FINANCIAL RATIOS ANALYSIS USING THE CAMEL METHOD TO ASSESS FINANCIAL PERFORMANCE AT PT. PEOPLE'S BANK OF INDONESIA (PERSERO) TBK

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Abstract

This study aims to measure and analyze the financial performance of PT. Bank Rakyat Indonesia Persero Tbk. The data used is secondary data and uses data collection methods, namely documentation techniques. The data used in this study is the financial report data of PT. Bank Rakyat Indonesia Persero Tbk which is reported to Bank Indonesia and has been published by the Indonesia Stock Exchange. Based on the results of the data analysis, it is concluded that CAMEL is an analysis of the soundness of a bank using the CAR ratio on capital, the KAP ratio on Asset Quality, the NPM ratio on Management, the ROA and BOPO ratios on Profitability, and the LDR ratio on Liquidity. From the results of research on financial performance and its relation to financial ratios using the CAMEL method, then it can be said that during the last four years (2017-2020) which shows that the financial performance achieved by PT. Bank Rakyat Indonesia Persero Tbk, is in the healthy category.

Keywords: *Financial Performance, Bank Soundness Level, CAMEL*

INTRODUCTION

In a bank, credit problems are often found, in which case the bank must be more careful in providing services to customers. Because this can cause failure in transactions by customers so that banks must face risks (Sujarweni, 2022). Likewise, banks are required to further maximize their performance in various ways, especially in obtaining profits because in general banks are established with the aim of obtaining the maximum possible profit or profit in order to increase the success of the bank in the future. To achieve these benefits, cooperation between managers and employees is needed in utilizing and managing existing sources of funds within the company. The health of a bank is the most important thing for the government, the central bank and the bank whose achievements are measured. One way to measure the soundness of a bank is by using the CAMEL method. CAMEL stands for Capital, Assets, Quality, Management, Earnings, and Liquidity (Tommy, 2015). The results of the bank's health assessment based on this ratio have 5 criteria, namely very healthy, healthy, moderately healthy, less healthy, and unhealthy.

There are several aspects to assessing the soundness level of a bank based on SKBI (Bank Indonesia Certificate) Number 30/21/KEP/DIR dated 30 April 1997 concerning the codification of Bank Indonesia Regulation Institutional Assessment of Bank Soundness Level using the CAMEL method and BI regulation NUMBER: 13/ 1/PBI/2011 concerning the assessment of the soundness of commercial banks, namely requiring commercial banks

to conduct bank soundness assessments using the RGEC and CAMEL risk approaches, which are one of the financial statement analysis methods that aim to determine the soundness level of a bank by measuring ratios of aspects of Capital, Assets Quality, Management, Earning And Liquidity which are contained in the CAMEL method.

From the explanation of the CAMEL aspects above, we can see the relationship with the soundness level of the bank, which greatly influences performance. Bank Rakyat Indonesia is the largest Indonesian people's bank in Indonesia which was established on December 16, 1895.

Table. 1. BRI Share Performance Growth 2017 – 2020

Year	Credit growth (%)	Growth Third-party funds (%)	LDR (%)
2017	11,4	11	88,13
2018	14,1	12,2	94
2019	20,2	89.57	93.6
2020	6,1	102.89	18.70

Source: BRI Financial Report 2023.

Based on table 1.1, credit growth in 2017 Bank BRI achieved credit growth of 11.4% year on year. Meanwhile, the growth of third party funds grew by 11% and the Loan to Deposit Ratio was 88.33%. This performance was able to encourage an increase in BRI shares in 2017. In 2018 credit growth grew by 14.1% year on year. Meanwhile, the growth of third party Funds grew by 12.2%. Increased from the previous year. Loan to Deposit Ratio growth also increased by 94%. In 2019, it recorded an increase of 20.2% year on year. While the Growth of third party Funds increased by 89.57%. Where previously it grew 12.2% in 2018. Loan to Deposit Ratio growth decreased by 93.6% before 94%.

