Bank Soundness Level Analysis With The RGEC Approach

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INFO ARTIKEL	ABSTRAK

Penelitian ini bertujuan untuk mengetahui tingkat kesehatan bank dengan pendekatan rgec pada Bank Agro, Bank Bukopin, dan Bank BTN periode 2016 -2018. Penelitian ini mengevaluasi empat faktor RGEC diantaranya faktor Profil Risiko melalui rasio NPL dan LDR, faktor Good Corporate Governance, faktor Earning melalui rasio ROA dan NIM, serta faktor Capital melalui rasio CAR. Populasi dalam penelitian ini adalah bank konvensional yang terdaftar di Bursa Efek Indonesia pada tahun 2016 hingga 2018. Pengambilan sampel dalam penelitian ini dilakukan dengan menggunakan purposive sampling. Berdasarkan kriteria yang ditetapkan, jumlah sampel yang diperoleh adalah 3 perusahaan. Sumber data yang digunakan dalam penelitian ini adalah data sekunder yang diperoleh dari laporan keuangan tahunan perusahaan yang dipublikasikan oleh masing-masing bank melalui website masing-masing bank. Data yang diperoleh dalam penelitian ini dianalisis secara deskriptif. Hasil penelitian ini menunjukkan bahwa 3 bank yaitu Bank Agro, Bank Bukopin dan Bank BTN pada periode tahun 2013 sampai dengan tahun 2015 secara keseluruhan sehat menurut pendekatan RGEC.

Kata Kunci: Bank, Pendekatan RGEC

This study aimed to determine the soundness level of banks using the rgec approach at Bank Agro, Bank Bukopin, and Bank BTN in the period 2016 -2018. This research evaluates four RGEC factors including Risk Profile factors through NPL and LDR ratios, Good Corporate Governance factors, Earning factors through ROA and NIM ratios, and Capital factors through CAR ratios. The population in this study are conventional banks listed on the Indonesia Stock Exchange from 2016 to 2018. Sampling was carried out in this study using purposive sampling. Based on the criteria set, the number of samples obtained is 3 companies. The data source used in this study is secondary data obtained from the company's annual financial reports published by each bank through the website of each bank. The data obtained in this study were analyzed descriptively. The results of this study indicate that the 3 banks, namely Bank Agro, Bank Bukopin and Bank BTN in the period 2013 to 2015 were overall healthy according to the RGEC approach.

Keyword: Bank, RGEC Approach

INTRODUCTION

The banking sector in the financial system plays an essential role in stabilizing a country's economy. Besides acting as a service provider, banking is also a driver of the economy and implements the prevailing monetary policy. The better the banking conditions of a country, the better the economic conditions of a country. According to Pramana (2016) the effectiveness and efficiency of the banking system in a country will expedite the country's economy. Banking covers a bank, including institutions, business activities, and methods and processes in carrying out their activities. There are many roles of banking in an economy, in general, among others, banking as an intermediary institution in economic activities, banking as a monetary institution, banking as a payment system implementing the system, and banking as an institution driving the national economy (Dewi, 2018) .

Conventional banks generally operate by issuing products to absorb public funds, including savings, time, and demand deposits. Channelling the funds collected by issuing credit, including investment, working capital, consumer, and short-term loans. Conventional Banks can obtain funds from outside parties, for example from customers in the form of checking accounts, deposit calls, certificates of deposit, transfer funds, stocks and bonds. This source is the most significant bank income. The bank's opinion is then allocated to primary reserves, secondary reserves, lending, and investment (Lasta et al., 2014) .

The empirical phenomenon regarding conventional banks today is that conventional banks are more attractive to customers than Islamic banks. Edwin Sembayang, an observer from MNC Securities in the Power Breakfast program on the MNC Business Channel, stated that the performance of Islamic banks is still not encouraging. This is because the Indonesian people still like to save at conventional banks (www.okezone.com). This statement is supported by an increase in the DPK (Third Party Funds) of conventional banks from 2011-2014 which the Financial Services Authority has published in the Indonesian Banking Statistics Report. The following is a table of the development of Conventional Bank Third Party Funds.

