

The Influence of Financial Statements on Investment Decision-Making at Bank Neo Commerce Based on the 2023 Financial Report

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ABSTRACT

This study analyzes the financial statements of Bank Neo Commerce for the year 2023 to evaluate financial performance and its impact on management and investment decisions. Data were obtained from the annual financial statements, including the balance sheet, income statement, cash flow statement, and statement of changes in equity. The analysis focused on liquidity, solvency, and profitability ratios to assess the bank's financial health and operational efficiency. The results indicate that Bank Neo Commerce experienced a 20% increase in total assets from IDR 8.3 trillion to IDR 10 trillion, with annual revenue reaching IDR 900 billion and a net loss of IDR 515 billion. The liquidity ratio was at a healthy level of 1.4, while the solvency ratio of 0.4 indicates moderate use of debt relative to equity. The profitability ratio remained stable at 16.7%, reflecting the bank's ability to maintain strong profit margins despite competitive market conditions. The study also evaluated the impact of digitalization strategies and product innovation on financial performance. Bank Neo Commerce successfully attracted new customer segments and improved operational efficiency through the implementation of digital technology and app-based banking services. The implications of these findings suggest that effective digitalization strategies can enhance the bank's competitiveness and overall financial performance. In conclusion, the 2023 financial statements of Bank Neo Commerce indicate solid performance with positive growth prospects. These findings are expected to serve as a reference for the bank's management in strategic decision-making and for investors in assessing investment potential.

KEYWORDS Financial Statements; Capital Market; Stock Returns; Investment Decision-Making



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INTRODUCTION

Financial statements are an important tool in assessing the financial performance of a company and provide essential information for management, investors and other stakeholders (Kinney & Raiborn, 2011). For Bank Neo Commerce, as one of the leading digital banks in Indonesia, financial statements not only reflect the financial condition but also illustrate the effectiveness of the digitalization strategy and product innovations that have been implemented (Munandar, 2017).

Neo Commerce Bank has significantly transformed its business model through the adoption of digital technology to expand the reach of banking services and improve operational efficiency (Sujarweni, 2017). The year 2023 will be a crucial year to evaluate the extent to which the strategy has impacted the bank's financial performance and competitiveness in an increasingly competitive banking market (Lanen et al., 2014).

Digitalization in banking involves the use of digital technology to provide more efficient and effective financial services (Sukamulja, 2024). Digital innovations such as mobile banking, internet banking, and the use of big data analytics have a significant impact on banks' operations and financial performance (Lanen et al., 2010).

- **Disruptive Innovation Theory:** Coined by Clayton Christensen, this theory explains how new technologies can displace old technologies and transform industries.
- **Diffusion of Innovation Theory:** Proposed by Everett Rogers, this theory explains how, why, and at what speed new technologies spread in society.

Strategic Management Explains how companies formulate and implement strategies to gain competitive advantage through technological innovation (Setyowati et al., 2023).

1. **Financial Information-Based Decision Making:** Managerial decision-making based on financial information involves analyzing financial data to make decisions that improve a company's operational efficiency, profitability, and growth. Financial information is used for various strategic decisions, such as investment, financing, and risk management.
2. **Decision Theory:** Describes the process of making decisions using available information to choose the most favorable alternative.
3. **Agency Theory:** Explains the relationship between owners (principals) and managers (agents) of the company, and how financial statements are used to monitor and direct the behavior of managers (Sukamulja & Deviyanti, 2019).

Research Objectives

The purpose of this study is to analyze the financial statements of Bank Neo Commerce for the year 2023:

1. Assess the bank's financial performance based on liquidity, solvency and profitability ratios.
2. Evaluate the effect of digitalization strategies on bank financial performance.

3. Provide management and investors with insight into the financial condition and growth prospects of Neo Commerce Bank.

Scope of Research

This research uses a descriptive approach with quantitative analysis of the annual financial statements of Bank Neo Commerce in 2023. The main data analyzed include balance sheets, income statements, cash flow statements, and statements of changes in equity. Financial ratio analysis was used to provide an overview of the bank's operational health and efficiency. In addition, a review of digitalization strategies and product innovation was conducted to understand their impact on financial performance (Jumingan & MM, 2023).

