

COMPARISON OF FINANCIAL PERFORMANCE BEFORE AND AFTER ACQUISITION AND MERGER IN BANKING SECTOR COMPANIES ON THE INDONESIA STOCK EXCHANGE PERIOD 2017-2021

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Abstract

The Company's objective in carrying out mergers and acquisitions is to obtain better and more sustainable synergies, because mergers and acquisitions are believed to be able to achieve levels of economic scale, mastery of technology, guaranteed supply of raw materials, increased market reach, gain access to international companies and obtain additional funds. for company financing. The samples in this study were companies listed on the Indonesian Stock Exchange in 2017-2021 using a saturated sampling method to obtain 5 companies. The results of the research using descriptive analysis with paired sample t-test and Wilcoxon signed rank test showed that there were differences in the ratio of return on assets (ROA), operational costs to operating income (BOPO), loan to deposit ratio (LDR) and debt to assets ratio (DAR) between before and after M&A. Meanwhile, for return on equity (ROE), Non-Performing Loan (NPL), capital adequacy ratio (CAR), and Liquidity Coverage Ratio (LCR), there are no differences between before and after M&A. In the financial performance of banking subsector companies listed on the Stock Exchange Indonesia for the 2017-2021 period.

Keywords: Financial performance, Acquisitions, Mergers, Banking.

INTRODUCTION

The existence of globalization and free competition requires every company to be able to develop its strategy in order to survive, be competitive and develop. Economic globalization can be characterized by changes in mobility that are simultaneous and very fast throughout the country, these changes are not only in how much capital companies have but also in the skilled workforce and technology they have.

Business mergers or business combinations are regulated in (PSAK No. 22, 2010). A business combination is a transaction or event in which the acquirer obtains control of one or more businesses. There are three types of business combinations, namely, acquisition, merger and consolidation, but the ones that are commonly used are acquisition and merger. Acquisition and merger are the terms merger, consolidation and takeover contained in limited liability companies. Takeover is contained in article 1 number (11).

Meanwhile, merger, consolidation and acquisition regulations are contained in government regulations (PP) No. 28 1999. Based on Article 1 point (2), a merger

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is a merger of two or more companies while maintaining the existence of one company and dissolving the other companies without liquidating them first.

The purpose of companies conducting mergers and acquisitions is to obtain better and more sustainable company synergies. The company synergies obtained include achieving economic scale levels, mastery of technology, guaranteed supply of raw materials, increased market reach, gaining access to international companies, and obtaining additional funding opportunities for company financing, thus providing a positive contribution to the company so that it becomes a way out of problem when the economy is down.

In this research, the author chose financial sector companies, namely the banking subsector, which are listed on the Indonesian stock exchange. There are 5 banking sub-sector companies that carry out merger and acquisition activities in 2019. From the results of the research and data obtained, the authors attach a table that presents a list of banking companies that carried out mergers and acquisitions for the 2019 period

LITERATURE REVIEW

1. Financial statements

Financial statements are the result of an accounting process that is used as a means of communicating between the financial data or activities of a company with parties who have an interest in the data or activities of the company (Mustakim, 2016:2). Financial statements are the company's financial condition at this time or in a certain period. Financial reports can be used for various purposes (Cashmere, 2019:7). Financial report data primarily provides information for management as analysis material and interpretation material for conducting evaluations of company activities. Financial reports will show to what extent the efficiency of implementing activities and company development has been achieved by management.

Financial reports are standards prepared based onPSAK No.1 of 2018. According toPSAK No.1, (2018)The objective of financial reports is to provide information about the financial position, financial performance and cash flows of an entity that is useful to most primary users of financial statements in making economic decisions and in management's accountability for resource users. Financial reports are not only a means of evaluating the work of the accounting department, but also a way to find out the company's financial performance.

2. Mergers and Acquisitions

Mergers and acquisitions are a form of business combination that is commonly used by companies. Companies usually combine their operational activities with

other companies. Business merger or business combination is regulated in PSAK 22 of 2010. A business combination is a transaction or event where the acquirer obtains control over one or more businesses. (PSAK No. 22, 2010). There are three types of business combinations, namely mergers, acquisitions and consolidation, but those used in this research are mergers and acquisitions.

