MERGER AS THE FULFILLMENT OF MINIMUM CAPITAL REQUIREMENTS AND FULFILLMENT OF CORE CAPITAL BPRBASED ON FINANCIAL REGULATION NO. 5/POJK.03/2015 (CASE STUDY AT PT. BPR RANGKIANG AUR DAN PT. BPR RANGKIANG DENAI)

Dodi Yuli Satria[1)], Nasfi[2)]
[1)]*Lecturer at AKTAN (Akademi Akuntansi Boekittinggi)*
[2)]*Lecturer at STES Manna WaSalwa, Padang Panjang, Indonesia*
*Corresponding Author: Antoni
e-mail: toni819975@gmail.com

Abstract : Research that aims to identify, study and interpret the selection of merger alternatives as a step in PT. BPR Rangkiang Aur and PT. BPR Rangkiang Denai in addressing POJK number 5 / POJK.03 / 2015. The method used in this study is a combination research method / mix methods, namely by collecting, analyzing data, interpreting findings and drawing conclusions with quantitative and qualitative methods. The merger was carried out on the condition that the two BPRs were financially sound so the authors carried out the analysis of the health of the two BPRs using CAR, NPL, LDR, ROA, ROE and BOPO financial ratios. The results of this study indicate that the merger of PT. BPR Rangkiang Aur with PT. BPR Rangkiang Denai can fulfill the provisions of POJK number 5 / POJK.03 / 2015 with the results of CAR or KPMM reaching 15.11% with the fulfillment of core capital reaching Rp. 6,836,939 thousand, which has exceeded the minimum core capital provisions. Besides that, with the merger, the vision and mission of PT. BPR Rangkiang Aur and opens opportunities to grow better.

Keywords: Merger, *CAR*, *NPL*, *LDR*, *ROA*, *ROE*, BOPO and FinancialRegulation No. 5/POJK.03/2015

A. INTRODUCTION

Bank Perkreditan Rakyat (BPR) as a form of an existing Bank in Indonesia other than Commercial Banks also carry out the intermediary role in question. As we know today, Rural Banks (BPR) can be said to no longer be Micro Banks that must operate in certain rural and sub-districts. With the development of the community's need for micro banking services, Rural Banks (BPR) can also compete in order to realize the improvement of living standards of many people in urban areas. So that the community has many choices to be able to get assistance with easy service access from the banks. It is even possible that the Rural Bank (BPR) can become a Bank that is equivalent to a public bank not a foreign exchange covering a certain area but still not justified in accepting deposits.

Therefore, as a great hope for the community in realizing the people's economy, the Rural Credit Banks (BPR) must be able to provide high confidence to the community, especially the depositors and the borrowing community, that Rural Banks (BPR) are the right choice for them to transact. One of the manifestations of the guarantee of the community's confidence is the level of health of the financial statements of the Rural Banks (BPR).

According to Soedarto in BPR Risk Management (2012) the level of health of Rural Banks (BPR) can be seen from financial statement analysis using ratio analysis. The health level or measure of a bank's performance is usually shown by the calculation of profitability ratio. In the banking world, the profitability ratio that is often used is the Return on Assets (ROA) and Return On Equity (ROE) ratio. Return On Assets (ROA) is used to measure the efficiency and effectiveness of a company in generating profits by utilizing assets owned. Return On Assets (ROA) is a ratio that compares the profit before tax to total assets (Sofyan Syafri Harahap, 2008). The greater the percentage of Return On Assets (ROA) means that the company's performance is getting better.

Therefore, as a great hope for community development, the Rural Credit Banks (BPR) must be able to provide high confidence to the community, especially the depositors and the borrowing community, that Rural Banks (BPR) are the right choice for them to transact. One of the manifestations of the guarantee of the level of health of the financial statements of the Rural Banks (BPR).

