IJDPP International Journal of Development and Public Policy

| e-ISSN: 2792-3991 | www.openaccessjournals.eu | Volume: 1 Issue: 4

Comparative Analysis of Financial Performance Based on Capital Structure Level in Banks That Go Public on the Indonesia Stock Exchange

Sheilla Sintia Sunda[1], Herman Karamoy[2], Joubert B. Maramis[1]

[1]Student of Master Management Program, Faculty of Economics and Business, Sam Ratulangi University Manado, Indonesia

[2]Department of Management Program, Faculty of Economics and Business, Sam Ratulangi University Manado, Indonesia

Abstract: This study aims to determine differences in financial performance (CAR, NPL, ROA, ROE, NIM, BOPO, LDR) of banks that go public on the IDX with high leverage, moderate leverage, and low leverage capital structures. Comparison of High Leverage, Moderate Leverage with Low Leverage. High Leverage Bank CAR has a significance value of > 0.05 which is 0.063 which means there is no significant difference, Moderate Leverage has a significance value of < 0.05 which is 0.000 which means there is a significant difference and Low Leverage has a significance value of < 0.05 which is 0.001 which means there are significant differences. NPL Bank High Leverage has a significance value of <0.05, which is 0.024 which means there is a significant difference, Moderate Leverage has a significance value of <0.05, which is 0, 001 which means there is a significant difference and Low Leverage has a significance value of <0.05, which is 0.002 which means there is a significant difference. ROA Bank High Leverage has a significance value of <0.05, which is 0.001 which means there is a significant difference, Moderate Leverage has a significance value of <0.00, which is 0.001 which means that there is a significant difference and Low Leverage has a significance value of <0.05, which is 0.021 which means that there is a significant difference. significant difference. ROE of High Leverage Bank has a significance value of > 0.05 which is 0.356 which means there is no significant difference, Moderate Leverage has a significance value of < 0.05 which is 0.000 which means there is a significant difference and Low Leverage has a significance value of < 0.05 that is 0.007 which means there is a significant difference. NIM Bank High Leverage has a significance value of <0.05 which is 0.119 which means there is no significant difference, Moderate Leverage has a significance value of <0.05, which is 0.000 which means there is a significant difference and Low Leverage has a significance value of <0.05, which is 0.042 which means there are significant differences. BOPO Bank High Leverage has a significance value of <0.05, which is 0.003 which means there is a significant difference, Moderate Leverage has a significance value of <0.05, which is 0.000 which means that there is a significant difference and Low Leverage has a significance value of <0.05, which is 0.022 which means that there is a significant difference. significant differences. LDR Bank High Leverage has a significance value of <0.05, which is 0.000 which means there is a significant difference, Moderate Leverage has a significance value of <0,

Keywords: Comparative, Performance, Go Public

PRELIMINARY

The banking sector plays a very important role in the economy of a country because banks are intermediary institutions between parties who need funds and those who have excess funds and provide other financial services. Because banks function as financial intermediaries, in this case the"trust" from the community is the main factor in running the banking business (Kasmir, 2008: 243). Public trust in the banking industry will be realized if the bank has good performance and is able to improve its performance optimally and sustainably.

The banking industry is currently one of the industries that shows such intense competition. Intense competition can be seen from the large number of banks operating. Indonesian Banking Statistics Data (SPI) in December 2011, the number of commercial banks operating was 120 banks, consisting of 4 State Owned Banks, 36 Foreign Exchange BUSNs, 30 Non Foreign Exchange BUSNs, 26 BPDs, 14 Joint Venture Banks, and 10 Foreign Banks. Data from the Indonesia Stock Exchange in 2018 recorded that there were 45 Go Public Banks on the IDX. From this data, we can observe that banks are currently facing intense competition, so it is very necessary to maintain or even improve the company's performance with the demands to survive in the banking industry.

Performance is an important thing that must be achieved by every company, because performance is a reflection of the company's ability to manage and allocate its resources (Febryani & Zulfadin, 2003:31). Company performance appraisal for management can be interpreted as an assessment of the achievements that can be achieved. In this case

ISSN 2792-3991 (online), Published under Volume:1 Issue: 4 in September-2021

profit can be used as a measure of the achievements achieved in a company.The purpose of the bank performance assessment is to obtain an overview of the bank's performance level so that it can be used as input for the bank in formulating future business strategies and plans as well as correcting weaknesses that have the potential to disrupt bank performance.

The bank's financial performance can be seen from the bank's financial statements. The bank's financial statements show the overall financial condition of the bank. This report also shows the performance of bank management for a period (Kasmir, 2012: 280). In order for financial information obtained from financial statements to be useful for measuring financial condition, it is necessary to conduct financial ratio analysis. Financial ratio analysis that can be used include liquidity ratios, solvency ratios, and profitability ratios.

According to Siringoringo (2017) financial performance and banking intermediation function can be observed through several indicators or components, namely operating expenses to operating income (BOPO), capital adequacy ratio (CAR), loan to deposits ratio (LDR), and return on assets (ROA).). The BOPO ratio in banks explains the ability of banks to manage operational expenses, then the CAR ratio explains the adequacy of capital owned by banks to minimize the risk of loss, the LDR ratio explains the ability of banks to meet short-term obligations (debt) and the ROA ratio explains the effectiveness of banks in manage assets owned into profit for the company.

