

Health Analysis of Private Banks during the Covid-19 Pandemic with the RGEC Approach

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ABSTRACT

This study aims to determine how the health level of Bank Muamalat Indonesia with the RGEC approach in the 2020-2022 period. The type of research used is descriptive with a quantitative approach. The variables used are Risk Profile as measured by NPF and FDR ratios, Good Corporate Governance with self-assessment results, Rentability with ROA, ROE, and BOPO ratios, and Capital as measured by the CAR ratio. The research shows that the health level of Bank Muamalat Indonesia is in the unhealthy category with a value of 48.57% in the 2021-2022 period and 54.28% in the 2020 period. Bank Muamalat's problem occurs in non-performing financing which is increasing, especially during COVID-19. This shows that Bank Muamalat is less able to manage assets to increase revenue and reduce costs. In addition, the results of the study prove that the health of Bank Muamalat has decreased in the observation period. However, the health of Bank Muamalat which is in the unhealthy category is contrary to high customer loyalty. This is evidenced by the increasing ratio of liquidity to Third Party Funds and the awards obtained by Bank Muamalat in the customer satisfaction category.

Keywords : **Health analysis; Risk profile; GCG; Earning; Capital**

ABSTRAK

Penelitian ini bertujuan untuk mengetahui bagaimana tingkat kesehatan Bank Muamalat Indonesia dengan pendekatan RGEC pada periode 2020–2022. Jenis penelitian yang digunakan adalah deskriptif dengan pendekatan kuantitatif. Variabel yang digunakan adalah Profil Risiko yang diukur dengan rasio NPF dan FDR, Good Corporate Governance dengan hasil self assesment, Rentabilitas dengan rasio ROA, ROE, dan BOPO, dan Permodalan yang diukur dengan rasio CAR. Penelitian menunjukkan bahwa tingkat kesehatan Bank Muamalat Indonesia berada pada kategori kurang sehat dengan nilai 48,57% pada periode 2021-2022 dan 54,28% pada periode 2020. Permasalahan Bank Muamalat terjadi pada pembiayaan bermasalah yang semakin meningkat, khususnya pada saat COVID-19. Hal ini menunjukkan bahwa Bank Muamalat kurang mampu dalam mengelola aset untuk meningkatkan pendapatan dan menekan biaya. Selain itu, hasil penelitian membuktikan bahwa kesehatan Bank Muamalat mengalami penurunan pada tahun periode pengamatan. Namun, kesehatan Bank Muamalat yang masuk dalam kategori tidak sehat bertolak belakang dengan loyalitas nasabah yang tinggi. Hal ini dibuktikan dengan meningkatnya rasio likuiditas terhadap Dana Pihak Ketiga dan penghargaan yang diperoleh Bank Muamalat dalam kategori kepuasan nasabah.

Kata kunci : **Analisis Kesehatan; Profil Risiko; GCG; Rentabilitas; Permodalan**

INTRODUCTION

In 2020 WHO made an official statement that COVID-19 was a pandemic (Sulistiani, 2022). 02 March 2020 was the beginning of the detection of the COVID-19 pandemic in Indonesia, then Indonesian President Joko Widodo (Jokowi) officially announced the revocation of the COVID-19 pandemic status in Indonesia on 21 June 2023 at the Merdeka Palace, Jakarta by issuing Presidential Decree Number 17 of 2023 concerning the Determination of the End of the Status of the Corona Virus Disease 2019 (COVID-19) Pandemic in Indonesia. With the revocation, Indonesia will enter the endemic period.

During the Covid-19 pandemic, it turned out to have a significant impact on the development of the world economy. The COVID-19 pandemic is a challenge for the business world, including the banking and financial services industry. Covid-19 not only causes problems in terms of health but affects every aspect of life, including the banking industry sector (Rifitiasari et al., 2020). In Indonesia, the spread of Covid-19 has weakened the performance and capacity of Islamic banks, especially debtors. The weak performance of these debtors can increase credit risk which disrupts banking and financial stability of Islamic banking. Despite the pressure caused by the Covid-19 pandemic, the Islamic banking industry still recorded positive performance. The growth of some of its financial posts managed to surpass conventional banking (Novita et al., 2021).

According to Fahrial (2018), banks have a very important role in economic development in a country. This role is asinine with the main objective of Indonesian banking, which is to support the implementation of national development to increase equitable development and national stability towards improving the standard of living of decent people (Nafisah, et al., 2016). Banking is a financial intermediary industry that has high risks. Therefore, it is necessary to improve the effectiveness of risk management and the implementation of good corporate governance so that banks can identify problems early and conduct appropriate and rapid follow-up (Bank Indonesia, 2022).

