Analysis of Financial Performance in Measuring Bank Health using the Camel Method in Pt Bank Rakyat Indonesia (Persero) Tbk

Sitti Nur Alam[1]; Uhud Darmawan Natsir[2]; Nurman[3]; Romansyah Sahabuddin[4]; Burhanuddin[5]
Makassar State University, Faculty of Economics and Bussiness Makassar, Indonesia

Abstract:- The aim of this research is to analyze the financial performance of PT Bank Rakyat Indonesia (Persero) Tbk, 2018-2022 using the CAMEL ratio which includes (Capital, Assets, Management, Earnings, Liquidity). CAMEL is a factor that really determines the health of a bank. Assessment using the CAMEL method which consists of five factors including CAR, KAP, NPM, ROA-BOPO, and LDR. This sample was taken from the financial reports of PT Bank Rakyat Indonesia for the last 5 years, namely 2018-2022. Data collection was carried out using library research and documentation methods. Regarding the financial performance of PT Bank Rakyat Indonesia, this research shows the final value on CAMEL using CAR, KAP, NPM, ROA-BOPO, LDR for 2018-2022. It can be stated that the financial performance of PT. Bank Rakyat Indonesia (Persero) Tbk is categorized as healthy.

Keywords:- Analysis of Financial Performance and CAMEL Ratios.

I. INTRODUCTION

Banking, which is one of the main pillars of the Indonesian financial system, is not free from various existing problems. A bank's good financial performance can influence many things, such as gaining the trust of customers and the ability to attract new investors. The stability of bank financial results can be an important factor in increasing sales value to the public.

On the other hand, a continuous decline in performance can cause financial difficulties. Banking is the backbone of Indonesia's economic development and financial system. Various economic problems have a strong impact on the business world and business life, where companies compete with each other to get good results, especially in the banking sector. Several indicators can be evaluated to assess bank performance, one of which is the bank's financial reports. Financial reports are an information tool that can provide an overview of the bank's condition. A healthy bank is a bank that can carry out its duties well. It is hoped that the implementation of these activities will serve the community well and be beneficial for the economy as a whole. It can also act as an intermediary, ie. an institution that can direct funds belonging to economic units with a surplus back to economic units that need financial support or have a deficit.

This function is an important link in company management, because it is related to the distribution of financial resources in the form of investment and working capital to business units in carrying out production functions. Therefore, banks must operate smoothly and well.

Banks as financial institutions play an important role in the Indonesian economy. Banks play an important role in the Indonesian economy, one of the bank's tasks is to channel money through micro, small and medium businesses to parties who need business capital. Bank health is beneficial for various parties such as bank owners, bank administrators, whether they carry out banking in accordance with applicable regulations to avoid problems with bank evaluation of the bank's existence. A healthy bank is a bank that can act as an intermediary, smoothing cross-payment movements and implementing monetary policy.

PT. Bank Rakyat Indonesia (Persero) Tbk. is one of the largest banks in Indonesia. From year to year, BRI always serves people throughout Indonesia, both urban and rural, so that people can easily save or borrow money through banking services, especially in the MSME sector. Considering the mission, position and role of PT Bank Rakyat Indonesia (Persero) Tbk in strategic society, it is very important to measure the level of stability of PT Bank Rakyat Indonesia (Persero) Tbk in the short and long term. While public sector revenues are growing, governments and the private sector continue to rely on their companies to manage their finances. PT Bank Rakyat Indonesia is one of the banks that has played an important role in the development of this area since its founding. The most important thing is PT. Bank Rakyat Indonesia (Persero) Tbk. is one of the banks that focuses on the MSME (Micro, Small and Medium Enterprises and Cooperatives) segment which directly supports regional economic growth.

Recently, the terms healthy or unhealthy banks have become increasingly popular in the banking world and among business people. Due to various real events, mergers and liquidations related to banking are always associated with bank health. Therefore, banks certainly need an analysis to clarify their situation after carrying out operational activities for a certain period of time. The analysis carried out here is an assessment of the financial performance and health of the bank. The solvency of a bank's financial performance means the bank's ability to carry out banking operational activities as usual and fulfill

all its obligations properly in accordance with applicable banking regulations. In this case, five evaluation aspects, namely CAMEL (Capital, Assets, Management, Earning, Liquidity) are usually used to assess bank performance. The capital aspect includes the CAR aspect, non-performing credit assets, NIM yield and BO/PO while the liquidity aspect includes the LDR and GWM aspects. Four of the five aspects, capital, assets, management, profits and liquidity, are evaluated using financial indicators. CAMEL analysis is established as a guideline for assessing banking stability. CAMEL not only measures bank performance, but is also often used as an indicator for bank classification and predictions of future prospects. By using the CAMEL method, bank managers gain insight into how to improve performance so as not to be listed as a bad bank.

