

Financial Strategy Matrix For Increasing Company Growth To Become Sustainable Enterprise In Sharia Bank Indonesia

Sallsabilla Fahima Ilmi¹, Ujang Syahrul Mubarrok², Zulfia Rahmawati³, Taufik Akbar⁴

^{1,2,3,4}*Universitas Islam Kadiri*

*Email: salsabila180502@gmail.com

ABSTRACT

Competition in the banking business in Indonesia, especially for Sharia banks, is very tough. As existing technology develops, Islamic Commercial Banks in Indonesia will have the opportunity to compete superiorly with conventional Indonesian banks. Increasing company growth in the era of sustainability can be done using the Matrix Financial Strategy theory. This research aims to provide insight for researchers and directors from each Islamic commercial bank in Indonesia in increasing company growth. And it can be used as a basis or tool to increase company growth. This research method uses a matrix financial strategy, this strategy has 4 quadrants with each quadrant having a financial strategy. This matrix is based on a comparison of Growth In Sales (GIS) and Self-sustainable Growth Rate (SGR) as well as the results of Economic Value Added (EVA). The research results show that in 2021 and 2022 3 banks have a falling quadrant position, 4 banks have a fixed position and 5 banks have an upward position. To increase company growth, there are several strategic suggestions in each quadrant. The weakness of this research is that this research is still based on 2021 and 2022 only and only refers to Islamic commercial banks. The future picture of this research is that the research can be used as follow-up research into the following year to determine the level of growth of Sharia commercial banking companies.

INTRODUCTION

The development of Sharia Banks in Indonesia is increasingly rapid, this happened due to events in 2021 with the merger of 3 state-owned banks, namely BRI Syariah, BNI Syariah, and Mandiri Syariah. The merger of the three banks was called Bank Syariah Indonesia or BSI. However, the existence of BSI is the main beginning of the development of Sharia Banks in Indonesia and can be on par with Conventional Banks in market demand.

Based on OJK statistical data from 2020 to 2022, market growth is based on total financing and profits of Sharia Commercial Banks in Indonesia at 30.75% and 95.69% respectively. OJK statistical data also records average market growth based on total financing and profits of 17.12% and 92.72%, respectively. This data can be concluded that Sharia Banks in Indonesia can be on par with Conventional Banks in Indonesia.

This interesting data trend for Sharia Banks in Indonesia can encourage them to further develop to the sustainability stage. Existing technological advances can be the basis for a company's progress into the sustainability stage. Careful financial planning must be implemented by company directors with several financial strategies.

Financial strategy planning can be determined from several theoretical media, one of which in this research is using a matrix financial strategy by Hawawini & Viallet, (2019:653). This financial strategy is divided into 4 quadrants, each of which has an existing financial

strategy. This research aims to be a basis or tool for companies to increase company growth to a sustainable level.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

According to Ridwan et al., (2018:238) stated "the matrix financial strategy is value creation and a management of company growth by ranking it and placing it in the form of four quadrants". This statement also agrees with Hawawini & Viallet, (2019:653)"This matrix can be used as a convenient business diagnostic tool that can be used to make strategic decisions."

According to Hawawini & Viallet, (2019:675), the quadrants in the financial strategy matrix are divided into 4, namely Quadrant I if the company experiences a cash deficit ($GIS > SGR$) and experiences value creation ($EVA > 0$); Quadrant II if the company experiences a cash surplus ($GIS < SGR$) and experiences value creation ($EVA > 0$); Quadrant III if the company experiences a cash surplus ($GIS < SGR$) and experiences value destruction ($EVA < 0$); Quadrant IV if the company experiences a cash deficit ($GIS > SGR$) and experiences value destruction ($EVA < 0$).

Company growth is an important component in determining financial strategy planning. This was also stated by Sari et al., (2017:3)"Company growth is the goal of the company because it has a good impact on the company and interested parties"

According to Warta, (2019:6), "The value creation process has meaning as the overall efforts made by a company to achieve excellence and the best economic value" to enter the sustainability stage in a company, value creation is carried out by the company to determine the quality of the company in the future come.

