DIVESTMENT ANALYSIS: COMPARATIVE STUDY BANK MUTIARA AND BANK DANAMON DI BURSA EFEK INDONESIA

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ABSTRACT

The purpose of this study is to determine and analyze the divestment process carried out by Bank Mutiara and Bank Danamon and to compare the financial performance of Bank Mutiara with Bank Danamon before and after divestment. The target population companies are divesting banking companies, namely two banking companies listed on the IDX by taking the entire target population into a sample, namely PT. Bank Sentury (Mutiara) Tbk and PT. Bank Danamon Indonesia Tbk. The data analysis technique used is descriptive analysis with a comparative approach which compares the two data namely before and after divestment. Based on the results of the divestment analysis at PT. Bank Mutiara, Tbk, it can be concluded that PT. Bank Mutiara, Tbk divested because it was forced to with deteriorating financial conditions. While Bank Danamon can be concluded that PT. Bank Danamon, Tbk divested voluntarily because it wanted to expand its business and produce better financial performance.

Keywords: Divestment

A. Introduction

Mergers, acquisitions and divestments have become popular topics in recent years. At first the conversation about this problem was only limited to the business community community, but now the general public is getting familiar with the three terminology, because in Indonesia there have indeed been various events of mergers, acquisitions, and divestments. This phenomenon has been growing rapidly since the monetary crisis in Indonesia, including the emergence and establishment of Bank Mandiri, which is the result of the merger of 5 private banks, the merger of Bank Permata, the acquisition of Indofood on Bogasari, and the acquisition of Kalbe Farma on Dankos Lab (Source: Tempo.co.id).

This phenomenon of divestment is no less interesting than mergers and acquisitions. Divestment is not solely triggered by the poor performance of a business unit, but sometimes the divestment strategy is deliberately taken because the business unit is sold for political and financial interests as carried out by the Indonesian government on State-Owned Enterprises (SOEs). Capital for collecting state budget funds through the divestment of government-owned shares is now beginning to penetrate the BUMN sector. Starting with recapitalization banks, divestment is now starting to target infrastructure companies, including in the telecommunications sector. Still warm in our minds is the divestment of PT Indonesian Satelite Tbk (Indosat) with the number of shares released reaching 41.94 percent (Source: Tempo.co.id).

Divestment is indeed not a taboo thing to do nor is it a detrimental thing. The release of shares, economically, is a strategic step in the context of creating an effective, efficient and able to compete globally company. Divestment itself is translated as an effort to sell a business unit or subsidiary to another party to get fresh funds in order to make the company healthy overall (Moin, 2003: 330).

The divestment problem that has recently been the subject of discussion is the case of Century Bank, which was changed to Bank Mutiara. Bank Mutiara's divestment process has not yet produced results. Whereas the deadline for the sale was five years after the Indonesia Deposit Insurance Corporation took over the bank that was once named Century Bank in 2008. Then there is an administrative selection to find out whether interested parties or investors have experience in banking. Then investors are allowed to see the condition of Bank Mutiara in the due diligence process. With such strict selection, he believes the divestment process will bring good for developments such as the takeover of Bank BCA, Bank Danamon, or Bank Permata by new investors to make these banks continue to grow (Source: Tempo.co.id).

Aside from the Centuri bank that divested, there is also another bank that divested, namely Danamon bank. Bank Danamon Divestment is a very serious concern for the legislative and banking circles. This is because Bank Danamon is a bank that has very good prospects. Divestment always has an impact on fluctuations in stock prices on the exchange. The divestment difference between Century Bank and Danamon Bank is the background of its financial performance. If Bank Century divested against the backdrop of deteriorating financial performance, it is different from Danamon banks where their financial performance is in a healthy condition. The reason Danamon bank divested is to develop the company to grow even more. Following the won of the divestment of 51 percent of PT Bank Danamon Indonesia Tbk shares, by the Asia Finance Indonesia Consortium (AFI), PT Bank Danamon Indonesia Tbk officially received payment for the divestment from the AFI Consortium. Payment of shares worth more than 3 trillion 8 billion rupiah, made in the form of rupiah and US dollars each by 50 percent. In line with the payment of the 50% divestment of IBRA's divestment shares in PT Bank Danamon Indonesia, a new Bank Danamon Indonesia management arrangement was also made. The determination of the composition of the new management of PT Bank Danamon Indonesia Tbk conducted in an extraordinary general meeting of shareholders stipulates 6 AFI reconsurium in the board of commissioners including the chief commissioner and 4 AFI representatives on the board of directors including the president director (source: indosiar.com).

