

TREATMENT OF FINANCIAL STATEMENTS USING THE CAMEL RATIO METHOD TO ASSESS FINANCIAL PERFORMANCE AT BRI BANK REGISTERED AT OJK

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Abstract

A bank is a bank that has an important role in the economy in a country, therefore a healthy bank is needed. To assess the soundness of a bank using the CAMEL method, this is in accordance with the regulations issued by Bank Indonesia. The purpose of this study was to determine the level of soundness of Bank Rakyat Indonesia (BRI) in the period 2017-2019, which is a State-Owned Enterprise (BUMN). The research method used is the CAMEL ratio method (CAR, KAP, NPM, ROA & BOPO, LDR). The results of the research in the last 3 years after being measured with the applicable standard Bank Indonesia regulations, it was found that the average soundness level of BRI Banks is Fairly Healthy.

Keywords: Capital, Assets, Management, Income, Liquidity

1. PRELIMINARY

The Indonesian people have experienced economic and monetary crises which resulted in the decline in the exchange rate of the rupiah against the US dollar. The crisis conditions that occurred had a broad impact on all sectors of the economy and the banking world. The higher the level of civilization in a society, the more diverse its needs will be. Rapid economic development makes people's thinking patterns become critical and up to date on the development of economic information.

Financial statements are fair if they are presented and prepared in accordance with the Statement of Financial Accounting Standards. (PSAK). (Istanti et al., 2022). A financial report is the result of collecting financial data presented in the form of a report and used as a decision support tool (Thomas Sumarsan, 2020). Financial statements have a very important role in analyzing a company. (Istanti et al., 2021) From the financial statements, a number of financial ratios can be calculated which will be used as the basis for assessing the soundness of the bank.

One of the purposes of analyzing financial statements is to see the bank's performance. This is useful to determine the

efficiency and effectiveness of the bank in achieving its goals. Financial statements can be analyzed to see the condition of the company. The type of analysis varies according to the interests of the parties conducting the analysis. Financial statement analysis will be sharper if the financial figures are compared with certain standards. These standards can be in the form of internal standards set by management, comparing financial figures with previous financial periods, or comparing with companies or similar entities.

The soundness of the bank can be analyzed based on the aspects implemented by Bank Indonesia as set out in Bank Indonesia Regulation No. 9/1/PBI/2007.), Asset Quality (Asset Quality), Management (Management), Profitability (Return), Liquidity (Liquidity). This is the official gauge set by Bank Indonesia to calculate the health of Indonesian banks.

To measure the soundness of a bank, the CAMEL method is an appropriate method. Researchers are interested in conducting research on the soundness of BRI Bank using the CAMEL method because the CAMEL method is a method regulated by Bank Indonesia as a mechanism for assessing the soundness of a bank. In addition, the CAMEL

method also functions as a benchmark for bank performance and is useful in detecting various kinds of risks that can disrupt the smooth operation of the bank. This research takes 3 years of research and uses the financial statements of BRI Bank in 2017-2019 as the object of research, this aims to measure the health of BRI Bank, it can be described in the research title: "Analysis of Bank Soundness Levels Using the CAMEL Method (Study at PT Bank BRI Registered at OJK 2017-2019).

Financial performance

Financial performance is the performance achieved by a company over a period of time and reflects the health of the company.(Sutrisno, 2020). Financial performance is the determination of certain measures that can be used as the size of a company or organization to generate profits or profits(Fahmi, 2018). Financial performance is a measure of achievement in generating profits achieved by the company in a certain period of time.

Financial statements

According to Harahap, (2016), "Financial statements describe a company's financial position and results of operations at a particular point or period. Fair financial statements are produced under the influence of several factors. One of the components is the statement of comprehensive income, which plays a fundamental role in knowing the financial situation of the company, including income and expenses.(Istanti et al., 2022)

Financial Ratio

According to Sugiyono, (2017)" A ratio analysis is a number that shows the relationship between items in a financial statement. This relationship is expressed in a simple mathematical form.

Types of Financial Ratio Analysis

Aspects that have the greatest impact on a bank's financial condition, which also affects the health of the bank. CAMEL is a benchmark subject to bank scrutiny by banking regulators.

CAMEL consists of five criteria: Capital, Wealth, Management, Income, and Liquidity.

1. *Capital*(bank capital) which is assessed is the fulfillment of the minimum capital adequacy requirement (KPM) or the so-called capital adequacy ratio (CAR), the credit value is 100 with a CAR value of 25%.

