

Evaluation of State Bank Performance Based on The Regulation of Bank Indonesia Number: 13/1/PBI/2011 (A Study on State Bank of Indonesian Government in 2018)

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ABSTRACT

This study aims to evaluate the soundness level of State Bank of Indonesian Government under Bank Indonesia Regulation No. 13/1/PBI/2011 about Banks Financial Health Assessment using Risk Based Bank Rating (RBBR) approach with measuring the Risk Profile, Good Corporate Governance, Earnings, and Capital factors. This is a descriptive study with quantitative approach. The population of this study was State Banks of Indonesian Government. The sample of this study was BNI, BRI, Bank Mandiri, and BTN. The data used was secondary data in the form of annual financial statements and annual reports. The data was processed by Microsoft Excel and analyzed using the descriptive quantitative technique. This study found, in the measurement of Risk Profile factor represented by NPL, IRR, LDR, LAR, and CR ratio at, that BNI, BRI and Bank Mandiri were classified as very healthy while BTN as healthy. The rank of LDR shows, that only BTN was categorized not ideal. The assessment of 11 aspects of Good Corporate Governance at Bank Mandiri were categorized as very healthy while BNI, BRI, and BTN were in the healthy category. The measurement of Earnings factor using ROA and NIM ratio, and Capital factor using CAR ratio showed that BNI, BRI, Bank Mandiri, and BTN were in the very healthy category. Accordingly, State Banks of Indonesian Government in 2018 have an excellent condition in overall, so they will be able to overcome the liabilities issue.

Keywords: Bank Soundness, Risk Based Bank Rating, RGEC method, State Banks of Indonesian Government (Banks of SOE)

ABSTRAK

Penelitian ini bertujuan untuk mengevaluasi tingkat kesehatan bank milik pemerintah Indonesia berdasarkan peraturan Bank Indonesia No.13/1/PBI/2011 tentang Penilaian Kesehatan Keuangan Bank menggunakan pendekatan Risk Based Bank rating (RBBR) dengan penilaian terhadap faktor Risk Profile, Good Corporate Governnace, Earnings, and Capital. Jenis penelitian ini merupakan penelitian deskriptif dengan pendekatan kuantitatif. Populasi penelitian ini adalah bank milik pemerintah Indonesia. Sampel dari penelitian ini adalah BNI, BRI, Bank Mandiri, and BTN. Data yang digunakan adalah data sekunder berupa laporan keuangan tahunan dan laporan tahunan. Pengolahan data menggunakan software Microsoft Excel dan dianalisis menggunakan teknik kuantitatif deskriptif. Penelitian ini menemukan bahwa penilaian terhadap faktor Risk Profile yang dipresentasikan oleh NPL, IRR, LDR, LAR, dan CR rasio pada BNI, BRI dan Bank Mandiri diklasifikasikan sangat sehat sedangkan BTN sebagai sehat. Peringkat LDR menunjukkan hanya BTN yang dikategorikan tidak ideal. Penilaian terhadap 11 aspek Good Corporate Governnace pada Bank Mandiri dikategorikan sangat sehat sedangkan BNI, BRI, dan BTN berada dalam kategori sehat. Penilaian terhadap faktor Earnings menggunakan ROA dan NIM rasio, serta faktor Capital menggunakan CAR rasio menghasilkan BNI, BRI, Bank Mandiri, dan BTN berada dalam kategori sangat sehat. Secara keseluruhan bank milik pemerintah Indonesia pada tahun 2018 memiliki kondisi sangat baik sehingga mampu mengatasi permasalahan liabilitas.

Kata Kunci: Kesehatan Bank, Risk Based Bank Rating, metode RGEC, Bank milik pemerintah Indonesia (Bank BUMN)

INTRODUCTION

The welfare of the people who domiciled in a country becomes the duty and responsibility of that country. Through efforts to prosper the individuals, the country conjointly develops its nation to be able to compete with other countries. The accomplishment of people's welfare can be seen through the applied performance of the government in serving and providing facilities and infrastructures as well as qualified propensity for the people.