The spread of COVID-19 has weakened the performance and capacity of Islamic banks, especially debtors. According to Saleh et al. (2020), the weak performance of these debtors can increase credit risk which results in the disruption of Islamic financial stability. However, during the COVID-19 pandemic, Islamic banking recorded a positive performance, even growing and surpassing conventional banks. This can be seen from the CAR (capital adequacy ratio) which is at 20.37%, NPF (Non-Performing Financing) at 3.31%, BOPO Operating Expenses operating income) 83.13%, and ROA (Return Of Assets) of 1.58% (Nisaputra, 2020).

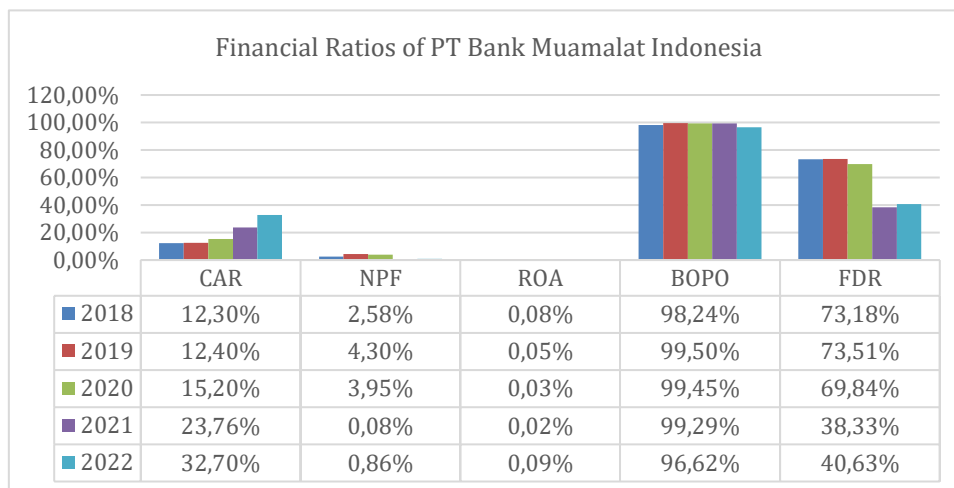
According to Hanoatubun (2020), there are risks faced by banks during the COVID-19 pandemic, including credit risk, market risk, and operational risk, hence the policy of delaying credit payments. The crisis in the banking sector intensified, causing the supply of cash in banks to decrease. However, the COVID-19 pandemic has created opportunities for Islamic banks and other financial institutions to contribute to helping the community's economy (OJK, 2020).

As a collector and distributor of funds to the public, banks play an important role in driving the national economy (Fahrial, 2018). Therefore, it is very important to know the health level of a bank, including Islamic banks. By knowing the actual health level of the entity, appropriate actions and decisions can be taken according to the conditions that occur. To assess the health of a bank, the RGEC approach can be used. This is by Bank Indonesia Regulation No. 13/PBI/2011 (Fahrial, 2018).

This research was conducted at PT Bank Muamalat Indonesia because of fluctuations in the health ratio value of Bank Muamalat Indonesia in the period 2018 to 2022 both from the CAR, NPF, ROA, BOPO, and FDR ratios. The CAR ratio has increased

every year, which is 0.08% from 2018 to 2019, and 2.79% from 2019 to 2020, and the CAR position is in the very healthy category.

Meanwhile, the NPF ratio increased in 2019 by 1.72% decreased by 0.35%, in 2020, and continued to decline until the end of 2022, this shows a better lift. This affects the ROA level of Bank Muamalat Indonesia which decreased in 2019 by 0.3% and made the health level of Bank Muamalat Indonesia in terms of ROA in the unhealthy category. The decline in ROA also occurred in 2020 by 0.2% and the health level of Bank Muamalat Indonesia in terms of ROA is still in the unhealthy category. The following is attached to the state of the financial ratios of PT Bank Muamalat Indonesia for the 2018-2020 period.



Source: BMI Annual Report (processed data), 2023

Figure 1: Financial Ratios of PT Bank Muamalat Indonesia 2018-2022

By knowing the actual health level of the entity, appropriate actions and decisions can be taken according to the conditions that occur. Similar research has been conducted by (Aa Ahmad Fauji, 2023) which examines the Performance of Islamic Banks during the Covid-19 Pandemic Using the (RGEC) Method, the period used is during the Covid 19 pandemic, namely March 2020 to March 2021.

