

Analysis of the Assessment of the Health Level of the Bank with the Risk-Based Bank Rating Method and the Impact for Improving Financial Performance in PT Bank “XYZ”

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Abstract

This research is a descriptive research with secondary data processing. The purpose of this study was to determine the level of the financial report soundness of PT Bank “XYZ” using Risk-Based Method Bank Rating Year 2017-2019 and to determine the impact for the improvement of the performance of financial companies. The data used in this research is secondary data such as financial statement data of PT Bank “XYZ” period 2017-2019. The results of this study prove that from the aspect of Risk Profile shows the bank NPL is under 2% although always experienced an increase over the three years past, and is at a very healthy predicate. Meanwhile, LDR shows a fairly healthy predicate. Aspects GCG in year 2017-2019 showed a healthy predicate. The Earning aspect which includes CAR and NIM shows a very healthy predicate during 2017-2019. The Capital aspect shows that it is very healthy with a CAR value above 12%. And assessments of the level of health of statements financial at PT Bank “XYZ” Using Method Risk-Based Bank Rating Year 2017 to 2019 included in the category of a very healthy bank. Then by assessing the soundness of a very healthy bank, it has an impact on improving the financial performance of PT Bank “XYZ”. Among them was being able to increase the price of the stock company on the Stock Exchange and can increase the confidence of stakeholders in the performance of financial banking.

Keywords:

Capital, Earning, financial performance, GCG, Risk-Based Bank Rating, Risk Profile

INTRODUCTION

Banking as one of the tools in supporting the economy of a country that has a role that is great in the development of the economy of a country. Almost all sectors of life are associated with financial need at the service of the bank, so the bank can be said as the heart of the economy. Through the activities of credit and various services are given, the bank serves the needs of finance and launch the mechanism of the system of payment for the sectors of the economy. If there is a disruption to the sector of banking the things that can have an impact big on the growth of the economy of the country. It was explained that the existence of the bank and find out the condition of the health of the banking is very necessary for the government, society, and the bank's own. Bank health is the ability of a bank to carry out the activities of operational banking as normal and is able to fulfil all its obligations by both the ways that conform with the rules of banking are applicable (Budisantoso and Triandaru, 2005).

Bank Indonesia, as the bank central require a control of the banks to determine how the state of the finances and activities of the business of each bank. However, since 31 December 2013 Function oversight agency services finance banks that were previously on hold by Bank Indonesia were taken over by the Authority Service Finance (FSA). Institutions must have a role that is great in the oversight of banking in Indonesia.

Thus causing some of the regulations that previously regulated in the Regulation of Bank Indonesia to be converted into a Regulation of the FSA. Regulations regarding the assessment level of health of central banks also stated that. The regulation of Bank Indonesia number 13/1/PBI/2011 on assessment rate of poor living conditions Health Bank converted by the FSA in the year 2016 became PJOK No. 4/POJK.03/2016 on assessment level of health of the bank, which therein stated that there are two parties who do vote on poor level of living conditions Health bank, namely the FSA as the watchdog agency the financial banking and banks that do a *self-assessment* on the level k poor living conditions Health banks them.

There are very many in number of bank in Indonesia and there are various kinds of bank also. One of them is a conventional bank. Banks that are PT Bank "XYZ". Services are available from PT Bank "XYZ" includes savings, the provision of credit and investment activity. Services Other includes *Investment Banking*, finance companies, management of assets, and others. Problems are quite basic which faced PT Bank "XYZ" is the credit problem. Channeling credit to the public, are still much used not to venture productive, but rather to satisfy the needs of the everyday. It's going to result in higher levels of credit jammed on PT Bank "XYZ". Another problem can also be seen with the number of banks, both

conventional and sharia, so that service improvement must be maximized.

Then other problems can be seen from the ratio of - financial ratios on the performance of the financial statements of PT Bank “XYZ”. Below is presented data on the financial ratios of PT Bank “XYZ” in the 2017-2019 period:

Table 1. Data on Financial Ratios of PT Bank “XYZ” in the year of 2017-2019

Note	2017	2018	2019
NPL	1.11%	1.18%	1.31%
LDR	84.75%	86.26%	85.92%
ROA	3.28 %	3.21 %	3.06 %
NIM	7.92%	7.45%	6.98%
CAR	23.84 %	22.63 %	24.02 %

Source: PT Bank “XYZ”, (Processed Data)

Table 1 above shows that the value of non-performing loans (NPLs) have always experienced an increase. This shows the potential for bad loans whose value is getting bigger. Then the value of the Loan to Deposit Ratio (LDR) occur rise and then fall in the year 2019. Return on Assets (ROA), which is the ability of the company to earn profit from the assets are used. In the table above its value from year to year is always experiencing a decline. Then the value of Net Interest Margin (NIM) of the years 2017 to 2019 also experienced a decrease. The NIM value indicates the bank's ability to generate net interest income from the placement of the company's earning assets. Value Capital Adequacy Ratio (CAR) of the years 2017 to 2018 experienced a decline, would be but the year 2019 experienced an increase. From the ratios of financial mentioned, will have an impact for the

improvement of the performance of finance which covers many aspects.