It is important to evaluate the company's performance, both by management, shareholders, the government, and other interested parties related to the distribution of welfare among them, including banking (Merkusiwati, 2007: 24). For shareholders and company financial managers, knowing the level of performance ratings through financial reports that have been analyzed can be an indicator in making investment decisions and making funding decisions. Funding decisions are decisions related to the source of funds obtained by the company. Sources of funds come from debt and own capital. Management can determine how big the composition of debt to capital for the company. Investors make their choices based on funding decisions because the financing structure will determine the cost of capital which will be the basis for determining the desired required return (Wijaya et al., 2010).

The capital structure is a balance between the amount of permanent short-term debt, long-term debt, preferred stock and common stock. Capital structure is a comparison between foreign capital or the amount of debt with own capital. Capital structure policy is a choice between risk and expected return. If debt increases, it will increase the level of risk, namely paying higher interest on the loan, expecting a higher rate of return. If the level of risk is high, it will lower the stock price, so that the value of the company will decrease, so that trust in the company will also decrease, and vice versa if the expected rate of return is high, it will increase the stock price, so that the value of the company will increase.

The capital structure decision has a very important influence on the company's financial performance because it is related to the proportion of funding that comes from the company's equity or liability (Al Kayed, 2014). Banking is one of the companies that is sensitive to changes in financial leverage because it reduces the level of bank capital to assets. This means that most investments in bank assets are funded by debt, so the risk inherent in assets is high. The composition of funding in banking in Indonesia can be seen and reviewed through the company's financial statements by calculating the Debt to Equity Ratio (DER) contained in the summary of the performance of the company's financial statements listed on the Indonesia Stock Exchange.

The research outlined in the first capital structure theory is the theory of Modigliane and Miller, known as the MM theory without taxes. They argue that capital structure is irrelevant or does not affect firm value. MM put forward several assumptions to build their theory (Brigham and Housten, 2001, p.31), namely: there are no agency costs, no taxes and investors can borrow at the same interest rate as the company. According to the trade-off theory expressed by Myres (2001), "Companies will owe up to a certain level of debt, where the tax shields from additional debt equal the cost of financial distress (financial distress). The trade-off theory has the implication that companies with high levels of profitability will certainly try to reduce their taxes by increasing the debt ratio, so that the debt will reduce taxes. This is in contrast to research by Donaldson (1961) who observed the behavior of the capital structure of companies in the United States which showed that companies with high levels of profitability tend to have low debt ratios.

LITERATURE REVIEW

Financial Performance Theory

According to the Indonesian Institute of Accountants (2007:69), financial performance is the company's ability to manage and control its resources. According to Sukhemi (2007:23) in his research suggests that performance can be interpreted as an achievement achieved by the company in a certain period that reflects the level of health of the company. Analysis of bank financial performance has the following objectives (Abdullah, 2005: 120): (1) To determine

ISSN 2792-3991 (online), Published under Volume:1 Issue: 4 in September-2021

the success of bank financial management, especially liquidity conditions, capital adequacy and profitability achieved in the current year and the previous year; (2) To determine the bank's ability to utilize all assets owned in generating profits.

Financial performance is a description of the company's financial condition in a certain period both regarding aspects of fund raising and distribution of funds, which are usually measured by indicators of capital adequacy, liquidity, and profitability Jumingan (2006). Performance is an important thing that must be achieved by every company because it reflects the company's ability to manage and allocate its funding sources. Assessment of financial performance as reflected in the level of soundness can be obtained by analyzing the financial ratios in the financial statements issued by the company.

According to Irhan Fahmi (2011:2) financial performance is aanalysis conducted to see the extent to which a company hasimplement by using financial implementation rulesproperly and correctly. Company performance is a pictureabout the financial condition of a company which is analyzed by means offinancial analysis tool, so that it can be known about the good and badthe financial condition of a company that reflects work performancein a certain period. It is very important that resources are usedoptimally in the face of environmental changes.

The benefits of performance appraisal are as follows:

1. To measure the achievements achieved by an organization in a certain period that reflects the level of success of the implementation of its activities.
2. In addition to being used to see the overall performance of the organization, performance measurement can also be used to assess the contribution of a part in achieving the company's overall goals.
3. Can be used as a basis for determining the company's strategy for the future.
4. Provide guidance in decision-making and organizational activities in general and divisions or parts of the organization in particular.
5. As a basis for determining investment policies in order to increase company efficiency and productivity

According to Munawir (2000:31) the purpose of the company's performance appraisal is as follows:

1. To determine the level of liquidity, namely the company's ability to obtain its financial obligations that must be fulfilled immediately or the company's ability to meet its finances when billed.
2. To determine the level of solvency, namely the company's ability to meet its financial obligations if the company is liquidated, both short-term and long-term financial obligations.
3. To determine the level of profitability or profitability, which shows the company's ability to generate profits during a certain period.
4. To determine the level of business stability, namely the company's ability to carry out its business in a stable manner, which is measured by considering the company's ability to pay interest on its debts including repaying the principal on time and the ability to pay dividends regularly to shareholders without experiencing obstacles. or financial crisis.