According to Yumanita et al. (2005), Islamic Banks are intermediary institutions and financial service providers that work based on Islamic ethics and value systems, especially those that are free from interest (usury), free from unproductive speculative activities such as gambling (maysir), free from things that are unclear and doubtful (gharar), have the principle of justice, and only finance halal business activities. Islamic banks are often equated with interest-free banks. An interest-free bank is a narrower concept than an Islamic bank when several instruments or operations are interest-free. Islamic banks, in addition to avoiding interest, also actively participate in achieving the goals and objectives of Islamic economics which are oriented towards social welfare. On 1 November 1991 was the forerunner of the establishment of the first Islamic bank in Indonesia, namely Bank Muamalat Indonesia. Until now, the development of Islamic banks has grown positively.

According to the Indonesian Bankers Association (2016:10), a bank's health level is determined by evaluating a number of factors that could have an impact on its performance or condition. After taking into account the element of judgment that is based on the materiality of the factors, as well as the influence of other factors like the state of the banking industry and economy, the factors are assessed using a quantitative and/or qualitative method.

Guidelines for determining the degree of All commercial banks in Indonesia are required to employ the most recent standards for bank soundness assessments, which are based on Bank Regulation Indonesia (PBI) No.13/1/PBI/2011 on the Assessment of the Health Level of Commercial Banks, as of January 2012. Evaluation of the Commercial Banks' Health. The acronym RGEC stands for Risk Profile, Good Corporate Governance, Earnings, and Capital, and it refers to the new process.

According to Zeze (2018), a company's health level is necessary to assess whether or not its financial situation is favorable. This can be accomplished by contrasting the current ratio with that of the prior year. Bank Indonesia Circular Letter (SE) No.13/24/DPNP, dated October 25, 2011, on the Assessment of the Health Level of Commercial Banks, contains the complete calculation guidelines. This letter serves as an implementation guideline for Bank Indonesia Regulation No.13/1/PBI/2011, which mandates that Commercial Banks perform a self-assessment. Bank Health Level is determined both separately and collectively by the Risk-based Bank Rating (RBBR).

$$\text{Composite Rank} = \frac{\text{SUM of Composite Score}}{\text{Overall Total Composite Scores}} \times 100\% \quad (1)$$

Source: Bank Indonesia Circular Letter No.13/24/DPNP, 2011

Table 2 is the criteria for Bank Health Level with the RGEC Approach Each aspect is measured in different ways.

Table 2. Criteria of Bank Health Level with RGEC Approach

Percentage	Composite Rating	Criteria
86-100%	PK-1	Very healthy
71-85%	PK-2	Healthy
61-70%	PK-3	Healthy Enough
41-60%	PK-4	Less healthy
≤ 40%	PK-5	Unhealthy

Source: Bank Indonesia Circular Letter No.13/24/DPNP, 2011

In compliance with Bank Indonesia Regulation No. 13/01/PBI/2011 concerning the evaluation of commercial banks' health status. Condition of Commercial Banks. The RGEC technique, which measures bank health level, includes the following factors: risk profile, profitability/income, capital (capital) and earnings, and good corporate governance (GCG). The assessment of every risk factor and composite is established through an extensive and methodical framework for the analysis of the rating of every factor. This framework takes into account the significance of each factor and the bank's capacity to manage notable alterations in external circumstances.

Research related to bank health during the COVID-19 pandemic, namely in 2020-2022, has not been widely conducted, namely since the Presidential Decree of the Republic of Indonesia (Keppres) Number 17 of 2023 concerning the Determination of the End of the Status of the Corona Virus Disease 2019 (COVID-19) Pandemic in Indonesia, so this has become the interest of researchers to examine how the health level of Islamic commercial banks in 2020-2022 as a year during the Covid-19 pandemic in Indonesia. The formulation of the problem in this study is the conditions and health risks at Bank Muamalat Indonesia during the COVID-19 pandemic, namely in 2020-2022 with the RGEC approach. This study aims to determine the health level of Bank Muamalat Indonesia with the RGEC approach.

RESEARCH METHOD

This research is a type of research with a descriptive method with a quantitative approach, where researchers convey and show the results of financial statement data collection on predetermined aspects, namely, risk profile, good corporate governance, income, and capital. This research is included in the type of descriptive research because it tries to explain more deeply the comparison of the financial performance of Islamic banks with the financial performance of conventional banks and uses portfolio performance evaluation methods commonly used in several similar studies. The research approach used in this study is quantitative. Quantitative research is a process of gaining knowledge that uses information in the form of numbers as a tool to get an explanation of what we want to know (Eni Sulistiani, 2022).

This research uses quantitative descriptive data. Variables in this research an independent variable, namely the assessment of the health level of banks consisting of Risk Profile, Good Corporate Governance, Earning and Capital. The object of this research is the financial statements of PT Bank Muamalat Indonesia, Tbk. This study uses secondary data collection techniques, namely research data sources that are conducted indirectly. This study uses comparative analysis techniques which are part of horizontal (dynamic) analysis, namely analyses conducted by comparing financial statements from several periods. To find out whether the bank is in the healthy category or not, there is a matrix rating on each RGEC factor.

