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ANALYSIS OF BANK MANDIRI'S HEALTH LEVEL BASED ON RISK PROFILE, GOOD CORPORATE GOVERNANCE, EARNINGS AND CAPITAL (RGEC)

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Abstract

Banking performance must meet criteria in accordance with Government regulations, particularly the level of capital adequacy and capital management (PBI No.13/1/PBI/2011) and Bank Indonesia Circular Letter No.13/24/DPNP/2011, concerning the health assessment of commercial banks. The research method is seen from three (3) factors, namely risk profile factors using Non Performing Loan (NPL) and Loan to Deposit Ratio (LDR), profitability factors (earnings) using Return On Asset (ROA) and Net Interest Margin (NIM), and capital factors using Capital Adequacy Ratio (CAR). The research period is 10 years (2013 to 2022). Research results using RGEC include; Risk Profile, Good Corporate Govermance, Earning and Capital (RGEC) reflected by the average for 10 years, namely NPL (2.61), LDR (79.17), ROA (2.87), NIM (5.48) and CAR (19.49), showed very good results, but Bank Mandiri's Non-Performing Loan (NPL) indicators from 2015 to 2021, only had good NPLs,

Keywords: RGEC, NPL, LDR, ROA, NIM and CAR.

INTRODUCTION

Banking is one of the institutions that has a strategic role in harmonizing, harmonizing, and balancing various elements of development. The role of banking is very strategic due to the function of banks as institutions that can collect and distribute public funds effectively and efficiently. In Indonesia there are two types of banking, namely banks that do business conventionally and banks that do business in sharia.

Optimal bank financial performance is essential to create a stronger national banking industry, so as to support Indonesia's increasingly advanced economy and improve the real sector. Indonesia's economy has been hit several times by global crises, in addition to the monetary crisis in 1998 and the global crisis from the United States in 2008.

The Bank is an institution that acts as a financial intermediary between parties who have excess funds (surplus units) and parties who need funds (unit deficit), as well as institutions that function to facilitate payment traffic (PSAK No. 31). Banks are also financial institutions that accept deposits and make loans (Mishkin, 2008: 9).

Financial statements are the result of an accounting process as a tool to communicate financial data or company activities to interested parties, namely internal parties such as; company management and employees, and external parties such as; stakeholders, government and society (Hery, 2012: 3).

Efforts to achieve improved national development need to be facilitated by banks that collect funds from the community and manage these funds and distribute them back to the

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community in the form of loans or in other forms. Business activities carried out by the bank so that it can run smoothly, if the bank's condition is in the healthy category.

Bank health is needed so that public confidence in the banking industry remains good and increases, if banking operations are in accordance with regulations set by the Government (Bank Indonesia).

Bank as a financial institution whose main activity is to collect funds from the public and redistribute these funds to the community and provide other bank services, while the definition of financial institution is any company engaged in finance where its activities are either only raising funds, or only distributing funds or both collecting and distributing funds (Kasmir, 2012: 11).

Banks according to Law No. 10 of 1998 concerning Banking are business entities that collect funds from the public in the form of deposits and distribute them to the public in the form of credit and or other forms in order to improve the standard of living of many people.

Bank Indonesia issues policy on health assessment of commercial banks based on Bank Indonesia Regulation No.13/1/PBI/2011. The policy is an assessment of four (4) factors, namely risk profile, Good Corporate Governance, profitability (earnings), and capital (capital) which is often called RGEC. The provisions for implementing RGEC assessment are fully regulated in Bank Indonesia Circular Letter No.13/24/DPNP concerning health assessment of commercial banks.

Risk profile factors are an assessment of eight risks, namely credit, liquidity, market, operational, legal, strategic, compliance and reputational risk. The assessment of GCG factors is an assessment of banking management on the implementation of GCG principles. Assessment of profitability factors (earnings) includes an assessment of earnings performance, sources of earnings, and sustainability of bank earnings. Assessment of capital factors includes; assessment of the level of capital adequacy and capital management (PBI No.13/1/PBI/2011).