According to Soedarto in BPR Risk Management (2012) the level of health of Rural Banks (BPR) can be seen from financial statement analysis using ratio analysis. The health level or measure of a bank's performance is usually shown by the calculation of profitability ratio. In the world banking, the profitability ratio is often used as return on assets (ROA) and return on equity (ROE) ratio. Return on Assets (ROA) is used to measure efficiency and effectiveness in generating profits by utilizing assets owned. Return on Assets (ROA) is a ratio that compares the profit before tax with total assets (Sofyan Syafri Harahap, 2008). The greater the percentage of Return On Assets (ROA) means that the company's performance is getting better.

Besides the level of health that must be maintained, BPRs are also required to comply with regulations issued by Bank Indonesia and or the Financial Services Authority. Among the regulations of the Financial Services Authority are among others the Regulation of the Financial Services Authority (hereinafter abbreviated as POJK) number 20 of 2014 concerning Rural Credit Banks, POJK No. 4 of 2015 concerning Implementation of Rural Bank Governance, POJK No. 5 / POJK.03 / 2015 concerning Minimum Capital Requirements for Rural Banks and POJK No. 13 of 2015 concerning Application of Risk Management in Rural Banks. BPR which at the time of enactment of the regulation of the Financial Services Authority has not met the capital ratio of at least 12% (twelve percent) and minimum core capital of less than Rp. 6,000,000,000 (six billion rupiahs) are required to prepare a plan to fulfill the capital ratio and / or minimum core capital in the form of an action plan with the approval of the GMS. Plans for fulfilling minimum core capital are carried out, among others, through profit growth, additional paid-in capital, mergers, consolidations or acquisitions. In general, the development of PT. BPR Pillar Aur and PT BPR The Denai cluster is illustrated in table 1 and table 2 below:

Tabel 1

PT. BPR RANGKIANG AUR

Perkembangan Laporan Keuangan

Periode akhir tahun 2012 s.d 2016

(***Dalam ribuan rupiah***)

Pos - Pos	Realisasi Tahun				
	2012	2013	2014	2015	2016
Asset	31.365.507	31.851.438	33.273.053	41.200.372	44.179.640
Antar Bank Aktiva	6.904.191	7.726.416	5.195.993	10.617.523	11.935.727
Kredit	23.245.007	23.681.009	27.384.713	30.131.307	31.163.179
Tabungan	14.054.140	15.487.282	17.774.124	19.077.724	21.209.854
Deposito	8.970.500	8.451.402	9.925.500	12.647.500	14.631.000
Modal Dasar	2.000.000	2.000.000	2.000.000	2.000.000	2.000.000
Modal Disetor	1.000.000	1.000.000	1.000.000	1.813.770	1.813.770
Total Modal Inti	1.832.623	2.038.659	2.289.185	2.921.987	3.151.303
Pendapatan	3.453.172	3.779.796	4.682.560	7.156.358	7.303.618
Biaya	2.933.055	3.199.346	3.948.537	6.271.213	6.141.191
Laba Kotor	520.117	580.449	734.023	885.145	1.162.427
Pajak Penghasilan	67.494	81.791	114.839	146.928	194.895
Laba Bersih	452.623	498.659	619.185	738.217	967.533

Sumber : Lap. Publikasi PT. BPR Rangkiang Aur

Tabel 2

PT. BPR RANGKIANG DENAI

Perkembangan Laporan Keuangan

Periode akhir tahun 2012 s.d 2016

(***dalam ribuan rupiah***)

Pos - Pos	Realisasi Tahun				
	2012	2013	2014	2015	2016
Asset	36.139.864	35.489.096	35.198.303	36.340.535	38.702.216
Antar Bank Aktiva	5.640.175	8.553.836	7.280.237	6.324.472	6.479.530
Kredit	27.841.818	26.380.535	26.975.844	28.651.536	30.526.560
Tabungan	10.778.011	10.113.152	9.693.769	11.174.043	11.609.560
Deposito	14.500.385	13.969.360	15.036.846	17.968.283	17.630.663
Modal Dasar	3.000.000	3.000.000	3.000.000	3.000.000	3.000.000
Modal Disetor	1.472.240	1.472.240	1.472.240	1.472.240	1.472.240
Total Modal Inti	2.314.729	3.092.224	3.117.012	2.827.274	3.686.259
Pendapatan	7.197.410	8.265.439	7.738.810	7.169.368	6.977.195
Biaya	6.474.448	7.472.897	7.112.171	6.958.876	6.454.082
Laba Kotor	722.962	792.542	626.639	210.492	523.113