2. Assets (assets) that are assessed are the quality of productive assets (KAP) consist of:

KAP

$$= \frac{\text{Aktiva Produktif Yang Diklasifikasikan}}{\text{Total Aktiva Produktif}} \times 100\%$$

Credit score is 100 and the KAP score is 30%.

3. The management, management aspect is represented by the net profit margin taking into account this ratio and shows how management effectively manages all sources of use or allocation of funds. credit rating 100.

4. Earnings (profitability) assessed is the bank's ability to generate profits. The rated ratios are:

a. return on investment (ROA). Credits granted for ROA are as follows: If your ROA is 0%, your credit score is 0. Each 0.005% increase adds 1 credit score, up to 100, the ROA value is weighted 5%.

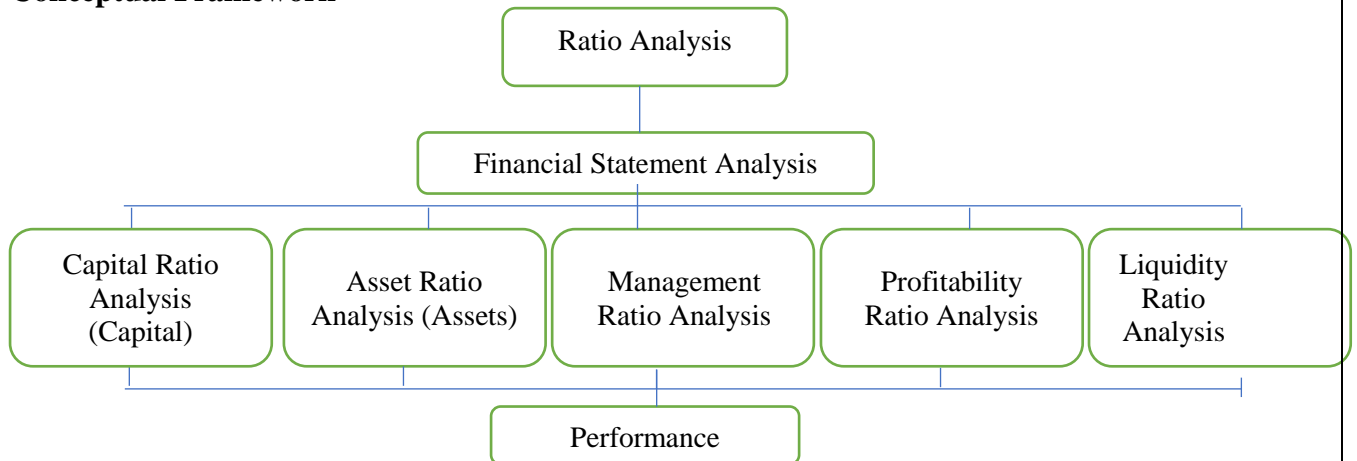
b. bopo ratio.If the BOPO rate is 100% or higher, the credit score is 0. Every 0.08% decrease will reduce your credit score. score is added by 1 with a maximum of 100. The BOPO ratio is 5%.

5. Liquidity, which is assessed is the bank's ability to maintain / maintain liquidity. The ratios assessed include:

a. Loan to Deposit Ratio (LDR). Credit points awarded for LDR

are as follows: for an LDR of 110% or more, the credit score is 9. For an LDR below 110%, the credit score is 100, the weight of the LDR value is 5%.

Conceptual Framework



Source: Researcher (2022)