Table 1:
Conventional Bank Third Party Funds

Year	DPK rate (in billion rupiah)
2011	2,758,024
2012	3,225,198
2013	3,663,963
2014	3,787,052

According to Putri (2017) third party funds are funds in the form of deposits from the public. Funds collected from the public are the largest source of funds that banks rely on the most (can reach 80% -90% of all funds

managed by banks). Funds from the public consist of several types, namely Current Accounts, Deposits, and Savings.

The banking industry in Indonesia is always competing to show good performance and is always trying to improve profitability, quality and company facilities, conventional and private banks are no exception. This is intended so that banks can continue to attract customers to deposit funds or distribute credit to bank customers, where most of the banking profits are taken from third party funds and how much credit is given (Putri & Suarjaya, 2017) .

Currently, Indonesia is facing the AEC (Asean Economic Community), so the role of the economy is significant for all aspects of life and for all people. After the 1998 monetary crisis, the economy in the banking aspect began to show its existence again. So that it can be seen through the data released by Bank Indonesia which shows that the average number of commercial bank offices in Indonesia has increased from year to year. This is evidenced by the expansion of conventional bank branch offices throughout Indonesia (Korompis et al., 2015) .

Banking is required to consistently meet and facilitate the needs of its customers, one of which is by continuing to improve the soundness of a bank because the soundness level of the bank is one of the benchmarks for customers to trust the bank. In simple terms, a healthy bank is a bank that can carry out its functions properly. In other words, a healthy bank is a bank that can maintain and maintain public trust, can carry out the intermediary function, can help smooth payment traffic and can be used by the government in carrying out its various policies (Amelia & Aprilianti, 2018) . The government has determined the standard for assessing the soundness of a bank through Bank Indonesia. Banks must make regular or periodic bank reports regarding all their activities within a certain period. This report studied and analyzed the level of health. Assessment of banking health is carried out every Semester or Annual period.

Bank health assessment using the CAMEL method which stands for Capital, Assets, Management, Earning, and Liquidity. After being applied for some time, this method was deemed unable to assess a bank's ability to deal with external risks, so in 2004 Bank Indonesia, through Bank Indonesia Regulation Number 6/10/PBI/2004 changed the method used to assess a bank's soundness to CAMELS. This method adds one more element: sensitivity to market risk (Nasharuddin, 2017) .

After seven years of regulation regarding CAMELS, Bank Indonesia through Bank Indonesia Regulation No. 13/1/PBI/2011 implemented a new policy regarding the rating of the soundness level of commercial banks. Bank Indonesia changed the CAMELS rating system to a Risk Based Bank Rating which is more risk oriented and implements good corporate governance, but still ignores the other two factors, namely profitability and capital adequacy which have been effectively implemented since January 1, 2012 (Anan &

Albarqis, 2018) . The background behind Bank Indonesia issuing this regulation was due to changes in business complexity and risk profile, implementation of consolidated supervision, and changes in the approach to assessing bank conditions that are applied internationally, which have affected the approach to assessing the soundness of a bank.

The research conducted (IM Paramartha & Darmayanti, 2017) shows that in 2016 −2018 8 consecutively received a Composite rating of 1 with the title Very Healthy. This reflects that PT. Bank Mandiri (Persero), Tbk has carried out its obligations as a commercial bank in Indonesia and has participated in developing Indonesia's economic development through the national banking sector. Research (DGDA Paramartha & Mustanda, 2017) shows that during the period 2012 to 2014 Bank Central Asia always received a rating of 1 or very healthy. The NPL and LDR ratios calculation illustrates that the bank has managed its risks very well. The GCG assessment shows that corporate governance has been implemented correctly. ROA and NIM calculations show a bank's ability to achieve high profits, and CAR calculations are consistently above the minimum limit. Bank Indonesia is considered capable of managing its capital.

