THE SOUNDNESS LEVEL ASSESSMENT OF PT BANK PAN INDONESIA TBK USING RISK-BASED BANK RATING IN 2018-2022

Ana Dwi Pertiwi

Faculty of Economics, ana_dwi_pertiwi@staff.gunadarma.ac.id, Gunadarma University

ABSTRACT

The financial industry is crucial for a nation's growth and well-being, with banks playing a vital role in utilizing financial resources. The soundness of a bank is essential, with stakeholders including shareholders, bank management, customers, and the general public involved. Maintaining soundness is paramount for financial institutions like banks, as internal risk can affect the bank's financial status. This study examines the financial report of PT Bank Pan Indonesia Tbk for 2018-2022. The research uses historical data and descriptive data analysis methodology, analyzing financial statements using the Risk-Based Bank Rating method. This study indicates that PaninBank's soundness level is in a Very Healthy condition from 2018 to 2022, as measured by the NPL ratio, Good Corporate Governance, ROA ratio, NIM ratio, BOPO ratio, and CAR ratio. The soundness level of the PaninBank is also in a Very Healthy condition, with composite scores of 93%, 93%, 93%, 90%, and 93% for the five years spanning 2018-2022.
Keywords: *Bank, Financial Industry, Financial Ratios, RBBR*

1. INTRODUCTION

The financial industry significantly contributes to the economy's growth and the nation's well-being. As the backbone of the financial sector, banks play an essential role in ensuring that a nation's financial resources are appropriately utilized. Banks in Indonesia play critical roles in domestic affairs because they have a function to urge people to be more oriented toward the financial sector [1]. The banking sector is a sector that has considerable potential to grow and strives to offer the most complete financial services. So far the banking sector has developed rapidly and has had a significant influence on the performance of a bank in carrying out its role and performance [2].

Figure 1 illustrates a substantial increase in all indicators, namely Total Assets, Loans, and deposits, from 2018 to 2022. The Commercial Bank's total assets had a steady growth over the years. In 2018, the assets amounted to 7.751.621 billion, which rose to 8.212.586 billion in 2019, further expanding to 8,780.681 billion in 2020. In 2021, the assets reached 9.670.515 billion and will continue to grow to 10.581.455 billion in 2022.

The third-party funds deposited in 2018, 2019, 2020, 2021, and 2022 were 5.372.841 billion, 5.709.670 billion, 6.342.538 billion, 7.114.041 billion, and 7.724.561 billion, respectively.
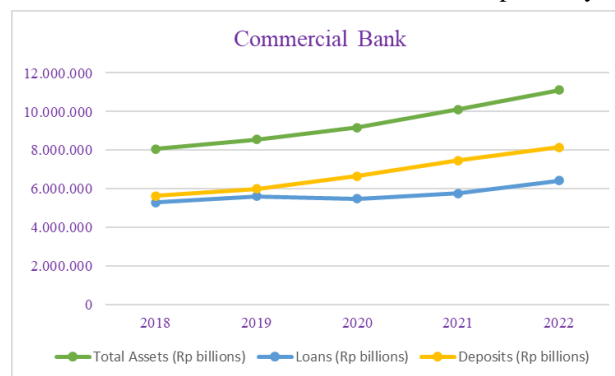

Figure 1: Commercial Banks [3]

Since the Bank of Indonesia is a financial institution in Indonesia, it has a unique mission and function. In addition to having such a function, the Bank of Indonesia also has a function as a development agent. This means that it is an institution that aims to support the implementation of national development to enhance economic growth and national stability, and it also seeks to improve the standard of living for many people. [4].

The presence of the bank holds significant significance in society. In light of recognizing the importance of the bank's function, all banking institutions must uphold their stability and efficiency. The soundness of a bank is a crucial factor in banking organizations. The interest of all stakeholders of the bank, including the owner (stockholder), bank management, customers, and the general public, is involved [5]. An individual bank is required to execute an individual soundness assessment by Indonesian Banking Regulation No. 13/1/PBI/2011. This assessment must be carried out by employing the risk method, also known as Risk-Based Bank Rating. It must include an evaluation of the following factors: risk profile, good corporate governance, earnings, and capital sources. The bank's soundness assessment provisions specify that internal risk will affect the bank's financial status. This means that if the bank is able to forecast the probability that the risk will not have an effect on the bank's financial status and will not produce a financial crisis, then external risk will have an effect on the bank's financial status. Maintaining soundness is of utmost importance for financial institutions like banks. [6].

A comparison of the health levels of national and private banks in Indonesia was the subject of a study that [7] carried out between 2016 and 2020. ROA, NIM, GCG, NPL, LDR, and CAR are some of the indicators utilized in this study. According to the findings of this study, between the years 2015 and 2020, national banks will receive a very healthy predicate, while private banks will receive a healthy predicate.

During the COVID-19 epidemic, [8] conducted a study investigating the differences and similarities between the soundness of Jatim Bank and Jateng Bank. Indicators such as NPL, LDR, GCG, ROA, ROE, NIM, and BOPO are utilized for this investigation. According to the findings of this research, there is no significant difference between Jateng Bank and Jatim Bank in terms of their overall soundness level.

A study regarding the soundness level of Sharia Commercial banks in Indonesia was carried out by [9] between the years 2015 and 2020. Indicators such as NPF, ROA, and CAR are utilized in this study. The findings of this study indicate that Sharia Commercial Banks received the Healthy predicate from 2015 to 2020 based on the NPF ratio. According to the Return On Assets ratio, Sharia Commercial Banks were awarded the predicate of Quite Healthy from 2015 to 2020. In addition, Sharia Commercial Banks were awarded the predicate of Very Healthy from 2015 to 2020, determined by the NPF ratio.