Financial Ratio Analysis

"Comparative analysis (ratio analysis) is a technique or tool to evaluate the financial condition and performance of a company organization. (Darmawi, 2011: 201). According to Abdullah (2005: 123), "financial ratio analysis is a financial analysis technique to determine the relationship between certain items in the balance sheet and income statement both individually and simultaneously." The conclusion from several definitions that financial ratio analysis is an analytical technique to evaluate the condition of a company's performance by analyzing the company's financial statements.

According to Dandiwijaya (2000), financial ratios are classified into three ratios, namely: (1) Liquidity ratio analysis. Liquidity ratio analysis is an analysis conducted on a bank's ability to meet its short-term obligations or obligations that are past due. One kind of liquidity ratio is LDR (*Loan to Deposit Ratio*). LDR is the ratio between credit and third party funds. The higher this ratio, the lower the liquidity capacity of the bank concerned will be. This is because the amount of funds needed to finance loans is getting bigger. The Bank Indonesia regulation regarding the maximum LDR is 110%. (2) Profitability ratio analysis. Bank profitability ratio analysis is a tool to analyze or measure the level of business efficiency and profitability achieved by the bank concerned. This ratio can be used to measure one aspect of bank health. One kind of profitability ratio is ROA (Return On Asset). ROA is a ratio used to determine a bank's ability

ISSN 2792-3991 (online), Published under Volume:1 Issue: 4 in September-2021

to generate profits relative to the total value of its assets. This ratio is very important, considering that adequate profits are required to maintain the bank's sources of capital; (3) Capital ratio analysis. The capital ratio can be calculated using the Capital Adequacy Ratio (CAR). This ratio is used as an indicator of the bank's ability to cover the decline in assets due to losses on bank assets by using their own capital. CAR is a comparison between own capital and Risk Weighted Assets (RWA). RWA is the sum of both balance sheet assets and administrative assets that have been multiplied by their respective weights. This ratio is used as an indicator of the bank's ability to cover the decline in assets due to losses on bank assets by using their own capital. CAR is a comparison between own capital and Risk Weighted Assets (RWA). RWA is the sum of both balance sheet assets and administrative assets that have been multiplied by their respective weights. This ratio is used as an indicator of the bank's ability to cover the decline in assets due to losses on bank assets by using their own capital. CAR is a comparison between own capital and Risk Weighted Assets (RWA). RWA is the sum of both balance sheet assets and administrative assets that have been multiplied by their respective weights.

Financial ratios are analytical tools to explain the relationship between one element and another in a financial statement (Financial Statement). The financial statements in question are the balance sheet and income statement. The balance sheet describes the position of assets, debt, and equity owned by the company at a certain time. The income statement reflects the results achieved by the company during a certain period. According to Kasmir (2015: 104), states that financial ratios are: The activity of comparing the numbers in the financial statements by dividing one number by another. Comparisons can be made between one component with components in one financial report or between components that exist between financial statements.

This ratio analysis has advantages over other analytical techniques. According to Harahap (2008:298), these advantages are:

1. Ratios are numbers or statistical summaries that are easier to read and interpret.
2. It is a simpler substitute for the information presented in very detailed and complex financial statements.
3. Knowing the financial position in the middle of other industries.
4. Very useful for material in filling decision-making models and predictive models.
5. Standardize the size of the company.
6. It is easier to compare the company with other companies to see the company's development periodically or "time series".
7. It is easier to see company trends and make predictions in the future.

In addition to the advantages of ratio analysis, the technique also has several limitations that must be realized when using it so that we are not mistaken in its use. According to Harahap (2008:298), the limitations of the ratio are:

1. Difficulty in choosing the right ratio that can be used for the benefit of the wearer.
2. The limitations of accountants or financial statements are also limitations of this technique, such as: The material for calculating ratios or financial statements contains a lot of estimates and judgments that can be considered ordinary or subjective. The value contained in the financial statements and ratios is the acquisition value not the market price. Classification in financial statements can have an impact on ratio numbers. The recording method described in the accounting standards can be applied differently by different companies.
3. If the data to calculate the ratio are not available, it will be difficult to calculate the ratio.
4. It is difficult if the available data is out of sync. Two companies compared may not use the same techniques and accounting standards. Therefore, if a bias comparison is made, it will cause an error.

According to Munawir (2010:239) there are four groups of financial ratios, namely: (1) Liquidity ratio to determine the company's ability to finance operations and meet financial obligations when billed; (2) Leverage Ratio, which is a ratio to measure how far the company's assets are financed by debt; (3) Activity Ratio, which is a ratio to determine the company's ability to carry out daily activities or the company's ability to sell, collect receivables and use assets owned; (4) Profitability Ratio, which is the ratio used to assess the company's ability to earn profits.

Various banking financial ratios:

1. Liquidity Ratio. According to Kasmir (2014:129) states "Liquidity ratio is a ratio that describes the company's ability to meet short-term obligations (debt)." short-term. The liquidity ratio can be calculated based on working capital information from current assets and current liabilities.