Image 1
Conceptual framework

Research Questions and Analysis Models

Main Research Question

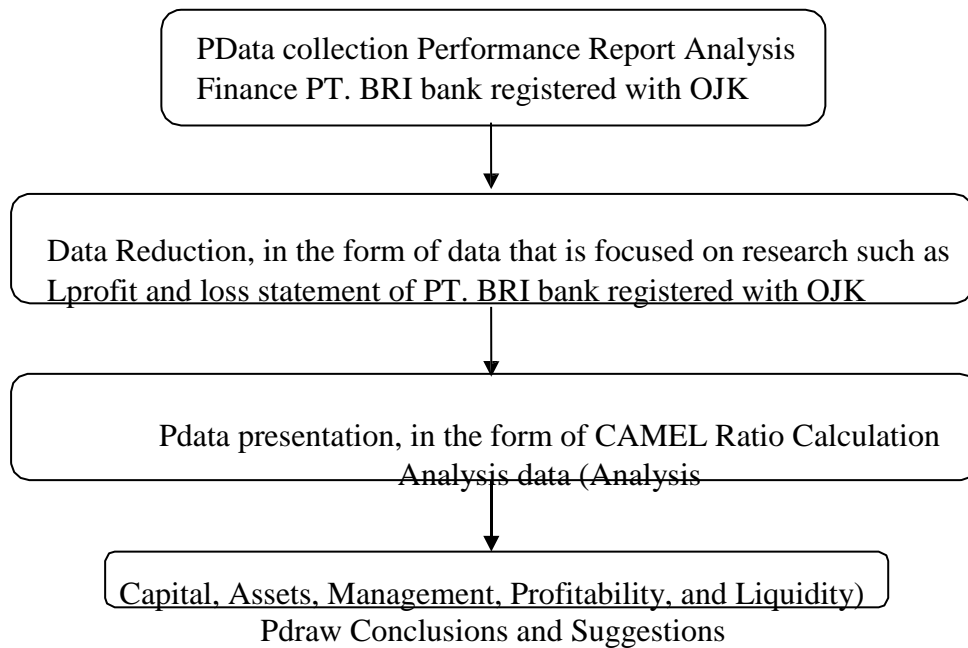
The Main Research Questions of this research are as follows: “How is the financial performance of PT. Bank BRI registered with OJK when viewed from the CAMEL Ratio analysis (Analysis of Capital, Assets, Management, Profitability, and Liquidity) ?

Mini Research Question

The Mini Research Questions for this research are as follows:

1. “Is the analysis of Capital Ratio (Capital) able to assess the financial performance of PT. Bank BRI registered with OJK”
2. “Is the Asset Ratio analysis able to assess the financial performance of PT. Bank BRI registered with OJK”
3. “Is the Management Ratio analysis able to assess the financial performance of PT. Bank BRI registered with OJK”
4. “Is the Profitability Ratio (Earnings) analysis able to assess the financial performance of PT. Bank BRI which is registered with OJK”
5. "Is the Liquidity Ratio analysis able to assess the financial performance of PT. Bank BRI which is registered with the OJK?"

Analysis Model



Source: Researcher(2022)

Figure 2
Analysis Model

2. RESEARCH METHODS

Research Approach

The type of research used in this research is using qualitative. According to Sugiyono, (2019), Qualitative research is: "Starting from theoretical frameworks, expert ideas, and empirical understandings of researchers, developing them into problems and solutions to form justifications (verifications) Proposed approach for "Empirical Data Support for Reports".

The approach used in this study is a descriptive approach. Descriptive approach according to P. Sugiyono, (2019) Research that aims to provide symptoms, facts, or events in a systematic and accurate manner that relate to the characteristics of a particular population or area.

Data Type

The type of data used in this study is secondary data, namely previously available data collected from indirect or second-hand

sources, for example from written sources belonging to the government or libraries.(Sugiyono, 2017)

Data source

The data source used in this study was taken from the Indonesia Stock Exchange website, namely idx.co.id. The author uses the financial statements of PT Bank BRI in the 2017-2019 period as the main source of information.

Unit of Analysis

UnitThe analysis in this study is an analysis of financial ratios using CAMEL to assess the financial statements of PT Bank BRI in the 2017-2019 period.

3. DISCUSSION RESULT

3.1 Research Results

Capital Method Analysis (Capital)

This CAR method is a capital adequacy ratio that shows the ability of banks to provide funds that are used to overcome possible risk of loss.

Table 1
Amount of BRI Bank CAR Credit in 2017-2019

YEAR	CAR RATIO	CREDIT VALUE PERCENT	MAXIMUM
2017	22.96%	230.59	100
2018	21.35%	214.51	100
2019	22.77%	228.68	100

Source: Data processed from Bank BRI in 2019

Based on table 1, it can be seen that in 2017-2019 the level of health in the CAR ratio of BRI Bank is said to be very healthy because it has a CAR ratio value of 12%. In 2018 the CAR ratio was 21.35%, a decrease of 1.61% from 2017 which was 22.96%. this is due to the amount of capital which has increased but is not balanced with the increase in RWA, while

CAR has increased again in 2019 by 1.42% to 22.77%. This is due to the increase in the amount of capital and RWA. Changes in capital can occur every year due to the provision of the maximum amount of credit to the bank which can change every year.