Following are data on the financial performance of Bank Mutiara before and after the 2014 divestment.

Table 1.1 Comparison of Financial Performance of Bank Mutiara and Bank Danamon Before and after Divestment in 2009 – 2018 (Dalam Jutaan Rp)

Tahun	Asset	Liabilities	Equity	Net Income	Stock Price	TVA
Bank Mutiara						
2009	6.588.269	6.164.922	423.347	10.825	123	836
2010	7.850.751	7.630.659	220.092	(748.563)	69	635
2011	13.274.118	12.907.717	366.401	22.286	79	4.842
2012	14.547.470	13.765.834	781.636	35.594	69	582
2013	13.796.376	12.610.624	1.185.752	61.380	68	14.297
2014	**5.585.890**	**7.121.314**	**(1.535.424)**	**(7.281.150)**	**50**	**0**
2015	7.531.145	6.962.036	569.109	265.483	50	0
2016	10.783.886	10.009.692	774.193	217.963	50	0
2017	13.127.198	12.125.300	1.001.898	227.704	50	0
2018	14.267.161	13.121.308	1.145.853	143.956	50	0
Bank Danamon						
2009	52.681.943	45.858.670	6.822.199	1.529.576	2.025	1.594
2010	58.811.765	50.881.083	7.803.943	2.408.079	4.375	2.904
2011	67.803.454	59.043.170	8.588.953	2.003.198	4.750	1.799
2012	82.072.687	72.385.809	9.441.927	1.325.332	6.750	1.440
2013	89.409.827	78.239.344	10.833.445	2.116.915	6.046	1.144
2014	107.268.363	96.159.098	10.579.068	1.530.022	2.343	1.459
2015	98.597.953	82.695.967	15.805.751	1.532.533	4.550	3.623
2016	**118.206.573**	**99.597.545**	**18.449.787**	**2.883.468**	**5.535**	**1.800**
2017	141.934.432	116.097.931	25.836.501	3.449.033	4.100	2.128
2018	155.791.308	122.282.17	28.733.311	4.081.947	5.650	1.536

Source : www.idx.co.id

The data shows that Century Bank, which changed its name to Bank Mutiara, had a poor financial performance, so the company had to divest. The climax occurred in 2014 where the company suffered a loss of -7,281,150 causing the share price to fall to Rp.50 per share. After the company divested in 2014, no significant developments had been seen in the company's financial performance. This is indicated by the unreacted sale of shares indicating that investors are not interested in the company's divestment process. Another case with Bank Danamon which conducts a divestment strategy where financial performance in terms of net income has increased as well as its stock price fluctuates with a tendency to increase.

B. Method

This type of research is a type of descriptive research with an inductive approach namely: the method of thinking that departs from specific factors / concrete events then from the factors or events that are specifically drawn generalizations that have a general nature (Sutrisno, 2007: 42) . With this method the writer can conclude the divestment process that has been carried out by the company as a casuistic study.

Based on the target population that has been stated, it is determined that the entire target population is sampled, namely PT. Bank Sentury (Mutiara) Tbk and PT. Bank Danamon Indonesia Tbk. The data analysis methods used in this study are as follows:

1. Descriptive data analysis method, which is a method used to formulate attention to solving the problem at hand, where the data collected, compiled and interpreted so as to provide information about the recording, acquisition and classification that exists within the company,
2. Deductive analysis method, which is a method used to draw a general conclusion about the facts being investigated, from which the results will be drawn to provide suggestions.
3. Comparative Methods
   To simplify the analysis process that will be carried out, the writer will make an analysis model that the writer will do in order to answer the existing problems. To prove the hypothesis proposed in this study using different statistical test tools. Hypothesis testing uses a paired two-sample test.

