



## Bank Soundness Level Analysis: Empirical Study at PT. Bank Bukopin

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### Abstract

This study is intended to analyze the soundness of the Bank, which focuses on PT. Bank Bukopin Tbk using the CAMEL method as an analytical tool. Data collection is done by observation and documentation methods. Data were collected using the method of documentation and observation. The analysis method uses descriptive analysis method with the method of Capital, Assets Quality, Management, Profitability, and Liquidity (CAMEL) to assess the soundness of banks. Referring to the study results, it was concluded that the soundness level of Bank Bukopin for the period 2010-2014 was declared Healthy based on the CAMEL calculation. Capital proxied by CAR is categorized as Healthy, Assets proxied by NPL (Non-Performing Loans) is categorized as Healthy, Management proxied by NPM (Net Profit Margin) is categorized as Healthy, Earnings proxied by ROA (Return On Assets) and BOPO (Operating Costs Per Operating Income) is categorized as Healthy, and Liquidity proxied by LDR (Loan To Deposit Ratio) is categorized as Healthy.



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## 1 Introduction

Development in all fields requires significant funds and investments (Jumady, 2020). In this case, the role of financial institutions is significant and strategic, so that community participation in development financing can be increased. Financial institutions are business entities whose assets are primarily financial assets or claims compared to non-financial assets (Ahmad et al., 2021). The public and companies as economic actors cannot be separated from activities related to financial institutions, both in terms of obtaining funds and investing funds. In the current era of globalization, the most prominent role of financial institutions and often used by the public and companies, in general, is the role of banking financial institutions. Banks are financial institutions whose main activity is to collect funds from the public and channel these funds back to the public and other banking services (Kasmir, 2008). The word bank comes from "banca," which means a place to change money.

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Meanwhile, according to the Law of the Republic of Indonesia Number 10 of 1998 dated November 10, 1998, concerning banking, what is meant by a bank is a business entity that collects funds from the public in the form of savings and distributes it to the public in the form of credit and or other forms in order to improve the standard of living many people (Ghafur, 2007). There are four functions of the Bank (Malik, 2004): a fundraiser, providing credit, an intermediary/trust institution, and an agent of development. Permana, (2012) added that the primary function of the Bank is to collect public funds and channel them back to the public in the form of credit and other products.

The bank is an industry that in its business activities depend on trust. Banks are considered a place of trust for customers to manage their funds. Banks with good management must maintain the trust of their depositors (Lasta et al., 2014). Trust will be obtained by maintaining the soundness of the bank (Pramana & Artini, 2016). A healthy bank is a bank that wants to carry out its functions well. In other words, a healthy bank is a bank that can maintain and maintain trust, carry out intermediation functions, help smooth payment traffic, and be employed by the government in implementing various policies, especially monetary policy. (Permana, 2012; Pramana & Artini, 2016). Bank health is the ability of a bank to carry out regular banking operations and fulfill all its obligations properly in ways that are by applicable regulations (Budisantoso & Triandaru, 2006). The definition of bank soundness is a comprehensive limitation because bank health includes a bank to carry out all banking business activities in which these activities include the ability to raise funds from the public, from other institutions and own capital; ability to manage funds; ability to channel funds to the public; the ability to fulfill obligations to the community, employees, owners of capital and other parties; and, compliance with applicable banking regulations.

Based on Law No. 10 of 1998 (Yessi et al., 2015) concerning banking, bank guidance and supervision is carried out by Bank Indonesia, stipulating that.

1. banks are required to maintain bank soundness levels by the provisions on capital adequacy, asset quality, management, liquidity, profitability, solvency, and other aspects related to the bank's business and are required to conduct business activities by prudential principles;
2. in providing credit or financing based on sharia principles and conducting other business activities, banks are required to take methods that do not harm the bank and the interests of customers and entrust the funds to the bank;
3. banks are required to submit to Bank Indonesia all information and explanations regarding their business according to the procedures stipulated by Bank Indonesia;
4. a bank at the request of Bank Indonesia is obliged to provide an opportunity for examination of the books and files belonging to the bank, and must provide in order to obtain the truth of all information, documents, and explanations reported by the bank;
5. Bank Indonesia conducts bank checks, either periodically or at any time if necessary.

