SINARMAS BANK HEALTH LEVEL ANALYSIS YEAR 2016-2020 USING THE RGEC METHOD

By

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ABSTRACT
In general, it is said to be healthy with banks in carrying out some of their functions well by carrying out various policies, especially monetary policy. The level of banking soundness shows the guarantee of the security of the customer's budget stored in the bank. When banking regulations have to assess the Banking Soundness Level using the securities approach (Risk based Banking Rating) as stated in Article 2 paragraph (3), regarding the scope of value on several elements with a risk profile, Good Corporate Governance (GCG) , Earnings (Profitability), Capital (Budget). The observation method used is descriptive analysis. This observation aims to see the level of banking soundness at Bank Sinarmas. Observations by taking secondary data obtained from the financial statements of Bank Sinarmas for 2016-2020 which are available on the website https://www.perbankansinarmas.com/id/. Sinarmas has to make efficiency in terms of spending on business operating costs seen from the high BOPO ratio. Even Bank Sinarmas has to follow up on the settlement of non-performing loans, seen from the fluctuations in the value of the NPL which has been unstable for several years.

Keywords: bank, rgec,, sinarmas, health level

INTRODUCTION

When we face a condition of sluggish economic activity, banking as an intermediary institution also comes under pressure. Credit disbursement was hampered in line with the decline in economic activity. Meanwhile, the disbursed financing has decreased in quality. This condition causes the bank's income to decline. At the same time, the effect faced is increasing.

Usually from these crises, to carry out effective activities is to use the securities activities of Good Corporate Governance (GCG). This means that banks can identify problems in advance by following up on existing problems, as well as implementing GCG and securities activities in dealing with crises.

In response to these developing conditions, although Bank Sinarmas did not completely change the target market, there were a number of adjustments. In terms of budget placement, banks avoid effects that are difficult to control, such as financing. Therefore, banks prefer investment instruments that are safe, liquid, but still provide adequate yields. With regard to financing distribution, banks have become more selective by considering the impact on customers of the effects of the spread of COVID-19. In the corporate financing segment, the banking sector focuses more on basic needs and health sectors.

As for retail, the banking target market did not change. Nevertheless, the Bank observes

that there are developments in the behavior of customers who are rapidly switching to digital use. Simobi Plus which has been developed by the Bank for some time now allows the Bank to quickly respond to these changing conditions. To continue to provide better services, feature additions and further developments in digital banking will be reviewed on an on going basis.

In general, banks are said to be healthy, with banks in carrying out their functions properly, they can protect the public by intermediary regarding matters when conducting transactions when the government is carrying out policies, with monetary matters to perform its functions properly, banks must have sufficient capital, maintain assets so the activity is good according to the guidelines of caution. The level of banking soundness shows the guarantee of customer assets in banking.

Some of the internal challenges of the banking industry are: (a) Improving asset quality through credit restructuring; (b) Strengthening capital; (c) Have a main business strategy and have certain core competitiveness as a competitive advantage; (d) Strengthen the basis of the operating system, expand the credit distribution system (e) Improve the quality of human resources and services (Putri & Dharma, 2016).

Bank Indonesia (BI) took vital steps by carrying out activities based on BI Regulation No. 13/1/PBI/2011 (Husnah, 2015) regarding the Value of the Soundness of General Banking. With banking regulations, banks must carry out the Banking Soundness Level Value by themselves using a securities approach (Risk-based Banking Rating) as contained in Article 2 paragraph (3), (Bank Indonesia, 2011a) regarding the scope of Value in several elements with:

a. Effect profile (risk profile)
b. Good Corporate Governance (GCG)
c. Earnings (Rentability)
d. Capital (Budget)

The value of the above elements is carried out using the RGEC method. The next Value Guide is BI Circular Letter No. 13/24/DPNP dated October 25, 2011 regarding the value of the soundness of general banking with an obligation to perform a self-assessment of the soundness of banking using the RGEC method. RGEC With the method of activity quality is the most important thing. The good quality of activity is seen from the expected output effect of RGEC in the banking sector (Bank Indonesia, 2011a).

Assessing banking health is seen from several segments. This value is used when the banking condition is healthy, moderately healthy, less healthy, or unhealthy,, so that BI as the controller of the banking sector may assist or appoint banks in carrying out their operational activities. According to the size to do the value of banking soundness has been confirmed by BI. Banks must issue financial reports either on a regular basis or for all activities at a certain time. The value of banking soundness is checked every year, if there is an increase or decrease in value. (Sunyoto, 2016).

To maintain the level of public trust in banking, banks must be able to maintain a healthy performance, because banking health describes some elements that have an influence on public trust from the banking institution itself or as an investor (Irianti & Saifi, 2017).

One of the media by calculating the value of health in banking with RGEC analysis (Saparinda, 2020) is as follows. (1) Risk Profile, (2) GCG, (3) Earning, (4) Capital.

