RETURN ON ASSETS, AND PROBLEMATIC FINANCING IN INDONESIAN FINANCIAL INSTITUTIONS DURING THE COVID 19 PANDEMIC

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Abstract: This study aims to see the state of retrun on assets (ROA) and problematic financing in bank financial institutions. This was done, because of the spread of the Covid 19 virus which resulted in a significant decline in many sectors in Indonesia, one of which is the economic sector. The number of people affected by layoffs, as a result of the spread of covid 19, which of course made all companies suffer losses, and had to make company budgets more efficient, so the decision of the company was to lay off their employees. The research method used in this paper is simple quantitative, using a comparison between the year before and the current year of the spread of covid 19. The results obtained in the study show that conventional financial institutions retrun on assets (ROA) in this case banksNote that the impact of Covid 19 has decreased, compared to the previous year. Meanwhile, the ROA of sharia financial institutions, in this case sharia banks and sharia business units, has increased, when compared to the years before covid 19 and after covid 19. Non-performing loans in conventional financial institutions experienced a significant increase. For Non Performing Finance, Islamic financial institutions, experienced a decline.

Keywords: ROA, NPL, NPF.

Introduction

Financing is one way of providing capital, from financial institutions to customers. Financing is also a function of the financial institution itself. The financing provided by customers is, of course, on the basis of analysis conducted by financial institutions on customers. To obtain financing in financial institutions, be it sharia or conventional financial institutions, banks must analyze the feasibility of the customer itself, starting from the feasibility of business development, the guarantees provided, the feasibility of making payments, to the prospects or things that are likely to happen to the business. the. The number of analyzes carried out by banks or financial institutions, proves that banks are more careful in providing financing to customers, because, if the bank is not caring enough, where the bad credit in the bank or financial institution will increase, and of course will impact on other financing, be it productive financing itself, or consumer financing. Usually, to obtain existing financing, a customer must submit a proposal to a bank or financial institution for the customer's financial analysis (Bara, 2018) . In the proposal, the bank or financial institution asks for a salary slip, electricity bill, and water payment slip. The point is to analyze short-term receivables that must be paid by customers, as well as to compare income with expenses that are made every month.

Funding is usually done for a long time, to see the seriousness of the customer in managing existing financing. Usually, the bank also looks at a nasabha's day-to-day life, whether it's getting information from relatives, or going straight to the field. The existence of this kind of thing is inseparable from the large number of bad loans in financial institutions (Rahmayati, 2019) . For this reason, they are more careful in providing financing to customers, in order to reduce the risks that exist in financial institutions. This is one of the risks that exist in financial institutions, which are usually encountered and occur. This risk is not too heavy, especially because the customer also provides guarantees to the bank, which is used for delayed payments. For example, a customer applies for financing at a financial institution or bank, the customer proposes for financing to develop a business, in this financing, the customer also provides existing guarantees, namely the customer's land certificate. The bank will also analyze the funding submission , by looking at what the proposal contains, and immediately jump into the field to see the truth of what has been written in the customer's proposal. Several months have passed, the customer is still making payments, but after entering a few years, the customer starts not paying the installments that have been agreed upon. So the bank gives the first warning, until in the end the last one occurs. If this is not responded to, the bank immediately executes the guarantee given by the customer by the bank, to follow up on the customer's unpaid payment. Risks like these are now increasingly developing in financial institutions. So the bank, usually takes a very long time to assess or analyze proposals in existing financing, in order to reduce the number of bad credit in the financial institution (Wahyuni & Muhammad, 2019) .

During the spread of Covid 19 that occurred in Indonesia, all sectors experienced congestion, one of which was the economic sector. Seeing from some of the news on television, many people have felt the impact of the covid 19 virus, one of which is the community who has been laid off. The spread of Covid 19 in Indonesia has resulted in the government taking a policy to do work from home, in order to break the chain of spreading the virus. It's just that, when this policy was implemented, many people were afraid of the plague that wreaked havoc on the Indonesian State, the effect of which would have caused the company or the economic sector to experience congestion, because the community no longer carried out transactions as usual, resulting in many companies experiencing profit bottlenecks, and even to the point of bankruptcy. In several studies or research conducted by academics, the spread of Covid 19 will reduce the Indonesian economy from all sectors, be it the education sector, the agricultural sector, even the economic sector, which until now has been a discussion that has never been overlooked. News reports that cover a lot of the impact of Covid 19 on the economic sector are now starting to be studied or have an impact on financial institutions in Indonesia. Moving on from this issue, the researcher wants to describe the two components that are the subject of discussion, namely Return on Assets and problematic financing.

Literature Review

Financing is a funding made to a person, institution, or group. In order to set up a business, or a bank with customers who support the investment that has been planned and agreed upon. In this case, financing can be done in the form of business capital, or in other words it can be said with money, goods, or a place that will later be used for a business activity. Financing is also one of the main duties of a bank, namely providing facilities for the provision of funds to meet the needs of parties who are deficit units (Antoniu, 2001) . Meanwhile, financing according to banking law number 10 of 1998 Financing is the provision of money or an equivalent bill, based on an agreement or agreement between requiring customers to return the money or bill after a certain period of time with a reward or profit sharing (Kasmir, 2005). .