Factors for assessing the soundness of a bank using a Risk Based Bank Rating, or better known as RGEC, consist of a risk profile, good corporate governance, earnings and capital. The risk profile assesses inherent risk and the quality of risk management implementation in bank operational activities. There are eight types of risk assessed: credit risk, market risk, liquidity risk, operational risk, legal risk, strategic risk, compliance risk and reputation risk (Pramana & Artini, 2016) . The good corporate governance factor assesses the quality of bank management in implementing the GCG principles set by Bank Indonesia. The profitability factor assesses a bank's ability to generate profits in one period. The capital factor evaluates capital adequacy and management adequacy (Bank Indonesia Regulation No. 13/1/PBI/2011).

CAMEL Theory

The theory that supports this research is the Camel Theory. According to the Big Banking Dictionary (Institut Bankir Indonesia) second edition of 1999: Camel is the aspect that has the most influence on the financial condition of a bank, which also affects the soundness of the bank, camel is a benchmark which is the object of bank inspection carried out by bank supervisors. Camel analysis is principally a method of analyzing financial ratios to measure the financial condition of a banking institution or company (Husein & Hasib, 2016) . As is the case with companies in general, financial ratio analysis using the camel method also informs the relationship between accounts from financial reports that reflect the financial performance and operating results of related banking companies. Although they both measure company financial ratios, Camel's analysis, specifically for banking

companies, focuses more on capital, asset quality, management, earnings, and liquidity.

Definition of Banks

According to the Law of the Republic of Indonesia Number 10 of 1998 dated 10 November 1998 concerning banking, what a bank means is a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit and or other forms in order to increase the standard of living. Many people's lives. Banks according to Kasmir (2018) are financial institutions whose activities collect funds from the public in the form of savings and then channel them back to the community, as well as provide other bank services. Meanwhile, according to Rivai (2007) , a bank is a financial business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit and other forms to improve people's lives.

Banking Functions

Rahman (2016) said that the primary function of a bank is to collect funds from the community and channel it back to the community for various purposes or as a financial intermediary. More specifically, the function of a bank can be: 1) Agent of Trust. The primary basis of banking activities is trust in raising and channelling funds. The community will deposit their funds in the bank if there is an element of trust between the community and the bank. 2) Agent of Development. Community economic activity consists of two sectors, namely the real sector and the monetary sector. These two sectors interact with each other. So if the real sector does not work well, the monetary sector will not work well either. 3) Agent of Service. In addition to carrying out activities to collect and distribute funds, the bank offers other banking services to the public. The services offered are related to the economic activities of society in general. Services offered by banks can be in the form of money transfers, safekeeping of valuables, guarantee services, and bill settlement services (Vigo et al., 2018) .

Financial Statements

According to Nicola (2017) financial reports are the result of an accounting process that can be used as a tool for communication between financial data or the activities of a company with parties interested in data on the company's activities. In other words, a financial report is a note deliberately made to record all transactions that occur in a company that aims to provide information and instructions on what the company should do in the future to make a profit. Financial reports also aim to provide other important

information that is relevant to the needs of the parties with interest in the company concerned.

Definition and Purpose of Bank Soundness Level

According to Law Number 10 of 1998 concerning Banking, banks must maintain their health. The soundness of a bank reflects its condition and performance, which is used as a benchmark for the supervisory authority in implementing the strategy that has been developed regarding the bank supervision process. According to Karim (2018), a bank's soundness level is an assessment of a bank's financial statements' condition at a certain period following Bank Indonesia Standards. Assessing a bank's health can be seen from various aspects. The purpose of assessing the soundness of a bank is to find out whether the bank is in good health, healthy enough, unhealthy or unhealthy so that Bank Indonesia as the bank supervisor, can provide direction or instructions on how the bank should be run or its operations may be stopped (Andriyani et al. , 2018) .

