

## Comparative Analysis After Business Combination of Company Performance at PT Bank Mandiri Persero Tbk

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### Abstract

*This research aims to determine the comparative performance of the company PT Bank Mandiri Persero TBK after carrying out a business combination. The method used is a comparative research method. This research uses the company's financial performance which is determined using the liquidity ratio approach. Secondary data used in this research comes from the Bank Mandiri website and comes from PT Mandiri Tbk financial report data for 1999-2004. The research result show that there are variations in the results of the cash ratio and current ratio between 1994-1998 before implementing the business combination and 1999-2004 after the business combination, which shows an increase compared to before implementing the business combination.*

**Keywords:** *Business Combination, Financial Report, Liquidity Ratio.*

## INTRODUCTION

Business is a whole variety that has various fields, as sales (commerce) and business, basic production, processing, and trade manufacturing and networking, distribution, banking, insurance, transportation, and so on, which then serve and enter as a whole (which serve and interpenetrate) the business world as a whole according to KBBI compiled by Hopper (Nasution, 2023). Business is a collection of all activities carried out by people who are in the field of commerce or business that provides goods and services for the purposes of maintaining and correcting norms including the level of life of these people (Nasution & Welly, 2023). The main inspiration of the business process is that benefits are defined as the inequality in income and expenses generated. In business, traders must be able to provide and serve customers in a positive way for the sustainability of the company's longevity in the long term, except for the need to all the time understand innovative changes to serve the wishes of buyers. Over time, business combinations are created to achieve specific company targets that can clearly optimise shareholder assets and increase profitability. In today's world economy, business combinations are utilised to deepen market share, multiply portfolios in order to reduce any form of business cushion effects of economic crisis, step into new markets and trade value for 2024/12/16. As according to the International Financial report Standard (IFRS 3) found by Siregar et al (2023), a business combination is in the form of a purchase or business in a business that is obtained above the average control of a business, mergers and acquisitions of businesses and how the business is calculated. PT Bank Mandiri is a combination of all Indonesian companies by combining with other companies. The Indonesian government's banking restructuring programme included the formation of Perseroan Terbatas Bank Mandiri. Four state-owned banks were merged into Bank Mandiri in July 1999: Bank Bumi Daya, Bank Dagang Negara, Bank Ekspor Impor Indonesia, and Bank Pembangunan Indonesia. Each of these banks has been

critical to Indonesia's economic growth. Since its inception over 140 years ago, Bank Mandiri has remained active in Indonesia's banking industry and economy. Although the health of a bank can be evaluated in many ways, only the Capital, Profitability, and Liquidity (CAMEL) approach can be quantitatively evaluated to determine how healthy a bank is from a management perspective. According to Bengtsson (1994), these indicators are derived from quarterly or annual Banking Financial Statements that are available for purchase and published in print (Nasution et al, 2021).

A bank is a financial institution that provides a variety of services, including the provision of loans, currency circulation, currency control, storage of valuable assets, business financing, and so on (Widodo, 2018). Apart from being a financial institution, banks also accept deposits, lend money, and print promissory notes called banknotes. The word 'bank' comes from the Italian word banca, which means a money changer (Nasution et al, 2024). Under financial regulations, a bank is a commercial institution that collects income from the general public as reserve funds and provides it to the public in instalments or otherwise to facilitate the lives of the general public. The banking industry has undergone many changes in recent times. Government directives have caused the banking industry to become increasingly aggressive. Presently, banks can customise the given to them, the territories they operate in, and the administrations they promote (Nasution, 2023).

A business combination is a collection of businesses organised by the company to enlarge (Ifantara, 2018). PSAK 22 (Adjustment 2014) regarding business combinations, explains that a business combination is a transaction or event in which an entity obtains control over another entity (IAI, 2015). PSAK 22 (Revised 2010) explains control as the power to govern the financial and operational policies of an entity to obtain benefits from the activities of another entity. and the administrations they promote (Nasution, 2023).

Loupatty et al (2018) state that financial statements are written reports that provide quantitative information about the financial position and changes, as well as the results achieved during a certain period. Financial reports can be formed in a medium that can be used to determine the state of the company, where the financial statements consist of a balance sheet, profit and loss calculation, overview of retained earnings and statement of financial position (Nasution et al, 2024).