The data used is secondary data from the annual financial statements published by Bank Muamalat Indonesia. The library research method is used to collect references from previous research on the same topic and the documentation method is used to collect the required data. The subject of this research is the financial statements of Bank Muamalat Indonesia in 2020-2021 obtained from the PT Bank Muamalat Indonesia website. Variables and measurements serve to limit information that is not related to research. The variables and measurements in this study are RGEC (Risk Profile, Good Corporate Governance, Earnings, Capital).

The objects in this study are the factors included in the assessment of the health level of banks using the RGEC method, namely the risk profile which includes the NPF and FDR ratios, Good Corporate Governance (GCG), profitability (earnings) using the ROA, ROE, BOPO ratios and capital using the CAR ratio. Data analysis is carried out with an approach to measure the health level of banks by Circular Letter No. 13 of Bank Indonesia Regulation of 2011, namely the RGEC method (risk profile, good governance, earnings, and capital) through analysis assessed by financial ratios which are then carried out composite ranking. Some of the ratios used in this study are 1. The risk profile is assessed by the NPF ratio in assessing credit risk and the FDR ratio in assessing liquidity risk. 2. GCG based on Bank Indonesia regulations is assessed from the results of self-assessment. 3. Income or rentability is measured by ROA and ROE ratios 4. Capital or capital aspects are measured by the CAR ratio.

The variable in this study is the assessment of the health level of banks at PT Bank Muamalat Indonesia, Tbk in 2020-2022. In more detail, the operationalisation of research variables.

Risk Profile

Based on PBI No.13/1/PBI/2011, risk profile assessment is an inherent and causal assessment of risk management implementation in operations. The eight types of risk assessed are credit risk, market risk, liquidity risk, operational risk, legal risk, strategic risk, compliance risk, and reputation risk.

Credit risk

According to Anggraini (2020), credit risk is the risk faced by banks due to debtors or other parties being unable to fulfill their obligations. This risk is measured by the NPF (non-performing financing) ratio. NPF is formulated in formula 2.

$$NPF = \text{Non-Performing Financing} / \text{Total financing} \times 100\% \quad (2)$$

The credit score of a bank can be grouped into 5 categories, the higher the NPF indicates the higher the credit risk faced by the bank. Table 3 is a table that presents in detail the NPF classification of a bank according to PBI.

Table 3. NPF Composite Predicate

Ranking	Predicate	Criteria
1	Very good	0%<NPF<2%
2	good	2%<NPF<5%
3	Pretty good	5%<NPF<8%
4	Not good	8%<NPF<12
5	bad	NPF>12%

Source: Bank Indonesia Regulation No. 13/1/PBI/2011 on the Assessment of the Health Level of Commercial Banks, 2011

From Table 3 The NPF (Non-Performing Financing) ratio, which gives an overview of the amount of non-performing financing the bank confronts, can be used to quantify a bank's credit risk.

Liquidity risk

According to Amelia et al. (2018), liquidity risk occurs due to the bank's inability to meet maturity obligations originating from high-quality cash flow funding sources and/or from liquid assets that can be used without disrupting the bank's activities and financial condition. FDR is a ratio that shows the amount of third-party funds used by banks in financing or lending (Nugraheni and Febrianti, 2014). FDR is formulated in formula 3.

$$FDR = \text{Total Financing} / \text{DPK} \times 100\% \quad (3)$$

The results of the FDR calculation show that the higher the FDR calculation result, the higher the third-party funds used for financing. The higher the FDR value, the higher the liquidity risk of the bank. Liquidity risk is measured using the FDR ratio presented in Table 4.

Table 4. FDR Composite Predicate

Ranking	Predicate	Criteria
1	Very good	50%<FDR<75%
2	good	75%<FDR<85%
3	Pretty good	85%<FDR<100%
4	Not good	100%<FDR<120%
5	bad	FDR>120%

Source: Bank Indonesia Regulation No. 13/1/PBI/2011 on the Assessment of the Health Level of Commercial Banks, 2011

The FDR (Financing to Deposit Ratio) ratio is one way to gauge the amount of liquidity, as can be seen in Table 4. The bank's capacity to fulfill its immediate obligations is indicated by this ratio. The bank is bearing more risk the higher the FDR number.

Good Corporate Governance (GCG)

Good Corporate Governance is a company control system to achieve continuity between the power of authority needed by the company to ensure its continued existence and its accountability to stakeholders (Agustia, 2013).