Bank Indonesia may assign a public accountant to carry out audits of Banks on behalf of Bank Indonesia; 6) banks are required to submit to Bank Indonesia the balance sheet, calculation of annual profit and loss and its explanation, as well as other periodic reports in the time and form determined by Bank Indonesia. A public accountant must first audit the balance sheet and annual income statement; 7) banks are required to announce the balance sheet and profit and loss account in the time and form determined by Bank Indonesia.

The description shows that it is essential for a bank to maintain its health. However, several previous studies have found that there are still many banks in Indonesia that can be said to be unhealthy, such as PT. Rural Bank (BPR) Jorong Kampuang Tengah Pariaman Padang Branch is considered unhealthy asset quality and liquidity (Yora Aprilia Putri, 2018). The same case also happened to PT Bank Artos Indonesia Tbk, where the overall assessment was declared unhealthy (Syahputra & Saragih, 2018). The public, as the customers, also need to judge for themselves whether a bank is healthy or not. It needs to be done so that prospective customers can find out which bank is appropriate to save their money, so they do not feel worried in the future. Based on the Law of the Republic of Indonesia No. 7 of 1992 concerning banking, it is stated that banks are required to maintain the soundness of banks by the provisions of capital adequacy, asset quality, management, liquidity, profitability, and other aspects related to the bank's business and are required to conduct business activities by

the principles of caution. Based on the provisions in the Law concerning banking, Bank Indonesia, as the authority in charge of regulating and supervising banks, issued Bank Indonesia Regulation in PBI No. 6/10/PBI/2004 concerning the Rating System for Commercial Banks Soundness Level and Bank Indonesia Circular Letter in SE No. 3/30/DPNP/2001 regarding Reports submitted to Bank Indonesia. The method or method of assessing the soundness of the bank is then known as the CAMEL method.

The assessment of the soundness of banks in Indonesia to date is broadly based on the ( CAMEL) factor Capital, Assets, Management, Earnings, and Liquidity. These five factors are factors that determine the condition of a bank. If a bank experiences problems with one or more of these factors, the bank is declared to be experiencing difficulties. Several previous researchers have carried out the assessment of banking health using the CAMEL method. (Iswari & Fernos, 2019; Lasta et al., 2014; Sari, 2012; Utami, 2015) Through his research, he has proven that the Bank's health assessment is by the standards set by Bank Indonesia with the CAMEL method. However, this is different from the research conducted by Lestari, (2009), Syahputra & Saragih, (2018), Yora Aprilia Putri, (2018), which found that there were Banks in Indonesia that were declared unhealthy through the CAMEL method assessment.

Concerning the description, this study is intended to analyze the soundness of the Bank, which focuses on PT. Bank Bukopin Tbk using the CAMEL method. It is essential to do because it can help PT. Bank Bukopin Tbk to get an assessment and predicate as a healthy bank. In addition, this research can be a reference and further understanding for academics and further research. In assessing the soundness of a bank, a qualitative approach is carried out on various factors that affect the condition and development of a bank. The approach is carried out by assessing capital, asset quality, management, profitability, and liquidity factors. The initial stage of assessing the soundness of a bank is carried out by quantifying the components of each of these factors. These factors and components are then weighted according to the magnitude of their influence on a bank's health.

Furthermore, the assessment of factors and components is carried out using a credit system stated in a credit score between 0 to 100. The assessment results based on the weight and value of the credit are then reduced by the credit score for the implementation of other provisions whose sanctions are related to the bank's soundness. Thus, it still needs to be evaluated by paying attention to information and other aspects that can materially affect the development of each factor wherein the end; a number will be obtained that can determine the predicate of the bank's soundness level, namely healthy, reasonably healthy, less healthy and not healthy banks.

Suhardjono (2002) describes five valuation aspects in the CAMEL method: Capital, Assets, Management, Earnings, and Liquidity. Capital relates to capital adequacy or what is often referred to as the Capital Adequacy Ratio (CAR). Capital Adequacy is capital adequacy that shows the ability of the bank to maintain sufficient capital and the ability of bank management to identify, measure, monitor, and control the risks that arise that can affect the amount of bank capital. Currently, by applicable regulations, the CAR of a bank is at least eight percent. The CAR provisions aim to maintain public trust in banks, protect third-party funds of the bank concerned, and comply with the standard provisions of the BIS (Bank for International Settlement). Sanctions for banks that do not comply with these provisions and are being taken into account in assessing the bank's soundness will also be subject to sanctions in the context of bank supervision and development. If the CAR value is high, the bank can finance operational activities and substantially contribute to profitability.

