

# Analysis the Effect of Financial Statement Publication on the Stock Performance of PT Bank Syariah Indonesia Tbk. One Year after the Merger

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**Abstract:** As the country with the world's largest Muslim population, Indonesia has the potential to lead the Islamic finance industry. Increased public awareness of halal issues, as well as strong stakeholder support, are critical factors in the growth of Indonesia's halal industry ecosystem. Islamic banks are included. BUMN Banks' Sharia Banks, namely Bank Syariah Mandiri, BNI Syariah, and BRI Syariah, are no exception, having merged on February 1, 2021. The goal of this study was to see what effect the publication of quarterly financial statements had on the performance of PT Bank Syariah Indonesia's stock price up to a year after the merger. This study employs secondary data and documentation techniques, with the analysis time period being each quarter in the annual period of 10 days after reporting financial publication reports and 10 days before reporting financial publication reports. Stock prices from that time period, as well as several financial ratios from publicly available financial reports, were used as variables. To test the hypothesis itself, use a ratio scale and the comparative hypothesis method of two paired sample t-tests, as well as the Ryan-Joiner method to test for normality. If the significance value is 0.05 or greater, the data is said to be normally distributed. According to the results of the tests, there were significant differences in BRIS stock prices 10 days before and 10 days after the financial statements were published.

**Keywords:** syariah bank, stock, banking performance, financial statements, merger

## A. INTRODUCTION

A bank, according to Law No. 10 of 1998, is a business entity that collects funds from the community in the form of savings and distributes them to the community in the form of credit and/or other forms to improve the living standards of many people. The bank acts as a "financial intermediary," collecting and distributing public funds as well as providing other payment-related services. In the Indonesian banking system, there are two types of banking operating systems: conventional banks and Islamic banks. Sharia Bank, according to Law No. 21 of 2008 on Sharia Banking, is a bank that conducts business activities based on Sharia principles, or Islamic law principles regulated in the fatwa of the Indonesian Ulema Council, such as the principles of justice

and balance ('adl wa tawazun), welfare (maslahah), universalism (alamiyah), and does not contain gharar, maysir, riba, zalim, and other haram objects. Furthermore, the Islamic Banking Law entrusts Islamic banks with performing social functions such as baitul mal institutions, which receive funds derived from zakat, infaq, alms, grants, or other social funds and distribute them to the waqf manager (nazhir) according to the will (wakif).

With the significant increase in demand for sharia-based products and services in Indonesia over the last few years, the government has identified this as a watershed moment in the country's sharia economy.

By these optimistic circumstances, on February 1<sup>st</sup>, 2021, the government finally merged

the three lists of large Islamic banks created by state-owned enterprises, namely PT Bank Syariah Mandiri, PT Bank BNI Syariah, and PT Bank BRI Syariah Tbk., into a new intensity known as Bank Syariah Indonesia or BSI. The Financial Services Authority (OJK) launched the establishment of BSI with a letter. Letter issued under the number: SR-3/PB.1/2021 regarding the granting of permits for the merger of PT Bank Syariah Mandiri and PT BNI Syariah into PT Bank BRI Syariah Tbk., as well as permits to change name by using PT Bank BRI Syariah Tbk. business license into a business license on behalf of PT Bank Syariah Indonesia Tbk. with the stock code BRIS as the merged bank. With the issuance of this letter from the OJK, it further strengthens BSI's position to carry out banking activities based on the Sharia concept and the merger of the 3 forming banks.

The following are some of the goals of BSI's merger: (1) Effective synergies to improve Sharia Bank customers' services. (2) Improving business processes. (3) Risk management, the current success of Bank Mandiri, which arose from the merger of four previous banks, demonstrates that banking risks can be reduced if three state-owned Islamic banks are combined into one. (4) Institutional resources: every agency and board of directors will be filled by professionals who will work under one umbrella institution with the same vision and mission. (5) Strengthening digital technology: in terms of technology, BSI has developed an online-based website and mobile application for Bank Syariah Indonesia, making it easier for the general public to access them. The reason for the merger of state-owned sharia banks is that Indonesia does not yet have a sharia bank with large assets and financing capabilities, despite the fact that the majority of the population is Muslim.

BSI has achieved one year of post-merger performance, and investors will undoubtedly expect the company to perform well in the future; good performance will have an impact on the welfare of its shareholders. The company's performance can be seen in its ability to generate profits, with the hope that these profits will also be enjoyed by investors in the form of dividend payments, increasing the welfare of shareholders. This will be a strong enough draw for other investors to want to share in the company's profits, causing these investors to invest in the company, affecting the demand for the company's shares.