RGEC Method

The rapid development of the national banking system prompted Bank Indonesia to again change the method of assessing the soundness level of a bank based on Bank Indonesia Circular Letter No.13/24/DPNP dated 25 October 2011. Banks are required to carry out periodic self-assessments of the level of soundness and experience the following steps: improvement effectively by using an assessment of factors including risk profile, good corporate governance, earnings, and capital which is abbreviated as RGEC. Banks currently use the RGEC method to evaluate the soundness of a bank because it is a refinement of previous methods (A Kadim et al., 2018) .

RESEARCH METHOD

This research is a type of quantitative research. The population in this study were conventional banks listed on the Indonesia Stock Exchange from 2016 to 2018. Sampling was carried out in this study using purposive sampling. Purposive sampling is purposive sampling according to the sample criteria used in the study. The criteria used to determine the sample for this study include: a) Conventional banks that issue annual reports for the period 201 6 -201 8. b) Banks that include GCG values in financial reports. c) Banks that include NPL values in financial statements. d) Banks that include the RWA value in the financial statements. Based on these criteria, a total sample of 3 companies was obtained which can be seen in table 2.

Table 2:
List of Research Samples

No	Code	Company name
1	AGRO	Bank Rakyat Indonesia Agroniaga Tbk.

| 2 | BBTN | State Savings Bank (Persero) Tbk. |
| 3 | BBKP | Bank Bukopin Tbk. |

The source of data used in this research is secondary data. Secondary data is in written form and company documents, the data is sourced from the official website of the Indonesia Stock Exchange (www.idx.co.id). To obtain the data needed in conducting this research, the researcher will use the data collection method by means of documentation, namely, taking data from the company's annual financial reports published by each bank through each bank's website. The data obtained in this study were analyzed descriptively. The data obtained is collected and then processed with the appropriate formula in the operational definition of the variable.

Table 3:
Operational Variables

Variables	Indicators	Major Reference
Net Performing Loan (NPL)	$\frac{Non - Performing\ Loans}{Total\ Credit} \times 100\%$	(Saldianovitta, 2017)
Loan to Deposit Ratio (LDR)	$\frac{Total\ Credit}{Third\ party\ funds} \times 100\%$	(Andriyani et al., 2018)
Return On Assets (ROA)	$\frac{Net\ Income}{Total\ Assets} \times 100\%$	(Nasharuddin, 2017)
Net Interest Margin (NIM)	$\frac{Interest\ Revenue}{Average\ Earning\ Assets} \times 100\%$	(Amelia & Aprilianti, 2018)
Capital Adequacy Ratio (CAR)	$\frac{Modal}{ATMR} \times 100\%$	(IM Paramartha & Darmayanti, 2017)

RESULT AND DISCUSSION

Bank soundness assessment is an assessment of the bank's ability to carry out regular banking operations and the bank's ability to fulfil its obligations. Bank health assessment is critical to maintaining public trust; only truly healthy banks can serve the community. Based on Bank Indonesia Regulation No. 13/ 1/ PBI/ 2011 and SE No. 13/ 24/ DPNP dated 25 October 2011 concerning System for Rating the Soundness of Commercial Banks, Assessment of the soundness of a bank includes the following factors:

Table 4:
NPL of Conventional Banks 2016-2018

Bank name	Period	NPL %	Rating	Information
Agro Bank	2016	2.27%	2	Healthy
	2017	2.02%	2	Healthy
	2018	1.90%	1	Very healthy

	2016	2.43%	2	Healthy
Bank Bukopin	2017	2.77%	2	Healthy
	2018	2.84%	2	Healthy
	2016	4.30%	2	Healthy
Bank BTN	2017	4.19%	2	Healthy
	2018	3.57%	2	Healthy

