Eurasia: Economics & Business, 6(48), June 2021
DOI https://doi.org/10.18551/econeurasia.2021-06

UDC 332

THE IMPACT OF COVID-19 PANDEMIC ON THE FINANCIAL PERFORMANCE OF BANKING COMPANIES IN THE INDONESIA STOCK EXCHANGE

Friana Made Adi*, **Dewi Sayu Ketut Sutrisna**
Faculty of Economics and Business, University of Udayana, Bali, Indonesia
*E-mail: adifriana@gmail.com

ABSTRACT

Banks are financial institutions that carry out the intermediation function. Banking financial performance has also been affected by the impact of Covid-19. The purpose of this study was to determine the differences in the impact of the covid-19 pandemic on the financial performance of banking companies on the Indonesian stock exchange. The research method used is an event study, and uses a different tests. The data source of this research is quarterly published reports in the form of financial reports for the period 2019 – 2020. The results of this study are that the banking performance indicators in the form of capital factors as measured by CAR show that there is no significant difference before and after the announcement of the first case of Covid-19 in Indonesia on March 2, 2020. There is a significant difference in bank credit risk as measured by NPL before and after the announcement of the first Covid-19 case in Indonesia on March 2, 2020. There is a significant difference in banking liquidity risk as measured by LDR before and after the announcement of the first Covid-19 case in Indonesia on March 2, 2020. The results of this study indicate that in general banks experienced a decline in performance during the Covid-19 pandemic. Therefore, it is recommended for investors to pay attention to and re-evaluate investment plans made in the banking sub-sector.

KEY WORDS

Covid-19 pandemic, financial performance, CAR, NPL.

Banks play an important role to increase economic growth and social welfare. The role of the Bank for the business world is very strong, both in the role of payment traffic, and collecting and channeling funds. Banks provide funds for companies or individuals with the aim of maintaining the stability of a country's economy, so that bank failures can have an impact on companies that use bank services and economic stability (Asif, 2020). Therefore, bank performance is related to the performance of companies that use bank services and the economy of a country.

Generally, factors that can affect bank performance can be divided into two, namely internal factors and external factors. Internal factors are factors that specifically affect bank performance, and these factors can be controlled by management. Meanwhile, external factors come from conditions that cannot be controlled by management, such as macroeconomic factors and industry characteristics (Shahchera, 2012).

The Indonesian economy in 2019 grew 5.02 percent, lower than the 2018 achievement of 5.17 percent. The realization of this economic growth is inseparable from the global economic conditions that are still filled with uncertainty. In line with the performance of the banking industry as a driving force for the economy that plays a role in collecting and distributing funds to the public, growth is estimated to slow down in 2019. Based on Indonesian Banking Statistics released by the Financial Services Authority (OJK) shows that the slowdown in banking growth occurred in credit which grew moderately at 6.08% year on year (yoy), compared to the same period the previous year which grew 11.75% (yoy). However, the banking intermediation function was running well with adequate liquidity conditions supported by growth in Third Party Funds (DPK) of 6.54% (yoy), an increase compared to last year's 6.45% (yoy). The easing of global financial pressure due to the planned US-China trade deal and the government's efforts to maintain financial system stability provide optimism that the banking industry's performance in 2020 will be better than

2019.

Hopes for improved banking performance in 2020 seem to have vanished due to the emergence of a pandemic called Covid-19. A pandemic is defined as an epidemic that occurs worldwide, or over a very large area, crosses international boundaries and affects large numbers of people (in Kelly, 2011). The case of the Corona Virus Disease - 19 (Covid - 19) pandemic was first reported in December 2019 in Wuhan, a central city in China which then quickly spread to more than 200 countries in the world including Indonesia in early 2020.

The first case in Indonesia was announced by the President of the Republic of Indonesia on March 2, 2020 so that the government took preventive measures, including by doing physical distancing, using masks, closing schools, doing work from home, and so on. As of October 24, the covid19.go.id website shows global distribution data consisting of 214 countries experiencing confirmed cases of 42,055,863 people and 1,141,567 deaths while national data shows that 385,980 people have been confirmed positive, 309,219 people have recovered and 13,205 people have died. The policies that have been carried out by the government cannot be said to be effective without conducting empirical studies to prove it (Narayan et al., 2020).

Government policies not only have an impact on the health sector but also have an impact on the economic sector (Hanoatubun, 2020; Nugroho et al., 2020; Setiawan, 2020; Yunus & Rezki, 2020). The Central Statistics Agency (BPS-Badan Pusat Statistik) noted that macroeconomic growth in Indonesia in the third quarter of 2020 experienced a decline in performance of 3.49 percent yoy, the biggest cause of which was the outbreak of the COVID-19 pandemic in Indonesia. BPS also noted that 7 of the 17 sectors that affect the Indonesian economy grew but slowed down, namely agriculture, water supply, information & communication, real estate, government administration, education services, health services & social activities. Meanwhile, other sectors experienced a decline in performance (contraction). One of the sectors experiencing declining performance was the Financial Sector, which consisted of banking, insurance, financing, and securities companies, which experienced a decline in performance of 0.9% (yoy). Asif (2019) explained that the Covid-19 pandemic will have a negative impact on the performance of the banking sub-sector.

Various innovations made by the government are more directed at saving people's welfare because in the end people's purchasing power is better able to help drive the economy and save business growth, business profitability, and national economic growth (Mohammed et al., 2021). Research that examines the economic impact of the pandemic using stock market data has been carried out by Gormsen & Koijen, (2020); Landier & Thesmar, (2020); Ramelli & Wagner, (2020) which shows that companies that are more involved in international trade suffer a greater decline in stock prices as a result of the Covid-19 pandemic.

