

Analysis of PT Bank Jago Tbk's Financial Performance Before and After Digital Transformation Go Digital: A Case Study of Liquidity, Solvency and Profitability Ratios in 2020–2023

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Abstract

This study aims to analyze the financial performance of PT Bank Jago Tbk (ARTO) before and after the digital transformation carried out in 2020. The focus of this research is on financial ratios, namely liquidity, solvency, and profitability ratios during the 2020–2023 period. The method used is a quantitative descriptive analysis with a case study approach, using the company's annual financial statement data obtained from the official website of the Indonesia Stock Exchange and the company's investor website. The results of the analysis show that there have been significant changes in Bank Jago's financial structure after going digital. The liquidity ratio tends to decrease, but remains at a reasonable level. The solvency ratio has increased which indicates the company's ability to meet long-term obligations. Meanwhile, the profitability ratio shows a positive trend that indicates efficiency and an increase in the company's net profit after digitalization. This study provides an overview of the impact of digital transformation on the financial performance of digital banking in Indonesia.

Keywords: Digital Transformation, Financial Performance, Digital Banking, Liquidity, Solvency, Profitability

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Introduction

The development of information technology has encouraged the banking sector to carry out digital transformation to improve efficiency, competitiveness, and service to customers. In Indonesia, banking digitalization is one of the main strategies in dealing with technological disruption and changes in consumer behavior that increasingly rely on digital-based services (Financial Services Authority, 2022).

PT Bank Jago Tbk (ARTO) is one of the banks that has carried out a comprehensive digital transformation since 2020. This transformation includes not only the digitization of products and services, but also changes in business models and operational structures, including strategic collaborations with digital platforms such as Gojek and GoPay (PT Bank Jago Tbk, 2021). The transformation aims to make Bank Jago a digital bank that focuses on application-based financial services and ecosystems.

This change in business model is expected to have a positive impact on the company's financial performance, especially in terms of liquidity, solvency, and profitability. These financial ratios are the main indicators in measuring the health and performance of a company, especially in the banking sector (Kasmir, 2020). However, there have not been many studies that explicitly compare Bank Jago's financial performance before and after going digital using a ratio-based quantitative approach.

This study aims to analyze the comparison of the financial performance of PT Bank Jago Tbk in the period before digital transformation (2020) and after digital transformation (2021–2023), focusing on liquidity, solvency, and profitability ratios. The results of this analysis are expected to provide an empirical picture of the impact of digital transformation on banking financial performance in the digital era.

Literature Review

Digital Transformation in the Banking Sector

Digital transformation is the process of using digital technology as a whole in changing business models, operational processes, and interactions with customers (Westerman et al., 2011). In the context of the banking industry, digitalization is an important strategy to increase efficiency, expand service reach, and meet increasingly dynamic customer expectations (PwC, 2022). In Indonesia, digital transformation is strengthened by the Financial Services Authority (OJK) regulations that encourage financial inclusion through technology (Financial Services Authority, 2022).

Digital banks such as PT Bank Jago Tbk are the result of a comprehensive digital transformation strategy, ranging from the integration of services into the digital ecosystem to the use of financial technology to accelerate acquisition and operational efficiency (PT Bank Jago Tbk, 2021). Banking digitalization has been proven to drive transaction volume growth, improve user experience, and reduce operational costs (Accenture, 2020).

Financial Ratios: Liquidity, Solvency, and Profitability

Financial ratios are used to assess the condition and performance of a company through the data available in the financial statements. The liquidity ratio indicates the company's ability to meet its short-term obligations. One of the common indicators is *the Current Ratio* (CR) which compares current assets to short-term liabilities (Kasmir, 2020).

The solvency ratio measures the company's ability to meet all obligations, both short-term and long-term. The commonly used ratios are *the Debt to Equity Ratio* (DER) and *Debt to Asset Ratio* (DAR), which show the proportion of company funding derived from debt (Hery, 2021).