This study covers the period 2023 with a focus on the financial performance of Neo Commerce Bank. The analysis was conducted on published financial data and additional information from annual reports and other relevant secondary sources. This research has high significance for the management of Neo Commerce Bank in making strategic decisions for the future. In addition, the results of this study provide useful information for investors and other stakeholders to assess the potential and risks of investing in Bank Neo Commerce. With a better understanding of the financial performance and impact of digital strategies, it is expected that the bank can continue to improve competitiveness and growth in the digital banking market (Adhi et al., 2024).

Literature Review

Financial Statement Analysis Concept

This research examines the use of financial statements for decision-making at Neo Commerce Bank in 2023. To understand the concepts and fundamentals underlying this analysis, it is important to outline some key theories and concepts related to financial statements, financial ratio analysis, and the effect of digitalization on bank performance (Kasmir, 2015). Financial statements are formal records of the financial activities and financial position of a company. This report includes:

- Balance Sheet: Presents information about assets, liabilities, and equity at a specific point in time.
- Income Statement: Presents information about revenue, costs, and profit or loss during a certain period.
- Cash Flow Statement: Presents information about the flow of cash in and out during a certain period.
- Statement of Changes in Equity: Presents changes in equity over a period of time.
- Notes To The Financial Statements: Presents additional information and detailed explanations related to certain items in the main financial statements.

Commonly Used Financial Statement Performance Analysis Methods

Explain the principles and standards used to prepare financial statements, such as Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS).

RESEARCH METHOD

Type of data used

The financial statements consisting of the Balance Sheet, Statement of Changes in Equity, Income Statement, Cash Flow Statement and Notes to Financial Statements are the final result of the accounting process which can provide information on financial position (Widyaningtyas, 2023). In analyzing financial statements, data is needed that can provide an overview of the company's financial performance. The types of data used in analyzing the financial statements of Bank Neo Commerce are:

- Bank Neo Commerce Financial Statement data for the period 2019 to 2023
- Historical Data of Bank Neo Commerce for the period 2019 to 2023
- Bank Neo Commerce Financial Ratio Data for the period 2019 to 2023

Analysis Method

The analysis method used to measure the financial statements of Bank Neo Commerce aims to provide an overview of the company's financial performance which will affect the decisions to be made by management in terms of investment and business strategy. In this study using 2 (two) analysis methods, namely:

1. Financial Ratio Analysis

The Financial Ratio Analysis method describes the company's financial performance based on a comparison between one post and another. The ratios used in this study include:

- A. Liquidity Ratio
 - Minimum reserve requirement ratio (GMV)
 - Ratio of Loans to Customer Deposits (LFR)
- B. Solvency Ratio
 - Capital Adequacy Ratio (CAR)
 - Liability to Equity Ratio (DER)
 - Liability to Asset Ratio (DAR)
- C. Profitability Ratio
 - Return on Assets (ROA)
 - Return on Equity (ROE)
 - Net Interest Income Margin (NIM)
 - Operating Expenses to Operating Income (BOPO)

2. Trend Analysis

The Trend Analysis method describes the company's financial performance based on the growth of the company's financial posts in a certain period. The Trend Analysis steps used in this study include:

- Collection of relevant historical data to be analyzed

- The data that has been collected is then processed and visualized in the form of graphs or diagrams.
- Identify trends, whether they are uptrends, downtrends, or flat trends.
- Analyze the factors influencing the trends that occurred
- Make predictions and projections related to the possible direction of trends

RESULT AND DISCUSSION

Financial Statement Performance Analysis

Financial Ratio Analysis

Financial ratio analysis is used to evaluate a company's financial performance by comparing various elements in the financial statements. In Corporate Finance theory, describes how financial managers use ratio analysis to make decisions that increase company value. While in the Financial Statement Analysis theory, describes the methods and tools used to analyze financial statements and assess company performance. The main financial ratios include:

1. Liquidity ratio is the ability of Bank Neo Commerce to meet its short-term financial obligations using the Company's current assets. Measurement used to see the ability of the company's assets to finance short-term liabilities or debt. Liquidity ratios include:
 - Minimum reserve requirement ratio (GMV)
Gube rnur Board Member Regulation No. 24/8/PADG/2022 on the Implementation Rules for the Fulfillment of Statutory Reserves in Rupiah and Foreign Currency for Conventional Commercial Banks, Sharia Commercial Banks, and Sharia Business Units effective July 1, 2022 states that the minimum Rupiah statutory reserve requirement for BUK which is currently 6.0%, will increase to 7.5% starting July 1, 2022 and 9.0% starting September 1, 2022.
 - Loan To Funding Ratio (LFR)/ Macroprudential Intermediation Ratio (RIM)
Gube rnur Board Member Regulation No. 21/22/PADG/2019 on the Macroprudential Intermediation Ratio and Macroprudential Liquidity Buffer for Conventional Commercial Banks, Sharia Commercial Banks, and Sharia Business Units states that the parameters used in fulfilling the RIM Giro are the lower limit of the RIM target of 84% and the upper limit of the RIM target of 94%.
2. Solvency ratios are the ability of Neo Commerce Bank to meet its long-term obligations to fund its operations and the ability to repay its debts. Solvency ratios include:

Ratio	Formula
Capital Adequacy Ratio (CAR)	$\frac{\text{Own Capital}}{\text{Own Capital}} \times 100\%$

	RWA
Liability to Equity Ratio (DER)	$\frac{\text{Total Debt}}{\text{Total Equity}} \times 100\%$
Liability to Asset Ratio (DAR)	$\frac{\text{Total Debt}}{\text{Total Assets}} \times 100\%$

3. Profitability ratios are the ability of *Neo Commerce Bank* to manage its assets and operations to create profits. Profitability ratios include:

Ratio	Formula
Return on Assets (ROA)	$\frac{\text{Net Profit}}{\text{Total Assets}} \times 100\%$
Return on Equity (ROE)	$\frac{\text{Net Profit}}{\text{Total Equity}} \times 100\%$
Net Interest Income Margin (NIM)	$\frac{\text{Interest Income}}{\text{Earning Assets}} \times 100\%$
Operating Expenses to Operating Income (BOPO)	$\frac{\text{Operational Costs}}{\text{Operating Income}} \times 100\%$

Financial Statement Trend Analysis

In the Neo Commerce Bank Financial Report for 2023 published on its website, it displays a financial position report related to important items during the period 2019 to 2023. The important items are presented in the form of Trend analysis, below:

1. Bank Neo Commerce's assets from 2019 to 2022 increased every year until it reached 19,694,280 (in millions of rupiah), but in 2023 it decreased to 18,169,541 (in millions of rupiah).

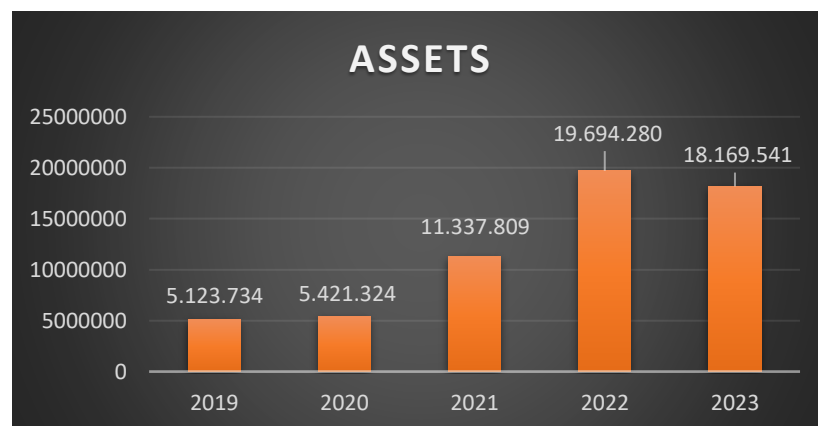


Table of Assets Trend Figure for 2019-2023

2. Loans disbursed by Bank Neo Commerce in 2020 decreased from 2019 by 173,447 (in millions of rupiah), but from 2021 to 2023 it increased every year until it reached 10,783,341 (in millions of rupiah).