Consolidation according to Article 1 number (10) is a legal act carried out by two or more companies to consolidate themselves by establishing a new company which by law acquires assets and liabilities from the consolidating companies and the legal status of the consolidating companies ends due to law. . Acquisition according to Article 1 number (11) is a legal action carried out by a legal entity or individual to take over company shares resulting in a transfer of control over the company. Meanwhile, bank merger, consolidation and acquisition regulations are contained in Government Regulations (PP) No. 28 of 1999. Based on Article 1 point (2), a merger is a merger of two or more companies, by maintaining the establishment of one company and dissolving the other company without liquidating it first. Based on Article 1 point (4), an acquisition is a takeover of ownership of a company which results in a transfer of control over the company. In Article 9 point (1), company acquisition is carried out by taking over all or part of the shares resulting in the transfer of control of the company to the acquirer.

3. Financial performance

The company's overall level of profit can be measured by the profitability ratio resulting from both sales and investment of the company. The better the profitability ratio of a company, the better the profit level of the company. Thus, the impact of carrying out this merger and acquisition is that it can increase assets and capital for the companies that do it.

METHOD

the research used is using research with quantitative descriptive analysis. In this case, the data is processed in the form of numbers, then an explanation or view of the data is given and a different test is also carried out 3 years before and 2 years after the merger and acquisition. In this research, the variable studied is the financial performance of banking sector companies on the Indonesian stock exchange that carried out acquisitions and mergers in 2017-2021. The criteria that will be used as research samples are as many as 5 banking sector companies, namely BBKA, BBRI, BDMN, DNAR and BTPN. This is because the 5 companies are included in the criteria as a sample that has been determined in this study.

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DISCUSSION RESULT

Results and Discussion

Descriptive Statistical Analysis Before and After Mergers and Acquisitions

Descriptive data in this research includes sample size, minimum value, maximum value, average value (mean) and standard deviation. The minimum value is the smallest value of all the data, the maximum value shows the largest value of all the data, the mean value is the average value/middle value of all the data, while the standard deviation (standard deviation) is a measure of the spread that shows the standard deviation or deviation of the data to the calculated average value.

Descriptive Statistics

	N	Minimum	Maximum	Mean	std. Deviation
ROA	25	.002	.040	.02200	.011930
ROE	25	.006	.225	.12164	.076270
BOPO	25	.001	.705	.35056	.190460
CAR	25	.085	.971	.27164	.193959
NPLs	25	.000	.160	.02204	.033055
LDR	25	.609	1.631	.98628	.288065
LCR	25	1.184	4.006	2.34312	.816211
DAR	25	.473	.857	.76904	.100544
Valid N (listwise)	25				

The average value of ROA before and after M&A is 0.22% with a standard deviation of 0.11%. shows that the average profit from using assets is 0.22%. Meanwhile, the maximum and minimum values are 4% and 0.2% respectively. The company with the highest value is PT. Bank Central Asia Tbk. (BBCA) in 2019-2018 at 4%, while the company with the lowest value is PT. Bank Oke Indonesia Tbk. (DNAR) in 2019 at 0.2%

The average ROE value before and after M&A is 12.16% with a standard deviation of 0.76%. shows that the average rate of return on ordinary share equity is 1.21%. Meanwhile, the maximum and minimum values are 22.5% and 0.6% respectively. The company with the highest value is PT. Bank Rakyat Indonesia Tbk. (BBRI) in 2018 at 22.5%, while the company with the lowest value is PT. Bank Oke Indonesia Tbk. (DNAR) in 2019 at 0.6%

The average BOPO value before and after M&A is 35.05% with a standard deviation of 1.89%. shows that the average operating income financed by company operational costs is 3.51%. Meanwhile, the maximum and minimum values are 70% and 0.1% respectively. The company with the highest score is PT. Bank Danamon

Tbk. (BDMN) in 2021 at 70%, while the company with the lowest score is PT. Bank Oke Indonesia Tbk. (DNAR) in 2020 at 0.1%

The average CAR value of 27.16% before and after M&A shows that in measuring the average capital adequacy owned by the Bank to support assets that contain or generate risk it is 2.71%. Meanwhile, the maximum and minimum values are 97.1% and 8.5% respectively. The company with the highest score is PT. Bank PT. Bank Oke Indonesia Tbk. (DNAR) in 2017 at 97.1% while the company with the lowest score is PT. Bank BTPN Tbk. (BTPN) in 2019 at 8.5%

The average NPL value before and after M&A is 22.04% with a standard deviation of 0.33%. shows that the Bank's management ability in managing problem loans provided by the Bank is an average of 0.22%. Meanwhile, the maximum and minimum values are 0.00% and 16% respectively.