The criteria for assessing the solvency of a bank's financial performance are healthy, quite healthy, unhealthy and unhealthy. Banks can implement policies related to banking performance in the future. If the bank evaluation results are proven to be good, then the bank must maintain its solvency level. From now on, PT Bank Rakyat Indonesia (Persero) Tbk will continue to make improvements and additions in the fields of technology and customer centric thinking, product development, service development and branch network development to realize its vision and mission as a bank. , trust financial services and can support community needs and regional development. The financial reports at PT. Bank Rakyat Indonesia (Persero) Tbk for the 2018-2022 period which can be seen in table 1 below, namely:

Table 1 Financial Report of PT Bank Rakyat Indonesia (Persero)Tbk:

Year	Total Assets (in millions of rupiah)	Change (%)	Capital (in millions of rupiah)	Change (%)	Net Profit (in millions rupiah)	Change (%)
2018	1,296,898,292		208,784,336		32,418,486	
2019	1,416,758,840	86.3	185,275,331	-11.3	34,413,825	6.1
2020	1,610,065,344	-3.4	229,466,882	23.9	18.660.393	-45.8
2021	1,678,097,734	4.2	291,786,804	27.2	30.755.766	68.8
2022	1,865,639,010	11.2	303,395,317	4.0	51.408.207	67.1

Source: https://bri.co.id/report (2018-2022)

From the financial data above, it is explained that the total assets column has increased from 2018-2022. In this case, BRI's MSME credit portfolio continues to increase and BRI's micro credit distribution continues to grow. With this, in 2020 BRI will become the only state-owned state-owned company and bank whose assets will reach 1.6 trillion or the largest in Indonesia.

Then, it can be seen from the column that the total capital of BRI bank has changed. In 2019 there was a decrease in total capital, this was due to exchange differences. And in the total net profit column for 2020, BRI bank's profit fell by -45.8% year on year, this was due to large enough reserves so that the company could continue to distribute credit to micro, small and medium enterprises (MSMEs). In 2022, profits will increase by 67.1%, this is due to the efficiency of the cost of funds, reflected in the increase in cheap funds or CASA, which will increase in 2022.

Based on several studies related to CAMEL analysis conducted by Amalia (2012), Yuliana (2020), Ariasti (2020), each of whom revealed that each bank has a bank health level that is predicated of being healthy every period. The difference between this research and previous research lies in the research object and year of research.

II.   LITERATURE REVIEW

➢ *Definition of Financial Institutions*

Circular Letter of the Minister of Finance of the Republic of Indonesia No.6/23 /DPNP dated 31 May 2004, "financial institutions are all bodies operating in the financial sector that collect and distribute money to the public, especially to finance commercial investments". Even though this regulation favors financial institutions in financing corporate investments, it does not mean that it limits the financial activities of financial institutions. In reality, a financial institution's business can focus on investing, consuming, and marketing a company's goods and services.

➢ *Role of Financial Institutions*

According to Susilo (2000: 329), "financial institutions, both banks and non-banks, play an important role in economic activities". The strategic role of banks and other financial institutions is as a means of collecting and channeling public funds efficiently and effectively to improve people's living standards. Banks and other financial institutions are financial intermediaries as supporting infrastructure which is very important to support the smooth running of the economy. Banks and other financial institutions operate primarily by transferring money (loanable funds) from depositors or surplus units (lenders) to borrowers (borrowers) or deficit units. Funds are allocated through negotiations between fund owners and fund users through the money market and capital market..

➢ *Banks*

A bank is a business entity whose main task is as a financial intermediary institution, which channels funds from parties who have excess funds (idle funds/surplus units) to parties who need funds or lack funds (deficit units) at a specified time. Wijaya (2008:25)

➢ *Financial Reports*

According to Brigham (2013: 84), "financial reports are several pieces of paper on which numbers are written, but it is also important to consider the real assets behind these numbers".

Kasmir (2012:7): "Financial reports are reports that show the company's current financial position or over a certain period of time." Financial reports are the result of the accounting process, a summary of the current year's finances, which are used by stakeholders as a communication and decision making tool.

➤ *Financial Performance*

Aminatuzzahra, (2010) "Financial performance is a description of the economic results that a company can achieve with its activities at a certain time." These activities are recorded and compiled into information that can be used as a tool to communicate the condition and position of the company to interested parties, especially creditors, investors and the company's management itself. Gitosudarmo et al (2002: 275) state that: "Financial performance is economic activity recorded in financial reports for a certain period, consisting of profit and loss and balance sheet."