From 2011 to 2015, [1] researched the soundness level at three state-owned banks in Indonesia using the RGEC technique. He utilized several financial ratios, including NPL, IRR, LDR, LAR, ROA, ROE, NIM, OEF, and GCG. Based on their research, it has been determined that BRI, Mandiri, and BNI are all included in the composite ranking 1 for the health level of banks throughout 2011-2015. For the most part, this indicates that the banking industry is in a highly healthy shape and is performing exceptionally well. Of the four risk profile indicators, namely NPL, IRR, LDR, and LAR, the NPL indicator is the only one that demonstrates statistically significant differences. There are no major differences between the GCG factors of BRI, Mandiri, and BNI. Significant differences may be seen between the Earnings Factors of BRI Bank, Mandiri, and BNI. Both ROA and ROE ratios and NIM and OER ratios are Earning factors, yet there are significant differences between them.

In Indonesia, PT Bank Pan Indonesia Tbk, often known as PaninBank or PT Bank Panin Tbk, is a significant financial institution considered among the major banks in the country. One of the banks to be Book Four banks in Indonesia is PaninBank. This financial institution was established in 1971 due to the consolidation of three private banks, namely Bank Kemakmuran, Bank Industri Djaja, and Bank Industry and Commerce Indonesia. PaninBank began a new phase in its business history in 1982 when it carried out an initial share sale on the Indonesian Stock Exchange under the stock code "PNBN." This marked the beginning of a new chapter in the company's history. As of 2022, this financial institution will have one Regional Office, 57 Branch Offices, 458 Sub-Branch Offices, and one Representative.
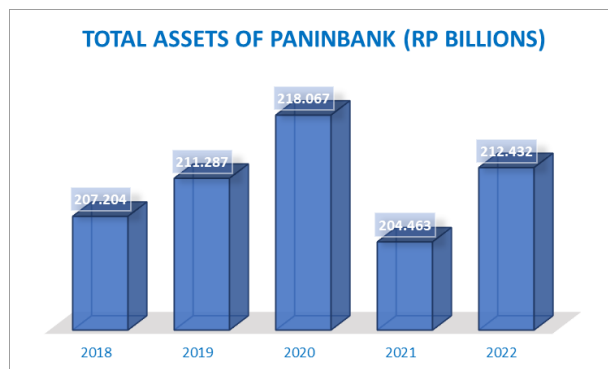

Figure 2: Total Assets of PaninBank

Figure 2 illustrates how Paninbank's total assets changed from 2018 through 2022. At the end of 2018, PaninBank's total assets amounted to 207,204 billion. This figure is expected to significantly expand in 2019, reaching 211,287 billion and 218,067 billion later in 2020. As of the year 2021, PaninBank's total assets have reduced to a total of 204.463 billion. In addition, it is projected to rise once more to 212,432 billion in the year 2022.

Building upon the previously outlined problem, the researcher undertook a study titled " THE SOUNDNESS LEVEL ASSESSMENT OF PT BANK PAN INDONESIA TBK USING RISK-BASED BANK RATING IN 2018-2022".

2. LITERATURE REVIEW
2.1. Bank
Among the various types of financial institutions, banks are known for their primary function of accepting deposits, savings deposits, and checking deposits. Then, banks are also recognized for providing people in need with the ability to borrow money (credit). Banks serve as financial institutions where currency can be exchanged, funds may be transferred, and many payments and deposits can be made, including fees for utilities, telecommunications, public services, taxes, educational expenses, and other financial obligations. It is important to note that banking activities are inextricably linked to the financial sector because a bank is a corporation working in the financial industry. Therefore, discussing banks must be connected to discussing issues related to finances [10]. Banks, as a type of financial institution, hold strategic relevance in the economic life of a country. It is because banks serve as a mediator between parties who have extra funds and those who need funds. By doing so, banks will be able to function by the regulations that are currently in effect. It includes the ability to operate in the field of credit and the provision of various services. Additionally, banks will be able to meet the requirements for financing and launch payment system mechanisms for all economic sectors [4].

2.2. Bank Soundness Level
The ability of a bank to carry out regular banking operations and execute all of its duties appropriately, in line with the relevant regulations, is the bank's soundness. The research now being conducted on the soundness of banks is of great significance, particularly for management, investors, and third parties, including consumers. Customers will prefer banks that fall into the healthy category when preserving their money. When a bank's health improves from one year to the next, it will undoubtedly attract more customers. A bank that is not in good health puts itself and other interests in jeopardy. A bank's soundness level evaluation is of utmost significance because it is responsible for managing money entrusted to it by the general public [6]. A bank is considered healthy when it effectively safeguards public finances, has strong growth, and substantially contributes to socio-economic development [11].

2.3. Risk Based Bank Rating
Risk-Based Bank Rating is a thorough and organized evaluation of the outcomes of combining risk profiles and performance, encompassing good governance, earning, and capital. As the banking supervisory institution in Indonesia, Bank Indonesia can carry out appropriate and timely supervisory actions thanks to this approach. This is because the assessment is carried out comprehensively on all assessment factors and focuses on significant risks. Furthermore, the assessment can be immediately communicated to the bank to ensure that supervisory follow-up is carried out [12].

Following Regulation number 13/1/PBI/2011 issued by the Bank of Indonesia, the soundness level of a bank is primarily evaluated by taking a qualitative approach to several different variables that impact the condition and development of a bank. In order to enhance the efficiency of evaluating the soundness level of a bank, it is essential to employ a method based on risk, also known as risk-based bank ratings. The risk-based bank ranking approach, also known as the RGEC method, is comprised of four assessment aspects: the evaluation of the risk profile, the evaluation of good corporate governance, the evaluation of earned capital, and the evaluation of earnings.