Parameter Value of banking soundness level using RGEC method according to PBI No. 13/1/PBI/20 (Bank Indonesia, 2011b) and SE No. 13/ 24/ DPNP dated October 25, 2011 (Bank Indonesia, 2011c) with:

a.**Profile Effect**

The value of the profile effect with the value regarding the inherent effect and with the implementation of the quality of the securities activity conducting banking operations with 8 parts are:

1) Credit securities, with the effect of the loan not being reversed, in this case, delays in paying the interest rate and principal loan, or not paying the loan at all. The credit ratio is calculated using the Non Performing Loan (NPL) ratio.

$$NPL = \frac{\text{Non-performing Loans}}{\text{Total Credit}} \times 100$$

2) Market effect is an effect that arises due to a decrease in the value of securities assets from several existing elements. The market ratio is calculated with the Interest Rate Risk ratio:

$$IRR = \frac{\text{RSA (Rate Sensitive Assets)}}{\text{RSL(Rate Sensitive Liabilities)}} \times 100\%$$

3) Liquidity effect, with the effect of a shortage of liquidity occurring due to a rush (budget withdrawal) along with the effect of the collapse of the banking system. The liquidity ratio is calculated by the following ratios:

a. Loan to Deposit Ratio (LDR)

$$LDR = \frac{\text{Total Credit}}{\text{Third Party Budget}} \times 100\%$$

b. Loan to Asset Ratio (LAR)

$$LAR = \frac{\text{Total Credit}}{\text{Total Assets}} \times 100\%$$

c. Cash Ratio

$$\text{Cash Ratio} = \frac{\text{Liquid Assets owned}}{\text{Third Party Budget}} \times 100\%$$

4) Operational effects with loss effects such as caused by failure or inadequate banking activities, or as the effect of external events.

5) Legal effects with the effect of doing something the uncertainty of entering into a contract, law or regulation.

6) The strategic effect with the causal effect of provisions in conducting inaccurate banking schedules, adopting a business policy that is less responsive to external changes.

7) Compliance effect, namely the effect of compliance with banking regulations and other applicable regulations.

8) Reputation effect, namely the effect of decreasing the level of stakeholder trust originating from negative prejudice to banks.

The lower the points received, the better the health of the banking sector in terms of the effect

b**. Good Corporate Governance (GCG)**

Values regarding GCG elements with values regarding banking activities carry out guidelines of GCG. This is in accordance with the circular letter of Bank Indonesia regarding Good Corporate Governance (Bank Indonesia, 2013a). Banks are required to carry out GCG guidelines with each of their business activities at all stages of the business entity listed at the time of compiling the vision, mission, schedule, carrying out policies and steps for internal audits. Aspects of Value checked for GCG Value:

Table 1. Aspects of the Value of Good Corporate Governance

Circular letter No.15/15/DPNP	IICG Institute
❖ Perform the obligations of the Board of Commissioners. ❖ Perform the duties of the board of directors. ❖ Complete and perform committee duties.	Commitment
❖ Handling conflicts of interest	Independence
❖ With the implementation of the Compliance function	Responsibility
❖ With the implementation of the internal audit function ❖ With the implementation of the external audit function ❖ With the implementation of securities activities, an internal control system is stated	Accountability
❖ Transparency of banking financial and non-financial conditions, reports on GCG and internal reporting.	Transparency
❖ Provision of budgets to related parties and the provision of increased budgets (large exposures) ❖ Banking Strategic Plan	Timetable
	Justice
	Competence
	Leadership
	Ethics

Source : SE-BI 15/15/DPNP, 2013

Based on table 1 above, the purpose of implementing GCG is to increase business value for each stakeholder. The GCG element rating is categorized into 5 (five) ranks with first rank, second rank, third rank, fourth rank, and fifth rank. The ranking of the lowest GCG elements shows the best GCG (Bank Indonesia, 2013b).

c. **Earning**

Earning is one of the health values of banking in terms of profitability. The actual profit component concerns the budget projection and the ability of the profit component to increase the budget. The characteristics of banking in terms of profitability are banking performance with success, and stability by supporting several components of earnings, and the ability to succeed in increasing the budget and success in the future. Parameter values regarding the earnings element are based on:

1) Return on Assets (ROA)

$ROA = \dfrac{Profit\ Before\ Tax}{Total\ Assets} \times 100\%$

2) Return On Equity (ROE)

$ROE = \dfrac{Net\ Profit\ After\ Tax}{Total\ Asset\ Budget} \times 100\%$

2) Net Interest Margin (NIM)

$NIM = \dfrac{Interest\ Income}{Productive\ Assets} \times 100\%$

3) Operating Expenses Regarding Operating Income (BOPO)

$BOPO = \dfrac{Operating\ Expenses}{Operating\ Income} \times 100\%$

d.   **Capital**

Capital or budgeting with adequate banking budgets with anticipation of losses on the securities profile, and managing the strongest and specific assets, business scale and complexity of the banking business. Budget adequacy is measured by the ratio of Capital Adequacy Ratio (CAR).

CAR = $\underline{Budget}$ x 100%
         ATMR

For the value of banking health, it is necessary to analyze the financial statements. Financial reports with tools that are very important to get output related to the financial condition of banks. The financial data is very meaningful if the document is compared over a period of time, further analysis of the document bearing the provisions. will be taken (M. H. Alfiyanti, C. R. Damayanti, 2020).

One of the tools that is famous for analyzing financial statements with financial ratios. The main reason for using financial ratios is because financial statements usually contain some information about the banking situation in the future. In addition, financial statement analysis can be used in model analysis models that are carried out with short-term decisions and subsequently, carry out work evaluation activities. Some financial reports can be used to calculate banking performance, namely NPF (Non Performing Financing), FDR (Financing to Deposit Ratio), ROA (Return on Assets), ROE (Return on Equity), NIM (Net Interest Margin), CAR (Capital Adequacy). Ratio), Good Corporate Governance GCG (Hasiara, 2015).