Mubarak (2014) conducted a study on the assessment of bank performance at state-owned banks and the results of four banks (4) studied, during 2008-2012 had good conditions. Sa'diyah (2012) and Widyaningrum (2014) conducted a study on the assessment of bank health levels in all banks listed on the IDX and the results showed that there are still banks categorized as unhealthy, because the ROA owned is very small, while NIM and CAR show positive results.

Performance is a measure of how efficient and effective a manager or an organization is, how well the manager or organization achieves adequate goals (Stoner in Indra Presetyo, 2008). Performance is doing work and the results achieved from the work (Wibowo, 2011: 7). Financial performance is an assessment of the level of efficiency and productivity carried out periodically on the basis of management reports and financial statements which are a reflection of the achievements achieved by the company (Indra Prasetyo, 2008).

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Based on the statement above, researchers are interested in seeing the health level of Bank Mandiri, Tbk, based on RGEC which includes; Risk Profile, Good Corporate.

Governance, Earning and Capital. Bank Mandiri is the result of a merger of four (4) state-owned banks, namely; Bank Bumi Daya, Bank Dagang Negara, Bank Ekspor Impor, and Bank Pembangunan Indonesia on October 2, 1998.

RESEARCH METHODS

The type of research used is descriptive research with a quantitative approach. The research focus of this research is:

1. Assessment of the health level of Bank Mandiri eriode 2013-2022 based on:

a) Risk profile factors using Non Performing Loan (NPL) and Loan to Deposit Ratio (LDR).

b) The profitability factor (earnings) uses Return On Asset (ROA) and Net Interest Margin (NIM).

c) Capital factor using Capital Adequacy (CAR).

2. Category of Assessment Criteria

a. Risk Profile

This assessment is based on the risks inherent in the bank's business activities, namely credit, liquidity, market, operational, legal, strategic, compliance and reputational risks. In this research, which will be assessed using financial ratios, only credit risk and liquidity risk because what can be measured using financial statements are only these two risks.

1). Credit Risk, (Quality Ratio of Productive Assets (NPL)

The Quality Ratio of Productive Assets (KAP) measured using Non Perfor-ming Loan (NPL), which is the ratio of productive assets classified to the number of productive assets.

NPL = (Total Non-Performing Loans/ Total Loans) x 100%.

Based on SE BI 13/30/DPNP/2011 are Predicate of NPL $\leq$ 2 % is composite value Very Good and 2% < NPL <5% is composite value Good.

2). Loan to Deposite Ratio (LDR)

Loan to Deposite Ratio is a ratio that measures a bank's ability to meet financial obligations.

LDR = (Total Credit/Total Funds) x 100%.

Predicate of LDR 60% $\leq$ LDR $\leq$ 75% composite value is Very Good and 75% $\leq$ LDR $\leq$ 85 % composite value is Good.

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b. Good Corporate Governance (GCG)

The bank's GCG assessment considers assessment factors comprehensively and structured, including governance structure, governance process, and governance outcome.

c. Profitability Factor

1). Return On Asset (ROA)

The profitability ratio aims to analyze or measure the ability of banking companies to generate profits with the number of assets owned).

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

Predicate of NPL $\leq$ 2 % is composite value Very Good and 2% < NPL <5% is composite value Good.

2). Net Interest Margin (NIM)

NIM is a ratio used in measuring a bank's performance in generating net interest income (NIM).

$$NIP = (\text{Net Interest Income} / \text{Average Productive Assets}) \times 100\%$$

Predicate of NIM $\geq$ 3 % is composite value Very Good and 2% < NIM <3% is composite value Good.

3. Capital (CAR).

Capital Ratio (CAR) This Capital Ratio aims to measure the level of ability of banking companies to pay long-term obligations measured through the Capital adequacy ratio (CAR).

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

Predicate of CAR $\geq$ 12 % is composite value Very Good and 9% < CAR <12% is composite value Good.

ANALYSIS AND DISCUSSION

The focus of this research is the assessment of the health level of Bank Mandiri eriode 2013-2022 based on:

1. Risk profile factors using Non Performing Loan (NPL) and Loan to Deposit Ratio (LDR).
2. Profitability factor (earnings) using Return On Asset (ROA) and Net Interest Margin (NIM).
3. Capital factor using Capital Adequacy Ratio (CAR).

