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Predicting sharia commercial bank financial distress through financial liquidity ratio

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ABSTRACT

This study aims to predict the possibility of financial distress dominated by several liquidity ratios (Cash Ratio, Quick Ratio, and Current Ratio) at the Sharia General Bank in Indonesia. Researchers used logistics regression analysis research methodology. 12 Sharia General Bank registered with Bank Indonesia and Financial Services Authority in 2018, the first quarter to 2021, the fourth quarter used as a research sample. The results showed that the Cash Ratio, Quick Ratio, and Current Ratio had no negative effect on financial distress. With this research, researchers hope to provide an outline related to financial distress found by the Sharia General Bank and used as a focus on decision-making to address financial distress and minimize the occurrence of financial distress to address the problem.

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Adanya riset ini ditujukan untuk memprediksi kemungkinan terjadinya financial distress yang didominasi oleh beberapa rasio likuiditas (Cash Ratio, Quick Ratio, and Current Ratio) di Bank Umum Syariah Indonesia. Peneliti menggunakan metodologi penelitian analisis regresi logistik. Sebanyak 12 Bank Umum Syariah yang terdaftar di BI serta OJK di periode 2018kuartal pertama sampai dengan 2021 kuartal ke-empat untuk digunakan sebagai sampel penelitian. Dari penelitian ini diperolah hasil bahwa Cash Ratio, Quick Ratio, and Current Ratio tidak memiliki pengaruh dengan arah negatif di *financial distress*. Dengan adanya riset ini, peneliti berharap dapat memberikan garis besar untuk financial distress oleh Bank Umum Syariah serta digunakan sebagai tumpuan dalam pengambilan keputusan untuk mengatasi financial distress serta meminimalisir terjadinya *financial distress* untuk mengatasi masalah tersebut.

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1. Introduction

A country's economy is not separate from the existence of financial institutions. Depository intermediaries or what we often call financial institutions. For Indonesian banking and financial institutions, the World Bank does not directly affect banking operations. But it is necessary to know and understand the side effects caused by agency operations, given their enormous impact on the economy. The Financial Services Authority (OJK) agreed to synergize with the government, BI, and the Deposit Insurance Agency to support the national economic recovery. The policies proposed under the auspices of the Financial System Stability Committee are pre-emotive, extraordinary, and advanced so that the Indonesian economy can withstand the weaknesses caused by the COVID-19 pandemic.

The financial service industry in Indonesia is currently experiencing such rapid growth. Sharia banking assets experienced a growth of 14.2% until March 2022 Monavia, (2022), and total Sharia banking assets increased yearly. This growth encourages high competitiveness between financial institutions, especially Islamic banking, in maintaining good performance, so that they can continue to compete healthily with others. Banking is like the foundation of the sustainability of the country because it has the first position for intermediation. The failure of a bank can result in an effect on another industry. If the bank's intermediation process stops, the risks received will be extraordinary, such as disrupting the payment system's impact and paralyzing all economic activities (Kusdiana, 2014). The effect of the failure can lead to the destruction of all sectors of the economy.

Since the establishment of Bank Syariah Indonesia (BSM, BRIS, and BNIS) and other Sharia General Banks, the Indonesian economy has had new hopes for its growth. It can be said that when Erick Thohir, Minister of BUMN, completed the merger of three (3) state-owned sharia banks, namely the beginning of BSI (BSM, BRIS, and BNIS) during the COVID-19 pandemic is hope and significance for the country.

The State of Global Islamic Economy (SGIE) in 2020-2021 said that the Sharia economy in Indonesia managed to climb to 4th place, previously ranked 5th in 2019 and 2018 10th in the world. Refers to the previous data, Sharia banking has hope in the future to be able to rise to the top 3 in the world. Therefore, it is hoped that Islamic banks in Indonesia will be more assertive in their existence to have the ability and competitiveness to increase with the merger of the three Sharia banks under the auspices of BUMN, namely BSM, BNIS, and BRIS. OJK report shows total assets owned by Sharia General Bank and UUS reached Rp.674,38 trillion in March 2022. That number increased by 1,43% from the previous month which amounted to Rp.664,89 trillion (Monavia, 2022). The existence of the number of assets owned raises optimism that BSI (BSM, BRIS, and BNIS) can become the world's high-end SH. In addition, BSI (BSM, BRIS, and BNIS) also participated in developing the real sector, both UMKM and property. BSI (BSM, BRIS, and BNIS), a new idea, encourages property sector financing. This is because residential needs continue to increase every year. The fact in the field was that many millennials still do not have a house occupancy. The existence of BSI can certainly be a way out (Andri, 2021).

