

Analysis Of Economic Value Added Evaluation In Assessment Of Operating Expenses To Operating Income And Non Performing Financing At PT. BPRS Al Washliyah Medan

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Abstract

This study is driven by the increase in Operating Expenses to Operating Income (OEIOI), as most of the company's operating income is used up for operating costs, leading to inefficiencies in managing these costs. Non-Performing Financing (NPF) has increased due to the significant proportion of problematic financing (bad credit, doubtful, or substandard) compared to the total funding disbursed, which has an impact on the risk of loss from the financing. Negative Economic Value Added (EVA) occurs when profits fail to exceed the cost of capital, resulting in inadequate added value. The purpose of this study is to analyze the Evaluation of Economic Value Added in the Assessment of Operational Expenses Against Operational Income (OEIOI) and non-performing financing (NPF) at PT. BPRS Al Washliyah Medan. This research employs a quantitative descriptive method utilizing secondary data. According to the study's results, a high Operational Expenses against Operational Income (OEIOI) ratio, combined with a negative Economic Value Added (EVA) value, indicates that PT. BPRS Al Washliyah Medan has high operational costs and is unable to generate economic added value for shareholders. High Non-Performing Financing (NPF) with a negative Economic Value Added (EVA) value indicates that PT. BPRS Al Washliyah Medan has failed to manage financing risks, so it is not effective in creating adequate added value from its operational activities.

Keywords: *Economic Value Added, Financial Performance, Mudharabah Financing, Operating Expenses to Operating Income (OEIOI), and Non-Performing Financing (NPF)*

INTRODUCTION

Indonesia's Sharia economy is currently growing at an impressive rate. This is reflected in the State of the Global Islamic Economy (SGIE) Report in 2023, which revealed that Indonesia is ranked third (three) in the Global Islamic Economy Indicator (GIEI). The sharia economy emphasizes the principles of justice and sustainability in every economic activity and focuses on Economic Value Added (EVA), which can create added value for shareholders. The sharia economy encourages caution in making financial decisions, avoiding excessive risks, and minimizing potential losses by considering the cost of capital, thereby helping sharia banks manage risks and achieve long-term goals.

Economic Value Added (EVA) can help sharia banks improve transparency and accountability in financial performance. Economic Value Added (EVA) is a method of measuring a company's financial performance that shows whether the company can create added value or not. Evaluating Economic Value Added (EVA) in Islamic financial institutions can help quantify financial performance and analyze the extra value offered to shareholders. EVA is determined by subtracting the cost of capital from the operating profit after tax. If it generates a positive EVA, it indicates that the company's wealth value has improved because the rate of return created exceeds the cost of capital. A Negative EVA, on the other hand, shows that wealth value has decreased because the available profit is insufficient to give compensation equal to the investment. Zero EVA signifies a breakeven point, as the available profit breaks even to fulfill investor expectations. There are several ways to increase the company's Economic Value Added

(EVA), namely: a. Increase profits without adding capital; b. Reduce capital usage; c. Invest in opportunities with high rates of return (AP Awalia, et al., 2023).

The Economic Value Added (EVA) formula for Islamic banks is the same as the standard EVA formula, namely $EVA = NOPAT - (WACC \times \text{Invested Capital})$. NOPAT (Net Operating Profit After Tax) is net operating profit after tax, WACC (Weighted Average Cost of Capital) is the weighted average cost of capital, and Invested Capital is invested capital. In Islamic banks, the concept of EVA remains essential to monitor financial performance and the added value provided by the bank for its shareholders. The main difference may lie in the calculation of WACC, which needs to consider Sharia principles in calculating net operating profit after tax. Therefore, profit-sharing income in Islamic banks may differ from interest income in conventional banks, which may affect the calculation of Economic Value Added (EVA).

Economic Value Added (EVA) has the following advantages: 1. Helps strategic decision making; 2. measures financial performance more accurately; 3. Increases financial transparency; 4. Has a target profit above capital for investment comparison; 5. Has a stronger positive correlation to market value. EVA also has several disadvantages, namely: 1. Adjustments to profit and capital can be complicated; 2. It is difficult to identify the appropriate cost of capital 3. The quality of data required is high. With the limitations of Economic Value Added (EVA), some problems occur at BPRS Al Washliyah, namely: a. Difficulty in determining an effective investment strategy due to dependence on profit sharing income (internal factors) and there are credit and liquidity risks (external factors), so that it can increase operational costs and decrease asset value; b. Inappropriate decision-making due to inaccurate EVA data increases the risk of Non-Performing Financing (NPF) and decreases equity value. The decrease in the value of Economic Value Added (EVA) can result in the following: a. Reduced profit so that it does not create added value; b. Reduction in debt repayment capacity resulting in no return on equity; c. Reduction in investment capacity resulting in decreased financial performance (RN Sasmita, 2020).