Analysis of Assets Method (Assets)

Table 2
Amount of Credit Value of KAP BRI Bank in 2017-2019

YEAR	CAP RATIO	CREDIT VALUE PERCENT	MAXIMUM
2017	6.4%	16.07	100
2018	6.0%	16.10	100
2019	6.3%	16.08	100

Source: Data processed from Bank BRI in 2019

Based on table 2, it can be seen that in 2017-2019 the level of health in the KAP ratio is said to be Unhealthy because the ratio value is at the ratio level of 6% < KAP 9%. In 2018 the KAP ratio of 6.0% decreased by 0.4% from 2017

which was 6.4%, this is because APYD has increased but is not balanced with the increase in total earning assets, while KAP in 2019 has increased again by 0.3% to 6.3%.

Analysis of Management Methods (Management)

Table 3
BRI Bank NPM Calculation Results for 2017-2019

YEAR	NET PROFIT	OPERATIONAL INCOME	NPM
2017	29,045,049	36,806,841	78.9%
2018	32,418,486	41,725,877	77.7%
2019	34,413,825	43,431,933	79.2%

Source: Data processed from Bank BRI in 2019

Based on table 3, the results of the NPM calculation show that the results of Bank BRI's NPM in the last 3 years have fluctuated due to an increase or decrease in operating profit. From the results of this NPM ratio, it can be

said that the NPM ratio in 2017-2019 has a Fairly Healthy level of health because the NPM ratio is at a ratio of 66% NPM < 81%. The NPM credit value has been combined with other components in the CAMEL model,

because the management aspect is projected by Net Profit Margin. With this ratio growth, it shows how management manages resources and allocation of funds efficiently, so that the NPM ratio value obtained directly becomes the NPM ratio credit score.

Earning Method Analysis (Profitability)

Profitability is a measure of a bank's ability to increase its profits or measure the level of efficiency and effectiveness of management in running its business and the bank's ability to support current and future operations. Profitability assessment is based on two types, namely the Ratio of Profit to Total Assets (ROA) and the Ratio of Operating Expenses to Operating Income (BOPO).

Return On Assets (ROA)

Table 4
BRI Bank's ROA Credit Value in 2017-2019

YEAR	ROA RATIO	CREDIT VALUE PERCENT	MAXIMUM
2017	2.58%	171.75	100
2018	2.50%	166.65	100
2019	2.43%	161.94	100

Source: Data processed from Bank BRI in 2019

Based on the results of this research, the ROA ratio value at Bank BRI is at the Very Healthy level of health because it is within the criteria for the ROA value > 1.5%. It is known that in 2018 the ROA value decreased by 0.08% to

2.50% from 2.58% in 2017, then decreased again in 2019 by 0.07% to 2.43%. This is due to the increasing number of assets each year, although net income also increases.

Operating Expenses to Operating Income (BOPO)

Table 5
BRI Bank BOPO Credit Value for 2017-2019

YEAR	BOPO RATIO	CREDIT VALUE PERCENT	MAXIMUM
2017	104.9%	86.89	100
2018	100.6%	87.42	100
2019	103.5%	87.06	100

Source: Data processed from Bank BRI in 2019

From table 5 it is shown that the value of the BOPO ratio at Bank BRI in 2017-2019 is at the Unhealthy health level because it is at the BOPO criteria level > 97%. It is known that in

2018 the BOPO value decreased by 4.3% to 100.6% from 2017 at 104.9%, then increased again in 2019 by 2.9% to 103.5%.

Liquidity Method Analysis (Liquidity)

Table 6
Amount of LDR Bank BRI Credit in 2017-2019

YEAR	LDR RATIO	CREDIT VALUE PERCENT	MAXIMUM
2017	96.5%	460.96	100
2018	86.3%	457.55	100
2019	90.8%	457.37	100

Source: Data processed from Bank BRI in 2019

Based on the results of this study, BRI Bank's LDR ratio values are within the criteria of 85% <85% values, which indicates a fairly healthy level of health. 100% LDR. LDR is known to have decreased by 10.2% to 86.3% in 2018 from 96.5% in 2017 and increased by 4.5% to 90.8% in 2019.

