

Comparative Analysis Of Performance Appraisal Foreign Banks And Non Foreign Bank Conventional In Indonesia

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Abstract

This study aims to compare the performance of conventional foreign exchange banks and conventional non-foreign exchange banks in Indonesia during 2020-2021 using the RGEC method (Risk Profile, Good Corporate Governance, Earnings, Capital). This study using ROA, NPL, CAR, LDR, Institutional Ownership, Managerial Ownership, and the Commissioner of the Independent variable Samples were selected in this study with purposive sampling method amounted to 105 foreign banks and 15 non-bank foreign exchange during 2020-2021. Analysis that using Independent t-tests on the data were normally distributed and the Mann Whitney-U test on the data is not normally distributed. In the test results stated that there are no differences in the financial performance of foreign exchange banks and non-foreign exchange banks if in view of the ratio of ROA, NPL, CAR, and LDR. And there are differences in the level of performance when viewed in terms of ownership and leadership.

Keywords: *Financial Performance, RGEC, Foreign Exchange Banks, Non Foreign Exchange Banks, Comparative*

INTRODUCTION

Banks are financial institutions that are places for companies, government and private bodies, as well as individuals to store their funds. Through lending activities and various services provided, banks serve financing needs and launch a payment system mechanism for all sectors of the economy. Before making an investment, an investor must consider several factors including evaluating the company's financial performance.

There are many state-owned, private, government-owned banks or others in Indonesia. A foreign exchange bank is a bank that has obtained an appointment letter from Bank Indonesia to be able to carry out banking business activities in foreign currency. Foreign exchange banks can offer bank services related to these foreign currencies such as transfers abroad, buying and selling foreign currencies, export import transactions, and other foreign exchange services.

The requirements that must be met before a non-foreign exchange bank can be granted a license to become a foreign exchange bank include: a minimum CAR in the last month of 8 %, soundness level for the last 24 consecutive months classified as healthy, a minimum paid-up capital of 150 billion rupiah and a bank has made preparations to carry out activities as a Foreign Exchange Commercial Bank covering organization, human resources, operational guidelines for foreign exchange activities.

One of the elements that a bank pays close attention to is the bank's performance, in other words, the level of soundness. To assess the soundness of the bank can be assessed from several indicator. One of the main indicators used as the basis for the assessment is the bank's financial statements.

LITERATURE REVIEW

Theoretical Basis of Definition of Bank

According to the Law of the Republic of Indonesia Number 10 of 1998 dated November 10, 1988 concerning banking, what is meant by a bank is a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit and or other forms in order to improve living standards the people (Kasmir, 2011 : 35).

This understanding can explain more broadly that a bank is a company engaged in the financial sector, meaning that banking activities are always related to the financial sector.

Foreign Exchange Bank

A foreign exchange bank is a bank that has obtained an appointment letter from Bank Indonesia to be able to conduct banking business in foreign currency. Foreign transactions or those related to foreign currencies as a whole, for example foreign transfers, foreign collection, *Travelers Checks*, opening and payment of *Letter of Credit* and other transactions. The requirements to become a foreign exchange bank are determined by Bank Indonesia.

Non Foreign Exchange Banks

Non Foreign Exchange Banks are banks that do not yet have a license from Bank Indonesia to carry out transactions as foreign exchange banks, so they cannot carry out transactions like foreign exchange banks. So a non- foreign exchange bank is the opposite of a foreign exchange bank, where transactions are carried out within national boundaries.

Requirements for Commercial Banks to Conduct Foreign Exchange Business Activities

In connection with BI Circular Letter No.15/27/DPNP regarding requirements issued for commercial banks to be able to carry out business activities using foreign currency.

Business activities that can be carried out by Commercial Banks are grouped based on their Core Capital, hereinafter referred to as Commercial Banks based on Business Activities (BUKU). The grouping of Commercial Banks based on Business Activities consists of 4 (four) BUKU, namely BUKU 1, BUKU 2, BUKU 3 and BUKU 4.

Business activities in foreign currencies can only be carried out by Banks that are included in the BUKU 2, BUKU 3, and BUKU 4 groups. Banks that are included in BUKU 1 can only carry out activities as Foreign Exchange Traders (PVA) which are regulated in separate provisions. Banks that obtain approval from Bank Indonesia to carry out business activities in foreign currencies, also known as foreign exchange banks.

