American Journal of Humanities and Social Sciences Research (AJHSSR)
e-ISSN :2378-703X
Volume-5, Issue-5, pp-331-340
www.ajhssr.com
Research Paper Open Access

Soundness Level Assessment Using the RGEC Method: Study on Bank Bukopin

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ABSTRACT: The bank is an intermediary for parties with excess funds and parties who need funds. As an institution that collects funds from the public, third party sources of funds are important to support bank operational activities, so it is important for banks to maintain public trust by maintaining the health of the bank. The purpose of this study was to determine the health level of Bank Bukopin using the RGEC method from 2016 to 2019. This research is a descriptive quantitative study. The variable in this study is the soundness level of the bank. The data collection method in this research is non-participant observation technique. The analysis technique in this research is to use the RGEC method (Risk Profile, Good Corporate Governance, Earnings, and Capital). The results showed that in 2016 Bank Bukopin received a healthy predicate, while from 2017 to 2019 Bank Bukopin received a fairly healthy predicate. The theoretical implication in this study is to provide learning about the assessment of bank soundness using the RGEC method, while the practical implications in this study are to provide an overview to the public regarding the health level of Bank Bukopin from 2016 to 2019 and provide information to Bank Bukopin regarding the soundness of its bank.

Keywords : *bank health, risk profile, good corporate governance, earnings, capital.*

I. INTRODUCTION

Today's banking world is moving forward very actively and dynamically. This movement was supported by the existence of increasingly broad and complex challenges in the industry, as well as the development of increasingly advanced banking technology, so that this situation encouraged the banking industry to be quick and responsive in carrying out its functions and responsibilities, especially in gaining public trust (Indonesian Bankers Association, 2017a: 62). The importance of third party sources of funds to support bank operational activities, it is important for banks to maintain public trust by maintaining the health of the bank so that there is no rush. Third party funds (funds originating from the public) are the largest source of funds that banks rely on (they can reach 80-90% of all funds managed by the bank) so that the large percentage of third party funds carries a high risk because if one day a customer withdraws funds large (rush), the bank will find it difficult to provide these funds quickly (Fahmi, 2015: 50).

Today's banking sector in Indonesia faces competition in gaining public trust. Each bank is competing to attract customers by producing products, services and offering programs such as time savings with high interest rates (Putri & Suarjaya, 2017). The bank has a function as an intermediary between parties with excess funds and parties who are in need and need funds (Fahmi, 2015). A bank is said to be healthy if it is able to carry out its operational activities normally and is able to fulfill all of its obligations. In carrying out bank business activities, it is important to maintain the trust of its customers.

Banks may experience failure and fail to meet their capital adequacy ratio, thereby reducing public confidence. The bank gets the trust of the customer if the bank is in good health (Putri and Suarjaya, 2017). All banking stakeholders have an interest in the soundness of the bank. Depositors want a bank that can be trusted and managed prudently so that the risk of losing funds is getting smaller. Shareholders want a bank that grows measurably, can provide good returns, and has controllable risk. The government wants a bank that is stable and implements good risk management so that it can be involved in government projects (such as the distribution of people's business loans, infrastructure development, etc.).

Bank Indonesia wants banks that are beneficial to the economy, focus on long-term growth, apply risk management to support the stability of the banking industry, and to maintain financial system stability (Indonesian Bankers Association, 2017a). The soundness level of a bank is one of the most important benchmarks for the Bank's financial performance because the results of this assessment will reveal the owner's performance and the professionalism of the bank's managers. The health of the bank is a reflection of the condition and performance of the bank which is a means for the supervisory authority in determining the strategy and focus of supervision of the bank (Fauziah, 2017: 16). Assessing the health of a bank is important because it involves the reputation and trust of the public in the banking institution (Fahmi, 2015). For banks, an assessment of the soundness of a bank is needed with the aim of obtaining a picture of the soundness of the bank so that it can be used to formulate future business strategies and plans, as well as fix weaknesses that have the potential to disrupt bank performance (Indonesian Bankers Association, 2017a).