3.2 Discussion

After calculating financial performance indicators at State Bank, a financial health assessment under the CAMEL method was obtained. It measures the financial performance of state-owned banks over the past three years, ie from 2017 to 2019. According to Bank Indonesia regulations, healthy categories can be divided into four groups as shown in the following table:

Table 7
CAMEL Method Criteria

Credit Score	Predicate
81-100	Healthy
66-<80	Healthy enough
51-<67	Unwell
<51	Not healthy

Source: Data from Bank Indonesia

From the description of table 7, it can be seen that the level of health of each state-owned bank, namely BRI Bank, BNI Bank, BTN Bank

and Mandiri Bank studied in this study from 2017-2019, as follows:
 Bank BRI

Table 8
Results of Financial Performance Evaluation Using the CAMEL Method at Bank BRI
Year 2017-2019

Year	Factor Prating	Indicator Performan	NRatio (%)	Nvalue Credit	Weight (%)	Nvalue CAMEL
2017	Capital (Capital)	CAR	22.96%	100	25%	25
	Assets	HOOD	6.4%	16.07	30%	4.82
	Mmanagemen	NPM	78.91%	78.9	25%	19.73
	Earnings (profitability)	ROA	2.58%	100	5%	5.00
		BOPO	104.91%	100	5%	5.00
	Liquidity (Liquidity)	LDR	96.49%	100	10%	10
fridayis CAMEL's						69.55
Year	Factor	Indicator	NRatio	Nvalue	Weight	Nvalue

	Prating	Performan	(%)	Credit	(%)	CAMEL
2018	Capital (Capital)	CAR	21.35%	100	25%	25
	Assets	HOOD	6.0%	16.10	30%	4.83
	Mmanagemen	NPM	77.69%	77.7	25%	19.43
	Earnings (profitability)	ROA	2.50%	100	5%	5
		BOPO	100.63%	100	5%	5
	Liquidity (Liquidity)	LDR	86.26%	100	10%	10
fridayis CAMEL's						69.26
Year	Factor Prating	Indicator Performan	NRatio (%)	Nvalue Credit	Weight (%)	Nvalue CAMEL
2019	Capital (Capital)	CAR	22.77%	100	25%	25
	Assets	HOOD	6.3%	16.08	30%	4.82
	Mmanagemen	NPM	79.24%	79.2	25%	19.8
	Earnings (profitability)	ROA	2.43%	100	5%	5
		BOPO	103.53%	100	5%	5
	Liquidity (Liquidity)	LDR	90.79%	100	10%	10
fridayis CAMEL's						69.62

Ssource: Data processed from Bank BRI in 2019

Based on table 8, the results of the calculation of the CAMEL ratio value are shown, then the results of the financial

health assessment with the CAMEL ratio can be made, especially in 2017-2019, which are presented in the following table:

Table 9
BRI Bank Financial Soundness Rating Results for 2017-2019

Year	Nvalue CAMEL	PBank Health Credit
2017	69.55	Healthy enough
2018	69.26	Healthy enough
2019	69.62	Healthy enough

Source: Data processed from Bank BRI in 2019

Table 9 shows that BRI's calculated financial health is 69.55 in 2017, 69.26 in 2018 and 69.62 in 2019. Based on the CAMEL score results for the past three years from 2017 to 2019, the CAMEL score is in the reference range of 66 to 80, so it can be said that BRI Bank's financial performance is in the green healthy predicate.

4. CONCLUSION

Conclusion

Based on the results of research that has been carried out by researchers, it can be presented a number of conclusions from the results of the study as follows:

1. Pin 2017-2019 the level of health in the CAR ratio of BRI Bank is said to be very healthy because it has a CAR ratio value of 12%..
2. In 2017-2019 the level of health in the KAP ratio is said to be Unhealthy because the ratio value is at the ratio level of 6% < KAP 9%.
3. The results of the NPM calculation show that the results of Bank BRI's NPM in the last 3 years have fluctuated due to an increase or decrease in operating profit. From the results of this NPM ratio, it can be said that the NPM ratio in 2017-2019 has a

Fairly Healthy level of health due to the ratio value of

4. The ROA ratio value at Bank BRI is at the Very Healthy level of health because it is within the criteria for the ROA value > 1.5%.
5. Based on the results of this study, it can be seen that the value of the LDR ratio at BRI Bank is at a fairly healthy level because it is within the criteria for the value of 85% < LDR 100%.

Suggestions

Based on the conclusions that have been conveyed previously, the researcher would like to convey a number of suggestions as follows:

1. Researchers provide advice to state-owned banks to conduct financial performance analysis using the CAMEL method periodically, this is intended so that this method can be used as a bank review to determine the soundness of the bank's financial performance as well as consideration in improving financial performance in the future .
2. Further researchers are expected to be able to use this research as a reference by adding other factors that can

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