Indonesian government have big responsibility to provide decent life to every soul domiciled in Indonesia. Therefore, State-Owned Enterprises (Badan Usaha Milik Negara) owned by the Indonesian government focus on community welfare and country well-being. The institutions have major purpose of holding government affairs in the fields of a state-owned enterprises in order to assist the President in organizing state government. Therefore, the State-Owned Enterprises of Indonesia are agent of development to carry out its role beneath 113 companies, which divided into 14 different business fields. SOEs in the financial service sectors are state-owned enterprises engaged in the banking industry, insurance, financing services and guarantor services. Kasmir (2012: 29) stated that State-Owned Banks are banks that the deed of incorporation and/or its capital are owned by the government, so the bank profit is possessed by the government as well.

In 2018, the four State banks of Indonesian Government were contribute to gaining significant debt of SOEs. Based on Ministry of State-Owned Enterprise in 2018, total liability of SOEs was risen 16,2% into Rp5.604 trillion compared to the prior year, 2017 which produced Rp4.823 trillion of liability. In accordance with liability produced by State-Owned Enterprise in 2018, BRI held the highest liability of SOE company with amount of Rp1.111 trillion Rupiah then followed by Bank Mandiri with liability of Rp1.017 trillion Rupiah. Subsequently, BNI and BTN also commit in rised up the SOEs debt with added the value of Rp698 trillion Rupiah and Rp282 trillion Rupiah.

Maintaining the soundness level of the bank is an essential aspect for a country. Because when the health level of banks is under standard, it could weaken the entire banking system and create the possibility of the country to be more exposed to financial crises (Park, 2017). To preserve the proficient condition of the bank, the corporate needs to evaluate the bank's performance through analysing its financial statement.

Darsono and Ashari (2005: 27), company performance refers to the description of the company's financial position and shows the results of operations over a certain period obtained by analyzing financial statements. For Bank Indonesia, assessing the health level is available as an instrument of policy determination and fulfillment of banking supervision (Darmawi, 2011).

Banks as an intermediary institution and the benchmark of economics need to evaluate the corporate performance periodically. In 2011, Bank Indonesia as a central bank created regulation No.13/1/PBI/2011 about measuring the healthiness level of commercial banks in Indonesia. The Regulation of Bank Indonesia No.13/1/PBI/2011 constrain commercial banks to done self-assessment using risk approach while determining the healthiness level of the bank. The measurement of banking performance using risk approach referred to *Risk-Based Bank Rating* then abbreviated into *RBBR*. The RBBR approach is composed of four indicators as the material for assessing the soundness level of the bank, including *Risk Profile*, *Good Corporate Governance*, *Earnings*, and *Capitals* known as *RGEC* method. The assessment through *Risk Profile* is to determine the implementation of managing risk in the operational management of the bank. While, *Good Corporate Governance* is useful for knowing how capable the management governance of the bank. Subsequently, the *Earnings* is intended to analyze the ability of banks in gathering its profit and *Capitals* is used to illustrate the capital adequacy of the bank.

The explanation above shows how important to evaluate the healthiness level of commercial banks. Moreover, banks under State-Owned Enterprises who act as an agent of development are required to optimize its performance in order to enlargement the economic growth. Several studies were conducted to evaluate the healthiness level of State Bank of Indonesian Government yet deficient done when the liability of SOE was significantly increase.

According to the argument above, the title of this study is "*Evaluation of State Bank Performance Based on The Regulation of Bank Indonesia Number:13/1/PBI/2011 (A Study on State Bank of Indonesian Government in 2018)*".

LITERATURE REVIEW

Bank

The bank is the fundamental provider of liquidity and credit to the business both to individual and public sector stated by Zhelyazkova and Kitanov (2015). According to Kasmir (2008:2) on Engelbert Tuwo and J. Tumewu (2018), bank is a financial institution which runs a business through collecting funds from society in the term of saving and then redistribute it to society, along with another banking service. The function of Bank as illustrated by Budisantoso (2006) are agent of trust, agent of development and agent of service.