2020 was a challenging year for Bank BRI, not only that but the whole world was hit by the COVID-19 pandemic which caused a decline in the performance of several economic sectors. Along with these conditions, the performance of BRI's shares also experienced the same thing. At the end of 2020, overall bank credit growth contracted by 6.1%, which in general, weak demand for credit was affected by a decline in household consumption levels and people's purchasing power during 2020. Meanwhile, in terms of Third Party Funds (DPK), it managed to reach the target of up to 102 .89%, the deposit position in 2020 experienced an increase of 8.55%. 83.70%. In the midst of the COVID-19 pandemic, BRI and the banking industry's liquidity conditions were maintained at an adequate level. At the end of 2020 the loan to deposit ratio (LDR) was 18,

Based on the above phenomenon, it can be concluded that net profit growth over the last four years has experienced fluctuations in net profit and stock prices so that the level of health assessment in banking will automatically be disturbed by the level of soundness. Therefore, given the importance of assessing the soundness of a bank, the authors are interested in further analyzing financial ratios using the CAMEL method, as well as their influence on the financial performance of a bank, so the title of this study: "Financial Ratio Analysis using the CAMEL Method to Assess Bank Financial Performance at PT. Bank Rakyat Indonesia (Persero) Tbk".

LITERATURE REVIEW AND HYPOTHESIS

Bank

According to Abdurrachman (2014) "Bank is a type of financial institution that performs various kinds of services, such as providing loans, circulating currency, monitoring currency, acting as a place for storing valuable objects, financing the business of a company".

Indonesian banking in carrying out its business is based on economics and politics with care. Its main function is to collect and regulate public funds and aims to support the implementation of national development in increasing equity of economic growth and national stability towards increasing people's welfare. (articles 2, 3 and 4 of Law No. 10 of 1998). Bank Indonesia as the central bank plays a role in determining and providing directions for banking development because the banking system has functions and supervisors in the banking, capital market and insurance sectors, pension funds, financing institutions and other financial service institutions. In this case the bank is also protected by the OJK in supervising the bank.

The Financial Services Authority (OJK) is a state institution established under Law Number 21 of 2011 whose function is to organize an integrated regulatory and supervisory system for all activities in the financial services sector, both in the banking sector, capital markets, and the non-financial services sector. banks such as insurance, pension funds, financing institutions, and financial services institutions.

Financial Ratios

Financial ratios are activities of comparing the numbers in the financial statements by dividing one number by another. This comparison can be made between one component and the components in the financial statements. The results of financial ratios are used to assess management's financial performance whether it reaches the set targets or not (Kamir: 2019).

Financial ratios consist of several parts, namely liquidity ratios, solvency ratios, activity ratios, and solvency ratios. Each of these ratios has a different function in describing the financial condition of a company, such as the level of profit or profit both in terms of income, assets and own capital.

Financial Ratio Analysis

Financial statement analysis is an analysis carried out to look at a company's condition, how the success of the company has been achieved in the past, present, and in the future. Analysis of these financial statements is used as a basis for decision making by interested parties (Sujarweni: 2018).

Financial performance

According to Home (1998) "the finance management policy says that financial performance is a measure of company achievement, so profit is one of the tools used by managers. Financial performance will also provide an overview of the efficiency of users in the use of funds regarding the results of obtaining profits, which can be seen after comparing net income after tax.

Company performance can be said to be a formal effort carried out by the company to evaluate the efficiency and effectiveness of the company's activities that have been carried

out in a certain period. Financial performance is a description of the achievement of the implementation of an activity or program in realizing the vision, mission, goals and objectives of the organization.

Bank Health Level

The soundness level of a bank is the bank's ability to carry out banking operations normally and be able to fulfill its obligations in ways that are in accordance with applicable banking regulations (Sujarweni: 2022). The important role in supporting the country's economy is one of the reasons why a bank's financial performance is always analyzed to determine the soundness of a bank. Therefore a bank certainly requires analysis to find out its condition after carrying out its operations within a certain period of time.

There are several ways to measure the soundness of a bank to measure the soundness of a bank based on SKBI (Bank Indonesia Certificate) Number 30/21/KEP/ dated 30 April 1997 concerning the codification of Bank Indonesia Regulation Institutional Assessment of Bank Soundness using the CAMEL method and BI regulation Number : 13/1/PBI/2011 concerning Assessment of the soundness of commercial banks, namely requiring commercial banks to evaluate the soundness of banks using the RGEC and CAMEL methods, which is a method of financial statement analysis that aims to determine the soundness of a bank by measuring the ratios of aspects of Capital , Assets Quality, Management, Earning, and Liquidity which are contained in the CAMEL method which is one of the methods used in this study.