The second assessment aspect is asset quality. Asset Quality (Quality of Earning Assets) shows the quality of assets about the credit risk faced by the bank due to the provision of credit and investment of bank funds in different portfolios. Each investment of bank funds in earning assets is assessed for quality by determining the level of collectibility, namely whether it is current, substandard, doubtful, or loss. The difference in the collectibility level is needed to determine the minimum reserve for the write-off of earning assets provided by the bank to cover the risk of possible losses. Non-performing loans are defined as the risk associated with the client's possible failure to pay his obligations or the risk that the debtor will not be able to pay off his debts.

Under normal conditions, most of the assets of a bank consist of credit and other assets that can generate or become a source of income for the bank, so that these types of assets are productive assets. In other words, earning assets are bank investments in rupiah and foreign currencies in the form of financing, receivables, securities, placements, equity participation, temporary equity participation, commitments, and contingencies in administrative account transactions. In analyzing a bank, attention is generally focused on the bank's capital

adequacy because solvency is a crucial issue. However, analyzing the quality of earning assets carefully is no less critical. The inferior quality of productive bank assets will implicitly wipe out bank capital.

Although the bank has substantial capital in real terms, if the quality of productive assets is inferior, the condition of the capital may also be harmful. It is related to various issues such as forming reserves, asset valuation and providing loans to related parties.

Asset Quality is proxied by using NPL (Non-Performing Loans) (Manurung & Rahardja, 2004). This ratio is used to measure the bank's ability to maintain the risk of credit failure by debtors. The higher this ratio, the greater the possibility of a bank in troubling conditions. Conversely, the smaller this ratio, the smaller the credit risk borne by the bank. For the bank's value to this ratio to be good, Bank Indonesia sets the criteria for an NPL ratio of less than five percent. The third assessment aspect is quality management. Management or management of a bank will determine whether or not a bank is healthy. Given this, the management of a bank's management gets great attention in assessing the soundness of a bank, which is expected to create and maintain its health. Management quality shows the ability of bank management to identify, measure, monitor, and control risks that arise through policies and business strategies to achieve targets. Management quality is proxied by using the ratio of Net Profit Margin (NPM). The use of Net Profit Margin (NPM) is also closely related to the management aspects that are assessed, both in general management and risk management, where net income in the general management aspect reflects the measurement of the results of the decision strategies carried out and the technique is described in the form of a recording system, security, and supervision of bank operational activities to obtain operating income optimum. Meanwhile, net income in risk management reflects the measurement of efforts to eliminate liquidity, credit, operational, legal, and owner risk from bank operations to obtain optimum operating income. Bastian & Suhardjono, (2006), Net Profit Margin is the ratio between net profit and operating income. This ratio is significant for operations managers because it reflects its sales pricing strategy and ability to control operating expenses. It can also be said that the net profit margin reflects the level of effectiveness that can be achieved by the bank's operational business related to the final results of various policies and decisions that the bank has implemented in the current period. Net profit margin is said to be excellent or efficient when the NPM figure is above five percent.

The fourth aspect of assessment, namely earnings. Earnings show the quantity and trend of earnings and the factors that affect the availability and quality of earnings. The bank's success is based on a quantitative assessment of the bank's profitability, which is measured by two equal weight ratios. These ratios consist of: (1) the ratio of profit comparison in the last 12 months to business volume in the same period (Return on Assets or ROA) and (2) the ratio of operating expenses to operating income in twelve months (BOPO). Return on Assets (ROA) is a company's financial ratio related to profitability, measuring the company's ability to generate profits or profits at a certain level of income, assets, and share capital (Hanafi M. & Halim, 2003). The minimum ROA limit that Bank Indonesia has determined is one percent. If a bank has a ROA greater than one and a half percent, then the bank can be said to be productive in managing assets to generate profits. In comparison, the BOPO or ratio, often called the efficiency ratio, is used to measure bank management's ability to control operational costs to operating income (Dendawijaya, 2009). The smaller this ratio means, the more efficient the operational costs incurred by the bank concerned so that the possibility of a bank in a problematic condition is getting smaller. Bank Indonesia stipulates that the BOPO ratio is less than eighty-five percent. If it exceeds, then the bank is categorized as inefficient.