Within the scope of this study, the ratio of non-performing loans (NPL) serves as a measurement of the risk profile. Calculating non-performing loans (NPL) is dividing all problematic loans by all current loans and multiplying the result by 100 percent. According to this ratio, the likelihood of low losses and increased (negative) profits increases as the ratio decreases [2].

Good Corporate Governance refers to applying concepts such as transparency, accountability, responsibility, professionalism, and fairness in a bank's governance, aiming to achieve a composite score [7].

Throughout this study, the ratios of Return on Assets (ROA), Net Interest Margin (NIM), and Operating Expenses to Operating Income (BOPO) are utilized to determine the earnings aspect. The Return on Assets (ROA) ratio is a measurement that determines how well a bank can create profits by using its assets. Return on assets (ROA) measures a bank's capacity to make profits through the assets it owns and manages. ROA is a method for determining whether or not a bank is profitable when it has assets funded mainly by public savings. A bank's return on assets (ROA) is directly proportional to the amount of profit that the bank can generate. One can comprehend that a bank's return on assets (ROA) is directly proportional to the quantity of profit that the bank has earned and the degree to which the bank is in a better position in terms of asset management. If, on the other hand, the ROA is lower, the bank cannot manage its assets effectively, which in turn leads to a fall in bank profits. [9]

According to [7], the Net Interest Margin (NIM) is a ratio that is utilized to determine the amount of net interest income that banks produce through the utilization of productive assets. According to [2], Operating Expenses to Operating Income (BOPO) is a proper ratio that may be used to evaluate the capacity of bank management to exercise control over the operating expenses to the operational income. The efficiency level of the company's operational costs is proportional to the ratio's size.

According to this study, the Capital Adequacy Ratio (CAR) is the ratio that is used to measure capital. According to [7], the Capital Adequacy Ratio (CAR) is a comparative ratio used to evaluate the relationship between capital and risk-weighted activities. A capital adequacy ratio is a ratio that is utilized in banking operations to obtain profits and to function as a protector if losses and shocks are incurred as a result of banking operational activities. [9]

Table 1. Rating Criteria Matrix[13]

| Rank | Risk Profile | GCG | Earning | | | Capital | Predicate |
	NPL		ROA	BOPO	NIM	Criteria	
1	NPL < 2%	GCG <1,5	ROA > 1,5%	BOPO ≤ 90%	NIM > 3%	CAR ≥ 12%	Very Healthy
2	2% ≤ NPL < 5%	1,5 ≤ GCG < 2,5	1,25% < ROA ≤ 1,5%	90% < BOPO ≤ 94%	2% < NIM ≤ 3%	9% ≤ CAR <12%	Healthy
3	5% ≤ NPL < 8%	2,5 ≤ GCG < 3,5	0,5% < ROA ≤ 1,25%	94% < BOPO ≤ 96%	1,5% < NIM ≤ 2%	8% ≤ CAR <9%	Quite Healthy
4	8% ≤ NPL < 12%	3,5 ≤ GCG < 4,5	0% < ROA ≤ 0,5%	96% < BOPO ≤ 100%	1% < NIM ≤ 1,5%	6% ≤ CAR <8%	Less Healthy
5	NPL ≥ 12%	4,5 ≤ GCG < 5	ROA ≤ 0%	BOPO > 100%	NIM ≤ 1%	CAR < 6%	Unhealthy

2.4. Previous Research

According to research, state-owned banks' state of health was assessed by [14]. [14] In his study on Bank Soundness Levels Using the RGEC Method in State-Owned Banks in Indonesia for 2020 & 2021, he used several financial ratios, including LDR, GCG, ROA, and CAR. According to the report, BRI and Mandiri Bank were rated Very Healthy in 2020 and 2021, respectively. In 2020 and 2021, BTN was rated as Healthy. BNI was also placed as Quite Healthy in 2020 and Healthy in 2021.

Several researchers, including [11] and [15], have studied the soundness level of PT. Bank Mandiri (Persero) Tbk. [11] study Employing the RGEC methodology, research was carried out in 2012-2014 to evaluate the health condition of Mandiri Bank. His investigation uses several different financial ratios, including NPL, LDR, GCG, ROA, NIM, and CAR. According to the study, Mandiri Bank's health level was Very Healthy from 2012 to 2014. The risk profile aspect includes an NPL ratio of 1.89% and an LDR ratio of 79.63%; the GCG aspect, which is ranked second; the profits aspect, which consists of a return on assets ratio of 3.45% and a net interest margin of 2.66%, and the capital aspect, which includes a CAR ratio of 19.12% in 2012, all demonstrate this. An NPL ratio of 1.93% and an LDR of 83.97% were included in the risk profile aspect in 2013. The GCG aspect was rated second; the profits aspect contained a ROA ratio of 2.75% and a NIM of 2.73%, and the capital aspect included a CAR of 18.07%.
In 2014, the risk profile element also featured a non-performing loan ratio of 2.18% and a loan deposit ratio of 82.19%. The GCG aspect was rated second; the profits aspect contained a return on assets ratio of 2.60% and a net interest margin of 2.72%, and the capital aspect included a CAR ratio of 20.36%.

The research carried out by [15] focused on the soundness level of PT. Bank Mandiri (Persero) Tbk throughout the years 2018-2021. The RGEC method is utilized in this study, and the indicators include NPL, LDR, GCG, ROA, NIM, and CAR. His research indicates that, according to NPL, Mandiri Bank is in a healthy position. During this time, LDR reports that Mandiri Bank is Quite Healthy. Mandiri Bank is Very Healthy based on the ROA, NIM, and CAR ratios.