Descriptive definition of RGEC analysis

The purpose of the RGEC analysis is to find out the actual condition of a bank in a healthy, unhealthy or maybe sick condition. If it turns out that the condition of the bank is in good health then it needs to be maintained, whereas if the condition is not healthy then action needs to be taken to treat it. One method of measuring the soundness of a bank is RGEC analysis.

General principles of RGEC assessment

Circular Letter No.13/24/DPNP issued by Bank Indonesia on 25 October 2011 states that the general principle for assessing a bank's soundness level uses the RGEC method, namely that bank management needs to pay attention to the following general principles as a basis for assessing a bank's soundness level.

1. Risk Oriented

Assessment of the soundness level is based on the bank's risks and the impact they have on the bank's overall performance. This is done by identifying internal and external factors that may increase risk or affect the bank's current and future financial performance. Thus, banks are expected to be able to detect earlier the root causes of bank problems and take preventive and remedial steps effectively and efficiently.

2. Proportionality

The use of parameters/indicators in each factor for assessing the soundness of a bank is carried out by taking into account the characteristics and complexity of the bank's business. The parameters/indicators for assessing the soundness level of a bank in this circular letter constitute the minimum standard that must be used in assessing the soundness level of a bank. However, banks may use parameters/indicators additions that

are in accordance with the characteristics and complexity of the business in assessing the soundness of a bank so that it can better reflect the condition of the bank.

3. Materiality and Significance

Banks need to pay attention to the materiality or significance of the assessment factors for the soundness of the bank, namely risk profile, GCG (*Good Corporate Governance*), earnings, and capital as well as the significance of the assessment parameters/indicators on each factor in concluding the assessment results and determining factor ratings. The determination of materiality and significance is based on an analysis supported by adequate data and information regarding risks and the bank's financial performance.

4. Comprehensive and Structured

The assessment process is carried out thoroughly and systematically and is focused on the main problems of the bank. The analysis is carried out in an integrated manner, namely by considering the interrelationships between Risks and between factors assessing the soundness of the bank and its subsidiaries which must be consolidated. The analysis must be supported by basic facts and relevant ratios to show the level, *trend* and level of problems faced by the Bank.

Elements of the RGEC Assessment

According to the Bank Indonesia Law Article 2 paragraph 3, banks are required to evaluate the soundness level of banks individually using a *risk-based bank rating approach* , with the scope of assessment of the following factors:

a. *Risk profile*

Assessment of risk profile factors is an assessment of inherent risk Assessment of inherent risk is carried out by taking into account both quantitative and qualitative parameters/indicators. The assessment on risk management is divided into eight parts. Determination of the level of inherent risk for each type of risk refers on principles general assessment of the soundness level of commercial banks.

b. *Good Corporate Governance (GCG)*

Assessment of GCG factors is an assessment of the quality of bank management for the implementation of GCG principles. GCG principles and the focus of evaluation on the implementation of GCG principles are guided by Bank Indonesia regulations regarding the implementation of GCG for commercial banks by taking into account the characteristics and complexity of the Bank's business.

c. Profitability (*earnings*)

Evaluation factor profitability covers evaluation of profitability performance, sources of profitability, sustainability (*sustainability*) profitability, and profitability management. The assessment is carried out by considering the level, *trend*, structure, stability bank profitability, and performance comparison bank with *peer group performance*, both through analysis of quantitative and qualitative aspects. In determining *the peer group*, banks need to pay attention to the business scale, characteristics and/or complexity of the Bank's business as well as the availability of data and information they have. Banks in assessing the profitability factor use parameters / indicators based on the rules issued by Bank Indonesia.

d. Capital _

Assessment of the capital factor includes evaluation of capital adequacy and capital management adequacy. In calculating capital, banks are required to refer to Bank Indonesia provisions governing the Minimum Capital Adequacy Requirement for commercial banks. In addition, in conducting adequacy assessment