Sharia General's performance will continue to outperform BUK in 2021. CAR Sharia General capital expenditure is increasing. The CAR Sharia General Bank rate will increase to 25.71% in 2021. Compared to the FDR BUK ratio of 77.49%, the FDR Sharia General Bank ratio of 70.12% indicates a

downward trend in financing activity. Over the past 12 months, the bottom line of Sharia General Bank has tended to rise. At the close of 2021, the value of BOPO Sharia General Bank will reach 84.33%. (OJK, 2022). Sharia banking in Indonesia often uses methods of monitoring the success of individual banks, such as analyzing financial measures. Because Sharia banks are Sharia General Banks in matters, they must consider more than just profit maximization (high profitability) when making decisions (good Sharia goals).

A total of 2.298 Sharia General Bank and UUS offices have been registered in March 2022 after the COVID-19 pandemic. That number was reduced by 182 units from 2,480 offices in the previous month. Indonesia's condition has recently been unstable, so it is vulnerable to financial difficulties for several companies. That is the impact of the Covid-19 pandemic on the economic sector. The impact of Covid-19 is very significant on the country's growth. Many companies suffer so much that they do not report profits or losses in their financial statements. One of them is the banking sector. The decline in bank income affects the bank's financial statements, which can be seen by analyzing financial ratios. Of course, if this condition lasts a long time, the company will have financial distress or financial difficulties.

Referring to the fundamental role of Sharia banks in the economy is necessary to maintain their existence. Especially in the case of liquidity problems, the lack of liquidity of each bank due to the inability to carry out operational plans is reflected in weak financial results. So, the bank management has problems with increasing profitability with the risk of unstable conditions or maintaining high liquidity with the risk of declining company performance. Of course, this has a systemic impact on the country's economy. One way to avoid this is by predicting the bankruptcy of Sharia General Bank. By predicting, bank management is expected to make several efforts to minimize the occurrence of bank bankruptcy.

Based on the above, this research is titled **"Predicting sharia commercial bank financial distress through financial liquidity ratio".**

2. Literature Review

Sharia Bank

In Islamic encyclopedias, Sharia banks are financial institutions whose central Sharia General Bank provides credit and services related to payments and the circulation of money and operations according to Islamic legal principles.

Sharia banks do not collect or distribute interest income. Rewards for Islamic banks and those given to their clients are based on the terms of their respective contracts and agreements (Ismail, 2011).The lack of interest in Islamic banks can be attributed to their compliance with Sharia banking standards, which align with Islamic law and prohibit the use of maishir, gharar, and usury (Yusmad, 2018).

Financial Distress

When a person's financial situation worsens to the point of financial crisis, bankruptcy is usually not long in coming. When a Sharia General Bank cannot payits bills, especially short-term ones such as

its liquidity and solvency responsibilities, it is in a state of financial difficulties. Financial difficulties, as defined by 'Aghajani and Jouzbarkand, (2012), occur when an individual's or organization's financial condition is critical. Debts to creditors by other companies or organizations cannot be paid.

As defined by Fahmi, (2011), financial difficulties are periods of pre-bankruptcy or pre-liquidity of deteriorating financial circumstances. Bankruptcy arises if the company has not met its debts, especially those that mature quickly, such as debt in the form of cash or other liquid assets. According to Dahruji & Muslich, (2022), various variables impact or create financial difficulties for companies, including lack of liquidity, high debt levels, and operational losses in recent years.

Financial Ratio

Analysts often use financial ratios to evaluate a company's performance at a given time. Financial relationships are defined as follows: Ratios in finance are comparisons made between two financial metrics with some meaningful connection. As defined by Oktarina, (2018), financial ratios include dividing one monetary figure by another to compare two different financial statement items. You can compare one part of one financial statement with another part of another financial statement, or you can compare one part of one financial statement with another part of another financial statement.