Research on the comparative analysis of stock returns and stock trading volume before and after the merger has been carried out by (Pratiwi, Dwipradnyana, and Diatmika, 2021) which only took the observation period within a week after the merger. Based on the existing background, the research examined the comparison of stock prices per quarter with a comparison to the announcement of PT Bank Syariah Indonesia's financial performance per quarter until full year 2021 performance or a year after the merger.

**Table 1 Summary of PT Bank Syariah Indonesia Financial Performance**

Ratio's	Financial Performance			
	2021			
	Q1	Q2	Q3	Q4
Financing Growth	14.74%	3.18%	7.38%	9.32%
FDR	77,28%	74,53%	74,45%	73,39%
NI	6,13%	6,29%	6,00%	6.04%
CIR	79,90%	79,92%	79,84%	80.46%
NPF nett	0,92%	0,93%	1,02%	0.87%
Spec Mention	2.40%	3,18%	2,93%	1.77%
CAR	23,10%	22,58%	22,75%	22.09%
ROE	14,12%	13,84%	13,82%	13,71%
ROA	1,72%	1,70%	1,70%	1,61%

The purpose of the study, “ Analysis The Effect of Financial Statement Publication on the

Stock Performance of PT Bank Syariah Indonesia Tbk. One Year After the Merger,” was to:

1. Examine how the BRIS stock price moves before and after the quarterly financial statements are released.
2. Investigating the significance of the difference in BRIS stock prices before and after the release of the financial statements. There was an increase on the share return after the financial report publication, this fact proved that there was information content in the financial report publication (Susilo, Djiwanto, & Jaryono, 2004)
3. Define others cause of stock price changes that are not attributable to the rights issue. (Pratama & Sudhiarta, 2014)
4. Earnings releases have little influence on anomalous stock returns. This is due to the fact that profits information is just a tiny portion of the information (Virginia, Manurung, Muliawati, 2012), which is why the complete financial statement is required to test.

By these purposes, the research hypothesis this time is:

$H_0$ : There is no significant difference in BSI's stock price for 10 days before and after the quarterly financial report's publication.

$H_1$ : There is a significant difference in BSI's stock price for 10 days before and after the quarterly financial report's publication.

If the significance value (p-value) is smaller than the real level ( $\alpha = 0.05$ )  $H_0$  will be rejected and the alternative hypothesis ( $H_1$ ) accepted.

## B. LITERATURE REVIEW

Shares (stocks) is one of the most popular financial instruments. Issuing stock is one of

the choices for company's funding. Moreover, stock is investors' most favorites investment instrument because it offers them an interesting return rate.

Stock can be defined as a sign of capital participation of an individual or institution in a company or corporation. By investing in a company, the party has the claim for the company's income, assets, and right to attend the General Meeting of Shareholders. Basically, there are two benefits the investor can get by buying or having stock: (1) Dividend, dividend is profit sharing given by company and comes from the income. Dividend is given after getting the agreement from shareholders in the General Meeting. If an investor wants to receive dividend, he/she must own the stock for a relatively long period, until the ownership term is in the period where he/she is acknowledged as the shareholder who has the right to obtain the dividend. (2) Capital gain, capital gain is the different between buying price and selling price. Capital gain is obtained through the trading activities carried out in the secondary market. For example, an investor buys ABC's shares at Rp 3,000 per share and then sells it at Rp 3,500 per share. It means the investor gets capital gain of Rp 500 for every sold share.

Besides benefits as investment instrument, stock also has risks: (1) Capital loss, it is the reverse of capital gain. It is a condition when the investor sells his/her shares at lower price than its buying price. For instance, PT XYZ's shares are bought at Rp2,000 per share, but aftermath the stock price experiences decrease to the level of Rp 1,400 per share. Afraid of continuous declines, the investor sells the shares at price of Rp 1.400. The investor has retained a capital loss of Rp 600 per share. (2) Liquidity risk, a company, whose shares are owned by

public, is stated for bankruptcy by the court or is being dismissed. In this case, the claiming rights of shareholders get the last priority after all the company's liabilities are settled (by gathering the fund from selling the company's assets). If there is an amount of rest of the company's wealth, it will be shared proportionally to the shareholders. But, if there is no rest left, the shareholders will not receive anything out of the liquidation. This is the worst condition that might happen to shareholders. For that reason, a shareholder needs to observe every development in the company, which shares are owned. In secondary market or daily shares trading activities, stock prices fluctuate, either increase or decrease. Prices are formed from the demand and supply of the stock. In other words, prices are formed by supply and demand. Supply and demand are influenced by many factors, either by specific factors such as the company and industry's performance where the stocks exist or macro factors such as the interest rate, inflation, currency rate, and non-economic factors like social and political conditions, and so on.

