ANALYSIS OF THE HEALTH LEVEL OF ISLAMIC BANKING FINANCIAL PERFORMANCE THROUGH THE RGEC APPROACH IN 2017-2022

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Abstract

Through the distribution of funds, banking helps increase investment and economic growth. This gives banking a crucial role in supporting Indonesia's economy. The funding provided by banks to small and medium-sized enterprises, which are important economic resources for Indonesia, underscores this role. Therefore, bank management must strive to maintain a proper balance between ensuring sufficient liquidity, achieving reasonable profitability, and ensuring adequate capital. To assess the health of a bank, several methods can be used according to its development, one of which is based on Bank Indonesia Regulation No. 13/1/PBI/2011 concerning the Assessment of Commercial Bank Soundness Levels. Bank Indonesia has established a risk-based bank soundness rating system. According to Financial Services Authority Regulation (POJK) No. 8/POJK.3/2014, the factors used in the RGEC method (Risk Profile, Good Corporate Governance, Earnings, and Capital) form the basis of the assessment. This study uses a quantitative method with a descriptive approach. The data used were obtained from secondary sources, primarily the financial reports of the Islamic Business Unit (UUS) for three consecutive years from 2017 to 2022, accessed through the OJK website. The results of the study show that CIMB Niaga Syariah Bank's condition during the 2017-2022 period is as follows: for the risk profile factor with the NPF ratio, it received a very healthy rating; with the FDR ratio, it received an unhealthy rating; for the GCG factor with the PDN ratio, it received a fairly healthy rating; for the earnings factor with the ROA ratio, it received a very healthy rating; with the ROE ratio, it received a fairly healthy rating; with the NI ratio, it received a healthy rating;

and with the BOPO ratio, it received a very healthy rating; and for the capital factor with the CAR ratio, it received a very healthy rating.

Keywords: Bank Health; RGEC; Financial Performance

Abstrak

Melalui penyaluran dana, perbankan membantu meningkatkan investasi dan pertumbuhan ekonomi. Hal tersebut menjadikan perbankan memiliki peran penting dalam menunjang perekonomian Indonesia. Dengan pendanaan yang diberikan bank kepada usaha-usaha kecil dan menengah, yang merupakan sumber daya ekonomi penting bagi Indonesia. Oleh karena itu, manajemen bank harus berusaha untuk mempertahankan keseimbangan yang tepat antara menjaga likuiditas yang mencukupi, mencapai tingkat keuntungan yang wajar, dan memastikan kecukupan modal. Untuk mengetahui seberapa sehat suatu bank, terdapat beberapa metode yang dapat digunakan sesuai dengan perkembangannya yaitu salah satunya berdasarkan Peraturan Bank Indonesia No. 13/1/PBI/2011 tentang Penilaian Tingkat Kesehatan Bank Umum, Bank Indonesia telah menetapkan sistem penilaian Tingkat Kesehatan Bank berbasis risiko. Sesuai dengan Peraturan Otoritas Jasa Keuangan (POJK) No. 8/POJK.3/2014, faktor-faktor yang menjadi dasar penilaian dalam metode RGEC (Risk Profile, Good Corporate Governance, Earnings, dan Capital). Penelitian ini menggunakan metode kuantitatif dengan pendekatan deskriptif. Data yang digunakan diperoleh dari sumber sekunder, terutama laporan keuangan UUS selama tiga tahun berturut-turut dari 2017 hingga 2022, yang diakses melalui laman OJK. Hasil penelitian yang telah dilakukan menunjukkan kondisi Bank CIMB Niaga Syariah selama periode 2017-2022 pada faktor risk profile dengan rasio NPF mendapatkan predikat sangat sehat, dengan rasio FDR mendapatkan predikat kurang sehat, pada faktor GCG dengan rasio PDN mendapatkan predikat cukup sehat, pada faktor earnings dengan rasio ROA mendapatkan predikat sangat sehat; rasio ROE mendapatkan predikat cukup sehat; rasio NI mendapatkan predikat sehat; dan rasio BOPO mendapatkan predikat sangat sehat, dan pada faktor capital dengan rasio CAR mendapatkan predikat sangat sehat.