ISSN 2792-3991 (online), Published under Volume:1 Issue: 4 in September-2021

2. Profitability Ratios. According to Kasmir (2014:114) "Profitability ratio is a ratio that assesses the company's ability to seek profit or profit within a certain period". Meanwhile, according to Periansya (2015: 42) states "The profitability ratio or profit ratio measures how much the company's ability to earn profits in relation to sales, assets and profits and own capital".
3. Leverage/Solvency Ratio. Weston in Kasmir (2014: 150), states that the leverage ratio is another name for the solvency ratio. This ratio shows the extent to which the company's assets are financed with debt. A company is said to be "solvable" if the company has sufficient assets to pay all its debts. On the other hand, if the amount of assets is insufficient or less than the amount of debt, it means that the company is in an "insolvable" state. According to Hanafi (2009:74), financial ratios can be grouped into:

five kinds of categories, namely:

1. Liquidity Ratio, which is a ratio that measures the company's ability to meet its short-term obligations.
2. Activity Ratio, which is a ratio that measures the effectiveness of the use of assets by looking at the level of asset activity.
3. Solvency Ratio, which is a ratio that measures the extent to which the company's ability to meet its long-term obligations.
4. Profitability Ratio, which is a ratio that looks at the company's ability to generate profits.
5. Market Ratio, ie this ratio looks at the development of the company's value relative to the company's book value.

Capital Structure

Capital structure theory aims to provide a rationale for knowing the optimal capital structure. A capital structure is said to be optimal if with a certain level of risk it can provide maximum company value. The main goal of the company is to increase the value of the company through increasing owners or shareholders. Sources of funding within the company are divided into two categories, namely internal funding sources and external funding sources. Internal funding sources can be obtained from retained earnings and depreciation of fixed assets while external funding sources can be obtained from creditors called debt.

The theory of capital structure has been widely discussed by researchers. The following will describe these theories.

1. Modigliani-Miller (MM) Theory

The theory of capital structure dates back to 1958, when Professor Franco Modigliani and Professor Merton Miller (hereinafter referred to as MM) published the most influential financial article ever written, “The Cost of Capital, Corporation Finance, and The Theory of Investment”. MM proves that the value of a company is not influenced by its capital structure. Or in other words, the results obtained by MM show that how a company will fund its operations will mean nothing, so the capital structure is irrelevant. However, the MM study is based on several unrealistic assumptions, including the following (Brigham and Houston, 2006:33): No brokerage fees, no taxes, no bankruptcy fees, investors can borrow at the same interest rate as the company, all investors have the same information as management about the company's investment opportunities in the future and EBIT is not affected by the use of debt. In 1963 MM published a paper in which they relaxed the assumption of no corporate tax. Tax regulations allow companies to deduct interest payments as an expense, but dividend payments to shareholders cannot be tax deductible. The conclusion has been modified with the result that interest as a tax deduction will benefit the use through debt, but the more favorable tax treatment of earnings from shares reduces the rate of return on the required shares and consequently favors the use of financing through equity (Brigham and Houston, 2006:34). there are bankruptcy costs. However, bankruptcy does occur in practice, and this can be very costly. A bankrupt company will have a very high accounting and legal burden, and will also have difficulty retaining its customers, suppliers, and employees. The threat of bankruptcy can bring problems, including employees moving, suppliers refusing credit, customers looking for more stable suppliers and lenders demanding higher interest rates (Brigham and Houston, 2007).

2. Trade-off theory

According to the trade-off theory expressed by Myers (2001), "Companies will owe up to a certain level of debt, where the tax shields from additional debt equal the cost of financial distress" (p.81). The costs of financial distress are the costs of bankruptcy (bankruptcy costs) or re-organization, and agency costs that increase as a result of the decline in the credibility of a company. Trade-off theory in determining the optimal capital structure includes several factors, including: taxes, agency costs and financial distress, while maintaining the assumptions of market efficiency and symmetric information as a balance and benefit of using debt. The optimal level of debt is achieved when tax shields

ISSN 2792-3991 (online), Published under Volume:1 Issue: 4 in September-2021

reach the maximum amount against the costs of financial distress (costs of financial distress). Trade-off theory has the implication that managers will think in terms of a trade-off between tax savings and the cost of financial distress in determination of capital structure. Companies with a high level of profitability will certainly try to reduce their taxes by increasing their debt ratio, so that the additional debt will reduce taxes. In reality, it is rare for financial managers to think so. The trade-off theory has the implication that managers will think in terms of trade-offs between tax savings and the cost of financial difficulties in determining capital structure. Companies with a high level of profitability will certainly try to reduce their taxes by increasing their debt ratio, so that the additional debt will reduce taxes. In reality, it is rare for financial managers to think so. The trade-off theory has the implication that managers will think in terms of trade-offs between tax savings and the cost of financial difficulties in determining capital structure. Companies with a high level of profitability will certainly try to reduce their taxes by increasing their debt ratio, so that the additional debt will reduce taxes. In reality, it is rare for financial managers to think so.