Prior to the application of the RGEC method in assessing the soundness of banks, Bank Indonesia established the CAMELS method. In accordance with Bank Indonesia Regulation Number 6/10 / PBI / 2004, the CAMELS method is an assessment of the soundness of a bank including an assessment of the factors of capital, asset quality, management, earnings, liquidity and sensitivity to market risk. The issuance of Bank Indonesia Regulation Number 13/1 / PBI / 2011 and Bank Indonesia Circular Letter Number 13/24 / DPNP /2011 replaced the CAMELS method bank health assessment with the RBBR (Risk-based Bank Rating) method or RGEC (Risk Profile, Good Corporate Governance, Earning, Capital). The global financial crisis that has occurred in recent years provides a lesson that innovations in banking products, services and activities that are not matched by the implementation of adequate risk management can lead to various fundamental problems for banks and the financial system as a whole, causing changes in the method of assessing the soundness level of commercial banks from the CAMELS method becomes the RGEC method (Alawiyah, 2016). Banking institutions are considered as institutions that are very vulnerable to risk, so the Risk Based Bank Rating method is applied to see the health of a bank from a risk approach (Fahmi, 2015).

As according to the Financial Services Authority Regulation Number 4/POJK.03/2016, the assessment of the soundness of a bank using a risk approach (Risk-based Bank Rating) is a comprehensive and structured assessment of the results of the integration of risk profiles, implementation of good governance, profitability, and capital. The RBBR (Risk-based Bank Rating) or RGEC (Risk Profile, Good Corporate Governance, Earning, Capital) method is used to view the health of a bank from a risk-based approach (Fahmi, 2015). The RGEC method assesses four factors, namely the risk profile, good corporate governance, profitability (earnings), and capital (capital). In Bank Indonesia Circular Letter Number 13/24 / DPNP 2011 and Financial Services Authority Circular Letter Number 14 / SEOJK.03 / 2017, the Risk Profile is an assessment of inherent risk and the quality of risk management implementation in bank operational activities. The risks that must be assessed by banks consist of 8 types of risk, namely credit risk, market risk, operational risk, liquidity risk, legal risk, strategic risk, compliance risk and reputation risk.

In this study, credit risk and liquidity risk are the focus of discussion in the risk profile assessment. The reason is that credit risk and liquidity risk are the most fundamental risks in the banking industry because they are the main triggers for bank bankruptcy (Winanti, 2019). For most banks, credit is the main source of income and the biggest source of risk (Hayati, 2017: 80). Non-performing loans will cause losses because they do not receive back the funds that have been distributed as well as interest income that should be received by the bank, so that non-performing loans will eventually result in a decrease in profits.

Banks must provide sufficient liquidity to serve customers and operate efficiently. Bank liquidity in an inadequate amount will find it difficult to fulfill obligations to overdue creditors, pay sudden large withdrawals of customer funds, fulfill customer credit withdrawals that are out of the ordinary according to bank experience, as well as in extreme conditions, conditions. This can lead to bank failure in operations so that the bank's license is revoked (Indonesian Banker Association, 2016: 48). The condition of bank liquidity is the most important thing for the continuity of the bank's business where whatever profit the bank gets, if there is a lack of liquidity, then it must get top priority in the management of a healthy bank (Indonesian Bankers Association, 2016). Another reason that makes the risk profile indicator converge on only two risks is due to the limited data obtained by researchers. Based on Bank Indonesia Circular Letter Number 13/24 / DPNP / 2011 and Financial Services Authority Circular Letter Number 14 / SEOJK.03 / 2017, credit risk is the risk arising from failure of other parties to fulfill obligations to the bank, while liquidity risk is risks arising from the Bank's inability to meet its maturing liabilities from cash flow funding sources, and / or from high quality collateralized liquid assets, without disturbing the Bank's activities and financial condition.

Credit risk is proxied by Non-Performing Loans (NPL). The NPL ratio shows the ability of banks to manage non-performing loans from all loans provided by banks (Zainuddin and Djaelani, 2018). A higher NPL means a higher provision for losses and lower profitability (Sjahrifa et al. 2018). Liquidity risk is proxied by the Loan to Deposit Ratio (LDR). LDR is an indicator that assesses the liquidity capacity of banks in large withdrawals (Permatasari and Sawitri, 2018). The higher the LDR percentage, the lower the level of bank liquidity, because their own capital and third party funds are smaller than the funds distributed (Dewi and Candradewi, 2018).