Meanwhile, the profitability ratio reflects the company's ability to generate profits. Important ratios in this category include *Return on Assets* (ROA), *Return on Equity* (ROE), and *Net Profit Margin* (NPM) (Harahap, 2020). The analysis of these three types of ratios provides

a comprehensive picture of the company's financial performance, especially in looking at the effectiveness of the digitalization strategy.

Previous Research

Research by Sari and Lestari (2022) shows that digital transformation in digital banks in Indonesia significantly increases profitability and operational efficiency. Another study by Nugroho (2021) revealed that digitalization has a positive impact on liquidity ratios and gradually reduces operational expenses. Similar results were also found by Pratama and Yusuf (2023) who analyzed Bank Jago's post-digital performance, showing an increase in ROE ratio and rapid asset growth.

Research Methodology

This study uses a **quantitative descriptive** approach with a **case study** method to analyze the financial performance of PT Bank Jago Tbk before and after digital transformation. The purpose of this study is to measure and compare the company's financial performance in the period before digitalization (2020) and after digital transformation (2021–2023).

The data used in this study is **secondary data** obtained from PT Bank Jago Tbk's annual financial statements for the financial years 2020, 2021, 2022, and 2023. The report is accessed through the company's official website and the Indonesia Stock Exchange (IDX) website.

The analysis tool used in this study is financial **ratio analysis**, which is grouped into three main categories, namely:

1. **Liquidity Ratio**, including:
 - o Current Ratio (CR) = Current Assets / Current Liabilities
 - o Cash Ratio = Cash and Cash Equivalent/Current Liabilities

Rasio Keuangan (%)
Financial Ratio (%)

	2023	2022	2021	2020
Likuiditas Liquidity				
LDR LDR	107,77	113,76	145,86	111,07
CASA CASA	65,30	68,56	45,61	27,20
Liabilitas terhadap Ekuitas Liabilities to Equity	154,83	105,30	49,25	76,89
Liabilitas terhadap Aset Liabilities to Assets	60,76	51,29	33,00	43,47

Figure 1. Liquidity Ratio

2. **Solvency Ratio**, including:
 - o Debt to Equity Ratio (DER) = Total Liabilities / Total Equity
 - o Debt to Asset Ratio (DAR) = Total Liabilities / Total Assets

3. Profitability Ratio, including:

	2023	2022	2021	2020
Total Aset Total Assets	21.295.840	16.965.295	12.312.422	2.179.873
Total aset produktif Total productive assets	20.797.625	14.974.296	11.193.380	1.677.038
Kredit yang diberikan dan pembiayaan syariah - bruto Loans and sharia financing - gross	13.020.051	9.427.987	5.368.954	907.956
Kredit yang diberikan dan pembiayaan syariah - neto Loans and sharia financing - net	12.777.934	9.157.817	5.241.783	826.203
Efek-efek (termasuk efek yang dibeli dengan janji dijual kembali) - neto Securities (including Reverse Repo) - net	3.487.791	4.814.485	4.641.656	459.201
Total Liabilitas Total Liabilities	12.939.048	8.701.538	4.062.967	947.540
Dana Pihak Ketiga Third Party Funds	12.067.195	8.274.385	3.677.572	803.946
Giro Current accounts	4.105.558	2.886.303	377.356	182.787
Tabungan Savings	3.774.885	2.786.512	1.299.875	35.881
Deposito Time Deposits	4.186.752	2.601.570	2.000.341	585.278
Simpanan bank lain Deposits from other banks	24	139	50	1.811
Total Ekuitas Total Equity	8.356.792	8.263.757	8.249.455	1.232.333

Figure 2. Profitability Ratio

- Return on Assets (ROA) = Net Profit / Total Assets
- Return on Equity (ROE) = Net Profit / Total Equity
- Net Profit Margin (NPM) = Net Profit / Total Revenue

Rentabilitas Profitability

ROA ROA	0,49	0,14	0,10	-11,27
ROE ROE	1,02	0,21	1,28	-18,03
NIM NIM	9,45	10,45	7,42	4,74
BOPO BOPO	95,83	99,19	98,52	261,1
Biaya Dana Cost-of-Fund (CoF)	3,13	2,55	3,47	5,13
Beban terhadap Pendapatan Cost-to-Income (CIR)	72,31	71,67	89,05	357,4

Each financial ratio is calculated for a period of four years, then a **comparative analysis is carried out** to assess whether the company's performance has improved after implementing the digital banking strategy. The interpretation of the ratio results refers to the standard guidelines for financial statement analysis according to Kasmir (2020) and Hery (2021).