Source: data processed by researchers

Table 4 shows conventional banks' NPL values and ratings from 2016 to 2018. Conventional banks can be very healthy if the NPL is less than 2% and it will get worse if the NPL value reaches more than 12%. The NPL value of each bank shows different results. In 2016 the bank with the highest NPL was Bank BTN, namely 4.30%, while Bank Agro had the lowest NPL, namely 2.27%. In 2017 the Bank with the highest NPL was Bank BTN, namely 4.19%, while Bank Agro had the lowest NPL, namely 2.02%. In 2018 the Bank with the highest NPL was Bank BTN, namely 3.57%, while Bank Agro had the lowest NPL, namely 1.90%.

Of the three conventional banks, the one with a very healthy rating over the last 3 years is Bank Agro. This shows the minimum number of bad loans and problem loans by customers at the agro bank. But the category of all banks is still in the healthy category which means in a safe position. The following graph explains the position of Bank Agro's NPL value in the 2016-2018 period.
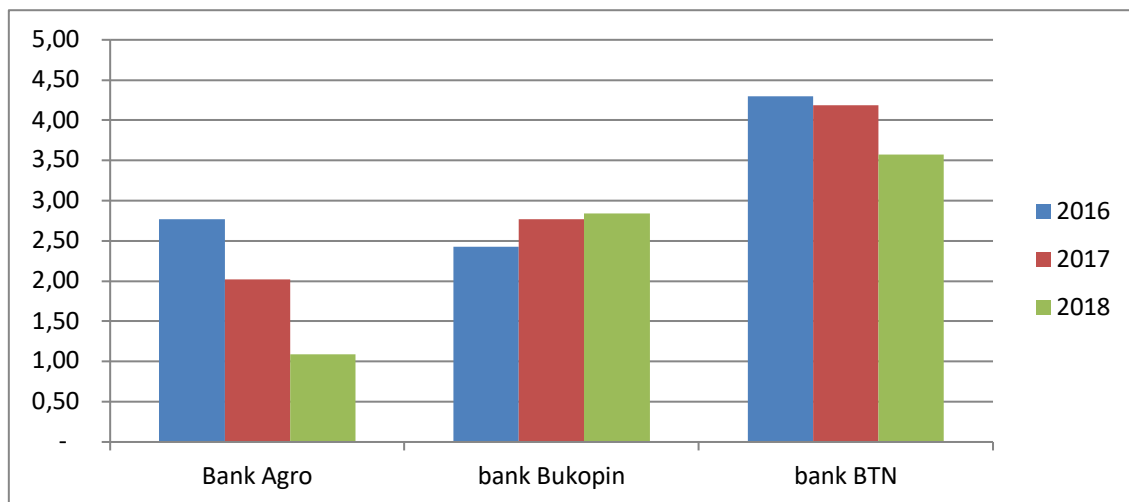

Figure 1:
Graph of Non-Performing Loan Banks

From chart 1 the bank that has the highest NPL ratio is Bank BTN, namely 4.30% in 2016. This happened because the level of bad or non-performing loans at Bank BTN during that period was high. From 2016 to 2018, Bank BTN experienced a decline in the NPL ratio, while Bank Bukopin experienced an increase in the NPL ratio every year, this was due to high bad

loans at Bank Bukopin. In terms of soundness judging from the NPL ratio, overall, none of the three banks are in the unhealthy or unhealthy category.