In Bank Indonesia Circular Letter Number 13/24 / DPNP 2011 and Financial Services Authority Circular Letter Number 14 / SEOJK.03 / 2017, the assessment of Good Corporate Governance (GCG) is an assessment of the quality of bank management on the implementation of the principles of Good Corporate Governance. The survival of a bank is influenced by corporate governance or corporate governance (Sharah and Haridhi, 2019). Good Corporate Governance is proxied by a composite value to determine the composite rating of Good Corporate Governance as stipulated in a Bank Indonesia Circular with 5 composite ratings, namely very good, good, good enough, not good, and not good which is determined based on the composite value. The assessment of Good Corporate Governance can be seen through the bank's annual report which has been published every year.

According to Azeharie et al. (2017), earnings are one of the common ways to measure the health of a bank from earning strength. Earning Quality is a very important criterion that represents the quality of bank profitability and the bank's ability to maintain quality and earn consistent profits (Geetha and Thirumal, 2016). Earning is proxied by Return On Assets (ROA) and Net Interest Margin (NIM). ROA is a ratio used to measure the ability of bank management to generate income (Daryanto et al. 2018). The higher the ROA ratio, the better the asset productivity in obtaining net income (Putri and Suarjaya, 2017).

NIM is a ratio to measure the ability of bank management to manage its productive assets. The increase in the NIM ratio shows the better the effectiveness of banks in managing productive assets (Akbar, 2019: 21). Capital is an assessment based on the capital owned by a bank which is based on the bank's minimum capital requirement (Kasmir, 2018: 40). According to Jogi and Suba (2015), the capital factor or capital reflects the condition of a bank and the ability of management to meet capital needs. Capital is proxied by the Capital to Adequacy Ratio (CAR) where this ratio shows the ability of banks to finance their activities with their own capital ownership, where this ratio is used to assess the health of a bank in terms of capital where the higher the CAR ratio, the more the bank's ability to support growth. business, including covering unexpected losses (Indonesian Banker Association, 2017b: 28).

Previously there were several other studies that had examined the soundness level of a bank, including the research of Tuwo and Tumewu (2018) which examined the health level of PT. Bank SulutGo (Persero) Tbk uses the Risk Based Bank Rating method, Saldianovitta and Wijayanti (2017) examined the health of banks at BRI, Bank Mandiri, BNI using the RGEC method. Nasri and Nuraini (2019) examined the level of bank performance at Bank Mandiri, BRI, BCA using the RGEC method, Ruliana et al. (2016) examined the health of banks in 32 banking companies listed on the IDX using the risk based bank rating method. Faizal and Rosdiana (2019) analyzed the performance of the bank PT Bank Tabungan Negara (Persero) Tbk using the RGEC method, Chusnah and Jola (2017) examined the health of financial sector service companies listed on the IDX using the risk based bank rating method. Karim et al. (2018) which assesses the soundness level of banks using the RGEC method on Islamic banks listed on the IDX, Lisa and Hermanto (2020) who assess the soundness of Islamic banks and commercial banks listed on the IDX and included in the LQ45 using the RGEC method.

Bank Bukopin is one of the private banks in Indonesia which was previously known as Bank Umum Koperasi Indonesia. Bank Bukopin is a cooperative bank that was once owned by Indonesia, but this bank has become a public company (go public). In 2017, Bank Bukopin won the award for the top 20 best GCG companies in Indonesia 2017 from the Economic Review magazine. In 2018, Bank Bukopin won an award with the highest customer satisfaction, loyalty and engagement index in the Commercial Bank Business Activity (BUKU) 3 group given by Infobank Magazine and Marketing Research Indonesia (MRI) on the Satisfaction, Loyalty, Engagement (SLE) Awards 2018 event. The top ranking obtained by Bank Bukopin in the awards achieved by Bank Bukopin does not necessarily make Bank Bukopin get the top ranking in the financial sector (in this case the health of the bank) (Pramana & Artini).

In this study, assessing the health of a bank using the RGEC method by analyzing the financial statements of Bank Bukopin with ratio calculations. The RGEC method includes assessment factors, namely Risk Profile, Good Corporate Governance, Earning, and Capital. After calculating the ratio to measure each of the factors for the assessment of the RGEC method, it will be known whether the bank is at a very healthy, healthy, fairly healthy, unhealthy, or unhealthy level.

II. LITERATURE REVIEW

Risk Profile is an assessment of inherent risk or risk inherent in bank business activities as well as the quality of risk management implementation in bank operational activities on credit risk, market risk, operational risk, liquidity risk, legal risk, strategic risk, compliance risk and reputation risk. However, this study only uses an assessment of credit risk and liquidity risk.