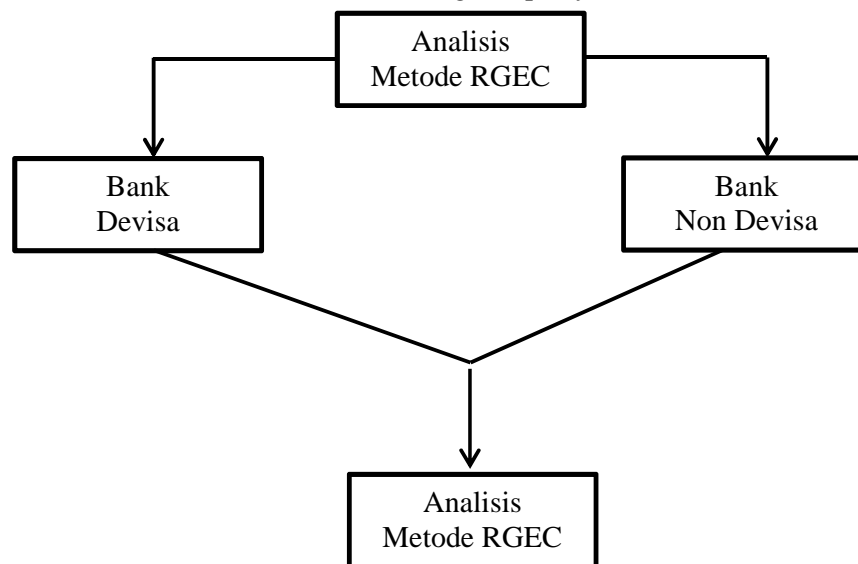


Figure 1
conceptual framework

The above framework can be interpreted to mean that in order to identify significant differences in banking performance, it is necessary to carry out a comparative analysis of the performance of foreign exchange and non-foreign exchange banks using the RGEC method. The test tool used in this study is the t-test. After testing, capital can be withdrawn, the bank must also link capital adequacy with the bank's risk profile. The higher it is bank risk, the greater the capital that must be provided to anticipate the risk.

Conceptual Framework

The framework of thought that underlies this research can be seen in Figure 1 below. conclusions from the results of a comparison of the performance of the two banks.

Based on the background of the problem, problem formulation, research objectives, and the theoretical basis discussed above, the research hypothesis can be formulated as follows:

H 1 There is a significant difference between the performance of foreign exchange banks and non-bank banks foreign exchange conventional Which There is in Indonesia , when viewed from the ROA ratio.

H 2 There is a significant difference between the performance of foreign exchange banks and non-foreign exchange banks conventional ones There is in Indonesia when viewed from the NPL ratio.

H 3 There is a significant difference between the performance of foreign exchange banks and non-foreign exchange banks conventional Which There is in Indonesia when viewed from the CAR ratio.

H 4 There is a significant difference between the performance of foreign exchange banks and non-foreign exchange bank conventional Which There is in Indonesia when viewed from the LDR ratio.

H 5 There is a significant difference between the performance of foreign exchange banks and non-foreign exchange banks conventional Which There is in Indonesia when viewed from Institutional Ownership.

H 6 There is a significant difference between the performance of foreign exchange banks and non-foreign exchange banks conventional Which There is in Indonesia when viewed from Managerial Ownership.

H 7 There is a significant difference between the performance of foreign exchange banks and non-foreign exchange banks conventional Which There is in Indonesia when viewed from the Independent Commissioner.

Companies that have competence in the fields of marketing, manufacturing and innovation can make it a resource to achieve competitive advantage (Daengs GS, et al. 2020: 1419).

The research design is a plan to determine the resources and data that will be used to be processed in order to answer the research question. (Asep Iwa Soemantri, 2020:5).

Time management skills can facilitate the implementation of the work and plans outlined. (Rina Dewi, et al. 2020:14)

Standard of the company demands regarding the results or outputs produced are intended to develop the company. (Istanti, Enny, 2021: 560).

When collecting data sources, researchers collect data sources in the form of raw data. The survey method is a primary data collection method using written questions (Kumala Dewi, Indri et al, 2022: 29).

Data analysis in the study was carried out through a descriptive analysis method, which is defined as an attempt to collect and compile data, then an analysis of the data is carried out, while the data collected is in the form of words. (Kasih Prihantoro, Budi Pramono et al, 2021: 198).

METHODE RESEARCH

This research is a quantitative research related to the banking industry in Indonesia. The subjects of this study were conventional foreign exchange and conventional non-foreign exchange banks in Indonesia in the period 2020-2021. The process of assessing the soundness of a bank uses the RGEC method (*risk, good corporate governance, earnings, capital*).