According to Mulyadi (2019), "BPRS financial performance is the ability of BPRS to manage assets, liabilities, and equity to generate optimal profits and meet the financial needs of stakeholders". Financial performance is the achievement of a company in a period that describes the condition of the company's financial health with indicators of capital adequacy, liquidity, and profitability. Lack of financial management capabilities means that it cannot produce effective financial performance and cannot control the situation efficiently, in storing sufficient cash to carry out operational activities. Financial statement analysis is an essential technique for getting information about a company's economic status and the results attained as a result of the company's strategy decision process.

The company's strategy for determining mudharabah financing can include several key elements: profit and loss sharing agreements, financing schemes, roles of capital owners and managers, specific business projects to be managed, and the stages of capital transfer, if applicable. Mudharabah is an agreement between two or more parties to operate a business. In a mudharabah contract, the capital owner hands over capital to the capital manager. The capital manager will manage the capital and generate benefits. In mudharabah financing, business profits are shared according to the agreement of all parties written in the contract agreement (Umam, 2016). Examples of mudharabah applications, namely:

1. In Islamic banking, depositors act as capital owners and banks as managers.
2. The Prophet sold Khadijah's merchandise in the Land of Sham, where Khadijah acted as the capital owner, while the Prophet acted as the fund manager.

Operating Expenses to Operating Income is a ratio used to compare operating expenses to operating income in measuring the level of banking efficiency in carrying out the bank's operational activities (Rivai, 2013). The Operating Expenses to Operating Income ratio is used to analyze a Sharia bank's financial performance when making profits. Operating expenses are

costs required by the company in carrying out business activities. These costs include salaries, interest, commissions, employee benefits, equipment, repairs, and rental costs. The bank's operating income is interest income, income from commissions and provisions, income from foreign exchange, and other operating income (A Safitri, et al., 2025).

Based on Bank Indonesia Circular Letter No. 15/15/PBI/2013 dated December 24, 2013, the ideal Operating Expenses to Operating Income ratio value is between 50% to 75% by Bank Indonesia's provisions, which must have a maximum Operating Expenses to Operating Income of 85%. The higher this ratio, the smaller or decreasing the banking financial performance will be. High operating expenses to operating income ratio indicates that the bank's operational efficacy in generating income is inefficient, which can lead to decreased profitability. This is because profits are used to compensate losses stemming from the bank's massive operational expenditures. The causes of the high Operating Expenses to Operating Income include declining asset quality, so that the company prepares a larger Allowance for Impairment Losses (CKPN). The smaller the Operating Expenses to Operating Income ratio, the more efficiently the bank conducts its operations. The lower the Operating Expenses to Operating Income ratio, the more successful it is in reducing operational costs, resulting in superior bank financial performance (Syakhrun et al., 2019). With the efficiency and effectiveness of the bank in processing costs, the level of profit obtained by the bank will increase (Hartini, 2016).

Table Operating Expenses to Operating Income (OEOI)

PT. BPRS AL WASHLIYAH

Year 2019 – 2022 In Thousands Rp.

Year	Operational Expenses	Operating Income	OEOI (%)
2019	4.409.302	2.542.333	173
2020	3.747.034	800.148	468
2021	3.989.305	-103.478	-3.855
2022	3.395.084	1.405.310	242

Source: ojk.go.id (banking financial report statistics data), 2025.

The table above depicts the growth and decline in the proportion of Operating Expenses to Operating Income at PT. BPRS AL WASHLIYAH from 2019 to 2022. The Operating Expenses to Operating Income ratio fluctuates but tends to increase, indicating that the Operating Expenses to Operating Income value is unhealthy. A high Operating Expenses to Operating Income ratio suggests that the company is less efficient in its operations, potentially leading to a decrease in stock prices. Investors consider the company to be unable to manage costs and generate profits well.

Previous research indicates a relationship between the Operating Expenses to Operating Income (BOPO) ratio and the stock prices of banking companies. Sampeliling (2022) examined the impact of Return on Equity (ROE) and the BOPO ratio on the stock prices of banking companies listed on the Indonesia Stock Exchange. The study found that the BOPO ratio had a positive and significant effect on stock prices. However, these findings contrast with the situation observed at PT BPRS Al Washliyah, where an increase in the BOPO ratio is viewed as an unhealthy condition with the potential to lower stock prices.