According to Kasmir (2016), "measuring a company's financial performance using financial ratio indicators can be done with several key numbers, each financial ratio indicator has a specific purpose, application and meaning." Based on this, each result of the financial ratio indicators measured is interpreted in such a way that it becomes meaningful from a decision-making perspective. Economic results are the results of a company's business activities, presented as financial indicators. The resulting performance is used to evaluate things that must be done in the future to improve or maintain management performance so that it is in line with company goals (Arman, 2021).

➤ *Definition and Types of Financial Ratios*

Ratio analysis is an analysis carried out by combining various estimates in financial reports such as financial ratios. According to Wild (2005: 36), "ratio analysis can reveal important relationships and become a benchmark for finding conditions and trends that are difficult to identify by examining each component that forms the relationship." Financial ratios are used to evaluate a company's financial position and results.

➤ *Bank Financial Health*

Banks that are considered healthy or improving are not a problem because they are expected to remain healthy, but banks that are continuously unhealthy must be guided or even subject to sanctions in accordance with existing regulations. Bank solvency ratings are divided into four categories, namely healthy, quite healthy, unhealthy and unhealthy, however, the bank solvency level ranking system is based on a "reward system" with a credit score of 0-100, which is as follows:

Table 2 Credit Value Classification of Bank Health Level

CAMEL Predicate Credit	Score
81% - 100%	Healthy
66% - <81%	Pretty Healthy
51% - <66%	Unwell
0% - <51%	Not healthy

III. RESEARCH METHODS

This research uses a quantitative approach because this research seeks to produce findings through various data collection methods, namely observation, documents, sampling techniques, analysis and others.

In this case the researcher attempts to describe and analyze various conditions or situations related to financial performance in measuring bank health using the Camel method at PT Bank Rakyat Indonesia (Persero) Tbk.

This type of research is descriptive in nature, in which to measure the health level of financial performance at Bank Rakyat Indonesia (BRI) by analyzing financial report data to determine whether the BRI Bank category is at a healthy or unhealthy level.

The time for this research is estimated to be approximately three months from August to September 2023. This research takes data from the financial reports of PT Bank Rakyat Indonesia (Persero) Tbk, for the period 2018-2022 which have been published and can be accessed via www.IDX.co .id and https://bri.co.id/report

IV. RESULTS AND DISCUSSION

After calculating the financial performance ratio at PT. Bank Rakyat Indonesia will then summarize all the CAMEL ratios that have been calculated. This is intended to be able to see and assess whether the financial performance of PT. Bank Rakyat Indonesia can be categorized as healthy. According to Bank Indonesia (BI) regulations, the healthy category can be grouped into 4 CAMEL Credit value groups which can be seen in the table below.

Table 3 Bank Health Level According to Camel

CAMEL Predicate Credit	Score
81% - 100%	Healthy
66% - <81%	Pretty Healthy
51% - <66%	Unwell
0% - <51%	Not healthy

Source: Bank Indonesia Circular Letter Number: 6/23/DPNP dated 31 May 2004

Table 4 Financial Performance Evaluation Results Using the PT Camel Method. Bank Rakyat Indonesia 2018-2022

Year	Camel Ratio		Value Ratio (%)	Credit Value	Weight (%)	Camel Value
2018	Capital	CAR	22,63	100	25	25
	Assets	KAP	1,5	94,33	30	28,29
	Management	NPM	79,46	79,46	25	19,86
	Earning	ROA	3,21	100	5	5
		BOPO	67,75	100	5	5
	Liquidity	LDR	88,95	100	10	10
Number of Camel Values						**93,15**
2019	Capital	CAR	24,02	100	25	25
	Assets	KAP	5,5	67,66	30	20,30
	Management	NPM	79,96	79,96	25	19,99
	Earning	ROA	3,06	100	5	5
		BOPO	68,71	100	5	5
	Liquidity	LDR	79,16	100	10	10
Number of Camel Values						**85,29**
2020	Capital	CAR	25,79	100	25	25
	Assets	KAP	4,8	72,33	30	21,70
	Management	NPM	71,20	71,20	25	17,8
	Earning	ROA	1,86	5	5	5
		BOPO	70,30	5	5	5
	Liquidity	LDR	83,66	100	10	10
Number of Camel Values						**84,5**
2021	Capital	CAR	30,52	100	25	25
	Assets	KAP	4,5	74,33	30	22,30
	Management	NPM	77,99	77,99	25	19,49
	Earning	ROA	2,44	5	5	5
		BOPO	65,66	5	5	5
	Liquidity	LDR	83,67	100	10	10
Number of Camel Values						**86,79**
2022	Capital	CAR	28,82	100	25	25
	Assets	KAP	1,8	92,33	30	27,70
	Management	NPM	37,78	37,78	25	9,69
	Earning	ROA	3,46	5	5	5
		BOPO	56,51	5	5	5
	Liquidity	LDR	76,16	100	10	10
Number of Camel Values						**82,39**

Source: Data Processing Results.