Variable Identification

Based on the hypothesis problems that have been put forward, the variables that will be analyzed in this study are the level of soundness of conventional non-foreign exchange banks in Indonesia with the indicator *Return on Assets (ROA)*, *Non Performing Loans (NPL)*, *Capital Adequacy Ratio (CAR)*, *Loan to Deposit Ratio (LDR)*, Institutional Ownership, Managerial Ownership, and Independent Commissioners.

Operational Definition and Variable Measurement

Variable measurements according to Bank Indonesia (SE 13/24/DPNP) are carried out to assess bank performance as measured by the RGEC method consisting of financial report ratios, namely *Return on Assets (ROA)*, *Loan to Deposit Ratio (LDR)*, *Capital Adequacy Ratio (CAR)*, Productive Asset Quality Ratio (NPL). Regarding the GCG assessment, the researcher chose the indicators of Institutional Ownership, Managerial Ownership, and Independent Commissioners as benchmarks in this different test assessment.

1. *Return on Assets (ROAs)*.

Banking capabilities for earn a return on a number of assets owned by the bank. *Return On Assets* can be obtained in this way calculate the ratio between profits after tax in total assets. Measurement the ratio according to attachment 1.3 Bank Indonesia Circular Letters are:

$$ROA = \frac{\text{Laba sebelum Pajak}}{\text{Rata - rata Total Aset}} \times 100 \%$$

2. *Loan to Deposit Ratio (LDR).*

Indicators of banking ability to pay all public funds and their own capital by relying on credit distributed to the public. LDR can be obtained by calculating the ratio between the total loan and the total deposit. The measurement of this ratio according to attachment 1.4 of a Bank Indonesia Circular Letter is:

$$LDR = \frac{\text{Total Kredit}}{\text{Seluruh dana yang berhasil dhimpun} + \text{Modal sendiri}} \times 100 \%$$

3. *Capital Adequacy Ratio (CAR).*

The ratio that shows how much the total assets of the bank are containing risks (credit, equity, securities, bills at other banks) are also financed from their own capital, in addition to obtaining funds from sources outside the bank. The measurement of these ratios is:

$$CAR = \frac{\text{Modal Inti} + \text{Modal Pelengkap}}{\text{Aktiva Tertimbang Menurut Rasio}} \times 100 \%$$

4. *Non Performing Loan(NPL)*

In the NPL formula by calculating problem financing. Non-performing financing is often referred to as non-performing loans, which are substandard, doubtful and bad quality loans. Credit with the criteria of substandard (KL), loss (M) and doubtful (D) divided by total financing. Meanwhile, NPL for Low Quality Financing is credit quality with the criteria of substandard (KL), loss (M), doubtful (D), special mention (DPK) divided by total financing (based on Bank Indonesia Circular Letter Attachment Number 13/24/DPNP dated 25 October 2011).

NPL

$$= \frac{\text{Modal Kredit dalam kasus kurang lancar, macet dan diragukan}}{\text{Total kredit}} \times 100 \%$$

5. *Institutional Ownership*

Institutional ownership is a variable that explains the number of shares owned by the institution. Institutional ownership is measured using a comparison between the number of shares owned by the institution and the total outstanding shares.

$$KI = \frac{\text{Jumlah saham yang dimiliki Pihak Institusi}}{\text{Total Modal saham Perusahaan yang beredar}} \times 100 \%$$

6. *Ownership managerial*

Managerial ownership is the amount of share ownership by management. Managerial ownership is measured by a comparison between the number of shares owned by the manager and the total company outstanding

$$KM = \frac{\text{Jumlah saham yang dimiliki Pihak Manajemen}}{\text{Total Modal saham Perusahaan yang beredar}} \times 100 \%$$

7. Commissioner Independent

Independent commissioners are commissioners who are not is member management, shareholders majority or directly related to the majority shareholder, the measurement is calculated by means of the total number of commissioners from outside the company divided by all members of the company's board of commissioners.

$$KIND = \frac{\text{Jumlah anggota dewan komisaris dari luar perusahaan}}{\text{Seluruh Anggota Dewan Komisaris Perusahaan}} \times 100 \%$$

Data Analysis Techniques/Methods

Descriptive Analysis

Descriptive analysis was carried out to determine the description of the variables that will be used in this study. In giving an overview is not intended to draw conclusions. The description of the variables given includes the mean, min and max values of these variables.