Liquidity Ratio

The bank's liquidity ratio demonstrates the flexibility of its short-term payments. The purpose of liquidity evaluation is to evaluate the bank's liquidity management practices and determine whether or not they are sufficient for the institution (Putri & Marlius, 2017). The corporation's ability to meet its short-term commitments by utilizing the company's current wealth at the time of billing is what is meant by "liquidity", according to the consensus of experts.

Non-Performing Financing (NPF)

NPL equivalent to sharia banking, NPF, is used as a financial risk metric in the Financial Stress Index (FSI) Indonesia (Gunadi et al., 2013). In Sharia finance, the NPL or NPF ratio reflects the competence of bank management in overcoming persistent credit problems (Hariyani, 2010). According to BI, the NPF ratio was developed to measure the level of difficulty of bank financing. If this percentage is high, then it indicates that the quality of Islamic bank funding is decreasing. In this study, logistical regression analysis is used through NPF for the financial distress value of a bank. The value of NPF > 5% implies that the bank is in a difficult financial position. In contrast, a 5% or less NPF indicates a robust financial institution.

The NPF ratio can be formulated as follows:

$$\text{NPF} = \frac{Productive\ Assets\ 3{,}4{,}5}{Number\ of\ KAP} \text{ x } 100$$

In BI regulations, there is credit collectability including:(Martono, 2010)

1. Collectability one or Current Credit
2. Collectability two or Credit in special attention
3. Collectability of three or Credit is not current
4. Collectability of four or Credit is doubtful
5. Collectability of five or credit is stuck

NPF ranking assessment criteria in BI include:

Table 1.Value Criteria NPF

No.	Ratio	Ranking
1.	NPF < 2%	Very Healthy
2.	2% ≤ NPF < 5%	Healthy
3.	5% ≤ NPF < 8%	Pretty Healthy
4.	8% ≤ NPF < 12%	Less Healthy
5.	NPF ≥ 12%	Unhealthy

Source: Indonesian Bank Circular Letter No. 13/24/DPNP 2011

Quick Ratio

In measuring the company's ability to achieve short-term obligations by using its liquid assets, such as cash and short-term investments, not their supplies. Rejecting the value of inventory in this way means reducing total assets smoothly because inventory is seen as taking more time to cash out if the companydesperatelyneeds moneyto fulfill its commitments (Ismanandar, 2016).

Current Ratio

The capacity of a Sharia General Bank to meet immediate financial commitments is measured by a smooth ratio, often known as a fast ratio. So, the number of current assets available to cover short-term obligations or due debt (Ruslinawati, 2017).

Cash Ratio

In evaluating the liquidity and ability of the company to fulfill its financial obligations. Cash or available assets that meet this definition (for example, savings or checking accounts). So, this ratio reflects how likely the corporation is to meet its short-term obligations (Ruslinawati, 2017).

3. Research Method

Quantitative research, whose data is numerical and calculable, will be used (Basuki, 2021). To test hypotheses, scientists often turn to quantitative research techniques, which focus on studying relationships between various factors (Siregar, 2018). This research relies on secondary data from research samples taken from quarterly Sharia General Bank financial statements. This research involved 12 Sharia General Bank, both in BI and OJK. Non-probability sampling was used in this study, which can be defined as a sampling strategy in which not all individuals of the population could be used as samples because the sample was selected through a specific and comprehensive policy. (Dahruji & Muslich, 2022).

Table 2.

List of Sharia General BankThat Meets The Criteria

No.	Sharia General Bank
1.	BJBS
2.	BPD NTBS
3.	Aladin Syariah
4.	Victoria Syariah
5.	BSI (BSM, BRIS, dan BNIS)
6.	Aceh Syariah
7.	Muamalat Indonesia
8.	BCA Syariah
9.	Bukopin Syariah

10.	Panin Dubai Syariah
11.	Mega Syariah
12.	BTPNS

Resource: Bank of Indonesia

The methods used in data collection are:

a. Field Research or Field Research

Researchers use secondary data in the form of time series data from SHARIA GENERAL BANK financial statements with a period from 2018 first quarter to 2021 fourth quarter with a quarterly scale.

b. Library Research or Library Research

This technique collects data through reading, studying, and analyzing literature in various books and journals related to research subjects to get the correct information.

c. Internet Research

To anticipate expired references because science is always developing over time, this research also uses technology, namely the internet, so that the data obtained is data that can keep up with the times.