The next aspect of assessment, namely liquidity. Liquidity shows the availability of funds and sources of bank funds at this time and in the future. The regulation of bank liquidity is primarily intended to fulfill obligations that must be paid immediately. This ratio is used to measure the bank's ability to meet its short-term obligations or obligations that are past due. Dendawijaya, (2009) Loan To Deposit Ratio (LDR) describes how far the ability of banks to repay withdrawals made by depositors by relying on loans provided as a source of liquidity. The higher the LDR ratio indicates the lower the liquidity capacity of the bank concerned. It is because the amount of funds needed to finance credit is getting bigger. The standard limit for the LDR figure is below one hundred and fifteen percent, which means that the amount of credit disbursed is equal to the number of public funds that the bank has managed to collect. If the LDR number soars above the standard limit, then the bank sells out the credit so that some of the funds are obtained from loans from banks and other parties.

## 2 Research Method

This research focuses on PT Bank Bukopin Tbk, the Makassar Representative Capital Market Information Center. Data were collected using the method of documentation and observation. The analysis method uses descriptive analysis method with the method of Capital, Assets Quality, Management, Profitability, and Liquidity (CAMEL) to assess the soundness of banks.

- **Capital**

The ratio used to assess whether a bank has capital adequacy using CAR is formulated as follows:

$$\text{Capital Adequacy Ratio} = \frac{\text{Capital Bank}}{\text{Risk Weighted Assets}} \times 100\%$$

- **Assets Quality**

The ratio is used to measure the quality of bank assets and measure the bank's ability to maintain debtors' risk of credit failure. The ratio used can be formulated as follows:

$$\text{Non performing Loan Ratio} = \frac{\text{Non performing Loan}}{\text{Total Credit}} \times 100\%$$

- **Management**

The ratio used to assess the bank in terms of management using NPM is formulated as follows:

$$\text{Net Profit Margin} = \frac{\text{Net profit}}{\text{Operating Income}} \times 100\%$$

- **Earnings**

The ratio is used to describe a company's ability to profit through all available capabilities and resources. The ratio used is as follows:

$$\text{Return On Assets} = \frac{\text{Profit before tax}}{\text{Total assets}} \times 100\%$$

$$\text{Ratio of Operating Expenses to Operating Income (BOPO)} = \frac{\text{Operating costs}}{\text{Operating Income}} \times 100\%$$

- **Likuidity**

The ratio used to assess whether a bank has the ability to meet obligations that are immediately billed using the LDR is formulated as follows:

$$\text{Loan to Deposit Ratio} = \frac{\text{Total Credit}}{\text{Total Third Party Funds}} \times 100\%$$

## 3 Result and Discussion

### Result

This study uses secondary data in the form of financial statements of PT. Bank Bukopin, Tbk period 2010-2014 using CAMEL analysis consisting of capital factors, quality of productive assets, management, income, and liquidity. Furthermore, the results of the CAMEL analysis are as follows:

- Capital

**Table 1. Total Risk Weighted Assets of PT. Bank Bukopin, Tbk Period 2010 Quarterly**

Year	ATMR			Total ATMR
	Credit Risk	Operational Risk	Market Risk	
Mar-10	16.074.678	76.964	26.766	16.178.408
Jun-10	17.835.555	997.549	36.460	18.869.564
Sep-10	19.219.792	1.924.089	41.094	21.184.975
Dec-10	20.082.231	2.042.188	4.926	22.129.345

**Table 2. Calculation of the CAR ratio of PT. Bank Bukopin, Tbk**

Year	Capital	ATMR	CAR
Mar-10	2.591.296	16.178.408	16,02 %
Jun-10	2.499.742	18.869.564	13,25 %
Sep-10	2.578.735	21.184.975	12,17 %
Dec-10	2.668.385	22.129.345	12,06 %

**Tabel 3. CAR development of PT. Bank Bukopin, Tbk**

Year	Quarter I	Quarter II	Quarter III	Quarter IV
2010	16,02 %	13,25 %	12,17 %	12,06 %
2011	16,73 %	14,75 %	13,54 %	12,71 %
2012	18,29 %	16,26 %	16,25 %	16,34 %
2013	16,96 %	15,71 %	15,38 %	15,12 %
2014	16,18 %	15,10 %	14,49 %	14,21 %

Table 1,2,3 show the CAR development of PT. Bank Bukopin, Tbk in the period 2010-2014, which tends to fluctuate or increase and decrease from year to year. As seen from the table above, a very high decline occurred in the fourth quarter of 2010, which was 12.06%, while the highest increase occurred in the first quarter of 2012, which was 18.26%. Minimum 8% stipulated minimum capital provision by BI for commercial banks by the Bank for International Settlement (BIS) regulations. If it is less than 8%, Bank Indonesia will be subject to sanctions in the form of an inadequate bank health assessment and be given sanctions in bank development and supervision. Although experiencing fluctuations, this does not make PT. Bank Bukopin, Tbk has become unhealthy because its CAR figure is still within limits set by Bank Indonesia, namely >8%.