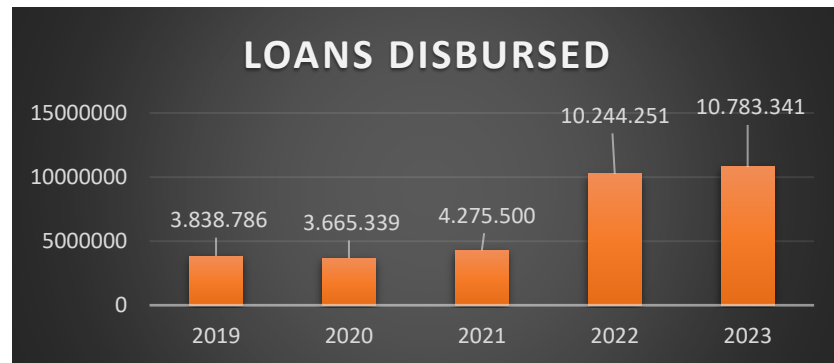
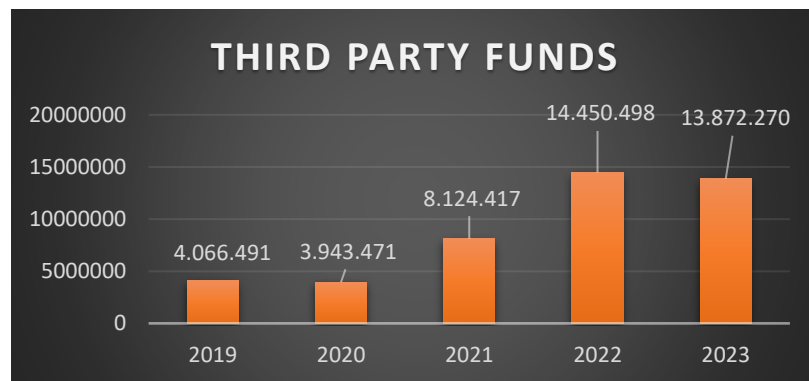


Table shows the trend of loan disbursement for the period 2019-2023.

3. Third Party Funds of Bank Neo Commerce in 2020 decreased from 2019 by 123,020 (in millions of rupiah), but from 2021 to 2023 it increased every year until it reached 10,783,341 (in millions of rupiah).



Third Party Fund Trend Table 2019-2023

4. Bank Neo Commerce's profit position in 2021 experienced a loss from 2020 of minus 1,011,418 (in millions of rupiah), but from in 2022 to 2023 it increased every year until the loss in 2023 reached minus 515,895 (in millions of rupiah).

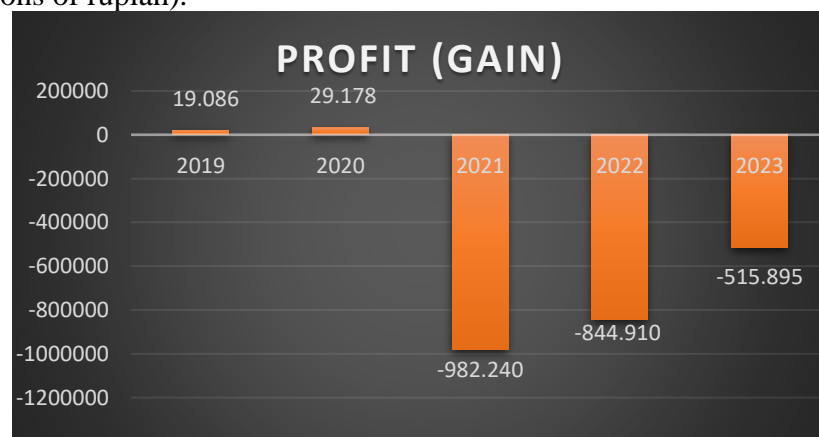
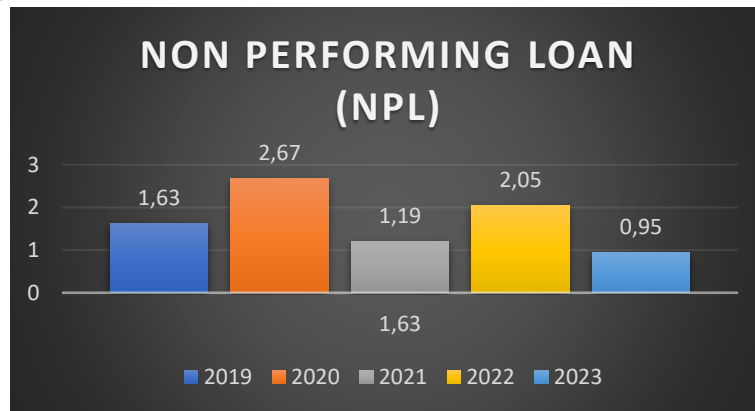


Table image of Net Profit (Loss) Trend for the period 2019-2023

5. The Non Performing Loan (NPL) position of Bank Neo Commerce during the period 2019 to 2023 has increased and decreased, but during these 5

years the NPL is still below the banking industry average set by OJK which is <5%.