There have been restrictions on credit distribution due to the Covid-19 pandemic. This moment is an opportunity for banks and other financial institutions to contribute in helping the community's economy (Iskandar et al., 2020; Siahaan, 2020). The financial sector and the banking sub-sector in particular are expected to play a key role in cushioning economic shocks for corporations that have to struggle to get cash to cover operating costs as a result of revenue shortfalls by providing much-needed funds (Acharya & Steffen, 2020; Borio, 2020).

The government through OJK has issued OJK Regulation No.11/POJK.03/2020 concerning Relaxation of Credit/Financing for people affected by the Covid-19 pandemic (OJK, 2020) with the aim of maintaining financial and banking system stability during the Covid-19 pandemic. Policies This has an impact on banking performance because the bank's largest income comes from remuneration for providing credit to the public (Albanjari & Kurniawan, 2020; Disemadi & Shaleh, 2020; Wahyudi et al., 2019). Several possible risks faced by banks are the risk of non-performing financing, market risk and liquidity risk which will ultimately have an impact on banking performance and profitability (Wahyudi, 2020).

The Banking Industry Profile Report published every quarter by OJK explains that the measuring instrument for banking performance is measured by Banking Performance

Indicators and Risk Profile Assessment. In the banking performance indicators, there is an assessment of the capital factor as measured by the Capital Adequacy Ratio (CAR), the assessment of the profitability/profitability factor measured by Return On Assets (ROA) and an assessment of the efficiency of the use of all production factors in an effective manner and the results to be measured by the Ratio Operating Expenses to Operating Income (BOPO-Beban Operasional terhadap Pendapatan Operasional). Meanwhile, in the risk profile assessment, there is an assessment of bank credit risk as measured by Non Performing Loans (NPL) and banking liquidity risk measured by Loan to Deposit Ratio (LDR), Finance to deposit Ratio (FDR) and other ratios relevant to banking performance. In this study, the author will conduct an analysis using these ratios to represent some of the possible risks faced by banks in the face of the Covid-19 pandemic.

Banks with larger sizes and sound financial performance tend to be able to compete in the financial market in the Covid-19 pandemic situation so that they will have a competitive advantage and become more efficient in managing their business operations (Haryanto, 2018). Bank size has been regulated based on OJK Regulation Number 6/POJK.03/2016 which stipulates that based on core capital, banks can be grouped into 4 (four) Commercial Banks for Business Activities (BUKU), namely BUKU 1 (banks with core capital of up to less than 1 trillion), BUKU 2 (banks with a core capital of at least 1 trillion to less than 5 trillion), BUKU 3 (banks with a core capital of at least 5 trillion to less than 30 trillion) and BUKU 4 (banks with a core capital of at least 30 trillion). BUKU 4 Bank is the bank with the largest core capital and has overseas operations. BUKU 4 banks will be more resistant to declining liquidity, declining asset quality in the form of credit and decreasing profitability that occurred during the Covid 19 pandemic compared to banks in other strata because they have advantages in a high core capital structure and have a wide operating area covering abroad. Research conducted by Zbigniew Korzeb and Paweł Niedziółka (2020) concluded that the largest banks conducting their operations in Poland are the most resistant to the consequences of the pandemic, so researchers need to conduct tests on BUKU 4 banks in Indonesia.

Previous studies have focused on the effects of the Covid-19 pandemic at the macroeconomic level. The research was conducted by Gil-Alana and Monge (2020) studying the effects of the Covid-19 pandemic on crude oil prices. Njindan Iyke (2020) studied the effects of the Covid-19 pandemic on exchange rates and Apergis and Apergis (2020) studied the effects of Covid-19 on the US partisan conflict index. Another study examines a country's response to the stock market reaction caused by the Covid-19 pandemic (Liu, Wang, and Lee 2020; Narayan and Phan 2020).

Hadiwardoyo (2020) argues that information regarding the impact of Covid-19 on company performance, social impact, economic impact, and culture of the pandemic is still limited based on qualitatively collected data even though the world has experienced many similar events in the past. Existing literature studies on the impact related to such events from history, generally show a decline in asset returns during and following such a pandemic (Jordà, Singh, & Taylor, 2020) with results showing that the overall financial performance of Chinese firms has declined across industries since the Covid-19 pandemic hit China.

Various studies in several industrial sectors state that the Covid-19 pandemic has affected company performance. One of them is the tourism sector (Correa-Martínez et al., 2020; Nasution et al., 2020; Uğur & Akbıyık, 2020), the MSME sector (Abdurrahman Firdaus Thaha, 2020; Amri, 2020; Bartik et al., 2020; Fabeil et al., 2020; Shafi et al., 2020; Wijaya, 2020), the capital market sector (Ashraf, 2020; Zhang et al., 2020), to the Insurance sector (Babuna et al., 1978; Wang et al., 2020). Other researchers found that the Covid-19 pandemic reduced company revenues, which in turn lowered performance, affecting company performance (Liu, Wang, and Lee 2020; Narayan and Phan 2020). Another study conducted by Sunitha (2020) showed an increase in the leverage ratio and short-term activity ratio but a decrease in the liquidity ratio but a decrease in the liquidity ratio and profitability ratio of public companies during the Covid-19 pandemic. Zyadat's research, (2017) using research samples of the main Islamic banks in Jordan, namely: Jordan Islamic Bank and Arab Islamic Bank showed different results from Schüwer et al. (2018) and Ozsoy et al.

