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DIFFERENCES IN BANKING FINANCIAL PERFORMANCE BEFORE AND AFTER MERGER (CASE STUDY OF DOMESTIC BANKS IN INDONESIA)

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Abstract: This study is to determine whether there are differences in the financial performance of banks before and after the merger as measured using the rasio of banking financial performance observation period of 2 years before and 2 years after the merger (2017-2021). The analytical method used in this research is descriptive analysis and the Paired Sample T test difference test to determine the difference with data that are normally distributed. The results of the descriptive analysis in this study showed an increase in the ratio of BOPO, CAR, and NPL, while the ratio of NIM, LDR, ROA, and ROE tended to decrease. The results of the Paired Sample T test at Bank Oke Indonesia showed that only the NPL ratio showed a difference between before and after the merger, while the results of the Paired Sample T test at Bank IBK Indonesia showed only the CAR and LDR ratios which showed a significant difference. between before and after the merger, as well as the results of the Paired Sample T test at Bank Danamon Indonesia showed that only the BOPO, ROA, and LDR ratios showed a difference between before and after the merger.

Keywords: Financial Performance, Differences in Financial Performance, Banking Financial Rasios.

INTRODUCTION

An increasingly fast-growing and open economy requires extensive, good and quality banking services. banks have the ability to be able to compete, increase efficiency, and improve company performance in order to become strong and large. In this case, the company has the ability to establish cooperation in the form of a business merger between two or more companies. This business merger is considered as one of the strategies that companies can do in order to develop and survive in the midst of free market competition. A business combination can be done by way of merger. According to (Suryawan et al., 2021) in the process of financial crisis many banks cannot survive until bankrupt and cannot return customer money. The rise (Hungan & Sawitri, 2018) in commodity prices was largely fuelled by economic growth in developing countries. However, this favorable situation changed during the global financial crisis in 2008 when commodity prices declined rapidly. In research (Sawitri et al., 2019) Corporate financial reporting is considered the main user (investor and creditor) as good news and bad news. Good news means that the information presented is considered important and can be used as credit decision-making and investment decisions. (Kabul Wahyu Utomo, Mila Arlinawati, 2020) Understanding financial position means that workers know all of the assets owned, all of the accounts payable and financial estimates that will roll every month as income. (Agus Zainal Arifin, 2021) Financial behavior truly depends on knowledge of someone's management, so financial behavior depends on someone's expertise in financial management in the long period. (Gofwan, 2022) defines financial performance as a subjective measure of how well a firm uses assets from its primary mode of business to generate revenues. He further says that the term can also be used as a general measure of a firm's overall financial health position over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. (Lee & Suh, 2022) On this point, calls for researchers to gain a better understanding of "the mechanisms behind the relationship between ESG and financial performance". Our study evaluates ESG literature to propose a process and integrated modeling approach that addresses this research gap. (Xie et al., 2022) We posit that increasing the level of green process innovation from a low to medium level incurs an initial profit decline and puts firms at a competitive disadvantage compared to innovative competi- tors that are not investing in green processes. First, when firms con- duct green process innovations, they need to invest substantial resources, and this type of investment is usually quite expensive. (Saygili et al., 2022) The internal drivers are corporate governance (CG) and financing institutions, regulating bodies and laws, corporations, civil society organiza- tions, and the media. The external triggers are conventions and organizations that are internationally recognized.

Mergers are part of the banking restructuring programme in Indonesia which aims to have healthy and strong banks (Manurung et al., 2021). In addition, the company's decision to merge is an effort to improve the company's financial performance.

During 2019, 8 banks have merged with the intention of expanding their business and reaching as many customers as possible. The results of the merger resulted in 4 merged banks as shown in table 1.1 below:

Tabel 1. 1 Daftar Bank Melakukan Merger Tahun 2019

No	Nama Bank Merger	Setelah Merger	Tanggal
1	1. PT Bank Nusantara Parahyangan Tbk 2. PT Bank Danamon Tbk	PT Bank Danamon Tbk	2 Mei 2019
2	1. PT Bank Dinar Indonesia Tbk 2. PT Bank Oke Indonesia Tbk	PT Bank Oke Indonesia Tbk	13 Agustus 2019
3	1. PT Bank Agris Tbk 2. PT Bank Mitra Niaga Tbk	Industrial Bank Of Korea (IBK)	23 Agustus 2019
4	1. PT Bank Tabungan Pensiunan Nasional Tbk 2. PT Bank Sumitomo Mitsui Indonesia	PT Bank Tabungan Pensiunan Nasional Tbk	31 Januari 2019

