Comparative Analysis Of Conventional Banks Financial Performance Before And During The *Covid-19 Pandemic*

Case Study At Registered Conventional Banks On The Indonesia Stock Exchange In The Period Of 2018 – 2021

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ABSTRACT

The Covid-19 pandemic has had a significant impact on the banking sector, especially conventional banks. This study analyzes the comparison of the financial performance of conventional banks before and during the COVID-19 pandemic in the 2018–2021 period. The type of research used in this study is comparative research with a quantitative research method approach, with the Purposive Sampling sampling technique obtained a sample of 40 conventional banks in the 2018-2021 period. This study uses the CAMEL method to assess the financial health of banks based on the Capital Adequacy Ratio (CAR)), Asset Aspect (Productive Asset Quality (KAP)), Management Aspect (Net Interest Margin (NIM)), Earning Aspect (Return On Assets (ROA) & Operating Costs to Operating Income (BOPO)), and Liquidity Aspect (Loan to Deposit Ratio (LDR)). Data was obtained from financial statements that had been audited and analyzed using the paired t-test and the Wilcoxon signed-rank test. The results showed that there were significant differences in CAR, NIM, ROA, BOPO, and LDR before and during the pandemic, indicating changes in banks' risk management strategies, profitability, and efficiency in the face of crises. However, asset quality (KAP) did not show a significant difference, indicating that banks are still able to maintain stability in credit returns despite economic disruptions. This study has limitations on the scope of the sample which only includes banks listed on the stock exchange and does not consider external factors outside the financial sector. The results of this study provide insight into the resilience of conventional banks in facing economic crises and become a reference for policymakers and financial institutions in strengthening banking stability in the future.

Keywords: Financial Performance, CAMEL Method, Covid-19

INTRODUCTION

Covid-19 has a major impact on global economic growth, including the banking sector. The affected sectors are divided into three types, namely very affected, slightly affected, and not too affected. And the banking sector is included in the slightly affected category. In the banking sector, the bank that was greatly affected by its credit portfolio was Bank BRI, as much as 55% were in the most affected category, 24% were in the slightly affected category and 21% were in the not too affected category (Wiratmini, 2020). *Covid-19* pandemic has had a major impact on the financial performance of conventional banks, the relationship between the pandemic and changes in financial performance occurs in the decline in sources of income, namely when economic activity slows down, demand for loans (such as business loans or consumer loans) tends to decrease, which has the potential to reduce bank interest income. In addition, high unemployment rates, declining income, and bankruptcy of small and medium enterprises (SMEs) have led to high levels of loan defaults (*non-performing loans* / NPL). Based on data from the Financial Services

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Authority (OJK), the banking NPL ratio in December 2020 was at 3.06%, an increase compared to the realization at the end of 2019 (2.53%). Banks must face this increased credit risk by increasing loan loss provisions, which can reduce their profits.

The pandemic has driven the rapid adoption of digital technology and online banking. Many banks are focusing on digital services to retain their customers. This digitalization can reduce operational costs, but it also requires significant investment in technology infrastructure and cybersecurity. Therefore, while the shift to digitalization can increase efficiency, banks also have to bear the costs of implementing these new solutions. However, on the other hand, the uncertainty caused by the pandemic also often leads to volatility in the stock market and capital markets. Conventional banks that have investment portfolios in these markets can experience losses in investment value. In addition, this volatility can affect the price of assets owned by the bank, which in turn can affect the valuation of the bank's assets and equity.

Chairman of the Board of Commissioners of the Loan Guarantee Institution Halim Alamsyah explained that the impact of the spread of *Covid-19* has caused banks to experience three major risks, namely bad debts, market risk, and liquidity risk. The panic at the beginning of the *Covid-19 pandemic* caused almost all fund owners to withdraw their funds and move them to safer assets, so that banks experienced the risk of bad debts. In addition, market risk causes banks to have to make reserves that can burden their balance sheets, cause profits to decline, and hinder capital. And the liquidity risk that occurs due to the impact of rising funding costs (Pratama, 2020).

Banking must evaluate the health level of banks in accordance with the provisions for assessing the health level of general banks. According to Law No. 10 of 1998 in Iskandar (2013) "A general bank is a bank that carries out business activities conventionally and/or based on sharia principles which in its activities provide services in payment transactions". General banks are divided into two types, namely conventional banks and sharia banks. According to the Financial Services Authority in Septiana (2022) "A conventional bank is a bank that carries out its business conventionally, while a sharia bank is a bank that carries out its business activities based on sharia principles".