RESEARCH METHODS

Types of research

This research is a quantitative method, namely the process of finding knowledge using data in the form of numbers as a tool to analyze information about what you want to know. (Kasrim 2008:149). This research is a comparative research. Comparative research is a comparative study. This study compares the financial performance of banks that go public on the IDX with the level of capital structure.

Method of collecting data

The method of data collection in this study used a documentary study method, namely the collection of secondary data in the form of annual financial reports obtained on the IDX. This research is a cross section study, which is a study to determine the comparative relationship of several subjects studied at a certain time. These data are obtained from the financial statements of banking companies listed on the IDX in the 2014-2018 period.

Population and Sample

The population in this study were all banks listed on the Indonesia Stock Exchange. The population in this study amounted to 45 banks listed on the Indonesia Stock Exchange in 2014-2018. The sampling technique used was purposive sampling, the type of judgment sampling, namely the sample was selected using certain considerations. The sample used is part of the number and characteristics possessed by the population (Sugiyono, 2004:72-73). Sampling criteria:

•Banks that fall into the category of high leverage, moderate leverage and low leverage. Banks that are included in the high leverage category have a weight of > 7.94, banks that are included in the moderate leverage category have a weight of 4.6-7.93 and banks that are included in the low leverage category have a weight of < 4.51. The calculation results are as follows:

Look for the classification of levels with the formula (Highest DER-Lowest DER)/3 in order to obtain:

11.374 -1.082/3 = 10.292/3 = 3.43

Low Leverage= 3.43 + 1.08= 4.51

Moderate Leverage= 4.51 + 3.43= 7.94

High Leverage= 7.94 += 11.37

Classification:

Low Leverage= DER < 4.51

Moderate Leverage= DER 4.51 - 7.94

High Leverage= DER >7.94

•Have complete data according to the year of observation, namely 2014-2018

Thus, with these criteria, a sample of 6 banks with high leverage category was obtained, 6 banks in the moderate leverage category and 6 banks in the low leverage category, so the number of samples in this study was 18 banks, as follows:

ISSN 2792-3991 (online), Published under Volume:1 Issue: 4 in September-2021

IJDPP International Journal of Development and Public Policy
| e-ISSN: 2792-3991 | www.openaccessjournals.eu | Volume: 1 Issue: 4

Table.3.1.Research Sample

No	High Leverage	DER	No	Moderate Leverage	DER	No	Low Leverage	DER
	Bank name							
1	BTN	10,552	7	Mandiri Bank	5.7	13	Brother Woori Bank	3.62
2	Bank Mayapada International	8.73	8	BRI	6.29	14	Bank Danamon	4.03
3	Bank Capital Indonesia	10.46	9	BNI	5.64	15	Prime Ina Bank	3.6
4	Victoria International Bank	9.08	10	BCA	5.16	16	Bank BTPN	4.3
5	Bank Bukopin	9.45	11	Maspion Bank	4.8	17	Bank Mestika Dharma	2.99
6	Bank Banten	11.37	12	NISP	6.1	18	Bank of India Indonesia	4.2

Data analysis technique

The data analysis technique used in this study is the Independent-Sample t Test. Independent-Sample t Test was used to test the significance of the difference in the mean of the two groups (Trihendradi, 2012: 121). This test is used to determine whether or not there is a difference in the average between two groups of unrelated samples. If there is a difference, which average is higher. The data used are usually interval or ratio scale.

The second data analysis technique is the Anova test. Anova stands for "analysis of variance" which is a comparative test used to test the difference in the mean (average) of data for more than two groups. To perform the ANOVA test, several assumptions must be met, namely, the sample comes from an independent group, the variance between groups must be homogeneous, and the data for each group is normally distributed.

Variable Operational Definition

Loan to Deposit Ratio (LDR), is a ratio to measure the composition of the amount of credit given compared to the amount of public funds and own capital used (Kasmir, 2012: 319). The formula for finding the Loan to Deposit Ratio is as follows (Bank Indonesia Circular No. 6/23/DPNP dated 31 May 2004):

Capital Adequacy Ratio (CAR), is a ratio that measures the adequacy of a bank's capital (Kasmir, 2012: 346). The formula for finding the Capital Adequacy Ratio is as follows (Bank Indonesia Circular Letter No.6/23./DPNP dated 31 May 2004):

Return On Assets (ROA), is a ratio to measure management's ability to gain overall profit (Margaretha, 2007: 61). The formula for finding Return On Assets is as follows:

Return On Equity (ROE), is a ratio to measure the ability of bank management to manage existing capital to obtain net income (Kasmir, 2012: 328).

The formula for finding Return On Equity is as follows:

Non-Performing Loans (NPL) according to Kasmir (2013: 155) are non-performing loans or bad loans are loans in which there are obstacles caused by 2 elements, namely from the banking side in analyzing and from the customer who intentionally or unintentionally in his obligations does not perform payment. Bank Indonesia (BI) through a Bank Indonesia Regulation (PBI) stipulates that the ratio of non-performing loans (NPL) is 5%.