Credit Risk. Credit risk is the risk that arises as a result of the inability of the debtor to fulfill his obligations to the bank. In measuring credit risk, the ratio used is the Non-Performing Loan (NPL). Non-Performing Loan is a ratio used to measure the level of non-performing loans owned by a bank. Non-Performing Loans were obtained from the comparison between non-performing loans and total Bank Bukopin loans from 2016 to 2019. The data taken were the number of non-performing loans (loans with substandard, doubtful, and non-performing quality) and total loans obtained through Bank Bukopin's financial reports. has been published, where the unit used is the percentage (%). The Non-Performing Loan formula is as follows:

$$\mathrm{NPL}=\frac{\text{Non-performing Loan}}{\text{Total Loan}}\ 100\% \qquad (1)$$

Liquidity Risk. Liquidity risk is the risk that arises because the bank is unable to meet its short-term obligations. In measuring liquidity risk, the ratio used is the Loan to Deposit Ratio (LDR). Loan to Deposit Ratio is a ratio that shows the liquidity capacity of a bank by comparing the amount of credit granted with the collected third party funds. Loan to Deposit Ratio is obtained from the comparison between total credit and third party funds of Bank Bukopin from 2016 to 2019. The data taken is total credit and total third party funds obtained through published financial reports of Bank Bukopin, where the unit used is a percentage. (%). The Loan to Deposit Ratio formula is as follows:

$$\text{LDR}=\frac{\text{Total loan}}{\text{Third-party funds}}\times 100\% \tag{2}$$

Good Corporate Governance (GCG) is an assessment carried out on bank management on the implementation of GCG principles. Good Corporate Governance reflects the part of Bank Bukopin's management which is assessed from the self-assessment conducted by Bank Bukopin from 2016 to 2019. Implementation of Good Corporate Governance for Commercial Banks, there are five basic principles for implementing Good Corporate Governance, namely Transparency, Accountability, Responsibility, Independency, Fairness. The assessment of Good Corporate Governance takes into account 11 GCG implementation assessment factors covering aspects of the implementation of duties and responsibilities of the board of commissioners, implementation of duties and responsibilities of the board of directors, completeness and implementation of committee duties, handling conflicts of interest, implementing the bank compliance function, implementing the internal audit function, implementing functions. external audits, implementation of risk management and internal control functions, provision of funds to related parties and large debtors, transparency of bank financial and non-financial conditions, GCG implementation reports and internal reports, and bank strategic plans. Good Corporate Governance is assessed based on the composite value obtained from the self-assessment of the implementation of governance contained in Bank Bukopin's annual report, then compared with the criteria for determining the GCG rating according to Bank Indonesia Circular Letter Number 9/12 / DPNP 2007

Profitability assessment is an assessment that measures a bank's ability to make a profit. In measuring earnings, the ratios used are the Return on Assets ratio and Net Interest Margin.

Return On Assets (ROA) is a ratio used to measure a bank's ability to earn a profit by comparing the profit before tax with the average total assets. Return On Assets is obtained from a comparison between profit before tax and the average total assets of Bank Bukopin in 2016 to 2019. The data taken is profit before tax and average total assets obtained through published financial statements of Bank Bukopin, where the unit used is the percentage (%). The Return On Assets formula is as follows:

$$\text{ROA}=\frac{\text{Earning Before Tax}}{\text{Average of Total Assets}}\times 100 \tag{3}$$

Net Interest Margin (NIM) is a ratio that measures the ability of a bank to manage its productive assets to generate net interest income. Net Interest Margin is obtained from a comparison between Bank Bukopin's net interest income and earning assets from 2016 to 2019. The data taken is net interest income and earning assets obtained through published financial statements of Bank Bukopin, where the unit used is a percentage (%). The Net Interest Margin formula is as follows:

$$\text{NIM}=\frac{\text{Net Interest Income}}{\text{Average earning assets}}\times 100\% \tag{4}$$

Capital assessment is an assessment of the capital owned by a bank. In measuring capital, the ratio used is the Capital to Adequacy Ratio (CAR). CAR is a ratio that measures the bank's capital adequacy to finance all risky assets. The Capital to Adequacy Ratio is obtained from the comparison between bank capital and weighted assets according to the Bank Bukopin ratio in 2016 to 2019. The data taken is the amount of bank capital and risk-weighted assets obtained through the published financial statements of Bank Bukopin, where the units are used is a percentage (%). The Capital to Adequacy Ratio formula is as follows:

$$\text{CAR}=\frac{\text{Bank Capital}}{\text{Risk Weighted Assets}}\times 100\% \tag{5}$$

III. RESEARCH METHOD

This research is a descriptive quantitative study, namely by analyzing the annual financial statements of Bank Bukopin, then tabulated to determine the category of banking companies. This research is a case study at Bank Bukopin (Timotius, 2017: 72).