Meanwhile, according to (Rokhmatika & Afandy, 2019) banking, namely financial institutions, means banking with business entities whose main assets are financial assets and not merely seeking success. In Article 1 paragraph 2 of Law Number 10 of 1998, regarding Amendments to Law Number 7 of 1992 concerning Banking, it is stated that banking with social social activities in the form of a budget that is distributed to residents can take the form of other forms of credit to improve the lives of many citizens. Based on the understanding previously stated, banks and business entities are beneficial in cooperation with those with more assets and less assets whose task is to collect the budget in the form of credit, can provide services to banks with the aim of increasing the level of people's lives.

Banks must fulfill 11 elements of good banking governance, including: a. implementation of the duties and responsibilities of the Board of Directors; b. implementation of the duties and responsibilities of the Board of Commissioners; c. completeness and implementation of the committee's duties or functions; d. handling conflicts of interest; e. implementation of compliance function; f. implementation of the internal audit function; g. implementation of external audit function; h. implementation of risk management, including the internal control system; i. the maximum limit for granting credit; j. BPR business plan; and K. transparency of financial and non-financial conditions. (Otoritas Jasa Keuangan Republik Indonesia, 2016).

The collected budget is used with asset allocation, by providing credit. According to Law no. 10 of 1998 regarding banking, what is meant by credit is providing a budget or receivables with an agreement between the bank and customers who have guarantees that they can pay their debts within a certain period of time subject to interest (Kasmir, 2015).

(Rokhmatika & Afandy, 2019) Analysis of the Health Level of Banking Using the Risk Profile, Good Corporate Governance, Earning, Capital (RGEC) Method. The research results show that the NPLs of all banking samples in 2014-2015 are categorized as healthy. The results of the research showed that the LDR of the sample contained 6 banks which were categorized as quite healthy. There are 6 banks categorized as unhealthy. The results obtained from the IRR variable are that there are 2 banks that are declared healthy and there are 9 banks that are categorized as unhealthy. The NPM variable resulted in 8 banks in the unhealthy category, 7 banks in the very healthy category and 2 in the healthy category. ROA variable as much as 2 banks are categorized as unhealthy and 3 banks are categorized as very healthy. The NIM variable

is 4 banks in the healthy category and 17 banks in the very healthy category. The CAR variable is 1 bank in the healthy category and 20 banks in the very healthy category.

(Saparinda, 2020) Using the RGEC method to analyze the level of banking soundness (empirical study) at BRI banks 2015-2019). This study analyzes the robustness of the 2015-2019 "One Belt One Road" banking using descriptive analysis research methods. The results of the analysis of risk, good banking governance, returns and capitalization The figure shows a comprehensive assessment of banking health under the "Belt and Road" initiative from 2015 to 2019 87.50% In other words, the soundness of BRI Banking is "very healthy".

(Andriani & Permatasari, 2021) Using the RGEC method to analyze the level of banking robustness at BCA Syariah and Panin Dubai Syariah. This study aims to understand, describe and compare the banking toughness of BCA Syariah and Panin Dubai Syariah using the RGEC (Risk Profile, GCG, Earnings, Capital) method with SE OJK guidelines number 10/SEOJK.03/2014. The results of this research show that the NPF BCA Syariah and Panin Dubai Syariah are in a very healthy position. FDR BCA Syariah is in a fairly healthy position, and Panin Hukum Syariah Dubai is in an unhealthy situation. ROA BCA Syariah and Panin Dubai Syariah In a fairly healthy position. NOM BCA Syariah and Panin Dubai Syariah are already healthy. BCA Syariah and Panin Dubai Syariah CARs are very healthy. The BCA Syariah GCG report is in very good health, while the Panin Dubai Syariah GCG report is in good health. The results of the analysis show that there is a significant difference. There is a significant relationship between the performance of BCA Syariah and Panin Dubai Syariah, especially in terms of the NPF, FDR, NOM and CAR variables that have no difference in the ROA variable.

METHODS

The research method used is descriptive analysis. This research aims to understand the robustness of Bank Sinarmas. This research was obtained from banking financial reports on the Sinarmas website (*Web Page Sinarmas*, n.d.). The value of the Banking Soundness Level with the results of the value of banking conditions examined for the effects of the performance of banks that carry out their functions properly based on the Composite Rating of the Banking Soundness Level as contained in BI regulations Number 13/I/PBI/2011 and SE-BI No.13/24/DPNP which is described in the table below:

Table 2. Composite Rating of Banking Soundness

Rating	Criteria	Weight
PK 1	Very healthy	86 - 100%
PK 2	Healthy	71 - 85%
PK 3	Healthy enough	61 - 70%
PK 4	Unwell	41 - 60%
PK 5	Not healthy	$\leq 40\%$

Source: SE-BI No.13/24/DPNP, 2011

Based on table 2 above, the Composite Rating of the Banking Soundness Level is based on the results of an analysis of aspects of Securities, Good Corporate Governance, Earning and Capital (RGEC).
a. **Profile Effect Analysis**

The soundness of the banking sector in the aspect of this profile effect uses the credit effect and the liquidity effect. In the credit effect, the parameter value of banking health uses Non-Performing Loans (NPL). The criteria for determining the NPL Profile Effect Rating can be seen in the table below:

Table 3. Criteria for Determining the Effect of NPL Credit

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

Source: SE-BI No.13/24/DPNP, 2011

Based on table 3, the banking credit effect is said to be healthy if it is more than equal to 2%.