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1. Risk Profile Factors

Risk profile factors based on the Codification of Bank Health Assessment (SE BI 13/30/DPNP/2011), there are two (2) indicators, namely Non-Performing Loan (NPL) and Loan Deposit Ratio (LDR).

LDR BANK MANDIRI

PERIOD 2013 S/D 2022

YEAR	LDR	CRITERION
	(%)	
2013	70,83	Very Good
2014	69,39	Very Good
2015	73,84	Very Good
2016	71,54	Very Good
2017	72,38	Very Good
2018	96,74	Very Good
2019	96,37	Verty Good
2020	82,95	Very Good
2021	80,04	Very Good
2022	77,61	Very Good
Average	**79,17**	

Source : Data Processed

During the research period, from 2013 to 2022, Bank Mandiri's Loan Deposit Ratio (LDR) was very good with an average LDR of 79.17% (very good).

2. Profitability Factor

Profitability factor, seen from two (2) financial ratio indicators, namely Return On Asset (ROA) and Net Interest Margin (NIM).

NPL BANK MANDIRI

PERIOD 2013 S/D 2022

YEAR	NPL	CRITERION
	(%)	
2013	1,60	Very Good
2014	1,66	Very Good
2015	2,29	Good
2016	3,96	Good
2017	3,45	Good
2018	2,79	Good
2019	2,39	Good
2020	3,29	Good
2021	2,81	Good

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2022	1,88	Very Good
Average	**2,61**	
Source : Data Processed		

During the 10-year research period, Bank Mandiri's three-year Non-Performing Loan (NPL) had very good NPL criteria (in 2013, 2014 and 2022), but there were seven NPL.

ROA BANK MANDIRI

PERIOD 2013 S/D 2022

YEAR	ROA	CRITERION
	(%)	
2013	3,66	Very Good
2014	3,57	Very Good
2015	3,15	Very Good
2016	1,96	Very Good
2017	2,72	Very Good
2018	3,17	Very Good
2019	3,03	Very Good
2020	1,64	Very Good
2021	2,53	Very Good
2022	3,30	Very Good
Average	**2,87**	
Source : Data Processed		

During the research period from 2013 to 2022, Bank Mandiri's Return On Assets had a very good ROA with an average of 2.87%.

NIM BANK MANDIRI

PERIOD 2013 S/D 2022

YEAR	NIM	CRITERION
	(%)	
2013	5,68	Very Good
2014	5,94	Very Good
2015	5,90	Very Good
2016	6,29	Very Good
2017	5,63	Very Good
2018	5,52	Very Good
2019	5,46	Very Good
2020	4,48	Very Good
2021	4,73	Very Good
2022	5,16	Very Good
Average	**5,48**	**-**
Source : Data Processed		

Bank Mandiri's Net Interest Margin (NIM) for ten (10) years has a very good NIP of an average NIM above 5.00% or 5.48%.

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3. Capital Factors

Banking capital factor according to the Codification of Bank Health Assessment (SE BI 13/30/DPNP/2011), reflected by Capital Adequacy Ratio (CAR).

CAR BANK MANDIRI

PERIOD 2013 S/D 2022

YEAR	CAR	CRITERION
	(%)	
2013	14,93	Very Good
2014	16,60	Very Good
2015	18,60	Very Good
2016	21,36	Very Good
2017	21,64	Very Good
2018	20,96	Very Good
2019	21,39	Very Good
2020	19,90	Very Good
2021	19,60	Very Good
2022	19,46	Very Good
Average	**19,44**	**-**
Source : Data Procdessed		

During the research period (10 years), Bank Mandiri had a very good Capital Adequacy Ratio (CAR) (above 12.00%) with an average of 19.44%.

CONCLUSION

Judging from Bank Mandiri's health level for one year (research period), based on Risk Profile, Good Corporate Govermance, Earning and Capital (RGEC), shows excellent results reflected by NPL, LDR, ROA, NIM and CAR. However, there are Non-Performing Loan (NPL) indicators from 2015 to 2021 that Bank Mandiri has good NPLs (2.00% to 5.00%).

Thus, Bank Mandiri's overall financial performance is very good, so its performance must be maintained and NPL indicators need to be improved in order to achieve very good criteria (less than 2.00%).

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