



Analysis of the Health of the Bank Using the CAMEL Method

Vera Damayanti^{1*}, Dewi Silvia²

Fakulty of Business, University Mitra Indonesia

Corresponding Author: Vera Damayanti damayantivera024@gmail.com

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ABSTRACT

Using the CAMEL approach (Capital Asset Management Evaluation and Lifecycle) to assess the company's financial performance Adequacy, Resource Quality, The board Quality, Earnings furthermore, Liquidity). The CAMEL method is used as an analytical framework that can give top to bottom insight into the health of the bank and the potential dangers that might be looked by the bank. This study used a quantitative approach by analyzing each component of CAMEL separately the potential dangers that might be looked by the comes from the yearly fiscal reports of Bank PT BRI Tbk. for the 2020-2022 period. The aftereffects of the examination show that Bank BRI has an adequate level of capital adequacy, showing the bank's stability and ability to deal with potential losses. The bank's asset quality is also relatively good, indicating effective credit risk management. In addition, the quality of bank management is also considered good, with effective policies and good risk management. In terms of revenue, Bank BRI has a healthy performance, showing the ability to generate profits consistently.

INTRODUCTION

The bank is a financial institution that bridges between those who have financial resources and those who need funds. The Bank's operational activities are collecting funds from debtors in the form of credit or other forms. In raising funds, banks have an obligation to provide interest on deposits. So that the bank will fully bear the provision of interest costs to depositors on credit received by the community. In addition, in channeling funds the bank will receive income in the form of interest from the debtor (Yunita, 2018)

Bank is very closely related to the principle of trust. One effort that can be done by a bank is to maintain the trust of various parties, such as shareholders, customers, employees, partners and the government. How to maintain this trust can be done by banks by maintaining the health of the bank itself (Bijriah, 2018).

Given the importance of the soundness of a bank, Bank Indonesia Circular No. 6/23/DPNP of 2004 concerning the Soundness Rating System for Commercial Banks states that the Capital, Asset, Management, Earning, and Liquidity (CAMEL) method is used to evaluate a bank's soundness level. The purpose of the CAMEL technique is to assess whether the bank's management has implemented a banking system in accordance with sound principles. Capital, Asset Quality, Management, Earnings, and Liquidity are five components related to the analysis of the CAMEL technique (Hidayat, 2018). The CAMEL indicator is also used to rank and predict the future prospects of a bank. (Rizal & Mustapita, 2022). For bank customers and investors, knowing the level of bank soundness on an annual basis is very important because it allows them to make decisions that will affect their behavior in the future. Moreover, as a people's reference bank, Bank Rakyat Indonesia must always maintain the health of its operations. The following is a presentation of data regarding the ratios determining the health of Bank Rakyat Indonesia:

Table 1. Financial performance of Bank Rakyat Indonesia

No	Keterangan	2020	2021	2022
1	CAR	19.59%	24.27%	22.30%
2	KAP	2.94%	3.08%	2.82%
3	NPM	13.27%	21.19%	29.50%
4	ROA	1.98%	2.44%	3.76%
5	BOPO	81.22%	74.30%	64.20%
6	FDR	83.66%	83.67%	79.17%

Source : Financial statements Bank Rakyat Indonesia.

Seen from the performance table of Bank Rakyat Indonesia, every year the bank's performance ratio has increased, decreased, and some have even fluctuated. There are several ratios that increase in percentage every year, such as NPM and ROA. In 2020. The percentage of NPM is 13.27%, which increases in 2021 by 21.19% to 29.50% In 2022. Profits that grow (net profit after tax) will represent how much profit is distributed to shareholders in the form of

dividends and capital gains . Return on Assets (ROA) of Bank Rakyat Indonesia also shows an increase every year. ROA in 2020 had a value of 1.98% which increased to 2.44% in 2021. BRI's ROA also experienced an increase in 2022 to reach a value of 3.76%. These good marks can provide managers, investors, or analysts with a sense of how well the management company is making money from its assets. This problem indicates that the bank's performance is getting better from a management point of view.

In addition, there is also a decrease in the value of the performance ratio of Bank Rakyat Indonesia. BRI's BOPO value has decreased every year. In 2020, the BOPO value was 81.22%, which decreased in 2021 by 74.30% and reached 64.20% in 2022. The decline in BOPO every year indicates a good thing. This decrease can mean the efficiency of the bank's performance from year to year, in which the bank can manage operational costs well.

