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RGEC Analysis in Assessing The Health of Bank Before and During The Covid-19 Pandemic

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ABSTRACT

This study aims to assess the financial performance of state-owned banks consisting of Bank Rakyat Indonesia (BRI), Bank Negara Indonesia (BNI), Bank Savings State (BTN), Bank Mandiri. This research is a research using a quantitative approach. The object of this research is a state-owned bank listed on the Indonesia Stock Exchange for the 2018-2021 period. The data collection technique used is through the documentation method. The data source used is secondary from the annual financial statements obtained through the official website of the Indonesia Stock Exchange. The analysis technique uses the calculation of the RGEC method. The results of this study are expected to be able to show how the condition of the soundness level of state-owned banks listed on the Indonesia Stock Exchange (IDX) for the 2018-2021 period through the RGEC method is carried out. This analysis is also expected to be used as a reference for state-owned banks in assessing the soundness of banks. Aspects of the Risk Profile of state-owned banks during the 2018-2021 period are in a quite healthy with an average NPL value of 3.05%, 1.48%, 2.75%, and 3.75%, respectively. Then the average IRR values are 110.2%, 305.8%, 110.6%, and 112.8%, respectively. And lastly, the average LDR values were 89.71%, 82.49%, 105.11%, and 92.30%. The GCG aspects of state-owned banks during the 2018-2021 period are 2,2,1, and 2, so that in general they are said to be good. Aspects of BUMN bank earnings during 2018-2021 are in a healthy condition with average ROA values of 1.72%, 2.78%, 1.23%, and 0.72%, respectively. And the average NIM scores are 5.12%, 8.59%, 4.54%, and 3.86%, respectively. The capital aspect during 2018-2021 is in a healthy condition with the average CAR values of 18.69%, 22.41%, 20.46%, and 18.50%, respectively.

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INTRODUCTION

Bank soundness is one of the most important products and requires regulatory oversight worldwide. Banking conditions during the Covid-19 pandemic and the new normal era were enough to make a lot of guesses about the actual health condition of national banks, especially state-owned banks or banks owned by the Indonesian government. Banking companies classified as State-Owned Enterprises (BUMN), namely PT. Bank Rakyat Indonesia (Persero) Tbk., PT. Bank Mandiri (Persero) Tbk., PT. Bank Negara Indonesia (Persero) Tbk., PT. State Savings Bank (Persero) Tbk.

In addition to preventing bankruptcies, bank health assessments can also attract investors in the future, because by conducting a bank health assessment, investors will get quite important information from banking performance, such as information on bank management performance in generating profits or asset management. banking sector and this will be considered by investors to invest in the bank.

The soundness of banks in the banking industry needs to be assessed. One of the sources that can be used to assess the health of a bank is to analyze the bank's financial statements. The results of the analysis of financial statements will provide information about the weaknesses and strengths of the bank. By knowing the weaknesses, bank management will be able to improve or cover up these weaknesses. Then the strength of the company must be maintained and even increased. Assessment of bank soundness based on Risk Based Bank Rating or better known as RGEC, which consists of Risk Profile (Risk Profile), Good Corporate Governance (GCG), Earning (Rentability), and Capital (Capital).

The Risk Profile assesses the inherent risk and quality of risk management implementation in bank operational activities. There are eight types of risk assessed, namely, credit risk, market risk, liquidity risk, operational risk, legal risk, strategic risk, compliance risk, and reputation risk. The factor of Good Corporate Governance is to assess the quality of bank management on the implementation of GCG principles that have been set by Bank Indonesia. Earning factor (Rentability) assesses the bank's ability to generate profits in one period. Factor Capital (Capital) is an evaluation of the adequacy of capital management (Bank Indonesia Regulation No.13/I/PBI/2011).

An unhealthy bank will create systemic risk. Systemic risk is the risk of financial instability that is so widespread that it disrupts the functioning of the financial system to the point where economic growth and public prosperity are materially disrupted. The systemic impact based on PBI number 10/31/PBI/2008 is the potential for the spread of financial problems (contagion effect) from one troubled bank to another, either directly or indirectly, resulting in liquidity difficulties for other banks and potentially causing a loss of confidence in banking system and threaten the stability of the financial system.

The assessment of the soundness of banks using the RGEC method is very effective as a revision used by Bank Indonesia in observing the health condition of the banking world because of the difference with the previous method, namely in a more specific risk assessment by including operational risk in the assessment of the soundness level. Bank Indonesia wants banks to be able to identify problems early, carry out appropriate and faster follow-up improvements, and implement Good Corporate Governance (GCG) and guarantee better risks so that banks are more resilient in facing crises. Bank assessment on RGEC can be called a bank health research model that is loaded with risk management. According to BI in the PBI, bank management needs to pay attention to general principles as the basis for assessing the soundness of a bank, namely risk-oriented, proportionality, materiality and significance, as well as comprehensive and structured.

Assessment of the bank's soundness level can be measured from various aspects, one of which is how much profit it makes, and how much it meets capital adequacy. Based on this description, the formulation of the problem in this study is how the RGEC analysis is used to assess the soundness of state-owned banks before and during the Covid-19 pandemic.

The objective of this study was to determine the soundness of state-owned banks listed on the Indonesia Stock Exchange (IDX) for the 2018-2021 period using the RGEC method.

MATERIALS AND METHODS

The object of research is a material used in a research activity that aims to obtain data. The object of research in this study is the financial statements and annual reports of state-owned banks for 2018-2021. The state-owned banks consist of Bank BRI, Bank BNI, Bank BTN, and Bank Mandiri. The reason the author chooses the object of this research is because the author wants to analyze the health level of the bank before the covid pandemic and after the covid pandemic.