According to PBI No. 8/4/PBI/2006 in implementing GCG, several principles must be applied, namely transparency, accountability, responsibility, independence, and fairness. The categorization of whether GCG is good or not is presented in Table 5.

Table 5. GCG Composite Predicate

Ranking	Predicate	Criteria
1	Very good	$GCG < 1,5$
2	good	$1,5 < GCG < 2,5$
3	Pretty good	$2,5 < GCG < 3,5$
4	Not good	$3,5 < GCG < 4,5$
5	bad	$4,3 < GCG < 5$

Source: Bank Indonesia Regulation No. 13/1/PBI/2011 on the Assessment of the Health Level of Commercial Banks, 2011

Based on Table 5, the Bank is required to follow GCG guidelines in its operations and periodically evaluate its corporate governance practices.

Earnings

Used to measure the bank's performance in determining profit or earnings. The ratios to calculate earnings are provided.

ROA (Return on Assets)

ROA (Return on Assets) is a ratio to measure a bank's ability to earn profit or profit before tax based on the total assets used. ROA is formulated in formula 4 and Table 6 The following is the classification of a company's ROA rating.

$$ROA = \text{Profit Before Tax} / \text{Average Total Assets} \times 100\% \quad (4)$$

Table 6. ROA Composite Predicate

Ranking	Predicate	Criteria
1	Very good	$ROA > 1,5\%$
2	good	$1,25\% < ROA < 1,5\%$
3	Pretty good	$0,5\% < ROA < 1,25\%$
4	Not good	$0\% < ROA \leq 0,5\%$
5	bad	$ROA \leq 0\%$

Source: Bank Indonesia Regulation No. 13/1/PBI/2011 on the Assessment of the Health Level of Commercial Banks, 2011

As can be seen from Table 6, the ROA ratio measures how well Islamic banks can turn a profit on the assets they use. The bank's income increases with a greater ROA number. The bank's asset position is also indicated by the ROA ratio figure.

ROE (Return on Equity)

ROE (Return on Equity) is a ratio to measure the bank's performance in obtaining net income for the bank based on the equity used. ROE is formulated in formula 5 and Based on the calculation results, ROE is presented in Table 7.

$$ROE = \text{Net Income} / \text{Equity} \times 100\% \quad (5)$$

Table 7. ROE Composite Predicate

Ranking	Predicate	Criteria
1	Very good	ROE>20%
2	good	12,5%<ROE<20%
3	Pretty good	5%<ROE<12,5%
4	Not good	0%<ROE<5%
5	bad	ROE<0%

Source: Bank Indonesia Regulation No. 13/1/PBI/2011 on the Assessment of the Health Level of Commercial Banks, 11

It is clear from Table 7. that bank management uses the ROE ratio to assess the bank's performance in managing assets and turning a profit. The ability of the bank to compensate capital owners through dividends is also demonstrated by the ROE ratio. The bank generates more revenue and a higher ROE score. The bank's asset situation is also displayed by the ROE ratio.

Capital

CAR (Capital Adequacy Ratio) is a ratio to assess how adequate a bank's capital is in bearing the risk of losses that may be faced or being carried out by the bank The CAR ratio is calculated as follows:

$$CAR = \text{Capital} / \text{ATMR} \times 100\% \quad (6)$$

Table 8 is a table that classifies the CAR value and its predicate based on the Bank Health Assessment (PBI).

Table 8. CAR Composite Predicate

Ranking	Predicate	Criteria
1	Very good	CAR>12%
2	good	9%<CAR<12%
3	Pretty good	8%<CAR<9%
4	Not good	6%<CAR≤8%
5	bad	CAR≤6%

Source: Bank Indonesia Regulation No. 13/1/PBI/2011 on the Assessment of the Health Level of Commercial Banks

Table 8 provides information about the CAR (Capital Adequacy Ratio), which is a ratio used to assess how much capital banks own to support riskier assets. Sufficient capital reserves will influence the effectiveness of banks' day-to-day operations, which in turn will influence Islamic banks profitability.

RESULTS AND DISCUSSION

Risk Profile Factor Analysis (Credit risk)

The variable in this study is the assessment of the bank's health level at PT Bank Muamalat Indonesia, Tbk in 2020-2022 or during the COVID-19 pandemic. The credit risk of a bank can be measured by the NPF (Non-Performing Financing) ratio where this risk provides an overview of how much non-performing financing the bank faces. Based on the annual financial statements of Bank Muamalat Indonesia 2020-2022 obtained NPF data is presented in Table 9.