C. Research Finding

1. Company Divestment Analysis

The economic crisis that has hit Indonesia since mid-1997 resulted in all economic potentials being stagnated and on the verge of bankruptcy. One sector that greatly influences the activities of the real sector, namely the financial services sector (banking) in Indonesia, had to be closed or frozen due to the bank's inability to manage its operations. In fact, the number of banks with various facilities provided by the government has sprung up in almost every region.

One of the reasons for the freezing of banking operations by the government is foreign loans which have more than tripled due to the drastic exchange rate of the rupiah against the dollar. In addition, the channeling of credit undertaken by closed / frozen banks is provided to related industries that have ownership relationships with these banks. The distribution of credit indicated KKN is not only done by private banks, but state banks (BUMN) also do it. However, in the course of the government, it was more inclined to freeze private banking activities, while state banks were restructured by merging and recapitalizing through the issuance of government bonds to increase bank capital. The implementation of the bank recapitalization program is one of the commitments of the Indonesian government as stated in the Letter of Intent (LoI) with the IMF which is called banking reform. This condition certainly had an impact on the deteriorating financial performance of banks. One way to improve the deteriorating financial performance of banks is to divest.

Divestment is a provision governing the sale of shares owned by a company or how to get money from investments owned by someone. Divestment can also be constructed as a company decision to increase the importance of assets owned by the company. The aim is to increase the company's strength in changing asset structures and allocating resources. Divestment itself is not only done by the Government alone, but can also be done by legal entities, especially foreign legal entities that invest in the mining sector. Divestment can not only be done in the form of buying and selling but can also be done in the form of grants (testament).

Divestment of shares is one of the legal instruments in transferring shares from foreign investment or foreign investors to the Government of Indonesia, or Indonesian citizens, or Indonesian legal entities. Divestment can not only be done by private legal entities such as limited liability companies, firms, CVs, but can also be done by public legal entities such as the state, province, district or city. In conducting private transactions, a public legal entity is represented by a State-Owned Enterprise (BUMN) or a Regionally-Owned Enterprise (BUMD). According to Flickinger, there are two reasons for divestment by companies, namely improving efficiency and improving investment management.

The focus of the divestment is to increase investment efficiency by reducing the possibility to diverge investment allocation within the company. Divestment can be done voluntarily by the company that divested. Voluntary divestment, is a transfer of shares or assets 1. carried out on its own free will or will from the company concerned. Reasons for voluntary divestment include:

a. The company is not economically profitable
b. The company is experiencing financial difficulties
c. Changes in the company's strategy to develop
d. The company wants to obtain additional funds
e. The company wants to get cash immediately

These reasons are the factors that cause companies to divest. There is no theory that analyzes the specific divestment of shares. However, if it is assessed from the benefits of divestment shares, it can be related to utility theory. Utility theory (benefits) put forward by Jeremy Bentham, used to explain the concept of happiness or well-being. Jeremy Bentham through his book "Introduction to the morals and legislation", argues that the task of law is to preserve good and prevent crime, so the law must provide benefits or usefulness to many people (to serve utility). The law should appropriately aim to realize what is beneficial to one person which can also harm others, so the purpose of law is to provide as much benefit as possible, so that certainty through the law for individuals is the main goal rather than the law.

Utility theory is used to analyze the benefits of divestment. Through this utility theory, it will be seen how far the divestment transaction, whether the divestment of assets or shares owned by the Government or the private sector, will provide benefits or benefits for the Indonesian people or legal entity owners. The benefits to be felt from the divestment are the strength of the company's capital so that it can play a role in developing the company to reach potential markets.