The formula for finding Non-Performing Loans is as follows:

Net Interest Margin (NIM) is a ratio used to measure the amount of net interest income earned by banks in the use of productive assets. Calculation of Net Interest Margin (NIM) can be formulated as follows:

According to the Circular Letter of Bank Indonesia Number 15/29/DKBU dated July 31, 2013 Operational Cost of Operating Income (BOPO) is a ratio that measures the ratio of operating expenses to operating income to determine the level of efficiency and ability of the bank in carrying out its operational activities by dividing the total expenses operational and total operating income calculated per position (not annualized). Based on the Circular Letter of Bank Indonesia No.15/15/PBI/2013 dated December 24, 2013. The ideal BOPO ratio value is between 50%-75% in accordance with the provisions of Bank Indonesia must have a maximum BOPO of 85%. If a bank has an BOPO more than the provisions of Bank Indonesia, the bank is categorized as unhealthy and inefficient.

ISSN 2792-3991 (online), Published under Volume:1 Issue: 4 in September-2021

From the theory above, it can be concluded that Operational Cost to Operating Income (BOPO) is a comparison between Operating Costs and Operating Income to determine the bank's ability to carry out its operational activities and to determine the level of efficiency of the bank.

Capital Structure

The variables used are Capital Structure (Independent), namely the Variable Structure of high leverage, moderate leverage, and low leverage with calculations using the Debt to Equity Ratio. Definition of Debt to Equity Ratio according to Darsono and Ashari (2010:54-55), namely: Debt to Equity Ratio (DER) is one of the ratios of leverage or solvency. The solvency ratio is a ratio to determine the company's ability to pay its obligations if the company is liquidated. This ratio is also known as the leverage ratio, which is to assess the company's limits on borrowing money.

Horne and Machowicz, translated by Fitriasari and Kwary (2009: 182) suggest that "leverage is the use of fixed costs in an effort to increase (level up) profitability". Meanwhile, according to Gibson (2008:260), the definition of Debt to equity ratio (DER) is "Debt equity ratio is another computation that determines the entity's long-term debt-paying ability". That is, the debt-to-equity ratio is another computation that determines the ability to pay the long-term debt of an entity. According to Sugiyono (2009:71), states that: This ratio shows the ratio of debt and capital. This ratio is one of the important ratios because it relates to the problem of trading on equity, which can have a positive and negative impact on the profitability of the company's own capital and the company.

Siegel and Shim in Fahmi (2012:128) define the debt to equity ratio, "The measure used in analyzing financial statements to show the amount of collateral available to creditors". Meanwhile, according to Kasmir (2014:157), states that: Debt to equity ratio is the ratio used to assess debt to equity. This ratio is sought by comparing all debt, including current debt with all equity. This ratio is used to determine the amount of funds provided by the borrower (creditor) with the owner of the company. In other words, this ratio serves to find out each rupiah of own capital that is used as a debt guarantee.

Mathematically, according to Horne and Wachowicz (2009: 186), "Debt to Equity Ratio is the ratio between total debt or total debts with total shareholder's equity". Based on several definitions that have been described, it can be concluded that the debt to equity ratio is a ratio that measures how far the company is financed by debt and the company's ability to meet its obligations with its equity. To classify the level of capital structure into high leverage, moderate leverage, and low leverage, it is determined by the following steps:

1. Calculating the Debt to Equity Ratio of each bank for three years.
2. Calculating the average DER every year.
3. Looking for the classification of levels with the formula:

$$\frac{DER\ Tertinggi - DER\ Terendah}{3}$$

4. Calculating Range
5. Sample Classification.

DISCUSSION

High Leverage with Moderate Leverage. It shows that the CAR variable has a sig value > 0.05, which is 0.249, which means that H0 is rejected and H1 is accepted or there is no significant difference between the CAR of High Leverage Banks and the CAR of Moderate Leverage Banks. The NPL variable has a value of sig <0.05, i.e. 0.000, which means that H0 is rejected and H1 is accepted or there is a significant difference between the NPL of High Leverage Bank and the NPL of Moderate Leverage Bank. The ROA variable has a value of sig <0.05, which is 0.000, which means that H0 is rejected and H1 is accepted or there is a significant difference between ROA of High Leverage Banks and ROA of Moderate Leverage Banks. The ROE variable has a sig value > 0.05, which is 0.471, which means that H0 is rejected and H1 is accepted or there is no significant difference between ROE of High Leverage Banks and ROE of Moderate Leverage Banks. The NIM variable has a value of sig < 0, 05, which is 0.000, which means that H0 is rejected and H1 is accepted or there is a significant difference between the NIM of High Leverage Bank and the NIM of Moderate Leverage Bank. The BOPO variable has a value of sig < 0.05, i.e. 0.000, which means that H0 is rejected and H1 is accepted or there is a significant difference between the BOPO of High Leverage Banks and the BOPO of Moderate Leverage Banks. The LDR variable has a value of sig <0.05, which is 0.035, which means that H0 is rejected and H1 is accepted or there is a significant difference between the LDR of High Leverage Banks and the LDR of Moderate Leverage Banks. High Leverage with Low Leverage. Shows that the CAR variable has a sig value > 0.05, which is