Katakunci: Kesehatan Bank, RGEC, Kinerja Keuangan

A. INTRODUCTION

In advancing the economy of a country, the banking sector has a very important role, not only that, the banking sector also has a very important role for the community. In principle, the philosophy that underlies banking operations is the trust given by customers. As a trusted institution, banks generally rely more on funds invested by the community than on capital owned by their owners or shareholders. Therefore, bank management must strive to maintain the right balance between maintaining sufficient liquidity, achieving a reasonable level of profit, and ensuring capital adequacy. In carrying out its activities, banks must pay attention to the risks that can arise from their operational activities. This can happen because banks

manage community funds that are deposited with the bank. The community as customers or fund owners have the right to withdraw their funds at any time so that the bank also has an obligation to be able to return the funds according to customer needs. Therefore, banks must manage it with the principle of prudence and implement risk management where this management will affect the health level of the bank itself.

There are main indicators that can be used as a basis for assessing bank health, one of which is the bank's financial report. As a company or economic entity, a bank prepares financial reports to present information about its financial position to interested parties. Accounting information contained in the financial report is a report that shows the company's financial condition in a period so that it can be used as a basis for consideration in making decisions in accordance with the company's financial condition. The better the financial condition of a bank means that the bank is healthy, which can also be interpreted as the bank carrying out its operational activities normally and can fulfill its obligations properly.
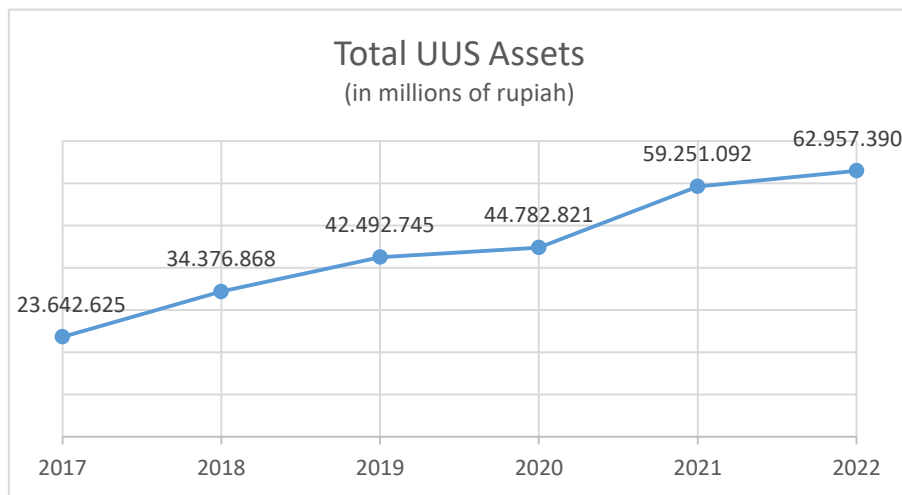
When viewed through the December quarterly financial report of Bank CIMB Niaga Syariah, from 2017 to 2022 the assets managed continued to experience positive growth. Where in 2022, the assets managed reached 62 T, which grew by 6% from the previous year. This can be a sign that Bank CIMB Niaga Syariah has good coordination in carrying out the main function of a bank, namely distributing funds to the public, collecting funds from the public and providing other banking services. However, to find out how healthy a bank is, there are several methods that can be used according to its development, namely the CAMEL, CAMELS, and RGEC methods. Based on Bank Indonesia Regulation No. 13/1/PBI/2011 concerning the Assessment of the Health Level of Commercial Banks, Bank Indonesia has established a risk-based Bank Health Level assessment system. In accordance with the Financial Services Authority Regulation (POJK) No. 8/POJK.3/2014, the factors that form the basis for assessment in the RGEC

method (Risk Profile, Good Corporate Governance, Earnings, and Capital) include:

1. *Risk Profile* : This assessment factor includes Non-Performing Finance (NPF) and Financing to Deposit Ratio (FDR). NPF refers to the ratio of non-performing loans in a bank's portfolio, while FDR indicates the bank's ability to finance loans provided with third-party funds.
2. *Good Corporate Governance* (GCG): This factor is seen from the Net Foreign Exchange Position (PDN), which reflects the bank's performance in managing foreign exchange and liquidity risks as well as overall risk management performance.
3. *Earnings* : This factor is assessed through Return On Assets (ROA), Return On Equity (ROE), Net Rewards (NI) and BOPO which describe the operational efficiency and profitability of the bank.
4. *Capital* : This factor is seen through the Capital Adequacy Ratio (CAR), which shows the bank's ability to bear the risks faced with adequate capital.

By considering these factors, the RGEC method provides a comprehensive picture of the bank's health in facing various risks faced in its operations. This study will discuss the health level of Bank CIMB Niaga Syariah from 2017 to 2022 using the RGEC method.