➤ *Based on table 4 above it can be seen that:*

• In terms of capital, PT Bank Rakyat Indonesia (Persero) Tbk has a ratio that exceeds the minimum limit set by Bank Indonesia, namely 8%, while PT Bank Rakyat Indonesia has a CAR ratio that continues to increase in 2018-2021. amounting to 22.63%, 24.02%, 25.79% and 30.52% with differences of 1.39%, 1.77% and 4.73%. so it can be stated that PT Bank Rakyat Indonesia in 2018-2021 has very good performance. This means that the bank has adequate ability to provide funds to cover possible losses due to risky assets. However, in 2022 the CAR will decrease by 28.82% with a difference of 1.7% in the previous year. Where the decline that occurs shows something that is not good because it can indicate a decrease in the bank's ability to provide funds to cover possible losses due to assets that contain risk. However, this ratio is in the range of numbers >12% which indicates a healthy predicate, so it can be stated that PT Bank Rakyat Indonesia in 2022 will have very good performance:

• In terms of assets measured using KAP, in 2018 the KAP value was 1.5%, where the ratio was in the range of <2% which indicates a healthy predicate, so it can be stated that PT Bank Rakyat Indonesia has very good performance because the bank's problematic productive assets have a very small percentage. In 2019, there was an increase in the KAP ratio by 5.5% with a difference of 4% in the previous year, where this ratio was in the range of 3% - 6%, thus indicating a decline in performance in terms of classifying loans that were considered problematic in 2019. However, in 2020-2022 the KAP ratio value of PT Bank Rakyat Indonesia continues to decline by 4.8%, 4.5%, 1.8% with a difference of 0.3% and 2.7%. With this, it can be seen that PT Bank Rakyat Indonesia is able to improve its performance and show KAP as healthy.

• From a management perspective, where management quality is assessed from NPM, in 2022 the NPM ratio value decreased drastically by 37.78%, with this the NPM ratio value in 2022 can be said to be unhealthy. However, the final value of camel in 2022 is 82.39%,

which is categorized as healthy. With this, PT Bank Rakyat Indonesia in 2022 is categorized as healthy even though its NPM ratio value is below the assessment weight set by BI.

- In terms of Earnings/Profitability, the ROA ratio shows the bank's ability to earn profits and overall efficiency. The ROA ratio values in 2018-2020 were 3.21%, 3.06%, 1.86% with a range of >1.5% which indicates a healthy predicate. In 2021-2022 the ROA ratio is 2.44%, 3.46% with a range of >1.5% which indicates a healthy predicate with a difference of 1.02%. The BOPO ratio figure shows the level of efficiency and ability of the bank in carrying out its operational activities. The BOPO ratio values from 2018-2022 were 67.75%, 68.71%, 70.30%, 65.66%, 56.51%, still in the <94% range, which indicates a healthy predicate. With that, it can be stated that PT Bank Rakyat Indonesia in terms of profitability aspect is said to have good performance.

- Liquidity aspect, the LDR ratio shows the bank's ability to repay fund withdrawals made by depositors by relying on the credit provided as a source of liquidity. The LDR ratio in 2018-2019 was 88.95%, 88.63% in the range of <85% - <100% which indicates a fairly healthy predicate. In 2020-2022 the ROA ratio value is 83.66%, 83.67%, 79.16% in the range of <75% - <85% indicating a healthy predicate.

V.   CONCLUSIONS

After carrying out calculations and analysis on each aspect of CAMEL (Capital, Asset, Management, Earning, Liquidity) it can be concluded that everything included in CAMEL with its respective values has a very important role in determining whether or not a product is eligible. bank operates. And from the results obtained, it can be seen that all CAMEL final scores for the last 5 years from 2018-2022 have changed every year but are still in the healthy category because they are in the vulnerable range of 81% - 100%. Thus, it can be concluded that the financial performance using the CAMEL method at PT Bank Rakyat Indonesia (Persero) Tbk is in the healthy category.

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