Conventional banks should be better able to defend themselves during the *Covid-19 pandemic* compared to Islamic banks, the results of Majeed & Zainab's (2021) research prove that Islamic banks have higher liquidity, better capital, and lower risks compared to conventional banks, however, the results of El-Chaarani, H., et al (2021) research prove that conventional banks have stronger financial performance and financial liquidity than Islamic banks during the *Covid-19 pandemic.* Therefore, with the differences in research results on the performance of conventional banks during the *Covid-19 pandemic,* researchers are interested in choosing conventional banks as the subject of research in this study.

To determine the impact of *Covid-19* on bank health, objective and accurate benchmarks are needed. In evaluating bank financial performance, researchers use bank-specific ratios as a reference for assessment and connect two financial data in the bank's financial statements, namely comparing the ratio before and during the *Covid-19 pandemic.* Because, the bank ratio is able to determine the level of bank health and is able to determine the bank's financial performance, as seen in the financial reports provided by the bank from time to time.

Financial performance analysis will be reviewed using the CAMEL method, which is a special method determined by Bank Indonesia to assess the health of banking in Indonesia. Analysis using the CAMEL method not only functions to assess the health level of the bank, but also reveals problems that risk disrupting the normal functioning of the bank. The CAMEL method is also known as the main method for evaluating the health level of a bank which is considered more accurate and simpler than other methods. According to Rifai, Junus, & Khusnah (2021) "This assessment is divided into several aspects, namely Capital, Assets, Management, Earning, and Liquidity". By using five different aspects, the CAMEL method has the advantage of providing a more complete

picture of the stability and performance of the bank, not just one or two aspects.

Since the emergence of the *Covid-19 pandemic,* many researchers have conducted research on the comparison of financial performance before and during the *Covid-19 pandemic* in several sectors listed on the IDX. The results of these studies vary greatly depending on the sector studied. One study that found that the *Covid-19 pandemic* had an impact on the company's financial performance was a study presented by Osmotik & Sibarani (2022) regarding the comparison of banking financial performance before and during the *Covid-19 pandemic* at BRI Bank. The results of the study were that there were significant differences in Non-Performing Loans, Operating Costs to Operating Income, and *Return On Assets.* Meanwhile, the results of the study presented by Alcander & Nuraini (2022) regarding the comparison of financial performance before and during the *Covid- 19 pandemic* in consumer goods industry sector companies listed on the Indonesia Stock Exchange were "There is a significant difference in the Profitability Ratio and Activity Ratio simultaneously, and there is no significant difference in the Liquidity Ratio and Solvency Ratio simultaneously before and during the *Covid-19 pandemic* ". Another study on the impact of the *Covid-19 pandemic* on financial performance is a study presented by Hidayat (2022) regarding the comparison of financial performance before and during the *Covid-19 pandemic* in pharmaceutical companies listed on the IDX. The results of his study were "There is a significant difference in the Current Ratio and no significant difference in the Debt to Assets Ratio, Debt to Equity Ratio, Return to Assets Ratio, Return to Equity Ratio, and Price to Earning Ratio both before and during the *Covid-19 pandemic* ".

Based on existing conditions and problems, this study aims to re-examine whether there are differences in the financial performance of conventional banks before and during the *Covid-19 pandemic.*

LITERATURE REVIEW

Financial performance

According to Kusuma & Widiarto (2022) "Financial performance is the company's ability to manage and control its resources to generate maximum prosperity for stakeholders". According to Febriani, Erlina, & Bayu (2022) "The purpose of assessing financial performance is to determine liquidity, namely the company's ability to meet all its obligations, determine solvency, namely the company's ability to pay short-term or long-term debts using its own assets if the company is acquired, determine profitability, namely the company's ability to generate profits during a certain period of time, determine stability, namely the company's ability to maintain its stability as seen from the ability to pay installments to shareholders without any obstacles".

Healthy financial performance for banks is essential to maintain operational continuity, increase customer and investor trust, and fulfill regulatory and supervisory obligations set by authorities. Banks with good financial performance are better able to survive in the long term and make a positive contribution to the economy as a whole.

