



Analysis of the Health Level of State-Owned Banks Using the CAMELS Method Listed on the IDX for the 2020-2022 Period

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Abstract

This study aims to evaluate the health level of state-owned banks listed on the Indonesia Stock Exchange (IDX) during the 2020-2022 period using the CAMELS (Capital, Assets, Management, Earnings, Liquidity, and Sensitivity to Market Risk) method. The research sample consisted of 4 state-owned banks, namely Bank Mandiri, BRI, BNI, and BTN. The bank's financial data is obtained from the published quarterly financial statements. Each component of CAMELS is calculated and classified based on Bank Indonesia's criteria to determine the bank's health composite rating. The results of the study show that overall, state-owned banks have a good level of health during the 2020-2022 period. However, there are several indicators that show a decline in performance, especially in terms of liquidity and market risk sensitivity. This indicates the need for attention and improvement efforts in these aspects to maintain the stability and competitiveness of SOE banks in the future. The findings of this study are expected to provide valuable information for regulators, bank management, and other stakeholders in evaluating and improving the performance and compliance of state-owned banks with banking health standards.

Keywords: Health Level of Banks, SOEs, CAMELS Method, IDX

Introduction

Banking services are one of the facilities that are most enjoyed by all levels of society today. The need for the banking industry is very important because the many banking facilities are felt to be very helpful to its customers. For capital owners, banks are the safest option to secure their funds. Apart from the fact that their funds will be more and more at any time but also risk-free. The interest offered by banks is varied enough to attract people to save. The same thing is also felt by those who need fresh fund assistance. Banks provide credit facilities with loan interest rates that are considered not burdensome. This form of credit is also quite varied so that customers are more determined to determine what kind of credit they are looking for.

The role of banks to divert funds from savers to borrowers to be used in business, investment and other needs is expected to improve the welfare of its customers. Broadly speaking, banking in



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general has two roles. First, as a depository institution that accepts deposits, pays for and on behalf of depositors, and provides foreign exchange facilities. Second, banks also play a role as profit-oriented companies where banks provide liabilities products and provide loans to customers (Cashmere: 2019).

The bank's overall performance is an overview of the achievements achieved by the bank in its operations, both in terms of finance, marketing, fund collection and distribution, technology, and human resources. Financial statements describe the financial condition and business results of a company at a certain time or a certain period of time. This report is very useful, especially for owners, management, government, and the public as customers, to know the condition of the bank at a certain time. The decline in the performance of banks must be corrected immediately because if the decline in performance continues, of course, it will make the credibility of banking in the eyes of the public will decline even more. For banks that have experienced a sharp decline in performance, of course, it is only a matter of time to be liquidated if there are no efforts to improve their performance. Through bank health assessments, we can assess the bank's performance.

The health level of the bank can be assessed from several indicators. One of the main sources of indicators that are used as the basis for assessment is the financial statements of the bank concerned. Based on the financial statements, a number of financial ratios can be calculated that are commonly used as the basis for assessing the bank's health level. The results of the analysis of the financial statements will be

It helps to interpret various relationships and trends that can provide a basis for consideration of the company's potential for future success.

To assess the financial performance of banking companies in Indonesia, the assessment aspect is generally used using the CAMELS method. The assessment includes six factors, namely:

1. Capital
2. Asset *Quality*
3. Management
4. Profitability (*Earnings*)
5. Liquidity (Liquidity)
6. *Sensitivity to market risk*

This sixth factor has just emerged. Among these six factors, capital, *asset quality*, management, profitability, and liquidity are most often used in various studies due to the ease of calculation and availability of information.

Several studies on the financial performance of banks measured by CAMEL have been carried out in Indonesia. Fitria (2017) the results of the study show that capital is ranked 1 (very good). , Asset quality is assessed using the KAP ratio is ranked 2 (good). NPL ratio is ranked 3rd (quite good). , Rentability (earning) is assessed using the ratio of ROA, ROE, BOPO, and NIM is ranked 1 (very good). Liquidity is assessed using the LDR ratio at 1 (very good). Ahsan Putra Hafiz (2018) research shows that the assessment of the health level of Bank BNI Syari'ah using the CAMELS method shows a very healthy predicate on average.