The location for data collection was carried out on Bank Bukopin, through Bank Bukopin's financial reports for 2016 to 2019 published on the Bank Bukopin website, namely www.bukopin.co.id and the Financial Services Authority website, namely www.ojk.go.id as well as self-assessment reports on the implementation of governance. management of Bank Bukopin from 2016 to 2019 which is contained in the annual report of Bank Bukopin which is published through www.bukopin.co.id.

Assessment of Bank Soundness using a risk-based approach (RGEC) is an assessment of the risk profile and performance covering the implementation of good governance, profitability, and capital at Bank Bukopin from 2016 to 2019.

The data analysis technique used in this research is descriptive analysis referring to Bank Indonesia Circular Letter Number 13/24 / DPNP / 2011 concerning the Rating of Commercial Bank Soundness using the RGEC method. The ratio used in this calculation is the Non-Performing Loan (NPL). The criteria for determining the rating for the Non-Performing Loan ratio are as follows:

Table 1. Matrix of NPL Rating Criteria

Rating	Category	Criteria
1	Very healthy	NPL < 2%
2	Healthy	2% ≤ NPL < 5%
3	Fairly Healthy	5% ≤ NPL < 8%
4	Unwell	8% ≤ NPL < 12%
5	Not healthy	NPL ≥ 12%

The ratio used in this calculation is the Loan to Deposit Ratio (LDR). The criteria for determining the Loan to Deposit Ratio rating are as follows:

Table 2. Matrix of LDR Ranking Criteria

Rating	Category	Criteria
1	Very healthy	LDR ≤ 75%
2	Healthy	75% < LDR ≤ 85%
3	Fairly Healthy	85% < LDR ≤ 100%
4	Unwell	100% < LDR ≤ 120%
5	Not healthy	LDR > 120%

This assessment is based on an assessment conducted by Bank Bukopin based on the self-assessment system conducted by the bank from 2016 to 2019. Good Corporate Governance is assessed based on the composite value obtained from the results of the self-assessment of governance implementation contained in Bank Bukopin's annual report, then compared with The criteria for determining the GCG rating are in accordance with Bank Indonesia Circular Letter No. 9/12 / DPNP in 2007.

Table 3. Matrix of GCG Ranking Criteria

Composite Value	Composite predicate
Composite Value < 1.5	Very good
1.5 ≥ Composite Value < 2.5	Good
2.5 ≥ Composite Value < 3.5	Pretty good
3.5 ≥ Composite Value < 4.5	Not good
4.5 ≥ Composite Value < 5	Not good

The ratios used in this calculation are Return On Assets (ROA), Net Interest Margin (NIM). The criteria for ranking the Return On Assets, Net Interest Margin ratio are as follows:

Table 4. Matrix of ROA Ranking Criteria

Rating	Category	Criteria
1	Very healthy	ROA > 1,5%
2	Healthy	1,25% < ROA ≤ 1,5%
3	Fairly Healthy	0,5% < ROA ≤ 1,25%

4	Unwell	0% < ROA ≤ 0,5%
5	Not healthy	ROA ≤ 0%

Table 5. Matrix of NIM Ranking Criteria

Rating	Category	Criteria
1	Very healthy	NIM > 3%
2	Healthy	2% < NIM ≤ 3%
3	Fairly Healthy	1,5% < NIM ≤ 2%
4	Unwell	1% < NIM ≤ 1,5%
5	Not healthy	NIM ≤ 1%

The ratio used in this calculation is the Capital Adequacy Ratio (CAR). The criteria for ranking the Capital Adequacy Ratio are as follows:

Table 6. CAR Ranking Criteria Matrix

Rating	Category	Criteria
1	Very healthy	CAR > 12%
2	Healthy	9% ≤ CAR < 12%
3	Fairly Healthy	8% ≤ CAR < 9%
4	Unwell	6% < CAR < 8%
5	Not healthy	CAR ≤ 6%

Each of the RGEC components will be weighted on the composite ranking for each component that has been assessed based on its ranking (Paramartha and Darmayanti, 2017).Composite ranking weight is obtained by dividing the total composite value by the maximum composite value multiplied by 100%, then adjusted to the following bank health assessment composite ranking weight table.