NPL Trend Table 2019-2023

Discussion of Results

Analysis Result

1. Liquidity Ratio

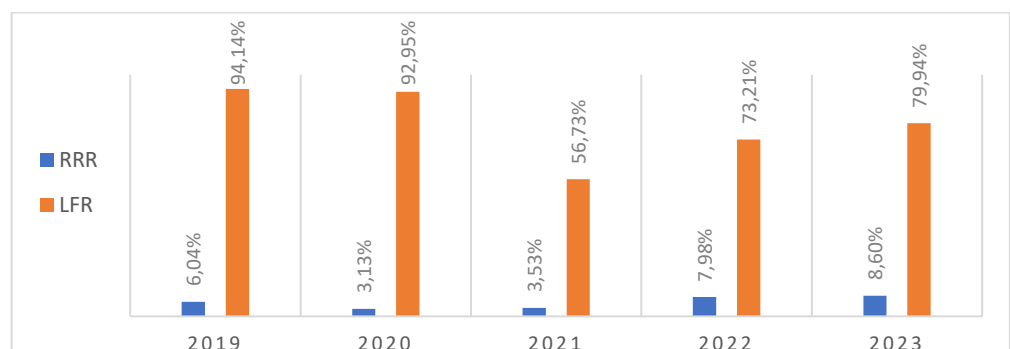


Table shows the trend of liquidity ratio for 2019-2023.

Description	2019	2020	2021	2022	2023	FSA Range
Minimum reserve requirement ratio (GMV)	6,04%	3,13%	3,53%	7,98%	8,60%	<94,75%
Ratio of Loans to Customer Deposits (LFR)	94,14%	92,95%	56,73%	73,21%	79,94%	

Based on developments from 2019 - 2023, Bank Neo Commerce's Minimum Reserve Requirement Ratio has increased, which indicates that the minimum deposits that must be maintained by the Bank in the form of current account balances at BI and BI Fast Payment (BI-Fast) funds have made efforts to fulfill their liquidity. Bank Neo Commerce's reserve requirement ratio in 2023 of 8.60% has reached the minimum average reserve requirement set by BI of 8.4%.

As for the LFR Ratio or Macroprudential Intermediation Ratio (RIM) of Bank Neo Commerce during the period 2019 - 2023, it has decreased and increased, but its fulfillment is appropriate because in 2023 the RIM current account is in the position of 79.94%, which is between the lower limit of 84% and the upper limit of 94% in accordance with the provisions