Figure 1 illustrates several framework objectives for this research based on indicators of company growth and value creation to increase sustainable company growth.

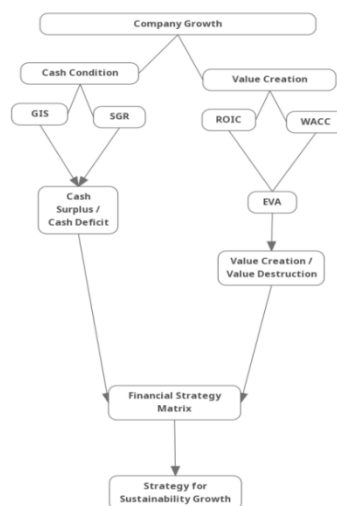


Figure 1. Research Model Financial Strategy Matrix

METHODS

The method used in this research is observation. The data taken comes from the financial reports of Sharia Commercial Banks registered at www.ojk.co.id in 2021 and 2022. The type of research carried out is qualitative descriptive research with a case study approach,

as reported by Juliansyah, (2017:34) explaining that "Qualitative research is research that places more emphasis on meaning and is bound by values, so researchers have broad theories and broad insights."

The population in this research is all Sharia commercial banks in 2021 and 2022 which are registered with the OJK during the 2021 and 2022 period. The sample was taken using the Purposive Sampling method listed in Table 1.

Table 1. General Commercial Sharia Indonesia Bank 2021 & 2022

No.	Nama Bank Umum Syariah tahun (2021)	No.	Nama Bank Umum Syariah tahun (2022)
1.	PT. Bank Aceh Syariah	1.	PT. Bank Aceh Syariah
2.	PT. BPD Nusa Tenggara Barat Syariah	2.	PT. BPD Nusa Tenggara Barat Syariah
3.	PT. Bank Muamalat Indonesia, Tbk	3.	PT. Bank Muamalat Indonesia, Tbk
4.	PT. Bank Victoria Syariah	4.	PT. Bank Victoria Syariah
5.	PT. Bank Jabar Banten Syariah	5.	PT. Bank Jabar Banten Syariah
6.	PT. Bank Mega Syariah	6.	PT. Bank Syariah Indonesia, Tbk
7.	PT. Bank Panin Dubai Syariah, Tbk	7.	PT. Bank Mega Syariah
8.	PT. Bank Bukopin Syariah	8.	PT. Panin Dubai Syariah, Tbk
9.	PT. BCA Syariah	9.	PT. Bank Syariah Bukopin
10.	PT. Bank Tabungan Pensiunan Nasional Syariah	10.	PT. BCA Syariah
11.	PT. Bank Aladin Syariah	11.	PT. Bank Tabungan Pensiunan Nasional Syariah, Tbk
12.	PT. Bank Syariah Indonesia, Tbk	12.	PT. Bank Aladin Syariah, Tbk

Sources: *Author's compilation*

The data analysis technique used is the matrix financial strategy method as in Figure 2. Comparing the results from GIS and SGR is done to determine whether the company's cash condition is surplus or deficit. Determining the EVA results is done by knowing the results of value creation. Positioning the company into the 4 quadrants of the matrix. Based on cash condition results and value creation results, determine the financial strategy carried out by the company based on the placement of these quadrants. There are so many formulas to placing the fourth quadrants.

$$1. \text{ Growth In Sales (GIS)} \\ \frac{\text{net sales after-net sales before}}{\text{net sales before}} \dots\dots\dots(1)$$

$$2. \text{ Self-sustainable Growth Rate (SGR)} \\ \text{Profit Retention Rate} \times \text{ROE} \dots\dots\dots(2)$$

$$\text{ROE} = \text{Return On Equity} \\ 1) \text{ Profit Retention Rate} \\ \frac{\text{EAT} - \text{Dividen}}{\text{EAT}} \dots\dots\dots(3)$$