Table 9. Recapitulation of NPF Bank Muamalat Indonesia 2020-2022

Year	NPF	Ranking	Criteria
2020	3,95%	2	Good
2021	0,08%	1	Very good
2022	0,86%	1	Very good

Source:: IMT Financial Report (processed data), 2020-2022

Based on Table 9 explains the value of the NPF ratio shows that Bank Muamalat is experiencing a good level of financing or ranking two. The high level of non-performing financing indicates that the quality of risk management is not optimal while the low level of non-performing financing indicates the operation of risk management in the bank. In addition, global problems such as the pandemic have an impact on the limited distribution of financing and the increased risk of financing that has been channeled. The NPF ratio is in the very healthy category in 2021 in line with Bank Muamalat's capital injection and collaborative efforts to resolve problematic financing with PT Asset Management Company (PPA). Another study conducted (Fauzi, 2023) on Bank Aceh Syariah stated that NPF with a ratio of 0.07%, which means that Bank Aceh Syariah has good quality to overcome non-performing financing during the Covid-19 pandemic.

FDR (Financing to Deposit Ratio) ratio is a ratio used to measure the liquidity level of Bank Muamalat. This ratio shows the bank's ability to meet its short-term obligations. The higher the FDR value, the greater the risk borne by the bank. Table 10 is a table of Bank Muamalat FDR ratio values in 2020-2022.

Table 10. Recapitulation of FDR Bank Muamalat Indonesia 2020-2022

Year	FDR	Ranking	Criteria
2020	70,21%	1	Very good
2021	38,49%	1	Very good
2022	40,63%	1	Very good

Source:: IMT Financial Report (processed data), 2020-2022

Based on Table 10 the value of the FDR ratio shows that the liquidity level of Bank Muamalat during the 2020-2022 period has increased. This shows Bank Muamalat's ability to fulfill its maturing obligations well. Financial statement data shows that the collection of third-party funds made by Bank Muamalat is able to meet the risks borne by banks in channeling funds through financing.

The increase in the value of the FDR ratio is also influenced by the decrease in total financing made by Bank Muamalat. Along with the problem of problematic financing experienced by Bank Muamalat, bank management is more careful and selective in the distribution of its financing. This is what contributed to the decline in total bank financing.

Other research related to FDR during COVID-19 was also conducted (Fauzi, 2023) which stated that Bank Aceh Syariah with a ratio of 70.26%. meaning that Bank Aceh Syariah has channeled funds to third parties efficiently, to get a return on the use of funds has also been effective. Even amid the Covid-19 pandemic, Bank Aceh Syariah is still able to channel funds to third parties who need financing and the total financing provided by Bank Aceh Syariah does not exceed the funds raised.

Analysis of GCG (Good Corporate Governance) Factor Assessment

The GCG factor assessment is an evaluation of the management of Islamic banks towards the implementation of good bank governance. The corporate governance assessment refers to Bank Indonesia Regulation No. 11/33/PBI/2009 on the Implementation of Good Corporate Governance for Islamic Commercial Banks and Islamic Business Units. Banks are required to operate based on GCG principles and conduct periodic self-assessments of corporate governance.

The implementation of Bank Muamalat's GCG principles begins with an internalization process within the bank so that there is a common understanding of GCG implementation throughout the bank's organizational units. Table 11 is a recapitulation of the GCG of PT Bank Muamalat Indonesia in 2020-2022.

Table 11. Recapitulation of GCG PT Bank Muamalat Indonesia 2020-2022

Year	Ranking GCG	Criteria
2020	3	Pretty good
2021	2	good
2022	2	good

Source: IMT Financial Report (processed data), 2020-2022

Based on Table 11, the rating results show that in 2020-2022, Bank Muamalat's GCG score was downgraded to quite healthy. This reflects that Bank Muamalat has generally implemented GCG principles quite well. The weaknesses contained in the implementation of GCG in general are quite significant and require sufficient attention from bank management. In 2022, Bank Muamalat's GCG score increased again to mark 2, which means healthy. This shows that Bank Muamalat can improve the problem factor of implementing GCG which was a weakness in the previous year for the better. Some factors that need to be improved by Bank Muamalat in implementing GCG are:

The quality of data and reports needs to be improved to minimize fines imposed by the authorities. This factor has been a management concern from 2020 to 2022. I am starting from the need to improve information technology and internal banking regulations to the availability of complete, accurate, and timely reports in 2020. The quality of report data needs to be monitored and maintained consistently in 2021. Fulfillment of requirements for the appointment of members of the board of directors/commissioners who have not received OJK approval such as not undergoing the Fit and Proper Test. This factor has been a management issue from 2020-2022. Every year there are the same problems, namely the non-fulfillment of GCG principles related to the completeness and implementation of committee duties.

