



## Comparison Analysis of Non Performing Loans and Performing Financing ( Case Study of BRI and Bank Muamalat )

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### ABSTRACT

The global financial crisis that occurred several years ago has had a significant impact on the banking sector worldwide. One indicator that is often used to measure the financial health of a bank is the level of Non-Performing Loans (NPL) and Non-Performing Financing (NPF). NPL refers to credit that is not paid by the borrower within a certain period of time, while NPF refers to non-current financing in the context of Islamic banking. The purpose of this research is to analyze the comparison of NPL and NPF at Bank Muamalat and Bank BRI. The method used in this study is a quantitative approach by collecting secondary data from the annual financial statements of the banks concerned. The data collected includes NPL and NPF levels during the study period. The results of the analysis show that there are significant differences in the levels of NPL and NPF between Bank Muamalat and Bank BRI. Bank Muamalat has higher NPL and NPF levels compared to Bank BRI. Factors that can affect the NPL and NPF levels between the two banks include credit policies, borrower profiles, and recovery measures taken by the banks.

## Introduction

NPL and NPF risks can have a negative impact on a bank's financial performance, banking sector stability, and overall economic growth. NPL and NPF can reduce bank profits, increase operational costs, hinder the ability of banks to provide new loans, and reduce customer and investor confidence in banks. Therefore, it is important to carry out a comparative analysis between NPL and NPF loans to understand the characteristics, causes, and impact of these two types of

risk.

In this context, this study aims to conduct a comparative analysis between non-performing loans and non-performing financing, with a focus on Bank BRI and Bank Muamalat as case studies. Bank BRI is one of the largest conventional banks in Indonesia, which has an extensive network and provides loans to various business sectors. Bank BRI has a long experience in dealing with credit risk and has a special strategy in dealing with NPLs. Meanwhile, Bank Muamalat is one of the leading Islamic banks in Indonesia which also has a significant customer base. Bank Muamalat has a unique policy in managing the risk of unpaid financing in accordance with sharia principles.

Through this comparative analysis, it is expected to find differences in the characteristics of NPL and NPF credit at the two banks. The factors that cause NPL and NPF will also be studied to identify differences between the conventional and sharia banking systems. In addition, the impact of NPL and NPF risks on the financial performance of the two banks will also be analyzed. This research will also explore the steps taken by Bank BRI and Bank Muamalat in dealing with NPL and NPF risks, including policies that have been implemented, procedures for handling problem loans, as well as credit recovery efforts in order to reduce the number of problem loans.

This research will use a quantitative approach by collecting historical data on NPL and NPF loans from Bank BRI and Bank Muamalat. The data to be used covers the relevant period to obtain comprehensive information on the trend of non-performing loans at the two banks. In addition, data regarding customer characteristics, types of credit, business sector, and other factors that may affect NPL and NPF risks will also be collected.

The analytical method that will be used includes descriptive quantitative comparison analysis between NPL and NPF loans, calculation of NPL and NPF ratios, as well as analysis of the trend of non-performing loans from time to time. In addition, regression analysis will also be carried out to identify the factors that influence the occurrence of NPL and NPF.

The results of this study are expected to provide a more in-depth understanding of the differences in the characteristics of NPL and NPF loans between Bank BRI and Bank Muamalat. The findings of this study can provide valuable insights for the two banks in managing credit risk, formulating policies that are more effective in dealing with problem loans, and developing more efficient credit recovery strategies.

## **Results and Discussion**

Descriptive statistical analysis was carried out by calculating the average at bank muamalat and bank bri used for this study and giving a composite rating. In this study, bank performance assessment was measured using the NPL and NPF

approach.

Table 1.1 Level of NPF and Net Profit of Bank Muamalat 2015-2019

No.	Year	NPF rate	Net profit
1.	2015	4.20%	74,492,188
2.	2016	1.40%	80115090
3.	2017	2.75%	26,115,563
4.	2018	2.58%	46,002,044
5.	2019	4.64%	19,142,000
Total	15.57%/		245,866,885

Source: Bank Muamalat Financial Report

Table 1.2 Level of Bank BRI's NPL and Non-Performing Loans in 2015-2019

No.	Year	NPL level	Problem Credit
1.	2015	2.02%	11,267,382
2.	2016	2.03%	12,882,913
3.	2017	2.10%	14,862,646
4.	2018	2.14%	17,232,672
5.	2019	2.62%	25,292,571
Total	10.91%		81.538184

Source: www.idx.co.id 2022

Based on the 2 tables above, it can be seen that the level of bad loans/non-performing loans at Bank Muamalat is higher than bad loans/non-performing loans at Bank BRI based on a count of 5 years from 2015-2019.