(2020) evaluates the impact of climate shocks on bank stability, which are affected by local shocks and are different in nature from the COVID-19 pandemic. In contrast to previous researchers, Wahyudi (2020) actually found that the performance of Islamic banks still showed quality and aggressive performance growth. Previous studies have shown that the Covid-19 pandemic has had a wide and varied impact on financial performance. This phenomenon prompted researchers to re-examine the impact of the Covid-19 pandemic on the financial performance of banking companies on the Indonesia Stock Exchange (IDX). Based on this background, the conceptual framework and the formulation of the hypothesis in this study are:

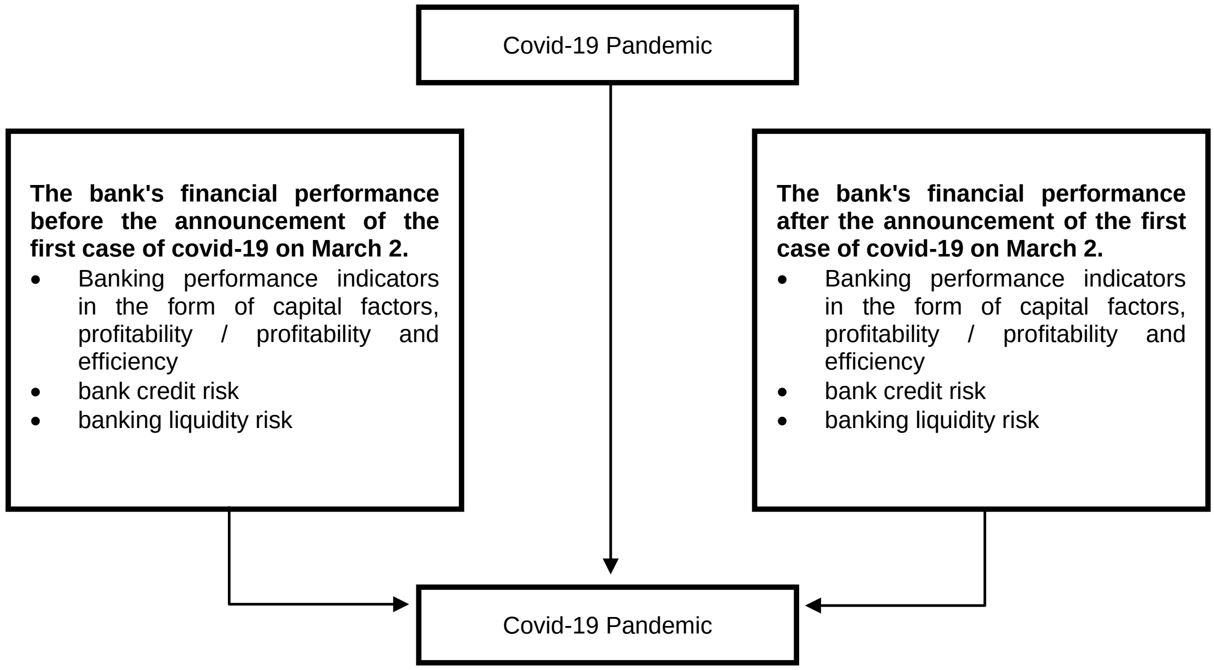

Figure 1 – Conceptual Framework

- H1: There is an impact of the covid-19 pandemic on banking performance indicators in the form of capital factors;
- H2 : There is an impact of the covid-19 pandemic on banking performance indicators in the form of profitability/profitability factors;
- H3 : There is an impact of the covid-19 pandemic on banking performance indicators in the form of efficiency factors;
- H4 : There is an impact of the covid-19 pandemic on bank credit risk;
- H5: There is an impact of the covid-19 pandemic on banking liquidity risk.

METHODS OF RESEARCH

This research is a quantitative research with a descriptive approach that emphasizes the event study. This study uses a different test. Different tests were carried out with two alternative methods, namely parametric statistical tests or non-parametric statistical tests. This test is used to determine differences in financial performance in the banking sub-sector before and after the announcement of the first Covid-19 case in Indonesia on March 2, 2020. The data processing in this study uses the SPSS version 24 application. Sources of data used in the study is secondary data, namely data obtained from existing data sources and not obtained directly by researchers. Secondary data were obtained from the IDX Annual (http://www.idx.co.id) and (http://www.ojk.go.id) which include quarterly published reports in the form of financial statements for the 2019 – 2020 period from companies that become the object of research is the banking sub-sector companies listed on the Indonesia Stock

Exchange. The data used are the Quarter 3 2019 Report (before the announcement of the first case of Covid-19 in Indonesia on March 2, 2020) and the Quarterly Report 3 of 2020 (after the announcement of the first case of Covid-19 in Indonesia on March 2, 2020). In this study, the sampling technique used was non-probability sampling, namely the purposive sampling technique.

RESULTS AND DISCUSSION

The description of the data presented in Table 1 about the Capital Factor as measured by the Capital Adequacy Ratio (CAR) has the lowest value of 19.33 and the highest of 23.79. The average CAR is 21.62 with a standard deviation of 1.64. The standard deviation value which is much smaller than the average value indicates that there is no big gap between the lowest value and the highest value in CAR from Quarterly Report 3 of 2019 at BUKU 4 Banks. Credit Risk Factor as measured by Non Performing Loan (NPL) has the lowest value of 1.62 and the highest of 3.52.

Table 1 – Descriptive Statistics Before March 2, 2020 (Q3 2019 Report)

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
CAR.1	7	19.33	23.79	21.6186	1.63709
NPL.1	7	1.62	3.52	2.6371	.71881
ROA.1	7	1.28	3.98	2.6286	.92420
BOPO.1	7	59.84	87.21	73.7571	9.29890
LDR.1	7	80.58	99.02	92.3186	6.29070
Valid N (listwise)	7				

Source: processed data, 2021.