Table 7. Weight of Bank Soundness Assessment Composite Rating

Composite Rating	Weight (%)	Description
Composite Rating 1	86-100	Very healthy
Composite Rating 2	71-85	Healthy
Composite Rating 3	61-70	Fairly Healthy
Composite Rating 4	41-60	Unwell
Composite Rating 5	<40	Not healthy

IV. RESULT AND DISCUSSION

Bank Bukopin's financial statements have been reported by the management of Bank Bukopin from 2016 to 2019. The risk profile is an assessment of the inherent risk or risks inherent in the bank's business activities as well as the quality of risk management implementation in the bank's operational activities. This study focuses on credit risk and liquidity risk to assess risk profiles. The financial ratios used in this study to assess the risk profile are the ratio of non-performing loans and loan to deposit ratios.

Credit risk is proxied by Non Performing Loans (NPL), which shows the level of non-performing loans owned by banks. The following is the ratio of Non Performing Loans sourced from secondary data on Bank Bukopin's Financial Statements:

Table 8. PK Value of Non Performing Loan Components

Period	NPL (%)	Rating	Category
2016	3,77	2	Healthy
2017	8,54	4	Unwell
2018	6,67	3	Fairly Healthy
2019	5,99	3	Fairly Healthy

Based on Table 8., in 2016 Bank Bukopin received Composite Rating 2 with the predicate Healthy because it had non-performing loans of 2,527 billion rupiah with a total loan amount of 67,502 billion so that it had an NPL ratio below 5%, namely 3.77%. In 2017, Bank Bukopin received Composite Rating 4, namely with the title Unhealthy because Bank Bukopin's NPL ratio was above 8%, which was 8.54%. In 2018 and 2019, Bank Bukopin received a composite rating of 3, namely with the predicate Fairly Sound, because in that year the NPL ratio was below 8%, namely 6.67% in 2018 and 5.99% in 2019. An increase in the NPL ratio in the year 2017 was caused by an increase in non-performing loans of 126.9% which was accompanied by an increase in total loans by 0.1%, while the decrease in the NPL ratio in 2018 was due to a decrease in non-performing loans of 28.7% accompanied by a decrease in total loans by 8.7%.

The NPL ratio in 2019 decreased due to a decrease in non-performing loans by 6.6% accompanied by an increase in total loans by 4.1%. This reflects that in 2016 Bank Bukopin was able to manage its credit risk well, whereas in 2017 it was not able to manage its credit risk properly, and from 2018 to 2019 it was quite capable of managing its credit risk well.

Liquidity risk is proxied by the Loan to Deposit Ratio (LDR) which shows the ratio between the amount of credit extended and the third party funds collected. The following is the Loan to Deposit Ratio, which is sourced from secondary data on Bank Bukopin's Financial Statements:

Table 9. PK Value of Loan to Deposit Ratio Component

Period	LDR (%)	Rating	Category
2016	86,04	3	Healthy
2017	81,34	2	Unwell
2018	86,18	3	Fairly Healthy
2019	84,82	2	Fairly Healthy

Based on Table 9., in 2016 and 2018 Bank Bukopin received Composite Rating 3 with the title Fairly Healthy because that year the LDR ratio was above 85%, namely 86.04% in 2016 and 86.18% in 2018. In that year In 2017 and 2019, Bank Bukopin received Composite Rating 2 with a healthy predicate because it had an LDR ratio below 85%, namely 81.34% in 2017 and 84.82% in 2019. In 2016 Bank Bukopin had third party funds of 78,453 billion rupiah with a total credit of 67,502 billion rupiah so that it had an LDR ratio of above 85%, namely 86.04%. The decrease in the LDR ratio in 2017 was due to an increase in total loans granted by banks by 0.1% which was accompanied by an increase in third party funds of 5.9%, while the increase in the LDR ratio in 2018 was due to a decrease in total loans granted by banks by 8 , 7% accompanied by a decrease in third party funds by 13.8%.

