

Common Size Analysis as a Tool for Measuring the Financial Performance of PT. Bank Sumut Head Office in the 2023–2024 Period

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Info Article

History Article:

Submitted

Revised

Accepted

Keywords:

financial performance, common size analysis, balance sheet, income statement, regional development bank, PT. Bank Jatim

Abstract

This study aims to analyze the financial performance of PT. Bank Jatim using the common size method based on its financial statements for the period 2023-2024. The research adopts a descriptive quantitative approach with secondary data derived from audited financial reports. The common size method was applied to both the balance sheet and income statement to evaluate changes in the proportion of assets, liabilities, equity, revenues, and expenses relative to their totals.

The results indicate that PT. Bank Jatim experienced consistent growth in total assets, primarily driven by the expansion of third-party receivables. On the liabilities side, third-party funds (DPK) also showed a steady increase, reflecting strong public trust and the effectiveness of the bank's funding strategies. Meanwhile, the income statement analysis revealed that operating revenues, dominated by loan interest income, demonstrated growth; however, operational expenses—particularly administrative and personnel costs—also increased, exerting slight pressure on net income margins.

Overall, the findings suggest that PT. Bank Jatim maintained sound financial performance throughout the study period, with healthy asset growth and revenue generation. Nonetheless, the rising trend in operational expenses highlights the importance of improving cost efficiency. This study recommends that PT. Bank Jatim adopt stricter cost control measures, diversify revenue sources beyond loan interest income, strengthen its capital base, and accelerate digital transformation to enhance competitiveness.

INTRODUCTION

Various approaches can be employed to obtain information regarding a bank's financial performance. One of the primary instruments frequently used as a reference is the company's financial statements. Through these reports, both internal and external parties can evaluate the financial health as well as the level of success achieved by the company in managing its available resources.

Financial performance is defined as a representation of the company's financial condition within a given period, reflecting its ability to mobilize and allocate funds effectively. The commonly used indicators for measuring financial performance include capital adequacy, liquidity, and profitability (Jumingan, 2006:239).

Financial statements serve as an essential benchmark to assess the achievements of a business entity, whether in the banking sector or non-banking sector. For external stakeholders such as investors, the public, and government authorities, financial statements provide information about the company's assets, revenues, and profits within a specific period. Consequently, financial statements function as a critical communication tool between the company and its stakeholders.

According to Suteja (2018), financial statements are documents that present a company's financial position, produced through an accounting process over a specific period, and serve as a medium of communication for all interested parties. An assessment of financial performance is conducted not only to

evaluate achievements but also to identify potential problems and measure the company's development. In practice, companies frequently employ several analytical strategies, one of which is financial statement analysis.

Financial statement analysis can be conducted using various methods, including comparative financial statement analysis, trend analysis, break-even point (BEP) analysis, ratio analysis, and common size analysis. Kasmir (2015:91) defines common size analysis as a technique of evaluating financial statements—both balance sheets and income statements—by presenting each component as a percentage of a total figure. This method enables a clearer understanding of structural changes in the company's financial condition.

This study focuses on PT. Bank Jatim as the object of analysis. The selection of Bank Jatim is based on its status as one of the largest regional development banks owned by the East Java Provincial Government, as well as its significant contribution to regional economic growth. PT. Bank Jatim was established on August 17, 1961, initially as a limited liability company. In 1965, its status was changed to a Regional Government-Owned Enterprise (BUMD), and later in 1999, it reverted to a limited liability company (PT). Today, Bank Jatim has grown to become one of the largest Regional Development Banks in Indonesia in terms of assets.

As of the study period, Bank Jatim managed total assets of approximately IDR 27 trillion and operated through more than 200 branch networks, consisting of main

branches, sub-branches, micro units, cash offices, and payment points. Its operational coverage extends beyond East Java to include Batam and Jakarta (Atrium Senen Branch, Melawai Branch, and Cideng Sub-Branch). Since 2004,

Bank Jatim has also expanded into Sharia-based banking services, operating through 18 branch and sub-branch offices with total assets of approximately IDR 1.5 trillion.

Table 1.1. Financial Statements of PT. Bank Jatim for the Period 2023-2024 (in million Rupiah)

Account	2018	2019	2020
Assets	Rp 28.121.107	Rp 31.736.037	Rp 33.530.317
Loans	Rp 18.867.632	Rp 20.950.347	Rp 21.186.204
Third-Party Funds	Rp 2.920.792	Rp 2.975.713	Rp 3.465.142

To improve service quality, Bank Jatim has introduced digital banking services, including access through the ATM Bersama Prima network, Bank Card Malaysia, and various payment facilities such as mobile credit top-up, electricity bill payments, water utility (PDAM) payments, and other banking services.

Based on PT. Bank Jatim's financial statements for the 2023-2024 period, it can be observed that total assets, loans, and third-party funds (DPK) experienced consistent growth year by year. This increase was primarily driven by the expansion of current assets, particularly through higher accounts receivable from third parties. This condition encouraged the researcher to conduct an analysis using the common size method. The analysis is expected to provide a more comprehensive understanding of the asset composition, capital structure, and the distribution of revenue across expenses and net income. Consequently, common size analysis enables the identification of significant changes in PT. Bank Jatim's financial position and income statements.

