COMPARISON OF PERFORMANCE OF BANKING SECTOR COMPANIES BEFORE AND AFTER THE PANDEMIC COVID-19

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ABSTRACT

This study aims to compare stock performance in the banking sector before and after the Covid-19 pandemic, starting from December 2019 when the virus was confirmed to have entered Indonesia, until March 2020 when its spread began to peak. The sample of this research is all companies in the banking sector listed on the IDX. The results of the study show that there is a significant difference in the validated stock performance for the 2019-2021 period through the paired test. It was identified that the banking sector tends to experience a decline after the pandemic Covid-19, due to the factor of streamlining business operations carried out with national policies. In addition, the company's adjustment to the pandemic situation led to increased investor trust in invest so that stock performance also increases.

Keywords: Covid-19, Banking, Stock Performance.

I. INTRODUCTION

The spread of the covid-19 epidemic in the world affects almost all industrial sectors, of course the peak of this phenomenon is economic growth. Not least in Indonesia, various industrial sectors have emphasized business operations as an effort to accelerate the reduction of the impact of the spread of the epidemic. From all industrial sectors, the banking services sector was also affected by this event, which is very visible in the significant changes in stock prices on the Indonesia Stock Exchange (IDX) for the period 2019 - 2020, along with the development chart on the IHSG:

![Stock Price Index Composite (IHSG) for the period May 2019 - May 2020](Source: IDX processed data, 2020)

Figure 1. Stock Price Index Composite (IHSG) for the period May 2019 - May 2020 Source: IDX processed data, 2020

Quoted from Yahoo Finance shows the magnitude of changes that have occurred in the banking sector. As happened in the stock prices of March 2019 and March 2020 in several banks which experienced a significant decline compared to other banking companies. March 2020 became the peak of panic from the pandemic and also the dominant economic downturn, here are 5 companies with the largest downward trend as shown in the following table:
Table 1. Stock Price Development

<table>
<thead>
<tr>
<th>Code</th>
<th>Name of Issuer</th>
<th>SharePrice</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2019</td>
</tr>
<tr>
<td>AGRO</td>
<td>Bank Rakyat Indonesia Agro Niaga Tbk</td>
<td>322,00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>27550.0</td>
</tr>
<tr>
<td>BBCA</td>
<td>Bank Central Asia Tbk</td>
<td>0</td>
</tr>
<tr>
<td>BBNI</td>
<td>Bank Negara Indonesia (Persero) Tbk</td>
<td>9400.00</td>
</tr>
<tr>
<td>BBRI</td>
<td>Bank Rakyat Indonesia (Persero) Tbk</td>
<td>4110.00</td>
</tr>
<tr>
<td>BMRI</td>
<td>Bank Mandiri (Persero) Tbk</td>
<td>7475.00</td>
</tr>
</tbody>
</table>

Source: Data processed by Yahoo Finance

Of all the companies that are members of the banking sector, there are 5 banking companies with the lowest share performance, as shown in Table 1. This is due to macroeconomic factors, namely the increase in layoffs which resulted in large unemployment rate, of course the decision was made as an effort to streamline operations as well as to suppress outdoor activities in order to minimize the spread of the epidemic. With this decision, investors panic to sell their shares, this condition creates high selling pressure so that the stock price drops.

The banking sector is one of the alternative stock options, where several issuers have a fairly good level of stability at the closing of stock prices in the long and short term. So that this becomes an attraction for investors to reallocate their funds to the banking sector. It can be seen in the performance of stock prices for the period 2019 - 2020 which is used as comparative data where before the outbreak and also after the outbreak, is shown in the following graph:

Figure 2. Chart of Stock Performance in the Banking Sector 2019-2020 Source: Yahoo Finance processed
Based on the data processing in Figure 3 above, there was a very volatile growth in stock prices, especially in March 2020, which was the peak of the decline in stock prices due to adjustments to the national economic situation. However, the banking sector was able to overcome this situation to make it more stable, resulting in an increase in share prices in the following period. This shows that the banking sector is an alternative for investors to allocate funds. The above background intends for the author to conduct this research with the aim of analyzing the performance of shares in banking companies during the Covid-19 pandemic.

Based on the above introduction, the problem examined in this study is formulated whether there are differences in the performance of companies incorporated in the banking sector both before and after the Covid-19 pandemic. Referring to this problem, this study aims to determine the differences in the performance of companies incorporated in the banking sector both before and after the COVID-19 pandemic.

II. LITERATURE REVIEW INVESTMENT

Investment is an activity that can be carried out by managing an asset, so that the asset can produce results at a later time. According to Tandelilin (2010), investment is a commitment to a number of funds or other resources that are carried out at this time to obtain a number of benefits in the future. In general, according to Fahmi and Hadi (2009) in their book Portfolio Theory and Investment Analysis, investment is divided into two categories, namely real investment and financial investment. Real investment is an investment in the form of a fixed asset which generally involves tangible assets such as land, machinery, or factories. Meanwhile, the financial investment is an investment that involves assets in the form of a written contract as common shares and bonds. There are several reasons why someone makes an investment, namely to develop wealth in the form of assets as a guarantee for obtaining a more decent life in the future, reducing inflationary pressure, and encouraging tax savings.