Earnings Factor Analysis (ROA, ROE, and BOPO)

Earnings assessment is an assessment to measure the bank's ability to increase profitability and business efficiency over a certain period. The profitability assessment in this study uses ROA (Return on Assets), ROE (Return on Equity), and BOPO (Operating Expenses to Operating Income) indicators.

Return On Asset (ROA)

ROA ratio is a ratio that describes the ability of Islamic banks to generate profits from the assets used. The higher the ROA value, the higher the bank's income. The ROA ratio value also shows the position of the bank in terms of its assets. Table 12 is the ROA ratio value of Bank Muamalat in 2020-2022.

Table 12. Recapitulation of ROA PT Bank Muamalat Indonesia 2020-2022

Year	ROA	Ranking	Criteria
2020	0,03%	4	Not good
2021	0,02%	4	Not good
2022	0,09%	4	Not good

Sumber: IMT Financial Report (processed data), 2020-2022

The ROA ratio value displayed in Table 12 shows that the health level of Bank Muamalat in its ability to earn profits has been in the unhealthy category for the last three years, 2020-2022. This is because the profit generated by the bank has decreased every year. ROA research during COVID-19 was also conducted by (Fauzi, 2023) at Bukopin Islamic Bank with an ROA level during COVID-19 of 0.03%, which means that this Islamic bank has not achieved efficiency in managing its assets to generate profits during one period.

There are several problems underlying the decline in profits, such as a less conducive global situation, namely COVID-19, the process of strengthening bank capital which is still being pursued, and the composition of assets that have not been optimal due to unstable profits. In addition, the cause of this decline in profit is the decline in the bank's main income, namely financing.

Return On Equity (ROE)

ROE ratio is a ratio used by bank management to measure the bank's ability to manage assets and generate profits. The ROE ratio also illustrates the bank's ability to provide profits for capital owners in connection with dividends. The higher the ROE value, the higher the income generated by the bank. The ROE ratio value also shows the bank's position in terms of its assets. Table 13 is the ROE ratio value of Bank Muamalat in 2020-2022.

Table 13. Recapitulation of ROE PT Bank Muamalat Indonesia 2020-2022

Year	ROE	Ranking	Criteria
2020	0,25%	4	Not good
2021	0,22%	4	Not good
2022	0,53%	4	Not good

Source: IMT Financial Report (processed data), 2020-2022

The ROE ratio value in Table 13 shows that the assessment of Bank Muamalat's health level with the ROE ratio is in the unhealthy category during 2020-2022. Bank Muamalat's net profit has decreased every year. As a result, the bank decided not to distribute dividends to shareholders for the last five years. This is because the net profit earned by the bank is used to fulfill capital adequacy and bank reserves to overcome the risk of loss.

Calculation of BOPO (Operating Expenses to Operating Income)

The BOPO ratio is a ratio used by bank management to measure the bank's ability to manage operating costs. Any increase in operating costs will reduce profit before tax and reduce the profitability of Islamic banks. The lower the BOPO value, the more efficient the use of company resources. Table 14 is the value of Bank Muamalat's BOPO ratio in 2020-2022.

Table 14 Recapitulation of BOPO PT Bank Muamalat Indonesia 2020-2022

Year	BOPO	Ranking	Criteria
2020	99,45%	4	Not good
2021	99,27%	4	Not good
2022	96,62%	4	Not good

Source: IMT Financial Report (processed data), 2020-2022

The value of the BOPO ratio in Table 14 shows that the health level assessment of Bank Muamalat is in the unhealthy category. Bank Muamalat's operating expenses have increased every year and are accompanied by bank operating income which has decreased every year. The decline in banking income is caused by financing problems which are also supported by external factors such as economic conditions that have not recovered due to the Covid-19 pandemic.

The above results are in line with research (Pajaria, 2023) Assessment of the Earning factor (Rentability) using the ROA, ROE, and BOPO ratios of Bank Muamalat Indonesia during the period 2016 to 2021 obtained an unhealthy category, which reflects inadequate profitability, profit achievement does not exceed the target and does not support the growth of bank capital.

Capital Factor Analysis

Capital assessment is an assessment used to determine the adequacy of Islamic bank capital in developing its business and accommodating the potential risk of loss. The higher the risk of a bank, the greater the capital that must be provided to anticipate the risk. Capital assessment in this study uses the CAR (Capital Adequacy Ratio) ratio indicator. The CAR (Capital Adequacy Ratio) ratio is a ratio used to measure the adequacy of capital owned by a bank as a support for assets that contain risk. Adequate capital adequacy will affect the efficiency of bank operational activities which will also have an impact on the profitability of Islamic banks. Table 15 is the CAR ratio value of Bank Muamalat in 2020-2022.