One of the main indicators to measure the impact of the *Covid-19 pandemic* is the non-performing loan ratio or NPL. When a crisis occurs, many debtors may have difficulty paying their loans, which will increase the number of NPLs. High NPLs indicate poor asset quality and can reduce a bank's ability to generate profits. As in the Osmotic study, Adelline Pungqy and Bintang B Sibarani (2022) used NPL as an indicator of banking financial performance before and during the *Covid-19 pandemic.*

CAMEL method

The CAMEL method is a method applied to assess bank health. According to Rifai, Junus, & Khusnah (2021) "The assessment aspects in the CAMEL analysis include Capital, Assets, Management, Earning, and Liquidity". The following is an explanation of the aspects in the CAMEL method:

Capital : This is the main aspect that assesses the health of a bank using the CAMEL method financial ratio. This aspect is related to the bank's ability to prepare its capital in accordance with the bank's minimum capital provisions. This capital aspect is often

referred to as the solvency ratio. Capital is a fund invested by *shareholders* who are the first party to the bank that provides the largest contribution as a loss absorber. The assessment of the capital aspect uses the Capital Adequacy *Ratio.*
ratio explains how conventional banks manage their capital well to cover the possibility of risk of loss faced during the pandemic.
Asset : Asset quality can ensure that financial institutions are resistant to loss of value in those assets. Valuable resources or assets owned by individuals or companies are referred to as assets. According to Rifai, Junus, & Khusnah (2021) "Asset quality is an aspect that evaluates all types of assets owned by a bank. Based on Bank Indonesia regulations, to measure the value of assets, a comparison is made between classified productive assets and total productive assets."
This ratio explains how conventional banks optimize the investment of assets owned to gain profit during the *Covid-19 pandemic* because the Productive Asset Quality ratio affects changes in stock prices. The higher the Productive Asset Quality ratio, it can affect investor confidence in the company.
Management : According to Muchtar (2022) "This component is used to assess the bank's managerial ability to carry out operations in accordance with general management principles, risk management and prudential principles".
Management aspect is proxied by *Net Interest Margin* explaining how during the Covid-19 pandemic conventional banks were still able to generate profits and were still able to run their operations well.
Earning is a measure of a bank's ability to increase profits or assess the level of effectiveness and efficiency of management in managing its business and the bank's ability to assist current and future operations.
Earning aspect is proxied by *Return On Asset* explaining how conventional banks can invite investors to continue investing in companies in the form of securities or shares even though the *Covid-19 pandemic* can reduce investment levels. The high demand for shares by investors will increase the company's share price while increasing the company's profit.
Liquidity : According to Rifai, Junus, & Khusnah (2021) Good liquidity is the bank's ability to pay off all its short-term debts. Short-term debts include demand deposits, time deposits, and savings. Collection is a form of payment deadline as well as a determining factor in the level of bank liquidity. The more a bank is able to pay off debts on time, the more liquid the bank is.
Liquidity aspect is proxied by *the Loan to Deposit Ratio* explaining how conventional banks describe the bank's ability to repay withdrawals made by customers due to the *Covid-19 pandemic,* by relying on the credit provided as a source of liquidity.

Hypothesis

There is a Significant Difference Between Capital Aspects Before and During *the Covid-19 Pandemic*

The Capital aspect is the level of company health which is assessed or measured using the Capital Adequacy Ratio. This ratio shows the company's ability to utilize equity to cover the decline in assets caused by losses arising from the use of assets. In previous research by Alamia & Asmara (2022), it was stated that there was a difference in the Capital Adequacy Ratio before and during the Covid-19 pandemic in conventional commercial banks. Based on this description, the following hypothesis is formulated:
H1: There is a difference between the Capital aspect proxied by the Capital Adequacy Ratio before and during the Covid-19 pandemic in Conventional banks listed on the IDX for the period 2018 - 2021.

There Are Significant Differences Between Asset Aspects Before and During the *Covid-19 Pandemic*

According to Rifai, Junus, & Khusnah (2021) "Asset quality is an aspect that evaluates all types of assets owned by a bank. Based on Bank Indonesia regulations, to measure the value of assets, a comparison is made between classified productive assets and total productive assets". In previous research by Fatmawati, Syamsul, & Rosyada (2022) stated

that there were differences in Productive Asset Quality before and during the Covid-19 pandemic in Islamic banks and conventional banks. Based on this description, the following hypothesis is formulated:

H2: There is a difference between the Asset aspect proxied by Productive Asset Quality before and during the Covid-19 pandemic in Conventional Banks listed on the IDX for the period 2018-2021.

There Are Significant Differences Between Management Aspects Before and During the *Covid-19 Pandemic*

Management assessment determines whether the company is able to deal with financial pressures appropriately According to Muchtar (2022) "This component is used to assess the bank's managerial ability to carry out operations in accordance with general management principles, risk management and prudential principles". In previous research by Sujono & Nugraheni (2022) stated that there was a difference in Net Interest Margin before and during the Covid-19 pandemic in conventional banking. Based on this description, the following hypothesis is formulated:

H3: There is a difference between the Management aspect proxied by Net Interest Margin before and during the Covid-19 pandemic at Conventional Banks listed on the IDX for the period 2018-2021.