Furthermore, Wijono, Dwiyanto, Risdwiyanto, and Jemadi (2023) examined the impact of Return on Assets (ROA), Net Interest Margin (NIM), and BOPO on the stock prices of LQ20 banking companies listed on the Indonesia Stock Exchange during the 2016–2022 period. The study results indicated that BOPO had no partial effect on stock prices. These findings differ

from the situation observed at PT BPRS Al Washliyah, where the evidence suggests that an increase in BOPO—reflecting a decline in operational efficiency—can lead to a drop in stock prices.

Meanwhile, Yudistira and Supiyadi (2024) examined the impact of ROA, NIM, and BOPO on the stock price of PT Bank Tabungan Negara (BTN) during the 2013–2022 period. The study results indicated that BOPO had a negative effect on the stock price. These findings align with the situation observed at PT BPRS Al Washliyah, as an increase in BOPO reflects higher operating expenses relative to operating income, thereby signaling reduced operational efficiency and potentially exerting a negative impact on the stock price.

Non-Performing Financing (NPF) refers to problematic financing, specifically financing that has matured but remains unpaid by the debtor. Non-Performing Financing (NPF) is used to measure and regulate non-performing loans in banking. NPF is a ratio that compares total non-performing financing with total financing disbursed. NPF is one of the metrics used to analyze the performance of an Islamic bank. The higher the NPF, the higher the credit interest arrears, which have the potential to reduce interest income and banking profits. NPF is a non-performing loan consisting of loans classified as substandard, doubtful, and bad (Bank Indonesia Regulation, 2021). NPF can occur because the debtor is unable to pay the principal installments of the financing. NPF can be caused by internal factors, such as intent, and external factors, such as events beyond the creditor's control. To overcome NPF, the bank can restructure. NPF is divided into two types, namely:

1. Gross NPF: Does not take into account the Provision for Productive Asset Write-offs (PPAP).
2. Net NPF: Takes into account PPAP, which is a loss reserve formed to anticipate problematic financing.

NPF is important because it can serve as an indicator of financing risk that arises when Islamic banks are unable to obtain their bills. This allows them to identify problematic financing and regulate problematic credit within Islamic banks. Based on the Circular of the Financial Services Authority (OJK) Number 28 / SEOJK.03 / 2019, the Non-Performing Financing (NPF) Standard for Islamic Rural Banks (BPRS) is less than or equal to 7% of total financing. High NPF can reduce interest income and banking profits. High NPF can also reduce liquidity and worsen the financial stability of banks. Low Non-Performing Financing (NPF) implies that Islamic banks may maintain financing quality while reducing funding difficulties. Islamic banks can reduce NPF by: a. Making adequate Allowance for Impairment Losses (CKPN); b. Carrying out strategic collections. Maintaining the quality of customer business. Increasing the quality of competent human resources; e. Conducting socialization with customers.

The higher the Non-Performing Financing (NPF) ratio, the worse the quality of bank financing and the greater the bank's losses due to unprofessionalism in managing financing. High NPF can also reduce bank profitability due to uncollectible funds, which can have an impact on lowering bank capital and indicate that the bad debts distributed are high. However, if the Non-Performing Financing (NPF) ratio is lower, the bank's performance in managing financing will be better, and its profitability will increase because the bank can maximize profits from the issued funding, thereby minimizing problematic financing (J Safitri, et al., 2021).

Table Non-Performing Financing (NPF)
PT. BPRS AL WASHLIYAH
Year 2019 – 2022 In Thousands of Rp.

Year	Periode				NPF (%)
	March	June	Septemb er	Decemb er	
2019	11.44	10.74	9.79	8.29	40.26
2020	12.56	14.09	22.47	20.69	69.81

2021	21.14	19.10	29.82	24.34	94.40
2022	22.14	21.12	19.66	20.44	83.36

Source: ojk.go.id (banking financial report statistics data), 2025.

Based on the table above, the growth and decline of the Non-Performing Financing (NPF) percentage rate at PT. BPRS AL WASHLIYAH in 2019-2022. The NPF ratio fluctuates but tends to increase, indicating that the NPF value is unhealthy. A high NPF ratio suggests the bank is experiencing high non-performing loans or poor financing management, which impacts bank losses and capital reduction. Investors believe the Islamic bank struggles to analyze potential customers and identify high-quality loans.

Previous research indicates that Non-Performing Financing (NPF) is an indicator that reflects the quality and risk level of financing in Islamic banking. Azzahra and Effendi (2025) conducted a study on the financial ratios of Islamic banks and their stock prices in Indonesia, finding that NPF influences the stock prices of Islamic banks. These findings align with the situation observed at PT BPRS Al Washliyah, where an increase in NPF signals a rise in problematic financing, potentially reflecting a decline in the quality of financing management. Such conditions can serve as negative information for investors when assessing the bank's current state and future prospects.