The average NPL is 2.64 with a standard deviation of 0.72. The standard deviation value which is much smaller than the average value shows that there is no big gap between the lowest value and the highest value in NPL from Quarterly Report 3 of 2019 at BUKU 4 Banks. Profitability/Profitability factor as measured by Return on Assets (ROA) has the lowest value of 1.28 and the highest of 3.98. The average ROA is 2.63 with a standard deviation of 0.92. The standard deviation value that is close to the average value indicates that there is a large gap between the lowest value and the highest value on ROA from the 2019 Quarterly Report 3 at BUKU 4 Banks. The Company's Efficiency Factor as measured by Operating Costs to Operating Income (BOPO) has the lowest value of 59.84 and the highest 87.21. The average BOPO is 73.76 with a standard deviation of 9.3. The standard deviation value which is much smaller than the average value indicates that there is no big gap between the lowest value and the highest value in the BOPO from the 2019 Quarterly Report 3 at BUKU 4 Banks. The Liquidation Risk Factor as measured by the Loan to Deposit Ratio (LDR) has the lowest value of 80.58 and the highest value of 99.02. The average LDR is 92.32 with a standard deviation of 6.29. The standard deviation value which is much smaller than the average value indicates that there is no big gap between the lowest value and the highest value in the LDR from the 2019 Quarterly Report 3 at BUKU 4 Banks.

Table 2 – Descriptive Statistics After 2 March 2020 (Q3 2020 Report)

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
CAR.2	7	16.75	25.93	21.4414	3.08138
NPL.2	7	1.93	3.89	3.3043	.66630
ROA.2	7	.68	3.38	1.6743	.90873
BOPO.2	7	65.57	92.04	82.1329	9.01808
LDR.2	7	69.55	88.70	80.7700	6.47179
Valid N (listwise)	7				

Source: processed data, 2021.

DOI https://doi.org/10.18551/econeurasia.2021-06

The description of the data presented in Table 2 is that the Capital Factor as measured by the Capital Adequacy Ratio (CAR) has the lowest value of 16.75 and the highest of 25.93. The average CAR is 21.44 with a standard deviation of 3.08. The standard deviation value which is much smaller than the average value indicates that there is no big gap between the lowest value and the highest value in the CAR from Quarterly Report 3 of 2020 at BUKU 4 Banks. Credit Risk Factor as measured by Non Performing Loan (NPL) has the lowest score of 1.93 and the highest of 3.89. The average NPL is 3.30 with a standard deviation of 0.67. The standard deviation value which is much smaller than the average value indicates that there is no big gap between the lowest value and the highest value in NPL from the Quarterly Report 3 of 2020 at BUKU 4 Banks. Profitability/Profitability factor as measured by Return on Assets (ROA) has the lowest value of 0.68 and the highest of 3.38. The average ROA is 1.67 with a standard deviation of 0.91. The standard deviation value that is close to the average value indicates that there is a large gap between the lowest value and the highest value in the ROA of the 2020 Quarterly Report 3 of 2020 at BUKU Bank 4. The Company Efficiency Factor as measured by Operating Costs Against Operating Income (BOPO) has a value of the lowest was 65.57 and the highest was 92.04. The average BOPO is 82.13 with a standard deviation of 9.02. The standard deviation value which is much smaller than the average value indicates that there is no big gap between the lowest value and the highest value in the BOPO from Quarterly Report 3 of 2020 at BUKU 4 Banks. The Liquidation Risk Factor as measured by the Loan to Deposit Ratio (LDR) has the lowest value of 69.55 and the highest of 88.70. The average LDR is 80.77 with a standard deviation of 6.47. The standard deviation value which is much smaller than the average value indicates that there is no big gap between the lowest value and the highest value in the LDR from Quarterly Report 3 of 2020 at BUKU 4 Banks.

Table 3 – Paired sample t-test results

No	Variable	Mean	t	Asymp. Sig.	Information
1	CAR_1	21,62	0,219	0,834	H1 rejected
	CAR_2	21,44			
2	ROA_1	2,63	6,075	0,001	H2 accepted
	ROA_2	1,67			
3	$BOPO_1$	73,76	-5,071	0,002	H3 accepted
	$BOPO_2$	82,13			
4	NPL_1	2,64	-2,634	0,039	H4 accepted
	NPL_2	3,30			
5	LDR_1	92,32	11,839	0,000	H5 accepted
	LDR_2	80, 77			

Source: processed data, 2021.

Impact of the Covid-19 Pandemic on Banking Performance Indicators

The results of the analysis show that banking performance indicators with an assessment of the capital factor as measured by CAR there is no significant difference between the CAR of the period before the announcement of the first case of Covid-19 in Indonesia and with the CAR of the period after the announcement of the first case of Covid-19 in Indonesia. The results of this study reject Hypothesis 1 (H1) which states that there are differences in banking performance indicators in the form of capital factors. The results of this study do not support Jorda, Singh, & Taylor (2020) which states that the overall financial performance of Chinese companies has declined across industries since the Covid-19 pandemic hit China. This study also does not support the study conducted by Aldasoro et al. (2020) based on data from 118 registered banks in 28 countries in the first months of the COVID-19 crisis showed that the entire banking sector was significantly affected. However, the results of this study support the research of Ilhami and Husni (2020) and Riftiasari and Sugiarti (2020) which stated that the Covid-19 pandemic did not have a significant impact on CAR. The results of this study also support research conducted by Korzeb & Niedziółka (2020) which states that banks with large capital are the most resilient in dealing with the crisis due to the Covid-19 pandemic, while banks with weak capital are most sensitive to the Covid-19 pandemic as indicated by weak capital position, low profitability and poorer credit portfolio quality than others. The results of a significant difference test show that the announcement of the first case of Covid-19 in Indonesia did not cause a significant decrease in banking capital adequacy as measured by the CAR ratio. This shows that during the Covid-19 pandemic period, banks can maintain capital adequacy so that banks can have certainty in maximizing their operations and banks are stronger to bear the risk of any risky loans or productive assets.