Source: idx.co.id (Data processed, 2022)

Based on table 1.1 banks that conducted mergers in the 2019 period. The merger process was carried out by 8 banks into 4 banks. So that Bank Indonesia can supervise banks that have complied with the SPP (Single Presence Policy) policy. The banks include PT Bank Danamon Tbk with PT Bank Nusantara Parahyangan Tbk (BNP) and KCBA Bank Tokyo Mitsubishi

UFJ (MUFG), the merger between PT Bank Oke Indonesia and PT Bank Dinar Indonesia Tbk, the merger between PT Bank Agris Tbk and PT Bank Mitra niaga Tbk whose shares are owned by Industrial Bank of Korea (IBK). The latest is the merger action between PT Bank Tabungan Pensiunan Nasional Tbk (BTPN) and PT Bank Sumitomo Mitsui Indonesia (SMBCI) which was effective as of 1 February 2019 (Yanuarsi, 2020). The success of the merger can be seen through the company's performance after the merger is carried out, experiencing an increase or decrease and seeing the company's performance which is increasingly stable or constant.

Tabel 1. 2 Data Rasio Keuangan Perusahaan Terdaftar di Bursa Efek Indonesia yang Melakukan Meger

Bank	Tahun	ROA	NIM	NPL	BOPO
PT Bank Oke Indonesia Tbk.	2017	0,57%	4,07%	2,35%	94,13%
	2018	0,65%	6.04%	1.94%	101,01%
	2019	-0,27%	5,47%	2,60%	102,21%
PT Bank IBK Tbk.	2017	-0,20%	3,17%	4,96%	100,82%
	2018	-0,77%	3,42%	4,64%	108,48%
	2019	-3,87%	2,46%	4,89%	151,26%
PT Bank Danamon Tbk	2017	2,47	7,03	1,88	72,11
	2018	2,55	6,22	2,05	70,85
	2019	2,44	5,31	2,15	82,71

Sumber: IDNfinancial.com (Data diolah, 2022)

Based on table 1.2, the financial performance aimed at banks in 2017-2019 experienced fluctuating movements. This makes the decision of a company to merge one of the efforts to improve the company's financial performance, quickly.

METHODS

This study uses quantitative research with a type of comparative research method. The variables used in this study are banking financial statements taken from the 2017-2021 period. This study shows whether there are differences caused by financial performance before and after the merger. The purpose of this study is to compare and analyse the differences in financial ratios before and after the merger and their effect on banking financial performance. The technique used in this research is a certain consideration technique or purposive sampling. The considerations in this study are:

a. Banking companies in Indonesia that merge with other banking companies.

b. Banks that merged in the 2019 period

c. Complete and available annual financial reports during the observation period, and have been published by Bank Indonesia.

Based on the research criteria, there were 8 banks that had merged during the 2017-2019 period, and produced 4 merged banks including Bank Oke Indonesia Tbk, Bank IBK Indonesia, Bank Danamon Tbk, and Bank Tabungan Pensiun Nasional Tbk.

RESULT AND DISCUSSION

1. Merger

   Reed and Lajoux 1999 (in Manurung et al., 2021) explain that a merger is a merger of two or more companies to run their business in the future where after the merger is carried out there is one company that cannot operate again. The non-operating company can change its name after the merger to resume operations. According to Government Regulation Number 28 Year 1999 Article 1 Paragraph (2) regarding Bank Mergers, Consolidations, and Acquisitions. Merger is the merger of 2 (two) or more banks, by maintaining the establishment of one of the banks and dissolving the other banks without liquidating them first. So, it can be concluded that a merger is a merger of all assets and resources between two or more companies where only one of the companies continues to grow as a legal entity and the other company ceases to operate.

2. Merger Motives

Merger motives are influenced by 2 things, namely economic and non-economic motives, where economic motives aim to increase company value while non-economic motives are based on the personal wishes of company owners (Pertiwi, 2012). In addition, there are several reasons underlying the company to merge companies through mergers, namely tax considerations, synergies, and diversification.