The company with the highest value is PT. Bank PT. Bank Oke Indonesia Tbk. (DNAR) in 2018 at 16%, while the company with the lowest value is PT. Bank Danamon Tbk. (BDMN) in 2021-2020 at 0.00%

The average LDR value before and after M&A is 98.62% with a standard deviation of 0.28%, indicating that the average amount of assets financed by credit is 0.98%. Meanwhile, the maximum and minimum values are 163.1% and 60.9% respectively. The company with the highest score is PT. Bank BTPN Tbk. (BTPN) in 2019 at 163.1%, while the company with the lowest score is PT. Bank Central Asia Tbk. (BBCA) in 2021 at 60.9%

The average LCR value before and after M&A is 234.3% with a standard deviation of 81.6%. shows that the average comparison between high quality liquid assets (HQLA) and total net cash outflow for the next 30 days is 23.4%. Meanwhile, the maximum and minimum values are 400.6% and 118.4% respectively. The company with the highest value is PT. Bank PT. Bank Central Asia Tbk. (BBCA) in 2021 at 400.6%, while the company with the the lowest was PT Bank Danamon Tbk (BDMN) in 2017 at 118.4%

The average DAR value before and after M&A is 76.90% with a standard deviation of 1.05%. shows that the average debt used to measure the ratio between total debt and total assets is 76.9%. Meanwhile, the maximum and minimum values are 85.7% and 47.3% respectively. The company with the highest score is PT Bank PT Bank Rakyat Indonesia Tbk (BBRI) in 2020 and 2018 at 85.7%, while the company with the lowest score is PT Bank Oke Indonesia Tbk (DNAR) in 2017 at 47. 3%.

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Data Nomality Test

One-Sample Kolmogorov-Smirnov Test

	ROA	ROE	BOPO	CAR	NPLs	LDR	LCR	DAR	
N	25	25	25	25	25	25	25	25	
Normal	Mean	.02200	.12164	.35056	.27164	.02204	.98628	2.34312	.76904
Parameters, b	std. Deviation	.011930	.076270	.190460	.193970	.033055	.288065	.816211	.10054
Most Extreme	absolute	.095	.118	.208	.305	.368	.238	.142	.302
Differences	Positive	.083	.113	.125	.305	.368	.238	.142	.185
	Negative	-.095	-.118	-.208	-.168	-.252	-.133	-.102	-.302
Test Statistics		.095	.118	.208	.305	.368	.238	.142	.302
asymp. Sig. (2-tailed)		.200c,d	.200c,d	.005c	.000c	.000c	.001c	.200c,d	.000c

Hypothesis testing

a) Paired Sample T-Test 3 Years Before and 2 Years After Mergers and Acquisitions.

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	std. Deviation	std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	ROA 3 Years before M&A - ROA 2 Years after M&A	.012400	.011510	.003640	.004166	.020634	3,407	9	.008
Pair 2	ROE 3 Years before M&A - ROE 2 Years after M&A	.069800	.078872	.024942	.013378	.126222	2,799	9	.021
Pair 3	BOPO 3 years before M&A - BOPO 2 years after M&A	.004900	.332955	.105290	.233282	-.243082	.047	9	.964
Pair 4	LCR 3 Years before M&A - LCR 2 Years after M&A	-.346181	1.069394	.338172	-1.111180	.418817	-1,024	9	.333

The results of the variable return on assets (ROA) with a calculated t value of 3.407 and a significance value of 0.08 in the period 3 years before and 2 years after mergers and acquisitions. The calculated t value of the variable return on equity (ROE) is 2.799 with a significance value of 0.21 in the period 3 years before and 2 years after the merger and acquisition. The calculated t value of the variable operating costs to operating income (BOPO) is 0.47 with a significance value of 9.64 in the period 3 years before and 2 years after the merger. Meanwhile, the calculated t value for the Liquidity Coverage Ratio (LCR) variable is -1.024 with a

significance value of 3.33 in the 3-year period before and 2 years after the merger and acquisition.