Based on the description and phenomenon that has been stated above and the inconsistency of previous research results, the author is interested in conducting further research with the title



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"Analysis of the Health Level of State-Owned Banks with the CAMELS Method Listed on the IDX for the 2018-2020 Period".

Literature Review

1. Bank Health

According to Lubis (2019), bank health is the ability of a bank to operate normally and be able to fulfill all its obligations properly in accordance with applicable banking regulations. According to Santoso and Triandaru (2018), bank health can be defined as "the ability of a bank to carry out banking operational activities normally and be able to fulfill all its obligations properly in ways that are in accordance with applicable banking regulations."

In simple terms, a healthy bank is a bank that is able to carry out all banking functions, especially the intermediation function where the bank is able to collect public funds that have advantages and then distribute them in the form of credit to people in need.

According to Bank Indonesia Regulation no. 131/1/PBI/2011 concerning the assessment of the health level of commercial banks, article 1 paragraph 4 explains that what is meant by the health level of the bank is the result of an assessment of the bank's condition conducted on the bank's risk and performance. Meanwhile, according to the Financial Services Authority (OJK) regulation no. 8/POJK.03/2014 concerning the assessment of the health level of Sharia Commercial Banks and Sharia Business Units, Article 1 Paragraph 6 explains that the health level of banks is the result of an assessment of bank conditions carried out based on risk, including risks related to the application of sharia principles and bank performance or called *Risk-based Bank Rating*.

The above definition is a very broad limit, because bank health does include the ability of a bank to carry out all its business activities. These activities include:

1. Ability to raise funds from the community, from other institutions, and from their own capital;
2. Ability to manage funds;
3. Ability to distribute funds to the community;



4. Ability to fulfill obligations to the community, employees, capital owners, and other parties;
5. Compliance with applicable banking regulations.

A. Financial Statement Analysis

According to Subramanyam and John (2018:4), *financial statement analysis* is the application of analytical tools and techniques for general-purpose financial statements and related data to produce estimates and conclusions that are useful in business analysis. Financial statement analysis reduces reliance on hunches, guesswork, and intuition in decision-making, as well as reduces uncertainty in business analysis.

B. CAMEL Ratio

According to Kasmir (2019:52), the CAMEL Ratio is a ratio that describes a relationship or comparison between a certain amount or value with other amounts in the financial statements of a financial institution.

CAMEL Ratio Analysis is a bank financial analysis and bank performance measurement tool set by Bank Indonesia to find out about the health level of the bank concerned from various aspects that affect the condition and development of a bank by assessing the factors for assessing the health level of the bank. In other words, CAMEL is a tool to assess the financial performance of a company. The aspect of assessing the CAMEL ratio is found in each ratio to analyze the financial condition of a financial institution. The CAMEL method consists of five main aspects in assessing the state of a financial institution, which are as follows:

1. Capital Adequacy
2. Asset Quality
3. Management
4. Profitability (*Earnings*)
5. Liquidity
6. Sensitivity to Market Risk

C. Conceptual Framework

A conceptual framework is a model that describes how a theory relates to important factors that are known in a particular problem. Based on the review of theories and related research that explain the opposition to Bank Health Level Analysis with the CAMEL method, the author has compiled a framework chart



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of thought about Bank Health Level Analysis with the CAMEL method as shown in the following figure 1:

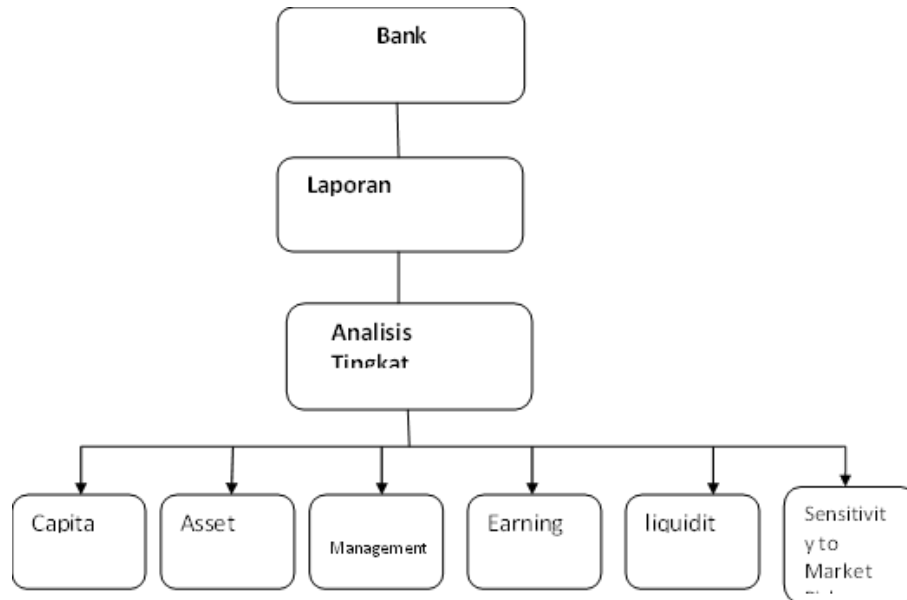


Figure 1. Conceptual Framework

From the image above, the author takes the problem from the bank by taking financial statements by analyzing the health level of the bank with the CAMEL method consisting of: Capital, Assets, Management, Rentability and Liquidity. From the five aspects, CAMEL will measure the health of the bank by explaining the results of the analysis and concluding from the results of the analysis with a conclusion.

Methods

A. Type of Research

This type of research is quantitative descriptive. According to Sugiyono (2019), the quantitative descriptive research method aims to describe a phenomenon, event, symptom and occurrence that occurs in a factual, systematic and accurate manner. Phenomena can be in the form of forms, activities, relationships, characteristics, as well as similarities and differences between phenomena. This study analyzes the health level of state-owned banks with *the Capital, Assets, Management, Earning and Liduidity* methods and sensitivity to *market risks* listed on the Indonesia Stock Exchange for the 2020-2022 period.

B. Population and Sample /Data Type and Source

According to Sugiyono (2019:61), population is a generalization area consisting of objects/subjects that have certain qualities and characteristics that are determined by the



researcher to be studied and then drawn conclusions. The population in this study is all State-Owned Commercial Banks listed on the Indonesia Stock Exchange during 2020-2022 totaling 5 companies.

1. Sample

Samples are part of the number and characteristics owned by the population (Sugiyono, 2019:62). The sample selection method in this study was carried out using *the purposive sampling method*, which is a sampling method based on certain criteria. The criteria for determining the sample are as follows:

- a. State-Owned Commercial Banks are listed on the Indonesia Stock Exchange during 2020-2022.
- b. State-Owned Commercial Banks that have complete financial data related to the variables studied during 2020-2022.

The sample selection process can be seen in the following table:

No	Issuer Name	Code	Criterion		Sample
			1	2	
1	Bank Negara Indonesia (Persero)	BBNI	√	√	Sample -1
2	Bank Rakyat Indonesia (Persero)	BBRI	√	√	Sample -2
3	Bank Mandiri (Persero) Tbk.	BMRI	√	√	Sample -3
4	Bank Tabungan Negara (Persero)	BBTN	√	√	Sample -4
5	PT Bank Raya Indonesia Tbk	AGRO	√	x	-

Sumber :www.idx.co.id

Based on the sample withdrawal criteria above, a research sample was obtained for 4 companies of Liki Negara Commercial Bank.

c. Types and Data Sources

1. Data types

The type of data used in the study is quantitative data. Quantitative data is a type of data that can be measured or calculated directly, which is information or explanations expressed in numbers or in the form of numbers. In this case, the quantitative data required is financial statements.

2. Data Source

The data source used in this study is secondary. Secondary data sources, namely data that is directly collected by researchers as support from the first source. It can also be said that data is compiled in the form of documents. In this study, the financial



statements of state-owned banks listed on the Indonesia Stock Exchange during 2020-2022.