CAMEL method

Kasmir (2012) states that one of the tools to measure the soundness of a bank is CAMEL analysis. The aspects of assessment in CAMEL analysis include Capital, Assets, Management, Earnings, Liquidity, For this reason, the health of the bank can be seen from the financial statements.

According to Bank Indonesia regulations, the healthy category can be grouped into four groups of CAMEL credit scores which can be seen in the following table:

Table 2. Bank Soundness Level according to CAMEL

CAMELS Credit Score	*Predicate*
81% - 100%	*Healthy*
66% - 81%	*Healthy Enough*
51% - 66%	*Unwell*
0% - 51%	*Not healthy*

Source: PBI No. 30/12/KEP/DIR/1997.

RESEARCH METHODS

The research method used in this study is a quantitative method, namely calculating ratios using the CAMEL method. Quantitative is used to analyze the results of the calculation of the ratio formula that has been determined.

The population used in this study is the financial statements of PT. Bank Rakyat Indonesia (Persero) Tbk for the 2017-2020 period with a sample balance sheet and profit and loss report of PT. Bank Rakyat Indonesia (Persero) Tbk for the 2017-2020 period.

RESULTS AND DISCUSSION

Bank BRI is the largest state-owned bank by producing products such as simpedes savings, business simpedes, BritAma X, Simpedes, Britama, BritAma X, BritAma Forex and so on. BRI provides the best service to the community by prioritizing service to the micro, small and medium (MSMEs) segments and consistently providing the best for these segments. In this case, Bank BRI is protected by the OJK (Financial Services Authority) whose function is to organize an integrated regulatory and supervisory system for all activities in the financial services sector.

Based on the results of data collection and research evaluation obtained from BRI bank's financial statements for the 2017-2020 period, the results can be seen as follows:

Table 3. Financial Performance Evaluation Results with the CAMEL Method PT. Bank Rakyat Indonesia 2017 – 2020.

Year	Camel		Ratio Value (%)	Credit Score (%)	Weight (%)	Weight Value (%)
2017	Capital	CAR	22.96	100	25	25
	Assets	HOOD	12	22.88	30	30
	Management	NPM	21.09	21.09	25	25
	Profitability	ROA	2	100	5	5
		BOPO	81,10	100	5	5
	Liquidity	LDR	89.57	100	10	10
	TOTAL VALUE OF CAMELS					100
2018	Capital	CAR	19,11	100	25	25
	Assets	HOOD	12	24,42	30	30
	Management	NPM	19,27	19,27	25	25
	Profitability	ROA	2	100	5	5
		BOPO	81,29	100	5	5
	Liquidity	LDR	94.04	84	10	10
	TOTAL VALUE OF CAMELS					100
2019	Capital	CAR	22.77	100	25	25
	Assets	HOOD	14	11.69	30	30
	Management	NPM	29,26	29,26	25	25
	Profitability	ROA	3	100	5	5
		BOPO	92,21	100	5	5
	Liquidity	LDR	94.17	83	10	10
	TOTAL VALUE OF CAMELS					100
2020	Capital	CAR	21,17	100	25	25
	Assets	HOOD	14	10.60	30	30
	Management	NPM	17,81	17,81	25	25

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Profitability	ROA	2	82	5	5
	BOPO	69,88	100	5	5
Liquidity	LDR	82,33	71	10	10
TOTAL VALUE OF CAMELS					100

Source: *Data Process, 2023*

Based on the table above the results of calculating the value of the CAMEL ratio, it can be presented the results of an assessment of financial soundness with the CAMEL ratio which can be seen that the level of financial performance from calculating the level of financial soundness for the last four years, namely 2017 to 2020 at PT. Bank Rakyat Indonesia (Persero) Tbk is in the healthy predicate because it has met the standards set by Bank Indonesia.

1. From 2017 to 2020, from the capital aspect, the CAR ratio shows the bank's ability to cover a decrease in its assets as a result of bank losses caused by risky assets of 22.96%, 19.11%, 22.77% and 21.17% during 2017 to 2020. This value has exceeded the minimum limit set by Bank Indonesia, namely 8% so that a credit value of 100 is obtained and after being multiplied by CAR weight of 25% then the capital factor weight value is 25%

2. In terms of assets as measured by the KAP ratio, it shows that from year to year Bank BRI is getting better at managing its lending, as can be seen from the ratio calculations of 12%, 12%, 14% and 14% during 2017 to 2020. Then each multiplied by the KAP ratio weight of 30%, the KAP weighted value is an average of 30% each year.