Financial Statement

Murhadi (2013), a financial statement is a business language, a financial report which contains information about the financial position of a company that can be shared with the user and understood by the user so interested party could recognize the level of financial health within the company. Stated by Brigham and Houston (2010:84), a financial statement consists of several papers with numbers inside, which essential to consider real assets of the company behind those numbers. The purpose of a financial statement is to provide information related to financial position, financial performance, and the change in the financial position of a company whereas beneficial for the user while making an economic decision, according to Pernyataan Standar Akuntansi Keuangan (2017).

Types of Financial Statement

Types of financial statements of a company are distinguished by the purpose and objectives of using the financial statement. Each financial statement has a specific meaning as it reflects the shape of the company financial in detail. According to Kasmir (2016:28), there are five types of financial statement are :

1. *Balance Sheet*
2. *Income Statement*
3. *Capital Statement*
4. *Cash Flow Statement*
5. *Report Notes of Financial Statement*

Bank Performance Level

According to European Central Bank (2010) on Tomuleasa (2019), bank performance refers to the ability to generate feasible profitability as its essential for maintaining ongoing activity for investors to accomplish

advantageous returns as well as for supervisors in ensuring a resilient financial framework.

Risk Based Bank Rating Method

The Regulation of Bank Indonesia Number: 13/1/PBI/2011 stated RBBR approach agreed to be the indicators for evaluating the bank soundness. RBBR is incorporated by *Risk Profile, Good Corporate Governance, Earnings, and Capital*, or abbreviated as RGEC.

1. Risk Profile

Based on Circular Letter of Bank Indonesia Number: 13/24/DPNP/2011, assessment of risk profile indicator consists of 8 risk factors, namely credit risk, market risk, liquidity risk, operational risk, legal risk, strategic risk, compliance risk, and reputation risk. This study measured Risk Profile through credit risk represented by Non Performance Loan ratio (NPL) , market risk represented by Interest Rate Risk ratio (IRR), and liquidity risk represented by Loan to Deposit Ratio ratio (LDR), Loan to Asset Ratio ratio (LAR), Cash Ratio ratio (CR).

a. Non Performance Loan (NPL)

According to Ozili (2018), NPL plays an important role as overall, it reflects the credit quality of the loan portfolio for the banking industry in a country.

$$NPL = \frac{\text{Non - Performing Loan}}{\text{Total Credits}} \times 100\%$$

Table 1. NPL Ratio Parameter Criteria

Rank	Criteria	Category
1	$NPL < 2\%$	Very Healthy
2	$2\% \leq NPL < 5\%$	Healthy
3	$5\% \leq NPL < 8\%$	Quite Healthy
4	$8\% \leq NPL < 12\%$	Less Healthy
5	$NPL \geq 12\%$	Unhealthy

b. Interest Rate Risk (IRR)

Interest rate risk of bank displays the extent to which changes influence its financial position in market interest rates. The change in market rate risk might come

from the impact of changing on the value of bank assets, liabilities and off-balance sheet as well as significations of mobilizations in market rates for the future cash flow which might be obtained by a bank (B English, 2002).

$$IRR = \frac{\text{Rate Sensitive Assets}}{\text{Rate Sensitive Liabilities}} \times 100\%$$

Table 2. IRR Paramater Criteria

Rank	Criteria	Category
1	$IRR > 45\%$	Strong
2	$41\% < IRR \leq 45\%$	Satisfactory
3	$36\% < IRR \leq 40\%$	Fair
4	$31\% < IRR \leq 35\%$	Marginal
5	$< 30\%$	Unsatisfactory

c. Loan to Deposit Ratio (LDR)

Kasmir (2008:134), LDR is the ratio used to measure the composition of the amount of credit given divided by the amount of fund and capital used. LDR can adversely affect liquidity risk while it can positively alter bank soundness (Chaniago and Widyantoro, 2017).

$$LDR = \frac{\text{Total Credit}}{\text{Total Third Parties Fund}} \times 100\%$$