## RESEARCH METHODS

Source of data in this research is a secondary data source, namely reports finance. Type the data is a type of quantitative data. The data collection technique is documentation as well as in analyzing data, researchers use the ratio formula liquidity

## RESULTS AND DISCUSSION

Table 1. Liquidity Ratio of BBD, BDN, Exim Bank and Bapindo in 1994-1998

Company Name	Current Ratio	Cash Ratio
<b>BBD</b>		
1994	12,24%	94,64%
1995	24,24%	94,85%
1996	31,27%	93,64%
1997	20,48%	90,37%
1998	-39,57%	130,96%
<b>BDN</b>		
1994	17,59%	95,22%
1995	29,58%	95,10%
1996	32,72%	93,85%
1997	27,75%	95,67%
1998	-79,30%	174,40%
<b>Bank Eksim</b>		
year 1994	31,48%	93,58%
year 1995	28,64%	94,14%
year 1996	26,77%	94,08%
year 1997	-12,62%	108,40%
year 1998	-144,91%	191,19%
<b>Bapindo</b>		
year 1994	22,03%	92,36%
year 1995	28,04%	87,92%
year 1996	37,04%	88,61%
year 1997	29,62%	95,74%
year 1998	-30,44%	128,51%

Based on the data above, it can be seen that the performance of the current ratio and cash ratio varied during the period from 1994-1998 before the business combination and the period from 1999-2004 after the business combination was carried out, it can be seen that the difference is getting bigger. This increase indicates that PT Bank Mandiri's strategic business combination with Bank Bumi Daya, Bank Dagang Negara, Bank Ekspor Impor Indonesia, and Bank Pembangunan Indonesia succeeded in improving the company's liquidity, which in turn increased investor interest and earnings. Therefore, it is expected that this business combination will ultimately increase the value of the company.

Table 2. Liquidity Ratio of PT Bank Mandiri 1999-2003

YEAR	Cash	Total Assets	Total Debt	Current Ratio	Cash Ratio
1999	2.059.796	225.944.826	217.059.113	104,1%	109,69%
year 2000	2.050.735	246.705.038	238.360.582	103,5%	120,30%
year 2001	1.735.285	262.290.995	251.511.342	104,2%	151,15%
year 2002	2.164.651	250.394.689	235.956.683	106,1%	115,67%
year 2003	2.228.671	249.435.554	229.036.856	108,9%	111,92%
2004	2.439.465	248.155.827	223.217.577	111.1%	101.72%

The government can improve the competitiveness of SOEs in this global era by establishing regulations aimed at restructuring unhealthy SOEs. One such restructuring initiative was the merger of four state-owned banks, namely Bank Bumi Daya, Bank Dagang Negara, Bank Ekspor Impor Indonesia, and Bank Pembangunan Indonesia, into one company, Bank Mandiri. With this amalgamation, Bank Mandiri was expected to support real sector activities in Indonesia by acting as an intermediary financial institution. With this amalgamation of government banks, it is anticipated that Bank Mandiri will be able to expand its market:

1. To strengthen and stabilize the Indonesian banking sector in the future, large-scale banks will be the main source of support.
2. Bank Mandiri is likely to be privatized if banking reorganization is effective in improving capital structure, increasing liquidity, and expanding operations with less government involvement in state-owned banks.
3. After the merger, Bank Mandiri's financial performance is expected to continue good, which will help the real sector that relies on banks for financial services to develop further and, ultimately, strengthen the country's economy as a whole.

## CONCLUSION

After the business combination, Bank Mandiri has recorded a good, positive and significant performance, especially from the financial side, which has increased every year. It is expected that the Indonesian banking sector will grow stronger and more stable as a result of the merger of the four state-owned banks. In addition, government involvement in state-owned banks is likely to be reduced.

If banking reforms are effective, Bank Mandiri is likely to be privatised to improve its capital structure, increase liquidity and expand its operations. Going forward, Bank Mandiri is expected to be able to improve its services to the real sector and the country's economy as a whole as its financial performance continues to improve.

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