This study does not use survey instruments or primary data, because all data is obtained from published financial documents. Data processing is done manually using Microsoft Excel, and the results are presented in the form of tables and graphs to support the discussion.

Results

Liquidity:

The LDR ratio showed a decrease from 145.86% (2021) to 107.77% (2023), indicating a more conservative funding management. CASA increased from 27.20% (2020) to 65.30% (2023), showing the success of attracting cheap funds from digital customers.

Solvency:

The liability-to-equity ratio increased from 76.89% (2020) to 154.83% (2023), and liabilities to assets from 43.47% to 60.76%. This means that the funding structure comes more from debt, but it is still within reasonable limits for growing companies.

1.1. Profitability:

ROA and ROE increased from negative to positive, to 0.49% and 1.02%, respectively, in 2023. NIM remained high at 9.45%, signaling efficiency in interest income. BOPO and CIR decreased drastically, showing an increase in operational efficiency after going digital.

1.2. Interpretation:

Based on the results of the analysis of liquidity, solvency, and profitability ratios during the period 2020 to 2023, it can be seen that **the digital transformation carried out by PT Bank Jago Tbk has had a significant impact on its financial performance**. Digital transformation is able to increase **the efficiency of low-cost fundraisers** such as current accounts and savings (CASA), which can be seen from the consistent increase in the CASA ratio. The decrease in the LDR ratio shows that Bank Jago is able to maintain prudence in disbursing credit, especially in the midst of aggressive digital business expansion.

In terms of solvency, the increase in the ratio of liabilities to equity and assets indicates that the company relies on external financing to support its growth. However, these figures are still within reasonable limits for digital banks that are expanding their market share. Profitability shows **the most noticeable change**. The previously negative ROA and ROE turned positive, indicating an improvement in operational performance. The ratio of BOPO and CIR also decreased dramatically, reflecting the success of cost efficiency after the digitization of services and the reduction of manual processes.

Overall, **digital transformation has a positive impact on Bank Jago's operational efficiency, profitability and long-term competitiveness as a digital bank in Indonesia**.

Conclusion

This study aims to analyze the financial performance of PT Bank Jago Tbk before and after digital transformation in 2020, using liquidity, solvency, and profitability ratio indicators during the period 2020 to 2023.

Based on the results of the analysis, it can be concluded that:

1. **The liquidity ratio** shows fluctuations, where the LDR ratio decreased from 145.86% (2021) to 107.77% (2023), indicating a more conservative credit management strategy. The CASA ratio has increased significantly from 27.20% (2020) to 65.30% (2023), demonstrating the effectiveness of Bank Jago's digital services in attracting low-cost funds from customers.
2. **The solvency ratio** is increasing consistently. The ratio of liabilities to equity increased from 76.89% (2020) to 154.83% (2023), and liabilities to assets from 43.47% to 60.76%. This reflects a funding structure that is increasingly dependent on debt, but still within safe limits for growing companies.

3. **The profitability ratio** shows a very significant recovery. ROA improved from -11.27% (2020) to 0.49% (2023), and ROE from -18.03% to 1.02%. Operational efficiency also improved, reflected in the decrease in the BOPO ratio from 261.1% to 95.83%, and CIR from 357.4% to 72.31%.

Overall, Bank Jago's digital transformation has had a positive impact on financial performance, especially in terms of cost efficiency, low cost availability, and profitability recovery. Despite the increase in the leverage structure, these conditions still support the company's growth in the long term.

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