Table 3. LDR Ratio Parameter Criteria

Rank	Criteria	Category
1	$LDR \leq 75\%$	Not Ideal
2	$75\% < LDR \leq 85\%$	Ideal
3	$85\% < LDR \leq 100\%$	Quite Ideal
4	$100\% < LDR \leq 120\%$	Not Ideal
5	$LDR > 120\%$	Not Ideal

d. Loan to Asset Ratio (LAR)

LAR is a ratio used to measure the level of bank liquidity in fulfilling a proposed loan

using the entire assets in hand by the Bank (Ramadaniar, Topowijono, and Husaini, 2013). The higher the value of LAR indicates the greater the amount of assets needed to financed extension credit.

$$LAR = \frac{\text{Total Credits}}{\text{Total Assets}} \times 100\%$$

Table 4. LAR Parameter Criteria

Rank	Criteria	Category
1	$50\% < LAR \leq 75\%$	Very Good
2	$75\% < LDR \leq 85\%$	Good
3	$85\% < LDR \leq 100\%$	Good Enough
4	$100\% < LDR \leq 120\%$	Not Good
5	$LDR > 120\%$	Not Good

e. Cash Ratio (CR)

Cash Ratio (CR) is a ratio used to measure the capacity of the bank in meeting its demanded liquidity due to withdrawal funds of third parties using liquid assets (Jumingan, 2011:244).

$$CR = \frac{\text{Liquid Assets Controlled}}{\text{Third Party Funds}} \times 100\%$$

Table 5. CR Paramater Criteria

Rank	Criteria	Category
1	$CR \geq 4,8\%$	Very Good
2	$4,8\% < CR \leq 4,05\%$	Good
3	$4,05\% < CR \leq 3,30\%$	Good Enough
4	$3,30\% < CR \leq 2,55\%$	Not Good
5	$CR < 2,55\%$	Not Good

2. Good Corporate Governance

The implementation of good corporate governance for banks both in a developed and

developing country is very important since the high quality of good corporate governance implementation could positively affect bank performance, therefore, the improvement of bank soundness takes place. Stated by Circular Letter of Bank Indonesia No. 13/24/DPNP/2011, the assessment of good corporate governance is the measurement of bank management quality over applied principles by the bank.

Table 6. GCG Paramater Criteria

Rank	Criteria	Category
1	GCG < 1,50%	Very Good
2	1,50% ≥ and < 2,50%	Good
3	2,50% ≥ and < 3,50%	Acceptable
4	3,50% ≥ and < 4,50%	Poor
5	4,50% ≥ and < 5%	Very Poor

3. Earnings

The performance of earnings is the capacity of the bank to generate profits from operational activities along with non-operational activities (Martono, 2013:85). This study used ROA (Return on Asset) and NIM (Net Interest Margin) ratio to calculate earnings factor.

a. Return On Asset (ROA)

Return on Asset is used to determine the capability of bank management in utilizing its total assets to earn overall profit and income.

$$ROA = \frac{Net\ Income}{Average\ Total\ Assets} \times 100\%$$

Table 7. ROA Paramater Criteria

Rank	Criteria	Category
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1	$ROA > 1,50\%$	Very Good
2	$1,25\% < ROA \leq 1,5\%$	Good
3	$0,5\% < ROA \leq 1,25\%$	Acceptable
4	$0\% < ROA \leq 0,5\%$	Poor
5	$ROA \leq 0\%$	Very Poor

b. Net Interest Margin (NIM)

The ratio of NIM is used to measure the ability of the bank to generate net interest income by allocating productive assets owned by the company (Taswan, 2010:561).

$$NIM = \frac{Net\ Interest\ Income}{Average\ Total\ Productive\ Assets} \times 100\%$$

Table 8. NIM Paramater Criteria

Rank	Criteria	Category
1	$NIM > 3\%$	Very Good
2	$2\% < NIM \leq 3\%$	Good
3	$1,5\% < NIM \leq 2\%$	Acceptable
4	$1\% < NIM \leq 1,5\%$	Poor
5	$NIM \leq 1\%$	Very Poor