Based on the background behind the above, then this research will analyze and assess how great the level of health of banks by using the method of *Risk-Based Bank Rating* and how its impact for the improvement of the performance of finance that exist in PT Bank “XYZ”.

REVIEW OF LITERATURE

Banking Financial Report

Reports Financial is a record of information of the financial and integration in a period of accounting that can be used to describe the performance of the company. Reports Financial is part of the process of reporting the financial. Conditions finance a company will be known of the report noted that financial companies are concerned that consists of a balance sheet, profit and loss and 1 Reports Financial Other (Riswan and Yolanda, 2014). Meanwhile, according to the Association of Accounting Indonesia (IAI) under SFAS No. 1 Year 2015, Statement of Financial is a record of information of financial company in a period of accounting that can be used to describe the performance of the companies mentioned. The components that exist in the statements of finance namely: Balance Sheet, Statement Loss on Earnings, Statement Changes in Equity, Statement flow of cash and notes on reporting financial.

Banking Health

According to Kashmir (2010), Health banks are the ability of a bank to perform activities of operational banking as normal and is able to fulfill all its obligations by both the ways that conform with the rules of banking are applicable. Bank health includes the health of a bank to carry out all its banking business activities. Based on Law No. 10 Year 1998 concerning Amendment Above the Law 7 Year 1992 concerning banking, guidance and supervision by Bank Indonesia, mentioned the rules of health of banking among others that: Bank shall maintain the level of health of the bank in accordance with the provisions of the adequacy of capital, quality of assets, quality management, liquidity, profitability, solvency, and other aspects related to the bank's business, and are required to conduct business activities in accordance with the prudential principle.

Risk Based Bank Rating Method

Regulation of Bank Indonesia No.13/I/PBI/2011, Article 2, mentioned bank shall perform the level of health of the bank by using the approach of risk (*Risk-Based Bank Rating*) either as an individual or as a consolidation. Method *Risk-Based Rating Banks* use ratings to four factors based on Letter Circular Bank Indonesia Number: 13/24/DPNP year 2013 which includes *Risk profile*, *Good Corporate Governance* (GCG), *Earning*, and *Capital*.

Risk Profile

The risk profile is an assessment of the an inherent risk and quality of risk management implementation in bank operations which is carried out on 8 (eight) risks, namely: credit, market, liquidity, operational, legal, strategic, compliance and reputation risks. In this study, measuring credit risk is provided by using the ratio of Non-Performing Loan (NPL) and the ratio of *Loan to Deposit Ratio* (LDR) to measure the liquidity ratio. The more minor points that received the health of banks from the risk of the getting better.

Credit Risk

Non-performing loan (NPL) is a ratio that is used to calculate the percentage of the amount of credit that problem that faced by the bank. According to the Circular Letter of Bank Indonesia Number: 13/24/DPNP dated October 25, 2011, the measurement of NPL use:

Table 2. Matrix Criteria for Determining Ranked Profil Risk (NPL)

Rating	Information	Criteria
1	Very Healthy	$NPL < 2\%$
2	Healthy	$2\% \leq NPL < 5\%$
3	Healthy enough	$5\% \leq NPL < 8\%$
4	Less Healthy	$8\% \leq NPL < 12\%$
5	Not Healthy	$NPL \geq 12\%$

Source: Bank Indonesia Circular Letter Number 13/24/DPNP of 2011

Liquidity Risk

Loan to Deposit Ratio (LDR) is a ratio that is used to assess the level of liquidity of a bank, by way of comparing the credit that is channelled to the funds collected from the public so it can be known ability of the bank to pay the liability period in a nutshell. According to the Circular Letter of Bank Indonesia Number: 13/24/DPNP dated October 25, 2011, the LDR measurement uses:

$$\text{LDR} = \frac{\text{Amount Of Credit Granted}}{\text{Parties Fund}} \times 100 \%$$

Table 3. Matrix Criteria for Determining Ranked Profile Risk (LDR)

Rating	Information	Criteria
1	Very Healthy	$\text{LDR} \leq 75\%$
2	Healthy	$75\% < \text{LDR} \leq 85\%$
3	Healthy enough	$85\% < \text{LDR} \leq 100\%$
4	Less Healthy	$100\% < \text{LDR} \leq 120\%$
5	not Healthy	$\text{LDR} > 120\%$

Source: Bank Indonesia Circular Letter Number 13/24/DPNP of 2011

Good Corporate Governance (GCG)