The results of the analysis show that banking performance indicators with an assessment of the profitability/profitability factor as measured by ROA, there is a significant difference between the ROA of the period before the announcement of the first Covid-19 case in Indonesia and the ROA of the period after the announcement of the first case of Covid-19 in Indonesia. The results of this study accept Hypothesis 2 (H2) which states that there are differences in banking performance indicators in the form of profitability/profitability factors. The results of this study support the research of Rofiqoh (2001) which states that there is a decline in the financial performance of public companies on the Jakarta Stock Exchange for all sectors during the crisis, especially in the level of ability to generate profits as indicated by a significant decrease in ROA. This study supports another study conducted by Lasak (2021) that commercial banks in the euro zone were affected by the pandemic situation, especially in terms of lending activity and profitability, which could lead to a sizeable increase in non-performing loans. This study also supports the study conducted by Aldasoro et al. (2020) based on data from 118 registered banks in 28 countries in the first months of the COVID-19 crisis showed that the entire banking sector was significantly affected. In addition, this study also supports the research of Shen et al. (2020) showed that the Covid-19 pandemic had a significant negative impact on the performance of Chinese issuers due to a decrease in the value of total revenue which resulted in a decrease in ROA. However, this study does not support the research conducted by Wahyudi, (2020) which states that the performance of Islamic banks still shows quality and aggressive performance growth. The results of a significant different test show that the announcement of the first case of Covid-19 in Indonesia resulted in a significant decrease in the profitability/profitability factor as measured by ROA, thereby reducing the ability of banks to manage assets under control, which means that the effectiveness of the company in generating profits by utilizing assets decreases owned by the company.

The results of the analysis show that the banking performance indicators with an assessment of the efficiency of the use of all production factors appropriately and the results as measured by the BOPO there are significant differences between the BOPO period before the announcement of the first case of Covid-19 in Indonesia and with the BOPO period after the announcement of the first case of Covid-19 in Indonesia. The results of this study accept Hypothesis 3 (H3) which states that there are differences in banking performance indicators in the form of efficiency factors for the use of all production factors. The results of this study support the research of Jorda, Singh, & Taylor (2020) which states that the overall financial performance of Chinese companies has declined across industries since the Covid-19 pandemic hit China. This study also supports the study conducted by Aldasoro et al. (2020) based on data from 118 registered banks in 28 countries in the first months of the COVID-19 crisis showed that the entire banking sector was significantly affected. In addition, this study also supports other research which states that the Covid-19 pandemic reduces company revenues, which in turn lowers performance, affecting company performance (Liu, Wang, and Lee 2020; Narayan and Phan 2020). However, this study does not support the research conducted by Riftiasari and Sugiarti (2020) which states that the impact of Covid-19 on BOPO is not significant, indicating differences in financial performance. The results of a significant difference test show that the announcement of the first case of Covid-19 in Indonesia resulted in a significant increase in the ratio of the company's operating costs when compared to its operating income, so the smaller the BOPO means the more efficient the company is in managing its business.

The Impact of the Covid-19 Pandemic on Banking Credit Risk

The results of the analysis show that the assessment of credit risk as measured by NPL has a significant difference between the NPL period before the announcement of the first case of Covid-19 in Indonesia and the NPL period after the announcement of the first case of Covid-19 in Indonesia. The results of this study accept Hypothesis 4 (H4) which states that there are differences in bank credit risk differences. The results of this study support the research of Jorda, Singh, & Taylor (2020) which states that the overall financial performance of Chinese companies has declined across industries since the Covid-19 pandemic hit China. This study supports another study conducted by Lasak (2021) that commercial banks in the euro zone were affected by the pandemic situation, especially in terms of lending activity and profitability, which could lead to a sizeable increase in non-performing loans. This study also supports the study conducted by Aldasoro et al. (2020) based on data from 118 registered banks in 28 countries in the first months of the COVID-19 crisis showed that the entire banking sector was significantly affected. In addition, this study also supports other research which states that the Covid-19 pandemic reduces company revenues, which in turn lowers performance, affecting company performance (Liu, Wang, and Lee 2020; Narayan and Phan 2020). However, this study does not support the research conducted by Ilhami and Husni (2020) and Ihsan and Prawidya (2020) which stated that the Covid-19 pandemic did not have a significant impact on NPL. The results of a significant difference test show that the announcement of the first case of Covid-19 in Indonesia resulted in a significant increase in credit risk as measured by NPL, namely banks experienced an increase in financing risk due to the higher number of non-performing loans because of the decline in macroeconomic performance as a result of the Covid-19 pandemic as well as the decreased level of bank ability to fulfill loans submitted by debtors without any suspension.

Impact of the Covid-19 Pandemic on Banking Liquidity Risk

The results of the analysis show that the assessment of liquidity risk as measured by the LDR there is a significant difference between the LDR period before the announcement of the first case of Covid-19 in Indonesia and with the LDR period after the announcement of the first case of Covid-19 in Indonesia. The results of this study accept Hypothesis 5 (H5) which states that there are differences in banking liquidity risk differences. The results of this study support the research of Jorda, Singh, & Taylor (2020) which states that the overall financial performance of Chinese companies has declined across industries since the Covid-19 pandemic hit China. This study also supports the study conducted by Aldasoro et al. (2020) based on data from 118 registered banks in 28 countries in the first months of the COVID-19 crisis showed that the entire banking sector was significantly affected. In addition, this study also supports other research which states that the Covid-19 pandemic reduces company revenues, which in turn lowers performance, affecting company performance (Liu, Wang, and Lee 2020; Narayan and Phan 2020). However, this study does not support the research conducted by Ilhami and Husni (2020) and Ihsan and Prawidya (2020) which stated that the Covid-19 pandemic had no significant impact on LDR. The results of a significant different test show that the announcement of the first case of Covid-19 in Indonesia resulted in a significant reduction in liquidity risk as measured by LDR in the banking sub-sector, namely a decrease in the level of bank ability to repay its obligations to customers and a decrease in the level of bank ability to fulfill credit. submitted by the debtor without any suspension.