Table 4. Criteria for Loan Deposits Ratio (LDR)

Rating	Criteria	Weight
1	Very healthy	$LDR \leq 75\%$
2	Healthy	$75\% < LDR \leq 85\%$
3	Healthy enough	$85\% < LDR \leq 100\%$
4	Unwell	$100\% < LDR \leq 120\%$
5	Not healthy	$LDR > 120\%$

Source: SE-BI No.13/24/DPNP, 2011

Table 5. Criteria for Loan Assets Ratio (LAR)

Rating	Criteria	Weight
1	Very healthy	$LAR \leq 75\%$
2	Healthy	$75\% < LAR \leq 85\%$
3	Healthy enough	$85\% < LAR \leq 100\%$
4	Unwell	$100\% < LAR \leq 120\%$
5	Not healthy	$LAR > 120\%$

Source : SE-BI No.13/24/DPNP, 2011

Table 6. Criteria for Determining Liquidity Rating (Cash Ratio)

Rating	Criteria	Weight
1	Very healthy	> 90%
2	Healthy	$85\% < CAR \leq 90\%$
3	Healthy enough	$75\% < CAR \leq 85\%$
4	Unwell	$50\% < CAR \leq 75\%$
5	Not healthy	$CAR < 50\%$

Source : SE-BI No.13/24/DPNP, 2011

Based on tables 4, 5, 6 above, the liquidity effect that becomes the parameter of the value of the soundness of banking is Loan Deposit Ratio (LDR), Loan to Asset Ratio (LAR) and Cash Ratio.

b. Good Corporate Governance (GCG) Analysis
    GCG Analysis with Values regarding good governance with 11 Value aspects as stated in Circular Letter No.15/15/DPNP Year 2013, with Values regarding:
1) Perform the obligations of the Board of Commissioners

2) Perform the obligations of the board of directors
3) Complete and perform committee duties
4) Handling conflicts of interest
5) With the implementation of the Compliance function
6) With the implementation of the internal audit function
7) With the implementation of external audit function
8) With the implementation of securities activities, an internal control system is stated
9) Transparency of banking financial and non-financial conditions, reports on GCG and internal reporting.
10) Budget provision to related parties and increased budget provision (large exposures)
11) Banking Strategic Plan

The value of GCG can also be seen from the achievements of the Corporate Governance Perception Index (CGPI). The Corporate Governance Perception Index (CGPI) was examined through 4 (four) stages of Value with Self Assessment, Documentation Value, Paper Value, and Interview Research regarding aspects of Governance Structure, Governance Process, and Governance that was produced.

Deciding on the composite rating The value of the soundness of banking from 2016 to 2020 (Bank Indonesia, 2004). The composite value with the financial ratios in the component, namely the composite rating will be worth with:

· 1st Rank = every time the checklist is multiplied by 5
· 2nd Rank = every time the checklist is multiplied by 4
· 3rd Rank = every time the checklist is multiplied by 3
· 4th Rank = every time the checklist is multiplied by 2
· 5th Rank = every time the checklist is multiplied by 1

The composite value that has been obtained by multiplying each checklist is then ascertained its weight by percentage. The weights/percentages to determine the composite ranking of all components are:

Table 7. Composite Rating Weights

Weight %	Composite	Rating
86 – 100	PK 1	Very healthy
71 – 85	PK 2	Healthy
61 – 70	PK 3	Healthy enough
41 – 60	PK 4	Unwell
<40	PK 5	Not healthy

Source: SE-BI No.6/23/DPNP, 2004

Based on table 7, composite rating = $\frac{\text{Total Composite Value}}{\text{Total Composite Value}} \times 100\%$

c. Earnings Analysis

In this research, the ratio of Net Interest Margin (NIM) and Operating Expenses on Operating Income (BOPO) is used as a component of the value of the earning aspect by assessing the level of banking health

Table 8. Criteria for Determining Profitability Ratings (BOPO)

No	Description	Criteria
1	Very healthy	BOPO ≤ 94%
2	Healthy	94% < BOPO ≤ 95%
3	Healthy enough	95% < BOPO ≤ 96%
4	Unwell	96% < BOPO ≤ 97%
5	Not healthy	BOPO > 97%

Source: SE-BI No.13/24/DPNP, 2011

Based on table 8 above, a bank is said to be healthy if the BOPO is above 94%.

Table 9. Criteria for Determining NIM

Rating	Description	Criteria
1	Very healthy	NIM > 3 %
2	Healthy	2% <NIM <3%
3	Healthy enough	1,5% <NIM< 2%
4	Unwell	1% <NIM <1,5%
5	Not healthy	NIM <1%

Source: SE-BI No.13/24/DPNP, 2011

Based on table 9. above, a bank is said to be healthy if it has a NIM above 2%.

d. Capital Analysis

Capital or budgeting with adequate banking budgets with anticipation of losses on the effect profile, and managing the strongest and specific assets, business scale and complexity of the banking business. Budget adequacy is measured by the ratio.

Table 10. Criteria for Determining Capital Rating

Rating	Description	Criteria
1	Very healthy	CAR > 12%
2	Healthy	9% < CAR < 12%
3	Healthy enough	8% <CAR < 9%
4	Unwell	6% <CAR< 8%
5	Not healthy	CAR< 6%

Source: SE-BI No.13/24/DPNP, 2011

Based on table 10. above, banking is said to be healthy if the CAR is above 9%.