EAT= Earning After Tax

3. Economic Value Added (EVA)

$(ROIC-WACC) \times \text{Invested Capital} \dots\dots\dots(4)$

ROIC=Return On Invested Capital; WACC=Weighted Average Cost of Capital

1) Return on Invested Capital

$$\frac{\text{Net operating asset after tax}}{\text{invested capital}} \dots\dots\dots(5)$$

2) Net Operating Asset After Tax (NOPAT)
 Operating Income x 1-tax rate.....(6)

3) Invested Capital
 Cash + WCR + Net Fixed Asset.....(7)
 WCR=Working Capital Requirement

4) Working Capital Requirement (WCR)
 Operating Assets - Operating Liabilities (8)

4. Weighted Average Cost of Capital

$(D \times rd) \times (1-\text{tax}) + (E \times re) \dots\dots\dots(9)$

D=Tingkat Modal; rd=Cost of Debt; tax=Tingkat Pajak; E=Tingkat Ekuitas; re=Cost of Equity

1) Tingkat Modal (D)

$$\frac{\text{Liabilities}}{\text{Liabilities} + \text{Equity}} \times 100\% \dots\dots\dots(10)$$

2) Cost of Debt (rd)

$$\frac{\text{Interest Expense}}{\text{Long Term Debt}} \times 100 \dots\dots\dots(11)$$

3) Tingkat Pajak (tax)

$$\frac{\text{Tax Expense}}{\text{Net Profit Before Tax}} \times 100\% \dots\dots\dots(12)$$

4) Tingkat Ekuitas (E)

$$\frac{\text{Total equity}}{\text{Liabilities} + \text{equity}} \times 100\% \dots\dots\dots(13)$$

5) Cost of Equity (re)

$$\frac{\text{Net Profit After Tax}}{\text{Total Equity}} \times 100\% \dots\dots\dots(14)$$

The matrix financial strategy has several levels listed in Figure 2 with variable calculations from Table 2. In each quadrant there are several levels, namely, Quadrant I is the initial or introductory level, Quadrant II is the development level, Quadrant III is the maturity level, and Quadrant IV is the decline level.

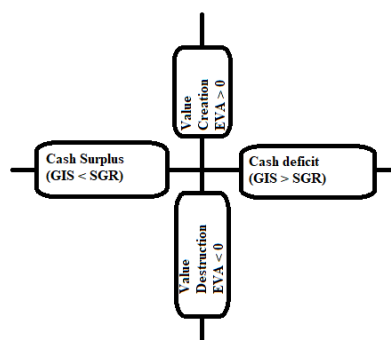


Figure 2. Financial Strategy Matrix

RESULTS

Tables and figures are placed in the center of the page. The table title is written above the table, while the image title is below the image, both with Calibri 12 pt. Letters in tables may use Calibri 10pt or 11pt, single space. Tables are explained, with horizontal lines. Generally Tables and Figures are numbered in order from number 1 onwards. The table presented is only important information; for example, the table can be seen in Table 1. The letters for the description of the image must be large and clear enough to be easy to read, as in the following example:

1. Cash Condition and Level of Value Creation in Sharia Banks in 2021 and 2022

Table 2. Cash Condition Sharia Bank 2021

Nama Bank	GIS	SGR	Cash Surplus/Deficit	Cash Condition
Bank Muamalat	-0,120	0,2	0,32	SURPLUS
Bank Syariah Indonesia	0,052	0,1371	0,0852	SURPLUS
Bank Mega Syariah	0,434	0,2851	-0,1489	DEFICIT
Bank Panin Dubai Syariah	0,021	-0,3176	-0,3384	DEFICIT
Bank Bukopin Syariah	-0,172	-0,236	-0,0642	DEFICIT
BCA Syariah	0,029	0,032	0,0031	SURPLUS
BTPN Syariah	0,158	0,1978	0,0402	SURPLUS
Victoria Syariah	-0,235	0,0179	0,2527	SURPLUS
Bank Aceh Syariah	0,017	0,0713	0,0545	SURPLUS
BPD NTB Syariah	0,158	0,0405	-0,1175	DEFICIT
Bank Aladin Syariah	0,155	0,101	-0,0536	DEFICIT
BJB Syariah	0,079	0,0208	-0,0586	DEFICIT