Average comparison analysis, used to compare the average of independent samples or paired samples by calculating the t-test and displaying the two-way probability of the difference between the two averages. To compare the health of state-owned banks before and after the Covid-19 pandemic, researchers used an independent sample t-test to find out the difference between the averages of the two data groups.

RESULTS AND DISCUSSION

According to the results of the RGEC ratio, the highest percentage of NPL credit risk from the four banks from 2018 to 2021 is 4.50% owned by the State Savings Bank (BTN) in 2019. While the lowest NPL is in 2018 to 2021 with a value of 1, 22% owned by Bank Mandiri in 2018. If the bank ratio is low, it shows that there are more current loans than bad loans, and the potential profit will be even greater. Judging from market risk using the IRR ratio, the highest score was obtained from the four state-owned banks from 2018 to 2021. The highest value was owned by Bank Rakyat Indonesia (BRI) of 869.6% in 2019, while the lowest was owned by Bank Negara Indonesia (BNI).) of 98.4% in 2021. According to the percentage of liquidity risk using the LDR ratio, the highest value from 2018 to 2021 is owned by Bank Mandiri of 108.68% in 2019, while the lowest value of LDR is 77.37% owned by Bank Rakyat Indonesia (BRI) in 2020. This figure shows that the distribution of funds in the form of credit is optimal, but the bank's liquidity capacity is not good. This means that if the LDR ratio continues to increase, banks will find it difficult to meet their current obligations or find it difficult to pay off their short-term debt, so the bank must improve its performance again.

The determination of the GCG factor rating is carried out based on an analysis of: the implementation of the bank's GCG principles, the adequacy of governance on the structure, process, and results of the implementation of GCG at the bank, and other information related to the bank's GCG based on other data and information. tied to the bank's GCG based on relevant data and information. The GCG factor ratings are categorized into five ratings in accordance with Bank Indonesia Circular Letter No. 13/24/DPNP/2011. When viewed from the results of the study, all state-owned banks studied had good ratings and composite scores. Bank BNI, BRI and BTN have a rating of 2 which is categorized as good, this means that the bank's management has implemented good governance in general. This is reflected in adequate compliance with the principles of Governance. In the event that there are weaknesses in the application of the principles of Governance, in general, these weaknesses are less significant and can be resolved by normal actions by the Bank's management. Bank Mandiri from 2018 to 2021 was ranked 1 which was categorized as very good. This means that the Financial Conglomerate is considered to have implemented Integrated Governance which is generally very good. Assessment of the implementation of TKT is carried out by Bank Mandiri by involving all Subsidiaries. The Bank Mandiri conglomerate has implemented TKT which is generally very good, namely by having fulfilled the three aspects of TKT consisting of aspects of structure, process and results.

The ratios used to analyze bank profitability are ROA and NIM. Based on data results, the highest percentage of ROA of the four state-owned banks from 2018-2021 is owned by Bank Rakyat Indonesia at 3.44% in 2018, while the lowest ROA of 0.13% is owned by the State Savings Bank (BTN) in 2019, meaning banks are not efficient in generating profits. The higher the ROA value, the higher the net profit generated from each rupiah of funds embedded in total assets, and the bank is also considered to have been efficient in using its assets in operating activities to generate profits. However, if the ROA value is low, then the bank is considered inefficient in managing its finances, so it does not get the maximum profit. For the NIM ratio, the highest value of 9.83% was obtained from Bank Rakyat Indonesia (BRI) in 2021, while the lowest was 3.22% from the State Savings Bank (BTN) in 2020, meaning that banks cannot use productive assets efficiently. to make a profit. The greater this ratio, the higher interest income on earning assets managed by the bank so that the possibility of a bank in a problematic condition is getting smaller.

To analyze the capital, the CAR ratio is used. The highest percentage of the four banks from 2018 to 2021 is owned by Bank Rakyat Indonesia (BRI) at 25.28% in 2021, while the lowest is owned by

Bank Negara Indonesia at 16.78% in 2020. The higher the bank's CAR, the better the level of the health of the bank. If the bank's CAR value is high, it means that the bank has sufficient reserves to absorb a reasonable number of losses before they go bankrupt.

Based on the analysis of the soundness of state-owned banks using the RGEC method, it can be seen that LDR is the ratio used to measure the composition of the amount of credit given compared to the amount of public funds and own capital used. Based on the calculation of the LDR of state-owned banks before and after the COVID-19 pandemic, it shows that the liquidity aspect produced by each bank has a fairly healthy predicate. 2018-2019 is the year the COVID-19 pandemic has not yet occurred, so the LDR value for state-owned banks tends to be healthy. While 2020-2021 is the year affected by COVID-19, so the LDR value of banks tends to be quite healthy. When viewed as a whole, the development of state-owned banks' LDR during the COVID-19 pandemic experienced a downward trend.

CONCLUSIONS AND SUGGESTION

The state-owned banks are able to maintain their liquidity performance in the midst of a pandemic and can provide a positive signal for interested parties because it indicates that the bank's ability to repay funds withdrawals made by depositors is higher by relying on loans provided as a source of liquidity. This is inseparable from the bank's policy on credit restructuring for debtors affected by COVID-19 through the Credit Procedure memorandum regarding the national economic stimulus as a countercyclical policy due to the impact of the spread of COVID-19 which has been in effect since March 16, 2020 for a maximum period of 12 months.

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