RESULTS AND DISCUSSION

From the research that has been done, the results of the data processing of Bank Sinarmas' financial statements for 2016-2020 are as follows:

The soundness of banking is very important to maintain the trust of the public. The value of banking health with a value regarding the ability of banks to carry out banking operational activities normally. This research is based on BI regulation No.13/1/PBI/2011 concerning the Rating of General Banking Soundness Level. The complete value guideline is regulated by BI Circular Letter (SE) No/13/24/DPNP concerning General Banking Soundness Level Values. The value stages using the RGEC method can be called a banking soundness value model with the condition that it uses effect activities.

Based on BI Regulation No. 13/1/PBI/2011 and SE No. 13/ 24/ DPNP concerning

Commercial Bank Soundness Level Value System, Banking soundness value includes the following elements:

1. Effect

Values regarding effect profile elements such as those with values regarding inherent effects and quality with the implementation of Banking operational effect activities that are examined regarding 8 (eight) effects with:

a. credit effect;
b. market effect;
c. liquidity effect;
d. operational effects;
e. legal effect;
f. strategic effect;
g. compliance effect; and
h. reputation effect.

The effect values used in this research are credit and liquidity effects. credit effect, with the effect of the loan not being reversed, in this case, delays in paying the interest rate and principal loan, or not paying the loan at all. credit effect is calculated by the ratio of Non Performing Loans (NPL).

Table 11. Sinarmas Bank Non-Performing Loans 2016-2020

Year	NPL
2016	1,47
2017	2,34
2018	2,73
2019	4,33
2020	1,39

Source: Processed Data, 2021

The second value with the effect profile in this research uses the value of the liquidity effect. Liquidity effect with liquidity shortage effect caused by rush (simultaneous budget withdrawals) which can effect bank bankruptcy. The liquidity ratio is calculated using the Loan Deposit Ratio (LDR), Loan to Asset Ratio (LAR), and Cash Ratio as parameters for the value of banking health. The results of Bank Sinarmas data processing regarding liquidity effects can be seen in table 12, 13, 14 below:

Table 12. *Loan Deposit Ratio* Bank sinarmas Tahun 2016-2020

Year	LDR
2016	77,47
2017	80,57
2018	84,24
2019	81,95
2020	56,97

Source: Processed Data, 2021

Loan Deposit Ratio with the ratio of loans to the budget to assess banking liquidity by comparing the total bank loans with the total budget for the same time. If the ratio is too high, banking means that it does not have enough liquidity to cover unexpected budget needs. Conversely, if it decreases too much it may not produce increased success.

The second ratio used as an indicator of the value of banking health, the aspect of liquidity effects in this research is the Loan Asset Ratio (LAR). Loan to Asset Ratio is the ratio used to measure the ability of banks to meet credit demand with total assets owned by banks. As the LAR increases, the level of banking liquidity decreases because businesses require an increasing number of assets for the cost of credit used. The credit used usually has an uncollectible effect or what is called bad credit, so a Allowance for Impairment Losses (CKPN) is needed with anticipation of the effect of bad credit. Because there is a possibility of bad credit on the credit used, the company must have a total asset that is much more than the amount of credit used. The results of data processing the Loan to Asset Ratio (LAR) ratio of Sinarmas banking in 2016-2020 can be seen in table 13 below:

Table 13. Bank Sinarmas Loan to Asset Ratio 2016-2020

Year	Total Loans	Total Assets	Loan To Asset Ratio (LAR)
2016	19.111.131	31.192.626	61,27
2017	18.365.482	30.404.078	60,40
2018	19.214.056	30.748.742	62,49
2019	21.314.497	36.559.556	58,31
2020	18.878.373	44.612.045	42,32

Source: Processed Data, 2021

The third analysis with the value of the liquidity effect with this research uses the Cash Ratio. Cash ratio with the level of ability of banks to meet their short-term debt with their liquid assets. With the rules of a good BI Cash ratio, it shows a figure of more than 90%. The results of the 2016-2020 Bank Sinarmas Cash Ratio data processing can be seen in table 14 below:

Table 14. Bank Sinarmas Cash Ratio 2016-2020

Tahun	Liquid Assets	DPK	Cash Ratio
2016	29.236.251	22.776.651	128,36
2017	28.215.690	21.256.254	132,74
2018	28.114.357	21.989.429	127,85
2019	33.612.021	24.652.197	136,34
2020	41.577.002	30.763.916	135,15

Source: Processed Data, 2021

2.Governance

Bank Sinarmas Tbk ("Sinarmas", "Banking") is committed to implementing good corporate governance or GCG. Sinarmas views good business governance as an important element when carrying out business activities and plays a role in supporting growth and balanced performance stability. Bank Sinarmas decided that the principles of GCG should be applied to every business aspect in all banking business entity structures. In line with regulations, with

implementation and inspection from the levels of the Board of Commissioners, Directors, to the lowest business unit-units and relationships with office holders.

To decide which governance activities are carried out properly. Bank Sinarmas periodically reviews and adjusts its governance policies as a form of commitment to quality improvement by implementing good governance in all lines of banking business entities.