[16] and [2] are the researchers who carried out the research on the soundness level of PT Bank Central Asia Tbk that was conducted. [16] researched to investigate the soundness level of BCA Bank from the 2016 to 2020 term. Several financial parameters, including NPL, LDR, GCG, ROA, NIM, and CAR, are utilized in his research. According to his research findings, Bank Indonesia was in a Very Healthy

condition for 2016-2020, with composite values of 96.67%, 96.67%, 90.00%, 93.33%, and 100.00%, respectively. Research carried out by [2] lends credence to this view. NPL, LDR, GCG, ROA, BOPO, NIM, and CAR were some of the financial ratios that were utilized in the research conducted by [2] to investigate the state of health of BCA Bank from 2017 to 2022. According to the findings of his study, PT Bank Central Asia Tbk was in a Very Healthy condition from 2017 to 2022. [5] researched the state of health at Bank Sulutgo to report their findings. Based on the NPL, LDR, GCG, ROA, NIM, and CAR ratios, [5] studied the soundness level of Bank Sulutgo throughout 2013-2017.

According to the findings of his investigation, Bank Sulutgo performed Very Healthily in 2013 and 2014, achieving composite scores of 86.67 per cent and 90 per cent, respectively. A composite score of 80% was awarded to Bank Sulutgo in 2015, resulting in the bank's receiving a healthy rating. With composite scores of 86.67% and 90% in 2016 and 2017, Bank Sulutgo was again awarded Very Healthy.

3.   RESEARCH METHOD

In this study, the subject is PT Bank Pan Indonesia Tbk, also known as PaninBank, and the object of this study is the Financial Report of PT Bank Pan Indonesia Tbk for 2018-2022. The research that the author conducted was quantitative descriptive, using data from the past. The descriptive approach utilized in this investigation will likely be able to describe the implementation of GCG reporting and financial reports to ascertain the NPL, GCG, ROA, NIM, BOPO, and CAR ratios to analyze the soundness level of PaninBank. When attempting to explain occurrences in the field, a quantitative approach is utilized by computing statistical numbers. Documentary and secondary data are the kinds of data and sources used in this research. The annual report of PT Bank Pan Indonesia Tbk for 2018 to 2022 was the source of the data utilized in this investigation. The data was obtained from the official website of PaninBank.

In this study, the type of data analysis that was utilized was the descriptive data analysis methodology. This technique involved the examination of financial statements through the utilization of the Risk-Based Bank Rating method in conjunction with the Indonesian Banking Regulation No. 13/1/PBI/2011 approach, specifically designed to evaluate the level of soundness of commercial banks. The following is a list of the actions that should be taken to evaluate the level of soundness of a bank based on each criterion and its components: (1) The process of gathering information related to this research. (2) Using a criterion matrix to perform a rating on the NPL, GCG, ROA, NIM, BOPO, and CAR ratios of PaninBank (3) Determination of the composite rating for analyzing the soundness level of Panin Bank from 2018 to 2022. There will be a five-point multiplier for the first rank, a four-point multiplier for the second rank, a three-point multiplier for the third rank, a two-point multiplier for the fourth rank, and a one-point multiplier for the fifth rank for each checklist. (4) The composite rating is produced by multiplying each checklist and calculating the proportion of each item on the checklist. The following formula is used to calculate the weight or percentage of the total composite rating:

$$Composite\ Rating = \frac{Total\ Composite\ Value}{Overall\ Total\ Composite\ Value}\ x\ 100\%$$

The proportions to determine the overall composite rating are as follows:

Table 2. Composite Rating Criteria Matrix[13]

Weight	Rank	Predicate
86-100	1	Very Healthy
71-85	2	Healthy
61-70	3	Quite Healthy
41-60	4	Less healthy
< 40	5	Unhealthy

4.   RESULT OF DISCUSSION
4.1   Risk Profile of Panin Bank

Non-Performing Loan (NPL) ratio is the ratio utilized in this investigation to assess the risk profile element. According to [17], non-performing loans (NPL) are a measure of a bank's capacity to manage problem loans out of the total credit that has been extended. If we look at Table 3, we can see that the NPL ratio value in this research was at its lowest in the year 2020, which was 3.01%, and it reached its peak in the year 2021, which was 3.54%. The ratio of non-performing loans (NPL) was 3.04% in 2018, then it dropped to 3.02% in 2019, and then it dropped even further to 3.01% in 2020. The percentage of non-performing

loans held by PaninBank will rise to 3.54% in 2021. On the other hand, the non-performing loan ratio of PaninBank will drop once more to 3.53% in the year 2022.

Table 3 demonstrates that PaninBank's nonperforming loan ratio fluctuated between 2017 and 2022, but its NPL ratio remains between 2% and 5%. The nonperforming loan ratio indicates that PaninBank's soundness level is healthy, and the bank is ranked number two. For five years in a row, PaninBank has been able to keep its health level in a healthy condition. It demonstrates that PaninBank can pick potential borrowers in such a way that the number of loans that are classed as substandard, dubious, and nonperforming can be effectively managed from the overall credit that the bank grants. In other words, it indicates that the bank can manage loans and deal with credit risk. It is accomplished by overcoming risk caused by the debtor's and another party's inability to meet their obligations to the bank. During the period under consideration, the percentage of nonperforming loans the bank issued compared to the overall amount of credit it extended was extremely low. According to [5], the bank's borrowers can fulfill their obligations to the bank. According to Arifin et al. 2022, the higher the value of the nonperforming loan ratio, the more it indicates that the bank is not adequately screening potential borrowers by the bank. A larger nonperforming loan ratio suggests a decline in bank credit quality, ultimately making it possible for the bank to experience difficulties with its performance [18].