Sumber : Lap. Publikasi PT. BPR Rangkiang Denai

Based on Table 1 and Table 2, the asset development of PT. BPR Rangkiang Aur and PT. BPR Rangkiang Denai shows an increase every year. Important balance sheet items such as loans provided as the main source of income from BPRs showed a significant increase. Likewise, funding from third parties such as Savings and Deposits shows an increase every year. This could also illustrate the high level of public confidence in placing their funds in the two BPRs.

Furthermore, the data above can be seen that PT. BPR Rangkiang Aur and PT. BPR Rangkiang Denai still has capital far below the minimum core capital provisions in accordance with POJK number 5 / POJK.03 / 2015. To meet the minimum capital requirements for rural banks and fulfillment of minimum core capital until the time limit specified in 2024 may be fulfilled by each PT. BPR Rangkiang Aur and PT. BPR Rangkiang Denai individually but with the provision of a prohibition to distribute profits before the fulfillment of said core capital must be considered by management and shareholders of PT. BPR Rangkiang Aur and PT BPR Rangkiang Denai in determining the right decision to fulfill the OJK's requirements. Besides that, if PT BPR Rangkiang Aur and PT. BPR Rangkiang Denai does not fulfill the minimum capital requirement and fulfill minimum core capital, PT BPR Rangkiang Aur and PT. BPR Rangkiang Denai will have difficulties in developing business and increasing business volume. Because with capital that does not meet the difficult conditions, it is possible to expand and develop BPR businesses.

So that PT. BPR Rangkiang Aur and PT BPR Rangkiang Denai must take appropriate actions in fulfilling the provisions and regulations of the Financial Services Authority such as adding capital in the form of fresh money from existing shareholders, accepting new investors to increase capital or merging business entities in the form of mergers and or consolidations.
Based on the background of the issue, this article aims to examine the Merger to fulfill the minimum capital provision obligations and fulfillment of the minimum core capital of an RB in accordance with POJK number 5 / POJK.03 / 2015 case studies at PT. BPR Rangkiang Aur and PT. BPR Rangkiang Denai.

Literature Review

A merger is a merger of two or more banks by maintaining the establishment of one of the banks and dissolving the other banks without first liquidating. (Kasmir 2013). Mergers have been debated for a long time by some people, mergers are considered an act that is not useful. Jansen in Zarul (2012) conveyed the rebuttal of eight folklore as an opinion (folklore) about mergers and acquisitions (take over), among others, mergers carried out by outsiders to the detriment of shareholders, in fact more that created an increase in the welfare of shareholders.

Muliaman D. Hadad (Lay, Marbun et al. 2010, in Zarul 2012) stated that mergers and acquisitions are a solution to maintain the sustainability of the industry / bank business. An example in 1998 was an economic crisis that had a negative impact on banks, an effective solution was to merge several banks. To maintain the continuity of banks, strict supervision and education for customers was one of the bank's tasks, namely directing customers to know their rights and obligations.

Suad Husnan and Enny Pudjiastuti (2012) say mergers are often used to show the merger of two or more companies, and then only the name of one of the companies that joins. Whereas consolidation shows the merger of two or more companies and the names of the companies that join are lost, then a new name appears from the combined company.

Research on financial business mergers such as mergers, consolidations or acquisitions as well as assessing financial performance with financial ratios such as Syed Ibrahim's research (2010), examined the "Performance Evaluation of Regional Rural Banks in India". He concluded that the reforms and mergers allowed by the Indian government in consultation with the Reserve Bank of India (RBI) and the National Bank for Agriculture and Rural Development (NABARD) from 1994 to 2006. Furthermore, the results of this study showed positive results with respect to key performance indicators such as the number of banks and branches, the composition of capital, deposits, loans and investment trends. The results of this study conclude that the performance of rural banks in India has increased significantly after the amalgamation or merger process initiated by the Indian government.