B. METHOD

This study uses a quantitative research method with a descriptive approach. The data used were obtained from secondary sources, especially UUS financial reports for three consecutive years from 2017 to 2022, which were accessed through the OJK website. In addition, data was also obtained from other sources such as journals, books, and related papers.

The data analysis technique applied in this study is the analysis of bank health level using the RGEC method. The RGEC method is considered capable of measuring the level of bank health and identifying risks that will occur so that appropriate mitigation actions can be taken. This method includes several components, including profile risk (including credit risk, market risk, operational risk, strategic risk, liquidity risk, legal risk, compliance risk and reputation risk), Good Corporate Governance, Earnings, and Capital.

C. RESULT AND DISCUSION
1. *Risk* Profile
NPF (in UUS Quarterly Financial Report as of December)
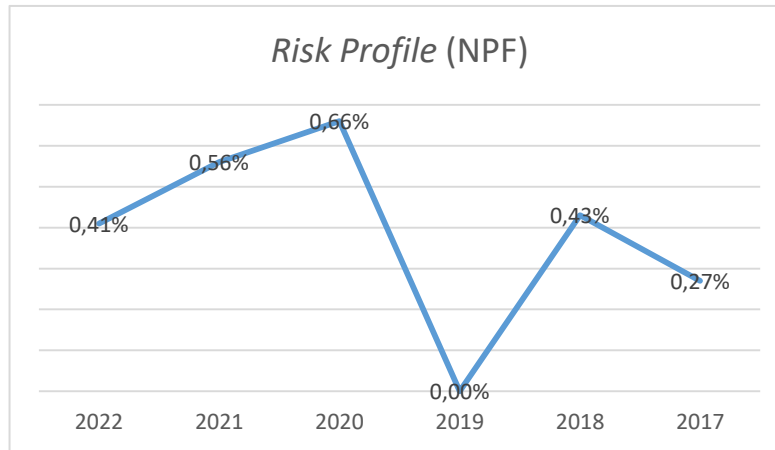
Year	NPF%	Ranking	Predicate
2017	0.27	1	Very Healthy
2018	0.43	1	Very Healthy
2019	0.00	1	Very Healthy
2020	0.66	1	Very Healthy
2021	0.56	1	Very Healthy
2022	0.41	1	Very Healthy
Mean	0.38	1	Very Healthy

If we look at the UUS quarterly financial report as of December which was published on the OJK page, it shows that the NPF (*Non Performing Financing) graph* of PT. Bank CIMB Niaga Syariah experienced quite fluctuating changes from 2017 to 2022. The significant change in NPF was in 2020, where the NPF value reached 0.66, even though this value was still included in the healthy predicate. It can be concluded according to table 1, the NPF ratio of PT. Bank CIMB Niaga Syariah received a healthy predicate where the average NPF value from 2017 to 2022 was 0.38% with a composite rating of 1.

FDR (in UUS's quarterly financial report as of December)
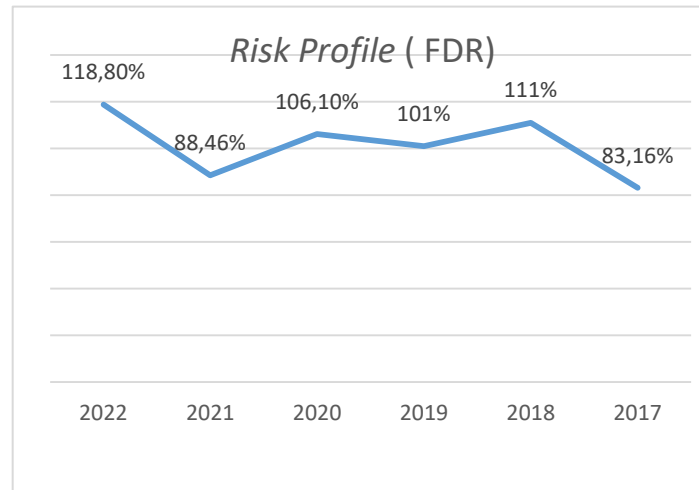
Year	FDR%	Ranking	Predicate
2017	83.16	2	Healthy
2018	111	4	Unwell
2019	101	4	Unwell
2020	106.10	4	Unwell
2021	88.46	3	HealthyEnough
2022	118.80	4	Unwell
Mean	101.42	4	Unwell

If we look at the UUS quarterly financial report as of December which was published on the official OJK website, it shows that the FDR (*Financing to Deposit Ratio*) graph of PT. Bank CIMB Niaga Syariah has quite fluctuating changes in 2017 to 2022, where in 2017 the FDR value still had a healthy predicate of 83.16%. However, in 2018 to 2020 it received a less healthy predicate, although it had decreased in 2021 and received a fairly healthy predicate with an FDR value of 88.46% in 2022 the FDR value increased and received a less healthy predicate with an FDR value of 118.80%. It can be concluded according to table 2, the FDR ratio of PT. Bank CIMB Niaga Syariah received a less healthy predicate where the average FDR value from 2017 to 2022 was 101.42% with a composite rating of 4.