There is a Significant Difference Between Earnings Aspects Before and During the *Covid-19 Pandemic*

A healthy company will certainly be seen from its ability to generate income in the form of profits. The higher the profit obtained, it indicates that the company's performance is getting better and its financial condition is getting healthier. In previous research by Osmotik & Sibarani (2022), it was stated that there was a difference in Return On Assets and Operating Costs against Operating Income before and during the Covid-19 pandemic at PT. Bank Rakyat Indonesia. Based on this description, the following hypothesis is formulated:

H4a: There is a difference between the Earning aspect proxied by Return On Asset before and during the Covid-19 pandemic at Conventional Banks listed on the IDX for the period 2018 - 2021.

H4b: There is a difference between the Earning aspect proxied by Operational Costs against Operational Income before and during the Covid-19 pandemic at Conventional Banks listed on the IDX for the period 2018 - 2021.

There is a Significant Difference Between Liquidity Aspects Before and During the *Covid-19 Pandemic*

According to Rifai, Junus, & Khusnah (2021) "The liquidity aspect is related to the bank's ability to pay off its short-term debts. The higher the bank's ability to pay its debts, the more liquid the bank is". In previous research by Sujono & Nugraheni (2022) stated that there was a difference in the Loan to Deposit Ratio before and during the Covid-19 pandemic in conventional banking. Based on this description, the following hypothesis is formulated:

H5: There is a difference between the Liquidity aspect proxied by the Loan to Deposit Ratio before and during the Covid-19 pandemic at Conventional Banks listed on the IDX for the period 2018 – 2021.

METHOD

This study uses quantitative research type. According to Sugiyono (2014) Quantitative research method can be interpreted as a research method based on the philosophy of positivism, used to research a certain population or sample, sampling techniques are generally carried out randomly, data collection uses research instruments, data analysis is quantitative/statistical with the aim of testing the established hypothesis.

Operationalization of Variables

1. *Capital*

$$CAR = \frac{Modal}{Aktiva\ Tertimbang\ Menurut\ Risiko}$$

2. *Asset*

$$KAP = \frac{Aktiva\ Produktif\ yang\ Diklasifikasikan}{Total\ Aktiva\ Produktif}$$

3. *Management*

$$NIM = \frac{Pendapatan\ Bunga\ Bersih}{Rata - Rata\ Aset\ Produktif}$$

4. *Earning*

$$ROA = \frac{Laba\ Sebelum\ Pajak}{Total\ Aktiva}$$

$$BOPO = \frac{Biaya\ Operasional}{Pendapatan\ Operasional}$$

5. *Liquidity*

$$LDR = \frac{Kredit\ yang\ Diberikan}{Dana\ yang\ Diterima}$$

Researchers use data in the form of annual financial reports obtained from *the website* www.idx.co.id. The research subjects set in this study are conventional banks listed on the Indonesia Stock Exchange for the period 2018 - 2021. Conventional banks generally dominate the banking market in many countries. They have a larger market share, higher assets, and more branches and customers compared to Islamic banks. Because conventional banks operate more and have more extensive data, their performance analysis is often more interesting for researchers who want to study the dynamics of the banking industry as a whole. This makes Researchers use conventional banks as research subjects compared to Islamic banks.

selection in this study used the *purposive sampling method,* namely the sample was selected based on the following sampling criteria:

1. Conventional banking companies listed on the Indonesia Stock Exchange since 2018.
2. Conventional banking companies that publish *audited financial reports* for four consecutive years (2018 – 2021) on the official website of the Indonesia Stock Exchange and the official websites of related companies.
3. Have complete financial report data according to the required variables.

Based on the data above, the population of conventional banks listed on the IDX in 2018-2021 is 43 companies with samples that meet the criteria of 40 companies that will be studied for 4 periods so that the number of samples for this study is 160. The hypothesis testing method used is the paired *t - test* with the help of the IBM SPSS Statistics 26 application which aims to test whether there is a difference in financial performance in conventional banks before and during the *Covid-19 pandemic.*

RESULTS AND DISCUSSION

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
CAR_Before_Covid	80	,067	1,487	,24093	,169509
CAR_During_Covid	80	,062	1,699	,31033	,227356
KAP_Before_Covid	80	,000	,560	,03373	,074974
KAP_During_Covid	80	,000	,716	,03032	,082140
NIM_Before_Covid	80	,005	,318	,05316	,046311
NIM_During_Covid	80	-,053	,114	,03698	,022856
ROA_Before_Covid	80	-,090	,040	,00761	,020179
ROA_During_Covid	80	-,196	,047	,00028	,033080