Gavin Kredtzschmar, et al (2010) study, researching "Integrated models of capital adequacy - why banks are undercapitalized" and already written in Journal of Banking & Finance 34 ". aims to propose banks to develop integrated models for economic capital that connect asset values with fundamental risk drivers in the economy to capture the systematic impact and dependence between assets by assuming correlation. This study concludes that a more modular correlation-based approach to capital economics which currently dominates practice can lead to bank undercapitalization. The introduction of models based on integrated economic scenarios in the future can increase capital adequacy.

Research by Niniek Lukiana (2012), examined the analysis of the minimum capital adequacy ratio to assess bank capital adequacy in supporting its activities with an efficient background on the performance of Rural Banks in Lumajang district in terms of capital adequacy in accordance with standards set by Bank Indonesia in 2007 in 2009. The results of this study concluded that bank capital that was too high had an effect on earnings although in reality these conditions indicated that the bank's capital structure was very strong. Very high bank capital indicates that there is still the possibility of unemployed funds or banks still have high liquidity. However, bank capital that is low can affect people's trust and other interested parties.

The research of Ni Made Novi Susilowati, et al (2017), examined whether size, loan to deposit ratio (LDR), cash ratio (CR), non-performing loan (NPL), equity to total liabilities ratio, return on assets (ROA), net interst margin (NIM), and BOPO can distinguish the level of bank capital adequacy. This study uses the puposes sampling method using a sample of 102 BPR in the province of Bali and uses discriminant analysis with the simultancous estimation method. The results showed eight independent variables together - can be used to differentiate the level of BPR capital adequacy ratio, but only 6 (six) independent variables partially considered to be significant in distinguishing the level of bank capital adequacy, among others, size, LDR, CR, NPL , EQTI, and NIM. The dominant financial ratio that can distinguish the level of bank capital adequacy is NPL.

The research of Herwin Kurniawan (2015) with examined and analyzed the return on assets (ROA) of several banks after mergers in Indonesia. By using descriptive methods from secondary data in the form of bank financial reports under study collected, analyzed and processed and analyzed descriptively statistically through banking ratio analysis. The results of the study are that data from several sample banks found that not all banks carrying out mergers and acquisitions showed good performance. Failure to maintain or improve bank performance is influenced by poor quality of productive assets, inefficient management of business and declining bank CAR. While research Eng, Tan Sau. (2013), examined the influence of NIM, BOPO, LDR, NPL and CAR on ROA of International Banks and National Public Banks in the period 2007-2011. The results of his research said that NIM BOPO LDR, NPL and CAR had a significant effect on ROA. While the CAR from the statistical results does not have a significant effect on ROA. Furthermore, the development of average ROA is similar to the development of CAR.

B. METHODOLOGY

The implementation of this study can be classified as study-shot or cross-sectional based on the time horizon. The research subjects in this study were PT. BPR Rangkiang Aur and PT. BPR Rangkiang Denai which is located on the No. 1 Sukarno Hatta Street Payakumbuh by obtaining financial report data for the end of the year 2012 to 2016. Whereas for calculating financial ratios in determining the health level of the BPR the writer uses the ratio of capital adequacy ratio (CAR), Net Performing Loan (NPL), Loan to Deposit Ratio (LDR), Return on Assets (ROA), Return on Equity (ROE) and BOPO.

The data in this study were collected for the final accounting period data for each consecutive year from 2012 to 2016 with a place in the head office of PT BPR Rangkiang

Aur and the head office of PT BPR Rangkiang Denai. Data collected in the form of secondary data obtained directly from the source, namely the accounting section of PT. BPR Rangkiang Aur and PT BPR Rangkiang Denai and BPR publication data from the website of Bank Indonesia and the Financial Services Authority.

C. EMPIRICAL RESULTS AND DISCUSSION

Capital Adequacy Ratio (CAR) of PT BPR Rangkiang Aur and PT. BPR Rangkiang Denai when a merger will take place.