2. *Good Corporate Governance*

Good Corporate Governance (PDN)
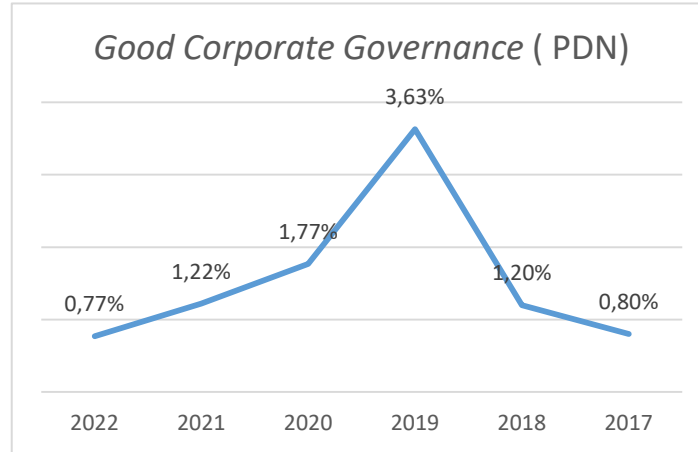
Year	PDN%	Ranking	Predicate
2017	0.80	3	Healthy Enough
2018	1.20	3	Healthy Enough
2019	3.63	3	Healthy Enough
2020	1.77	3	Healthy Enough
2021	1.22	3	Healthy Enough
2022	0.77	3	Healthy Enough
Mean	1.56	3	Healthy Enough

If we look at the quarterly financial report as of December published on the official OJK website, it shows that the PDN (Net Foreign Exchange Position) graph has experienced quite fluctuating changes from 2017 to 2022. The change in PDN is quite significant, namely in 2019, where in 2018 the PDN value was 1.20% but in 2019 the PDN value reached 3.63% even so the PDN value is still included in the fairly healthy predicate. It can be concluded according to table 3, the PDN ratio of PT. Bank CIMB Niaga Syariah received a fairly healthy predicate where the average PDN value from 2017 to 2022 was 1.56% with a composite rating of 3.

3. *Earnings*
   **ROA (** in UUS quarterly financial report as of December)
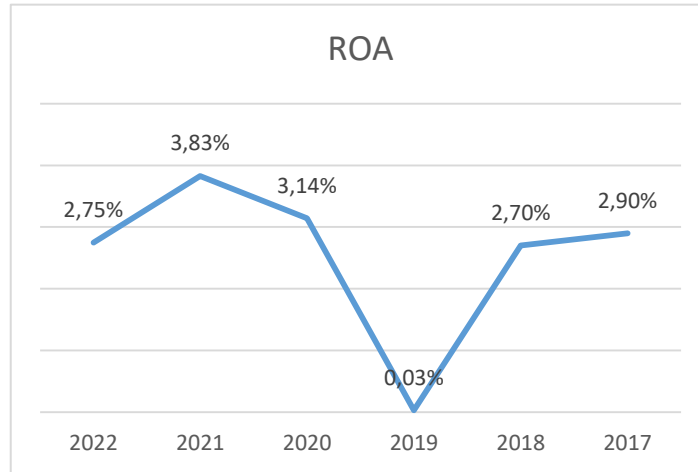
Year	ROA%	Ranking	Predicate
2017	2.90	1	Very Healthy
2018	2.70	1	Very Healthy
2019	0.03	4	Unwell
2020	3.14	1	Very Healthy
2021	3.83	1	Very Healthy
2022	2.75	1	Very Healthy
Mean	2.55	1	Very Healthy

If we look at the UUS quarterly financial report as of December which was published on the official OJK website, it shows that the ROA (*Return on Assets*) graph has experienced quite fluctuating changes from 2017 to 2022. The change in ROA is quite significant, namely in 2018, where in 2017 the ROA value was 2.90% and was still classified as very healthy, but in 2018 the ROA value decreased to 0.03% and was classified as less healthy. Even so, from 2019 to 2022 the ROA value managed to remain in the very healthy predicate. It can be concluded according to table 4, the PDN ratio of PT. Bank CIMB Niaga Syariah

received a very healthy predicate where the average ROA value from 2017 to 2022 was 2.55% with a composite rating of 1.