Furthermore, Faqih, Millah, and Fajri (2025) conducted a study on the impact of Return on Assets (ROA), Return on Equity (ROE), Non-Performing Financing (NPF), and the Financing to Deposit Ratio (FDR) on the share prices of Bank Syariah Indonesia and Panin Dubai Syariah during the 2021–2024 period. The results indicated that NPF did not have a significant effect on share prices. These findings differ from the situation observed at PT BPRS Al Washliyah, where the NPF ratio showed an upward trend—indicating a rise in problematic financing that could potentially influence investor valuation. This discrepancy demonstrates that an increase in NPF does not necessarily lead directly to changes in share prices.

Meanwhile, Hutasoit and Puteri (2026) conducted a study on the determinants of stock prices for Sharia banking companies listed on the Indonesia Stock Exchange, utilizing Return on Equity (ROE), Capital Adequacy Ratio (CAR), and Non-Performing Financing (NPF) as variables. The study results indicate that ROE, CAR, and NPF simultaneously exert a significant influence on stock prices. These findings are generally consistent with the situation observed at PT BPRS Al Washliyah, as they demonstrate that NPF—alongside other financial indicators—can be a factor associated with Sharia banking stock prices. Consequently, an increase in NPF, serving as an indicator of rising problematic financing, warrants attention, as it can signal the bank's risk profile and financing quality.

RESEARCH METHODS

This study's research strategy is quantitative descriptive, which is a research method that uses numbers or numerics (statistics) to demonstrate the characteristics of the topic under investigation. As defined by Nurdin and Hartati (2019), quantitative descriptive research involves "the precise and accurate description of a condition." The word quantitative descriptive study refers to research that aims to explain specific facts and events in a systematic, precise, and factual way. In accordance to this explanation, quantitative descriptive research may be characterized as a systematic attempt to uncover solutions or in-depth information on a given topic by focusing on the quantitative research stages.

This study relied on quantitative data. As stated by Sugiyono (2020), "Quantitative data is a research method that aims to test hypotheses by obtaining data through measurement or observation of previously determined variables". This study relied on secondary data. Sugiyono

(2018) stated that "Secondary data is a data source that does not directly provide data to data collectors, for example, through other people or documents".

The author's data collection methods include the following:

a. Documentation Study

This study's data collecting technique is documentation. As stated by Akbar and Usman (2014), "The documentation data collection technique is the collection of data obtained through documents." This documentation technique is employed since the data in this study is in the form of Islamic bank financial reports.

b. Literature Study

The author received BPRS information from the official website ojk.go.id, as well as references to past research results in the form of publications and books deemed relevant to the current study.