The following is a descriptive presentation of the research variables used, namely the financial performance of foreign exchange and non -foreign exchange banks registered with Bank Indonesia for the period 2020-2021 using the ratios of ROA, LDR, CAR, NPL, Institutional Ownership, Management Ownership, and Commissioners Independent.

Classical Assumption Test (Normality)

The normality test aims to test whether the sample used in this study is normally distributed or not with the provision of a significant level $\alpha = 0.05$, namely:

- a) If the probability ≥ 0.05 , then the data is considered normal.
- b) If the probability < 0.05 , then the data is considered abnormal.

This research is a test of difference between two bank samples. If the data is not normally distributed, the *Mann Whitney-u test is used* and the data is normally distributed using *the independent t-test*. In this study, outlier data was not used because researchers only wanted to know the differences in the conditions of the two banks between foreign exchange banks and conventional non-foreign exchange banks in Indonesia. Because outlier data will result in reduced sample data being observed.

Hypothesis testing

Testing the hypothesis using parametric statistical tests, namely the *independent sample t-test* because this research is in accordance with the conditions used by the *independent sample t-test*, namely to compare or test whether there is a difference in the mean of two related samples, the data quantitative data is used, assuming the data is normally distributed and using a non-parametric statistical test, namely the Mann-Whitney U test assuming the data is not normally distributed (Imam Ghozali, 2006).

ROA, NPL, CAR, KI, KM and KIND ratios were tested using the Mann-Whitney U while the LDR ratio used the *Independent sample t-test*

DATA ANALYSIS AND DISCUSSION

In this study, the population used is foreign exchange and non-foreign exchange banking companies in Indonesia. The periodization of this population includes data for the years 2020-2021. The sample used is conventional foreign exchange and non-foreign exchange banks in Indonesia that have *gone public*. This study used a period of 5 years, samples were collected from 120 banks. Sampling was carried out using a *purposive method. sampling*, namely sample research based on the suitability of the characteristics with the sample criteria that have been determined by previous researchers.

Descriptive Analysis

Descriptive analysis was carried out to determine the description of the variables that will be used in this study. In giving an overview is not intended to draw conclusions. The description of the variables given includes the mean, min and max values of these variables. The following presents a descriptive research variable used, namely the financial performance of foreign exchange and non-foreign exchange banks registered with Bank Indonesia for the period 2020-2021 using the ratios of ROA, LDR, CAR, NPL, Institutional Ownership, Managerial Ownership, and Independent Commissioners.

Based on table 1, the average value of ROA for foreign exchange banks is 2.34. This shows that from 2020 to 2021 the ROA ratio for foreign exchange banks has fluctuated. The ROA ratio is the better the management of bank assets in generating profits. The best ROA standard according to Bank Indonesia is 1.5% and 1.23 for non-foreign exchange banks. When viewed from the average value of ROA, it can be concluded that the ability of foreign exchange banks is greater than the ability of non-foreign exchange banks to earn returns on a number of assets owned.

The average NPL value of foreign exchange banks is 3.60. The ratio of NPLs at foreign exchange banks fluctuates. The higher the NPL value, the worse the quality of a bank. below 5%. And the average for non-foreign exchange banks is 9.21, that non-foreign exchange banks are more at risk because they have a higher average NPL than foreign exchange banks. The average for non-foreign exchange banks is 9.21% and foreign exchange banks are 3.60 %.

The average foreign exchange bank CAR is 16.7, the higher the CAR, the better the quality. In accordance with BI provisions, the best standard CAR is 8%. While the average non-foreign exchange bank is 18.55 Based on SEBI No.6/23/DPND/2004 it states that a bank is said to be healthy if its CAR is 8%. In this study, non-foreign exchange banks are better at managing operational costs compared to banks foreign exchange because the average non-foreign exchange bank is 18.55% and foreign exchange bank is 16.70%.

The average LDR value for foreign exchange banks is 77.01 and for non-foreign exchange banks is 70.26. The higher the LDR, it indicates the high liquidity capacity of a bank. According to BI's determination criteria, a good LDR is between 50% and 75%, which is included in the rating criteria 1. Based on the calculation of the average LDR, both banks, both foreign exchange banks and non-foreign exchange banks, are said to be in equally good condition.

The average value of IC for foreign exchange banks is 73.71 and for non-foreign exchange banks is 57.83. Institutional ownership has an important meaning in monitoring management, because institutional ownership will encourage more optimal monitoring of management performance, so that management will be more careful. Be careful when making decisions, the higher the average, the better.