2. Divestasi PT. Bank Mutiara, Tbk

The divestment carried out by Century Bank was caused by a failure in carrying out its business activities. Because Century Bank was determined as a failed bank, and its handling was carried out by LPS, the loss had to be covered through temporary capital participation by LPS which was part of state finances. The problems that arise are the issue of securities and transactions at Century Bank which results in Century Bank losses. Then the unhealthy banking practices carried out by shareholders, management and other related parties allegedly violated article 8 paragraph 1, article 49 paragraph 1 and article 50 and article 50 a of Law No. 10 of 1998 concerning changes to Law No. 7 of 1992 concerning banking has cost Bank Century at least Rp 6.32 trillion, which in the end the loss was covered with PMS funds from LPS.

In handling Bank Century, LPS has incurred handling costs for temporary investment of Rp 6.7 trillion, which was used to cover Century Bank's losses. Of this amount, Rp. 5.86 trillion is Century Bank's loss due to unhealthy practices and violations of the provisions committed by bank management, shareholders and related parties Bank Century.

3. Divestasi PT. Bank Danamon, Tbk

The Indonesian Bank Restructuring Agency (IBRA) announced a divestment of its shares in PT Bank Danamon Indonesia Tbk (BDI) by 71%. The divestment will begin at the end of January 2003, said Deputy Head of IBRA for Bank Restructuring, I Nyoman Sender, at a press conference at his office yesterday. According to him, the method of divestment or offering of shares is carried out in two ways, namely a maximum of 20% of government shares into the capital market or market placement and the remaining 51% is offered through strategic investors or strategic sales.

Efforts were made to support the divestment process, sending preliminary documents and confidentiality agreements in week IV of January 2003. Registration of Prospective Buyers, Acceptance of Declaration of Interest, and Confidentiality Agreement is scheduled from week IV of January to week II of February 2003.

The sending of the info memo is scheduled for the first week of February, the initial bid acceptance in the third week of February, the determination of the initial selection of prospective buyers in the third week of February, while the due diligence of prospective investors in the fourth week of February 2003. Furthermore, acceptance of the bid price is carried out in the week and announcement of the tender winner in the fourth week of March, the fit and proper test process in the fourth week of March to the second week of April, as well as the negotiation of the sale and purchase agreement and the determination of the winners in the second week of April 2003.

After the process is completed, according to Sender, IBRA, through its consultants, will send an overview document and confidentiality agreements to potential strategic investors. Delivery of initial documents is primarily intended for prospective investors who are considered to have the potential to invest in Bank Danamon and who can further enhance bank performance in the future. Criteria that must be met by potential investors, he said, there were at least five. First, banks that meet the requirements of applicable legislation, if in the form of a consortium must be led by a bank. Second, have a good financial report and a clear source of funds. Third, it was declared to have passed the fit and proper test by Bank Indonesia (BI). Fourth, it is not forbidden to buy Bank Danamon shares in accordance with the provisions of KKSK Number KEP.03 / K.KSK- / 11/2000 dated November 10, 2000. Fifth, is committed to Bank Danamon, the banking industry in Indonesia, and national interests. Sixth, the purchase price and terms and conditions can be accepted by IBRA.

The roadshow plan for investors interested in participating in the IBRA's divestment program at Bank Danamon will be implemented in February 2003. In addition, IBRA will begin the market placement process in parallel with the strategic sale process. The process, he said, will be carried out separately through direct selling of Bank Danamon shares through the capital market or the stock exchange as much as 20% of the total shares issued by the bank. To ensure transparency in the divestment process, he continued, IBRA will inform the public of any important developments that occur during the delivery of this information in accordance with the provisions of the divestment process.

Regarding the performance of Bank Danamon, after completing a series of divestment processes in June 20010 began to record profits since 2008. Even though in previous years it suffered losses due to the economic crisis. Based on the consolidated financial statements (unaudited) BDI as of 30 September 2012 recorded a net profit of Rp 725 billion, while total assets reached Rp 54.297 trillion with a capital adequacy ratio (CAR) of 27.4%. Bank Danamon has also succeeded in reducing non-performing loans (NPLs) from 8.6% as of December 2010 to 3.5% as of 30 September 2012. "At the same time successfully increasing credit to the retail consumer and SME segments.