Source: Author's compilation

Table 3. Cash Condition Sharia Bank 2022

Nama Bank	GIS	SGR	Cash Surplus/Deficit	Cash Condition
Bank Muamalat	-0,175	0,53	0,705	SURPLUS
Bank Syariah Indonesia	0,102	0,1385	0,0366	SURPLUS
Bank Mega Syariah	-0,256	0,1173	0,3734	SURPLUS
Bank Panin Dubai Syariah	0,291	0,1151	-0,176	DEFICIT
Bank Bukopin Syariah	0,365	-0,0634	-0,4286	DEFICIT
BCA Syariah	0,044	0,041	-0,0032	DEFICIT
BTPN Syariah	0,150	0,1774	0,0276	SURPLUS
Victoria Syariah	-0,328	0,0154	0,3434	SURPLUS
Bank Aceh Syariah	0,015	0,0691	0,0537	SURPLUS
BPD NTB Syariah	0,121	0,0292	-0,0913	DEFICIT
Bank Aladin Syariah	1,260	0,085	-1,175	DEFICIT
BJB Syariah	0,071	0,0868	0,0155	SURPLUS

Source: Author's compilation

Table 4. Value Creation Sharia Bank 2021

Nama Bank	ROIC	WACC	EVA	Destruction/ Creation
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Bank Muamalat	7,87%	1,89%	7,2432	CREATION
Bank Syariah Indonesia	9,28%	4,40%	6,65658	CREATION
Bank Mega Syariah	13,64%	17,29%	-2,46314	DESTRUCTION
Bank Panin Dubai Syariah	3,42%	-20,04%	2,74958	CREATION
Bank Bukopin Syariah	4,05%	99,12%	-3,45679	DESTRUCTION
BCA Syariah	9,45%	1,84%	3,42203	CREATION
BTPN Syariah	33,55%	18,46%	1,50917	CREATION
Victoria Syariah	3,04%	1,05%	162068	CREATION
Bank Aceh Syariah	8,22%	9,68%	-25774571	DESTRUCTION
BPD NTB Syariah	5,35%	4,95%	35550455	CREATION
Bank Aladin Syariah	1,46%	-10,69%	30310174	CREATION
BJB Syariah	24,00%	0,72%	1356729	CREATION

Source: *Author's compilation*

Table 5. Value Creation Sharia Bank 2022

Nama Bank	ROIC	WACC	EVA	Destruction/ Creation
Bank Muamalat	4,74%	2,28%	3,78173	CREATION
Bank Syariah Indonesia	14,41%	13,40%	1,05402	CREATION
Bank Mega Syariah	7,83%	7,50%	250543	CREATION
Bank Panin Dubai Syariah	4,26%	12,39%	-932973	DESTRUCTION
Bank Bukopin Syariah	6,14%	2,58%	1,58581	CREATION
BCA Syariah	9,97%	1,94%	3,6158	CREATION
BTPN Syariah	37,34%	15,72%	2300001401	CREATION
Victoria Syariah	6,37%	0,39%	408569	CREATION
Bank Aceh Syariah	9,26%	8,60%	11500	CREATION
BPD NTB Syariah	5,51%	5,85%	-379548	DESTRUCTION
Bank Aladin Syariah	3,75%	-6,73%	21658	CREATION
BJB Syariah	8,67%	2,50%	3,8303	CREATION