Table 3. NPL Assesment Result

Year	NPL (%)	Rank	Predicate
2018	3,04	2	Healthy
2019	3,02	2	Healthy
2020	3,01	2	Healthy
2021	3,54	2	Healthy
2022	3,53	2	Healthy

Source: Processed data, 2023

4.2 Good Corporate Governance of Panin Bank

Table 4. GCG Assesment Result

Year	GCG	Rank	Predicate
2018	2	2	Healthy
2019	2	2	Healthy
2020	2	2	Healthy
2021	2	2	Healthy
2022	2	2	Healthy

Source: Processed data, 2023

According to the data presented in Table 4, PaninBank's implementation of Good Corporate Governance from 2018 to 2022 is in a Healthy condition and received second rank. PaninBank was able to keep its health in good standing for five years in a row simultaneously. These findings demonstrate that from 2018 to 2022, PaninBank has adopted effective corporate governance in compliance with the legislation that governs Indonesia's banking industry. It is shown in PaninBank's successful implementation of the principles of good corporate governance, which are adequately empowered. One of the most essential aspects is the Good Corporate Governance element, which is significant because it represents the management operations of the bank specifically [11] . It will also be a factor for investors and customers to consider when deciding whether or not to trust the bank to manage their cash. Implementing good corporate governance will increase the confidence of stakeholders in carrying out transactions with the bank in question. This is because stakeholders can understand the risks encountered when carrying out transactions with a particular bank by examining the value of the bank's corporate governance [2].

4.3 Earning of State-Owned Bank During The Covid-19 Pandemic

This study uses the ROA, NIM, and BOPO ratios to evaluate the earning component. One way to assess the efficacy of management is by looking at the return on assets (ROA). ROA, which stands for return on assets, is a ratio that is used to evaluate the effectiveness of management in terms of creating profits. The inability of the bank's management to control expenses and maximize profits is shown by a reduced ratio (Putra 2022). According to Putra 2022, a lower ratio indicates that the bank's management needs help managing assets effectively to grow income and decrease expenditures. According to Table 5, the ROA ratio went through several ups and downs from 2018 to 2022. In this research, the lowest ROA ratio value was 1.35% in 2021, and the largest ROA ratio was 2.16% in 2018.

The return on assets for PaninBank was 2.16% in 2018. Based on the average total assets used in 2018, asset productivity delivered a profit of 2.16%. This ratio saw a drop to 2.08% in the year 2019. In 2019, the level of asset productivity derived from the average total assets used created earnings lower than the

previous year's threshold of 2.08%. In 2020, PaninBank's return on assets (ROA) ratio dropped once more to 1.91%. Despite a further fall in the ROA ratio in 2019 and 2020, PaninBank's ROA ratio remains over 1.5%. As a result, PaninBank's health status was very healthy from 2018 to 2020, and the bank was ranked number one. As a result, this demonstrates that PaninBank has very excellent asset utilization capabilities, allowing them to generate profits.

Once again, PaninBank's ROA ratio will drop to 1.35 percent in 2021. It demonstrates that the asset productivity derived from the average total assets used can produce profits lower than 1.35 percent in 2021. The Return on Assets (ROA) ratio of PaninBank is between 1.25 percent and 1.5% in 2021, even though it has fallen year-over-year. Therefore, PaninBank's health level is considered to be in a healthy condition, and the PaninBank is rated second in 2021. PaninBank demonstrates excellent asset utilization capabilities, allowing it to generate profits.

Panin Bank's return on assets (ROA) ratio is projected to reach 1.91% in 2022. In 2022, the level of asset productivity, which is calculated based on the average total assets used, has improved to 1.91%, indicating that it can create profits. PaninBank's health level is in Very Healthy condition, and the bank received rank 1. as a result of its ROA ratio in 2022 being more than 1.5%. It demonstrates that PaninBank has very excellent asset utilization capabilities, allowing them to generate profits.

Table 5. ROA Assesment Result

Year	ROA (%)	Rank	Predicate
2018	2,16	1	Very Healthy
2019	2,08	1	Very Healthy
2020	1,91	1	Very Healthy
2021	1,35	2	Healthy
2022	1,91	1	Very Healthy

Source: Processed data, 2023

Table 6. NIM Assesment Result

Year	NIM	Rank	Predicate
2018	4,84	1	Very Healthy
2019	4,83	1	Very Healthy
2020	4,62	1	Very Healthy
2021	5,10	1	Very Healthy
2022	5,53	1	Very Healthy

Source: Processed data, 2023

A ratio used to measure a bank's success in generating net interest income (net) is called the net interest margin (NIM). According to [19], the NIM ratio is determined by dividing the difference between the net interest income (net) and the average productive activity. As seen in Table 6, the NIM ratio value in this study was at its lowest in the year 2020, which was 4.62%, and reached its greatest in the year 2022, which was 5.53%. PaninBank's net interest margin (NIM) ratio was 4.84% in 2018. Compared to the total productive assets in 2018, the net interest income was 4.84 percent. The net interest margin ratio of PaninBank dropped to 4.84% in 2019 and then to 4.62% in 2020. The net interest margin (NIM) ratio of PaninBank climbed to 5.10% in 2021 and then increased to 5.53% in 2022.