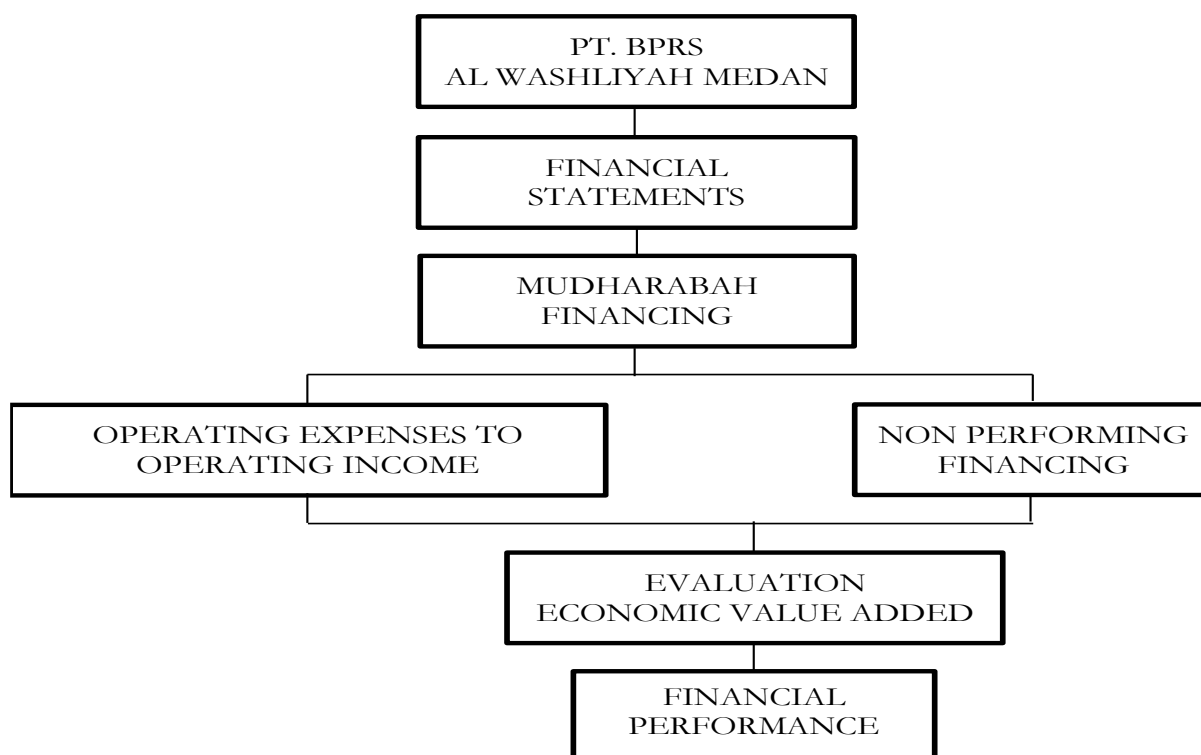


Image Thinking Framework

Source: Author (2025)

To quote Wiratna (2018): "Data analysis is defined as an effort to process available data using statistics and can be used to answer the formulation of problems in research". Thus, data analysis techniques can be described as a method of reviewing data to address a problem statement.

In this work, the author employed the following data analysis techniques:

a. Data Collection

As stated by Sugiyono (2018), "data collection can be done in a variety of settings, sources, and methods." Considering the settings, data can be obtained in a variety of ways, including scientific settings, seminars, conversations, and more. Secondary data sources can be used in data collection, depending on the data source.

b. Data Presentation

The data is then presented once it has been reduced. Data presentation in qualitative research might take the shape of tables, graphs, flowcharts, pictograms, and other graphics. By displaying the data, it can be sorted and placed in a relation pattern, making it easier to

understand. In addition, in qualitative research, data presentation can be done in the form of brief descriptions, charts, relationships between categories, flowcharts, and the like. Narrative writing is commonly used to present data in qualitative research. The material is sorted and arranged in a way that makes it easy to understand (Sugiyono, 2018).

c. Data Analysis

Bogdan in Hardani, et al. (2020) state "Data analysis is the process of systematically searching for and compiling data obtained from the results of materials collected through data so that it is easy to understand and the findings can be informed to others".

d. Reporting Results

Sugiyono (2018) describes, "Reporting results is an important research stage that follows the process of data collection and analysis." Reporting results consistently and logically is an endeavor to convey research findings objectively and transparently, allowing readers to comprehend and assess the research's quality and validity. A good presentation aids in presenting research messages simply and effectively.

RESULTS AND DISCUSSION

Results

1. Evaluation of Economic Value Added in Assessing the Financial Performance of Operating Expenses Against Operating Income.

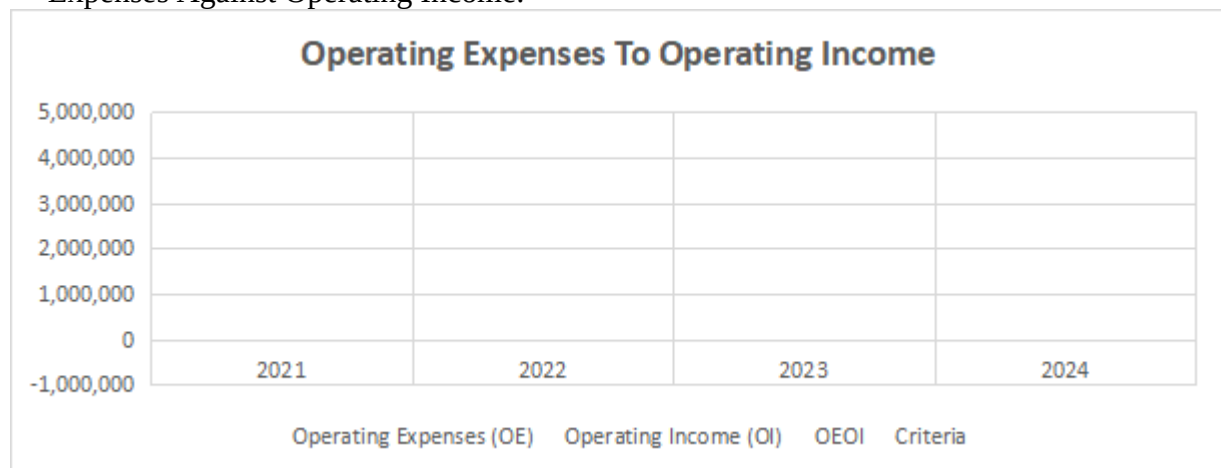


Image Operating Expenses To Operating Income (OEIOI)

Source: Data Processed By Author (2025)

Table Operating Expenses To Operating Income

PT. BPRS AL WASHLIYAH

Year 2021 – 2024 In Thousands Rp.