### C. RESEARCH METHODOLOGY

The purpose of the study, "Analysis the Effect of Financial Statement Publication on the Stock Performance of PT Bank Syariah Indonesia Tbk. One Year After the Merger," was to examine how the BRIS stock price moves before and after the quarterly financial statements are released and investigating the significance of the difference in BRIS stock prices before and after the release of the financial statements. These study purposes are also to prove financial statements are significant and fundamental variables to test the effect to price stock perfor-

mance (Cahyani, Simanjuntak, dan Hutadjulu, 2016).

Financial reports generated by corporations and conveyed to other parties, such as investors, are anticipated to provide information value that may be utilized by investors in making investment choices.

The data used is secondary data, which is historical data from closing real-time stock prices. The following are the cut-off dates for each quarter: 7 May 2021 for Q1, 30 July 2021 for Q2, 29 October 2021 for Q3, and 28 January 2022 for Q4. The documentation technique is used to collect data. BRIS share price data is obtained from the Indonesia Stock Exchange website, which can be found at <https://www.idx.co.id/>. So the variable used is the BRIS stock price 10 days before and 10 days after the quarterly financial statements are published, for a total of 80 data points. The information gathered was analyzed using Microsoft Excel and Minitab Statistical Software. The descriptive statistical analysis technique was used, followed by hypothesis testing paired sample T-test.

### D. RESULT AND DISCUSSION

#### 1. Descriptive Statistics

The data processing results from BRIS issuers' share prices 10 days before and 10 days after the release of quarterly financial statements are shown Table 2.

Table 2 shows the descriptive statistics for each variable that was used. Each quarter, the amount of data used is BRIS share price for 10 days before and 10 days after the publication of the financial statements. The Ryan-Joiner normality test was used to ensure that each variable was normal before processing. If the RJ

Table 2 Data Processing Outcomes from BRIS Issuers' Share Prices

Variable	N	Mean	SE Mean	Std Dev	Minimum	Median	Maximum	RJ Indicator
Before Q1	10	2287	17.70	56.00	2220	2280	2420	0.930
After Q1	10	1977	56.80	179.60	1760	1915	2280	0.954
Before Q2	10	2622	44.10	139.30	2390	2615	2820	0.984
After Q2	10	2493	49.60	156.80	2250	2525	2700	0.974
Before Q3	10	2149	16.00	50.70	2080	2145	2250	0.964
After Q3	10	2077	3.67	11.60	2060	2080	2090	0.997
Before Q4	10	1531	9.21	29.10	1495	1528	1585	0.966
After Q4	10	1619	16.40	52.00	1545	1630	1675	0.958

indicator is close to 1 then the data is said to be normal.

All variables in the preceding data met these requirements. During the year 2021, the stock price tends to fall. There is an increase in the second quarter, but it then falls and start increase again in fourth quarter.

## 2. The Hypothesis Test

The results of the paired sample T-test are shown as follows.

The significance value (p-value) for the four pairs of BRIS stock prices after and before the publication of the financial statements is

0.000 to 0.005, which means it is less than 0.05, based on the paired sample T-test results shown in Table 2. This means that stock prices differ significantly before and after the release of financial statements.

In the Q1-Q3 publication period, the mean value of the difference in stock prices before and after the publication of the financial statements is positive, indicating that the stock price after the publication of the quarterly financial statements is lower than before the publication. Figures 1–4 show the graph of stock prices for that time period. Although the mean value is always positive, it shows a downward trend