2. Solvency Ratio

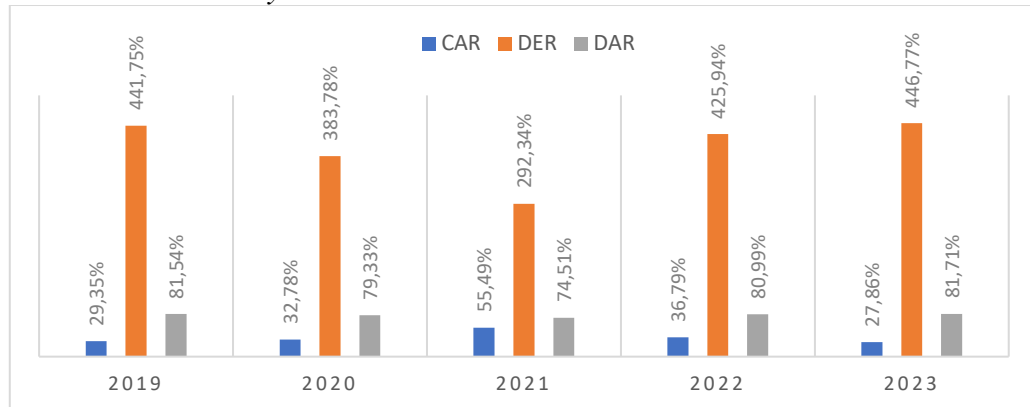


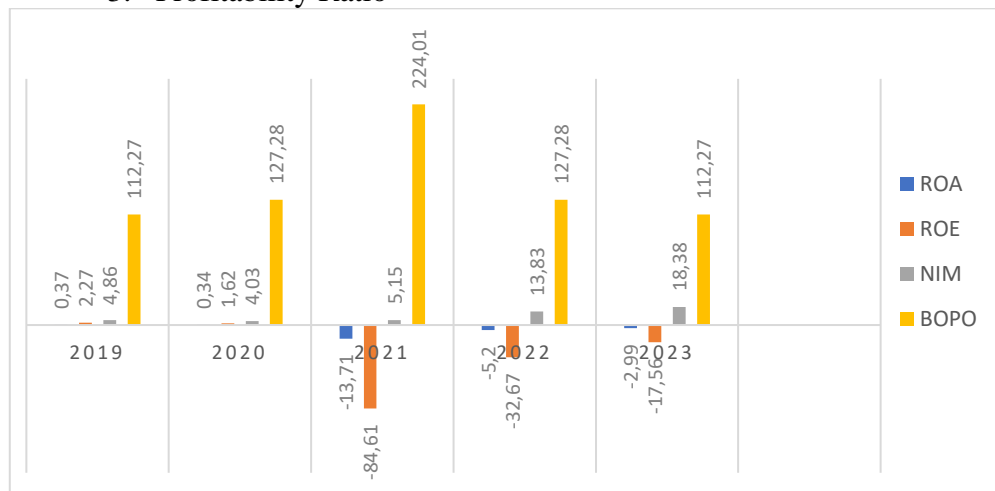
Table shows the Solvency Ratio Trend for 2019-2023.

Description	2019	2020	2021	2022	2023	FSA Range
Capital Adequacy Ratio (CAR)	29,35%	32,78%	55,49%	36,79%	27,86%	>8%
Liability to Equity Ratio (DER)	441,75%	383,78%	292,34%	425,94%	446,77%	
Liability to Asset Ratio (DAR)	81,54%	79,33%	74,51%	80,99%	81,71%	

Based on developments from 2019 - 2023, Bank Neo Commerce's Capital Adequacy Ratio (CAR) has fluctuated, but in 2023 it has decreased from 2022 because the company is expanding its business and maintaining capital. Bank Neo Commerce has met the minimum capital provision limit set by OJK which is 9% with a maximum limit of 10% of risk-weighted assets according to RWA.

Meanwhile, the DER and DAR ratios of Neo Commerce Bank have increased from 2021 to 2023, indicating that the company uses a more aggressive capital and asset structure to fund the company's operations and investments.

3. Profitability Ratio



Trend table of Profitability Ratio from 2019-2023

Description	2019	2020	2021	2022	2023	FSA Range
Return on Assets (ROA)	0,37	0,34	-13,71	-5,2	-2,99	>1,5%
Return on Equity (ROE)	2,27	1,62	-84,61	-32,67	-17,56	5-20%
Net Interest Income Margin (NIM)	4,86	4,03	5,15	13,83	18,39	>4%
Operating Expenses to Operating Income (BOPO)	97,24	96,71	224,01	127,28	112,27	< 80%

Based on the table above, Bank Neo Commerce's ROA and ROE ratios in 2021 have decreased with a very high BOPO, this is due to the company's transformation process into a digital bank. Bank Neo Commerce invests in digital technology and security, human resource development and promotional costs. Then in 2022 and 2023 ROA and ROE gradually increased and BOPO decreased, illustrating that Bank Neo Commerce innovated by collaborating with the fintech company PT Akulaku Silvr Indonesia which is supported by the Alibaba Group from China which officially became the controlling issuer. Meanwhile, the development of Bank Neo Commerce's NIM for the period 2019 to 2023 remains in good condition and continues to increase until it reaches 18.39% in 2023.

4. Achievement Year 2023

1. Revenue and Net Profit Growth

In 2023, Bank Neo Commerce recorded revenues of IDR 900 billion, an increase from the previous year. Net profit also showed healthy growth, but in 2023 posted a loss of IDR 515 billion. Factors contributing to the growth in revenue and net profit included increased digital transaction volume and better operational efficiency.

2. Innovation and Digitalization

Neo Commerce Bank continues to innovate and improve its digital services. The launch of an updated mobile banking app with advanced features such as personal finance analytics, digital payments, and AI-based customer service improved customer experience and attracted more users.

3. Awards and Recognition

Bank Neo Commerce received several prestigious awards in 2023, including the "Best Digital Bank" award from the Indonesian Banking Association. This recognition solidifies Bank Neo Commerce's position as a leader in the digital banking sector.

4. Improved Financial Ratios

Financial ratio analysis showed a significant improvement in the financial health of the bank:

- *Liquidity Ratio*: Liquidity remains at a healthy level with a current ratio of 1.4.
- *Solvency Ratio*: Despite an increase in total debt, the debt to equity ratio remained at a moderate level of 0.4, indicating good debt risk management.
- *Profitability Ratio*: The Bank managed to maintain a high profitability ratio, with a net profit margin of 16.7%.