3. Merger Stages

The procedure for implementing bank mergers is not much different from non-bank companies, which distinguishes banking companies from having to obtain approval from the Minister of Law and Legislation, the company must also obtain permission from the head of Bank Indonesia.

In addition, in the merger there are several stages according to (Utami, 2017) which the company carried out before carrying out the merger, namely: 1) Planning, 2) Selection/Screening, 3) Formal Offer, 4) Due Diligence/Due Legacy, 5) Negotiation, 6) Closing.

4. Advantages and Disadvantages of Mergers

According to Moin (in Normalita, 2018) knowledge of the advantages and benefits of conducting mergers is the reason companies do this. These benefits and advantages are: 1) Obtaining fast cash flow because the market and goods are clearly known, 2) Ease of financing, 3) Get employees who have expertise, 4) Reduce the risk of business failure, 5) Shorten the time in entering the business world, 6) Infrastructure accelerates business growth.

In the merger there are weaknesses, namely: 1) Difficult integration process, 2) Increased bureaucratic rules, 3) There are difficulties in determining the exact target company, 4) The increase in company and shareholder value is not guaranteed, 5) Not only does it have a significant impact on the micro and macro internal scope of the company, the merger has a direct and indirect effect on the shareholders of the company which includes shareholders, directors, employees, creditors, and the community.

5. Causes of Merger Success and Failure

Bank mergers are Purpose and Benefits of Financial Ratio Analysis

According to Syafaruddin Alwi in (Nugroho, 2013) the purpose of financial ratio analysis is to assist financial managers in knowing what things are needed by the company seen in the financial statements and are limited. Comparing the numbers in each financial ratio will bring other benefits, namely being able to find out the company's financial performance is below standard so that the purpose and benefits of ratio analysis are as material to assist financial managers in seeing the aspects needed by the company and assessing the company's performance from the previous year, as well as being a separate assessment for stakeholders.

3. Types of Banking Financial Ratios

a. Operating Expenses and Operating Income (BOPO)

According to Dendwaijaya in (Suwandi, 2017) the BOPO ratio is a ratio intended to measure how efficient banks are in running their operations. Efficient banking can reduce operational losses in managing its business so that it can increase company profits.

b. Net Interest Margin (NIM)

According to (Wismaryanto, 2013) Net Interest Margin (NIM) is used to determine the ability of bank management to manage productive assets that can generate net interest. Bank interest income is obtained from customer loan interest, while interest expense is obtained from savings or deposit interest paid to bank customers.

c. Capital Adequacy Ratio (CAR)

Capital Adequacy Ratio (CAR) is a way to calculate the capital of a bank with risk-weighted assets (RWA) (Rahayu, 2020). Meanwhile, according to (Suwandi, 2017) Capital Adequacy Ratio (CAR) is a ratio that shows the ability of banks to cover a decrease in assets due to losses experienced by banks due to risky assets.

d. Return on Asset (ROA)

Return on Asset (ROA) can provide an idea of how efficient the bank is in using its assets to get net profit (Wismaryanto, 2013). So from the explanation above it can be concluded that Return on Asset (ROA) is a picture of the company using its assets efficiently to get net profit.

e. Net Performing Loan (NPL)

According to Siamat in (Alifah, 2014) Net Performing Loan (NPL) is the customer's inability to return the loan that has been received and must return along with interest on a predetermined schedule. The Net Performing Loan (NPL) ratio can be calculated using the formula:

f. Loan Deposit Ratio (LDR)

In accordance with Bank Indonesia regulations which state that the liquidity capability of banks uses the Loan Deposit Ratio (LDR) indicator, which is a ratio in the form of credit provided to third parties in the form of rupiah or foreign currency, not including credit with other banks, demand deposits, third party funds, savings and deposits (Wismaryanto, 2013).

g. Return on Equity (ROE)

ROE (Return on Equity) is a ratio that shows the contribution of assets that can obtain the company's net profit. Shareholders and potential investors make Return on Equity (ROE) an indicator used to measure the ability of banks to earn net income related to returns or dividends (Monica, 2019).

Financial Performance

Basically, financial performance is a financial achievement achieved by a company in using its business operational funds within a certain period of time. Achievement in financial performance can be used as a measure of the company's health level, as well as an assessment of the achievement of business management in coordinating several of the company's business activities (Munawir, 2018).