**ROE** (in Bank CIMB Niaga's quarterly financial report as of December)
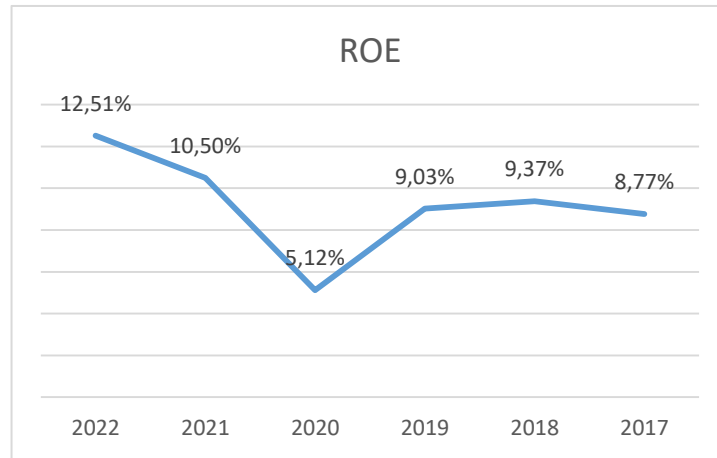
Year	ROE%	Ranking	Predicate
2017	8.77	3	Healthy Enough
2018	9.37	3	Healthy Enough
2019	9.03	3	Healthy Enough
2020	5.12	3	Healthy Enough
2021	10.50	3	Healthy Enough
2022	12.51	2	Healthy
Mean	9.21	2	Healthy Enough

If you look at the quarterly financial report as of December published on the official OJK website, it shows that the ROE (*Return on Equity*) graph has experienced quite fluctuating changes from 2017 to 2022. The change in ROE is quite significant, namely in 2021, where in 2020 the ROE value was 5.12% and was still classified as quite healthy, even so in 2021 the ROE value increased to 10.50% and in 2022 it managed to achieve a healthy predicate with an ROE value of 12.51%. It

can be concluded according to table 5, the ROE of PT. Bank CIMB Niaga Syariah received a fairly healthy predicate where the average ROE value from 2017 to 2022 was 9.21% with a composite rating of 2.

NI (in Bank CIMB Niaga's Quarterly Financial Report as of December)

NI

5,45%

5,31%

4,96%

4,88%

4,71%

4,49%

2022   2021   2020   2019   2018   2017
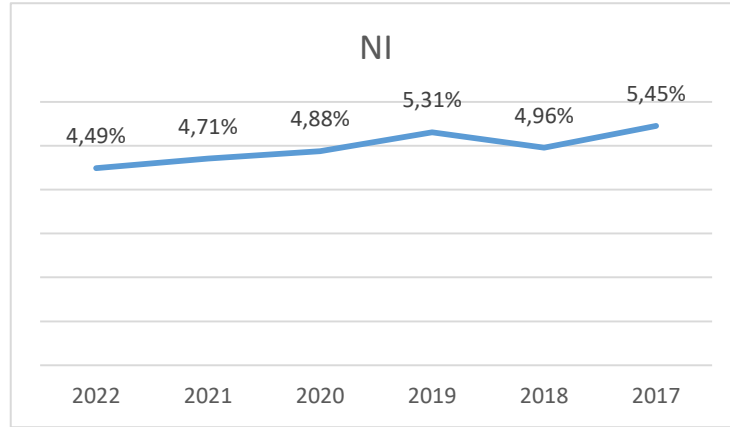
Year	NI%	Ranking	Predikat
2017	5,45	2	Sehat
2018	4,96	2	Sehat
2019	5,31	2	Sehat
2020	4,88	2	Sehat
2021	4,71	2	Sehat
2022	4,49	2	Sehat
Mean	4,97	2	Sehat

If we look at the quarterly financial report as of December published on the official OJK website, it shows that the NI (Reward Value) graph did not experience fluctuating changes from 2017 to 2022. Although from 2017 to 2022 the NI value continued to change, it still received a healthy predicate. It can be concluded according to table 6, NI PT. Bank CIMB Niaga Syariah received a healthy predicate where the average NI value from 2017 to 2022 was 4.97% with a composite rating of 2.