Year	Operating Expenses (OE)	Operating Income (OI)	OEIOI (%)	Criteria
2021	3.989.305	-103.478	-3.85	Very Healthy
2022	3.395.084	1.405.310	242	Not Healthy
2023	2.993.406	1.908.499	157	Not Healthy
2024	2.335.343	2.610.300	89	Quite Healthy

Source: Data Processed By Author (2025)

The table above depicts the growth and decline in the percentage level of Operating Expenses to Operating Income (OEIOI) for PT. BPRS AL WASHLIYAH in 2021-2024. The OEIOI ratio fluctuates but tends to decrease. In 2021, the OEIOI ratio was negative, meaning that

the bank's operating income was higher than its operating costs. This implies that the bank's finances are well-managed and capable of producing high profits. However, in 2022 - 2023, there was an increase so that the Operating Expenses to Operating Income was more than 100% indicating that a bank's operating costs were greater than its operating income.

This is usually an indication of operational inefficiency, which shows that the bank is not effective in managing its operating costs, and can lead to a decrease in profitability, namely a reduction in the bank's net profit. In 2024, OEIOI decreased by 89%, indicating that the bank's operating income was sufficient to cover its operating costs and still generate profits. This OEIOI value is generally considered relatively low. It indicates a fairly healthy financial condition for the bank, as it can still manage its operating costs relatively efficiently.

Table Economic Value Added (EVA)

PT. BPRS AL WASHLIYAH

Year 2021 – 2024 In Thousands Rp.

Year	NOPAT	CC	EVA	Evaluation
2021	-2.002.747	5.264.886.609	-5.266.889.356	Eva Negative
2022	-2.967.180	5.182.912.479	-5.185.879.659	Eva Negative
2023	255.357	-225.213.555	225.468.912	Eva Positive
2024	-1.113.215	99.573.261	-100.686.476	Eva Negative

Source: Data Processed By Author (2025)

The table above shows that the Economic Value Added (EVA) value fluctuates up and down. In 2023, fluctuations in the income increase contained in NOPAT (Net Operating Profit After Tax) will directly impact Positive EVA. In 2024, fluctuations in the rise in Capital Charges (capital costs) used to measure investment costs may affect the EVA value, potentially leading to a Negative EVA. EVA fluctuations can also be influenced by turmoil in the capital market, which can cause changes in the company's value. A positive EVA ($EVA > 0$) indicates that the company creates value for shareholders. In contrast, a negative EVA ($EVA < 0$) suggests that the company does not generate enough value to cover capital costs, namely, funding operations and investments.

Shareholders prefer a positive and consistent EVA since it shows that the company has succeeded in developing and increasing its value by:

a. Increasing NOPAT

The company can try to increase NOPAT through increased sales, cost efficiency, or product/service innovation.

b. Controlling Capital Costs

The company can control capital costs by optimizing its financing structure, reducing debt, or increasing the efficiency of capital use.

c. Diversifying Revenue Sources

The company can consider diversifying revenue sources to reduce the risk caused by fluctuations in revenue from a single source.