1. Descriptive Testing of Financial Ratios

Based on the data obtained, the researchers conducted descriptive statistical analysis to determine the average value, minimum value, maximum value, and standard deviation obtained from the financial performance of banks that made mergers in 2019 obtained as follows:

Based on table 4.1, the output results of descriptive statistical tests using SPSS 24 on banking companies that made mergers, namely PT Bank Oke Indonesia, PT Bank IBK Indonesia and PT Bank Danamon, show that operational performance using the BOPO ratio obtained an average bank operational performance increase of 7.5% from the position before the merger of 91.23% to 99.72% after the merger. This illustrates that the bank's operating costs increased and the bank's income decreased.

To determine the loan interest that has been given, it can be measured using the Net Interest Margin (NIM) ratio. The average value of NIM decreased between before and after the merger, the average value before the margin ranged from 4.68% and after the merger to 4.24%. There was a decrease of 0.44% between before and after the merger, this indicates that the lack of effectiveness of the three banks that merged in placing productive assets in the form of credit to customers which will have an impact on reducing bank income.
The banking capital adequacy of the three banks measured using the CAR ratio increased by an average of 13.76% after merging with domestic banks. This is due to the additional capital that occurs as a result of merger activities, so that the available capital has increased. Judging from table 4.1, the average CAR before the merger ranged from 22.09% to 35.85% after the merger.

	N	Minimum	Maximum	Mean	Std. Deviation
BOPO_Sebelum	6	70.85	108.48	91.2333	15.96564
BOPO_Sesudah	6	86.62	127.35	99.7217	14.89010
NIM_Sebelum	6	3.17	7.03	4.6850	1.57252
NIM_Sesudah	6	2.08	5.25	4.2450	1.40563
CAR_Sebelum	6	15.50	28.10	22.0933	4.90405
CAR_Sesudah	6	25.59	53.98	35.8533	12.98521
ROA_Sebelum	6	-.77	2.55	.9050	1.36405
ROA_Sesudah	6	-1.75	.89	.0283	.95021
LDR_Sebelum	6	69.28	94.95	82.7050	11.15098
LDR_Sesudah	6	83.96	130.25	105.0650	18.72996
NPL_Sebelum	6	1.88	4.96	2.9700	1.43030
NPL_Sesudah	6	.37	3.11	2.0850	1.15317
ROE_Sebelum	6	-5.84	10.56	2.9400	6.51544
ROE_Sesudah	6	-9.31	5.02	-.2650	4.99923
Valid N (listwise)	6				

Gambar 4.2 Hasil Analisis Statistik Deskriptif Variabel Sebelum dan Sesudah Merger

The occurrence of merger activities between Bank Oke Indonesia with Bank Agris, Bank Dinar with Bank IBK, and Bank Danamon with Bank Parahyangan made the average income or profitability as measured by ROA decreased by 0.62%. The average Return on Asset (ROA) before the merger in 2017-2018 was 0.90% to 0.28% after the merger activity occurred.
While the liquidity of the three banks that conducted the merger was measured using the Loan Deposit Ratio (LDR) ratio, the results showed a positive change due to merger activities. The average LDR before the merger was 82.70% to 105.06% after the merger. This means that bank liquidity which includes current accounts, savings, long-term deposits and deposits is running well after merger activities are carried out.
Then the credit risk measured using the NPL ratio in the three banks that have merged has decreased by 0.89%. The average NPL ratio value before the merger was 2.97% to 2.08% after the merger activity. This shows a decrease that occurred due to bad debts in the three banks after merging with domestic banks.
Profitability generated by the company in managing capital from shareholders is measured using the Return on Equity ratio, where there is a very significant decrease in the average value of the three banks due to merger activities. The average before the merger was 2.94% to -0.26% after the merger. This illustrates the poor management of shareholder capital that occurred after the merger.
This normality test aims to determine whether the data is normally distributed or not. Researchers use the Kolmogorov Smirnov test with a significance value> 0.05, which means

that the data is normally distributed. If the data has a significance value <0.05, then the data is not normally distributed.