This research uses SPSS 26 using Kolmogrov Smirnov. To test for normality, you can use Kolmogrof-Smirnov with the condition that if sig> 0.05 then the data is normally distributed, but if sig <0.05 then the data is not normally distributed. The results of the normality test using SPSS 26.0 for windows are as follows:

Based on the results of the normality test it is known that the significance value of the NPL and NPF variables is 0.200 which indicates the value of NPL and NPF> 0.05. So the NPL and NPF data are normally distributed.

test in this study used the paired sample test which is part of the parametric statistical analysis. Statistical tests are presented in the following table:

table 1: T-Test

Paired Samples Statistics

	Means	N	std. Deviation		std. Error Means	
Pair 1	MUAMALAT DATA	311.4000	5	130.99160	58.58123	
	BRI DATA	218.2000	5	24.98399	11.17318	

In table 1 above it can be seen that the average (mean) of bank muamalat data is 311.4000 and the standard deviation ( Std. deviation ) is 130.99160. Meanwhile, the BRI bank data value ( Mean ) is 218.2000 and the standard deviation value ( Std. deviation ) is 24.98399. because the average value of bad loans at bank muamalat is  $311.4000 > 218.2000$ , then descriptively it can be concluded that there is an average difference between bank bad loans muamalat and bank BRI. Further testing on the Paired Sample T-Test. Based on the decision-making guidelines in the Paired Sample T-Test are as follows:

If the value of  $t_{count} > t_{table}$ , then  $H_0$  is rejected and  $H_a$  is accepted.

If the value of  $t_{count} < t_{table}$ , then  $H_0$  is accepted and  $H_a$  is rejected .

Based on the Paired Sample T-Test 2 output table , it can be seen that the t count is positive 1.777. The average value of non-performing loans at Bank Muamalat is higher than that at Bank BRI, which causes the t-count to be positive. In the context of cases like this, a positive t count value can have a negative meaning. So that the calculated t value becomes 1.777. The next step is to determine the t table value, where the t table is searched based on the df value ( degree of freedom ) and the significance value ( $\alpha/2$ ). Based on the output table of the paired sample test table 2. It is known that the df value is 4.  $0.05/2$  equals 0.025. This value will be used as a reference in finding the t-table value in the t-table statistics distribution column. Then it was found that the t table value was 2.776.

Thus, because  $t_{count}$  is  $1.777 < t_{table}$  2.776, as a reference or basis for decision making, it can be concluded that there is an average difference between the results of bad loans at Muamalat banks and BRI banks, which means that there is a significant difference between NPL and NPF at Muamalat banks and banks BRI.

## **Conclusion**

Based on the description of theory, data processing, and discussion in the previous chapter, conclusions can be drawn, namely:

1. In this study, the results of the normality test show that the data on the level of bad loans at Bank Muamalat and Bank BRI meet these assumptions and are normally distributed. This gives confidence that the statistical analysis performed next is reliable.

2. The results of the paired sample t-test show that there is a significant difference between the level of bad loans at Bank Muamalat and Bank BRI. More specifically, the level of bad loans at Bank Muamalat is significantly higher than Bank BRI. This shows that Bank Muamalat has problems that need to be addressed related to credit risk management and bad debt control. There may be factors such as inadvertent lending policies, ineffective credit scoring procedures, or external

factors that have contributed to the higher level of bad loans at Bank Muamalat.

The implication of this conclusion is that Bank Muamalat needs to carry out an in-depth evaluation of their credit risk management process. Steps may be needed to improve supervision and control over lending, as well as improve credit scoring procedures to make them more effective in reducing the risk of bad credit.

Meanwhile, Bank BRI can conclude that the implemented credit risk management policies and strategies have been effective in managing credit risk and reducing the level of bad loans. However, continuous monitoring and evaluation is still needed to ensure that the level of bad loans remains low.

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