ISSN 2792-3991 (online), Published under Volume:1 Issue: 4 in September-2021

0.001 which means H0 is accepted and H1 is rejected or there is a significant difference between the CAR of High Leverage Banks and the CAR of Low Leverage Banks. The NPL variable has a value of sig < 0.05, which is 0, 016 which means that H0 is rejected and H1 is accepted or there is a significant difference between the NPL of High Leverage Banks and the NPL of Low Leverage Banks. The ROA variable has a sig value > 0.05, which is 0.959, which means that H0 is accepted and H1 is rejected or there is no significant difference between ROA of High Leverage Banks and ROA of Low Leverage Banks. The ROE variable has a sig value > 0.05, i.e. 0.060, which means that H0 is rejected and H1 is accepted or there is no significant difference between ROE of High Leverage Banks and ROE of Low Leverage Banks. The NIM variable has a sig value <0.05, i.e. 0.000, which means that H0 is rejected and H1 is accepted or there is a significant difference between the NIM of High Leverage Banks and the NIM of Low Leverage Banks. The BOPO variable has a sig value > 0.05, which is 0, 501 which means H0 is accepted and H1 is rejected or there is no significant difference between BOPO of High Leverage Bank and BOPO of low Leverage Bank. The LDR variable has a value of sig < 0.05, which is 0.014, which means that H0 is rejected and H1 is accepted or there is a significant difference between the LDR of High Leverage Banks and the LDR of Low Leverage Banks. Moderate Leverage with Low Leverage, that the CAR variable has a sig value > 0.05, i.e. 0.000, which means H0 is accepted and H1 is rejected or there is a significant difference between moderate Leverage Bank CAR and low Leverage Bank CAR. The NPL variable has a value of sig < 0.05, i.e. 0.000, which means that H0 is rejected and H1 is accepted or there is a significant difference between the NPL of moderate leveraged banks and low leveraged bank's NPLs. The ROA variable has a value of sig < 0.05, which is 0, 008 which means H0 is rejected and H1 is accepted or there is a significant difference between ROA of moderate Leverage Bank and ROA of low Leverage Bank. The ROE variable has a value of sig < 0.05, i.e. 0.000, which means that H0 is rejected and H1 is accepted or there is a significant difference between the ROE of moderate leveraged banks and low leveraged bank's ROEs. The NIM variable has a value of sig < 0.05, i.e. 0.044, which means that H0 is rejected and H1 is accepted or there is a significant difference between the NIM of moderate Leverage Bank and the NIM of low Leverage Bank. The BOPO variable has a value of sig <0.05, which is 0.046, which means that H0 is rejected and H1 is accepted or there is a significant difference between the BOPO of High Leverage Banks and the BOPO of Low Leverage Banks. The LDR variable has a sig value > 0.05, which is 0, 770 which means that H0 is accepted and H1 is rejected or there is no significant difference between the LDR of moderate Leverage Banks and the LDR of low Leverage Banks. The comparison of High Leverage, Moderate Leverage with Low Leverage shows that the CAR of High Leverage Banks has a significance value of > 0.05, which is 0.063, which means there is no significant difference, Moderate Leverage has a significance value of <0.05, which is 0.000, which means that there is a significant difference and Low Leverage has a significance value of <0.05, which is 0.001 which means that there is a significant difference. NPL Bank High Leverage has a significance value of <0.05, which is 0.024 which means there is a significant difference, Moderate Leverage has a significance value of <0.05, which is 0.001 which means there is a significant difference and Low Leverage has a significance value of <0, 05, which is 0.002, which means that there is a significant difference. ROA Bank High Leverage has a significance value of <0.05, which is 0.001 which means there is a significant difference, Moderate Leverage has a significance value of <0.00, which is 0.001 which means that there is a significant difference and Low Leverage has a significance value of <0.05, which is 0.021 which means that there is a significant difference. significant differences. ROE Bank High Leverage has a significance value of > 0.05 which is 0.356 which means there is no significant difference, Moderate Leverage has a significance value of < 0.05 which is 0.000 which means there is a significant difference and Low Leverage has a significance value of < 0.05 which is 0.007 which means there are significant differences. NIM Bank High Leverage has a significance value of <0.05, which is 0, 119 which means there is no significant difference, Moderate Leverage has a significance value of <0.05, which is 0.000, which means there is a significant difference and Low Leverage has a significance value of <0.05, which is 0.042 which means that there is a significant difference. BOPO Bank High Leverage has a significance value of <0.05, which is 0.003 which means there is a significant difference, Moderate Leverage has a significance value of <0.05, which is 0.000 which means that there is a significant difference and Low Leverage has a significance value of <0.05, which is 0.022 which means that there is a significant difference. significant differences. LDR Bank High Leverage has a significance value of <0.05, which is 0.000 which means there is a significant difference, Moderate Leverage has a significance value of <0.05, which is 0,

CONCLUSION

Conclusion from this research:

1. The results of the first analysis show that there is no significant difference in financial performance between high leverage, moderate leverage and low leverage banking when viewed from the Capital Adequacy Ratio, Non Performing Loan, Return On Assets, Return On Equity, Net Interest Margin, Operating Cost Income Operational, and Loan to Deposit Ratio.