**BOPO** (in Bank CIMB Niaga's Quarterly Financial Report as of December)
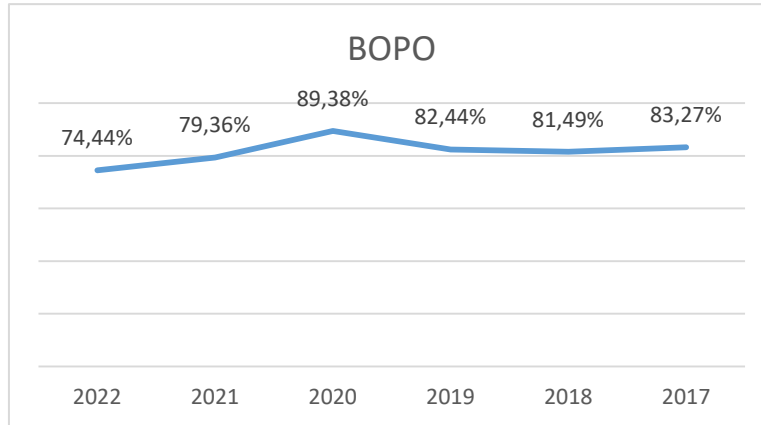
Year	BOPO%	Ranking	Predicate
2017	83.27	1	Very Healthy
2018	81.49	1	Very Healthy
2019	82.44	1	Very Healthy
2020	89.38	2	Healthy
2021	79.36	1	Very Healthy
2022	74.44	1	Very Healthy
Mean	81.73	1	Very Healthy

If we look at the quarterly financial report as of December published on the official OJK website, it shows that the BOPO (Operational Costs and Operational Income) graph did not experience any fluctuating changes from 2017 to 2022. Although in 2021 the BOPO value increased to 89.38% and received a healthy predicate, in 2021 to 2022 the BOPO value again received a very healthy predicate and in 2022 it decreased where the BOPO value was 74.44% from the previous 79.36%. It can be concluded according to table 7, BOPO PT. Bank CIMB Niaga Syariah received a very healthy predicate where the average BOPO value from 2017 to 2022 was 81.73% with a composite rating of 1.

4. *Capital*

CAR (in Bank CIMB Niaga Consolidated Quarterly Financial Report as of December)
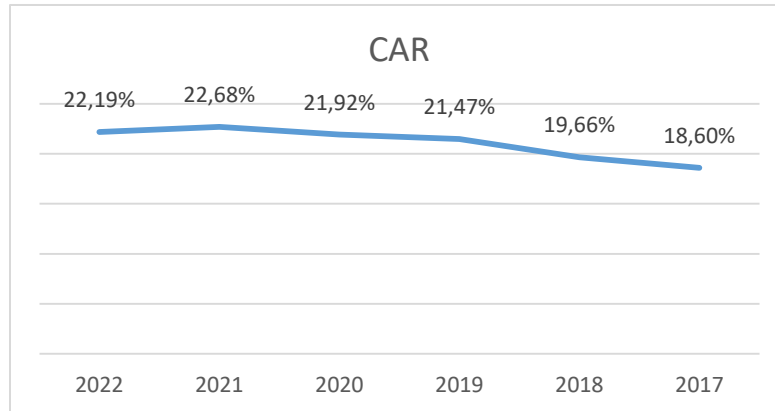
Year	CAR%	Ranking	Predicate
2017	18.60	1	Very Healthy
2018	19.66	1	Very Healthy
2019	21.47	1	Very Healthy
2020	21.92	1	Very Healthy
2021	22.68	1	Very Healthy
2022	22.19	1	Very Healthy
Mean	21.08	1	Very Healthy

If we look at the quarterly financial report as of December published on the official OJK website, it shows that the BOPO (Operational Costs and Operational Income) graph did not experience any fluctuating changes from 2017 to 2022. Even so, the CAR value continued to increase from 2017 to 2022 and remained at a very healthy predicate. It can be concluded according to table 8, CAR PT. Bank CIMB Niaga Syariah received a very healthy predicate where the average BOPO value from 2017 to 2022 was 21.08% with a composite rating of 1.

D. CONCLUSION

The health condition of Bank CIMB Niaga Syariah during the period 2017 to 2022 after being analyzed using the RGEC method shows a very healthy condition when viewed from the NPF, ROA, BOPO and CAR ratios. Then shows a fairly healthy condition when viewed from the PDN, ROE ratios. Then shows a healthy condition when viewed from the NI ratio. And shows an unhealthy condition when viewed from the FDR ratio.

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