The assessment of the Good Corporate Governance (GCG) factor is an assessment of the bank’s management on the implementation of the principles of Good Corporate Governance (GCG). Banks are required to implement the principles of Good Corporate Governance (GCG) in each activity and its business in the entire level or levels of the organization including the time of preparation of the vision, mission, plan

strategically, implementing policies and measures step control internally. Given the purpose of the implementation of Good Corporate Governance (GCG) is to provide the value of the company which is the maximum for the stakeholders, the principles of Good Corporate Governance (GCG) it must also be realized in the relationship of banks with the stakeholders. According to the Letter Circular Bank Indonesia Number: 15/15/DPNP/2013, assessment of Good Corporate Governance (GCG) based Self Assessment company covers 11 aspects, namely: Frame duties and responsibilities in charge of the board of commissioners; Frame duties as and the sole responsibility of the directors; early requirement and execution of the task committee; handling conflicts of interest; Application of functionality to compliance; Application of function audit internal; the application of the external audit function; Application of management of risks including system control internal; transparent conditions of financial and non-financial bank, reports the implementation of good corporate governance (GCG) and reporting internally; making available funds to parties related (related party) and the provision of funds large (large exposures), and plan of strategic bank.

Research is using the data of *Good Corporate Governance* (GCG) to see the results of *self-assessment* that has been published by PT Bank “XYZ” year period from 2017 to 2019.

Table 4. Composite Predicates of *Good Corporate Governance (GCG)*

N	Composite value (%)	Composite Predicate
1	< 1.5	Very Good
2	< 2.5	Good
3	< 3.5	Pretty Good
4	< 4.5	Not good
5	< 5	Not Good

Source: Bank Indonesia Circular Letter Number 15/15/DPNP/2013

Earnings (Profitability)

Profitability is the ability of a company to generate profits during a certain period. Profitability ratio aims to determine the bank's ability to generate profits during a certain period, also aims to measure the level of management effectiveness in carrying out the company's operations. At the ratio is showing acquisition earnings net if measured from capital owners, because increasingly large ratio of this it will be even better. In the study's assessment factor of profitability of banks may use parameters such as the following:

Return On Assets (ROA)

Return on Assets (ROA) is a ratio to measure a bank's ability to generate profits and use its assets. According to Taswan (2010), the calculation of ROA is as follows:

$$ROA = \frac{\text{Income before Tax}}{\text{Total Asset}} \times 100 \%$$

Table 5. Matrix Criteria for Determining Ranked Profitability (ROA)

Rating	Information	Criteria
1	Very Healthy	ROA > 1.5%
2	Healthy	1.25% < ROA ≤ 1.5%

3	Healthy enough	0.5% < ROA ≤ 1.25%
4	Less Healthy	0% < ROA ≤ 0.5%
5	not Healthy	ROA ≤ 0%

Source: Bank Indonesia Circular Letter Number 13/24/DPNP of 2011

Net Interest Margin (NIM)

Net Interest Margin (NIM) is a ratio that is used to measure the ability of banks to generate income interest net on the processing of large assets productive (PBI Number: 13/1/PBI/2011). The ratio of this illustrates the level of the amount of income interest net which is obtained by using the assets productively are owned by banks, so getting great value NIM then it will be increasingly large also gains are derived from income interest and will affect the level of health of the bank. The NIM calculation is as follows:

Table 6. Matrix Criteria for Determining Ranked Profitability (NIM)

Rating	Information	Criteria
1	Very Healthy	NIM > 3%
2	Healthy	2% < NIM ≤ 3%
3	Healthy enough	1.5% < NIM ≤ 2%
4	Less Healthy	1% < NIM ≤ 1.5%
5	not Healthy	NIM ≤ 1%

Source: Bank Indonesia Circular Letter Number 13/24/DPNP of 2011

Capital (Capital)

Judging of capital is a vote against the coverage of capital of banks to cope with the risks when this and anticipate the risk of the days to come. According to (Rivai: 2013) capital is an important factor for banks in the context of business development and

accommodate losses. To be able to thrive and compete in a healthy, then capital should be adjusted to the size of the international who is known by the standard BIS (*Bank for International Settlements*). Based on the Circular Letter of Bank Indonesia Number: 13/24/DPNP dated October 25, 2011, the CAR measurement uses:

Table 7. Matrix Criteria for Determining Ranked Capital (CAR)

Rating	Information	Criteria
1	Very Healthy	$CAR > 12\%$
2	Healthy	$9\% \leq CAR < 12\%$
3	Healthy enough	$8\% \leq CAR < 9\%$
4	Less Healthy	$6\% \leq CAR < 8\%$
5	not Healthy	$6\% \leq CAR$

Source: Letter Circular Bank Indonesia Number: 13/24/DPNP year 2011

Finally, the RGEC components will be weighted by the composite rating for each component that has obtained a value based on its ranking. This value will be used as a benchmark to determine the actual value that is used as a benchmark in determining the value or rating of the health level of the bank concerned. The following is the amount of value given:

1. PK 1 is worth 5 (five)
2. PK 2 is worth 4 (four)
3. PK 3 is worth 3 (three)
4. PK 4 is worth 2 (two)
5. PK 5 is worth 1 (one)

Values here that will be used as a starting measuring in unit of percentage to determine the rankings

composite of the entire components are used in the assessment of health of banks with methods RGEC. Furthermore, this value will be adjusted to the composite rating table for assessing the bank's soundness level.