b) Wilcoxon Signed Rank Test 3 Years Before and 2 Years After Merger and Acquisition

	CAR 3 Years before M&A - CAR 2 Years after M&A	NPL 3 Years before M&A - NPL 2 Years after M&A	LDR 3 years before M&A - LDR 2 years after M&A	3 Years DAR before M&A - 2 Years DAR after M&A
Z	-561b	-.663c	-.051b	-.255c
asymp. Sig. (2-tailed)	.575	.508	.959	.799

The Z value of the CAR variable is -5.61 with a significance value of 5.75 in the period 3 years before and 2 years after the merger and acquisition. The Z value of the NPL variable is -6.63 with a significance value of 0.508 in the period 3 years before and 2 years after the merger and acquisition. The Z value of the LDR variable is -0.51 with a significance value of 0.959 in the period 3 years before and 2 years after the merger and acquisition. While the Z value of the DAR variable is -2.55 with a significance value of 0.799 in the period 3 years before and 2 years after the merger and acquisition.

Paired Sample T-Test Calculation Results for ROA, ROE, BOPO Variables, as well as LCR and Wilcoxon Signed Rank Test for CAR, NPL, LDR and DAR Variables in the 3 Years Before and 2 Years After Mergers and Acquisitions.

hypothesis	Variable	Sig value	α
H1	ROA 3 years before and 2 years after mergers and acquisitions	0.08	0.05
H2	ROE 3 years before and 2 years after mergers and acquisitions	0.02	0.05
H3	BOPO 3 years before and 2 years after mergers and acquisitions	0.09	0.05
H4	CAR 3 years before and 2 years after mergers and acquisitions	0.05	0.05
H5	NPL 3 years before and 2 years after mergers and acquisitions	0.05	0.05
H6	LDR 3 years before and 2 years after mergers and acquisitions	0.09	0.05
H7	LCR 3 years before and 2 years after mergers and acquisitions	0.03	0.05
H8	DAR 3 years before and 2 years after mergers and acquisitions	0.07	0.05

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1) Comparative Analysis of Return on Assets (ROA) Before and After Mergers and Acquisitions.

Based on Table 57. After testing the hypothesis using a paired sample t-test, the results show that the significant value of the ratio of ROA 3 years before and 2 years after mergers and acquisitions is 0.08. Because the sig value is $0.08 > 0.05$, it can be concluded that the first hypothesis (H1) is accepted then (H0) is rejected, which means that in this case there is sufficient statistical evidence to support the existence of a significant relationship or difference in the ratio of return on assets (ROA) between before and after mergers and acquisitions.

This indicates that there are significant differences in the ratio of return on assets (ROA), according to Okalesa et al., (2014) "if ROA shows that there is a significant relationship between before and after the merger and acquisition. This happened because after carrying out mergers and acquisitions the Bank had the ability to utilize all of its assets, both current and non-current, to obtain profits generated by the Bank, mainly supported by the success of the new management after mergers and acquisitions in managing margins, but due to several newly joined banks tend to make improvements to banks that are acquired because they are experiencing financial problems, so the increase in ROA is not too high."

The results of this research are consistent with research by Nurjanah (2022) and Sodikin & Sahroni (2016), in his research shows that there is a significant difference in the return on assets (ROA) ratio after mergers and acquisitions. This is because companies with higher ROA values have more productive assets or more efficient operational strategies.

In contrast to the research results of Dewi and Purnawanti (2016), their research shows that there is no significant difference in the return on assets (ROA) ratio between before and after mergers and acquisitions.

2) Comparative Analysis of Return on Equity (ROE) Before and After Mergers and Acquisitions

Based on Table 57, the research results show that the significance value 3 years before and 2 years after the merger and acquisition is 0.02. Because the sig value is $0.02 < 0.05$, it can be concluded that the second hypothesis (H2) is rejected and (H0) is accepted, which means that in this case there is not enough statistical evidence to support the existence of a significant relationship or difference in the return on equity (ROE) ratio between before and after mergers and acquisitions. In other words, the results of the t-test provide sufficient statistical evidence to support the hypothesis that has been put forward.

This indicates that the return on equity (ROE) ratio is not significant. According to Kasmir (2019), "this shows that companies with low ROE values tend

to lower stock prices, meaning that the company's position is in a bad state." This means that the decreased ROE value means that the company is unable to use assets productively so that it cannot generate large profits. The lower this ratio the worse the company's position because the rate of return is getting smaller so that investors are not interested in carrying out merger and acquisition activities. It can be seen that merger and acquisition decisions cannot increase company profitability.