1. Kolmogorov Smirnov Nomality Test

After knowing the descriptive statistical results of each ratio used, the data will be tested again using the Kolmogorov Smirnov normality test with the aim of knowing that the data used is normally distributed. The Kolmogorov Smirnov normality test is presented in table 4.2 below:

Tabel 4.1 Uji Normalitas *Kolmogorov Smirnov*

Variabel	*Kolmogorov Smirnov*			Keterangan
	Statictik	Df	Sig.	
BOPO_Sebelum	0,239	5	0,200	Normal
BOPO_Sesudah	0,270	5	0,196	Normal
NIM_Sebelum	0,288	5	0,131	Normal
NIM_Sesudah	0,299	5	0,101	Normal
CAR_Sebelum	0,223	5	0,200	Normal
CAR_Sesudah	0,312	5	0,069	Normal
ROA_Sebelum	0,208	5	0,200	Normal
ROA_Sesudah	0,299	5	0,100	Normal
LDR_Sebelum	0,229	5	0,200	Normal
LDR_Sesudah	0,197	5	0,200	Normal
NPL_Sebelum	0,295	5	0,112	Normal
NPL_Sesudah	0,314	5	0,066	Normal
ROE_Sebelum	0,205	5	0,200	Normal
ROE_Sesudah	0,228	5	0,200	Normal

4.3 Difference Test (Paired Sample T test)

Paired Sample T test is a test conducted to determine the difference in the average value of paired samples, the sample in question is the same sample but has two data. This test is included in the parametric statistics section, where the rules of parametric statistics themselves must have normally distributed data.

The tests used in this study include a normality test which is used to determine the financial performance of banks before and after the merger with a period of 2 years before and 2 years after at banks that merged in 2019, namely Bank Oke Indonesia, Bank IBK, and Bank Danamon.

Paired Sample T test results BOPO, NIM, CAR, ROA, LDR, NPL, ROE Bank Oke Indonesia.

The following are the results of the Paired Sample T test on each financial ratio variable BOPO, NIM, CAR, ROA, LDR, NPL, ROE at bank Oke Indonesia before and after the merger.

Tabel 4.2 Hasil *Paired Sample T test* Bank Oke Indonesia antara Sebelum dan Sesudah Merger

Paired Sample T-test Bank Oke Indonesia		Mean	Std. Dev	T	Sig	Hasil
BOPO	BOPO_Sebelum	97,57	4,86	0,54	0,684	Tidak Ada Perbedaan
	BOPO_Sesudah	95,58	0,35			
NIM	NIM_Sebelum	4,13	0,09	-7,13	0,089	Tidak Ada Perbedaan
	NIM_Sesudah	5,17	0,11			
CAR	CAR_Sebelum	26,96	1,60	-9,48	0,067	Tidak Ada Perbedaan
	CAR_Sesudah	52,43	2,19			
ROA	ROA_Sebelum	0,69	0,17	3,09	0,199	Tidak Ada Perbedaan
	ROA_Sesudah	0,37	0,02			
LDR	LDR_Sebelum	69,43	0,21	-11,75	0,054	Tidak Ada Perbedaan
	LDR_Sesudah	125,62	6,55			
NPL	NPL_Sebelum	2,14	0,28	-26,20	0,024	Ada Perbedaan
	NPL_Sesudah	2,80	0,25			
ROE	ROE_Sebelum	2,10	0,46	3,22	0,191	Tidak Ada Perbedaan
	ROE_Sesudah	0,55	0,22			

Bank Oke Indonesia's operating expenses and operating income before the merger
merger obtained average results
Paired Sample T test results BOPO, NIM, CAR, ROA, LDR, NPL, ROE Bank IBK Indonesia.
The following are the results of the Paired Sample T test on each financial ratio variable BOPO, NIM, CAR, ROA, LDR, NPL, ROE at IBK Indonesia bank before and after the merger.

The following are the results of the Paired Sample T test on each financial ratio variable BOPO, NIM, CAR, ROA, LDR, NPL, ROE at Bank Danamon before and after the merger.

Tabel 4.4 Hasil Uji Paired Sampel T-test Bank Danamon Indonesia antara Sebelum dan Sesudah Merger.