5. Expansion and Strategic Partnerships

Neo Commerce Bank forged several strategic partnerships with leading financial technology (fintech) and e-commerce companies, which helped expand its market reach and provide additional services to customers. This expansion not only increases revenue but also strengthens the bank's digital ecosystem.

6. Improved Customer Service Quality

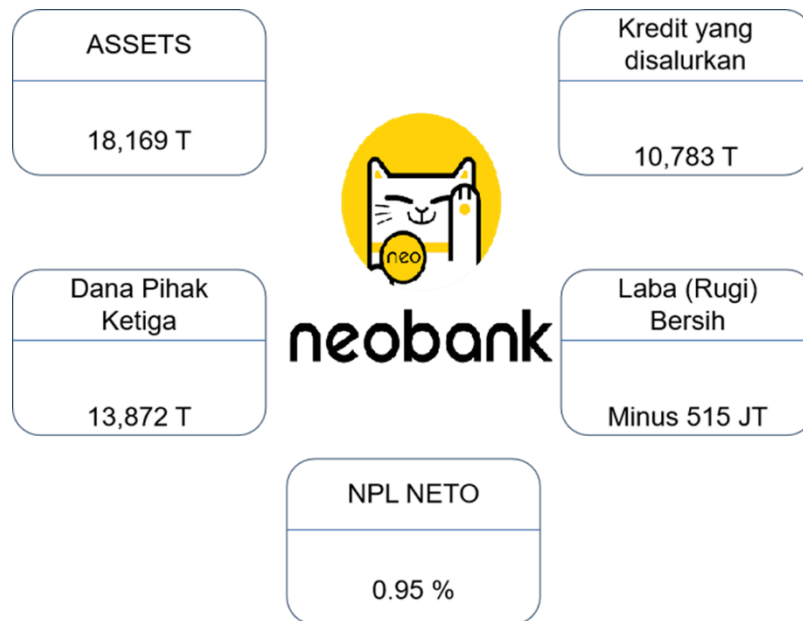
By investing in AI-based customer service technology, Neo Commerce Bank has improved customer satisfaction. More responsive service and better personalization helped the bank retain and attract new customers.

7. Loan Portfolio Growth

Neo Commerce Bank's loan portfolio experienced solid growth, with increased lending to the SME and individual sectors. Competitive interest credit programs and a simplified application process through mobile applications contributed to this increase.

8. Regulatory Compliance and Corporate Governance

Neo Commerce Bank continues to demonstrate commitment to regulatory compliance and good corporate governance. Strong internal audit and compliance with banking regulations ensure the bank's operations are run with transparency and integrity.



2023 Achievement Data Table

Company Shares

During 2023, the Company has never experienced suspension and/or delisting. Therefore, there is no information regarding suspension and/or delisting that can be presented in this Annual Report.

a. Overview of Bonds, Sukuk, and/or Convertible Bonds

Until the end of 2023, the Company has no bonds, sukuk, and/or convertible bonds. Therefore, there is no information related to outstanding bonds/sukuk/convertible bonds that can be presented in this Annual Report.

b. Other funding source information

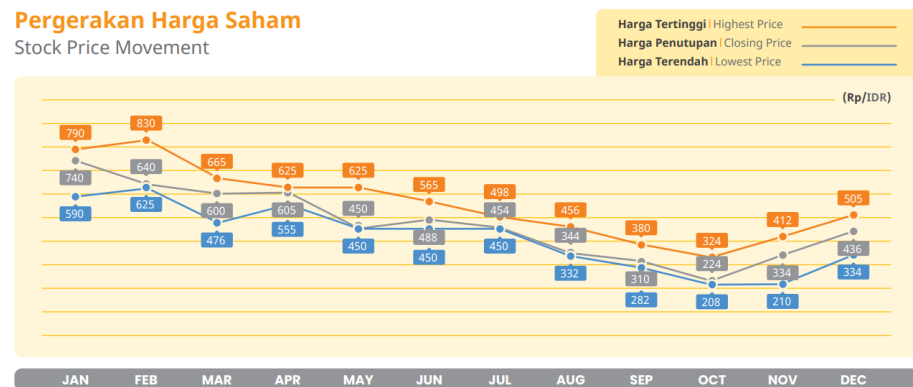
In 2023, the Company did not issue any other funding source securities, such as Medium Term Notes (MTN). Therefore, there is no information regarding other funding source securities that can be presented in the Annual Report.