Table 8. Composite Rating Weights Assessment of Bank Soundness Level

Composite Rating	Weight (%)	Information
PK 1	86-100	Very Healthy
PK 2	71-85	Healthy
PK 3	61-70	Healthy enough
PK 4	41-60	Less Healthy
PK 5	< 60	not Healthy

Source: Refmasari and Setiawan, (2014)

Previous Research

Research conducted by Pramana and Luh with the title "Analysis of the healthy Level of Bank (Approach RGEC) At Bank Danamon Indonesia Tbk. 2011-2014 period". Results of the study showed that during the period 2011 until the year 2014 Bank Danamon always obtain rank 1 or very healthy. The calculation of the ratio of NPL and LDR describe the bank has been managing the risks with either. Assessment GCG shows the layout management company has done with both. The calculation of ROA and NIM demonstrate the ability of banks to achieve profits are high. Calculation of CAR is always above the limit Bank Indonesia's minimum considered capable in managing its capital.

Research done by Yessi, et al (2015) with the title "Analysis of the Bank By Using Approach Rgec (Risk Profile, Good Corporate Governance, Earnings, Capital) Study At PT Bank Sinar Harapan Bali Period 2010-2012". The results of this study indicate that based on the analysis of the NPL formula, Bank Sinar in 2011 has increased every year 2010 = 1.73%, 2011 = 1.94%, and 2012 = 1.81%. While the risk of the market to see the IRR is experiencing a decline in the year 2010 of 0,028% into 0,022% in the year 2011, and increased in the year 2012 became 1.909%, and the risk of liquidity by using the two ratios are LDR and LAR, experienced an increase and decrease. It is demonstrated that the Bank Sinar has a profitability that is nice to refund back the funds the third. GCG Bank Sinar also have management that is very good which is proven from years 2010-2012 shows predicate composite good with determination matrix vote bank healthy by the Regulation of Bank Indonesia No. 13 and the predicate is either the entire value of the composite are still located within the rules more great or equal to (\leq) 1.5. If seen from the CAR, Bank Sinar is on rank two things that indicate that the Bank Sinar as a general Bank has a level of health that is reasonable.

Research was also conducted by Diarto and Siti (2016) with the title "Analysis of the Bank By Using Method RGEC (*Risk Profile, Good Corporate Governance, Earnings, Capital*) (Study On PT. Bank Rakyat Indonesia

(Persero), Tbk Period 2011-2014)". The results of the analysis of this study indicate that the condition of PT. Bank Rakyat Indonesia (Persero), Tbk during the years 2011-2014 in general is in the composite rank 1 which is in very healthy condition. Risk Profile on aspects of the risk of credit by using the calculation of the ratio of NPL indicates the condition is very good, aspects of risk market by using a calculation of the ratio of the IRR in general showed an increase, and aspects of the risk of liquidity by using a calculation of the ratio of LDR, LAR, and CR indicates the condition is very good, *good corporate governance*, which consists of 11 aspects of assessment, namely the *self-assessment* of the governance of companies in the category very well, *earning* by using the calculation of the ratio of ROA and NIM, of the two ratios that indicate the condition is very healthy, *capital* by using the calculation of the ratio of CAR indicates the condition that the healthy of the year to year.

Research that that was done by Susanto, et al (2016) The title Analysis of the Bank By Using Method RGEC (*Risk Profile, Good Corporate Governance, Earnings, Capital*) Study At PT Bank Mandiri (Persero) Tbk, which is registered on the Stock Exchange Year 2010 -2014). The results of this study indicate that the health level of PT Bank Mandiri (Persero) Tbk. from the year 2010 up to 2014 measured with the approach method RGEC is a bank

that is in very healthy. In the Risk Profile factor which is assessed by the ratio of NPL and LDR, it shows that PT. Bank Mandiri (Persero) Tbk has a profitability that is good to refund back the funds. On the factor of Good Corporate Governance PT. Bank Mandiri (Persero) Tbk has implemented the principles of GCG in accordance with the provisions of Bank Indonesia and. On factors Earnings were rated by the ratio of ROA and NIM was at rank one with a value predicate very good. The Capital factor assessed by the CAR ratio shows PT Bank Mandiri (Persero) Tbk. both in financing activities of the business as well as to cover the risk of future that will come up that can cause losses.

RESEARCH METHODS

Types of research

This research is a descriptive research with secondary data processing. Data secondary is data obtained indirectly from the object of research. Secondary data usually has been collected by data collection agencies and published to the data user community (Kuncoro, 2011).

Research Approach and Time

The type of this research is the research descriptive. According to Santoso (2000) in Kuncoro (2011), in general field of study statistics descriptive is presenting the data in the form of tables and graphs, then summarize and explain the data in the form of tendency central, variety and

shape. This research take the data with a period of time in 2017 -2019.