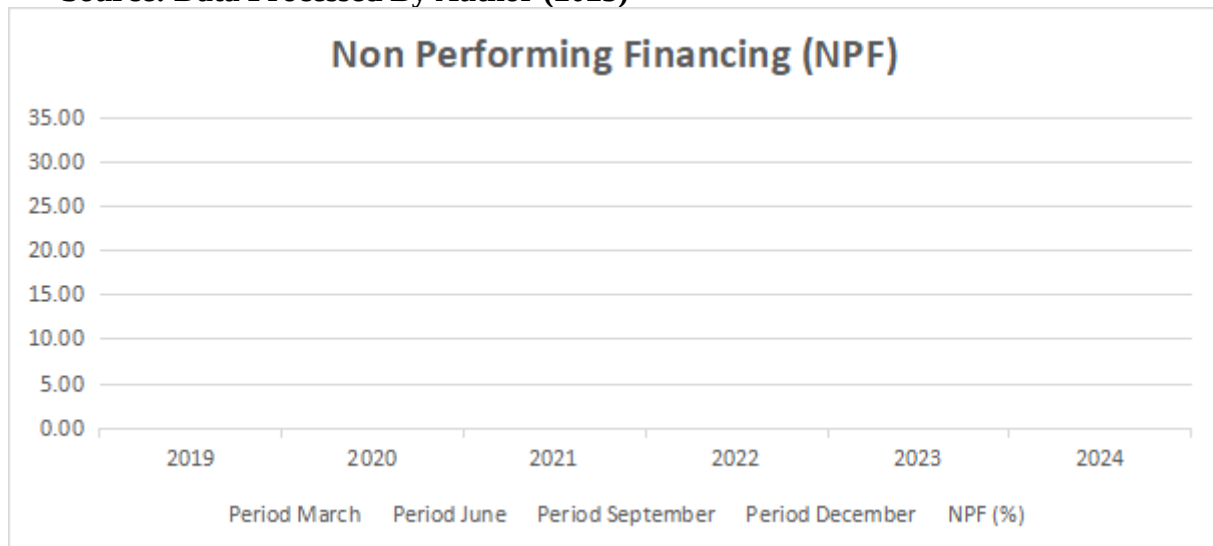
d. Continuous Evaluation

Companies need to evaluate EVA performance and identify factors that cause fluctuations, so they can take appropriate steps to optimize financial performance.

2. Evaluation of Economic Value Added in Assessing the Financial Performance of Non-Performing Financing (NPF).

Table Non-Performing Financing (NPF)**PT. BPRS AL WASHLIYAH****Year 2020 – 2024 In Thousands Rp.**

Year	Periode				NPF %	Criteria
	March	March	March	March		
2021	21.14	19.10	29.82	24.34	23,60	Not Good
2022	22.14	21.12	19.66	20.44	20,84	Not Good
2023	26,05	22,60	27,97	32,82	27,36	Not Good
2024	26.64	26.89	25.43	23.34	25,58	Not Good

Source: Data Processed By Author (2025)**Source: Data Processed By Author (2025)**

Based on the Table and Figure above, there is an increase and a decrease in the percentage level of Non-Performing Financing. Non-Performing Financing (NPF) fluctuates, meaning that NPF goes up and down in a specific period. Various factors, including economic conditions, government policies, and internal bank conditions such as credit policies and ineffective handling of bad debts, can cause NPF fluctuations. In 2023, there was an increase in Non-Performing Financing (NPF) with a value of 27.36%, which can reduce bank profitability and increase the risk of loss. High NPF means that the amount of problematic financing (bad credit, substandard, or doubtful) in a sharia bank is relatively large compared to the total funding disbursed. This shows that the bank has a significant financing risk, which might affect the bank's financial performance and stability. In 2024, the Non-Performing Financing (NPF) rate decreased to 25.58%, potentially improving the quality of financing, reducing operational costs, and fostering economic growth. However, it remains in the poor category, which could impact profitability and overall bank financing growth. Low NPF means the percentage of bad or problematic financing in Islamic banks is low. This indicates good financing quality, but there is no ability to pay its obligations, so Islamic banks suffer losses.

Table Economic Value Added (EVA)
PT. BPRS AL WASHLIYAH
Year 2021 – 2024 In Thousands Rp.

Year	NOPAT	CC	EVA	Evaluation
2021	-2.002.747	5.264.886.609	-5.266.889.356	Eva Negative
2022	-2.967.180	5.182.912.479	-5.185.879.659	Eva Negative
2023	255.357	-225.213.555	225.468.912	Eva Positive
2024	-1.113.215	99.573.261	-100.686.476	Eva Negative

Source: Data Processed By Author (2025)

The table above shows that the Non-Performing Financing (NPF) value at PT BPRS Al Washliyah fluctuated throughout the study period. At the beginning of the period, the NPF indicated a high level of problematic financing. Subsequently, a decline in NPF occurred, signaling an improvement in the management of financing quality. However, in the following period, the NPF rose again, indicating an increase in problematic financing. By the end of the study period, the NPF declined once more, yet the issue of problematic financing still required management's attention. These NPF fluctuations indicate that PT BPRS Al Washliyah continues to face challenges in managing financing risk. High NPF levels reflect an increase in financing facing repayment difficulties, thereby raising the risk of loss for the bank. Such conditions can also necessitate higher provisioning for problematic financing and potentially impact the bank's profitability and financial performance.