4. Capital

The measurement of capital factor includes the capital adequacy evaluation management. In terms of assessment, banks are demanded to follow provisions of Bank Indonesia regarding minimum capital requirement (Kewajiban Penyediaan Modal Minimum) for commercial banks.

$$CAR = \frac{Core\ Capital(Tire\ 1) + Supplementary\ Capital(Tire\ 2)}{Risk\ Weighted\ Assets} \times 100\%$$

Table 9. CAR Paramater Criteria

Rank	Criteria	Category
1	$12\% < CAR$	Verry Good
2	$9\% < CAR \leq 12\%$	Good
3	$8\% \leq CAR \leq 9\%$	Acceptable
4	$9\% \leq CAR < 6\%$	Poor
5	$CAR < 6\%$	Very Poor

Definition of Badan Usaha Milik Negara (BUMN)

State Own Entreprises (SOEs)/*Badan Usaha Milik Negara* (BUMN) greatly contributes in Indonesian economy. SOEs are required to pay attention to national interest. In terms of running its function, SOEs should be in healthy condition and have advance good corporate management to able to assist the performance of the President.

RESEARCH METHOD

Types of Research

The types of research used is descriptive research with a quantitative approach. The research method of descriptive with quantitative approach used if the purpose is to describe or explain an event or an events that is happening at the present time in the form of meaningful numbers, according to Nana Sudjana (1997: 53).

Population and Sample

The population in this research is State Bank of Indonesian Government. Sample in this study are four State-Owned Banks namely PT Bank Negara Indonesia (Persero) Tbk., PT Bank Rakyat Indonesia (Persero) Tbk., PT Bank Mandiri (Persero) Tbk., and PT Bank Tabungan Negara (Persero) Tbk.

Location and Period of Research

The study was conducted in Indonesia Stock Exchange (IDX) in the period of 2018.

Types and Source of Data

This study used secondary data in the form of annual financial statements and annual reports. The secondary data used in this study were the

published annual financial statements and annual reports of PT Bank Mandiri (Persero) Tbk., PT Bank Negara Indonesia (Persero) Tbk., PT Bank Rakyat Indonesia (Persero) Tbk., and PT Bank Tabungan Negara (Persero) Tbk., on the period of 2018.

Method of Data Collection

The study used documentation as the method of data collection. Documentation method is a method used to mark historical data deriving from letters, reports, mementos and also theoretical data from books, literature review and other related materials allied with the issue of this study.

Data Analysis Technique

The technique used to analyze data in this study is descriptive quantitative. These are the followings steps :

1. Compiling the annual financial report and annual report, which ended in December 2018 from PT Bank Negara Indonesia (Persero) Tbk., PT Bank Rakyat Indonesia (Persero) Tbk., PT Bank Mandiri (Persero) Tbk., and PT Bank Tabungan Negara (Persero) Tbk.
2. Analyzing Risk Profile factor by measuring Credit Risk by calculating the Non-Performing Loan (NPL), Market Risk by calculating the Interest Rate Risk (IRR), Liquidity Risk by calculating the Loan to Deposit Ratio (LDR), Loan to Asset Ratio (LAR) and Cash Ratio (CR).
3. Analyzing Good Corporate Governance factor through three governance system aspects including governance structure, governance process and governance outcome which included in the annual reports.
4. Analyzing Earnings factor through the calculation of Return on Asset (ROA) and Net Interest Margin (NIM).
5. Analyzing Capital factor through the calculation of Capital Adequacy Ratio (CAR).
6. Ranking the result gathered from the measurement of NPL, LDR, LAR, CR, IRR, GCG, ROA, NIM and CAR in accordance with Bank Indonesia Circular Letter No.6/23/DPNP/2011.
7. Determining the composite rating of healthiness level of PT Bank Negara Indonesia (Persero) Tbk., PT Bank Rakyat

Indonesia (Persero) Tbk., PT Bank Mandiri (Persero) Tbk., and PT Bank Tabungan Negara (Persero) Tbk., which congruence with the regulation by Bank Indonesia No.13/1/PBI/2011 in Article 9. Drawing conclusion from the measurement of bank health level among the State-Owned Banks of Indonesia in 2018.