Research Object

The object of this research is a national-scale conventional bank. To maintain the confidentiality of this research data, the authors use PT Bank "XYZ" to change the real name of the bank under study.

Research Data and Sources

Sources of data used for the study of this is the data secondary data the source of data research were obtained by researchers are not directly but through a website, mailing news, news and others that make the information that is important. In a study of this the data of secondary obtained from reports of the financial PT Bank “XYZ”, the period from 2017 to 2019 were in the form of reports balance sheet, reports profit and loss, and statement flows of cash in published through the website officially www.idx.co.id, and report assessment GCG (GCG) which conducted the independent, namely *Indonesian of Corporate Directorship* (IICD) which is published by PT Bank “XYZ”.

Data Collection Techniques

Mechanical collection of data the study is that the data secondary in the form of a document that is obtained from the website officially www.idx.co.id and website of PT Bank “XYZ” alone. The data used in the study is derived from reports balance sheet, reports profit and loss and report flows

of cash over a period of years from 2017 to 2019. While the data collecting method used in this study is the study of documentation and research library (*Library Research*). According to Indriantoro and Supomo (2013), documentation which collects the data secondary by way of notice or copy records of paperwork that is considered to be associated with the research. The technique used in the study of the documentation is to learn, classify, and use the data secondary form of notes and reports were related to and associated with the level of health of the bank at PT Bank "XYZ" 2017-2019. While research library (*Library Research*) Researchers studying, reviewing and studying literature in the form of books, regulatory law, web sites and studies previously that have a relationship with a problem that is investigated. The study of literature is intended to obtain as possible theories that are expected to be able to support the data collected and the more advanced process in the study of this.

Data Analysis

According Sugiyono (2009), in this research is using the technique of analysis statistic descriptive, namely: analysing the data with a way to describe or depict the data collected as their without intending make conclusions that apply to general or generalized. Including the presentation of data through tables, graphs, diagrams circle until the calculation of

percentages. It has been done the analysis by using statistical descriptive, and making conclusions.

Later stages in the analysis of data that is done in it is by collecting data from reports of financial companies are related to the research. Then analysing the profile of risk (*Risk-Profile*), by using two indicators, namely the risk of credit by calculating the ratio of *Net-performing loans* (NPL) and risk of liquidity by calculating the ratio of loan to deposit ratio (LDR). Subsequently analysing *Good Corporate Governance* is based on the Self Assessment Company refers to the provisions of Bank Indonesia in Bank General. In addition to the analysis of earnings (*Earnings*) by using indicators *Return on Assets* (ROA) and net interest margin (NIM). Finally, analyse the capital (*Capital*), by calculating the amount of risk *Capital Adequacy Ratio* (CAR).

RESULTS AND DISCUSSION

Research Results Calculation of Risk Based Bank Ratio Banks Seen from Aspects of Risk-Profile

a. Credit risk (NPL)

The ratio of financial is explained that NPL (Non-Performing Loan) was obtained from the credit problem is a credit to the party instead of banks classified as less smoothly, doubtful, and jammed divided by the total credit to the third party is not a bank. With so then the calculation of the ratio of non-performing loans are as follows:

Table 9. NPL Years 2017-2019 (In millions of Rupiah)

Year	Non-performing loans (a)	Total Credit (b)	NPL (a:b) x 100%	Rating	Information
2017	7,915,978.00	713,376,167.00	1.11%	1	Very Healthy
2018	9,631,449.00	814,552,767.00	1.18%	1	Very Healthy
2019	11,500,490.00	877,431,193.00	1.31%	1	Very Healthy

Source: Financial report of PT. Bank “XYZ” (processed)

From the table NPL above looks clear that the NPL from year to year always improved and entered in the category of very healthy. NPL is still below 2% of show that the amount of credit problems when compared with total loans that have been disbursed by the company is still below the range of numbers of 1.11% -1.31%. It is demonstrated that the company is still able to manage the amount of credit jams that occur.

Liquidity risk (LDR)

The ratio of financial is used to assess the liquidity of a bank by way of comparing the amount of credit that is granted by the bank and fund the third. Loans are given does not include a credit to the other. Fund the third deposit customers are in the form of demand deposits, savings and time deposits futures. With so then the calculation of the ratio of LDR as follows:

$$LDR = \frac{\text{Amount Of Credit Granted}}{\text{Third Parties Fund}} \times 100 \%$$

Table 10. LDR years 2017- 2019 (In millions of rupiah)

Year	Total Credit That Provided (a)	Third Party Funds (b)	LDR (a:b) x 100%	Rating	Information
2017	713,376,167.00	841,656,450.00	84.76%	2	Healthy
2018	814,552,767.00	944,268,737.00	86.26%	3	Healthy enough
2019	877,431,193.00	1,021,196,619.00	85.92%	4	Healthy enough

Source: Financial report of PT. Bank “XYZ” (processed)

The magnitude of the ratio of the LDR during the three years 2017-2019 describe that the bank liquidity is able to fulfil the obligations in the run short. The LDR ratio is between 84.76%-86.26%, still relatively healthy and quite healthy.