The LDR ratio figure in 2019 has decreased due to an increase in total bank loans by 4.1% accompanied by an increase in third party funds of 5.8%. This reflects that in 2016 and 2018 Bank Bukopin was able to manage its liquidity risk well, whereas in 2017 and 2019 Bank Bukopin was able to manage its liquidity risk well.

Assessment of Good Corporate Governance (GCG) is an assessment carried out on bank management on the implementation of GCG principles. The assessment of Good Corporate Governance is published through a self-assessment report on the implementation of governance contained in the Annual Report of Bank Bukopin which is published on the website of Bank Bukopin, namely www.bukopin.co.id.

In the 2016 to 2019 period, Bank Bukopin received a composite score of 2 with the predicate Good because Bank Bukopin has a GCG composite score below 2.50 and fulfills GCG principles well. This means that during the 2016 to 2019 period, the management of Bank Bukopin has implemented GCG which is generally good.

The financial ratios used in this study to assess profitability are Return On Assets and Net Interest Margin.Return On Assets (ROA) shows a bank's ability to make a profit by comparing the profit before tax with the average total assets. The following is the Return On Assets ratio sourced from secondary data on Bank Bukopin's Financial Statements:

Table 10. PK Value of Return On Assets Components

Period	ROA (%)	Rating	Category
2016	1,37	2	Healthy
2017	0,09	4	Unwell
2018	0,21	4	Fairly Healthy
2019	0,13	4	Fairly Healthy

Based on Table 10., in 2016, Bank Bukopin received a composite rating of 2 with the predicate Healthy because it had profit before tax of 1,294 billion rupiah with an average total assets of 94,254 billion rupiah so that it had an ROA ratio exceeding 1.25%, which was 1 , 37%. In 2017 to 2019, Bank Bukopin received a composite rating of 4, namely with the title Unhealthy because that year the ROA ratio was below 0.5%, which was 0.09% in 2017, 0.21% in 2018, 0.13 % in 2019. The decrease in ROA ratio in 2017 was due to a decrease in profit before tax of 92.7%, which was accompanied by an increase in average total assets of 6.1%. The decrease in profit before tax in 2017 was due to an increase in interest expense accompanied by a decrease in operating income other than interest compared to 2016.

The increase in the ROA ratio in 2018 was due to an increase in profit before tax of 113.8% which was accompanied by a decrease in average total assets of 4.3%. The increase in profit before tax in 2018 was due to a decrease in interest expense and operating expenses other than interest compared to 2017. The ROA ratio in

2019 decreased due to a decrease in profit before tax of 42.1% accompanied by a decrease in average total assets of 3, 2%. The decrease in profit before tax in 2019 was due to a decrease in interest income accompanied by an increase in interest income expense compared to 2018. This reflects that in 2016 Bank Bukopin was able to make a profit with the productivity of its assets, while in 2017 to 2019 it was less able to earn a profit with productivity of assets held.

Net Interest Margin (NIM) shows the ability of the bank to manage its productive assets to generate net interest income. The Net Interest Margin ratio is obtained by comparing the net interest income with the average earning assets. The following is the Net Interest Margin ratio sourced from secondary data on Bank Bukopin's Financial Statements:

Table 11. PK Value of Net Interest Margin Components

Period	NIM (%)	Rating	Category
2016	3,48	1	Healthy
2017	2,58	2	Unwell
2018	2,27	2	Fairly Healthy
2019	1,73	3	Fairly Healthy

Based on Table 11., in 2016, Bank Bukopin received a composite rating 1 with the predicate Very Healthy. It had an NIM ratio exceeding 3%, which was 3.48%. In 2017 and 2018, Bank Bukopin received a composite rating of 2 with the predicate Healthy because that year the NIM ratio was below 3%, namely 2.58% in 2017 and 2.27% in 2018. In 2019, Bank Bukopin was ranked Composite 3 with the predicate Fairly Healthy because it has a NIM ratio below 2%, namely 1.73%. The decline in the NIM ratio in 2017 was due to a decrease in net interest income by 18.3% accompanied by an increase in average earning assets by 10.3%, while the decrease in the NIM ratio in 2018 was due to a decrease in net interest income by 16.1 % accompanied by a decrease in average earning assets by 4.6%.