Table 3 Paired Sample T-Test Result

Pair		95% CI for $\mu$ _difference					Sig. (p-value)
		Mean	StDev	SE Mean	Lower	Upper	
Pair 1	10 Days Before Q1 Publication	310.50	166.80	52.80	191.20	429.80	0.000
	10 Days Before Q1 Publication						
Pair 2	10 Days Before Q2 Publication	129.00	110.20	34.80	50.20	207.80	0.005
	10 Days Before Q2 Publication						
Pair 3	10 Days Before Q3 Publication	72.00	49.40	15.60	36.70	107.30	0.001
	10 Days Before Q3 Publication						
Pair 4	10 Days Before Q4 Publication	-88.00	56.90	18.00	-128.70	-47.30	0.001
	10 Days Before Q4 Publication						

each quarter. This is possible because investors began to respond positively to the publication of BSI's financial performance report in the third quarter, with BSI's recording a 10.15% YoY increase in assets and BSI's financing growing by around 7.38% YoY. BSI's also managed to keep its net financing quality (NPF) at 1.02%. BSI's was able to record a solid performance during this period, posting a net profit of Rp2.26 Trillion, and 37.01% increase over the previous quarter's net profit of Rp1.65 trillion.

The mean value for pair Q4 is negative, indicating that the value after the publication of the stock price report is greater than the value before the publication of the report. This indicates that at the end of the year period, BSI's demonstrated good performance, which increased investor confidence in the company's ability to increase its capital. BSI was able to increase financing by 9.32 percent year on year in the 2021, performance publication report. In terms of quality, BSI recorded a net non-per-



Figure 1 Stock Price Chart 10 Days Before and After Publication Q1 2021



Figure 2 Stock Price Chart 10 Days Before and After Publication Q2 2021



Figure 3 Stock Price Chart 10 Days Before and After Publication Q3 2021

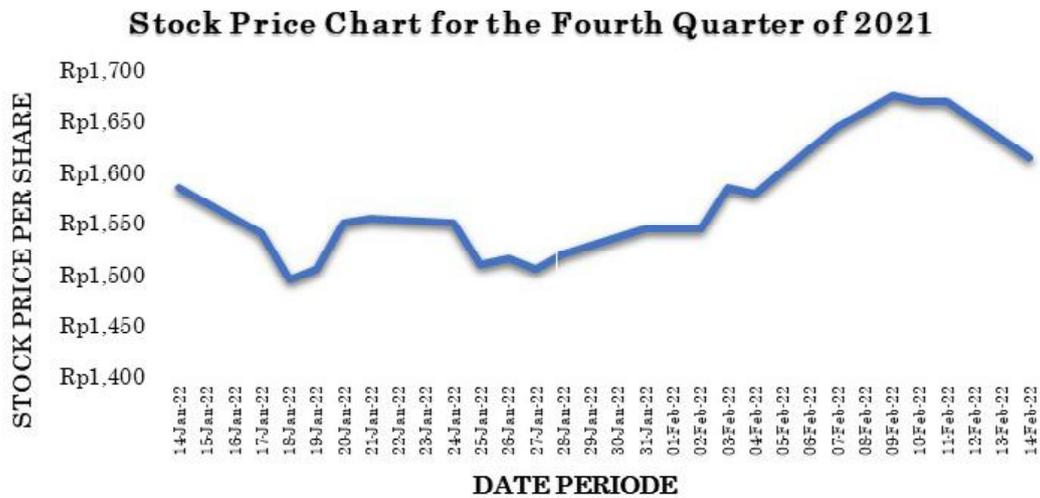


Figure 4 Stock Price Chart 10 Days Before and After Publication Q4 2021

forming financing (NPF) of 0.87 percent in December 2021, which is improving from the Q3 financial performance position. BSI's return on equity (ROE) increased to 13.71 percent based on the profitability ratio. Return on assets (ROA) increased to 1.61 percent as well.

### E. CONCLUSION

In the 2021 Performance publication report, BSI was able to increase financing by

9.32% year on year. In terms of quality, BSI recorded a net non-performing financing (NPF) of 0.87% in December 2021, which is improving from the position of Q3 financial performance. According to the profitability ratio, BSI's return on equity (ROE) increased to 13.71%. Return on assets (ROA) increased to 1.61%.

The stock value 10 days after publication is lower than the stock value 10 days before publication during the Q1-Q3 publication period. This is possible because investors are still

waiting for BSI's financial performance until the Full Year performance to see if the movement of financial ratios per quarter to one year of performance is sustainable, as evidenced by the stock price in the fourth quarter increasing 10 days after the publication of the annual financial statements.

This study suggests that investors can add this BRIS issuer to their long-term investment portfolio because they have prospects and are able to make a quick recovery in line with national economic growth during the pandemic. For further research, it is expected to be able to compare the performance of PT Bank Syariah Indonesia Tbk. with other Islamic banks in order to be able to provide options for investors who are interested in adding the Islamic banking sector to their investment portfolio with different analysis periods.

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