These results are consistent with research Romapurnamasari (2011), in his research stated that there was no significant difference in the ratio of the company's profitability because the expected synergies were not achieved and allegedly due to weak strategy and the company lacked experience in conducting acquisitions and mergers.

3) Comparative Analysis of Operational Costs to Operating Income (BOPO) Before and After Mergers and Acquisitions

Based on Table 57, the research results show that the significance value 3 years before and 2 years after the merger and acquisition is 0.09. Because the sig value $0.09 > 0.05$ it can be concluded that the third hypothesis (H3) is accepted and (H0) is rejected, which means that in this case there is sufficient statistical evidence to support the existence of a significant relationship or difference in the ratio of operating costs to operating income (BOPO) between before and after mergers and acquisitions.

The results of this study show that there are significant differences in BOPO. According to Okalesa et al., (2014) "This indicates that the management of the bank resulting from the merger and acquisition has been able to control operations so as to obtain an optimal level of profit. The increase in income which is much higher than expenses or costs can also be caused by advances in banking technology which can reduce transaction costs and operational efficiency of banking businesses after mergers and acquisitions occur. Such as the use of computer and electronic technology systems nowadays which makes it easier to achieve company operational synergy. Banks spend huge amounts of money to update their computers. With mergers and acquisitions, the Bank can expand its network to a larger extent at the same cost.

These results are consistent with research Salmiah (2010) shows that there is a significant difference in Operational Costs and Operating Income (BOPO), namely a decrease in the BOPO ratio which reflects the level of efficiency, in other words after the companies carry out mergers and acquisitions there is a good increase in efficiency, where the Bank has succeeded in reducing operating costs to income operational.

4) Comparative Analysis of Capital Adequacy Ratio (CAR) Before and After Mergers and Acquisitions

Based on Table 57, the research results show that the significance value 3 years before and 2 years after the merger and acquisition is 0.05. Because the sig value of $0.05 < 0.05$ it can be concluded that the fourth hypothesis (H4) is rejected and (H0) is accepted, which means that in this case there is not enough statistical evidence to support the existence of a significant relationship or difference in the capital adequacy ratio (CAR).) between before and after mergers and acquisitions.

The results of this study indicate that there is no significant difference in the capital adequacy ratio (CAR) before and after mergers and acquisitions. According to Kasmir (2008), "due to a decrease as a result of mergers and acquisitions in Indonesia, an increase in company capital is obtained (usually the CAR will increase but not too high) and there is an advantage in managing costs due to an increase in business scale". According to him, in these mergers and acquisitions new companies are joined, where most of the acquiring or merging companies are larger companies with the acquired or merged companies, but even though they carry out mergers or acquisitions, the company has not been able to increase additional capital. because the company that was acquired or merged has experienced bad financial problems, so a lot of capital is used to stabilize the finances of the company that was merged or acquired. This could be caused by the processed financial reports having undergone window dressing in the interest of making the financial reports look better.

These results are consistent with research conducted by Ridhani (2007). Research shows that there are significant differences in the capital adequacy ratio (CAR) between mergers and acquisitions. This means that the cause of the decrease in CAR is when foreign banks will temporarily transfer capital and funds accumulated domestically to holding subsidiaries whose locations are closest, such as in Malaysia, Singapore and Hong Kong.

5) Comparative Analysis of Non Performing Loans (NPL) Before and After Mergers and Acquisitions

Based on Table 57, the results of the study show that the significance value 3 years before and 2 years after mergers and acquisitions is 0.05. Because the sig value is $0.05 < 0.05$, it can be concluded that the fifth hypothesis (H5) is rejected and (H0) is accepted, which means that in this case there is not enough statistical evidence to support the existence of a significant relationship or difference in the Non-Performing Loan (NPL) ratio.) before and after mergers and acquisitions.

The results of this study show that there is no significant difference in the NPL ratio between before and after the merger and acquisition. According to Mulyana (2012), "when NPLs increase, it is marked by an increase in bad loans, according to mentioning that declining profits are one of the impacts because banks practically lose their source of income besides having to set aside reserves according to credit collectibility. The selectivity and caution exercised by management in extending credit can reduce the risk of bad loans, therefore good management is needed in order to have a good NPL handling performance. After mergers and acquisitions occur, the company will have the ability to better handle the risk of bad credit and focus on solving non-performing loans.