Also Every year, those who suffer from swings see their ratios rise and fall, including CAR, KAP, FDR values. The CAR value in 2020 was 19.59% which then rose to 24.27% in 2021 and fell again in 2022 to 22.30%. ROA and FDR values have also fluctuated in the last three years. The ROA value was 1.98% which increased the following year to a value of 2.44% in 2021. However, this value was followed by a decrease in value in 2022 of 3.76%. Likewise with the FDR value, in 2020 the FDR will reach 83.66% which will increase by 0.01% in 2021 to 83.67% and will decrease again to 79.17% in 2022. This fluctuation is fairly common in banking

This increase and decrease in value is able to provide an overview to customers and investors regarding the bank's ability to face losses from the realm of capital, profit, and the ability to pay off bank obligations.

LITERATURE REVIEW

CAMEL Scope

So far, the CAMEL component (Capital, Asset Quality, Management, Earning, and Liquidity) has been the main criterion for assessing the soundness of Indonesian banking. These five elements are interconnected and affect how well the bank performs.

The following best describes the fifth element:

1. Funds (Capital) Factor

Vehicles, or Proportion of Capital Adequacy. is the proportion of bank execution to measure the adequacy of funds in supporting assets with risks (Eka & Amelia, 2021)

2. Asset Quality Factor (Quality Assets)

This proportion must be seen from the financial records that have been calculated on the Berkal web.

3. Factor Management (Management)

The caliber of employees of a company reflects the caliber of management. The use of Net Profit Margin (NPM) is closely related to the elements of management being evaluated, both general management and risk management. Net profit in the management aspect measures the results of the strategic decisions that have been implemented

4. Earning Factor (Profit)

- a. Return on Assets Ratio (ROA). This ratio is used to assess the ability of bank management to generate profit (profit before tax) from its total assets.
- b. Ratio of Operating Expenses to Operating Income (BOPO Ratio)
This ratio, also known as the efficiency ratio, is used to assess how well a bank's management can control operating expenses relative to operating income. Bank operational costs will be managed more effectively if this percentage is lower.

5. Liquidity Factor

Financing The ratio of all loans made to all deposits made by a bank is known as the loan to deposits ratio (FDR). The probability that a bank is in a bad situation will increase the higher this ratio, because it indicates the lower the liquidity capacity of the bank concerned.

METHODOLOGY

Data Type

This study uses a variety of quantitative documents. Quantitative data is meant in this study in the form of time lapses time lapses.

Data source

The sample data in this essay is second level data. Based on Meita & Dewi (2023). Secondary data is a source of information used in this study.

Population

Population was used. In this study, the population represented in PT. Bank Rakyat Indonesia Tbk Financial Report for the 2020–2022 period, obtained from the Indonesia Stock Exchange (IDX).

Sample

Balance sheet and profit/loss report of PT. Bank Rakyat Indonesia Tbk for the 2020–2022 period received from the Indonesia Stock Exchange (IDX) as the research sample.

Analysis Tools

1. *Capital* (Permodalan)

a. Credit Score Ratio CAR

$$CAR = \frac{\text{Modal}}{\text{Aktiva Tertimbang menurut Rasio (ATMR)}} \times 100\%$$
$$\text{Nilai Kredit} = \frac{\text{Rasio CAR} + 1}{0.1 \%}$$

2. *Asset*

b. Rasio KAP

$$KAP = \frac{\text{Aktiva Produk yang Diklasifikasikan}}{\text{Total Aktiva Produktif}} \times 100\%$$

$$\text{Nilai Kredit} = \frac{15,5\% - \text{Rasio KAP}}{0.15\%} + 1$$

c. Management

$$\text{NPM} = \frac{\text{Laba Bersih}}{\text{Pendapatan Operasional}} \times 100\%$$

3. Earning

a. Return On Asset (ROA)

$$\text{ROA} = \frac{\text{Laba Bersih Sebelum Pajak}}{\text{Total Aktiva}} \times 100\%$$

$$\text{Nilai Kredit} = \frac{15.5\% - \text{Rasio ROA}}{0.15\%}$$

b. BOPO

$$\text{BOPO} = \frac{\text{Beban Operasional}}{\text{Pendapatan Operasional}} \times 100\%$$

$$\text{Nilai Kredit} = \frac{100\% - \text{Rasio BOPO}}{0.08\%}$$

c. Likuidity

$$\text{FDR} = \frac{\text{Jumlah kredit yang diberikan}}{\text{Jumlah dana pihak ke tiga}} \times 100\%$$

$$\text{Nilai Kredit} = (115\% - \text{Rasio FDR}) \times 4$$

RESEARCH RESULT

Table 2. Summary of Bank Rakyat Indonesia Soundness Level Results for the period 2022 -2020