RESEARCH RESULTS AND DISCUSSION

1. Risk Profile

a. Non- Performance Loan

State Bank	NPL Ratio	Rank	Category
BNI	1,96%	1	Very Healthy
BRI	1,17%	1	Very Healthy
Bank Mandiri	1,81%	1	Very Healthy
BTN	2,82%	2	Healthy

The NPL of BNI, BRI, Bank Mandiri, and BTN are below 5%, which is the standard NPL

value decided by Bank Indonesia. Small value of NPL reflects as credit risk faced by the bank, while higher NPL ratio value will indicate greater loss provision and diminished profitability of the bank.

b. Interest Rate Risk

State Bank	IRR Ratio	Rank	Category
BNI	97,42%	1	Strong
BRI	116,64%	1	Strong
Bank Mandiri	103,82%	1	Strong
BTN	108,94%	1	Strong

BRI has hold the highest value of IRR with 116.64%. Beside BRI, both Bank Mandiri and BTN also have sharp value of IRR on 103.82% and 108.94% respectively. The level of the IRR for BNI is not as bad as BRI, Bank Mandiri, and BTN. Compared to other State-

Owned Banks, BNI reaches the lowest IRR value of 97.42%. The great IRR value of BRI indicates that BRI has a vital risk of falling interest rates as well as has a high possibility of suffering from losses if interest rates decline.

c. Loan to Deposit Ratio

BNI gained 88.6% of LDR higher than BRI with 86.8%. Bank Mandiri with 95.1% LDR ratio also indicated as quite ideal. On the other hand, BTN is the only State-Owned Bank which is

declared in the not ideal category with 103.4% of LDR.

State Bank	LDR Ratio	Rank	Category
BNI	88,6%	3	Quite Ideal
BRI	86,8%	3	Quite Ideal
Bank Mandiri	95,1%	3	Quite Ideal
BTN	103,4%	4	Not Ideal

d. Loan to Asset Ratio

State Bank	LAR Ratio	Rank	Category
BNI	63,42%	1	Very Good
BRI	63,23%	1	Very Good
Bank Mandiri	66,50%	1	Very Good
BTN	77,59%	2	Good

BTN is the only State-Owned Bank who is classified as good with LAR value of 77.59%. BRI owned the smallest value of LAR among State-Owned Banks with 63.23% then followed by BRI of 63.23% and Bank Mandiri with value of 66.50%.

e. Cash Ratio

Bank Mandiri in 2018 has 12.13% value of CR, which is the highest CR value among State-Owned Banks of Indonesia. Furthermore, the second highest of very healthy CR is achieved by BRI at 11.78%, and then followed by BNI and BTN with 10.85% and 7.49% respectively.

State Bank	CR Ratio	Rank	Category
BNI	10.85%	1	Very Healthy
BRI	11.78%	1	Very Healthy
Bank Mandiri	12.13%	1	Very Healthy
BTN	7.49%	1	Very Healthy

2. Good Corporate Governance

State Bank	GCG Score	Category
BNI	2	Good
BRI	2	Good
Bank Mandiri	1	Very Good
BTN	2	Good

State Bank of Indonesian Government generally achieved good category with GCG scores of 2. BNI, BRI, and BTN were categorized as good with GCG score of 2 while Bank Mandiri was the only one obtained GCG score of 1 which categorized as very good.

3. Earnings

a. Return on Asset (ROA)

State Bank	ROA Ratio	Rank	Category
BNI	2,61%	1	Very Good
BRI	3,44%	1	Very Good
Bank Mandiri	2,92%	1	Very Good
BTN	1,27%	2	Good

The highest ROA value has reached by BRI with value of 3.44% then followed by Bank Mandiri with 2.92% ratio of ROA. Subsequently, BNI follows with value of 2.61%. however, BTN was the only one below 2% with the value of 1.27%.

b. Net Interest Margin (NIM)

State Bank	NIM Ratio	Rank	Category
BNI	4,34%	1	Very Good
BRI	6,42%	1	Very Good
Bank Mandiri	3,79%	1	Very Good
BTN	4,22%	1	Very Good

The average of NIM ratio of State Bank of Indonesian Government is 3.75%. BRI achieve the highest value of NIM with 6.42%. BNI and BTN followed with the value of NIM ratio of 4.34% and 4.22% respectively. The smallest of NIM ratio but still in very good condition held by Bank Mandiri with ratio of 3.79%.