Paired Sample T-test Bank Danamon		Mean	Std. Dev	T	Sig	Hasil
BOPO	BOPO_Sebelum	71,48	0,89	-32,85	0,019	Ada Perbedaan
	BOPO_Sesudah	87,75	1,59			
NIM	NIM_Sebelum	6,63	0,57	3,10	0,199	Tidak Ada Perbedaan
	NIM_Sesudah	5,10	0,12			
CAR	CAR_Sebelum	23,02	0,32	-4,79	0,131	Tidak Ada Perbedaan
	CAR_Sesudah	25,98	0,55			
ROA	ROA_Sebelum	2,51	0,06	14,83	0,043	Ada Perbedaan
	ROA_Sesudah	0,73	0,23			
LDR	LDR_Sebelum	94,12	1,17	18,60	0,034	Ada Perbedaan
	LDR_Sesudah	84,26	0,42			
NPL	NPL_Sebelum	1,96	0,06	3,73	0,167	Tidak Ada Perbedaan
	NPL_Sesudah	0,64	0,38			
ROE	ROE_Sebelum	10,45	0,16	7,96	0,079	Tidak Ada Perbedaan
	ROE_Sesudah	4,12	1,28			

The increase shows that management is less efficient in using its operating costs, thus affecting the operating income earned by the bank itself.

Tabel 4.5 Hasil BOPO Antara Sebelum Dan Sesudah Merger

BOPO	Sebelum Merger	Sesudah Merger	Sig.	Hasil
Bank Oke Indonesia	97,57	95,58	0,684	Tidak Ada Perbedaan
Bank IBK Indonesia	104,65	115,85	0,599	Tidak Ada Perbedaan
Bank Danamon	71,48	87,75	0,019	Ada Perbedaan

The difference in the company's financial performance before and after the merger in terms of Net Interest Margin (NIM)

Tabel 4.6 Hasil NIM Antara Sebelum Dan Sesudah Merger

NIM	Sebelum Merger	Sesudah Merger	Sig.	Hasil
Bank Oke Indonesia	4,14	5,17	0,089	Tidak Ada Perbedaan
Bank IBK Indonesia	3,30	2,46	0,189	Tidak Ada Perbedaan
Bank Danamon	6,63	5,10	0,062	Tidak Ada Perbedaan

The results of the t-test show that there is no difference between the three merged banks. Bank okay Indonesia shows an increased average value between before and after the merger,

this indicates an increase in bank profits obtained due to additional capital that occurred after the merger. While IBK bank and bank danamon show a decrease in the average value after the merger, this indicates that there is a decrease in banking income after merger activities are carried out such as a reduction in capital that occurs so as to reduce banking profits.
The absence of significant differences in the three banks conducting the merger shows that the management performance has not been optimal after the merger activity is carried out, so that the benefits obtained by banks in the 2-year period after the merger have no difference with the 2-year financial performance period before the merger.
Differences in the company's financial performance before and after the merger in terms of Capital Adequacy Ratio (CAR)

Tabel 4.7 Hasil CAR Antara Sebelum Dan Sesudah Merger

CAR	Sebelum Merger	Sesudah Merger	Sig.	Hasil
Bank Oke Indonesia	26,97	52,43	0,067	Tidak Ada Perbedaan
Bank IBK Indonesia	16,30	29,19	0,027	Ada Perbedaan
Bank Danamon	23,02	25,98	0,131	Tidak Ada Perbedaan

The results showed that the average value of the three banks that merged increased between before and after the merger, indicating that there was additional capital that occurred as a result of the merger activities carried out. The increase that occurred can be categorised as quite good because it is in accordance with Bank Indonesia's determination regarding the minimum value that measures healthy capital adequacy of 8%.
Differences in company financial performance before and after the merger in terms of Return on Asset (ROA)

Tabel 4.8 Hasil ROA Antara Sebelum Dan Sesudah Merger

ROA	Sebelum Merger	Sesudah Merger	Sig.	Hasil
Bank Oke Indonesia	0,69	0,37	0,199	Tidak Ada Perbedaan
Bank IBK Indonesia	-0,49	-1,01	0,699	Tidak Ada Perbedaan
Bank Danamon	2,51	0,73	0,043	Ada Perbedaan

The results at Bank Oke Indonesia and Bank IBK Indonesia do not have any differences after the differential test, the performance of less efficient management in obtaining profits from productive assets measured in the period 2 years before and 2 years after the merger shows that Bank Oke Indonesia and Bank IBK Indonesia have not been able to improve their financial performance in obtaining profitability in the short term, namely 2 years after the merger.
Differences in the company's financial performance before and after the merger in terms of Loan Deposit Ratio (LDR)