BOPO_Before_Covid	80	-19,686	6,424	,59188	2.436449
BOPO_During_Covid	80	-12,393	13,004	,96901	2,292525
LDR_Before_Covid	80	,001	1,715	,78747	,256145
LDR_During_Covid	80	,000	2,057	,69750	,325109
Valid N (listwise)	80				

Data source: Data processed with SPSS 26 by researchers in 2023

The average Capital aspect proxied by *the Capital Adequacy Ratio* (CAR) before *the Covid-19 pandemic* was 0.24093 with a standard deviation of 0.169509 then increased during *the Covid-19 pandemic* to 0.31033 with a standard deviation of 0.227356. The data explains that conventional banks have a better ability to handle the risk of losses faced during the *Covid-19 pandemic.*

The average Asset aspect proxied by Productive Asset Quality (KAP) before the *Covid-19 pandemic* was 0.03373 with a standard deviation of 0.227356 then decreased during *the Covid-19 pandemic* to 0.03032 with a standard deviation of 0.082140. This shows that during the pandemic, conventional banks did not experience a decrease in the return of previously invested funds.

The average Management aspect proxied by *Net Interest Margin* (NIM) before the *Covid-19 pandemic* was 0.05316 with a standard deviation of 0.046311 then decreased during *the Covid-19 pandemic* to 0.03698 with a standard deviation of 0.022856. This shows that conventional banks experienced a decline in performance in managing their productive assets to make a profit during the *Covid-19 pandemic.*

The average Earning aspect proxied by *Return On Asset* (ROA) before the *Covid-19 pandemic* was 0.00761 with a standard deviation of 0.020180 then decreased during *the Covid-19 pandemic* to 0.00028 with a standard deviation of 0.033080. This shows that conventional banks experienced a decline in making profits during the *Covid-19 pandemic.*

The average Earning aspect proxied by Operating Costs to Operating Income (BOPO) before the *Covid-19 pandemic* was -6.06187 with a standard deviation of 9.483333 then decreased during *the Covid-19 pandemic* to -4.68235 with a standard deviation of 5.799970. This shows that during the pandemic, conventional banks experienced a decline in performance in managing their operating costs.

The average Liquidity aspect proxied by *the Loan to Deposit Ratio* (LDR) before *the Covid-19 pandemic* was 0.78747 with a standard deviation of 0.256145 then decreased during the *Covid-19 pandemic* to 0.69750 with a standard deviation of 0.325109. This shows that conventional banks did not experience a decline in credit growth during the *Covid-19 pandemic.*

Normality Test Results (*Kolmogorov-Smirnov Test*)

Table 3 Results of Normality Test (*Kolmogorov-Smirnov Test*)

	Kolmogorov-Smirnov [a]			Shapiro Wilk		
	Statistics	Df	Sig.	Statistics	df	Sig.
CAR_Before_Covid	,263	80	,000	,541	80	,000
CAR_During_Covid	,187	80	,000	,679	80	,000
KAP_Before_Covid	,326	80	,000	,319	80	,000
KAP_During_Covid	,356	80	,000	,261	80	,000
NIM_Before_Covid	,295	80	,000	,513	80	,000
NIM_During_Covid	,083	80	,200 *	,935	80	,001
ROA_Before_Covid	,201	80	,000	,845	80	,000
ROA_During_Covid	,304	80	,000	,675	80	,000
BOPO_Before_Covid	,454	80	,000	,242	80	,000
BOPO_During_Covid	,336	80	,000	,509	80	,000
LDR_Before_Covid	,145	80	,000	,892	80	,000

LDR_During_Covid	,171	80	,000	,851	80	,000

*. This is a lower bound of the true significance.
a. Lilliefors Significance Correction
Data source: Data processed with SPSS 26 by researchers in 2023

The table above shows that all research data, namely CAR, KAP, NIM, ROA, BOPO, and LDR before and during the *Covid-19 pandemic* have a significance level of less than 0.05 or are not normally distributed. Therefore, the requirements for the Paired Sample t-test are not met, so this study uses a non-parametric difference test, the Wilcoxon Signed Rank Test.

There are differences in the Capital aspects proxied by *the Capital Adequacy Ratio* before and during the *Covid-19 pandemic* in conventional banks listed on the Indonesia Stock Exchange for the period 2018-2021.