The Level of Beath of Banks in Terms of Aspects of Good Corporate Governance

Assessment of the GCG (Good Corporate Governance) factor is an assessment of bank management on the implementation of GCG principles as regulated in Bank Indonesia Regulations. GCG is based on 3 main aspects, namely

- a. Governance Structure aims to assess the adequacy of the structure and infrastructure of governance governance of the bank in order to process the principles of governance

governance that both produce results that correspond to the expectations of stakeholders.

b. Governance Process aims to assess the effectiveness of the application of the principles of governance to manage that well which is supported by the adequacy of the structure and infrastructure governance system of banks that produce results that

correspond to the expectations of stakeholders.

c. Governance Outcomes aims to assess outcomes that meet the expectations of the Bank's stakeholders which are the result of the process of implementing GCG principles and are supported by the adequacy of the bank's governance structure and infrastructure.

Table 11. Rate GCG period of year 2017-2019

Period	Rating	Information
year 2017 Semester I and II	2	Reflecting management Bank "XYZ" has been doing the implementation of good corporate governance in general good. It is reflected on the fulfillment of which is adequate on the principles of corporate governance. If there are weaknesses in the application of the principles of good corporate governance, it is the general weakness of the less significant and can be solved by action normally by management Bank "XYZ" .
year 2018 Semester I and II	2	Reflecting management Bank "XYZ" has been doing the implementation of GCG aspects of <i>Governance Structure, Governance Process, and Governance Outcome</i> are in general good. It is reflected on the fulfillment of adequate on the principles of good corporate governance, it is the general weakness of the less significant and can be solved by the action of normal by the Management Bank "XYZ"
year 2019 semesters I and II	2	Reflecting management Bank "XYZ" has been doing the implementation of good corporate governance in general good. This is reflected in the adequate fulfillment of the principles of <i>Good Corporate Governance</i> . If there are weaknesses in the application of the principles of good corporate governance, it is the general weakness of the less significant and can be solved by action normally by management Bank "XYZ" .

Source: Report of assessment itself (*Self Assessment*) GCG PT. Bank "XYZ"

Meanwhile, from Table 14 of the Weights PK Components GCG can be seen clearly that from the period of 2017- 2019 entered rank to 2 or in a state of healthy. Judging from

factor ratings GCG companies classified as healthy which can be interpreted that the system governance that exist in the company meets the required in GCG.

Table 12. PK weight for GCG Components

Period	Rating	Information
2017	2	Healthy
2018	2	Healthy
2019	2	Healthy

Source: Data Secondary are processed by researcher, 2020

The Level of Health of Banks in Terms of Aspects Earning

a. ROA (Return On Assets)

$$ROA = \frac{\text{Income Before Tax}}{\text{Total Asset}} \times 100 \%$$

Table 13. ROA Years 2017-2019 (in millions of rupiah)

Year	Profit before tax (a)	Total assets (b)	ROA (a:b) x 100%	Rating	Information
2017	37,022,157.00	1,127,447,489.00	3.28%	1	Very Healthy
2018	41,022,157.00	1,296,898,292.00	3.16%	1	Very Healthy
2019	43,364,053.00	1,416,758,840.00	3.06%	1	Very Healthy

Source: Financial report of PT. Bank “XYZ” (processed)

The magnitude of the ratio of ROA above 1.5% classified as very healthy, this proves that the company is able to manage the assets to gain profit companies.

b. NIM (Net Interest Margin)

This ratio is calculated to measure the bank's ability to generate net interest income on the processing of large earning assets. The ratio of NIM can be

This ratio is calculated to measure the success of management in generating profits. The smaller this ratio means that bank management is less able to manage assets to increase revenue and reduce costs. ROA is obtained from profit before tax divided by total assets. With so then the calculation of the ratio of ROA as follows:

calculated with the formula income interest net divided by average assets productive. Net interest income is interest income after deducting interest expense. While the assets productively are taken into account is the asset of productivity that generate interest, namely the assets earning the classified smoothly and the attention specifically. Then the calculation of the NIM ratio is as follows.

$$NIM = \frac{\text{Net Interest Income}}{\text{Total Earning Assets}} \times 100 \%$$

Table 14. NIM Year 2017-2019 (In millions of rupiah)

Year	Net Interest Income (a)	Total earning assets (b)	NIM (a:b) x 100%	Rating	Information
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2017	73.005,487.00	1,128,475,950.00	6.47%	1	Very Healthy
2018	77,665,772.00	1,290,862,677.00	6.02%	1	Very Healthy
2019	81,707,305.00	1,370,492,916.00	5.96%	1	Very Healthy

Source: Financial report of PT. Bank “XYZ” (processed)

By seeing the magnitude of the ratio of NIM is larger than 3% indicates that the company is very healthy in managing assets productively and are used in producing the income interest net.