Non-Performing Loans (NPL) is one of the key indicators for assessing the performance of bank functions, because high NPLs are an indicator of bank failure in managing business, including liquidity problems (inability to pay third parties), profitability (uncollectible debt), solvency (reduced capital). The Non-Performing Loan (NPL) ratio is also one of the ratios to measure the quality of BPR credit. By applying the NPL ratio to better understand the bank's health level before carrying out mergers and acquisitions. (www.bi.go.id.)

These results are consistent with research that has been conducted Amalia (2014) shows that there is no significant difference in the Non Performing Loan (NPL) ratio between before and after the merger and acquisition. Because after merger and acquisition activities the NPL ratio has increased, followed by bad loans and more loans that are not repaid by borrowers which can affect the stability of the banking or financial sector as a whole.

6) Comparative analysis of loan to deposit ratio (LDR) before and after mergers and acquisitions

Based on Table 57, the research results show that the significance value 3 years before and 2 years after the merger and acquisition is 0.09. Because the sig value is $0.09 > 0.05$, it can be concluded that the sixth hypothesis (H₆) is accepted and (H₀) is rejected, which means that in this case there is sufficient statistical evidence to support the existence of a significant relationship or difference in the loan to deposit ratio (LDR).) before and after mergers and acquisitions.

The results of this study show that there is a significant difference in the LDR ratio between mergers and acquisitions. According to Okalesa et al., (2014) "This shows that after carrying out mergers and acquisitions the company was able to distribute credit more intensively or carry out credit expansion. Banking companies can still fulfill their obligations as intermediary institutions or distributors of funds to the public through credit, but on the other hand, banking companies are able to maintain good levels of financial liquidity. The funds available to banking companies are disbursed more for credit so that on the other

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hand they can overcome the interest burden originating from public deposits with credit proceeds which in the end can provide increased income for banking companies."

These results are consistent with the research conducted Mellanie (2011), which is significant in terms of the Loan To Deposit Ratio (LDR) between mergers and acquisitions. This states that the results of the analysis of the average LDR of banking companies have increased after carrying out mergers and acquisitions and still meet Bank Indonesia standards. Where this increase can provide more liquidity to the banking industry to be concentrated.

In contrast to the results of research studies that have been done Astuti & Drajat (2021), The results of this study are that the Loan To Deposit Ratio (LDR) ratio is not significant between before and after mergers and acquisitions.

7) Comparative Analysis of Liquidity Coverage Ratio (LCR) Before and After Mergers and Acquisitions

Based on Table 57, the research results show a significance value of 3 years before and 2 years after mergers and acquisitions is 0.03. Because the sig value of $0.03 < 0.05$ it can be concluded that the seventh hypothesis (H7) is rejected and (H0) is accepted, which means that in this case there is not enough statistical evidence to support the existence of a significant relationship or difference in the Liquidity Coverage Ratio (LCR) ratio.) before and after mergers and acquisitions.

The results of this study show that there is no significant difference in the Liquidity Coverage Ratio (LCR) between mergers and acquisitions. This indicates that the company has sufficient liquidity to meet its short-term obligations. Acceptance of this hypothesis indicates that the company has sufficient liquid assets to pay its short-term liabilities. This reduces the risk of default and provides confidence to interested parties, including creditors, shareholders and parties involved in mergers and acquisitions.

Financial Services Authority (OJK) as the task developer in regulating and supervising financial services activities in one of the banking sectors, issued a consultative paper on the liquidity coverage ratio (LCR) within the Basel III framework for subsequent implementation by the banking industry in Indonesia. The LCR is intended to ensure that the Bank has sufficient stock of unencumbered HQLA consisting of cash and/or assets that can be easily converted into cash with little or no reduction in value to meet its liquidity needs within a 30 calendar day scenario. stress. Liquidity coverage ratio (LCR) is a ratio used to measure an entity's ability to fulfill its short-term payment obligations using liquid assets. This ratio describes how much an entity has access to sufficient liquidity to cover its short term in an emergency situation. Mergers and acquisitions are two types of

business transactions in which two companies merge or one company acquires another company. The LCR ratio can be an important factor in the context of mergers and acquisitions.