A high Non-Performing Financing (NPF) ratio may reflect a suboptimal analysis and assessment process regarding prospective customers prior to the granting of financing. Furthermore, such a condition may indicate a need to strengthen the monitoring of disbursed financing. Failure to promptly address problematic financing can exert pressure on the bank's financial condition and its ability to generate economic value. Thus, the NPF fluctuations at PT BPRS Al Washliyah indicate that financing management still requires improvement. Persistently high levels of problematic financing can impact the bank's profitability, capital position, and financial performance. Therefore, effective NPF management is crucial for maintaining the bank's health and supporting the improvement of PT BPRS Al Washliyah's financial performance. Therefore, PT BPRS Al Washliyah needs to undertake various measures to control and reduce the NPF level, including the following:

a. Improving the Quality of Financing Analysis

The bank needs to enhance its analysis process for prospective customers by considering repayment capacity, character, business conditions, and business prospects before granting financing.

b. Enhancing Financing Oversight

The Bank needs to conduct periodic monitoring of disbursed financing to ensure that potential problem financing can be identified and addressed at an early stage.

c. Managing Problem Financing

Financing that has become problematic requires immediate follow-up through appropriate resolution measures to prevent an escalation of potential losses for the Bank.

d. Improving Risk Management Quality

The Bank needs to strengthen its financing risk management system by continuously identifying, measuring, monitoring, and controlling risks.

e. Continuous Evaluation

PT BPRS Al Washliyah needs to periodically evaluate the causes of NPF fluctuations so that management can take appropriate measures to improve financing quality and financial performance.

Discussion**1. Evaluation of Economic Value Added in Assessing the Financial Performance of Operating Expenses Against Operating Income.**

The value of Operating Expenses to Operating Income (OEOI) is 89%, meaning that the bank shows a relatively healthy financial performance. The bank can still generate profits, manage operating costs, and improve operational efficiency. A reasonably efficient OEOI can help increase EVA to Positive EVA, because lower operating costs will increase the net profit available to be deducted from capital costs. High OEOI can reduce EVA. High operating costs can reduce net income, which can cause the EVA value to become Negative EVA (SMF Assagaf, et al., 2023).

According to James L. Grant (2023), "Efficient (low) Operating Expenses to Operating Income (OEOI) can help increase the Evaluation of Economic Value Added (EVA), because lower operating costs will increase net income so that the EVA value becomes positive or higher, which is available to be deducted from capital costs. High Operating Expenses to Operating Income (OEOI) can reduce the Evaluation of Economic Value Added (EVA). High operating costs can reduce net income, which can cause the EVA value to be negative or lower".

The findings of this study are consistent with prior studies by Liza Ananda Lestari (2024), which found that Operating Expenses to Operating Income (OEOI) fluctuated, with an OEOI value of 88.50%. A lower Operating Expense to Operating Income (OEOI) value for a bank implies that the bank manages its operations more efficiently. This is because a low OEOI means that the operating costs incurred are smaller than the operating income generated.

2. Evaluation of Economic Value Added in Assessing the Financial Performance of Non-Performing Financing (NPF).

A high Non-Performing Financing (NPF) rate, such as 25.58%, can have a significant effect on poor financial performance, including negative Economic Value Added (EVA). High NPF can cause a decrease in EVA. If NPF is high, the risk of financing increases, which can reduce net income and can also increase the cost of capital because investors may demand higher returns to cover greater risks. A high NPF indicates that a certain percentage of financing is not smooth or bad. This can cause losses for the bank due to unpaid financing. Higher risk of financing can make the bank have to pay higher interest to get funds. Losses from bad financing and higher cost of capital can reduce the bank's net income, which will ultimately reduce the EVA value (M Indriastuti, et al., 2020).

According to Jim Hoy Yam (2023), high Non-Performing Financing (NPF) indicates a decrease in profitability, resulting in numerous problematic financings (not smooth, doubtful, and stuck) that fail to generate profits for the bank to cover capital costs. If Profitability is low, the Economic Value Added (EVA) value decreases, so that the company does not generate profit and does not create added value for shareholders.

This study's findings are consistent with prior research by Gita Melliyan Anggreini and Ulfi Kartika Oktaviana (2024), which found that an increase in Non-Performing Financing (NPF) value leads to firm losses due to decreasing earnings. The low value of the company's profit will reduce investor confidence in investing in its shares. Therefore, boosting the company's NPF value raises the danger of bank losses, thus reducing profits. The decrease in the company's earnings will increase the risk of bad debts, lowering the company's Economic Value Added (EVA) value, which may potentially become negative.

CONCLUSION

1. High Operating Expenses to Operating Income (OEOI) with a negative Economic Value Added (EVA) value, indicating that PT. BPRS Al Washliyah Medan has high operating costs and is unable to generate economic added value for shareholders. So it is not efficient in managing its operating expenses and does not provide added value for shareholders because the profit generated does not exceed the cost of capital. Therefore, it is necessary to evaluate and improve the management of operating costs to improve financial performance and create added value.
2. High Non-Performing Financing (NPF) with a negative Economic Value Added (EVA) value, indicating that PT. BPRS Al Washliyah Medan's value has decreased due to its failure to manage financing risks. The problematic financing did not generate sufficient profits to cover the cost of capital, and it was even detrimental, resulting in inadequate added value from its operational activities.

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