From 2018 to 2020, PaninBank's net interest margin (NIM) ratio saw a range of fluctuations; nonetheless, it remained above 3% throughout this period. Therefore, PaninBank's health level is considered Very Healthy, and the company is ranked number one according to the NIM ratio. For the past five years in a row, PaninBank has been able to keep its health level in a condition that is considered to be very good. According to this, PaninBank possesses very good bank management capabilities from 2018 to 2022, as evidenced by the fact that it can effectively manage its productive assets to generate net interest income for the company. According to [5], the value of the NIM is directly proportional to the amount of profits obtained from interest income. This, in turn, has an impact on the overall health of the bank.

Table 7. BOPO Assesment Result

Year	BOPO (%)	Rank	Predicate
2018	78,27	1	Very Healthy
2019	77,96	1	Very Healthy
2020	79,54	1	Very Healthy
2021	86,09	1	Very Healthy
2022	74,53	1	Very Healthy

Source: Processed data, 2023

According to the data presented in Table 7, the BOPO ratio value in this study was at its lowest in the year 2022, which was 74.53%, and it reached its peak in the year 2021, which was 86.09% during this study. Throughout 2018, PaninBank's BOPO ratio was 78.27%. The percentage dropped to 77.96% in 2019. It then increased once more to 79.54% in the year 2020. In 2021, it increased once again to 86.09 percent. The BOPO ratio reached a low of 74.53% in the year 2022.

From 2018 to 2022, PaninBank's BOPO ratio went through some ups and downs. The BOPO ratio for PaninBank, however, stayed below 90%. Thus, PaninBank's health rating is Very Healthy and ranks one according to the BOPO ratio. PaninBank has kept its health status at Very Healthy for five years. This demonstrates that PaninBank's operational income and expenditures are well-managed. As a result, PaninBank is likely to avoid issues if it incurs efficient costs, as its operating income is smaller than its operational expenses. The exact opposite is true for inefficient banks: when their operational expenses outweigh their active income.

4.4 Capital of PaninBank

Capital Adequacy Ratio (CAR) is the ratio that is utilized in this investigation to measure the capital element. The capital adequacy ratio (CAR) is a bank performance ratio used to determine how well a bank can support its capital to reduce the risk of loss that could potentially arise. Calculating this ratio will evaluate the comparison between the quantity of capital and the number of assets weighted according to RWA risk. Bank capital refers to the company's owners' investments [2].

Table 8 shows that PaninBank's CAR ratio has grown substantially between 2018 and 2022. The CAR ratio for PaninBank in 2018 was 23.33%. It indicates that the bank's total capital is susceptible to a credit risk of 23.33 percent. The CAR ratio for PaninBank rose to 23.41% in 2019, 29.58% in 2020, 29.86% in 2021, and 30.07% in 2022. From 2018 to 2022, PaninBank's CAR ratio is more than 12%. Thus, PaninBank's health status is Very Healthy and ranks one as indicated by the CAR ratio. For five years running, PaninBank's health status has remained unchanged at Very Healthy. It demonstrates PaninBank's exceptional ability to provide capital to counteract potential loss risks. A more considerable proportion is preferable since the CAR percentage indicates the capital's capacity to cover the danger of credit failure. Therefore, capital's capacity to protect credit improves when the CAR percentage rises [16].

Table 8. CAR Assesment Result

Year	CAR (%)	Rank	Predicate
2018	23,33	1	Very Healthy
2019	23,41	1	Very Healthy
2020	29,58	1	Very Healthy
2021	29,86	1	Very Healthy
2022	30,07	1	Very Healthy

Source: Processed data, 2023

4.5 Overall Bank Soundness of PaninBank

Table 9. The Soundness Level of PaninBank period 2018-2022

Year	Factor	Ratio	Value	Rank 1	2	3	4	5	Predicate	Rank	Description
2018	Risk Profile	NPL	3,04		v				Healthy	1	Very Healthy
	GCG	GCG	2		v				Healthy		
	Earning	ROA	2,16	v					Very Healthy		
		NIM	4,84	v					Very Healthy		
		BOPO	78,27	v					Very Healthy		
	Capital	CAR	23,33	v					Very Healthy		
	Composite Value		30	20	8				(28/30) x 100% = 93%		
2019	Risk Profile	NPL	3,02		v				Healthy	1	Very Healthy
	GCG	GCG	2		v				Healthy		
	Earning	ROA	2,08	v					Very Healthy		
		NIM	4,83	v					Very Healthy		
		BOPO	77,96	v					Very Healthy		

Year	Factor	Ratio	Value	1	2	3	4	5	Criteria	Composite Rank	Soundness
	Capital	CAR	23,41	v					Very Healthy		
	Composite Value		30	20	8				(28/30) x 100% = 93%		
2020	Risk Profile	NPL	3,01			v			Healthy	1	Very Healthy
	GCG	GCG	2			v			Healthy		
	Earning	ROA	1,91	v					Very Healthy		
		NIM	4,62	v					Very Healthy		
		BOPO	79,54	v					Very Healthy		
	Capital	CAR	29,58	v					Very Healthy		
	Composite Value		30	20	8				(28/30) x 100% = 93%		
2021	Risk Profile	NPL	3,54			v			Healthy	1	Very Healthy
	GCG	GCG	2			v			Healthy		
	Earning	ROA	1,35			v			Healthy		
		NIM	5,1	v					Very Healthy		
		BOPO	86,09	v					Very Healthy		
	Capital	CAR	29,86	v					Very Healthy		
	Composite Value		30	15	12				(27/30) x 100% = 90 %		
2022	Risk Profile	NPL	3,53			v			Healthy	1	Very Healthy
	GCG	GCG	2			v			Healthy		
	Earning	ROA	1,91	v					Very Healthy		
		NIM	5,53	v					Very Healthy		
		BOPO	74,53	v					Very Healthy		
	Capital	CAR	30,07	v					Very Healthy		
	Composite Value		30	20	8				(28/30) x 100% = 93%		