Time series data for the first quarter of 2018 to the fourth quarter of 2021 is used in this analysis. According to the research selection criteria, 12 Sharia General Bank (Sharia General Bank) are included in the sample:

a.Sharia General Bank requires BI and OJK registration.

b.Sharia General Bank's financial statements must be published online every quarter from the first quarter of 2018 to the fourth quarter of 2021.

C.Cash Ratio, Fast Ratio, and Current Ratio are some examples of the key metrics that Sharia General Bank must have between the first quarter of 2018 and the fourth quarter of 2021.

Current Ratio, Quick Ratio, and Conversion Rate Average are the reasons in this research (Cash Ratio). Stress about money serves as a dependent variable here (financial difficulties).

Because the dependent variable in this study has two possible values (code 0 = "Non-Financial Distress" and code 1 = "Financial Distress"), the logistical regression test is used in collecting data. Logistic regression testing relies on the results of descriptive statistical tests, which must be done before any data is in the analysis. Then, after that is the analysis of logistical regression, which involves calculating the classification matrix and estimation of parameters, as well as assessing the feasibility of the regression model and the overall fit. Next, do a hypothesis test (simultaneous and partial tests). This research uses IBM SPSS version 25 to analyze the collected data:

$$Ln = \frac{p}{1-p} = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 \ (5)$$

Where :

Ln: Natural Logarithm

P: Probabilityof Financial Distress

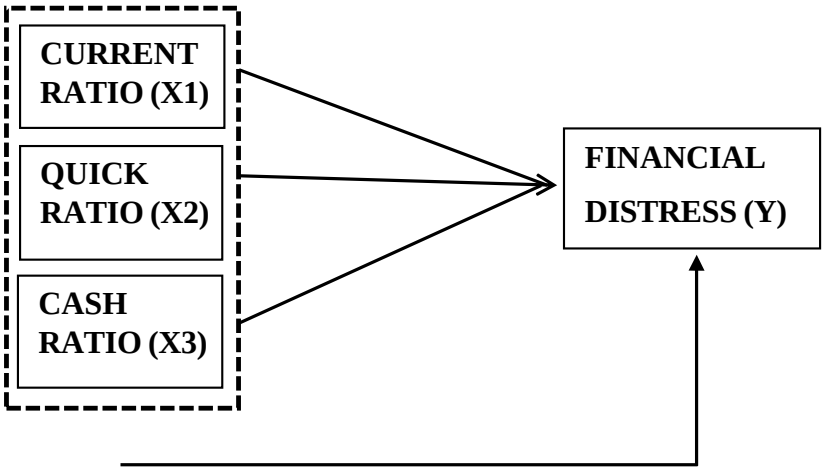
B0 : Constant

B1, β2, and β3 : Independent Variable Regression Coefficient

X1: Current Ratio

X2: Quick Ratio

X3: Cash Ratio



Source: Author Data Processed (2022)

Picture 1: Research Framework

Hypotheses in this research include:

H1: Found a joint influence between Quick Ratio, Current Ratio, and Cash Ratio on the financial Distress of Sharia General Bank 2018-2021.

H2: The influence of the Current Ratio was found in financial distress on Sharia General Bank in 2018-2021.

H3: Found the effect of Quick Ratio on financial distress on Sharia General Bank in 2018-2021.

H4: The effect of Cash Ratio in financial distress in Sharia General Bank in 2018-2021.

4. Result and Discussion

Existing data will be processed and evaluated using descriptive statistics after being collected and calculated. The data for this statistical test can be interpreted using software, namely IBM SPSS version 25. All SPSS test results are:

Table 3.