Based on the results of descriptive analysis, before the *Covid-19 pandemic,* the average *Capital Adequacy Ratio* of conventional banks was 0.24093 with a standard deviation of 0.169509. During the *Covid-19 pandemic,* the average *Capital Adequacy Ratio* increased to 0.31033 with a standard deviation of 0.227356. In other words, the average CAR value before the pandemic was 24.1% and during the pandemic it increased to 31%. This shows that conventional banks remain in a very healthy condition before the pandemic and during the *Covid-19 pandemic,* because when viewed from determining the health level *of the Capital Adequacy Ratio,* a bank is in the healthy category if it has a CAR ratio of at least 9%.The results of this descriptive analysis show that overall, conventional banks in the sample have good ability in handling the risk of losses faced during the *Covid-19 pandemic.* This can be caused by conventional banks during the pandemic being more careful in managing their capital, so that ATMR experienced a greater decline which resulted in the CAR value of conventional banks during the *Covid-19 pandemic* increasing. For this reason, conventional banks are more focused on financing their operational activities and still contributing to making a profit.

Judging from the results of the hypothesis test, the results show that there is a significant difference between *the Capital Adequacy Ratio* before and during the *Covid-19 pandemic* in conventional banks listed on the Indonesia Stock Exchange. This can be seen from the *Asymp. Sig. (2-tailed) value* of 0.000. Because the *Asymp. Sig. (2-tailed) value* is smaller than the significance level of 0.05, the null hypothesis is rejected. This means that there is a significant difference in the company's ability to handle the risk of loss faced with the capital owned during the period before and during the *Covid-19 pandemic.* This is in line with the research of Alamia & Asmara (2022) which states that there is a significant difference between *the Capital Adequacy Ratio of* conventional commercial banks before and during the *Covid-19 pandemic.*

When associated with *Signaling Theory,* this ratio explains how conventional banks provide signals in the form of information that during the *Covid-19 pandemic* conventional banks are still able to manage their capital well to cover the possibility of risk of loss faced during the pandemic. Where this signal can influence customer decisions in investing. The higher the CAR value, the more it can convince customers to use conventional bank products so that this will have an impact on increasing the profitability of conventional banks.

There is no difference in the Asset aspect proxied by Productive Asset Quality before and during the *Covid-19 pandemic* in conventional banks listed on the Indonesia Stock Exchange for the period 2018-2021.

Based on the results of descriptive analysis, the average Productive Asset Quality experienced a significant decline during the *Covid-19 pandemic* compared to before *the Covid-19 pandemic.* Data shows that the average Productive Asset Quality of conventional banks decreased from 0.03373 before the pandemic to 0.03032 during the *Covid-19 pandemic.* In other words, the average KAP value before the pandemic was 3.4% and during the pandemic it decreased to 3%. This shows that the average KAP value is getting better with a decrease of 0.4% during the *Covid-19 pandemic,* this decrease is due to a

decrease in classified productive assets. This can be caused because during the *Covid-19 pandemic* conventional banks emphasized credit distribution to avoid substandard credit, doubtful credit or bad credit, so that the level of opportunity for funds that have been invested by conventional banks to be received back is still fairly good. Judging from the results of the hypothesis test, the results show that there is no significant difference between the Quality of Productive Assets before and during the *Covid-19 pandemic* in conventional banks listed on the Indonesia Stock Exchange. This can be seen from *the Asymp. Sig. (2-tailed) value* of 0.371. Because the *Asymp. Sig. (2-tailed) value* is greater than the significance level of 0.05, the null hypothesis is accepted. This means that there is no difference in conventional banks in the return of funds that have been invested both before and during the *Covid-19 pandemic.* This is not in line with the research of Fatmawati, Syamsul, & Rosyada (2022) which states that there is a difference in the Quality of Productive Assets before and during the *Covid-19 pandemic* in Islamic banks and conventional banks.

When associated with *Signaling Theory,* this ratio explains how conventional banks provide signals in the form of information that during the *Covid-19 pandemic* conventional banks are still able to optimize the management of their assets to make a profit. The lower the Productive Asset Quality ratio, the more it can affect investor confidence in the company to invest, because the lower the KAP ratio indicates the bank's increasing ability to manage its capital to make a profit.

There are differences in Management aspects proxied by *Net Interest Margin* before and during the *Covid-19 pandemic* in conventional banks listed on the Indonesia Stock Exchange for the period 2018-2021.

Based on the results of descriptive analysis, the average *Net Interest Margin* experienced a significant decline during the *Covid-19 pandemic* compared to before *the Covid-19 pandemic.* Data shows that the average *Net Interest Margin* of conventional banks decreased from 0.05316 before the pandemic to 0.03698 during *the Covid-19 pandemic.* In other words, the average NIM value before the pandemic was 5.3% and during the pandemic decreased to 3.7%. This shows that despite experiencing a decline of 1.6%, conventional banks remained in a very healthy condition before the pandemic and during the *Covid-19 pandemic,* because when viewed from determining the health level of *the Net Interest Margin,* a bank is in the healthy category if it has a NIM ratio of at least 2%.