From some of the definitions above, we can conclude that what is meant by financing is a funding provided to a bank, institution, or individual, in order to facilitate a business or a party in need, such as a customer, by using an agreement that has been agreed between the two both parties. The provision of funding to conventional banks and Islamic banks is very different. We can see from the control of funds that have been provided by conventional banks and Islamic banks. If a conventional bank does not monitor the funds that have been given to customers. Then the Islamic bank, will monitor the funds that have been given to the customer. If it is true that the funds will be used for business, then the Islamic bank will continue to supervise and provide training to entrepreneurs in order to improve or develop the business that is being run.

A contract is an agreement in an agreement between two or more parties to do and or not to take certain legal actions (Mardani, 2012) . In Islamic financial institutions such as Islamic banking, the contract is not something foreign to Islamic bank customers who often make transactions. Usually, the contract is used in various matters relating to transactions in Islamic banking or Islamic financial institutions.

Financing is the provision or borrowing of capital provided by financial institutions to the public. This financing is one of the functions of financial institutions. In financing, financial institutions provide or lend funds to the community, then the community manages the financing, or uses the financing for community needs (Radiman, 2018) . In providing financing, usually financial institutions will make observations related to what has been stated in a report that customers provide to financial institutions. After that, the financial institution will provide financing to the customer. For this reason, financing within financial institutions, both Islamic financial institutions and conventional financial institutions, is mandatory. If the financial institution does not carry out the financing, the financial institution or bank will be sanctioned by Bank Indonesia. Financing issued by the bank, can help the community, in developing a business or development in the agricultural sector. The financing provided is usually productive, because the financing can generate income. But if the financing is used to buy something that can be enjoyed by yourself, and does not produce anything, then the financing can be said to be consumer financing. Where in consumptive financing, financing is provided to finance something that cannot produce, such as motor vehicle financing and housing finance.

Consumptive financing and productive financing are among the products in existing financing in financial institutions, be they conventional financial institutions or Islamic financial institutions. Even though both are the same in terms of products, the provision or analysis of financing is of course different, even though the analysis used is almost the same, it's just that Islamic financial institutions analyze the necessity of financing itself. In analyzing the kesyariahan, banks or financial institutions see the financing that will be used by customers, whether the funds are to finance a business that is lawful, or haram (Layaman, & Fitri, 2016) . This analysis is what distinguishes the existing financing separation in Islamic financial institutions from conventional financial institutions.

If we examine more deeply about the financing provided by banks or financial institutions, then we will be faced with honesty. Before submitting financing, usually the customer provides a proposal in the financing, starting from the reasons for applying for financing, to the estimation of funds submitted by the customer by the bank. From here the bank or financial institution can analyze whether the customer applying for the financing is honest or not (Layaman & Qonitah, 2016) . In financing made by Islamic banks, customers who apply must be honest, if the customer is not honest, then the syaruah bank or Islamic financial institution does not hesitate not to give or approve the financing. This is because financing issued by Islamic financial institutions will later be managed by customers. In this agreement, the profits and losses must be divided according to the agreement. So, if later the customer lies with the results obtained, the bank will continue to get losses from the customer. For this reason, charging made by the bank also concerns the honesty of a customer, in order to maintain the smoothness of payments and the agreed profit sharing. Financing carried out or provided by Islamic financial institutions is indeed very difficult, because Islamic financial institutions must also look at their customers when they want to issue existing financing. Because, in financing carried out by Islamic banks, financing is based on honesty, between the owners of capital, with management. Although there is supervision carried out by Islamic banks, against customers who are given funds, there is a possibility that the customer is not cheating. For this reason, the supervision carried out by Islamic financial institutions is tighter than conventional banks (Irham, 2011) . Therefore, the provision of financing carried out by Islamic banks is very selective, because they have to look at the nature of the customer itself, and analyze the financing management itself.

So it can be concluded that the financing provided by Islamic banks is very selective, because Islamic financial institutions must see the honesty and the halalness of the business that the customer will develop or establish. In addition, in productive financing issued by Islamic banks, using a mudharabah contract, profits and losses are shared. On this basis, the provision of financing carried out by Islamic financial institutions is very selective in making decisions in financing. The profitability ratio is also called the operating performance ratio. Profitability ratios or operating performance are used to evaluate the profit margins of the company's operating activities. The profitability ratio will show the effects of liquidity, asset management , and debt on the results of operations. The profitability ratio is the ratio that links the profit from sales and investment ”. From the profitability ratio, it can be seen how the level of company profitability. Every company wants a high level of profitability. To be able to carry out his life, the company must be in a profitable state *(profitable).* If the company is in an unfavorable condition, it will be difficult for the company to obtain loans from creditors and investment from outside parties . Based on the above understanding, it can be concluded that profitability is the ability of the company to generate profits. The greater the profit generated by the company, the better the company will be. As for measuring the level of profitability, it can be done by using profitability ratios such as *return on investment* (ROI), *return on equity* (ROE), and *return on assets* (ROA) (Pradesyah, 2017) .