Referring to the prevailing laws and regulations, the GCG guidelines used by Bank Sinarmas are described as follows:

Table 15. GCG guidelines used by Bank Sinarmas

Principle	Guidance Principles	With the Implementation at Sinarmas Bank
Transparency	Provide material and relevant information in a way that is easy to follow and understand by incumbents.	Disclosure of Banking information, which includes an explanation of performance through the website: In addition, Banking also submits periodic and certain information disclosures to regulators.
Accountability	Accountable for performance in a transparent and fair manner. For this reason, business management takes into account the interests of shareholders and other position holders.	Banks have determined the details of obligations per individual business organ and all employees clearly and in line with the vision, mission, corporate values, and business schedule.
Responsibility	Banks must comply with laws and regulations and carry out responsibilities regarding society and the environment, so that long-term business balance can be maintained.	All organs with Banking adhere to prudent guidelines and decide compliance with laws and regulations, articles of association and by-laws.
Independence	To expedite the implementation of the principles of GCG, banking must be carried out independently so that each individual business organ does not prioritize each other and cannot be intervened by other parties.	All organs with Banking avoid domination by any party, are not influenced by certain interests, are free from conflicts of interest and from any influence or pressure, so that decision making can be examined objectively.
Fairness and Equality	By carrying out its activities, banks are encouraged to pay attention to the interests of shareholders and other office holders based on the principles of fairness and equality.	Banking provides opportunities for incumbents to provide input and express opinions for business interests as well as open access to information in accordance with transparency guidelines with a scope of position per individual.

Source: Processed Data, 2021

With the implementation of GCG at Bank Sinarmas, it refers to the applicable provisions, including:
1. Law of the Republic of Indonesia

- Law of the Republic of Indonesia No. 10 of 1998 regarding amendments to Law no. 7 of 1992 concerning Banking
- Law of the Republic of Indonesia No. 40 of 2007 concerning Limited Liability Companies

2. BI regulations
   - BI Regulation No.11/33/PBI/2009 Dated 7 December 2009 Regarding Conducting GCG for Sharia Commercial Banking and Sharia Business Units
   - BI Circular No.12/13/DPbS April 30, 2010 regarding Conducting GCG for Sharia General Banking and Sharia Business Units

3. Financial Services Authority Regulations
   - Financial Services Authority Regulation No. 55/POJK.03/2016 regarding 7 December 2016 With the implementation of Good Corporate Governance for General Banking
   - ·Financial Services Authority Circular No.13/ SEOJK.03/2017 dated 17 March 2017 regarding the implementation of Good Corporate Governance for General Banking
   - Financial Services Authority Regulation No.21/POJK.04/2015 dated 16 November 2015 regarding the implementation of the Open Business Governance Guidelines
   - Financial Services Authority Regulation No.8/POJK.04/2015 dated 26 June 2015 regarding the Website of Issuers or Public Companies
   - ·Financial Services Authority Circular Letter No.32/SEOJK.04/2015 dated 17 November 2015 regarding Guidelines for Open Business Governance
   - ·Financial Services Authority Regulation No.18/POJK.03/2014 concerning 19 November 2014 regarding the implementation of Integrated Governance for Financial Conglomerates

4. GCG Implementation Guidelines
   - ·Indonesian GCG Guidelines developed by the National Committee for Governance Policy
   - ·Bank Indonesia GCG Guidelines developed by the National Committee on Governance Policy

When carrying out business governance, Bank Sinarmas also refers to 4 basic aspects of governance:
1. Governance commitment, with the embodiment of the commitment of the Board of Commissioners, Board of Directors, and all lines of business entities to implement and enforce Bank Sinarmas Governance.
2. Governance structure is related to the adequacy of banking governance structure and infrastructure.
3. Governance Process, so that activities with the implementation of governance guidelines can run well.
4. Governance Outcome, produce something that is in accordance with the expectations of banking stakeholders.

Commitment to the implementation of Good Corporate Governance can be seen from the effective governance structure and governance process so that it has a positive impact on value creation and long-term sustainability of the banking business. Bank Sinarmas is committed to being able to place governance as the main foundation by running a business, as well as to maintaining the existence of banking by facing challenges and business competition with the banking industry.

Governance structure with main organs, supporting organs and GCG infrastructure. The main organs include the General Meeting of Shareholders, the Board of Commissioners, and the Board of Directors. Meanwhile, the supporting organs are the Committees at the Board of Commissioners level, the Committees at the Board of Directors level, the Business Secretary, Business Units/Work Units, and Independent Units.

Furthermore, the GCG infrastructure includes Business Regulations, Code of Ethics &

Employee Behavior, Governance Policies and Procedures.

As a manifestation of Bank Sinarmas' commitment to implementing balanced governance, Bank Sinarmas has issued several main governance policies in accordance with applicable laws and regulations and banking needs. These policies include Guidelines for Business Governance, Code of Ethics and Code of Conduct, Board Manual, Whistleblowing System and various banking operational policies.

The results of the self-assessment for performing GCG for 2016-2020 are presented in the table below:

Table 16. Own Value of GCG

No	Elements of Governance Value	Year		
		2018	2019	2020
1	Performing the Duties of the Board of Directors	2	2	2
2	Performing the Obligations of the Board of Commissioners	2	2	2
3	Completeness and Performing Committee Duties	2	2	2
4	Handling Conflicts of Interest	2	2	2
5	With the implementation of the Bank's Compliance Function	2	2	2
6	With the implementation of the Internal Audit Function	2	2	2
7	With the implementation of the External Audit Function	2	2	2
8	With the implementation of the Securities Activity Function and Internal Control	2	2	2
9	Provision of Budget to Related Parties and Debtors Increases (Large Exposures)	2	2	2
10	Transparency of the Bank's Financial and Non-Financial Conditions, Reports on GCG Implementation and Internal Reports	2	2	2
11	Banking Strategic Plan	2	2	2
Composite Rating		2	2	2

Source: Processed Data, 2021

Own score for performing GCG in 2017 and 2016, Bank Sinarmas only directly mentions its composite rating with 2 without any details on each element of Governance Value.

