years after the acquisition. This indicates that there has been a decline in the ability of banks to manage risks related to interest rates.

Bank BTPN's LDR in the 4 years before the acquisition had an average of 87.58% and there was an increase to 96.25% in the 4 years after the acquisition. This shows that the company's ability to pay its obligations to customers has decreased. This can be interpreted that the company's liquidity has decreased.

Bank BTPN's NPL in the 4 years before the acquisition had an average of 0.78% and there was an increase to 0.90% in the 4 years after the acquisition, this shows that the percentage of the company's non-current loans has increased. Bank BTPN's CAR in the 4 years before the acquisition was 22.13% and there was an increase to an average of 24.50% in the 4 years after the acquisition. This shows that the company's ability to deal with losses is getting better.

Bank BTPN's BOPO in the 4 years before the acquisition had an average of 76.30% and there was an increase to 82.65% in the 4 years after the acquisition. This shows that the efficiency level of companies in operating has decreased.

Table 2: Descriptive Statistics of BTPN's Financial Ratios

Ratio	Mean	Std. Deviation
ROA_PREV	0.0440	0.00294
ROA_AFTER	0.0282	0.00486
ROE_PREV	0.3175	0.04209
ROE_AFTER	0.1163	0.02504
NIM_PREV	0.1318	0.00568
NIM_AFTER	0.1155	0.00332
LDR_PREV	0.8758	0.02669
LDR_AFTER	0.9625	0.00737
NPL_PREV	0.0078	0.00222

NPL_AFTER	0.0090	0.00216
CAR_PREV	0.2213	0.01367
CAR_AFTER	0.2450	0.00503
BOPO_PREV	0.7630	0.02712
BOPO_AFTER	0.8265	0.02720

Source: data processing

Inferential Statistics

As previously mentioned, there are two types of hypothesis testing methods using inferential statistics, parametric statistics and non-parametric statistics. To determine which hypothesis test will be used, a normality test is used to determine the distribution of the data to be tested.

The normality test used is the Shapiro-Wilk normality test with a significance value of 5% using statistical software. The Shapiro-Wilk test is one of the tests carried out to know whether the distribution of data is normally distributed or not for small data (less than 30) to produce precise and accurate decisions (Setianingsih & Nelmiawati, 2020).

Table 3: Shapiro-Wilk normality test results

Ratio	Sig
ROA_PREV	0.734
ROA_AFTER	0.012
ROE_PREV	0.779
ROE_AFTER	0.700
NIM_PREV	0.155
NIM_AFTER	0.241
LDR_PREV	0.718
LDR_AFTER	0.647
NPL_PREV	0.103
NPL_AFTER	0.577
CAR_PREV	0.484
CAR_AFTER	0.406
BOPO_PREV	0.428
BOPO_AFTER	0.361

Source: data processing

Based on the results of the normality test in Table 3, it can be concluded that all financial ratio data before and after the acquisition are normally distributed, except the ROA ratio after the acquisition. Therefore, a hypothesis test was carried out on normally distributed data using parametric statistical tests using the paired t-test method (Table 5) and non-parametric statistics using the Wilcoxon Signed Rank Test (Table 4) method for data that is not normally distributed.

Table 4: Wilcoxon Signed Rank Test normality test

Pair	Sig
ROA_PREV – ROA_AFTER	0.068

Source: data processing

Table 5: Paired t-test normality test

Pair	Sig
ROE_PREV – ROE_AFTER	0.006
NIM_PREV – NIM_AFTER	0.022
LDR_PREV – LDR_AFTER	0.006
NPL_PREV – NPL_AFTER	0.080
CAR_PREV – CAR_AFTER	0.066
BOPO_PREV – BOPO_AFTER	0.061

Source: data processing

ROA analysis

As shown in Table 4, the ROA value at 4 years before the acquisition and 4 years after the acquisition was carried out obtained a sig value of 0.068. This shows that H1 is rejected, which means that there is no significant difference in the ROA value of the acquisition process.

ROE analysis

As shown in Table 5, the ROE values for the 4 years before the acquisition and 4 years after the acquisition were carried out obtained a sig value of 0.006. This shows that H2 is accepted, which means that there is a significant difference in the ROE value of the acquisition process.