Shares

Shares are proof of ownership of the issuer or company in the form of a claim on the income and assets of a Limited Liability Company. In general, shares can be divided into two categories based on their claim rights, namely common stock and preferred stock. (Common stock or common stock) is a share that gives the holder (investor) the last place to distribute dividends and rights to the assets (assets) of the company in the event of liquidation in the company. This is because the owner of common stock is a party that does not have special rights in a company. In addition, the privilege of common stockholders can also be indicated by not getting the right to dividends if the company does not get a return from the results obtained by the company. But on the other hand, ordinary shareholders still have the right to voice or convey their aspirations, so that investors can make decisions that are very important for the sustainability of the company so that it always grows and develops well, especially in getting returns from the company. While the preferred shares (preferred stock) are stocks that have the characteristics of a combination of common stock with bonds. This is because preferred stocks can generate fixed income to their holders (investors), for example, such as bond interest. In addition, preferred stockholders also get the right to distribute dividends as well as the company's first (main) assets in the event of liquidation in the company. But on the other hand, preferred shareholders do not have the right to voice or convey their aspirations.

Share price

Figure 3. Graph Growth in Banking Sector Shares 2019-2021 Source: Yahoo Finance processed
The share price is a share value that has been determined by the issuer or company to reflect the assets of the company that issued the shares (Putri, LP 2017). According to Anisma, Y. (2012) a share price is closely related to the market price of a share. This is because stock prices are influenced by the demand and supply of shares that occurs on the secondary market or stock exchange. The more investors who want to buy shares on the stock exchange, the more the stock price will increase. Meanwhile, if many investors sell shares, this will also have an impact on the decline in share prices. In addition, the ups and downs of a stock price will have an influence on company performance. Where if the stock price rises, investors will conclude that the company has a good performance, and vice versa.

Stock Performance

Stock Performance is an activity carried out in order to measure or assess the level of success achieved by the company in generating returns during a certain period of time. Returns are levels of profit that can be enjoyed by investors or holders (investors) on the investment they have made. According to Jogiyanto (2013) returns are the results from investments in the form of actual return (return realization) and the expected return (return expectations). Actual return is a return that has occurred which is calculated using historical data, while the expected return is the return that has not occurred but is expected to occur and be obtained by investors in the future. To calculate the amount of stock performance for the period 2019-2020, the following formula is used:

\[
\text{Stock Performance} = \frac{X_2 - X_1}{100} 
\]

**Hypothesis**

According to Christensen et al. (2016:103) the research hypothesis is the relationship the researcher predicts between the variables studied. Meanwhile, according to Sugiyono (2015:96) Hypothesis is a temporary answer to the formulation of research problems, where the formulation of the problem is expressed in a question sentence. Hypotheses are opinions or statements that are not necessarily true and must be tested because they are temporary. Hypothesis is a proposition, condition or principle that is considered true and without conviction, so that logical consequences can be drawn and in this way testing (testing) of the truth is carried out using the facts from the existing data. In this study, the hypothesis used is the null hypothesis (The null hypothesis).

Then the hypothesis can be formulated as follows:

\[ H_1 = \text{there is a difference in company performance before and after the Covid-19 pandemic.} \]

**III. RESEARCH METHOD**

The method used in this study is the Difference Test. Difference test is a form of variable (data) analysis to determine the difference between two groups of data (variables) or more. Another test is comparative analysis often called a significant contrast. There are two types of comparators, namely comparative between two samples and comparative samples (comparative between more than two samples). Then each comparative model from the sample is divided into two types, namely compiled (related) samples and unsympathetic or independent samples (Misbahuddin, 2013). The t statistical test basically shows the extent of the influence of one variable in explaining individually improving the variation of the related variable. The null hypothesis (H0) to be tested is whether a parameter (bi) is equal to zero, or:

\[ H_0: b_i = 0 \]

That is, whether an independent variable is not a significant explanation for the dependent variable. The alternative hypothesis (Ha), the variable parameter is not equal to zero, or:

\[ H_a: b_i \neq 0 \]

That is, it is a significant explanation of the dependent variable. To test the two hypotheses, the t statistic t is used, which is calculated from the following formula:

\[ t = \frac{b_i - 0}{S} = \frac{b_i}{S} \]
Where \( S \) = standard deviation, which is calculated from the variance of the roots. The variance or \( S^2 \) obtained from the SSE is divided by the number of degrees of freedom. In other words:

\[
S^2 = \frac{\text{SSE}}{nk}
\]

Where \( n \) = number of observations; \( k \) = the number of parameters in the model, including the intercept.