3. Earning

Earning with aspects that are used to measure banking ability to increase success. In addition, it is used to measure business efficiency and profitability achieved. Banking is said to be healthy with banking measured by profitability which continues to increase above the standard set. With this research, there are 2 components that are used with the value of the soundness of banking in the aspect of earning with Net Interest Margin and BOPO.

Net Interest Margin with a ratio that describes the level of net interest income obtained from productive assets owned by banks, the higher the NIM, the higher the success rate obtained from interest income and has an influence on the soundness of banks.

The following are the results of data processing on the financial statements of Bank Sinarmas, the ratio of Net Interest Margin and BOPO of Bank Sinarmas for 2016-2020.

Table 17. Net Interest Margin (NIM) and BOPO of Bank Sinarmas Year 2016-2020

Year	NIM	BOPO
2016	6,44	86,23
2017	6,46	88,94
2018	7,61	97,62
2019	7,31	119,43
2020	6,25	111,70

Source: Processed Data, 2021

4. Capital

The ratio used to assess the budgeting aspect is the Capital Adequacy Ratio (CAR). CAR is measured by comparing the budget with Weighted Assets According to Securities (ATMR). The results of data processing on the financial statements of Bank Sinarmas, Bank Sinarmas CAR for 2016-2020 can be seen in table 18 below

Table 18. Bank Sinarmas Capital Adequacy Ratio 2016-2020

Year	CAR
2016	16,70
2017	18,31
2018	17,60
2019	17,32
2020	17,10

Source: Processed Data, 2021

One of the media by calculating the value of health in banking with RGEC analysis is:
1. Profile Effect
a**. Non-Performing Loans (NPL)**
From table 11 the NPL ratio of Bank Sinarmas in the last 5 years (2016-2020) is less than 2% and more than 2%. In 2016 the NPL ratio was 1.47%, in 2017 the NPL ratio showed an increase in bad loans of 0.87% compared to 2016. In 2018 the NPL ratio showed an increase in bad loans by 0.39% compared to 2017. In 2019 the NPL ratio shows an increase in non-performing loans in the last 4 years by 1.6% compared to 2018. In 2020 the NPL ratio shows a decrease in bad loans by 2.94% over the last 5 years. This shows that Bank Sinarmas has a level 1 credit risk with very healthy criteria. Because the NPL value <2% in the last 5 years. This shows the quality of bad loans caused by the failure of the debtor to make loan installment payments to the bank.
b. Loan Deposit Ratio (LDR)
From table 12 above, it can be explained that the Loan Deposit Ratio (LDR) during 2016-2020, in 2016 the LDR ratio of 77.47% was ranked 2 with a healthy value. In 2017, the LDR ratio of 80.57% was ranked 2 with a healthy value. In 2018 the LDR ratio of 84.24% was ranked 2 with a healthy value. In 2019, the LDR ratio of 81.95% was ranked 2 with a healthy value. In 2020 the LDR ratio of 56.97% is ranked 1 with a very healthy value. This shows that the budget at Bank Sinarmas can be redistributed in the form of lending, thus enabling Bank Sinarmas to obtain success from loan interest.
c. Loan to Asset Ratio (LAR)
From table 13 Sinarmas Bank requires less and less total assets for the cost of credit used. Thus, if viewed from the LAR side, the liquidity of Sinarmas bank is getting better because Sinarmas bank does not need more assets to increase the cost of credit used. Judging from the LAR, Bank Sinarmas is in the range of 40%-70%, getting rank 1 with a

very healthy value.
d.Cash Ratio
Table 14 shows that the cash ratio of Bank Sinarmas from 2016-2020 is in the criteria > 90% which shows a very healthy value. This shows that Bank Sinarmas' Liquid Assets are able to cover short-term debt in the last 5 years.

2. GCG

Bank Sinarmas, the criteria used by conducting a self-assessment on the implementation of GCG by the Bank, refers to the OJK circular letter No. 13/SE OJK.03/2017 regarding the implementation of good governance for general banking. The results of the own value for the implementation of GCG from 2016-2020 get a composite rating of 2 with a healthy value.

3. Earning
a.Net Interest Margin (NIM)
Table 17 shows that the NIM of Bank Sinarmas in 2016-2020 during the 5 years period was the highest NIM ratio in 2018 with 7.61% and the lowest occurred in 2020 at 6.25%. This indicates an increase in interest expense. So that the NIM of Bank Sinarmas in 2016-2020 remains more than 3% so that the Net Interest Margin of Bank Sinarmas is at Rank 1 with a very healthy value.
b. Operating Expenses regarding Operating Income (BOPO)
In table 17 above, it can be seen that the highest BOPO of Bank Sinarmas was in 2019 at 119.43%, the lowest was in 2016 at 86.23%, Bank Sinarmas in several years experienced an increase in BOPO. This is due to the Covid-19 Pandemic so that operational expenditure costs have increased more than in previous years.

4. Capital
From table 18 above, it shows that the CAR (Capital Adequacy Ratio) of Bank Sinarmas in 2016-2020 is more than 12%, thus the Value of Bank Sinarmas in the Capital / Budgeting aspect is ranked 1 with a Very Healthy Value.