The results of this descriptive analysis show that during the pandemic, conventional banks experienced a decline in performance in managing their productive assets to make a profit. This is due to reduced credit distribution due to decreased demand for new credit and high credit risk, making conventional banks more careful in providing credit and also due to reduced investments made by banks so that interest income and investment income decreased. Judging from the results of the hypothesis test, the results show that there is a significant difference between *the Net Interest Margin* before and during the *Covid-19 pandemic* in conventional banks listed on the Indonesia Stock Exchange. This can be seen from the *Asymp. Sig. (2-tailed) value* of 0.000. Because the *Asymp. Sig. (2-tailed) value* is smaller than the significance level of 0.05, the null hypothesis is rejected. This means that there is a significant difference in management's ability to manage its productive assets before and during the *Covid-19 pandemic.* This is in line with research by Sujono & Nugraheni (2022) which states that there is a significant difference in *the Net Interest Margin* before and during *the Covid-19 pandemic* in conventional banking.

When associated with *Signaling Theory, Net Interest Margin* explains how conventional banks provide signals in the form of information that during the *Covid-19 pandemic* conventional banks experienced a decline in managing their productivity to generate net interest but conventional banks can still generate profits. This can be used by *Stakeholders* as a consideration for making investments.

There are differences in the Earnings aspect proxied by *Return On Asset* before and during the *Covid-19 pandemic* in conventional banks listed on the Indonesia Stock Exchange for the period 2018-2021.

Based on the results of descriptive analysis, the average *Return On Asset* experienced a significant decline during the *Covid-19 pandemic* compared to before *the Covid-19 pandemic.* Data shows that the average *Return On Asset* of conventional banks decreased from 0.00761 before the pandemic to 0.00028 during the *Covid-19 pandemic.* In other words, the average ROA value before the pandemic was 0.76% and during the pandemic it decreased to 0.03%. This shows that there was a decrease in the average ROA value of 0.73% due to a decrease in profit before tax during the *Covid-19 pandemic* which resulted in the financial performance of conventional banks becoming less healthy, because when viewed from determining the level of health *of Return On Asset,* a bank is in the fairly healthy category if it has an ROA ratio of at least 0.5%. The reason for the decline in profits of conventional banks is because conventional banks are increasingly ineffective in managing assets or managing their assets to generate profits during the *Covid-19 pandemic.* Judging from the results of the hypothesis testing, the results show that there is a significant difference between *Return On Asset* before and during the *Covid-19 pandemic* in conventional banks listed on the Indonesia Stock Exchange. This can be seen from the *Asymp. Sig. (2-tailed) value* of 0.000. Because the *Asymp. Sig. (2-tailed) value* is smaller than the significance level of 0.05, the null hypothesis is rejected. This means that there is a significant difference in the bank's ability to make a profit before and during the *Covid-19 pandemic.* This is in line with the research of Alcander & Nuraini (2022) which states that there is a significant difference in *Return On Asset* simultaneously before and during *the Covid-19 pandemic* in consumer goods industry sector companies listed on the IDX.

When associated with *Signaling Theory, Return On Asset* explains how conventional banks provide signals in the form of information during the *Covid-19 pandemic* that the level of profit obtained from the company's assets has decreased. A low ROA value illustrates the bank's poor ability and can make investors tend not to invest in the company in the form of securities or shares. The decrease in demand for shares by investors will result in a decrease in the company's share price.

There are differences in the Earnings aspect proxied by Operational Costs against Operational Income before and during the *Covid-19 pandemic* in conventional banks listed on the Indonesia Stock Exchange for the period 2018-2021.