To see the readiness of PT BPR Rangkiang Aur and PT BPR Rangkiang Denai in fulfilling the minimum capital fulfillment obligations before the merger, the authors assessed the fulfillment of the Minimum Capital Fulfillment Obligation (KPMM) referred to in each BPR that will merge for 5 years. This is done to ensure that whether before the second merger of BPRs has fulfilled the regulations of the Financial Services Authority, especially regarding the minimum capital requirement for BPR.

According to the Bank Indonesia Board of Directors Decree Number 30/11 / KEP / DIR dated 30 April 1997 CAR ratios can be classified as follows: Healthy: 8.00% and above, Unhealthy: 6.50% - 8.00% and Unhealthy: 0, 00% - 6.50%. This assessment is strengthened by the provisions of article 2 of the Financial Services Authority Regulation number 5 / POJK.03 / 2015 that BPRs are required to provide minimum capital calculated using the CAR / CAR ratio of at least 12% (twelve percent) of RWA. Therefore, it can be concluded that PT. BPR Rangkiang Aur and PT. BPR Rangkiang Denai from the CAR ratio or the obligation to provide minimum capital abbreviated KPMM has met the provisions in POJK number 5 / POJK.03 / 2015. It is seen that PT BPR Rangkiang Aur's CAR since 2012 is always above the 12% (twelve percent) and shows an increase every year.

The highest percentage of CAR is at the end of 2015, which is at 15.55% (fifteen point fifty-five percent). This shows that PT. BPR Rangkiang Aur can mitigate the risks that will be caused by productive assets such as loans, securities and bills to other banks. Or in other words, the financial condition at the end of 2015, PT BPR Rangkiang Aur has the ability to cover Rp. 1 (one rupiah) risk assets with Rp.15.55 (fifteen point fifty five rupiah) capital.
Likewise, PT BPR Rangkiang Denai since 2012 until the end of 2016 has a very good growth CAR ratio. The percentage of CAR ratio always increases every year with the highest number at the end of 2016, which is 14.72% (fourteen point seventy two percent) means that PT. BPR Rangkiang Denai has also fulfilled the provisions in POJK Number 5 / POJK.03 / 2015 with the CAR value for the past 5 years being above the figure of 12% (twelve percent) allowing both BPRs to carry out activities efficiently. This is supported by research from Ninik Lukiana which discusses and concludes research that banks that have sufficient capital are able to support their operational activities efficiently.

Conditions of Financial Aspects of PT. BPR Rangkiang Aur and PT. BPR Rangkiang Denai when going to merger.

The quality of productive assets in the form of loans given to PT BPR Rangkiang Aur from the financial year 2012 to 2016 continues to improve with the NPL ratio both net and gross under 1% (one percent). This shows the success of the management of PT. A very small problematic BPR is under 5% (five percent) even below 1% (one percent). The low value of the NPL ratio can also mean that the debtor's ability to repay loans to the bank is very good so that it can increase the bank's income and profits.

Good quality of net performing loans will also have a positive effect on increasing profitability ratios and efficiency ratios such as BOPO. Usually with the good management of a bank managing this NPL ratio, the other financial ratios as a barometer of health assessment will also be good so that it can describe a healthy bank. The condition of PT BPR's health level The ranks of the Net Performing Loans (NPL) are shown in during the 2012 financial year period until the 2016 financial year fluctuated. The highest increase in the risk of non-performing loans occurred in the 2015 financial year and in 2016 it experienced a recovery with a gross NPL of 2.86%. However, despite fluctuations in the level of NPL at PT. BPR Rangkiang Denai but still in healthy quality because it is still below 5%.

a. Net Performing Loan (NPL) Ratio

This non-performing loan ratio is the ratio of asset quality assessment that is more in-depth than the assessment of the quality of earning assets. In the ratio of the net performing loan the quality of earning assets that is taken into account is the quality of credit loans given with pure numerical value without being classified with collateral and / or allowance for losses.

The quality of earning assets in the form of loans given to PT BPR Rangkiang Aur from the financial year 2012 to 2016 continues to improve with the NPL ratio both net and gross below 1% (one percent). This shows the success of the management of PT. BPR a very small problematic BPR is under 5% (five percent) even below 1% (one percent). The low value of the NPL ratio can also mean that the debtor's ability to repay loans to the bank is very good so that it can increase the bank's income and profits.