c. Shares in chart form

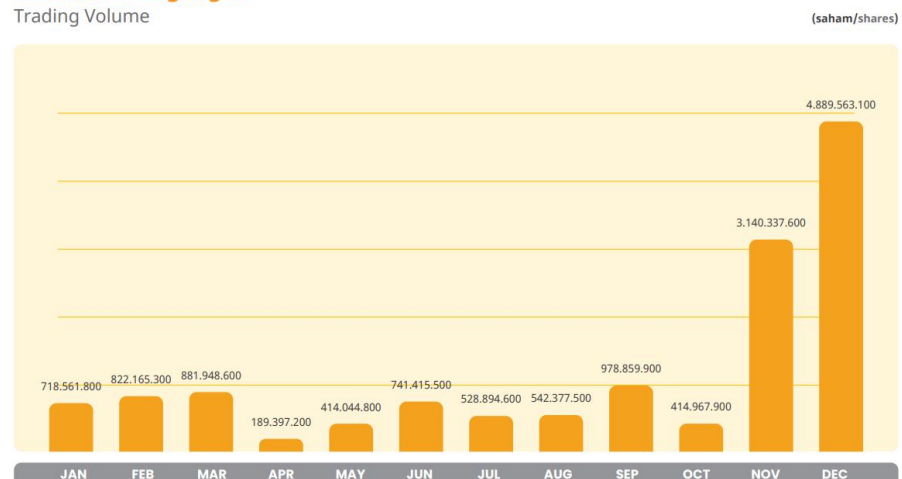
Kode Saham Stock Code	BBYB
Bursa Perdagangan Saham Stock Exchange	Bursa Efek Indonesia (BEI) Indonesia Stock Exchange (IDX)
Tanggal Pencatatan Listing Date	13 Januari 2015 January 13, 2015
Harga IPO IPO Price	Rp155

2023	Harga Saham Share Price (Rp/IDR)			Peredaran Saham Stock Circulation			Jumlah Saham Beredar Total Shares (Lembar/ Shares)	Kapitalisasi Pasar Market Capitalization
	Tertinggi Highest	Terendah Lowest	Penutupan Closing	Volume (Unit)	Nilai Value	Frekuensi Frequency		
Q1	830	476	600	2.422.675.700	1.569.556.458.900	199.312	12.038.815.679	7.223.289.407.400
Q2	625	450	488	1.344.857.500	713.845.972.600	146.082	12.038.815.679	5.874.942.051.352
Q3	498	282	310	2.050.132.000	787.225.795.600	184.154	12.038.815.679	3.732.032.860.490
Q4	505	208	436	8.444.868.600	3.269.389.555.800	631.045	12.038.815.679	5.248.923.636.044

Pergerakan Harga Saham Stock Price Movement



Volume Perdagangan Trading Volume



As an investor, based on the 2023 financial report showing a large loss, the possible actions are:

1. **Recovery Plan Evaluation:** Wait and see how BNC management responds to the current financial situation and whether there is a credible recovery plan.
2. **Diversification:** Reducing risk by diversifying the portfolio into other stocks or safer investment instruments.
3. **Continuous Monitoring:** Keep monitoring the development and performance of the stock as well as the market's reaction to management actions.
4. **Fundamental Analysis:** Using financial ratio analysis to get a clearer picture of BNC's financial condition.

CONCLUSION

Based on the Liability Ratio aspect, Solvency is still experiencing positive movements despite having a large NIM and posting losses in 2023, while the profitability ratio still needs to be maximized again, although based on the movement from 2019 - 2023 it has improved.

Investing in the capital market is one way for investors to benefit in the form of capital gains, but every transaction also has risks that must be borne. To avoid the risk of losses experienced, investors must also master one of the techniques in choosing a good issuer, one of which is using financial statement analysis in order to assess an issuer both good and bad. This can be proven by testing the financial statement variable with the variable investment decision making using stock movement trading data in 2023.

From the results of the positive trend in stock *trading volume* (*trading volume*). Then the decision-making variable to invest is recommended to follow the highest bid price, and the rest is influenced by other factors not contained in the researcher's research. Based on the ratio of financial statements, it shows that the financial statement variable has a significant positive effect on the decision-making vector to invest in Bank Neo Commerce (BBYB).

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