Source: Processed data, 2023

From 2018 to 2020, the composite value of PaninBank was 93%, equivalent to between 86% and 100%, as shown in Table 9. Consequently, the Composite value of PaninBank is in Rank 1 (CR-1) during the period spanning from 2018 to 2020! In light of this, the soundness level of PaninBank is considered Very Healthy from 2018 to 2020. According to Regulation Number 4/POJK.03/2016 of the Financial Services Authority, Composite Rating 1 (CR-1) indicates that the bank's condition is generally highly sound. As a result, the bank is evaluated as capable of facing significant negative influence from changes in the general state of the business as well as other external factors. It demonstrates that PaninBank's condition is generally very healthy, as indicated by the composite rating of 1 that it received from 2018 to 2020. As a result, PaninBank is deemed to be very capable of facing considerable unfavorable influences regarding changes in business circumstances and other external variables.

There was a decline in the ROA ratio ranking in 2021, which resulted in PaninBank's composite value falling to 90% that year. The Composite value of PaninBank remained between 86% and 100% in 2021, even though it showed a downward trend that year. The result is that the Composite value of PaninBank will be in the Rank 1 (CR-1) position in the year 2021. As a result, the soundness level of PaninBank is in the category of Very Healthy state in 2021. Composite Rating 1 (CR-1) indicates that the bank's condition is generally highly sound. As a result, the bank is evaluated as capable of facing significant negative influence from changes in the general state of the business as well as other external factors. It is following the Financial Services Authority Regulation Number 4/POJK.05/2016. It demonstrates that PaninBank's condition is generally Very Healthy, as indicated by the composite rating of 1 that it received during the 2021 period. As a result, PaninBank is very capable of facing considerable unfavorable effects from other external factors and changes in business conditions.

By 2022, the composite value of PaninBank will have increased to 93%. The value of this composite is between 86 and 100 percent. Consequently, the Composite value of PaninBank is to be in the Rank 1 (CR-1) position in the year 2022. Therefore, throughout 2022, PaninBank is classified as being in a Very

Healthy condition. The Composite Rating 1 (CR-1) reflects the bank's condition, which is generally highly sound and, as a result, is evaluated as capable of facing significant negative influence from changes in business conditions and other external factors. It is by the Financial Services Authority Regulation Number 4/POJK.03/2016.

Consequently, this demonstrates that the composite rating of 1 that PaninBank received in 2022 represents that the company's state is generally very healthy. As a result, it is regarded as very capable of facing considerable unfavorable repercussions from changes in business conditions and other external variables. As a result, PaninBank's Soundness Level is in Very Healthy condition and is ranked 1 (CR-1) from 2018 to 2022 across the board.

5. CONCLUSION AND SUGGESTION

This research shows that: 1) Based on the risk profile aspect as measured by the NPL ratio, from 2018 to 2022, PaninBank's health level is in a Healthy condition. 2) Based on the Good Corporate Governance aspect, from 2018 to 2022, PaninBank's health level was in a Healthy condition. 3) Based on the Earnings aspect, which is measured by the ROA ratio, during the periods 2018, 2019, 2020, and 2022, PaninBank's health level is in a Very Healthy condition, while In the 2021 period, PaninBank's health level is in a Healthy condition. Based on the Earnings aspect, which is measured by the NIM ratio, during the period 2018 to 2022, PaninBank's health level is in a Very Healthy condition. Based on the earning aspect as measured by the BOPO ratio, during the period 2018 to 2022, PaninBank's health level was in very healthy condition. 4) Based on the Capital aspect as measured by the CAR ratio, from 2018 to 2022, PaninBank's health level is in a Very Healthy condition.5) Over the five years spanning 2018–2022, PaninBank maintained a Very Healthy status, with composite scores of 93%, 93%, 93%, 90%, and 93%. Several other further components should be included in suggestions for future research. To make the study more precise, comprehensive, and suitable for evaluating the safety of banks using the RBBR approach, they are extending the research time and including financial ratios that describe the method.

REFERENCES

[1]   I. R. Saldianovitta and R. Wijayanti, "The Analysis of Bank Soundness Level by Using RGEC (Risk Profile, Good Corporate Governance, Earnings and Capital) Method in Three State-Owned Banks in Indonesia in the Period of 2011-2015," *Jurnal Ilmiah Mahasiswa FEB Universitas Brawijaya*, vol. 5, no. 2, pp. 1–13, 2017.

[2]   G. E. Pattipeilohy, S. J. Ferdinandus, and R. Christianty, "Analisis Tingkat Kesehatan Bank dengan Menggunakan Metode RGEC Pada PT. Bank Central Asia Tbk Tahun 2017-2022," *Manis: Jurnal Manajemen dan Bisnis*, vol. 7, no. 1, pp. 17–34, Aug. 2023, doi: 10.30598/manis.7.1.17-34.

[3]   The Financial Services Authority (OJK), *Laporan Tahunan OJK 2022*. 2022.

[4]   J. A. Fure, "FUNGSI BANK SEBAGAI LEMBAGA KEUANGAN DI INDONESIA MENURUT UNDANG-UNDANG NOMOR 10 TAHUN 1998 TENTANG PERBANKAN," *Lex Crimen*, vol. 5, no. 4, pp. 116–112, 2016.