CONCLUSION AND SUGGESTIONS

Based on the results of data analysis and discussions that have been carried out, it can be concluded that the Banking Performance indicators in the form of capital factors as measured by CAR show that there are no significant differences before and after the announcement of the first case of Covid-19 in Indonesia on March 2, 2020. However, in the profitability/profitability factor as measured by ROA, there are significant differences before and after the announcement of the first case of Covid-19 in Indonesia on March 2, 2020. As well as on the efficiency factor for the effective use of all production factors and the usability as measured by BOPO, there are significant differences before and after the announcement of the first case of Covid-19 in Indonesia on March 2, 2020. There is a significant difference in bank credit risk as measured by NPL before and after the announcement of the first Covid-19 case in Indonesia on March 2, 2020. There is a significant difference in banking liquidity risk as measured by LDR before and after the announcement of the first Covid-19 case in Indonesia on March 2, 2020.

Based on the results of the analysis and conclusions, several suggestions can be made for companies, investors, and further research is the results of this study indicate that in general banks experienced a decline in performance during the Covid-19 pandemic. Therefore, it is recommended for every company to pay attention and pay attention to the impact of an external event on the financial performance of the bank which is then used as consideration in evaluating performance, making decisions and formulating corporate strategies so that managed banks can still perform well and still earn the trust of consumers/customers. For investors, this research shows that in general banks experienced a decline in performance during the Covid-19 pandemic. Therefore, it is recommended for investors to pay attention to and re-evaluate investment plans made in the banking sub-sector. This study emphasizes event study with an accounting approach through calculating financial ratios using historical data and seeing whether the company's performance experiences differences after the occurrence of an event. So that the results of this study can be developed to test the abnormal returns that occurred after the announcement of the first case on March 2, 2020.

REFERENCES

1. Acharya, V., & Steffen, S. (2020). The risk of being a fallen angel and the corporate dash for cash in the midst of COVID. CEPR COVID Economics, 10.
2. Asif Perwej, “A Pervasive Review Of The Customer Contentment In The Bhilwara Banking Sector.", International Journal of Advanced Research Social Science and Humanities bearing (IJAR), Volume: 07, Issue: 01, Page 518-527, 2019
3. Albanjari, F. R., & Kurniawan, C. (2020). Implementasi Kebijakan Peraturan OJK (Pojk) No.11/Pojk.03/2020 Dalam Menekan Non Performing Loan (NPL) Pada Perbankan Syariah. Jurnnal Eksyar (Jurnal Ekonomi Syariah), 07(01), 24–36.
4. Amri, A. (2020). Dampak Covid - 19 Terhadap UMKM di Indonesia. Jurnal Brand, 2 (1), 147–153.
5. Apergis, N., & Apergis, E. (2020). Can the COVID - 19 pandemic and oil prices drive the US partisan conflict index? Energy Research Letters, 1(1), 1–4.
6. Ashraf, B. N. (2020). Economic Impact Of Government Interventions During The COVID - 19 Pandemic: International Evidence From Financial Markets. Journal of Behavioral and Experimental Finance, 27(January).
7. Babuna, P., Yang, X., Gyilbag, A., Awudi, D. A., Ngmenbelle, D., & Bian, D. (1978). The impact of Covid - 19 on the insurance industry. American Industrial Hygiene Association Journal, 39(10),840–843. https://doi.org/10.1080/0002889778507868
8. Badan pusat statistik https://www.bps.go.id/ diakses tanggal 24 Januari 2021
9. Borio, C. (2020). The prudential response to the Covid - 19 crisis. Bank of International Settlements.
10. Bartik, A. W., Bertrand, M., Cullen, Z., Glaeser, E. L., Luca, M., & Stanton, C. (2020). The impact of COVID - 19 on small business outcomes and expectations. Proceedings of the National Academy of Sciences of the United States of America,117(30),17656–17666. https://doi.org/10.1073/pnas.2006991117
11. Bintang, F.M., Malikah, A., & Afifudin. (2019). Pengaruh opini audit tahun sebelumnya, debt default, rasio likuiditas, rasio leverage terhadap opini audit going concern. E-JRA, 8(10), 98–115.
12. Correa-Martínez, C. L., Kampmeier, S., Kümpers, P., Schwierzeck, V., Hennies, M.,

Hafezi, W., Kühn, J., Pavenstädt, H., Ludwig, S., & Mellmann, A. (2020). A pandemic in times of global tourism: Superspreading and exportation of COVID - 19 cases from a ski area in Austria.Journal of Clinical Microbiology,58 (6), 1–8. https://doi.org/10.1128/JCM.00588-20