The Level of Health of Banks in Terms of Aspects Capital

The CAR ratio is used to measure the adequacy of capital owned by a bank to support assets that contain or generate risk. CAR derived from capital divided by assets Weighted According to Risk (RWA). With so then the calculation of the ratio of CAR as follows:

$$CAR = \frac{\text{Capital}}{\text{Risk Weighted Asset}} \times 100 \%$$

Table 15. CAR Years 2017-2019 (In millions of rupiah)

Year	Capital (a)	Assets weighted according to risk (b)	CAR		Information
			(a:b) x 100%	Rating	
2017	168.007,778.00	704,515,985.00	23.85%	1	Very Healthy
2018	125,275,331.00	818,608,240.00	15.30%	1	Very Healthy
2019	208,784,336.00	869,020,388.00	24.03%	1	Very Healthy

Source: Financial report of PT. Bank “XYZ” (processed)

If you look at table 15 above magnitude ratio CAR blood money as 12%, the ratio is to prove that the company in the category of very healthy. Capital were owned by the company is very healthy in supporting the course of operations of banking.

Discussion

In Table 16 below is a table summary of the assessment level of health of PT Bank “XYZ” in 2017 by using a method of risk based bank rating, which includes four components ratings major, namely: the profile of risk, corporate

governance, earnings and capital. The table below shows that the year 2017 PT Bank “XYZ” views of the components factor ratings entered in criteria was healthy for the NPL, LDR and GCG. Components of earnings, entry criteria very se hat for assessment ROA and NIM and components of capital, entry criteria very healthy for the CAR. Based on Table 16. shows that rank composites in the year 2017 which amounted to 93.33% which means that the value that is in the rank composite (PK) 1 with a predicate is very healthy.

Table 16. Summary of the assessment of the health level of PT. Bank “XYZ” 2017

Factor component	Ratio	% Ratio	Rating					Criteria	Information
			1	2	3	4	5		
Risk Profile	NPL	1.11%	√					Very Healthy	
	LDR	84.75%		√				Healthy	
GCG		1.50 > Composite Value < 2.50		√				Healthy	
Earnings	ROA	3.28%	√					Very Healthy	
	NIM	6.46%	√					Very Healthy	
Capital	CAR	23.84%	√					Very Healthy	
Composite Value			20	8	0	0	0	28:30x100%= 93.33%	

Source: Data Secondary are processed researcher, 2020

It is seen in Table 17 the summary of the assessment level of health PT. Bank “XYZ” in 2018 by using a method of risk based bank rating, which includes four components ratings major, namely: the profile of risk, corporate governance, earnings and capital. Seeing from the aspects of the profile of risk, the value of the ratio of NPL very healthy, while the value of the ratio of LDR is quite healthy. To vote on

factors GCG entered in the criteria healthy. Value ratio of ROA and NIM entered criteria of very healthy and the value of the ratio of CAR also entered criteria very healthy. Based on Table 19, it denotes that the levels of composites in the year 2018 ie by 9 0 % which means that the value that is in the rank composite (PK) 1 with a predicate is very healthy.

Table 17. Summary of the assessment of the health level of PT. Bank “XYZ” 2018

Factor component	Ratio	% Ratio	Rating					Criteria	Information
			1	2	3	4	5		
Risk Profile	NPL	1.18%	√					Very Healthy	
	LDR	86.26%			√			Healthy enough	
GCG		1.50 > Composite Value < 2.50		√				Healthy	
Earnings	ROA	3.21%	√					Very Healthy	
	NIM	6.01%	√					Very Healthy	
Capital	CAR	22.63%	√					Very Healthy	
Composite Value			20	4	3	0	0	27:30 x 100% = 90%	

Source: Data Secondary are processed researcher, 2020

In Table 20, dealing with the summary of assessment level of health PT. Bank “XYZ” in 2019 shows that in terms of the risk profile, the NPL ratio is

very healthy, while the LDR ratio is quite healthy. To vote on factors GCG entered in the criteria healthy. Value ratio of ROA and NIM entered the

criteria of very healthy and the value of the ratio of CAR also entered criteria very healthy. Based on Table 20 shows that the level of composites in the year

2019 is by 90 % which means that the value that is in the rank composite (PK) 1 with a predicate is very healthy.

Table 18. Summary of the assessment of the health level of PT. Bank “XYZ” 2019

Factor component	Ratio	% Ratio	Rating					Criteria	Information
			1	2	3	4	5		
Risk Profile	NPL	1.18%	√					Very Healthy	
	LDR	86.26%			√			Healthy enough	
GCG		1.50 > Composite Value < 2.50	√					Healthy	Very Healthy
Earnings	ROA	3.21%	√					Very Healthy	
	NIM	5.96%	√					Very Healthy	
Capital	CAR	22.63%	√					Very Healthy	
Composite Value			20	4	3	0	0	27:30 x 100%= 90%	

Source: Data Secondary are processed researcher, 2020

Impact of Bank Soundness Level Assessment for Improving Financial Performance of PT Bank XYZ”

Table 16-18 illustrates that PT. Bank “XYZ” if assessed by the method of riskbased banking rating has criteria ranging from fairly healthy, healthy and very healthy. In general, it is categorized as very healthy. Rate the level of health of banks are certainly very impacting the performance of the financial banking it.