NIM analysis

As shown in Table 5, the NIM value at 4 years before the acquisition and 4 years after the acquisition was carried out obtained a sig value of 0.022. This shows that H3 is accepted, which means that there is a significant difference in the NIM value to the acquisition process.

LDR analysis

As shown in Table 5, the LDR value at 4 years before the acquisition and 4 years after the acquisition was carried out obtained a sig value of 0.006. This shows that H4 is accepted, which means there is a significant difference in the value of the LDR towards the acquisition process.

NPL analysis

As shown in Table 5, the NPL value at 4 years before the acquisition and 4 years after the acquisition was carried out obtained a sig value of 0.080. This shows that H5 is rejected, which means that there is no significant difference in the NPL value to the acquisition process.

CAR analysis

As shown in Table 5, the NPL value at 4 years before the acquisition and 4 years after the acquisition was carried out, obtained a sig value of 0.066. This shows that H6 is rejected, which means there is no significant difference in the CAR value of the acquisition process.

BOPO analysis

As shown in Table 5, the BOPO value for 4 years before the acquisition and 4 years after the acquisition was carried out, obtained a sig value of 0.061. This shows that H7 is rejected, which means there is no significant difference in the value of BOPO in the acquisition process.

Discussion

Based on the results of statistical tests on ROA, it was concluded that there was no significant difference in the value of ROA in the acquisition process. This supports the results of several previous research by Marcellina, Kurniawati, & Soeroto (2022) and Rahman, Bukhari, & Prasetyo (2022) while in another research conducted by Agustin & Widhiastuti (2021), Okalesa, Efni, & Zulbahridar (2014) and Kuncoro (2014) show that there is a significant difference in the ROA value of the acquisition process. Based on the two comparisons of the studies above, it can be seen that there are results of research conducted before and after 2016. If we look more closely at the period selected in the previous study, studies with an average research period of over 5 years tend to produce the same results in this study. This is possibly due to the issuance of Financial Services Authority Regulation Number 12/POJK.03/2020 concerning Consolidation of Commercial Banks which encourages several banks to carry out acquisitions or mergers to comply with the minimum core capital requirements. The issuance of this regulation has the potential to cause a "rush" effect for the banking industry in making acquisitions resulting in an unfavorable effect as shown in this ROA. This result is also supported by the results of the descriptive test where the average ROA value has decreased after the acquisition is carried out compared to before the acquisition.

Based on the results of statistical tests on ROE, it can be concluded that there are significant differences in ROE values for the acquisition process. This supports what has been stated in previous research by Tarigan & Pratomo (2015), Surya (2021), and Indryati & Sugiri (2012). On the other hand, the opposite result from research conducted by Marcellina, Kurniawati, & Soeroto (2022), and Dewi & Purnawati (2016). This significant difference in ROE values will be a positive thing if the difference is in terms of increasing value. As previously explained, ROE is the ratio used to assess how management manages investment funds from shareholders in a good way. The concept of acquisition itself is the "takeover" of all or most of the company by buying shares of the company to be acquired. So that the acquiring company will become a shareholder of the acquired company. As mentioned in the ROE definition before, if the ROE value changes significantly in a positive way, it can be concluded that the process of processing shareholder funds has increased.

Based on the results of statistical tests on NIM, it was concluded that there were significant differences in NIM values in the acquisition process. This supports what has been stated in several previous research by Agustin & Widhiastuti (2021), Saut & Diansyah (2019), and Indryati & Sugiri (2012). On the other hand, research conducted by Lestari (2016) and Amalia & Ika (2014) showed the opposite. As previously explained, NIM is the ratio used to measure a bank's performance in generating net interest income from its production activities. With an acquisition, there will be potential for additional production activities from an acquired company. With a significant positive change, it can be concluded that the increase in the company's production activities was also accompanied by an increase in interest income. This condition will have a positive impact on the company and is in line with the acquisition benefits previously described.