Source: *Author's compilation*

2. Financial Strategy Based on Matrix Financial Strategy for Sharia Commercial Banks for 2021 and 2022

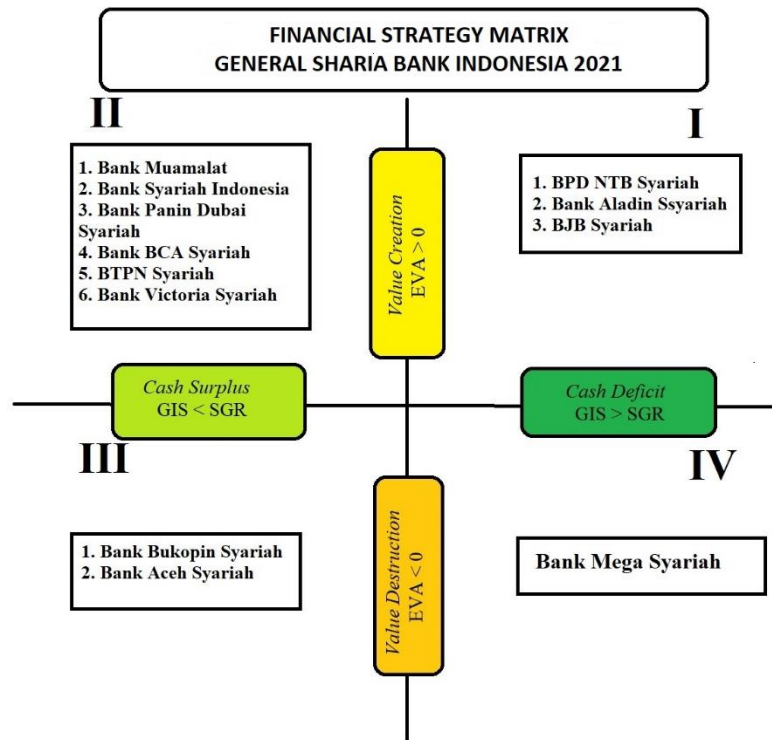


Figure 3. Financial Strategy Matrix of Sharia Bank Indonesia 2021

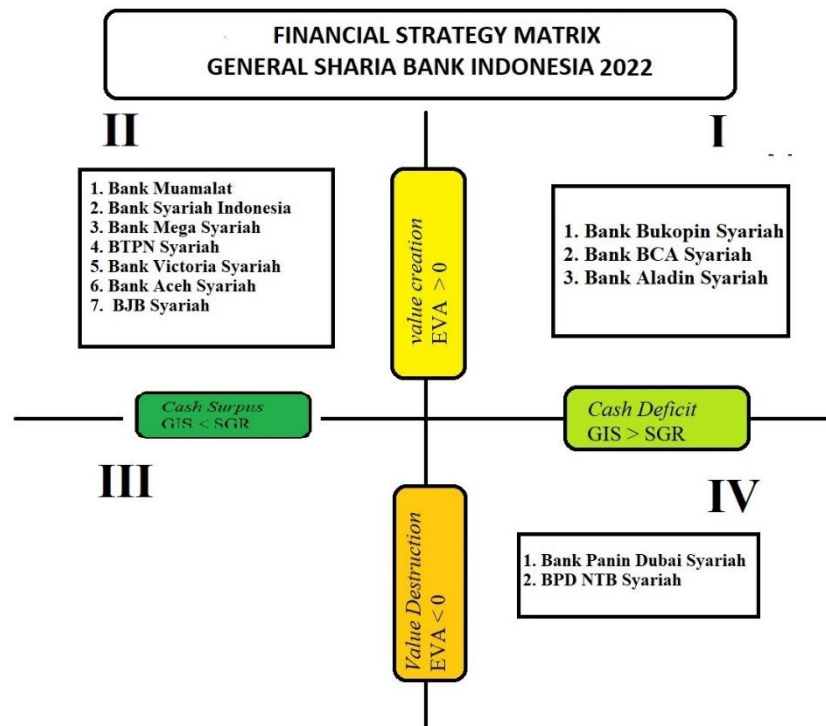


Figure 4. Financial Strategy Matrix of General Sharia Bank Indonesia 2022

3. Performance of Sharia Commercial Bank Financial Strategy Based on Matrix Financial Strategy in 2021 & 2022

Table 6. Financial Strategy Performance Levels Based on the Financial Strategy Matrix