- Assets Quality

**Tabel 4. Calculation of the NPL ratio of PT. Bank Bukopin, Tbk**

Year	Non performing Loan			Total Non-performing Loans	Total Credit	NPL
	substandard credit	Doubtful credit	bad credit			
Mar-10	39.735	85.001	568.218	692.954	23.346.095	2,97 %
Jun-10	63.767	191.560	939.479	1.194.806	29.553.899	4,04 %
Sep-10	87.254	78.727	1.105.875	1.271.856	25.799.816	4,93 %
Des-10	144.420	54.637	1.193.541	1.392.598	28.562.645	4,88 %

**Tabel 5. Development of NPL PT. Bank Bukopin, Tbk**

Year	Quarterly I	Quarterly II	Quarterly III	Quarterly IV
2010	2,97 %	4,04 %	4,93 %	4,88 %
2011	5,43 %	4,55 %	5,63 %	4,69 %
2012	5,74 %	4,45 %	5,10 %	4,27 %
2013	3,68 %	3,92 %	3,37 %	3,16 %
2014	3,46 %	2,21 %	3,98 %	3,59 %

The results of processing the table 4, show the development of Non Performing Loans (NPL) of PT. Bank Bukopin, Tbk during the period 2010-2014, the growth of this NPL ratio fluctuated or increased and decreased from year to year. The three tables show that the lowest and most ideal position was in 2014, especially the second quarter, with 2.21%. Furthermore, the worst peak with the increasing number of non-performing loans was in the first quarter of 2012 when it touched 5.74%, which means that the bank is still in an unhealthy condition because it has exceeded the Bank Indonesia regulation limit is <5%. However, in recent years, starting from the third quarter of 2012, Bank Bukopin has started suppressing the decline in the NPL ratio, which is already below Bank Indonesia regulations.

- **Management**

**Tabel 6. Calculation of the NPM ratio of PT. Bank Bukopin, Tbk.**

Year	Net Profit	Operational Income	NPM
Mar-10	112.847	402.900	28,01 %
Jun-10	226.600	835.913	27,11 %
Sep-10	335.943	1.243.929	27,01 %
Des-10	492.599	1.716.615	28,70 %

**Tabel 7. Development of NPM PT. Bank Bukopin, Tbk**

Year	Quarter I	Quarter II	Quarter III	Quarter IV
2010	74,27 %	74,75 %	72,27 %	77,87 %
2011	75,85 %	78,89 %	74,76 %	79,47 %
2012	77,13 %	78,11 %	78,17 %	78,53 %
2013	77,23 %	80,79 %	79,60 %	80,00 %
2014	77,85 %	81,49 %	83,27 %	76,76 %

The table shows the development of the Net Profit Margin (NPM) of PT. Bank Bukopin, Tbk in 2010-2014 tends to fluctuate or increase and decrease from year to year. As seen from the table 7, the decline occurred in the third quarter of 2010, which was 27.01%, while the highest increase occurred in the second quarter of 2013, which was 44.63%. Despite the fluctuations, Bank Bukopin was able to generate high operating income so that it would be able to contribute to an increase in net profit.