Methods

The research method used in this research is descriptive quantitative. The data collected comes from financial reports published by the financial services authority, then classified in table form, then analyzed by comparing the current year and the past year. This comparison will get results, whether there is a difference in the year before the spread of Covid 19, with the year after the spread of Covid 19. The author also uses a literature study, where literature studies will produce literature related to research, so that it can develop thoughts or consider Ratify the results obtained, to fit the desired research objectives.

Results and Discussion

Return On Asset In Conventional Financial Institutions

(In the form of %)

No.	Month	2019	2020
1	January	2.59	2.70
2	February	2.45	2.49
3	March	2.60	2.57
4	April	2.42	2.34
5	May	2.41	2.06
6	June	2.51	1.94
7	July	2.50	1.90
8	August	2.49	1.90
9	September	2.48	1.76
10	October	2.48	1.70

Source: www.ojk.go.id

From the data above, it can be seen that ROA in conventional financial institutions has decreased in 2019, while in 2020 it has also decreased significantly. If we compare it from the year before the spread of Covid, namely 2019, with 2020 after the spread of Covid 19 in February, ROA continues to experience a significant decline until October 2020. This states that ROA of conventional financial institutions has been affected or affected by there is the spread of covid 19 in Indonesia.

Return On Asset in Sharia Financial Institutions

(In the form of %)

No.	Month	2019	2020
1	January	1.51	2.44
2	February	1.32	2.32
3	March	1.46	2.35
4	April	1.52	2.15
5	May	1.56	2.00
6	June	1.61	1.95
7	July	1.62	2.01
8	August	1.64	2.03
9	September	1.66	2.02
10	October	1.65	1.97

Source: www.ojk.go.id

Judging from the data above, the ROA in Islamic financial institutions in 2019 has increased significantly, while in 2020 it has also increased. When compared to 2019 before the spread of Covid 19, with 2020 after the spread of Covid 19, the increase continues in 2020, it's just that in 2020 in June it experienced a decline, and October 2020 also experienced a decline, but a decrease it is not very significant.

When comparing the ROA of conventional financial institutions and Islamic financial institutions, the more affected are conventional financial institutions, which can be seen from the reduction in ROA that occurred during the Covid 19 pandemic in Indonesia. Whereas in Islamic financial institutions , the impact that occurs from the spread of the Covid 19 virus is not too great, and this can be seen from the data presented by the authors above.

Non Performing Loans in Conventional Financial Institutions

(In the form of %)

No.	Month	2019	2020
1	January	6.82	7,26
2	February	6.99	7.53
3	March	6.94	7.95
4	April	7.15	8.32
5	May	7,10	8.63
6	June	7.25	8.44
7	July	7.25	8.34
8	August	7.36	8.29
9	September	7.34	8,09
10	October	7.36	8,07

Source: www.ojk.go.id

The data above informs about non-performing loans in conventional financial institutions, or often referred to as non-performing loans. When viewed from the data above, it can be narrated or described, that non-performing loans in conventional financial institutions experienced a significant increase, even before the existence of Covid 19, the increase continued to occur in 2019, but once the spread of Covid 19, problem loans experienced a significant increase. a significant increase, this means that problematic financing in conventional financial institutions has an impact on the spread of Covid 19 in Indonesia.

Non Performing Finance in Islamic Financial Institutions

(In the form of %)

No.	Month	2019	2020
1	January	3.39	3.00
2	February	3.44	3.03
3	March	3.44	3.05
4	April	3.58	3.08
5	May	3.49	3.24
6	June	3.36	3.42
7	July	3.36	3.38
8	August	3.44	3.33

9	September	3.32	3.17
10	October	3.49	3.10

Source: www.ojk.go.id

Non-Performing Finance or problematic financing in Islamic financial institutions, as in the above report data, shows that the NPF continues to increase in 2019. Meanwhile, in 2020, the NPF also experienced an insignificant increase. Say that compared to 2019 and 2020, the increase in problem financing has decreased, this indicates that problematic financing in Islamic financial institutions is not so affected by the spread of covid 19.

The higher the financing problems that occur in a financial institution, the higher the risk that must be faced by the financial institution. If you look at the problematic financing that exists in conventional financial institutions and Islamic financial institutions in Indonesia, it can be seen that conventional financial institutions are more affected by Covid 19, while Islamic financial institutions are less affected.

Conclusion

The spread of covid 19 in Indonesia is still ongoing, many victims are pouring into the Indonesian people. The spread of the Covid 19 virus, of course, also has an impact on the economic sector in Indonesia, one of which is financial institutions in Indonesia. From the results of the research conducted, the two systems of financial institutions in Indonesia have had the impact of the spread of the virus, it's just that the Islamic financial institutions are smaller than conventional financial institutions. This can be seen from the data that the author has summarized, namely data on Return On Assets and financing problems. So for that, financial institutions in Indonesia have experienced the impact of the spread of Covid 19 in Indonesia.

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