Operational Variable Descriptive Statistical Testing Results

Descriptive Statistics					
	N	**Minimum**	**Maximum**	**Mean**	**Std. Deviation**
CR	192	,20	20,34	1,3735	2,41736
QR	192	,08	18,90	1,0937	2,18969
CRA	192	,01	5,19	,1311	,55645
Valid N (listwise)	192				

Source: Data Processing Results

Logistic Regression Analysis

Both "Non-Financial Distress" (code 0) and "Financial Distress" (code 1) are included as dependent variables in this analysis. This analysis is performed when the dependent variable has more than one category. For this analysis, we used SPSS version 25 with a sample size 192 (12 Sharia General Bank x 4 years). The following case processing summary table can help us understand the findings of this studywithout having to look for missing cases or data.

Table 4.

Case Processing Summary

Unweighted Cases[a]		N	Percent
Selected Cases	Included in A alysis	192	100,0
	Missing Cases	0	,0
	Total	192	100,0
Unselected Cases		0	,0
Total		192	100,0

Source: Data Processing Results

The processing results above show that no data is empty (missing = 0), and N equals 192.

Table 5.

Results Overall Model Fit (Nilai -2 Log Likelihood) First Block

Iteration History[a,b,c]

Iteration		-2 Log likelihood	Coefficients Constant
Step 0	1.	107,679	-1,729
	2.	95,886	-2,378
	3.	95,112	-2,599
	4.	95,105	-2,622
	5.	95,105	-2,622

Source: Data Processing Results

Testing Criteria :

· Value -2 Log Likelihood < Chi Square Table, if the model before entering the Independent variable is eligible.

· Value -2 Log Likelihood > Chi Square Table, if the previous model is entered, the Independent variable is not eligible.

· How to find Chi-square table is DF = N-1 (192 - 1 = 191)

· The Chi-Square Table obtained 224,245

· The value of -2 Log Likelihood < Chi Square Table (95,105 < 224.245) concludes the model before entering variable X is eligible.

Table 6.

Results Overall Model Fit (Nilai -2 Log Likelihood) Second Block

Iteration History[a,b,c,d]

Iteration		-2 Log likelihood	Coefficients Constant	CR	QR	CRA
Step 1	1	106,376	-1,620	-,092	-,030	,383
	2	91,992	-2,047	-,300	-,112	1,333
	3	85,537	-1,661	-,962	-,463	4,891
	4	80,172	-,663	-2,357	-1,207	12,548
	5	79,503	-,507	-2,935	-1,244	14,486
	6	79,391	-,425	-3,246	-1,037	14,210
	7	79,156	-,299	-3,004	-1,326	10,695
	8	78,888	,002	-2,126	-2,358	1,468
	9	78,883	,053	-2,221	-2,303	,684
	10	78,883	,054	-2,225	-2,300	,662
	11	78,883	,055	-2,225	-2,300	,662

Source: Data Processing Results

Testing Criteria :

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	8	78,888	,002	-2,126	-2,358	1,468
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	10	78,883	,054	-2,225	-2,300	,662
	11	78,883	,055	-2,225	-2,300	,662

Source: Data Processing Result

Testing Criteria :

· Value -2 Log Likelihood < Chi Square Table, if the model before entering the Independent variable is eligible.

· Value -2 Log Likelihood > Chi Square Table, if the previous model is entered the Independent variable is not eligible.

· How to find the Chi-square table is DF = N-K-1 = 188

· Chi-Square Table obtained 220,991

· Value-2 Log Likelihood < Chi Square Table (78,883 < 220,991) concludes the model Before being included variable X is eligible.

Obtained the SPSS output result above, the first -2LogLBlock value is 95,105. Next, enter the Independent variable in Table 6. The final -2LogL Block value decreased to 78,883. Decreased Likelihood value (-2LogL) which means that the hypothesized regression model matches the data.

Table 7.

Determination Coefficient Result (Nagelkerke's R Square)

Model Summary

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	78,883[a]	,081	,207

Source: Data Processing Result

The previous value of Cox and Snell's R Square is 0.081, and the value of Nagelkerke R Square is 0.207. Based on his research, Cox and Snell concluded that the Cash Ratio, Current Ratio, and Quick Ratio can be used to predict financial difficulties with an accuracy of 8 percent. Meanwhile, the Fast Ratio, Current Ratio, and Cash Ratio accounted for 20.7% of the variance in times of financial difficulties, as calculated with Nagelkerke R Square. The findings imply that independent factors account for as much as 20.7% variance in dependent variables. At the same time, foreign factors account for the remaining 79.3 percent.