Based on the ratio of NPL during the years 2017-2019 the company entered the category of very healthy. This ratio shows that the bank in disbursing credit to customers meets the elements in lending, such as: *character, capacity, capital collateral and condition*. This ratio certainly has a good impact on the company's performance. With the ratio of NPL category of very

healthy, the bank does not have the risk of major in the amount of credit that is disbursed. Especially in the management of non -performing loans/ bad loans. Banks have a small risk in providing credit to customers. Then also supported by the magnitude of the ratio of the LDR of the 2017-2019 meet the criteria for a healthy and pretty healthy, it means that the company is still quite strong in fulfilling the level of liquidity. The amount of credit that is given to the customer value is still below the amount of funds the third. This of course will still be a power of t scrambled itself for investors to invest their capital and for customers in deposit money in the form of savings, deposits and others.

In a vote by using the factor *Good Corporate Governance (GCG)*, during the years 2017 to 2019 in the

criteria of sound. This shows that the system management company has been in accordance with aspects that exist in the GCG, which proves that the level of confidence in the *stakeholders* the company can be increased. Tata management company that sound will make the trust of the whole *stakeholder* increased.

Ratios ROA in the criteria that are very healthy, figure it proves that companies can use asset with both in order to generate profit before tax. ROA in the state is very healthy also will attract investors in m enginvestasikan invest in a set-assets productivity. Likewise also the ratio of NIM are very healthy indicate that the company can generate revenue interest net to utilize assets productivity. It will also attract investors in the company. Judging from the ratio of CAR Companies enter the criteria dross t healthy for three years straight -turut. This indicates that the adequacy of the capital of the company is very good in supporting the course of the company, especially in disbursed loans to customers, investing in other assets and the ability of companies to collect funds the third. By CAR healthy banks were able to improve the performance of financial can meet to moderately capital of banks.

Assessment of health with the methods *of risk based banking rating* that is done against PT Bank "XYZ" , as a whole is in the very healthy category. This health assessment certainly has an impact on improving banking

performance. From the NPL, LDR, ROA, NIM, CAR and GCG companies can improve performance in teaching excellence wishful company. Bank is able to maintain its liquidity, beside other banks are also able to generate a profit / earnings. With the state of health of the bank either, can affect the price of shares of banking that are listed in the Stock Exchange Indonesia (BEI).

Some studies History can be a supporter of the results of research impact assessment health of banks to increase the performance of the financial banking. Research that is conducted by, Takarini and Son (2010) mentions that the Capital Adequacy Ratio (CAR) impact on changes in the price of shares in the company bank that went public on the Stock Exchange Indonesia (BEI). Meanwhile, another study conducted by Lukitasari and Kartika (2015) states that the Loan to Deposit Ratio (LDR) has a positive and significant effect on financial performance which in this study is proxied by ROA.

CONCLUSION AND SUGGESTION

Conclusion

1. Aspects risk profile which includes the assessment of ratio of NPL and LDR in PT. Bank "XYZ" during the years 2017 to 2019 show that the ratio of NPL during the three yearsof observation in the criteria is very healthy, whereas when viewed from the ratio of the LDR, the year 2017 shows the criteria for a healthy and a

- year from 2018 to 2019 showed the criteria reasonably healthy.
2. Judging from the aspect of Good Corporate Government (GCG) PT. Bank during the years 2017 to 2019 show the criteria were healthy, meaning that the company has been running a system to manage the company as healthy.
 3. Aspects earning which include the assessment of ratio of ROA and NIM at PT. Bank "XYZ" during the years 2017 to 2019 show that the ratio of ROA and NIM denote the criteria of very healthy.
 4. Judging from the aspect of capital which is assessed by the CAR ratio at PTBank "XYZ" during the years 2017 to 2019 show the criteria are very healthy, meaning that the company is able to meet the adequacy of capital in banking.
 5. The impact of the assessment of the soundness of banks for improving banking financial performance is very good, namely: increasing stakeholder confidence which includes: customers, investors, government and other parties related to PT. Bank "XYZ" in supporting the company's operational activities.

Suggestion

1. PT. Bank "XYZ" is expected to improve the value of the ratio of Loan Deposit Ratio (LDR) in particular periods of the Year 2018 to 2019 of category quite healthy be healthy or

very healthy, so banking is able again to maintain the level of liquidity.

2. PT. Bank "XYZ" is expected to still maintain the performance reports of financial companies, so the assessment level of health of the bank with the method Risk Based Rating Banking can be maintained.
3. Rate the level of health of the bank with the method Risk Based Rating Banking can be used by PT. Bank "XYZ" as a consideration in making improvements and improving the performance of the company's financial statements

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