One of the media to calculate the value of health in banking with RGEC analysis is:
1.Profile Effect
a. **Non-Performing Loans (NPL)**
From table 11 the NPL ratio of Bank Sinarmas in the last 5 years (2016-2020) is less than 2% and more than 2%. In 2016 the NPL ratio was 1.47%, in 2017 the NPL ratio showed an increase in bad loans of 0.87% compared to 2016. In 2018 the NPL ratio showed an increase in bad loans by 0.39% compared to 2017. In 2019 the NPL ratio shows an increase in non-performing loans in the last 4 years by 1.6% compared to 2018. In 2020 the NPL ratio shows a decrease in bad loans by 2.94% over the last 5 years. This shows that Sinarmas Bank has a level 1 credit risk with very healthy criteria. Because the NPL value <2% in the last 5 years. This shows the quality of bad loans caused by the failure of debtors to make loan installment payments to banks.
b**. Loan Deposit Ratio (LDR)**
From table 12 above, it can be explained that the Loan Deposit Ratio (LDR) during 2016-2020, in 2016 the LDR ratio of 77.47% was ranked 2 with a healthy value. In 2017, the LDR ratio of 80.57% was ranked 2 with a healthy value. In 2018 the LDR ratio of 84.24% was ranked 2 with a healthy value. In 2019, the LDR ratio of 81.95% was ranked 2 with a healthy value. In 2020 the LDR ratio of 56.97% is ranked 1 with a very healthy value. This shows that the budget at Bank Sinarmas can be redistributed in the form of

lending, thus enabling Bank Sinarmas to obtain success from loan interest.

c. Loan to Asset Ratio (LAR)

From table 13 Sinarmas Bank requires less and less total assets for the cost of credit used. Thus, if viewed from the LAR side, the liquidity of Sinarmas bank is getting better because Sinarmas bank does not need more assets to increase the cost of credit used. Judging from the LAR, Bank Sinarmas is in the range of 40%-70%, getting rank 1 with a very healthy value.

d. Cash Ratio

Table 14 shows that the cash ratio of Bank Sinarmas from 2016-2020 is in the criteria > 90% which shows a very healthy value. This shows that Bank Sinarmas' Liquid Assets are able to cover short-term debt in the last 5 years.

2.GCG

Bank Sinarmas the criteria used are by conducting their own assessment with the implementation of GCG by the banking system, referring to the OJK circular letter No. 13/SE OJK.03/2017 regarding the implementation of good governance for general banking. The results of the own score on the implementation of GCG from 2016-2020 get a composite rating of 2 with a healthy value.

3.Earning

a.Net Interest Margin (NIM)

Table 17 shows that the NIM of Bank Sinarmas in 2016-2020 during the 5-year period was the highest NIM ratio in 2018 of 7.61% and the lowest occurred in 2020 of 6.25%. This indicates an increase in interest expense. So that the NIM of Bank Sinarmas in 2016-2020 remains more than 3% so that the Net Interest Margin of Bank Sinarmas is at Rank 1 with a very healthy value.

b. Operating Expenses regarding Operating Income (BOPO)

In table 17 above, it can be seen that the highest BOPO of Bank Sinarmas was in 2019 at 119.43%, the lowest was in 2016 at 86.23%, Bank Sinarmas in several years experienced an increase in BOPO. This is due to the Covid-19 Pandemic so that operational expenditure costs have increased more than in previous years.

4.Capital

From table 3.8 above, it shows that the CAR (Capital Adequacy Ratio) of Bank Sinarmas in 2016-2020 is more than 12%, thus the value of Bank Sinarmas in the Capital/Budget aspect is ranked 1 with a Very Healthy Value.

CONCLUSION

The conclusions obtained in this research include:

1. Throughout 2020 Bank Sinarmas experienced a decrease in NPL regarding the risk of the loans used.

2. Also a decrease in the LDR ratio where Bank Sinarmas has too high a budget disbursement of total bank loans and does not have sufficient budget to cover budgetary needs.

3. The LAR ratio is decreasing, this shows that banking liquidity is getting higher because businesses require fewer assets for the cost of credit used. For credit used, in general, there is a risk of uncollectible or so-called non-performing loans with non-performing criteria. Because there is a possibility of bad credit on the credit used, the Sinarmas bank must have a total asset that is much more than the amount of credit used.

4. The cash ratio of Bank Sinarmas in 2020 shows a figure of > 90%, this shows that Bank Sinarmas has a level of ability to meet its short-term debt with its liquid assets. Bank Sinarmas'

GCG has improved in several years by explaining in more detail the Governance Values so that they can provide more detailed Values.

5. Sinarmas bank BOPO ratio > 97% which is increasing every year. This is because the operational costs required are greatly increased. And with the implementation of efficiency with a bank, it has not been maximized.

6. The NIM of Bank Sinarmas has decreased, this is the effect of the success obtained from interest income which has decreased and has an effect on the level of banking health.

7. The CAR ratio of Bank Sinarmas has decreased but is still more than 12%, this shows that as CAR increases, the budget deposited increases.

Suggestions of researchers in this research:

1. For this reason, Sinarmas Bank must make efficiency in terms of spending on business operating costs seen from the high BOPO ratio.

2. Even Sinarmas Bank has to follow up on the settlement of non-performing loans as seen from the fluctuations in the NPL value which has been unstable for several years.

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