The average KM value of foreign exchange banks is 4.41 and that of non-foreign exchange banks is 14.60. Managerial ownership can reduce the urge to manipulate, so that reported profits reflect the actual economic situation of the company concerned. So that problems or fraud are assumed to disappear if a manager is also an owner.

The average value of KIND for foreign exchange banks is 0.57 and non-foreign exchange is 0.70. An independent board of commissioners generally has better oversight of management, thus affecting the possibility of fraud in presenting financial reports carried out by managers, meaning that the board of commissioners is more competent hence further reducing the possibility of fraud in financial reporting (Chtourou, 2001).

Normality test

The normality test in this study used the Kolmogrov Smirnov method. The normality test aims to test whether the sample used in this study is normally distributed or not with a significant level of $\alpha = 0.05$. The normality test in this study is the significant level of ROA of 0.000, NPL of 0.002, CAR of 0.000, LDR of 0.131, KI of 0.046, KM of 0.000, and KIND of 0.000. So it can be concluded that of all the ratios only the LDR ratio is normally distributed with a significance level of $\alpha > 0.05$ and the others are not normally distributed.

It can be concluded that H_0 is accepted at the ratios of ROA, NPL, CAR, and LDR because the significance value of ROA is 0.700, NPL is 0.444, CAR is 0.478, and LDR is 0.220 which is greater than $\alpha = 0.05$. Which means that there is no significant difference between the performance of conventional foreign exchange banks and non-foreign exchange banks in Indonesia when viewed from the ratios of ROA, NPL, CAR, and LDR.

While it can be concluded that H_0 is rejected in the ratio of KI, KM, and KIND because the significance value for KI is 0.013, KM is 0.006, and KIND is 0.024 which is smaller than $\alpha = 0.05$. Which means that there is a significant difference between the performance of foreign exchange banks and conventional non-foreign exchange banks in Indonesia when viewed from the ratio of KI, KM, and KIND.

Return On Assets (ROA)

calculation of the average **ROA ratio of foreign exchange banks during the observation year 2020-2021** of 2.34%. These foreign exchange banks have met the criteria set by Bank Indonesia so that conventional foreign exchange banks in Indonesia can be said to be good even though they experienced a decline in from 2008 to 2010 which resulted from a drastic decrease in profits at bank ICB Bumiputera in 2009 from 8.99% to 0.17% and at Bank Internasional Indonesia in 2010 from 8.99% to 1.01%. All of this proves that foreign exchange banks do not maximally take advantage of opportunities to earn profits from transactions using foreign currencies. In Figure 4.2 it shows that the average value of non-foreign exchange banks is 1.23% because the bank has a negative profit rate, in 2009 experienced a significant increase due to the bank's profit of 7.87%, in 2010 the average negative ROA resulted from the bank's earning a negative profit of - 12.90%, and in 2011 the average ROA at non-foreign exchange banks increased again, although not drastically. Although, if we look at the average value of ROA, it can be concluded that the ability of foreign exchange banks is greater than the ability of non-foreign exchange banks to earn returns on a number of assets owned by the two banks in 2009-2010 both experienced a decline.

From this explanation it is stated that there is no significant difference between the performance of conventional foreign exchange banks and non-foreign exchange banks in Indonesia when viewed from ROA. The results of this study contradict previous research conducted by (syahrial, 2011) which stated that there were significant differences There is a significant difference between the performance of foreign exchange banks and non-foreign exchange banks when viewed from the ROA ratio and this result is supported by previous research (Siti, 2009) which states that there is no difference in the financial performance of foreign exchange and non-foreign exchange banks when viewed from ROA.

Non Performing Loans (NPL)

Based on the calculation of the average **NPL ratio of foreign exchange banks during the observation year 2020-2021** of 3.60%, all this shows that foreign exchange banks are said to be in good condition because they are in accordance with BI provisions which state that the best NPL conditions are below 5% and foreign exchange banks can be said to be in good condition. On the contrary, if you look at the calculation of the average NPL of non-foreign exchange banks during the year of observation, it was 9.21%. Based on these data, non-foreign exchange banks have poor quality because the greater the NPL, the greater the credit risk. In this case, Pundi bank has the worst NPL, namely 50.96%. the average NPL is greater than that of foreign exchange banks. The average NPL of non-foreign exchange banks is 9.21% and that of foreign exchange banks is 3.60% during 2020-2021. Even though the results of the calculation of the average NPL of non-foreign exchange banks has a higher NPL ratio but basically foreign exchange and non-foreign exchange banks have a risk of bad credit. From this explanation it is stated that there is no significant difference between the performance of

foreign exchange banks and conventional non-foreign exchange banks in Indonesia when viewed from the NPL. The results of this study are supported by (Bayu, 2012) which stated that there was no significant difference in the NPL results between the two banks observed.