[5]   K. E. Tuwo and F. J. Tumewu, "THE ANALYSIS OF BANK SOUNDNESS USING RISK-BASED BANK RATING METHOD (RBBR) AT PT. BANKSULUTGO," *Jurnal EMBA*, vol. 6, no. 4, pp. 3613–3622, 2018.

[6]   N. H. I. Ningsih, B. R. T. Yunarni, and M. Indrawati, "Bank Health Analysis at PT. Bank NTB Syariah With Risk Based Bank Rating and Financial Distress Method," *Jurnal Economic Resources*, vol. 5, no. 2, pp. 249–259, 2022.

[7]   O. Putra, "STUDI KOMPARATIF TINGKAT KESEHATAN BANK NASIONAL DAN BANK SWASTA DI INDONESIA," *Jurnal Manajemen Terapan dan Keuangan (Mankeu)*, vol. 11, no. 01, pp. 91–104, 2022.

[8]   R. Siswanto, Sodik, and R. P. Suci, "Analisis komparatif tingkat kesehatan bank sebelum dan di masa pendemi covid-19 menggunakan metode RGEC," *AKUNTABEL: Jurnal Akuntansi dan Keuangan*, vol. 19, no. 3, pp. 598–607, 2022, doi: 10.29264/jakt.v19i3.11758.

[9]   F. Rizal and M. Humaidi, "ANALISIS TINGKAT KESEHATAN BANK SYARIAH DI INDONESIA 2015-2020," *Journal of Islamic Banking and Finance*, vol. 1, no. 1, pp. 12–22, 2021.

[10]   M. Anshori, "LEMABAGA KEUANGAN BANK: KONSEP, FUNGSI DAN PERKEMBANGANNYA DI INDOSENIA," *Madani Syari'ah*, vol. 1, no. 1, pp. 91–102, 2019.

[11]   H. Delila, "THE ASSESSMENT OF THE HEALTH RATING OF BANK USING RISK, GOOD CORPORATE GOVERNANCE, EARNINGS AND CAPITAL (RGEC) METHOD AT PT BANK MANDIRI (PERSERO) TBK PERIOD 2012-2014," *Jurnal Profita*, vol. 5, no. 5, pp. 1–11, 2017.

[12]   M. A. F. Mubarak and S. Aisjah, "'PENILAIAN KINERJA BANK MENURUT RISK-BASED BANK RATING' (STUDI PADA BANK UMUM MILIK NEGARA YANG LISTING DI BEI)," *Jurnal Ilmiah Mahasiswa FEB*, vol. 2, no. 2, pp. 1–14, 2014.

[13]   Indonesia, *Surat Edaran Bank Indonesia Nomor. 6/23/DPNP Tanggal 31 Mei 2004 Tentang Sistem Penilaian Tingkat Kesehatan Bank Umum*. 2004.

[14]   A. D. Pertiwi, "ASSESSMENT OF STATE-OWNED BANK HEALTH LEVEL USING THE RGEC METHOD DURING THE COVID-19 PANDEMIC," *International Journal Management and Economic*, vol. 1, no. 2, pp. 1–14, 2022.

[15]   F. Asmawati, S. Tinggi, I. E. Pemuda, and L. Setyowati, "Analisis Metode RGEC untuk Penilaian Kinerja pada PT Bank Mandiri (Persero) Tbk," *Jurnal Riset Ilmu Manajemen dan Kewirausahaan*, vol. 1, no. 4, pp. 134–154, 2023, doi: 10.61132/maeswara.v1i4.79.

[16]   Arifin, R. Y. Ramli, and E. Rahman, "PENGUKURAN TINGKAT KESEHATAN BANK MENGGUNAKAN METODE RISK PROFILE, GOOD CORPORATE GOVENANCE, EARNING, DAN CAPITAL PT. BANK CENTRAL ASIA, Tbk," *Bongaya Journal for Research in Accounting*, vol. 5, no. 1, pp. 48–64, 2022, [Online]. Available: https://ojs.stiem-bongaya.ac.id/index.php/BJRA

[17]   L. N. Ningsih and W. Reviandani, "ANALISIS TINGKAT KESEHATAN BANK MENGGUNAKAN METODE RISK PROFILE, GOOD CORPORATE GOVERNANCE, EARNINGS, DAN CAPITAL PADA PT BANK TABUNGAN NEGARA (PERSERO) TBK," *KINERJA Jurnal Ekonomi dan Bisnis*, vol. 5, no. 1, pp. 140–157, 2022.

[18]   J. R. Marcellino, "ANALISIS PERBANDINGAN TINGKAT KESEHATAN BANK UMUM DENGAN METODE RISK-BASED BANK RATING SEBELUM DAN SETELAH PEMBERLAKUAN KEBIJAKAN PEMERINTAH DALAM MENANGANI PANDEMI COVID-19," *Jurnal Ilmiah Mahasiswa FEB*, vol. 10, no. 2, 2021.

[19]   V. Mauliyana and N. Sudjana, "ANALISIS PERBANDINGAN TINGKAT KESEHATAN BANK BERDASARKAN PENDEKATAN RISK PROFILE, EARNINGS DAN CAPITAL TERHADAP BANK MILIK PEMERINTAH DAN BANK MILIK SWASTA NASIONAL DEVISA (Studi Pada Bank Umum Milik Negara Dan Bank Umum Milik Swasta Nasional Devisa Yang Terdaftar di BEI Periode 2012-2014 Berdasakan Jumlah Peringkat Laba Keseluruhan)," *Jurnal Administrasi Bisnis (JAB)/Vol*, vol. 36, no. 1, pp. 38–47, 2016, [Online]. Available: http://www.bi.go.id,