Based on the results of statistical tests on LDR, it was concluded that there were significant differences in LDR values in the acquisition process. This supports what has been stated in previous research, conducted by Rahman, Bukhari, & Prasetyo (2022), Adriaans, Winarto, & Suwardyono (2015), Okalesa, Efni, & Zulbahridar (2014). On the other hand, the

research conducted by Saut & Diansyah (2019) and Dewi & Purnawati (2016) showed the opposite. As previously explained, LDR is the ratio used to measure the amount of credit extended by a bank. The higher the LDR ratio, the lower the liquidity capacity. The company's liquidity capability increases with a significant change in the positive (low) direction. With increased liquidity capability, it will increase the value of the company (Mumpuni & Indrastuti, 2021). Increasing the value of the company will attract investors to invest in the company.

Based on the results of statistical tests on NPL, it was concluded that there was no significant difference in the value of NPL in the acquisition process. This supports the results of research conducted by Saut & Diansyah (2019), and Reza & Rokhmawati (2018). Whereas other studies conducted by Rahman, Bukhari, & Prasetyo (2022), Agustin & Widhiastuti (2021), and Okalesa, Efni, & Zulbahridar (2014) showed that there was a significant difference in the NPL from the acquisition process. With the takeover of share ownership by Sumitomo Mitsui Banking Corporation, it turns out that BTPN has not been able to categorize loans that are as bad, substandard, and doubtful and even tend to increase after being acquired. The increase in the level of non-performing loans shows that banks have not been able to make a better selection of their customers so the expected profit from lending decreases.

Based on the results of statistical tests on CAR, it was concluded that there was no significant difference in CAR values in the acquisition process. This supports several previous research by Reza & Rokhmawati (2018) and Adriaans, Winarto, & Suwardyono (2015). On the contrary, this gives opposite results to research conducted by Marcellina, Kurniawati, & Soeroto (2022), Rahman, Bukhari, & Prasetyo (2022), and Saut & Diansyah (2019).

CAR shows the bank's ability to maintain sufficient capital and the bank's ability to identify, measure, monitor, and control risks that arise that can affect the amount of capital (Kuncoro & Suharjono, 2011). In other words, CAR serves to measure the adequacy of the bank's capital to support risky assets, such as loans (Dendawijaya, 2005). The higher the CAR, the better the bank's ability to bear the risk of any risky credit/productive assets. Descriptive statistical tests carried out on the CAR value show an increase in the CAR value before and after the acquisition. It can be concluded that the acquisition process has had a positive impact on the CAR value even though it has not had a significant impact.

Based on the results of statistical tests on BOPO, it was concluded that there was no significant difference in the BOPO value in the acquisition process. This supports several previous research conducted by Saut & Diansyah (2019), and Dewi & Purnawati (2016). On the other hand, this gives opposite results to research conducted by Rahman, Bukhari, & Prasetyo (2022), Adriaans, Winarto, & Suwardyono (2015), and Okalesa, Efni, & Zulbahridar (2014).

Insignificance difference after the acquisition means that Bank BTPN has not been able to reduce the bank's operational costs. The increase in bank operating expenses after the acquisition was very high, which shows that the bank has not been efficient in its operations. A fairly high increase will also reduce the bank's operating income.

Conclusion

Based on the research above, it can be concluded that the acquisition by Sumitomo Mitsui Banking Corporation of Bank BTPN did not significantly impact the ratio of financial statements point of view. Financial ratios tend to decrease when compared to financial ratios before the acquisition. This is against the main objectives of the company which agree to be acquired by the company, an increase in business capital which should be accompanied by an increase in the company's profits from the injection of these funds.

Suggestions that can be proposed from this study are for companies that will be acquired by other companies need a more in-depth analysis, because based on several studies

that have been conducted, acquisitions do not always improve the company's financial performance. In addition, companies that want to improve financial performance can diversify their capital structure. Diversification of capital structure is proven to have a positive effect on capital structure which can increase firm value (Wisudanto & Sugiarto, 2014). By increasing the value of the company, it will attract investors to buy company shares. With increasing their value, a company can be a choice of diversification of investors' shares because potential investors who will invest in shares, especially in the banking sector, should first diversify several companies' shares as above to maximize returns and reduce risk (Putra, Aulia, Sugara, & Soeroto, 2021).

For other similar studies, you can take the objects of other companies that were acquired. This will provide another conclusion whether the location of the company will affect the condition of the company

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