The NIM ratio in 2019 decreased due to a decrease in net interest income by 27.6%, which was accompanied by a decrease in average earning assets of 5.3%. This reflects that in 2016 Bank Bukopin was very capable of managing its earning assets to generate net interest income, while in 2017 and 2018 it was able to manage its earning assets to generate net interest income, and in 2019 it was sufficient to manage its earning assets to generate net interest income.

The financial ratio used in this study to assess capital is the Capital to Adequacy Ratio (CAR), which shows the adequacy of bank capital used to finance all risky assets. The following is the Capital to Adequacy Ratio which is sourced from secondary data on Bank Bukopin's Financial Statements:

Table 12. PK Value of Capital to Adequacy Ratio Components

Period	CAR (%)	Rating	Category
2016	15,03	1	Healthy
2017	10,52	2	Unwell
2018	13,41	1	Fairly Healthy
2019	12,59	1	Fairly Healthy

Based on Table 12., in 2016, Bank Bukopin received a composite rating of 1 with the predicate Very Healthy because it had bank capital of 9,818 billion rupiah with risk-weighted assets of 65,341 billion rupiah so that it had a CAR ratio exceeding 12%, which was 15.03%. . In 2017, Bank Bukopin received a composite rating of 2, namely with the title Healthy because it has a CAR ratio exceeding 9%, which is 10.52%. In 2018 and 2019, Bank Bukopin received a composite rating 1 with a very healthy predicate because it had a CAR ratio exceeding 12%, namely 13.41% in 2018 and 12.59% in 2019. The decline in the CAR ratio in 2017 was due to by a decrease in bank capital of 20.6% accompanied by an increase in risk-weighted assets of 13.4%.

The increase in the CAR ratio in 2018 was due to an increase in bank capital of 11.9% accompanied by a decrease in risk-weighted assets of 12.2%. The decrease in the CAR ratio in 2019 was due to a decrease in bank capital by 5.6% accompanied by an increase in risk-weighted assets of 0.5%. This reflects that in 2016, 2018, and 2019, Bank Bukopin has adequate quality and capital adequacy against risks accompanied by very strong capital management in accordance with the characteristics, business scale and complexity of the Bank's business, whereas in 2017 the Bank Bukopin has adequate quality and capital adequacy against risks accompanied by strong capital management in accordance with the characteristics, business scale and complexity of the Bank's business.

Table 13. Assessment of Bank Bukopin's Soundness Level 2016-2019

No	Year	Value (%)	Rating	Predicate
1	2016	83,33	2	Healthy

2	2017	66,67	3	Fairly Healthy
3	2018	70	3	Fairly Healthy
4	2019	70	3	Fairly Healthy

Based on Table 13, it is known that in 2016 Bank Bukopin received a Healthy predicate, with a composite rating of 2, while in 2017 to 2019, Bank Bukopin received a Fairly Healthy predicate, with a composite rating of 3.

The composite rating 2 reflects that in general the condition of Bank Bukopin is healthy, therefore it is considered capable of facing the negative impact of changes in business conditions that may occur and other external factors. The composite rating of 3 reflects that in general the condition of Bank Bukopin is quite healthy, therefore it is considered sufficiently capable of facing the negative impact of changes in business conditions that may occur and other external factors.

This study assesses the soundness level of Bank Bukopin using the RGEC (Risk Profile, Good Corporate Governance, Earnings, Capital) method. The theoretical implication of this research is to provide lessons regarding the assessment of bank soundness using the RGEC method. The practical implication of this research is that it can provide an overview to the public regarding the health level of Bank Bukopin from 2016 to 2019, and can provide information to Bank Bukopin regarding the soundness of its bank, through increased credit risk, and decreased profitability. Based on the results of this study, in order to maintain a healthy predicate, Bank Bukopin needs to suppress non-performing loans to reduce NPLs and so as not to reduce interest income, carry out cost efficiency, and increase its income.

V. CONCLUSION

Based on the discussion and research results, it can be concluded that the health of Bank Bukopin (parent entity) as measured by the RGEC method in 2016 as a whole can be said to be healthy, while from 2017 to 2019 it can be said to be quite healthy. For future researchers, it is hoped that they can expand the scope of their research regarding the assessment of risk profiles in order to add market risk, operational risk, legal risk, strategic risk, compliance risk and reputation risk as a measurement of the soundness level of a bank using the RGEC method.

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