Good quality of net performing loans will also have a positive effect on increasing profitability ratios and efficiency ratios such as BOPO. Usually with the good management of a bank managing this NPL ratio, the other financial ratios as a barometer of health assessment will also be good so they can describe a healthy bank.

b. Loan to Deposit Ratio (LDR) ratio

The results of the study provide information on Loan To Deposit Ratio of PT. BPR Rangkiang Aur for 5 years starting from 2012 until 2016 on average is below the provisions of the Central Bank which is below 80% (eighty percent). The results of the study can be concluded that in the aggregate ratio of PT. BPR The rank of Denai is more ideal with an average of 80% to 95%, meaning PT. BPR Rangkiang Denai has been able to manage the use of funds properly. On the other hand, PT. BPR Rangkiang Aur has an average LDR percentage of 78%, meaning that PT. BPR Rangkiang Aur is less aggressive in channeling funds in the form of loans to third parties. Based on the description of the strength and health of the two BPRs in terms of the LDR ratio, it can be concluded that the information provided by calculating this LDR ratio can be taken into consideration for shareholders to merge because it allows this alternative merger to be used as a forum for developing both BPRs in channeling funds and developing markets the target.

***c Return On Asset* (ROA) and*Return On Equity* (ROE)**

According to the Decree of the Board of Managing Directors of Bank Indonesia number 30/11 / KEP / DIR dated 30 April 1997 the value of ROA can be classified as

Healthy if: more than 1.22%, Healthy enough 0.99% - 01.22%, Poorly Healthy: 0.77 % - 0.99%, Unhealthy: 0% - 0.77%. ROA Level of PT. BPR Rangkiang Aur in the last five years is in a healthy condition by exceeding the ideal number of ROA which is above 1.22%. Likewise, the ROE ratio is always above 20% for five consecutive years from 2012 to 2016. It means that PT BPR Aur Rangkiang Aur is still relatively healthy in terms of ROA and ROE ratios. Calculation of ROA and ROE of PT. BPR Rangkiang Aur looks to be in the ideal position for the past five years and tends to show an increase every year. This illustrates the management capability of PT BPR Rangkiang Aur in managing the return of assets from the resulting profits quite well and always above the limits of the ideal or healthy ROA provisions.

d. Operational Cost Ratio versus Operating Income (BOPO)

According to PBI number 6/10 / PBI / 2004 the standard of assessment used in BOPO is a healthy category if the small BOPO value of 93.52%, is healthy enough if the large BOPO value is from 93.32% and is small from 94.72%, less healthy if it is greater than 94.72% and small than 95.92% and if it is greater than 95.92% the categorized bank is not healthy. Development of the BOPO ratio of PT. BPR Rangkiang Aur and PT BPR

Management of PT. BPR Rangkiang Aur and management of PT. BPR Rangkiang Denai can manage its operations efficiently because in aggregate in the last 5 years the BOPO ratio is below 92%. This can be used as a basis for consideration in choosing an alternative to the second merger of BPR because when merger or merger is carried out the culture of managing BPR efficiently will be continued by management.

Merger to fulfill minimum capital provision obligations and fulfill minimum core capital in accordance with POJK number 5 / POJK.03 / 2015.

To find out the fulfillment of the provisions of POJK number 5 / POJK.03 / 2015 with the implementation of the merger, the authors analyze using the CAR or KPMM ratio of the financial statements of the last position, which is October 31, 2017 from the two BPRs that will be merged. The increase in risk-weighted assets (ATMR) is accompanied by an increase in capital from the second capital accumulation of BPR, but not as high as an increase in risk-weighted assets (ATMR). The imbalance in the increase in risk-weighted assets (ATMR)with an increase in capital has resulted in the CAR or KPMM increasing not too high but the value of risk-weighted assets (ATMR) or KPMM is still ideally conditioned which exceeds the minimum CAR or KPMM valuein POJK no. 5/ POJK.03 / 2015 which is above 12%.