NO	NAMA BANK	POSISI STRATEGI KEUANGAN MARIKS		KONDISI
		2021	2022	
1.	Bank Aceh Syariah	III	II	Naik
2.	BPD NTB Syariah	I	IV	Turun
3.	Bank Muamalat Indonesia	II	II	Tetap
4.	Bank Victoria Syariah	II	II	Tetap
5.	BJB Syariah	I	II	Naik
6.	Bank Mega Syariah	IV	II	Naik
7.	Bank Panin Dubai Syariah	II	IV	Turun
8.	Bank Bukopin Syariah	III	I	Naik
9.	Bank BCA Syariah	II	I	Turun
10.	BTPN Syariah	II	II	Tetap
11.	Bank Aladin Syariah	I	I	Tetap
12.	Bank Syariah Indonesia	II	II	Tetap

Source: Author's compilation

DISCUSSION

1. Cash Condition and Level of Value Creation in Sharia Banks in 2021 and 2022

Table 2 and Table 3 illustrate the results of cash conditions and the results of value creation. Table 2 shows that in 2021 and 2022 Sharia commercial banks have the highest cash condition surplus, namely Bank Victoria Syariah with a gain of 25.27% and 34.34% respectively, where the company has an excess level of funds and tends to be effective in generating excess funds. So the company focuses on long-term strategies.

Table 4 and Table 5 illustrates the results of value creation or the level of value creation shown in 2021 and 2022 by BPD NTB Syariah and BTPN Syariah, with achievements of up to 35,550,455 and 2,300,001,401 respectively. It can be concluded that companies that have added value or value creation will increase the trust of stakeholders and customers and be able to increase the company's growth sustainably.

2. Financial Strategy Based on Matrix Financial Strategy for Sharia Commercial Banks for 2021 and 2022

Figure 3 and Figure 4 depict the financial strategy matrix which is divided into 4 quadrants. Hawawini & Viallet, (2019:676) explain several financial strategies carried out by several Islamic commercial banks, namely in quadrant I carried out by companies by cutting dividends and increasing retained earnings, raising funds by issuing new equity and strengthening capital structure, and increasing third party funds.

Quadrant II is carried out by companies by: Using excess funds to grow faster with continuous technological improvements, allocating excess funds to increase dividend payments, expanding into selective financing, to economic sectors that have good prospects, and increasing distribution of funds technology-based.

Quadrant III is carried out by companies by: allocating excess funds to increase profitability with innovative third-party fund sales programs, reviewing capital structure policies, recycling non-productive assets into productive assets, and allocating excess funds to carry out digital transformation.

Quadrant IV is carried out by the company by: maintaining healthy asset quality by providing selective and careful financing, ensuring Financing at Risk (FAR), ensuring liquidity conditions are maintained by holding Asset Liabilities Committee (ALCO) meetings and strengthening bank capital.

3. Performance of Sharia Commercial Bank Financial Strategy Based on Matrix Financial Strategy in 2021 & 2022

Table 6 illustrates that there are several differences in the quadrant positions of sharia commercial banks between 2021 and 2022. This can be concluded that there have been performance developments in Sharia commercial banks in these 2 years. Table 4 shows that 4 Islamic commercial banks are in an upward position, 5 Islamic commercial banks are in a fixed position, and 3 Islamic commercial banks are in a downward position. This difference in position can be concluded that in 2021 the majority of Sharia commercial banks will be in quadrant I, where this quadrant has a medium level in the financial strategy matrix.

However, in 2022 performance will begin to improve with an increase in position in Table 4, in 2022 the performance of Sharia commercial banks will begin to stabilize and tend to increase. This can be done with various digital transformations carried out based on a matrix financial strategy.

CONCLUSION

Sustainable growth is the most important thing in every company. Sharia banks in Indonesia are starting to spread their wings to compete with conventional banks. Matrix financial strategy is one of the tools in making strategic decisions, this can be concluded by changes in quadrant positions in each quadrant of the matrix.

In 2021 sharia commercial banks are in the introductory or initial period starting with the establishment of Bank Syariah Indonesia, however, in 2022 the development of sharia commercial banks will begin to be in a stable position with an upward trend. With several strategic suggestions, it is hoped that they can be implemented for Islamic banks in Indonesia in the following year.

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