- **Earnings (Return On Assets)**

**Tabel 8. The Calculation of the ROA ratio of PT. Bank Bukopin, Tbk**

Year	Profit Before Tax	Total Assets	ROA
Mar-10	146.754	37.893.576	0,39 %
Jun-10	302.133	41.580.931	0,73 %
Sep-10	454.001	41.552.972	1,09 %
Dec-10	661.955	45.907.650	1,44 %

**Tabel 9. ROA Development of PT. Bank Bukopin, Tbk**

Year	Quarter I	Quarter II	Quarter III	Quarter IV
2010	0,39 %	0,73 %	1,09 %	1,44 %
2011	0,41 %	0,82 %	1,22 %	1,68 %
2012	0,42 %	0,87 %	1,33 %	1,64 %
2013	0,40 %	0,93 %	1,41 %	1,75 %
2014	0,45 %	0,94 %	1,14 %	1,24 %

The table 8 and 9, show developments that the productive position of banks in generating profits was in the fourth quarter of 2013, which was 1.75%. Meanwhile, the lowest position was in 2010 in the first quarter

of 0.39%. Although experiencing fluctuations, this does not make PT. Bank Bukopin, Tbk has become unhealthy because its ROA is still within limits set by Bank Indonesia, which is >1%.

#### ▪ Earnings

**Table 10. Calculation of the BOPO ratio of PT. Bank Bukopin, Tbk**

Year	Operational Cost	Operational Income	BOPO
Mar-10	250.967	402.900	62,29 %
Jun-10	532.759	835.913	63,73 %
Sep-10	779.108	1.243.929	62,63 %
Dec-10	1.083.990	1.716.615	63,15 %

**Table 11. Development of BOPO PT. Bank Bukopin, Tbk**

Year	Quarter I	Quarter II	Quarter III	Quarter IV
2010	62,29 %	63,73 %	62,63 %	63,15 %
2011	55,49 %	54,77 %	59,70 %	54,81 %
2012	54,17 %	53,45 %	54,63 %	55,69 %
2013	49,43 %	44,76 %	46,91 %	50,42 %
2014	47,61 %	47,17 %	53,48 %	61,14 %

Bank Bukopin is trying to keep the BOPO at a lower ratio. As seen in 2013, the second quarter is the ideal position equal to 44.76%, and the highest position is in the year 2010 second quarter which is equal to 63.73%. Despite the fluctuations, Bank Bukopin continues to try to reduce operational costs so as not to be problematic.

#### ▪ Liquidity

**Table 12. Total Third Party Funds PT. Bank Bukopin, Tbk.**

Year	Third-party funds			Total DPK
	Current Account	Savings	Time Deposit	
Mar-10	7.604.028	6.116.438	18.191.500	31.911.966
Jun-10	8.794.080	6.506.568	21.498.605	36.799.253
Sep-10	8.744.427	7.023.849	19.607.498	35.375.774
Des-10	9.336.286	8.966.453	21.452.917	39.755.656

**Table 13. Calculation of the LDR ratio of PT. Bank Bukopin, Tbk.**

Year	Total Credit	Total DPK	LDR
Mar-10	23.346.095	31.911.966	73,16 %
Jun-10	29.553.899	36.799.253	80,31 %
Sep-10	25.799.816	35.375.774	72,93 %
Des-10	28.562.645	39.755.656	71,85 %

**Table 14. Development of LDR PT. Bank Bukopin, Tbk.**

Year	Quarter I	Quarter II	Quarter III	Quarter IV
2010	73,16 %	80,31 %	72,93 %	71,85 %
2011	58,58 %	70,77 %	82,55 %	85,01 %
2012	75,21 %	96,06 %	82,63 %	83,81 %
2013	76,68 %	78,22 %	87,28 %	85,80 %
2014	81,45 %	82,18 %	77,11 %	83,89 %

The ideal position was in the first quarter of 2011, which was 58.58%, but then experienced a high increase in the second quarter of 2012, 96.06%. Although experiencing fluctuations, this does not make PT. Bank Bukopin, Tbk has become unhealthy because its LDR is still within limits set by Bank Indonesia, which is

<115%.

## Discussion

### ▪ Capital

The high capital adequacy ratio from the minimum limit set by Bank Indonesia illustrates that the banking system is in adequate condition, and the CAR shows the excellent performance of a bank so that for the assessment of the health of Bank Bukopin's CAR in 2010-2014 it is in the Healthy category. As stated by Dendawijaya (2009), if the CAR ratio of a bank exceeds the minimum limit set by Bank Indonesia, the bank has been able to maintain its capital adequacy and identify all the risks that arise that will affect the size of the bank's capital. Moreover, the bank can finance operational activities and make a sizable contribution to profitability. The results of this study are in line with research conducted by Sari, (2012), who researched the analysis of bank soundness at PT. State Savings Bank (Persero) Tbk period 2010-2011. The results show that the CAR ratio of PT. BTN is categorized in the HEALTHY group because it meets the standards set by Bank Indonesia. Likewise, with research conducted by Utami (2015), who researched comparing CAMEL and RGEC analyses in assessing banks' soundness in government-owned sharia business units (Case Study of PT. Bank Negara Indonesia, Tbk Year 2012-2013) categorized in the group HEALTHY. Moreover, Lestari (2009) who researched the analysis of the soundness of state banks using the CAMEL method and discriminant analysis for the period 2007-2008, categorized in the HEALTHY group.