D. Variable Operational Definition

To provide a clear picture and facilitate the implementation of this research, it is necessary to provide a definition of the operational variables to be studied. This study uses one dependent variable, two independent variables.

Variable name	Operational Definition	Indicator	Skala
<i>Capital</i>	is a ratio that shows how far all bank assets that contain risk (credits, inclusions, securities, and bills at other banks) are financed from the bank's own capital funds in addition to obtaining funds from sources Outside the bank	$\text{Capital} = \frac{\text{Total Equitas}}{100\% \text{ Third-Party Funds}} \times$	Race
Asset quality	Asset quality is "an important parameter to measure the strength of a bank". The main purpose behind the calculation of assets is to know exactly the part of Non <i>Performing Asset</i> as percentage of total assets.	$\text{NPL} = \frac{\text{Total Non-Performing Loans}}{100\% \text{ Total Loans Disbursed}} \times$	Race
<i>Management</i>	This aspect uses the <i>Net Profit Margin (NPM)</i> indicator. This ratio is measured by comparing the amount of net profit with operating income. The higher this ratio means the higher the operating income in generating net profit	$\text{NPM} = \frac{\text{Net Profit}}{100\% \text{ Total Sales}} \times$	Race

<i>Earnings</i>	The bank's ability to generate profits is one of the benchmarks in assessing the bank's health level. The higher the bank's profit, it is very indicative that the bank is a healthy bank and on the contrary, a bank that always loses money is very doubtful in running its business well, even very possible leading to bank liquidation.	$\text{ROA} = \frac{\text{Profit After Tax}}{100\% \text{ Total Asset}} \times$	Race
Likuiditas (Likuidity)	Demonstrate a company's ability to meet financial obligations that must be fulfilled immediately , or the company's ability to meet financial obligations at the time of billing.	$\text{LDR} = \frac{\text{Total Loans Disbursed}}{\text{Party Funds}} \times 100\% \text{ Third-}$	Race
<i>sensitivity to market risk</i>	The assessment of sensitivity to risk is an assessment of the bank's capital to anticipate the consequences caused by changes in market risk and the adequacy of market risk management.	$\text{RR} = \frac{\text{Rate Sensitive Assets} \times 100\%}{\text{Rate Sensitive Liabilities}}$	Race

Source : Dat Processed, 2023

The overall health level of the bank is known by calculating all related financial ratios and is classified based on the following criteria:

1. CAR

According to Bank Indonesia regulations, a commercial bank must have at least a CAR of 8%. The standard CAR ratio based on BI Circular Letter No. 6/23/DPNP/2004 is:

- a) Very Healthy : $\text{CAR} \geq 15\%$
- b) Sehat : $9\% \leq \text{CAR} < 15\%$
- c) Moderately Healthy : $8\% \leq \text{CAR} < 9\%$
- d) Less Healthy: $6\% < \text{CAR} < 8\%$
- e) Unhealthy : $\text{CAR} \leq 6\%$

2. *Non Performing Assets*

The standard NPA ratio based on BI Circular Letter No. 6/23/DPNP/2004 is:

- a) Sangat Sehat : $\text{NAP} \leq 3\%$



- b) Sehat : $3\% < \text{NAP} \leq 5\%$
- c) Cukup Sehat : $5\% < \text{NAP} \leq 8\%$
- d) Kurang Sehat : $8\% < \text{NAP} \leq 10\%$
- e) Tidak Sehat : $\text{NAP} > 10\%$

3. Return On Asset (ROA)

Standar rasio ROA berdasarkan Surat Edaran BI No. 6/23/DPNP/2004 adalah:

- a) Very Healthy: $\text{ROA} > 1.5\%$
- b) Healthy: $1.25\% < \text{ROA} \leq 1.5\%$
- c) Moderately Healthy : $0.5\% < \text{ROA} \leq 1.25\%$
- d) Less Healthy : $0\% < \text{ROA} \leq 0.5\%$
- e) unhealthy : $0\% \leq \text{ratio}$

4. Loan to Deposit Rasio (LDR)

The standard LDR ratio based on BI Circular Letter No. 6/23/DPNP/2004 is:

- a) Very Healthy : $50\% < \text{LDR} \leq 75\%$
- b) Sehat : $75\% < \text{LDR} \leq 85\%$
- c) Moderately Healthy : $85\% < \text{LDR} \leq 100\%$
- d) Less Healthy : $100\% < \text{LDR} \leq 120\%$
- e) Unhealthy : $\text{LDR} > 120\%$

5. NPL

NPL ratio standard

- a) Very Healthy: $\text{NPL} \leq 2\%$
- b) Sehat : $2\% < \text{NPL} \leq 3,75\%$
- c) Moderately healthy : $3.75\% < \text{NPLs} \leq 5\%$
- d) Unhealthy: $5\% < \text{NPLs} \leq 6.75\%$
- e) Unhealthy : $\text{NPL} > 6.75\%$

E. Data Collection Techniques

The type of data used in the study is secondary data. Secondary data is data obtained indirectly, namely through literature studies, literature from books and articles. Data is also obtained from the internet. secondary data obtained from www.idx.co.id site.

F. Data Analysis Techniques

According to Sugiono (2019:88) "data technique is a process of systematically searching and compiling financial statements". Data analysis is carried out through three stages, namely data reduction, data presentation and conclusion drawn.



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1. Data tabulation is the creation of tables that contain data that has been coded according to the analysis needed.
2. Calculating data is a process in calculating the numbers in financial statements.
3. Data analysis is a selection process, focusing attention on simplifying, abstracting, transforming rough data that emerges from field records. The steps taken are sharpening the analysis, classifying or categorizing into each problem through brief descriptions, directing, discarding unnecessary, and organizing the data so that it can be pulled and verified.
4. Data presentation is an activity when information conclusions are prepared, thus giving the possibility of drawing conclusions and taking actions. Conclusions are drawn by researchers continuously while in the field. From the beginning of data collection, qualitative researchers begin to look for the meaning of objects, record the regularity of patterns, explanations, possible configurations of causal flows, and proportions, these conclusions are handled loosely, remain open but conclusions have been provided.

Results

This study was conducted to evaluate the health level of state-owned banks listed on the Indonesia Stock Exchange (IDX) during the period 2020 to 2022. The analysis of the bank's health level was carried out using the CAMELS method, which included an assessment of aspects of Capital, Assets, Management, Earnings, Liquidity, and Sensitivity to Market Risk.

The research sample consisted of four leading state-owned banks, namely Bank Mandiri, Bank Rakyat Indonesia (BRI), Bank Negara Indonesia (BNI), and Bank Tabungan Negara (BTN). The bank's financial data is obtained from quarterly financial statements published during that time frame.

Each component of CAMELS is calculated and classified based on the criteria set by Bank Indonesia to determine the bank's health composite rating. The results of the study show that in general, state-owned banks have a good level of health during the 2020-2022 period.

However, there are several indicators that show a decline in performance, especially in terms of liquidity and market risk sensitivity. This indicates the need for attention and improvement efforts in these aspects so that state-owned banks can maintain stability and competitiveness in the banking industry in the future.



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The findings of this study are expected to provide valuable information for regulators, bank management, and other stakeholders in evaluating and improving the performance and compliance of state-owned banks with the established banking health standards.

Conclusion

Based on the results of the analysis of the health level of state-owned banks listed on the Indonesia Stock Exchange (IDX) during the 2020-2022 period using the CAMELS method, it can be concluded that:

1. In general, state-owned banks have a good level of health during the 2020-2022 period. This is reflected in the fulfillment of the ratios set out in the criteria for assessing the bank's health level by Bank Indonesia.
2. There are several aspects that have experienced a decline in performance, especially in the Liquidity and Sensitivity to Market Risk components. This indicates the need for attention and improvement efforts in these aspects.
3. Although state-owned banks as a whole can be categorized as healthy, there is still room for improvement to improve competitiveness and performance stability in the future.

The findings of this study can be a valuable input for regulators, bank management, and other stakeholders in evaluating and improving the performance and compliance of state-owned banks with the established banking health standards. Efforts to improve and improve performance in aspects that still require attention are expected to support the growth and stability of the national banking industry.

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