3. From the management aspect, it shows that Bank BRI is able to have very good financial performance, in carrying out management to achieve targets. The NPM ratio from 2017 to 2020 was 21.09%, 19.27%, 29.26% and 17.81% resulting in a credit score that was the same as the NPM and then multiplied by the management aspect weight of 25% so that the weighted value obtained each ratio of 25%.

4. From the aspect of profitability, which is calculated by the ROA ratio, it shows the bank's ability to earn profit and overall efficiency of 2%, 2%, 3%, and 2%, while the BOPO ratio shows the level of efficiency and bank's ability to carry out its operational activities, namely each of 81.10%, 81.29%, 92.21%, and 69.88% of these results obtained a credit value for ROA and BOPO of 100 and then multiplied by the weight of the ratio of ROA and BOPO each of 5% to obtain a weighted value ROA averages 5% annually, while the weight value for BOPO averages 5% during the study period.

5. From the liquidity aspect, the LDR ratio from 2017 to 2020 shows the bank's ability to pay back withdrawals made by depositors by relying on credit provided as a source of liquidity, each 10%. From these results, an LDR credit value of 100 is obtained, then multiplied by the ratio weight LDR is 10% then the weight value of LDR is 10%. After all the ratio weight values are calculated, the total net value of BRI Bank's CAMEL ratio is 100%, 100%, 100% and100%for the last four years, namely 2017 to 2020.

The results of the Assessment of the Financial Soundness Level of PT. Bank Rakyat Indonesia (Persero) Tbk Year 2017 – 2020

Year	CAMEL Value (%)	Predicate
2017	100	HEALTHY
2018	100	HEALTHY
2019	100	HEALTHY
2020	100	HEALTHY

Source: Source: BRI Financial Report processed in 2023.

From table 4.3 it appears that the results of calculating financial health for the last four years from 2017 to 2019 at PT. Bank Rakyat Indonesia (Persero) Tbk is in the healthy predicate category.

CONCLUSION

Based on data processing from the results of data analysis which refers to the problem and research objectives, it can be concluded as follows:

1. Based on the calculation of the Capital Adequacy Ratio (CAR), from 2017 to 2020, PT. Bank Rakyat Indonesia (Persero) Tbk has sufficient capital to cover all risks that may arise from investing in risky productive assets and to finance investment in fixed assets and inventory. This is evidenced by the CAR Ratio value during 2017-2020 with a standard exceeding 8%, in accordance with the standard set by Bank Indonesia.

2. From 2017 to 2020, PT. Bank Rakyat Indonesia (Persero) Tbk, has good asset quality in connection with the credit risk faced by banks due to the provision of loans and classified earning assets. This is evidenced by the value of the KAP ratio during 2017 to 2020 which did not reach 15.5% in accordance with the standards set by Bank Indonesia.

3. Based on the management aspect calculated using the Net Profit Margin (NPM) ratio of PT. Bank Rakyat Indonesia (Persero) Tbk, has a ratio that exceeds Bank Indonesia regulations, namely ≥ 5%, this shows that management is very good at managing bank resources as evidenced by the NPM ratio value during 207-2020 of more than ≥5%. In accordance with the standards set by Bank Indonesia.

4. From the aspect of profitability with the ROA ratio shows that PT. Bank Rakyat Indonesia (Persero) Tbk is in good health with a ratio value of 3% which has exceeded the minimum standard for Indonesian banks, which is 1.5%. From the aspect of profitability with the BOPO ratio, it shows that the BOPO ratio of PT. Bank Rakyat Indonesia (Persero) Tbk is within safe limits, namely an average of 92.21%, better than the minimum standard of Indonesian banks, namely 80%.

5. Viewed from the aspect of liquidity represented by the LDR ratio, it shows that the average LDR ratio is 94%, this indicates that the liquidity aspect is in a healthy condition because it has reached the standard of Indonesian banks, which is below 110%.

6. From the results of each variable or ratio studied, it can be concluded that PT. Bank Rakyat Indonesia (Persero) Tbk has good financial performance with the rating of the soundness level of the results in 2017 of 100%, 2018 of 100%, 2019 of 100%, and 2020 of 100%. So it can be seen that the variables from 2017 to 2019 are classified as healthy.

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