4. Capital

The value of CAR ratio of BRI reach level at 21.35%. Bank Mandiri follows with value of CAR of 20.46%. BNI and BTN had close value of CAR which is 18.57% and 18.21% respectively.

State Bank	CAR Ratio	Rank	Category
BNI	18,57%	1	Very Good
BRI	21,35%	1	Very Good
Bank Mandiri	20,46%	1	Very Good
BTN	18,21%	1	Very Good

Discussion

This research found that the Composite Rating of BNI and BRI were in the same level of 93.3% while Bank Mandiri higher with value of 95.6%. BTN was gained 86.7%, smallest compared to others. Based on the measurement of healthiness level at all State Bank of Indonesian Government through Risk Profile factor, Good Corporate Governance factor, Earnings factor, and Capital factors of BNI, BRI, Bank Mandiri and BTN were classified in the Composite Rating of 1 (CR-1). This condition reflect that Bank is in very healthy condition so that proficient to face high significance of negative influence due to changing in business environment as well as other external factors.

Research Implication

Based on the measurement of soundness level of Banks by using RGEC method, Risk Profile factor has an assessment toward liquidity risk. The evaluation over liquidity risk produce ratio which shows wether Bank is capable in liquid while paying of long-term and short-term debt without disrupting the activities and financial condition of the bank.

After done the valuation of LDR, LAR, and CR ratio, this study found that all State Bank of Indonesian Government were not having significant issue in handling the debts problem. Even though BTN was in not ideal condition according to LDR valuation, but BTN still able in paying all the debts by utilizing the liquid asset controlled and financed the credit growth using its capital.

CONCLUSION & SUGGESTIONS

Conclusions

1. Based on the evaluation of healthiness level using RGEC method at PT Bank Negara Indonesia (Persero) Tbk, has found a result that Risk Profile, Earnings, and Capital factors are classified as very healthy. However, the GCG factor only reach the category of healthy. In overall, its soundness level is in very healthy condition with Composite Rating 1 (CR-1).
2. Based on the evaluation of healthiness level using RGEC method at PT Bank Rakyat Indonesia (Persero) Tbk, has found a result that Risk Profile, Earnings, and Capital factors are classified as very healthy. However, the GCG factor only reach the category of healthy. In overall, its soundness level is in very healthy condition with Composite Rating 1 (CR-1).
3. Based on the evaluation of healthiness level using RGEC method at PT Bank Mandiri (Persero) Tbk, has found a result that Risk Profile, GCG, Earnings, and Capital have achieve very healthy category for each. Therefore, its soundness level is in very healthy condition with Composite Rating 1 (CR-1).
4. Based on the evaluation of healthiness level using RGEC method at PT Bank Tabungan Negara (Persero) Tbk, has found a result that Earnings and Capital factors are indicate as very healthy. Meanwhile, Risk Profile and GCG factors only classified as healthy. However, after done the measurement of RGEC method as a whole then discovered that this bank is in very healthy condition with Composite Rating 1 (CR-1).

Suggestions

1. Recommended for PT Bank Negara Indonesia (Persero) Tbk., PT Bank Rakyat Indonesia (Persero) Tbk., and PT Bank Tabungan Negara (Persero) Tbk. to improve the implementation of GCG factors as this can increase the service quality of Banks whereas work units inside corporate fully understand their duties and responsibilities so that lead to Banks which sustained in business.
2. Recommended for PT Bank Tabungan Negara (Persero) Tbk to able in maintaining a balance between the disbursed loans and the funds collected in the near future.

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