### ▪ Assets Quality

Ratio Non-Performing Loans (NPL) PT. Bank Bukopin, Tbk from 2010-2014 changes every year. In 2010 it increased until 2011. Then it decreased from 2012 to 2014. The increase in NPL in 2011 was caused by bank management being too easy to provide credit due to the lack of clear benchmarks regarding the eligibility standards of credit requests submitted. Management is also inadequate in terms of the number of experienced credit executives and staff. As well as the weak ability of banks to detect the possibility of non-performing loans. Meanwhile, the decline in Non-Performing Loans (NPL) occurred because the total credit each year increased compared to non-performing loans, which did not experience a significant change each year. Credit growth is also very influential on profitability, where credit returns can contribute to interest income for the company. The high credit growth is also part of the bank's strategy to maintain profit levels. Although in 2011, Bank Bukopin's NPL exceeded Bank Indonesia's stipulation, this was due to the increase in non-performing loans, which was relatively high compared to the total loans disbursed. However, Bank Bukopin succeeded in lowering its NPL ratio for the next period. Therefore, for assessing the soundness of Bukopin's NPL in 2010-2014, it is in the Healthy category. In accordance with what Manurung & Rahardja, (2004) said that the higher this ratio, the bigger a bank is in troubled conditions, where the bank faces credit repayment failures by debtors, on the contrary, the smaller this ratio, the smaller the credit risk that the bank will bear. The results of this study are in line with research conducted by Utami, (2015) who researched the comparative analysis of CAMEL and RGEC in assessing the soundness of banks in government-owned sharia business units (Case Study of PT. Bank Negara Indonesia, Tbk Year 2010-2013) which was proxied by NPA (Net Performing Assets BNI Syariah's) using the CAMELS and RGEC methods indicate the soundness of the bank is by the standards set by Bank Indonesia. The same result was also obtained by Sari, (2012) who conducted a study on the comparative analysis of CAMEL and RGEC in assessing the soundness of banks in government-owned sharia business units (case study of PT. Bank Negara Indonesia, Tbk in 2012-2013) which was proxied using KAP, categorized in the HEALTHY group. Moreover, Lestari, (2009) researched the analysis of the soundness of state banks using the CAMEL method and discriminant analysis for the period 2007-2008, which was proxied by KAP, categorized in the HEALTHY group.

### ▪ Management

Figures ratio of Net Profit Margin (NPM) PT. Bank Bukopin, Tbk from 2010-2014 changes every year. In 2010 it increased until 2013, then decreased in 2014. It shows that Bank Bukopin was able to generate an increase in net profit during 2010-2013, where operating income increased significantly so that it was able to generate a maximum net profit. Even though in 2014, there was a decline, as indicated by a decrease in the

NPM ratio caused by a decrease in net profit where operating expenses rose relatively high, affecting net income for the year. Overall, the NPM figure has exceeded the minimum threshold, so that for the assessment of the soundness of Bank Bukopin's NPM for 2010-2014, it is in the Healthy category. The results of this study are in line with research conducted by Sari, (2012) who researched the analysis of bank soundness at PT. State Savings Bank (Persero) Tbk period 2010-2011. The results show that the NPM ratio of PT. BTN is categorized in the Healthy group because it meets the standards set by Bank Indonesia. While the research conducted by Utami, (2015) examines the comparative analysis of CAMEL and RGEC in assessing the soundness of banks in government-owned sharia business units (Case Study of PT. Bank Negara Indonesia, Tbk 2010-2013) and Sari, (2012) who researched the comparative analysis of CAMEL and RGEC in assessing the soundness of banks in government-owned sharia business units (case study of PT. Bank Negara Indonesia, Tbk in 2012-2013) did not use ratios to measure management.