Therefore, it can be concluded that the merger between PT. BPR Rangkiang Aur with PT. BPR Rangkiang Denies capital quality calculated by calculating the Capital Adequacy Ratio (CAR) ratio, also known as the Minimum Capital Adequacy Ratio (KPMM), which is 19.16%. this also means that with a merger, the provisions of POJK number 5 / POJK.03 / 2015 article 2 can be fulfilled by the BPR resulting from this merger.

The results of the study also found that the financial growth of PT. BPR Rangkiang Aur from 2017 to 2021 will continue to increase with financial ratios that remain healthy, especially the KPMM or CAR ratio with positions always above 12%. This 5-year financial performance growth projection will be complemented by projections of other important ratios according to the previous discussion consisting of NPL, LDR, ROA, ROE and BOPO. With a low NPL it will also illustrate a low BOPO level, meaning that PT. BPR Rangkiang Aur as a result of the merger will run more efficiently in the coming years.

This position of the 2016 KPMM and / or CAR ratio is used as the base number in projecting the growth of financial performance of PT. BPR Rangkiang Aur as a result of the merger for the next 5 (five) years. And predicted the financial growth of PT. BPR Rangkiang Aur from 2017 to 2021 will continue to increase with financial ratios that remain healthy, especially the KPMM or CAR ratio with positions always above 12%. This 5-year financial performance growth projection will be complemented by projections of other important ratios according to the previous discussion consisting of NPL, LDR, ROA, ROE and BOPO.

D. CONCLUSION AND RECOMMENDATION

This research can be summarized as follows:

1. The purpose of the merger is to increase the size of the entity in non-organic terms and market development and increase efficiency. Mergers are conducted with healthy BPRs in the assessment of financial ratios.
2. After being determined by PT. BPR Rangkiang Denai as a merged BPR partner and carried out an assessment of the level of minimum capital adequacy (KPMM) with an assessment of the CAR ratio, the results obtained that PT. BPR Rangkiang Aur and PT. BPR Rangkiang Denai as a merged partner BPR for the last 5 (five) financial years has always complied with PBI and / or POJK KPMM or CAR regulations, with the calculation of the ratio level always above 12% (twelve percent), which means that both BPRs qualify as BPR who will merge.
3. Based on the assessment of important financial ratios such as NPL, LDR, ROA, ROE and BOPO of PT. BPR Rangkiang Aur and PT. BPR Rangkiang Denai gets a score with a healthy rating.
4. With a merger, it means that the financial position is merged as a whole, after merging and evaluating the financial position for the closing date of the last month, October 31, 2017, the total combined core capital of the two BPRs is Rp. 6,836,939,000 (six billion eight hundred thirty six million nine hundred thirty nine thousand rupiahs) which means fulfilling Article 13 POJK number 5 / POJK.03 / 2015 which requires a minimum core capital of Rp. 6,000,000,000 (six billion rupiahs) and the CAR ratio after the merger produces a value of 19.16% which means that it has fulfilled article 2 POJK number 5 / POJK.03 / 2015 which requires a CAR or KPMM ratio of at least 12%.

Recommendation

1. Increasing the assets of BPR means that the level of risk is also getting bigger, so it is recommended to shareholders to commit to take care of and increase core capital by adding capital through the provision of dividends at the end of the financial year so that the core capital of PT.
2. The commitment of shareholders must be maintained and held firmly to support the growth of rural banks in the future by being ready to participate in maintaining the capital adequacy of PT. BPR Rangkiang Aur.
3. With the increasing size of the entity in terms of assets and capital of the company, it is expected to the management, namely the management and employees of PT. BPR

Rangkiang Aur to improve the quality of products and services by increasing human resources, innovation especially in the field of technology in meeting customer needs.

E. REFERENCES

Bank Indonesia (2006), *Peraturan Bank Indonesia (PBI)* nomor 8/18/PBI/2006 tanggal 5 Oktober 2006 tentang Kewajiban Penyediaan Modal Minimum Bank Perkreditan Rakyat (Lembaran Negara Republik Indonesia tahun 2006 Nomor 75 tentang Lampiran Surat Edaran Bank Indonesia nomor 8/28/DPBPR tanggal 12 Desember 2006. Bank Indonesia, Jakarta.