Table 8.

Feasibility Testing Results

Hosmer and Lemeshow Test			
Step	Chi-square	df	Sig.
1	6,673	8	,572

Source: Data Processing Result

The previous Chi-square value was 19,613, whose significance level was 0.572 > 0.05, and the model was accepted and could estimate the measurement of the observations.

Table 9.

Classification Matrix Results

Classification Table[s]					
			Predicted		
			Financial distress		Percentage Correct
	Observed		Non-***Financial distress***	***Financial distress***	
Step 1	***Financial distress***	Non-***Financial distress***	179	0	100,0
		Financial Distress	13	0	,0
	Overall Percentage				93,2

Source: Data Processing Result

The classification matrix above shows that the predictability of the logistics regression model is 93.2% of the original data, with an error rate of 6.8%. The predictive power for 'Financial difficulties' is zero, but for 'Non-Financial Difficulties', one hundred percent.

Table 10.

Parameter Estimation Result

		Variables in the Equation					
		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	CR	-2,225	3,832	,337	1	,562	,108
	QR	-2,300	4,095	,315	1	,574	,100
	CRA	,662	20,041	,001	1	,974	1,940
	Constant	,055	,992	,003	1	,956	1,056

Source: Data Processing Result

Given these findings, it can obtain the following equations to interpret or estimate parameters:

$$Ln = \frac{p\,(FD)}{1-p(NFD)} = 0{,}055 - 2{,}225CR - 2{,}300IQR + 0{,}662CRA \quad (5)$$

The previous equation showed that the Log of Odds of financially problematic banks are connected in reverse or inversely with Current and Fast Ratios and are profitable with Cash Ratios.

Hypothesis Test

Table 11.

Simultaneous Test Results (Omnibus Test)

Omnibus Tests of Model Coefficients				
		Chi-square	Df	Sig.
Step 1	Step	16,223	3	,001
	Block	16,223	3	,001
	Model	16,223	3	,001

Source: Data Processing Result

Previous data showed that the Chi-Square value for the simultaneous test was 16,223, statistically significant at 0.001. Researchers found that independent variables, Cash Ratio, Quick Ratio, and Current Ratio, significantly impact and predict financial difficulties when all three are measured at once (number sig. < 0,05).

Table 12.

Partial Test Results (Wald Test)

Variables in the Equation							
		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1[a]	CR	-2,225	3,832	,337	1	,562	,108
	QR	-2,300	4,095	,315	1	,574	,100
	CRA	,662	20,041	,001	1	,974	1,940
	Constant	,055	,992	,003	1	,956	1,056

Source: Data Processing Result

Based on the data analysis mentioned above, it can be discussed the steps taken to partially test the hypothesis that Cash Ratio, Fast Ratio, and Current Ratio have no effect on BUS's financial difficulties in Indonesia between 2018 and 2021:

a. Separately, the Current Ratio does not influence financial distress in BUS Indonesia in 2018 - 2021. The value of sig justifies this. Obtained which is 0.562 > 0.05.

b. Separately, Quick Ratio does not influence financial distress in BUS Indonesia in 2018 - 2021. The value of sig justifies this. We obtained which is 0.574 > 0.05.

c. Separately, the Cash Ratio does not influence financial distress in BUS Indonesia in 2018 - 2021. The sig justifies this. The value obtained which is 0.974 > 0.05.

Interpretation Of Results

Table 13..

Independent Variable Relationship to Financial Distress		
Variable	Found Relationship	Direction of Relationship
Current Ratio (CR)	There is no relationship	Negative
Quick Ratio (QR)	There is no relationship	Negative
Cash Ratio (CRA)	There is no relationship	Negative

The Effect of Current Ratio on Financial Distress

A smooth ratio measures short-term creditor confidence in the solvency of the company. The ability to fulfill working capital commitments is another CR indicator. When CR is high, the company has enough cash to pay its short-term debt as it approaches a set time.