#### ▪ **Earnings**

Figures Return On Assets (ROA) PT. Bank Bukopin, Tbk fluctuates every year. In 2010 it increased until 2013 and decreased in 2014. It was due to the drastic decrease in profit before tax when compared to the previous period. The average ROA ratio in 2010-2014 shows that Bukopin's ROA is in a healthy condition. The greater the ROA, the greater the level of profit achieved by the bank so that the possibility of a bank in a problematic condition is getting smaller. In other words, the higher this ratio, the better the productivity of assets in obtaining net profits. It will further increase the company's attractiveness to investors (Dendawijaya, 2009). Overall, from 2010-2014, the BOPO ratio fluctuated and was categorized as healthy because operating costs and operating income had increased proportionally, indicating that the BOPO ratio was still within the maximum limit set by Bank Indonesia. The Bank can control operating costs on operating income. The smaller the BOPO ratio, the more efficient the operational costs incurred, which means the bank's financial performance and profitability (ROA) will increase (Dendawijaya, 2009). The results of this study are in line with research conducted by Sari, (2012) who researched the analysis of bank soundness at PT. State Savings Bank (Persero) Tbk period 2010-2011. The results show that the ROA and BOPO ratios of PT. BTN is categorized in the HEALTHY group because it meets the standards set by Bank Indonesia. Utami also obtained the same results, (2015) who researched the comparison of CAMEL and RGEC analysis in assessing the soundness of banks in government-owned sharia business units (Case Study of PT. Bank Negara Indonesia, Tbk 2010-2013) and Lestari, (2009) who conducted research on the analysis of the soundness of state banks using the CAMEL method and discriminant analysis for the period 2007-2008 and was included in the Healthy category.

#### ▪ **Likuidity**

Overall, from 2010-2014 the LDR ratio has increased due to the increase in third party funds in proportion to the increase in total credit. It indicates that banks channel more funds to lending, but banks pay less attention to the risk of credit failure. However, this does not make Bukopin's condition unhealthy because its LDR is still within limits set by Bank Indonesia. So that the assessment of the soundness of Bukopin's LDR in 2010-2014 is in the Healthy category. LDR describes how far the bank can repay withdrawals made by depositors by relying on loans provided as a source of liquidity. The higher the LDR ratio indicates the lower the liquidity capacity of the bank concerned. It is because the funds needed to finance credit are getting bigger (Dendawijaya, 2009). The results of this study are in line with research conducted by Sari, (2012) who researched the analysis of bank soundness at PT. State Savings Bank (Persero) Tbk period 2010-2011. The results show that the LDR ratio of PT. BTN is categorized in the HEALTHY group because it meets the standards set by Bank Indonesia. Utami also obtained the same result (2015) who researched the comparative analysis of CAMEL and RGEC in assessing the soundness of banks in government-owned sharia business units (Case Study of PT. Bank Negara Indonesia, Tbk in 2012-2013), which were proxied using FDR (Financing Deposit Ratio) categorized as healthy. However, it is different from the research conducted by Lestari, (2009) who researched the analysis of the soundness of state banks using the CAMEL method and discriminant analysis for the period 2007-2008. In this study, in 2008, the LDR of bank BTN soared relatively high and was included in the Unhealthy category. It is due to the ability of bank liquidity to decline and the provision of credit that is too large so that it is not balanced with the total third party funds collected by the bank.

## 4 Conclusions

Referring to the study results, it was concluded that the soundness level of Bank Bukopin for the period 2010-2014 was declared HEALTHY based on the CAMEL calculation. Capital proxied by CAR is categorized as Healthy, Assets proxied by NPL (Non-Performing Loans) is categorized as Healthy, Management proxied by NPM (Net Profit Margin) is categorized as Healthy, Earnings proxied by ROA (Return On Assets) and BOPO (Operating Costs Per Operating Income) is categorized as Healthy, and Liquidity proxied by LDR (Loan To Deposit Ratio) is categorized as Healthy. Furthermore, to continue to improve the performance of Non-Performing Loans (NPLs) in order to remain in good condition, the Bank, in this case, the credit distribution department must be more careful and thorough in providing credit to customers, especially the creditworthiness aspect, which must be considered clearly for better performance reduces the risk of non-performing loans. In addition, the Bank must work harder to increase the ROA figure beyond 1.5%. That way, the company is said to be productive in managing assets so that it will generate profits which will also have an impact on the capital aspect and be able to control operational costs efficiently so that the BOPO number can be continuously suppressed so that the possibility of the company being in a problematic condition will be slighter.

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