Bank Indonesia (1999) *Surat Keputusan Direksi Bank Indonesia* (SK Dir BI) nomor 32/52/KEP/DIR tentang Persyaratan dan Tata Cara Merger, Konsolidasi dan Akuisisi Bank Perkreditan Rakyat, Bank Indonesia, Jakarta.

Enny Sri Hartati (2016), *Proyeksi Ekonomi Indonesia* 2017, INDEF, Jakarta ISBN : 978-979-97810-79.

Eng, Tan Sau. (2013). Pengaruh NIM, BOPO, LDR, NPL, dan CAR terhadap ROA Bank Internasional dan Bank Nasional Go Public Periode 2007-2011. Jurnal Dinamika Manajemen. ISSN 2338-123X Vol. 1 No. 3 Juli-September.

Gavin Kretzschmara, Alexander J. McNeilc, Axel Kirchner. (2010)Integrated models of capital adequacy – Why banks are undercapitalized. Journal of Banking & Finance 34 : 2838–2850

Herwin Kurniawan.(2015). Analisis return on asset (roa) beberapa bank pasca merger di indonesia.Jurnal Ilmiah WIDYA. Volume 3(2). September – Desember.

Ikatan Akuntansi Indonesia, 2009, *Standar Akuntansi Keuangan*, Penerbit Salemba Empat, Jakarta.

Kasmir, (2013), *Bank dan Lembaga Keuangan Lainnya*, PT. RajaGrafindo Persada, Jakarta

Niniek Lukiana (2012), analisis rasio kewajiban penyediaan modal minimum untuk menilai kecukupan modal bank dalam mendukung kegiatannya secara efisien. STIE Widya Gama Lumajang

Ni Made Novi Susilowati, Ida Bagus Anom Purbawangsa, Luh Gede Sri Artini. (2017). Variabel-variabel pembeda rasio kecukupan modal Bank Perkreditan Rakyat (BPR) di Bali.E-Jurnal Ekonomi dan Bisnis Universitas Udayana 6.6 (2017): 2553-2586

Otoritas Jasa Keuangan, (2017), *Booklet Perbankan Indonesia 2017*, DPIP OJK, Jakarta.

Otoritas Jasa Keuangan, (2016), *Surat Edaran Otoritas Jasa Keuangan* nomor 8/SEOJK.03/2016, tentang Kewajiban Penyediaan Modal Minimum dan Pemenuhan Modal Inti Minimum Bankk Perkreditan Rakyat, Otoritas Jasa Keuangan, Jakarta.

Otoritas Jasa Keuangan, (2015), *Peraturan Otoritas Jasa Keuangan* nomor 5/POJK.03/2015, tentang Kewajiban Penyediaan Modal Minimum dan Pemenuhan Modal Inti Minimum Bankk Perkreditan Rakyat, Otoritas Jasa Keuangan, Jakarta.

Syed Ibrahim (2010), Performance Evaluation of Regional Rural Banks in India, International Business Research, Vol. 3(4).

Suad Husnan dan Enny Pudjiastuti, (2012), *Dasar – Dasar Manajemen Keuangan*, edisi keenam, UPP STIM YKPN, Yogyakarta.

Sofyan Syafri Harahap, (2008), *Analisa Kristis atas Laporan Keuangan*, PT. RajaGrafindo Persada, Jakarta.

Soedarto. (2015)analisis tingkat kesehatan bank perkreditan rakyat studi kasus di pd. bpr bank daerah gunungkidul periode 2013-2015

Undang-Undang Republik Indonesia No 2, (2010), *Undang – Undang Republik Indonesia No 2 tentang Pokok Perbankan*,

Zarul, (2012), *Penembangan Bank Lokal dengan Merger dalam Rangka Pemberdayaan Ekonomi Rakyat*, Tisara Grafika, Salatiga.