Capital Adequacy Ratio (CAR)

Based on the calculation of the average **CAR ratio of foreign exchange banks during 2020-2021** of 16.70%, all of this shows that foreign exchange banks are in good condition. Based on SEBI No.6/23/DPND/2004 it states that a bank is said to be healthy if its CAR is 8% and foreign exchange banks meet these criteria. Similarly, the average CAR for non-foreign exchange banks is 18.55% and non-foreign exchange banks are also stated in good condition. The Capital Adequacy Ratio is a ratio that shows how much the total risky bank assets (loans, investments, securities, claims on other banks) are also financed from their own capital, in addition to obtaining funds from sources outside the bank. It can be concluded that non-foreign exchange banks have a better ability to manage operational costs to generate income. foreign exchange bank of 16.70%. From this explanation it is stated that there is no significant difference between the performance of conventional foreign exchange banks and non-foreign exchange banks in Indonesia when viewed from CAR. The results of this study contradict previous studies conducted by (syahrial, 2011) which stated that there were significant differences between the performance of foreign exchange banks and non-foreign exchange banks when viewed from the CAR ratio.

Loan to Deposit Ratio (LDR)

Based on the calculation of the average **LDR ratio** at foreign exchange banks in Indonesia. During the year of observation since 2020-2021 it can be seen that the average LDR of foreign exchange banks is 77.01%. The same can be seen in the average LDR of non-foreign exchange banks during the observation year of 70.26%. In accordance with BI's provisions stating that the best LDR conditions are 50%-75%, it can be stated that the bank is ranked 1 and an average of 75%-85% in the second rank, all of which illustrate that foreign exchange banks and non-foreign exchange banks are in a condition that well when viewed from the LDR ratio and foreign exchange banks have fulfilled the BUKU requirements circulated by Bank Indonesia that foreign exchange banks must be in rank 1 and 2 positions for the last 18 months.

Because the Loan to Deposit Ratio is an indicator of a bank's ability to pay all public funds and its own capital by relying on credit distributed to the public, these two banks are said to be good and capable of fulfilling all existing fund obligations. From this explanation it is stated that there is no significant difference between the performance of conventional foreign exchange banks and non-foreign exchange banks in Indonesia when viewed from the LDR. This result is supported by previous research (Siti, 2009) which states that there is no difference in the financial performance of foreign exchange banks and non foreign exchange when viewed from the LDR.

The Loan to Deposit Ratio (LDR) reflects a bank's ability to channel third party funds on credit or a type of credit, and if they are not disbursed, *idle money will arise*, which means that the money is still of value but does not produce anything. The maximum value of LDR at Bank Maya is caused by the incessant promotion of credit for the community, such as for example low-interest housing loans (KPR), facilitating travel by purchasing airplane tickets using a credit card, working capital credit intended for small and medium business activists, and other products. LDR is a ratio that measures a bank's ability to meet financial obligations that must be fulfilled immediately. This obligation is in the form of *call money* which must be fulfilled when there is a clearing obligation, where the fulfillment is made from current assets owned by the company.

Institutional Ownership (IP)

Based on the calculation of the average **institutional ownership** of foreign exchange banks during 2020-2021 of 73.71% and the average institutional ownership of non-foreign exchange banks was 57.83%. From the average of the two banks, it can be seen that foreign exchange banks have a better level of security compared to non-foreign exchange banks because institutional ownership has an important meaning in monitoring management, because institutional ownership will encourage more optimal monitoring of management performance. , so management will be more careful in making decisions. Such *monitoring* will certainly guarantee prosperity for shareholders. The greater the institutional ownership, the more efficient the use of company assets and is expected to act as a deterrent against waste by concentrated management. Institutions consider that foreign exchange banks have a greater opportunity to earn profits from activities using foreign exchange, therefore many institutions invest share capital in foreign exchange banks compared to non-foreign exchange banks. From this explanation it is stated that there is a significant difference between the performance conventional foreign exchange banks and non-foreign exchange banks in Indonesia when viewed from institutional ownership.