ISSN 2792-3991 (online), Published under Volume:1 Issue: 4 in September-2021

2. The results of the second analysis show that there is no significant difference in financial performance between high leveraged banking and moderate leverage when viewed from the Capital Adequacy Ratio, Non Performing Loans, Return On Assets, Return On Equity, Net Interest Margin, Operating Costs, and Operating Income. Loan to Deposit Ratio.
3. The results of the third analysis show that there is no significant difference in financial performance between high leverage and low leverage banking when viewed from the Capital Adequacy Ratio, Non Performing Loans, Return On Assets, Return On Equity, Net Interest Margin, Operating Costs, and Operating Income. Loan to Deposit Ratio.
4. The results of the fourth analysis show that there is no significant difference in financial performance between moderately leveraged and low-leveraged banks when viewed from the Capital Adequacy Ratio, Non-Performing Loans, Return On Assets, Return On Equity, Net Interest Margin, Operating Costs, and Operating Income. Loan to Deposit Ratio.

REFERENCES

1. Dextre-Martinez, R., Zukhruf, A., & Villanueva-benites, LA (2021). The effect of CRM on employee performance in the banking industry. 9, 295–306. https://doi.org/10.5267/j.uscm.2021.3.003
2. Kankaew, K., Yapanto, LM, Waramontri, R., Arief, S., Hamsir, Sastrawati, N., & Espinoza-Maguiña, MR (2021). Supply chain management and logistics presentation: Mediation effect of competitive advantage. Uncertain Supply Chain Management, 9(2), 255–264.https://doi.org/10.5267/j.uscm.2021.3.007
3. Yapanto, LM, Tanipu, F., Paramata, AR, & Actors, E. (2020). THE EFFECTIVENESS OF FISHERY COOPERATIVE INSTITUTIONS. 17(25), 1329–1338.
4. Lasut, RF, Mandey, SL, Jan, AH, Ratulangi, US, & Ratulangi, US (2021). Analysis of the Effect of Service Quality and Premium Amount on Collectability Levels and Participant Satisfaction as Intervening Variables at BPJS Kesehatan Manado Branch. 633–646.
5. Musa, FNH, Tumbel, A., & Wullur, M. (2021). Discipline Analysis Of Work, Motivation And Loyalty Towards Employee Performance (Case Study At Gorontalo State University). 449–462.
6. Lasut, RF, Mandey, SL, Jan, AH. (2021). Analysis of the Effect of Service Quality and Premium Amount on Collectability Levels and Participant Satisfaction as Intervening Variables at BPJS Kesehatan Manado Branch. 633–646. Kankaew, K., Yapanto, LM, Waramontri, R., Arief, S., Hamsir, Sastrawati, N., & Espinoza-Maguiña, MR (2021).
7. Supply chain management and logistics presentation: Mediation effect of competitive advantage. Uncertain Supply Chain Management, 9(2), 255–264. https://doi.org/10.5267/j.uscm.2021.3.007
8. Abdullah, M. Faisal. 2005. Fundamentals of Financial Management. University of Muhammadiyah Publishing, Malang
9. Budisantoso Totok, Triandaru Sigit. 2006. Banks and Other Financial Institutions. Jakarta: Salemba Empat.
10. Dendawijaya, Lukman. 2000. Banking Management. Ghalia Indonesia, Jakarta
11. Darmawi, Herman. 2011. Banking Management. Earth Literacy, Jakarta
12. Erlina. 2008. Business Research Methodology: For Accounting and Management. USU Press, Medan
13. Fahmi, Irham. 2011. Analysis of Accounting Reports. Bandung: ALFABETA.
14. Febryani and Zulfadin. 2003. Performance Analysis of Foreign Exchange Banks and Non-Foreign Exchange Banks in Indonesia. Journal of Accounting, Economics and Finance Studies
15. Hanafi. 2009. Analysis of Financial Statements. Edition 4. Yogyakarta : UPP STIM YKPN.
16. Please. 2008. Critical Analysis of Financial Statements. Jakarta : PT. King Grafindo Persada.
17. Friday. 2006. Analysis of Financial Statements. Earth Literacy, Jakarta
18. Margaretha, Farah. 2007. Financial Management for the Service Industry. Gramedia Widiasarana Indonesia, Jakarta
19. Merkusiwati, Ni Ketut Lely Aryani. 2007. Evaluation of the Effect of CAMEL on Company Performance. Economic Studies Bulletin

ISSN 2792-3991 (online), Published under Volume:1 Issue: 4 in September-2021

20. Munawir, S.2000. Analysis of financial statements. Yogyakarta: Liberty.
21. Myers, Nicholas S. Majluf. 2001. Corporate Financing and Investment Decision when Firms Have Information That Investors DO Not Have. NBER Working Paper
22. Sartono. 2012. Financial Management Theory and Applications. Edition4. BPFE. Yogyakarta.
23. Sugiyono. 2009. Quantitative, Qualitative and R&D Research Methods. Alphabeta, Bandung
24. Trihendradi, C. 2012. Step by Step SPSS20 Statistical Data Analysis. Andi, Yogyakarta

ISSN 2792-3991 (online), Published under Volume:1 Issue: 4 in September-2021