There was a discrepancy in the findings of the two studies: one Ruslinawati, (2017) stated that the Current Ratio variable had a positive and substantial influence on Financial Distress. Other research

Widati and Pratama, (2017) stated that it negatively and significantly influenced Financial Distress. Negligible influence. This study also found this consistent with Widati and Pratama, (2017) but not (Ruslinawati, 2017). There are several potential sources of variation in the findings of this study, including variations in data collected, items investigated, research strategies used, and methods used to analyze the information collected. Therefore, H_0 was approved while $H_a$was not.

The Effect of Quick Ratio on Financial Distress

The size of the company's liquidity and short-term debt service capacity defines the quick ratio. QR also shows the company's performance in making debt payments in the short term through new assets from current assets. When a business has a high fast ratio (QR), it has enough cash to pay short-term debt and interest payments, which is excellent news for anyone who wants to lend or invest money in the company.

This research fills a literature void on Quick Ratio has a negative and insignificant influence on Financial Distress, contrary to the findings (Ruslinawati, 2017). There are several potential sources of variation in the results of this study, including variations in data collected, items investigated, research strategies used, and methods used to analyze the information collected. Therefore, H_0 was approved while H_a was not.

The Effect of Cash Ratio on Financial Distress

An indicator of the company's solvency and the safety of its short-term loan holder is the ratio of cash to debt. To attract investors to put money into the company, a high cash ratio is a positive sign that the business can pay off and fulfill its short-term financial commitments. A high cash ratio is also not ideal, as it may indicate that resources are wasted due to inactivity. It takes time to finalize creditors and sell some other current assets; therefore, the cash ratio below the average of similar companies implies an unwanted position.

According to the gap in the literature Ruslinawati, (2017), there is no correlation between cash ratio variables and economic difficulties. The findings of this study on the effect of cash ratios on financial problems are contrary to research (Kinsman & Krisandi, 2019) (Oktarina, 2018). In addition, this investigation confirms the findings (Ruslinawati, 2017). There are several potential sources of variation in the results of this study, including variations in data collected, items investigated, research strategies used, and methods used to analyze the information collected. Therefore, H_o was approved, while H_a was rejected.

The Effect of Current Ratio, Quick Ratio, and Cash Ratio on Financial Distress

The sig value = 0.001 less than 0.05 is obtained from the omnibus test, which shows that the cash ratio, quick ratio, and current ratio independent variables have a significant influence on financial difficulties and can be used to predict it. As a result, the company's financial difficulties are influenced by its ability to pay current liabilities with current assets and its ability to pay current liabilities with assets more liquid or smoother than current assets. The trust of the company's short-term creditor or its liquidity to fulfill its obligations. As a consequence, Ho is rejected, and Ha is accepted as the result.

Related to this, Sharia Commercial Banks can carry out an Early Warning System by reviewing the imbalance between current liabilities and assets. Optimizing cash equivalents and reserves can correct the company's liquidity risk. Making several efforts to grow high trust in the bank's customers, thus minimizing the occurrence of financial distress. One is correcting the definition of liquidity risk management and cost management.

5. Conclusions

The following are the results of the acquisition and analysis in the research above:

a. The acquisition of the logistical regression test above formulates that financial distress is Influenced By free variables Cash Ratio, Quick Ratio, and Current Ratio with a significance Value of 0.001.

b. The acquisition of the logistical regression test above formulates that financial distress is Unaffected, Characterized by a negative value by an independent variable Current Ratio with a Sig value of 0.562 and its coefficient value of -0,242.

c. The acquisition of the logistical regression test above formulates that financial distress is Unaffected, Characterized by a negative value by an independent Quick Ratio variable with a Value of sig: 0.574 and a coefficient value of -2,225.

d. The acquisition of the logistical regression test above formulates that financial distress is Unaffected, characterized by a negative value by an independent Cash Ratio variable with a sig Value of 0.974 and a coefficient value of 0.662.

The results of this research simultaneously show that the variables Current Ratio, Quick Ratio and Cash Ratio together have an effect on financial distress. However interestingly, the test carried out partially shows that there is no influence between the independent variables and the dependent variable. The implication obtained from this research is that proper financial management will reduce the risk of financial distress. So that good liquidity ratio management can be used as a benchmark in minimizing the occurrence of financial distress. This article highlights each variable in detail and the importance of management in financial management. The results of this research provide understanding for writers and readers that the contribution of these three ratios to bank finances can be maximized when these three ratios run systematically.

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