Managerial Ownership (KM)

Based on the average **managerial ownership** of foreign exchange banks of 4.42% and on average managerial ownership of non-foreign exchange banks of 14.60%. Managerial ownership is the number of shareholdings by management. Managerial ownership is measured by a comparison between the number of shares owned by the manager and the total company outstanding. In the GCG implementation mechanism, managerial ownership is used as an effort to reduce agency conflicts or conflicts of interest between managers and owners. This all indicates that non-foreign exchange banks are better compared to foreign exchange banks because the average managerial ownership of non-foreign bank banks is much greater than in foreign exchange banks, all of this is due to the fact that there are many foreign exchange banks that do not have managerial ownership, most of the share ownership is owned by institutions. The

existence of managerial ownership can reduce the incentive to carry out manipulation actions, so that reported profits reflect the true economic condition of the company concerned. So problems or fraud are assumed to disappear if a manager is also an owner. From this explanation it is stated that there is a significant difference between the performance of conventional foreign exchange banks and non-foreign exchange banks in Indonesia when viewed from Managerial Ownership.

Independent Commissioner (KIND)

Based on an average foreign exchange bank **independent commissioner** of 0.57% and an average non-foreign bank independent commissioner of 0.70%. 8/4/PBI/2006 Independent commissioners are part of the board of commissioners who are truly in a neutral position and do not have family or interest relationships with other commissioners or directors or parties that can reduce their independence position. The existence of an independent commissioner is expected to be able to uphold good corporate governance. In this case foreign exchange banks have a better average compared to foreign exchange banks.

Independent commissioners can dominate the policies taken by the board of commissioners. If the independent commissioner is the majority party (> 50%) then it may be more effective in carrying out the monitoring role within the company. So that the appointment of the board of commissioners is not only for compliance with regulations, the regulator needs to think of ways to further disseminate the need for GCG enforcement, for example by giving awards to companies with the best GCG in profit smoothing practices. The number of independent commissioners of non-foreign exchange banks is greater than that of banks. foreign exchange because the foreign exchange bank's board of commissioners is more dominated by the institutional company itself and does not take the board of commissioners from an independent party. From this explanation it is stated that there is a significant difference between the performance of conventional foreign exchange banks and non-foreign exchange banks in Indonesia when viewed from the perspective of Independent Commissioners.

CONCLUSION

This study aims to analyze the comparison of financial performance between conventional foreign exchange banks and conventional non-foreign exchange banks in Indonesia. The sample of banks registered with Bank Indonesia for the period 2020-2021 and used in this study were 24 banks consisting of 21 foreign exchange banks and 3 non-foreign exchange banks. Hypothesis testing was carried out using the *Independent t-test* on parametric samples, and the *Mann-Whitney u* test on non-parametric samples.

Based on the test results in the data analysis that has been carried out on a comparison of all the financial performance of conventional foreign exchange banks and conventional non-foreign exchange banks, it can be concluded that:

1. There is no difference in the financial performance of foreign exchange banks and non-foreign exchange banks in the ratio ROA. The *mean value* of ROA between foreign exchange banks and non-foreign exchange banks shows that the value of ROA foreign exchange banks are above non-foreign exchange banks. It can be concluded that the ability of foreign exchange banks is greater than the ability of non-foreign exchange banks to earn returns on a number of assets owned.
2. There is no difference in the financial performance of foreign exchange banks and non-foreign exchange banks in the ratio NPLs. The *mean* NPL value between foreign exchange banks and non-foreign exchange banks shows that the NPL value non-foreign exchange banks are above foreign exchange banks. It can be concluded that non-foreign exchange banks are more at risk because they have an average NPL greater than 1 foreign exchange because the NPL condition is below 5%.
3. There is no difference in the financial performance of foreign exchange banks and non-foreign exchange banks in the ratio CAR. The *mean* CAR value between foreign exchange banks and non-foreign exchange banks shows that the CAR value of non-foreign exchange banks is above the foreign exchange banks. It can be concluded that non-foreign exchange banks have a higher level of credit risk compared to foreign exchange banks.

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