Based on the results of descriptive analysis, before the *Covid-19 pandemic,* the average Operating Cost to Operating Income of conventional banks was 0.59188 with a standard deviation of 2.436449. During the *Covid-19 pandemic,* the average Operating Cost to Operating Income increased to 0.96901 with a standard deviation of 2.292525. In other words, the average BOPO value before the pandemic was 59.2% and during the pandemic it increased to 96.9%. This shows that there was a 37.7% increase due to an increase in operating costs during the *Covid-19 pandemic* which resulted in the financial performance of conventional banks becoming unhealthy, because when viewed from determining the health level of Operating Costs to Operating Income, a bank is in the healthy category if it has a maximum BOPO ratio of 85%. The higher the BOPO value, it indicates that the bank is unable to reduce its operating costs so that it can incur losses, and the lower the BOPO value indicates that the company is able to reduce its operating costs, making the bank healthier (Wisaputri & Ramantha, 2021). Judging from the results of the hypothesis test, the results show that there is a significant difference between Operating Costs and Operating Income before and during the *Covid-19 pandemic* at conventional banks listed on the Indonesia Stock Exchange. This can be seen from the *Asymp. Sig. (2-tailed) value* of 0.002. Because the *Asymp. Sig. (2-tailed) value* is smaller than the significance level of 0.05, the null hypothesis is rejected. This means that there is a significant difference in the bank's ability to manage its operating costs before and during the *Covid-19 pandemic.* This is in line with research by Osmotic & Sibarani (2022) which states that there is a difference in Operating Costs to Operating Income before and during the *Covid-19 pandemic* at PT. Bank Rakyat Indonesia Tbk.

When associated with *Signaling Theory,* operating costs to operating income

explain how conventional banks provide signals in the form of information about the ability of conventional banks to utilize the funds they have to finance each of their operational activities. During the *Covid-19 pandemic,* the BOPO value increased, indicating that the management of operating costs was less efficient.

There are differences in the Liquidity aspect proxied by *the Loan to Deposit Ratio* before and during the *Covid-19 pandemic* in conventional banks listed on the Indonesia Stock Exchange for the period 2018 - 2021.

Judging from the descriptive analysis, the average *Loan to Deposit Ratio* experienced a significant decline during the *Covid-19 pandemic* compared to before *the Covid-19 pandemic.* Data shows that the average *Loan to Deposit Ratio* of conventional banks decreased from 0.78747 before the pandemic to 0.69750 during *the Covid-19 pandemic.* In other words, the average LDR value before the pandemic was 78.7% and during the pandemic it decreased to 69.8%. This shows that the average LDR value is getting better with a decrease of 8.9% during the *Covid-19 pandemic,* this decrease is due to a decrease in credit given during *the Covid-19 pandemic.* When viewed from the determination of the health level *of the Loan to Deposit Ratio,* a bank is in the healthy category if it has a maximum LDR ratio of 85%. The reason conventional banks during the pandemic are more careful in distributing credit is because the risk level during the pandemic is higher than before the *Covid-19 pandemic,* this is done to maintain the stability of conventional banks during the *Covid-19 pandemic.*

The higher the LDR, the lower the bank's liquidity and the bank is unable to meet its short-term obligations. Meanwhile, the lower the LDR, the bank's liquidity will be high or adequate but there will be more idle funds so that the credit income generated will be less or limited (Maroni & Simamora, 2020).

Judging from the results of the hypothesis test, the results show that there is a significant difference between *the Loan to Deposit Ratio* before and during the *Covid-19 pandemic* in conventional banks listed on the Indonesia Stock Exchange. This can be seen from the *Asymp. Sig. (2-tailed) value* of 0.000. Because the *Asymp. Sig. (2-tailed) value* is smaller than the significance level of 0.05, the null hypothesis is rejected. This means that there is a significant difference between loans provided by banks and the total external funds collected by banks before and during the *Covid-19 pandemic.* This is in line with research by Sujono & Nugraheni (2022) which states that there is a significant difference in *the Loan to Deposit Ratio* before and during the *Covid-19 pandemic* in conventional banking. When associated with *Signaling Theory, the Loan to Deposit Ratio* explains how conventional banks provide signals in the form of information that during the *Covid-19 pandemic* conventional banks experienced a decline in distributing their credit but conventional banks were still able to repay withdrawals made by depositors, so that *stakeholders* could still see that during the *Covid-19 pandemic* the health level of conventional banks was still included in the healthy category.

CONCLUSION

The results of the study indicate that there are significant differences in the *Capital aspect* proxied by *the Capital Adequacy Ratio,* the *Management aspect* proxied by *the Net Interest Margin,* the *Earning aspect* proxied by *Return On Asset, the Earning aspect* proxied by Operating Costs to Operating Income, and the *Liquidity aspect* proxied by *the Loan to Deposit Ratio* before and during the *Covid-19 pandemic.* While there is no significant difference in the *Asset aspect* proxied by Productive Asset Quality before and during the *Covid-19 pandemic.*

Based on the conclusions from the research results above, here are some suggestions that can be given as follows:

1. For further researchers
   a. Further research is expected to add other factors or variables that make it possible to assess company performance.

b. Further research is expected to conduct research with more general subjects and not focus on just one company sector.

2. For companies. It is hoped that conventional banks can maintain their current financial performance and after the Covid-19 pandemic ends, they are expected to continue to improve their financial performance.

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