D. Discussion

The divestment of shares is basically the release, release and reduction of capital of a company whose entire shares are owned by foreign investors gradually by transferring the shares to local partners. It can be said simply as divestment of shares is the transfer of shares from foreign participants to national participants. If we look closely at the provisions regarding divestment of mining shares in Indonesia, it does not yet exist, but is spread in various other laws and regulations, for example Law No. 1 of 1967 concerning Foreign Investment, Law no. 25 of 2007 concerning Investment, Law No. 4 of 2009 concerning Minerba and even other implementing regulations.9 In divesting shares there are two parties, namely first, a foreign investor engaged in mining, consisting of a foreign citizen company, a foreign business entity and / or a foreign government.10 Second, are other parties systematically determined in Article 97 paragraph (2) PP No. 24 of 2012 in conjunction with PP No. 23 of 2010 concerning Implementation of Business Activities

The object of divestment itself is shares owned by foreign investors. In Article 2 of the Regulation of the Minister of Finance of the Republic of Indonesia No. 183 / PMK.05 / 2008 concerning Requirements and Procedures for Divestment of Government Investment, the Government divestment object consisting of securities and direct investment ownership has been determined. Shares invested by foreign investors in investing include various open business fields in which for investment, foreigners can own 100% or 80% of the capital. If the capital owned by a foreign investor is 100%, then the foreign investor must divest 51%. However, if the investment invested by foreign investors is only 80%, then he only needs to divest as much as 31% while the remaining 20% can be controlled by domestic legal entities. The control was carried out when foreign investors divested shares for the first time.

E. Conclusion

There are two ways of bidding in the stock divestment process, namely direct and auction. Direct offer is an offer where foreign investors directly offer shares divested to other parties. Based on the offer, prospective buyers can approve or reject offers made by foreign investors. Direct offers are made to:

1. Government
2. Local Government
3. State-Owned Enterprises (BUMN)
4. Regionally Owned Enterprises (BUMD)
5. National Private Business Entity (BUSN).

While bids by auction are offers made by foreign investors to other parties to obtain the highest price. Bidding is conducted on:
a. State-Owned Enterprises (BUMN)
b. Regionally Owned Enterprises (BUMD)
c. National Private Business Entity (BUSN).

Investment and divestment have a very close relationship, especially in order to improve facilities and infrastructure in order to spur the wheels of the people's economy, for example the Government of Indonesia which has divested shares of BUMN Indosat to Singapore legal entity namely Singapore Technology Private Ltd (STP). STP itself is under the holding company of Singapore BUMN

In carrying out divestment of shares (transfer of shares), it must of course pay attention to the various provisions of the applicable laws and regulations and the substance of the contract made between the Government of Indonesia and foreign investors as outlined in the contract of work. The contract of work itself is a mining concession agreement between the Government of the Republic of Indonesia and a foreign private company, a joint venture of a foreign company with Indonesia and a national private company to carry out mining business outside of oil and gas. The term contract of work is a translation of the word work of contract. Ismail Sunny defines a contract of work as a cooperation of foreign capital in the form of a contract of work that occurs when foreign investment forms an Indonesian legal entity and this legal entity cooperates with a legal entity that uses national capital

Divestment of shares is one of the legal instruments in transferring shares from foreign investors or foreign investors to the Government of Indonesia, or Indonesian citizens, or Indonesian legal entities. The transfer of shares must certainly pay attention to various applicable laws and regulations and the substance of the contract made between the Government of Indonesia and foreign investors as outlined in the contract of work document / written agreement. The most important elements of investment or investment activities, namely the existence of a motive to increase or at least maintain its capital value. Second, that "capital" does not only include things that are visible and tangible, but also includes something that is invisible and intangible. Intangible is expertise, network knowledge, and so on which in various cooperation contracts (joint venture agreements) are usually called valuable services.

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