13. Disemadi, H. S., & Shaleh, A. I. (2020). Banking credit restructuring policy amid COVID - 19 pandemic in Indonesia.Jurnal Inovasi Ekonomi, 5(02),63–70. https://doi.org/10.22219/jiko.v5i3.11790
14. Dr. Asif Perwej.2020, The Impact of Pandemic Covid-19 on the Indian Banking System. Int J Recent Sci Res. 11(10), pp. 39873-39883. DOI: http://dx.doi.org/10.24327/ijrsr.2020.1110.5578
15. Fabeil, N. F., Langgat, J., & Pazim, K. H. (2020). The Impact of Covid - 19 Pandemic Crisis on Micro-Enterprises:Entrepreneurs' Perspective on Business Continuity and Recovery Strategy. Journal of Economics and Business,3(2). https://doi.org/10.31014/aior.1992.03.02.241
16. Gil-Alana, L. A., & Monge, M. (2020). Crude oil prices and COVID - 19: Per-sistence of the shock. Energy Research Letters, 1(1), 13200.
17. Gormsen, N., & Koijen, R. S. (2020). Coronavirus: Impact on stock prices and growth expectations. University of Chicago, Becker Friedman Institute of Economics Working Paper.
18. Hadiwardoyo, W. (2020). Kerugian ekonomi nasional akibat pandemi Covid-19. Baskara Journal of Business & Enterpreneurship, 2(2), 83– 92.
19. Hanoatubun, S. (2020). Dampak Covid - 19 Terhadap Perekonomian Indonesia. EduPsyCouns Journal, 2, 146–153.
20. Ilhami., and Husni Thamrin., (2020). Analisis Dampak Covid 19 Terhadap Kinerja Keuangan Perbankan Syariah Di Indonesia. Jurnal Tabarru: Islamic Banking & Finance, Vol 4 No 1, 37 – 45
21. Iskandar, A., Possumah, B. T., & Aqbar, K. (2020). Peran Ekonomi and Keuangan Sosial Islam saat Pandemi Covid - 19. SALAM: Jurnal Sosial and Budaya Syar-I, 7(7). https://doi.org/10.15408/sjsbs.v7i7.15544
22. Jordà, Ò., Singh, S. R., & Taylor, A. M. (2020). Longer-run economic conse-quences of pandemics: National Bureau of economic research.
23. Kelly, H (2011)The classical definition of a pandemic is not elusive. Bulletin of the World Health Organization 2011;89:540-541. doi: 10.2471/BLT.11.088815 dar http://www9.who.int/bulletin/volumes/89/7/11-088815/en/
24. Korzeb, Z., & Niedziółka, P. (2020). Resistance of commercial banks to the crisis caused by the COVID-19 pandemic: the case of Poland. Equilibrium. Quarterly Journal of Economics and Economic Policy, 15(2), 205–234. doi: 10.24136/eq.2020.010
25. Kunt, Asi Demirguc., Alvaro Pedraza., and Claudia Ruiz-Ortega., Banking Sector Performance During the COVID - 19 Crisis., (2020)
26. Liu, Wang, E.-Z., & Lee, C.-C. (2020). Impact of the COVID - 19 pandemic on the crude oil and stock markets in the US: A time-varying analysis. Energy Research Letters, 1(1), 13154.
27. Lasak,Piotr (2021). The Commercial Banking Sector in Eurozone after the Pandemic: The Paths to Recovery. European Research Studies Journal Vol. XXIV, 1233 - 1246
28. Laiman, L. & Hatane, S. E. (2017). Analisis dampak merger and akuisisi terhadap kinerja keuangan pada perusahaan non keuangan yang terdaftar di Bursa Efek Indonesia periode tahun 2007– 2014. Business Accounting Journal, 5(2), 517–28.
29. Landier, A., & Thesmar, D. (2020). Earnings expectations in the covid crisis. National Bureau of Economic Research.
30. Mohammed, T., Mustapha, K. B., Godsell, J., Adamu, Z., Babatunde, K. A., Akintade, D. D., Acquaye, A., Fujii, H., Ndiaye, M. M., Yamoah, F. A., & Koh, S. C. L. (2021). A critical review of the impacts of COVID-19 on the global economy and ecosystems and opportunities for circular economy strategies. Resources, Conservation and Recycling, 164, 105169.
31. Nasution, D. A. D., Erlina, E., & Muda, I. (2020). Dampak Pandemi COVID - 19 terhadap

Perekonomian Indonesia. Jurnal Benefita, 5 (2), 212. https://doi.org/10.22216/jbe.v5i2.5313

32. Narayan, Paresh Kumar., Dinh Hoang Bach Phan., and Guangqiang Liu . (2020), "COVID - 19 lockdowns, stimulus packages, travel bans, and stock returns",. Finance Research Letters.
33. Narayan, P. K. (2020). Oil price news and COVID - 19—Is there any connec-tion? Energy Research Letters, 1(1), 13176.
34. Njindan Iyke, B. (2020). The disease outbreak channel of exchange rate return predictability: Evidence from COVID - 19. Emerging Markets Finance and Trade, 56(10), 2277–2297.
35. Nnamani, J. N, Onyekwelu, U. L., &Ugwu, O. K. (2017). Effect of sustainability accounting on the financial performance of firms in the Nigerian brewery sector. European Journal of Business and Innovation Research, 5(1), 1-15.
36. Notta, O. & Vlachvei, A. (2014). The impact of financial crisis on firm performance in case of Greek food manufacturing firms. Procedia Economics and Finance, 14, 454-460.
37. Nugroho, L., Utami, W., Harnovinsah, & Doktoralina, C. M. (2020). "Covid - 19 And The Potency Of Disruption On The Islamic Banking Performance (Indonesia Cases)"., IJEBA (International Journal of Economic and Business Applied), (1).
38. Nur, M & Priantinah, D. (2012). Analisis faktor-faktor yang mempengaruhi pengungkapan corporate social responsibility di Indonesia (Studi empiris pada perusahaan berkategori high profile yang listing di Bursa Efek Indonesia). Nominal, Barometer Riset Akuntansi and Manajemen, 1(2), 22-34.
39. Ozsoy, S. Mehmet, Mehdi Rasteh, and Erkan Yönder, 2020, Understanding drought shocks: Bank financial stability and loan performance, Working Paper.
40. Ozsoy, S. Mehmet, Mehdi Rasteh, Erkan Yönder and Meric Yucel, 2020, COVID - 19 Impacts on Bank Stability in a Liquidity-Backed Environment.
41. OECD. (2020). Coronavirus (COVID-19): SME policy responses. https://read.oecdilibrary.org/view/?ref=119_119680di6h3qgi4x&title=COVID-19_SME_Policy_Responses.
42. Peraturan Bank Indonesia No: 13/1/PBI/2011, Penilaian Tingkat Kesehatan Bank Umum
43. Peraturan Bank Indonesia No: 15/12/PBI/2013, Penyediaan Modal Minimum Bank Umum
44. Website OJK https://www.ojk.go.id/id/Default.aspx diakses tanggal 24 Januari 2021
45. Peraturan OJK No. 4 /POJK.03/2016, Penilaian Tingkat Kesehatan Bank Umum
46. Peraturan OJK No. 6 /POJK.03/2016, Kegiatan Usaha and Jaringan Kantor Berdasarkan Modal Inti Bank
47. Surat Edaran OJK No. 14 /SEOJK.03/2017, Penilaian Tingkat Kesehatan Bank Umum
48. Peraturan OJK No. 15 /POJK.03/2017, Penetapan Status and Tindak Lanjut Pengawasan Bank Umum
49. Ramelli, S., & Wagner, A. (2020). Feverish stock price reactions to Covid - 19.
50. Rhamadana, R. B. & Triyonowati (2016). Analisis rasio keuangan untuk menilain kinerja keuangan pada PT. H. M. Sampoerna Tbk. Jurnal Imu and Riset Manajemen, 5(7), 1–18
51. Riftiasari, Dinar., and Sugiarti (2020). Analisis Kinerja Keuangan Bank Bca Konvesional and Bank Bca Syariah Akibat Dampak Pandemi Covid-19. Jurnal Manajemen Bisnis, 33(2).
52. Robinson, TR. (2029). International Financial Statement Analysis.
53. Rofiqoh, I. (2001). Pengaruh krisis moneter terhadap kinerja perusahaan publik di Bursa Efek Jakarta. Jurnal Akuntansi and Investas,i 2(2), 87– 104.
54. Rusdin (2008) . Pasar modal (Teori, masalah and kebijakan dalam praktik). Bandung: Alfabeta.
55. Sajiyah, I. (2016). Pengaruh current ratio, debt to equity ratio and return on investment terhadap harga saham perusahaan food and baverages. Akademika, 14(1), 32–39.
56. Santos, J.B.,&Brito, L.A.L. (2012). Toward a subjective measurement model for a firm Performance. Brazilian Administration Review, 95-117.
57. Sari, D. I. (2020). Pengaruh current ratio and debt to equity ratio terhadap return. Jurnal Riset Akuntansi and Keuangan Dewantaram, 4(1), 66– 77.