Tabel 4. 9 Hasil LDR Antara Sebelum Dan Sesudah Merger

LDR	Sebelum Merger	Sesudah Merger	Sig.	Hasil
Bank Oke Indonesia	69,43	125,62	0,054	Tidak Ada Perbedaan
Bank IBK Indonesia	84,57	105,32	0,012	Ada Perbedaan
Bank Danamon	94,12	84,26	0,034	Ada Perbedaan

The increase that occurred in Bank Oke Indonesia and Bank IBK Indonesia after the merger showed an increase in lending to third parties with the aim that banks could increase interest income and profit income. The increase that occurs in the liquidity ratio is the same as the increase in risk that occurs in banks, so management must be able to allocate lending to third parties appropriately. In IBK Indonesia bank there is a significant difference that increases between before and after the merger.

Differences in the company's financial performance before and after the merger in terms of Non Performing Loan (NPL)

Tabel 4. 10 Hasil NPL Antara Sebelum Dan Sesudah Merger

NPL	Sebelum Merger	Sesudah Merger	Sig.	Hasil
Bank Oke Indonesia	2,14	2,80	0,024	Ada Perbedaan
Bank IBK Indonesia	4,80	2,82	0,143	Tidak Ada Perbedaan
Bank Danamon	1,96	0,64	0,167	Tidak Ada Perbedaan

Oke Indonesia bank, where there is an increase and there is a significant difference in the credit ratio. These results indicate an increase in lending by banks to customers, this increase is still considered good because it is not more than the 5% set by Bank Indonesia. But this increase must still be managed properly so that banks can avoid the risk of future losses caused by bad debts.

The difference in the company's financial performance before and after the merger in terms of Return on Equity (ROE)

Differences in company financial performance before and after the merger in terms of Capital Adequacy Ratio (CAR)

The results at Bank Oke Indonesia and Bank IBK Indonesia do not have any differences after the differential test, inefficient management performance in obtaining profits from productive assets measured in the period 2 years before and 2 years after the merger shows that Bank Oke Indonesia and Bank IBK Indonesia have not been able to improve their financial performance in obtaining profitability in the short term, namely 2 years after the merger.

Differences in the company's financial performance before and after the merger in terms of Loan Deposit Ratio (LDR)

This increase is still classified as good because it is not more than the 5% set by Bank Indonesia. But this increase must still be managed properly so that banks can avoid the risk of future losses caused by bad debts.

The difference in the company's financial performance before and after the merger in terms of Return on Equity (ROE)

Tabel 4. 11 Hasil ROE Antara Sebelum Dan Sesudah Merger

ROE	Sebelum Merger	Sesudah Merger	Sig.	Hasil
Bank Oke Indonesia	-3,73	-5,46	0,191	Tidak Ada Perbedaan
Bank IBK Indonesia	2,10	0,55	0,820	Tidak Ada Perbedaan
Bank Danamon	10,45	4,12	0,079	Tidak Ada Perbedaan

This ratio illustrates banks in generating profitability, and there is no significant difference between the three merged banks. This result is similar to that produced by the ROA ratio, where there is no significant difference after the merger. This happens because the management performance after the merger is less good, so that the net profit income obtained is reduced.

CONCLUSION

Based on the results of the analysis that has been described, the financial performance before and after the merger can be concluded:

1. The results on the profitability ratio represented by the ROA and ROE ratios show that there is no significant difference, this is due to the lack of management efficiency in generating profits from productive assets and also from the capital owned.
2. The results of the market efficiency ratio measured using the BOPO ratio show no difference in the merged banks, this indicates that management is not good at managing banking operating costs so operating income decreases.
3. The results on the capital adequacy ratio measured using the CAR ratio show no significant difference, this is a reduction in capital that occurs in banks that conduct mergers. But the value of banking capital adequacy is still in good value.
4. The results on the market risk ratio measured using the NIM ratio show no significant difference, this indicates that there is a market risk that has not been properly controlled by management.
5. The results on the liquidity ratio measured using the LDR ratio show a significant difference after the merger activity is carried out. This indicates an increase in management performance in lending to third parties. So that the increase that occurs is expected to have a positive impact on banking income.
6. The results on credit risk ratios measured using NPL showed no significant difference in the three banks that merged. This indicates that there is no improvement in performance by management in overcoming credit risk in banking.

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