Table 15. Recapitulation of CAR PT Bank Muamalat Indonesia 2020-2022

Year	CAR	Ranking	Criteria
2020	15,21%	1	Very good
2021	23,76%	1	Very good
2022	32,70%	1	Very good

Source: IMT Financial Report (processed data), 2020-2022

The CAR ratio value in Table 15 shows that the capital adequacy level of Bank Muamalat is in a very healthy category from 2020-2022. However, a very healthy capital is not enough for the bank to develop its business. In line with the high level of non-performing financing in banking, sufficient capital reserves are needed to overcome the risk of loss. In 2018-2019, several articles raised the issue of non-performing financing

and the lack of capital of Bank Muamalat. However, the bank explained in its annual financial report that the capital issue was not the low quality of share capital, but rather the bank's inability to raise capital for business expansion purposes.

Bank Muamalat managed to increase capital in 2022 through the issuance of subordinated instruments by the Hajj Financial Management Agency (BPKH). The capital injection makes Bank Muamalat's capital more resilient and stronger. Strengthening the capital structure makes Bank Muamalat continue to make various preparations to achieve sustainable business growth so that it can compete with other Islamic banks. Table 16 is a recapitulation of the Determination of Bank Muamalat Indonesia's Composite Rating during the COVID-19 pandemic, namely 2020-2022.

Table 16. Determination of the Composite Rating of Bank Muamalat Indonesia

Year	INDICATOR		PERCENTAGE	RANKING	POINT	Point/35X100	CP	CRITERIA
2020	RISK PROFILE	NPF	3,95%	2	19	54,28	4	Less Healthy
		FDR	70,21%	1				
	EARNINGS	GCG	3	3				
		ROA	0,03%	4				
		ROE	0,25%	4				
	CAPITAL	BOPO	99,45%	4				
		CAR	15,21%	1				
2021	RISK PROFILE	NPF	0,08%	1	17	48,57	4	Less Healthy
		FDR	38,49%	1				
	EARNINGS	GCG	2	2				
		ROA	0,02%	4				
		ROE	0,22%	4				
	CAPITAL	BOPO	99,27%	4				
		CAR	23,76%	1				
2022	RISK PROFILE	NPF	0,86%	1	17	48,57	4	Less Healthy
		FDR	40,63%	1				
	EARNINGS	GCG	2	2				
		ROA	0,09%	4				
		ROE	0,53%	4				
	CAPITAL	BOPO	96,62%	4				
		CAR	32,70%	1				

Source: Processed Data, 2023

CONCLUSION

The results of this research analysis prove the health level of Islamic banks using the RGEC method at PT Bank Muamalat Indonesia in 2020-2022. Risk profile factor assessment using the NPF ratio for credit risk and the FDR ratio for liquidity risk during the period 2020 to 2022 obtained a very good predicate category.

This illustrates that PT Bank Muamalat Indonesia has managed the risks arising from the bank's business activities well. Assessment of GCG factors using the results of self-assessment listed in the Bank's annual report during the period 2020 to 2022 obtained a healthy or good category. They are reflecting that the Bank's management has implemented GCG which is generally good. The Rentability Factor assessment using the ROA, ROE, and BOPO ratios during the period 2020 to 2022 obtained an unhealthy predicate category.

Finally, the Capital factor using the CAR ratio during the period 2020 to 2022 obtained a very healthy category. Reflecting that the Bank has very adequate capital quality and adequacy relative to its risks, which is accompanied by very strong capital management by the characteristics, business scale, and business complexity. The results

prove that the health of Bank Muamalat has decreased in the observation period, namely the COVID-19 Pandemic period in 2020-2022. The health level of Bank Muamalat Indonesia is in the less healthy category. Bank Muamalat's problems occur in non-performing financing which is increasing, resulting in capital shortages and decreased bank profitability.

RECOMMENDATION

PT Bank Muamalat Indonesia should improve its operational efficiency, both by reducing banking operating expenses and managing premium risk to reduce the cost of funds. A high BOPO ratio is very risky to the health of the bank because, with a high BOPO ratio, the bank is considered unable to manage its operational efficiency properly.

After all, it more often incurs costs for company operations than generating income, thus reducing the value of ROA. Researchers suggest PT Bank Muamalat Indonesia must maintain the level of operational cost-operating income ratio, non-performing financing, and financing to funding at the limit recommended by Bank Indonesia so that bank liquidity is maintained.

For further research, it is hoped that it can increase the research period and add financial ratios and other non-financial ratios such as the IRR ratio, NIM ratio, and LR ratio to obtain more thorough and accurate calculations and analyses in the calculation of bank performance and health using the RGEC method.

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