58. Shahchera, Mahshid, (2012). The Impact of Liquidity Asset on Iranian Bank Profitability. International Conference on Management Behavioral Sciences and Economics Issues (ICMBSE'2012) Penang, Malaysia.
59. Schüwer, Ulrich, Claudia Lambert, and Felix Noth, 2018, How do banks react to catastrophic events? Evidence from Hurricane Katrina, Review of Finance 23, 75–116.
60. Setiawan, H. (2020). Dampak Pandemi Covid-19 Terhadap Perekomian Indonesia. 1–10.
61. Siahaan, M. (2020). Increasing the Role of Bank Financial Institutions and Non-Bank Financial Institutions in Providing Optimal Distribution for Communities during the Covid - 19 Pandemic.Proceeding Book of The 2 International Conference on Business and Banking Innovations 2020 " Nurturing Business and Banking Sustainability", 472.
62. Shafi, M., Liu, J., & Ren, W. (2020). Impact of COVID - 19 pandemic on micro, small, and medium-sized Enterprises operating in Pakistan. Research in Globalization, 2, 100018. https://doi.org/10.1016/j.resglo.2020.100018
63. Shen, H., Fu, M., Pan, H., Yu, Z., & Chen, Y. (2020). The impact of the COVID-19 pandemic on firm performance. Emerging Markets Finance and Trade, 56(10), 2213-2230.
64. Subramanyam, K. R. (2014). Financial statement analysis. McGraw Hill Education.
65. Sundari, Retno Ika (2016). Kinerja Merger and Akuisisi Pada Perusahaan Go Public. Telaah Bisnis, 17 (1).
66. Surat Edaran Bank Indonesia No. 26/5/BPPP, tanggal 29 Mei 1993
67. Uğur, N. G., & Akbıyık, A. (2020). Impacts of COVID - 19 on global tourism industry: Across-regional comparison. Tourism Management Perspectives, 36 (April), 100744. https://doi.org/10.1016/j.tmp.2020.100744
68. Wahyudi, R. (2020). Analisis Pengaruh CAR , NPL , FDR , BOPO and Inflasi terhadap Profitabilitas Perbankan Syariah di Indonesia : Studi Masa Pandemi Covid - 19. At-Taqaddum, 9726, 13–24.
69. Wahyudi, R., Mujibatun, S., & Riduwan. (2019). Debt and Equity-Based Financing, Size and Islamic Banks Profitability: Empirical Evidence from Indonesia 1. IQTISHADIA, 12(2), 227–239.
70. Wang, Y., Zhang, D., Wang, X., & Fu, Q. (2020). How Does COVID - 19 Affect China's Insurance Market? Emerging Markets Finance and Trade, 56(10), 2350–2362. https://doi.org/10.1080/1540496X.2020.1791 074
71. Wardani, E. (2008). Satu dekade pasca-krisis indonesia: badai pasti berlalu?Kanisius. Yogyakarta: Kanisius.
72. Wijaya, O. Y. A. (2020). The Impact of Covid - 19 on Micro, Small and Medium Enterprises (MSMEs) in Easr Java Province, Indonesia and Strategies for Overcoming : Ad Interim. International Research Association for Talent Development and Excellence, 12, 3454–3465.
73. Worldometers (2020).Global Statistics on COVID - 19 Pandemic Outbreak. Retrieved from, https://worldometers.info/coronavirus
74. Yunus, N. R., & Rezki, A. (2020). Kebijakan Pemberlakuan Lockdown. SALAM; Jurnal Sosial & Budaya Syar-I, 7 (3), 227–238. https://doi.org/10.15408/sjsbs.v7i3.15083
75. Zyadat, A. A. H. (2017). The Impact of Sustainability on the Financial Performance of Jordanian Islamic Banks.International Journal of Economics and Finance, 9 (1),55–63. https://doi.org/10.5539/ijef.v9n1p55