Year	Factor CAMEL	Ratio	Kredit	Category
2020	CAR	19%	191%	Healty
	KAP	2%	102,26%	Healty
	NPM	13%	13%	Tidak Sehat
	ROA	2%	101,26%	Healty
	BOPO	81%	237,50%	Healty
	FDR	84%	124%	Healty
2021	CAR	24%	241%	Healty
	KAP	2%	102,26%	Healty
	NPM	21%	21%	No Healty
	ROA	2%	101,26%	Healty
	BOPO	74%	325%	Healty
	FDR	84%	124%	Healty
2022	CAR	22%	221%	Healty
	KAP	3%	101,23%	Healty

NPM	29%	29%	No Healty
ROA	4%	99,20%	Healty Enough
BOPO	64%	450%	Healty
FDR	79%	144%	Healty

source : Processed data 2023.

DISCUSSION

1. Aspects of Capital (Capital)

The amount of a bank's ability to meet the Minimum Capital Adequacy Requirement (KPMM) has an impact on bank capital. Bank Indonesia has set a benchmark of 8% for this minimum capital requirement. Capital Adequacy Ratio (CAR) is a measure of the strength of a credit risk, operational risk and market risk entirely borne by the bank's capital.

In the 2020 period, Bank Rakyat Indonesia's Capital Adequacy Ratio (CAR) ratio was 19%, in 2021 it was 24%, an increase in the previous year and in 2022 it was 22% which was reduced compared to the previous year. Even though the number has decreased, it is still in the Healthy category because according to Bank Indonesia regulations, the CAR value is categorized as healthy when > 8%. This implies that Bank Rakyat Indonesia has sufficient cash to cover all operational, credit and market risks. Meanwhile, the CAR credit value obtained at BRI in 2020 is 191%, in 2021 it is 241% and in 2022 it is 221%. Even though the acquisition of the CAR installment value at Bank Rakyat Indonesia for the 2020-2022 period exceeds 100%, the credit value is only allowed up to 100%. Consequently, the CAR credit value of Bank Rakyat Indonesia. only 100% recognized for the 2020-2022 period. Consequently, it can be said that the capital aspect at Bank Rakyat Indonesia is included in the "Healthy" category.

The higher the capital ratio obtained, one can claim that the bank is healthier. If a bank obtains a high CAR value, then to increase the value of these shares, public trust in financial institutions will also increase. A bank is considered capable of financing its operational activities and is able to do so by obtaining a high CAR value. contributes greatly to profitability.

2. Asset Aspect (Asset)

Based on the results of the Calculation of Acquiring Resources Quality (KAP) obtained by Bank Rakyat Indonesia in 2020, namely 2% with a credit value of 102.26%, in 2021 it is 2% with a credit value of 102.26%, and in 2022 it is equal to 3% with a FICO rating of 101.23%. This shows that Bank Rakyat Indonesia for the 2020-2022 period can be categorized as "Healthy" because it is important that the KAP ratio is below 10.35%. In this way, one might say that Bank Rakyat Indonesia is ready to face the nature of its drive to get the biggest payoff.

3. Management Aspect (Management)

In 2020 Bank Rakyat Indonesia obtained 13% NPM and IDR in a total net profit of 18,660,393 operating income of IDR 140,620,896. In 2021 obtain an NPM ratio of 21% with an absolute net benefit of IDR 30,755,766 and operating income of IDR 145,142,831 and in 2022 obtain an NPM ratio of 29% with a total

net profit of IDR 51,408,207 and operating income of IDR 174,265 .108. based on the results of the NPM ratio analysis in the 2020-2022 period, it has increased every year.

Although it has increased every year the value of the NPM ratio at Bank Rakyat Indonesia is in the "Unhealthy" category. Because based on Bank Indonesia regulations, if the NPM ratio is <51%, it is categorized as "Unhealthy". Based on the calculation results, it was found that the ratio values for 2020-2020 were 13.27%, 21.19% and 29.50% respectively. This explains that the value of the proportion of NPM for 2020-2022 is <51% which is categorized as "Unhealthy". This states that Bank Rakyat Indonesia is still not able to manage resources effectively and efficiently so that the net profit generated by Bank Rakyat Indonesia is still not optimal.