However, acceptance of this hypothesis is only one aspect of the analysis of the entire merger and acquisition context. Other aspects such as company valuation, integration strategy, operational impact, and legal compliance also need to be considered comprehensively before making merger and acquisition decisions.

8) Comparative analysis of debt to asset ratio (DAR) before and after mergers and acquisitions

Based on Table 57, the research results show a significance value of 3 years before and 2 years after mergers and acquisitions is 0.07. Because the sig value of $0.07 > 0.05$ it can be concluded that hypothesis eight (H8) is accepted and (H0) is rejected, which means that in this case there is sufficient statistical evidence to support the existence of a significant relationship or difference in the debt to asset ratio (DAR).) before and after mergers and acquisitions.

The results of this study show that there is a significant difference in the debt to asset ratio (DAR) between mergers and acquisitions. This suggests that the debt-to-asset ratio can have a significant impact on merger and acquisition decisions. If a company that wants to do a merger or acquisition has a high debt-to-asset ratio, this can affect risk assessment and financial stability by other parties involved in the transaction, such as investors or creditors. Companies with high debt ratios may face difficulties in repaying their debts after mergers and acquisitions, causing financial instability and risks for the parties involved. Conversely, a company with a low debt ratio may be considered more stable and lower risk in the context of mergers and acquisitions.

These results are consistent with the research conducted Anthony (2017) stated that there were significant differences in the DAR ratio between before and after mergers and acquisitions. This is because after the merger and acquisition was carried out there was a significant increase in the company's solvency, so that the company had difficulty paying its debts after the merger and acquisition activities were carried out.

CONCLUSION

This study aims to determine whether there are differences in the financial performance of banking sub-sector companies before and after mergers and acquisitions using financial ratios as an indicator. Researchers used 5 (five) banking sub-sector companies as samples. Based on data analysis and discussion of research results. The results of this study provide the following conclusions:

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1. The research results show that the significance value before and after mergers and acquisitions is 0.08. Because the sig value is $0.08 > 0.05$, it can be concluded that there is a difference in the ratio of return on assets (ROA) between before and after companies carry out merger and acquisition activities. Hypothesis 1 in this study is supported by the research results.
2. The results showed that the significance value before and after mergers and acquisitions was 0.02. Because the sig value is $0.02 < 0.05$, it can be concluded that there is no difference in the return on equity (ROE) ratio between before and after the company carried out merger and acquisition activities. Hypothesis 2 in this study is supported by the results of the study.
3. The research results show that the significance value before and after mergers and acquisitions is 0.09. Because the sig value is $0.09 > 0.05$, it can be concluded that there is a difference in the ratio of operational costs to operating income (BOPO) between before and after the company carried out merger and acquisition activities. Hypothesis 3 in this study is supported by the research results.
4. The research results show that the significance value before and after mergers and acquisitions is 0.05. Because the sig value is $0.05 < 0.05$, it can be concluded that there is no difference in the capital adequacy ratio (CAR) between before and after the company carried out merger and acquisition activities. Hypothesis 4 in this study is supported by the research results.
5. The results of the study show that the significance value before and after mergers and acquisitions is 0.05. Because the sig value is $0.05 < 0.05$, it can be concluded that there is no difference in the ratio of Non-Performing Loans (NPL) between before and after companies carry out merger and acquisition activities. Hypothesis 5 in this study is supported by the results of the study.
6. The results showed that the significance value before and after mergers and acquisitions was 0.09. Because the sig value is $0.09 > 0.05$, it can be concluded that there is a difference in the loan to deposit ratio (LDR) between before and after companies carry out merger and acquisition activities. Hypothesis 6 in this study is supported by the results of the study.
7. The research results show that the significance value before and after mergers and acquisitions is 0.03. Because the sig value is $0.03 < 0.05$, it can be concluded that there is no difference in the liquidity coverage ratio (LCR) between before and after the company carried out merger and acquisition activities. Hypothesis 7 in this study is supported by the research results.
8. The research results show that the significance value before and after mergers and acquisitions is 0.07. Because the sig value is $0.07 > 0.05$, it can be concluded that there is a difference in the Debt to asset ratio (DAR) between

before and after the company carried out merger and acquisition activities. Hypothesis 8 in this study is supported by the research results.

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