IV. RESEARCH RESULTS AND DISCUSSION

In this study, tests were carried out before and after Covid-19 on the performance of forty-three (43) banking sector companies listed on the Indonesia Stock Exchange for the period 2019-2021.

Normality Test

Thenormality test in the regression model is used to test whether the residual value of the regression results is normally distributed. A good regression model is a model that has a normally distributed residual value. The data normality test uses the graphical method by looking at the distribution of data on the diagonal sources on the Kolmogorov-Smirnov normal graph. As a basis for decision making, if the points are scattered around the line and follow a diagonal line and the significance value is greater than 0.05, the residual data is normal. Residual or normal data is data that is evenly distributed and the location of the pattern is not too left or right, that is, the data obtained has an even distribution of data representing the total population.

Paired sample test is part of the comparative hypothesis test or comparison test. The data used in paired sample tests are generally interval or ratio scale data (quantitative data). Paired sample test aims to determine whether there is a difference in the mean of the two samples (two groups) which are paired or related.

The paired test sample is part of the parametric statistical analysis. Therefore, the basic principle in parametric statistical analysis, the main requirement is that the research data must be normally distributed.

The first step taken by the author is to process data normality data, to get an initial picture of the data, where the following results are obtained:

<table>
<thead>
<tr>
<th>Table 2</th>
<th>One - Sample Komogorov-Smirnov Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statistic</td>
<td>Sig.(2-tailed)</td>
</tr>
<tr>
<td>Before</td>
<td>776</td>
</tr>
<tr>
<td>After</td>
<td>713</td>
</tr>
</tbody>
</table>

Based on data processing in the table above, the Kolmogorov-Smirnov Z (KSZ) value before the Covid-19 pandemic was 0.776 and after the Covid-19 pandemic was 0.713. At the Asymp value, Sig. (2-tailed) data before the pandemic is 0.584 > 0.05 and after the pandemic is 0.690 > 0.05, so it can be concluded that the data before and after the pandemic is normally distributed.

Paired Test Results

The hypothesis to be tested in this study relates to the absence of influence between the independent variable and the dependent variable. Where the null hypothesis (H0) is a hypothesis about the absence of influence, while the alternative hypothesis (H1) is the hypothesis proposed by the authors in this study. Following are the results of t statistical testing using SPSS:

<table>
<thead>
<tr>
<th>Table 3</th>
<th>Paired Samples Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>Growth</td>
</tr>
</tbody>
</table>
Judging from the table above states the average value before the Covid-19 pandemic > after Covid-19, it can be concluded that there are differences in the average data before and after the Covid-19 pandemic. To prove whether the difference is really significant or not, it is necessary to interpret the results of the paired test sample which contains the paired test sample output as follows.

Table 4

<table>
<thead>
<tr>
<th>Paired SamplesCorrelations</th>
<th>Correlation</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>n</td>
<td>.300</td>
<td>.031</td>
</tr>
</tbody>
</table>

Table 4 shows the results of the correlation test or the relationship between the two data. Based on the output above, it is known that the correlation coefficient value is 0.300 with a significance value of 0.031. Because the significance value <0.05, it can be said that there is a significant relationship before and after Covid-19.

Table 5

<table>
<thead>
<tr>
<th>Paired Samples Test</th>
<th>t</th>
<th>df</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pair 1 Before - After</td>
<td>5,863</td>
<td>51</td>
<td>.000</td>
</tr>
</tbody>
</table>

The table above, known values. 0.000 <0.05 then Ho is rejected or Ha is accepted. So it can be concluded that there are significant differences before Covid-19 and after Covid-19. This means that there is a significant change in the stock performance of banking sector companies before and after the Covid-19 pandemic.

V. CONCLUSION

The results of this study indicate that the banking sector is one of the sectors affected by the Covid-19 pandemic, seen from the significance of changes in stock performance before and after the pandemic. This shows that external factors can affect the company's performance which of course has an impact on the attractiveness of investors to invest. The stability of controlling external factors, where the adjustment to the current situation has resulted in an increase in stock performance, especially in the banking sector, with an increase in stock performance, can be seen in changes in the fluctuating share price which is listed on the Indonesia Stock Exchange. Based on the results of previous research that the researcher has stated, the average value before Covid-19 is > after Covid-19, it means that descriptively there is a difference in the average data before and after Covid-19. Furthermore, to prove the sample whether there is a real difference (significant sample) or not, we need to interpret the results of the paired test sample which contains the paired test sample output or in other words there is a significant difference both before Covid-19 and after Covid-9. In the correlation test, it issued a significance value of 0.031 where > 0.005, it can be said that there is no relationship before and after Covid-19. The paired test shows a significance result of 0.000 where <0.05, it is concluded that there are significant changes in the data before and after the Covid-19 pandemic. It can be stated that companies in the banking sector listed on the Indonesia Stock Exchange for the period 2019-2021 have experienced significant changes.

REFERENCES