4. Profit Aspect (*Earning*)

a. ROA Ratio

The earnings ratio serves to measure the bank's ability to expand benefits and achieve business productivity. ROA shows the ability of bank management to generate profit from managing its assets. The higher the value of the ROA ratio, the lower the profitability of a bank experiencing bankruptcy.

Based on the results of the calculation of the ROA ratio and its credit score, Bank Rakyat Indonesia in 2020 obtained an ROA ratio of 2% with a credit value of 101.26%, in 2021 it obtained an ROA ratio of 2% with a credit value of 101.26% and in 2022 ROA ratio of 4% with a credit score of 99.2%. Based on the acquisition of the value of the ROA ratio, Bank Rakyat Indonesia has increased every year, while the acquisition of the credit value in that year fluctuated. If it is reviewed based on the acquisition of the ratio value, the credit value in 2020-2022 is still categorized as "Healthy". because the ROA ratio value obtained is > 1.215% which is categorized as "Healthy" and for the ROA credit score for 2020 - 2022 it can be categorized as "Sound". because the credit score obtained is in the range of 81% -100%. So it can be concluded that Bank Rakyat Indonesia has the ability to generate profits from its assets.

5. BOPO Ratio

Based on the table calculation analysis above, the results of calculating the BOPO ratio at Bank Rakyat Indonesia for the 2020-2022 period have decreased successively by 81%; 74%; and 64%. The results of these calculations prove that BOPO at Bank Rakyat Indonesia for the 2020-2022 period can be categorized as "healthy" because the BOPO ratio value obtained does not exceed the regulatory limit set at 93.52% by Bank Indonesia. So in this case it can be said that Bank Rakyat Indonesia carried out its operational activities so that it obtained a very good income based on the costs that had been incurred.

6. Aspects of Liquidity (*Liquidity*)

From the results of the calculation above, the Financing to Deposit Ratio (FDR) ratio at Bank Rakyat Indonesia for the 2020 period obtained an FDR ratio value of 84% with a credit value of 124%, in 2021 it obtained an FDR ratio value of 84% with a credit value of 124 % and in 2022 obtain an FDR ratio of 79% with a credit value of 144%. Based on these results, it can be concluded that the FDR ratio at Bank Rakyat Indonesia for the 2020-2022 period can be categorized as

"healthy" because the ratio value obtained does not exceed the maximum limit stipulated by the bank's ability to expand benefits and achieve business productivity. ROA credit above 100%. Therefore, Bank Rakyat Indonesia can fulfill its obligations, especially in managing withdrawals made by depositors/customers and can also fulfill all credit applications that are eligible to be financed.

CONCLUSIONS AND RECOMMENDATIONS

The conclusions from the report "Analysis of Bank Adequacy Levels Using the CAMEL Technique" are as follows:

1. Capital Adequacy Ratio (Capital Adequacy): Based on the analysis using the CAMEL method, the Bank has an adequate level of capital adequacy. Sufficient capital is an indication that a bank has good resistance to potential losses. This shows that the bank has the ability to meet the capital requirements set by the banking authorities and provide protection to customers
2. Asset Quality:
Based on analysis using the CAMEL method, the bank has good asset quality. High-quality assets indicate that the bank has a good loan and investment portfolio, with well-managed credit risk. This is important to maintain the stability and financial performance of the bank.
3. Quality Management:
Based on analysis using the CAMEL method, the bank has good quality management. Good management quality is demonstrated by effective policies, appropriate decision making, and good risk management. Competent management will be able to face challenges and take opportunities well.
4. Earning: Based on analysis using the CAMEL method, the bank has a healthy income level. A good bank income shows that the bank has the ability to generate consistent profits from its business activities. This is important for the continuity of bank operations and sustainable profit growth.
4. Liquidity (Liquidity):
Based on analysis using the CAMEL method, the bank has an adequate level of liquidity. Sufficient liquidity indicates that the bank has the ability to meet commitments to meet long-term financial commitments. This is important with maintaining client confidence and tracking the overall health of the monetary framework.

ADVANCED RESEARCH

This research still has limitations, it is necessary to carry out further research related to the topic "Analysis of the Health of The BANK Using the Camel Method" to perfect this research, as well as add insight to the reader

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