LITERATURE REVIEW

Financial statement analysis has long been recognized as a fundamental tool in evaluating the performance and sustainability of a business entity. According to Harahap (2016), financial statement analysis is a process of reviewing financial data to obtain information that can be used as a basis for decision-making. Similarly, Kasmir (2015) emphasizes that financial statement analysis is not merely a means of evaluating historical performance, but also a tool to project future prospects.

The common size method is a specific analytical technique that provides a standardized framework for evaluating financial data. By expressing individual components of financial statements as percentages of a base figure (such as total assets or total sales), the method allows for comparability across different periods or between different companies, regardless of size (Wild, Subramanyam, & Halsey, 2014). This approach is particularly useful in identifying structural changes in asset allocation, liability composition, and revenue distribution.

Several prior studies have demonstrated the relevance of common size analysis in the banking industry. For example, Sari (2019) found that common size analysis helps identify the sources of growth in a bank's balance sheet, particularly in assessing whether increases in assets are driven by loans, investments, or other components. Similarly, Prasetyo (2020) highlighted that the method is instrumental in evaluating efficiency and profitability, as it allows a deeper understanding of expense structures relative to revenues.

In the context of regional development banks in Indonesia, research by Hutapea (2021) underlined the importance of common size analysis as a complement to ratio analysis in monitoring financial stability. Given the unique role of regional banks in supporting local economies, analyzing structural shifts in their financial statements provides valuable insights into their operational and strategic directions.

Thus, the application of common size analysis in this study is expected to enrich the understanding of PT. Bank Jatim's financial performance by highlighting patterns of growth and changes in financial composition over the 2023-2024 period.

METHODS

This study employs a descriptive quantitative approach with secondary data obtained from the audited financial statements of PT. Bank Jatim for the years 2018, 2019, and 2020. The common size analysis method was applied to both the balance sheet and income statement.

In the balance sheet analysis, each asset component was expressed as

a percentage of total assets, while each liability and equity component was expressed as a percentage of total liabilities and equity. In the income statement analysis, each revenue and expense item was expressed as a percentage of total sales (operating revenues).

The procedure for analysis consisted of three main stages :

1. Data Collection: Gathering audited financial statements of PT. Bank Jatim for 2023-2024.
2. Data Processing: Converting financial statement items into percentages relative to total assets (for balance sheet items) and total sales (for income statement items).
3. Interpretation: Identifying significant changes in the composition of assets, liabilities, equity, revenues, and expenses across the three-year period.
4. The validity of the analysis was reinforced by comparing the findings with relevant literature on financial statement analysis in the banking sector.

RESULTS AND DISCUSSION

The results of the common size analysis reveal several important trends in PT. Bank Jatim's financial performance between 2018 and 2020.

Balance Sheet Analysis

The analysis indicates that total assets increased consistently during the three-year period, primarily driven by the growth of current assets. A notable contribution came from accounts

receivable from third parties, which demonstrated significant growth in proportion to total assets. This suggests that the bank's expansion strategy heavily relied on credit distribution.

On the liabilities side, third-party funds (DPK) showed a continuous increase, reflecting growing public trust and the effectiveness of the bank's funding mobilization strategies. Meanwhile, equity also grew steadily, indicating an improvement in the bank's capital base.

These findings align with Sari (2019), who observed that growth in regional banks is often supported by a consistent increase in third-party funds, which serve as the primary source of financing for loan distribution.

Income Statement Analysis

The common size analysis of the income statement shows that operating revenues experienced positive growth, supported by loan interest income as the dominant contributor. However, operational expenses, particularly administrative and personnel costs, also showed an upward trend.

Despite the increase in expenses, net income remained positive, although its proportion relative to total revenues exhibited slight fluctuations. This finding is consistent with Prasetyo (2020), who highlighted that increases in operational costs are a common challenge in maintaining profitability within the banking sector.

Overall, the analysis demonstrates that PT. Bank Jatim maintained healthy financial performance during the 2023-2024 period, with balanced growth in assets, liabilities, and revenues. Nevertheless, the increasing share of operational

expenses indicates the need for greater efficiency in cost management.

CONCLUSION AND RECOMMENDATION

Conclusion

Based on the common size analysis of PT. Bank Jatim's financial statements for the 2023-2024 period, several conclusions can be drawn:

1. The bank's total assets showed consistent growth, primarily driven by the increase in third-party receivables, highlighting the bank's reliance on credit distribution as its main expansion strategy.
2. Third-party funds (DPK) consistently increased, demonstrating strong public trust and effective funding strategies.
3. The income statement analysis indicated growth in operating revenues, dominated by loan interest income. However, operational expenses also increased, slightly affecting the proportion of net income.
4. Overall, PT. Bank Jatim exhibited sound financial performance during the period under study, though rising operational expenses remain a challenge to efficiency.

Recommendations

1. Cost Efficiency: PT. Bank Jatim should implement more effective cost control strategies, particularly in administrative and personnel expenses, to enhance profitability.

2. Diversification of Revenue Sources: Beyond loan interest income, the bank should explore alternative sources of revenue such as digital banking services, investment products, and fee-based income to reduce reliance on credit distribution.
3. Strengthening Capital Base: Efforts should be made to further strengthen equity, ensuring long-term financial stability and compliance with capital adequacy regulations.
4. Digital Transformation: Accelerating the adoption of digital banking platforms can enhance customer experience, increase efficiency, and expand market reach.
5. Future Research: Subsequent studies could combine common size analysis with ratio analysis or trend analysis to provide a more holistic evaluation of financial performance.

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