Table 5:
LDR of Conventional Banks 2016-2018

Bank name	Period	LDR %	Rating	Information
Agro Bank	2016	88.11%	3	Healthy Enough
	2017	88.49%	3	Healthy Enough
	2018	87.15%	3	Healthy Enough
Bank Bukopin	2016	86.81%	3	Healthy Enough
	2017	84.51%	2	Healthy
	2018	86.71%	3	Healthy Enough
Bank BTN	2016	96.03%	3	Healthy Enough
	2017	99.81%	3	Healthy Enough
	2018	100.02%	4	Unwell

Source: data processed by researchers

Table 5 shows conventional banks' LDR ratio and rating for 2016 to 2018. A high LDR ratio indicates that credit growth at these banks is higher than the growth in sources of funds, namely third-party funds. Unavailability of funds that can be channelled to customers. In 2016 the lowest LDR value was owned by Bank Bukopin, 86.81%, while the bank with the highest LDR was Bank BTN, 96.03%. In 2017 the lowest LDR value was owned by Bank Bukopin, 84.51%, while the banks with the highest LDR were Bank BTN, which was 99.81%. In 2018 the lowest LDR value was owned by Bank Bukopin, 86.71%, while the banks with the highest LDR were Bank BTN, which was 100.02%.
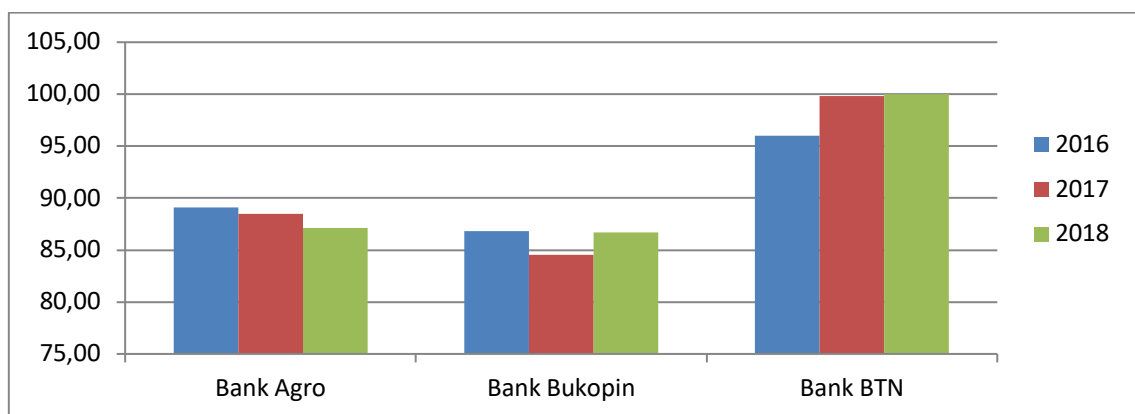

Figure 2:
Bank Loan to Deposit Ratio Graph

From the graph in Figure 2 conventional banks with the highest LDR levels each year are BTN banks, namely 96.03%, 99.81% and 100.02%. The

amount of LDR in each bank in the period 2016 to 2018 is in a reasonably healthy condition.

Table 6:
GCG Assessment of conventional banks 2016-2018

Bank name	Period	Rating	Information
Agro Bank	2016	2	Healthy
	2017	2	Healthy
	2018	2	Healthy
Bank Bukopin	2016	2	Healthy
	2017	2	Healthy
	2018	2	Healthy
Bank BTN	2016	3	Healthy Enough
	2017	2	Healthy
	2018	2	Healthy

For 2016 Bank Agro and Bank Bukopin are ranked 2nd (good), while Bank BTN is ranked 3rd (reasonably good). In 2017-2018 Bank Agro, Bank Bukopin and Bank BTN were ranked 2 (good).

Table 7:
ROA of Conventional Banks 2016-2018

Bank name	Period	ROA %	Rating	Information
Agro Bank	2016	1.40%	1	Very healthy
	2017	1.34%	1	Very healthy
	2018	1.32%	1	Very healthy
Bank Bukopin	2016	1.72%	1	Very healthy
	2017	1.28%	1	Very healthy
	2018	1.25%	2	Healthy
Bank BTN	2016	1.63%	1	Very healthy
	2017	1.07%	2	Healthy
	2018	1.48%	1	Very healthy

Source: data processed by researchers

Table 7 describes the soundness level of conventional banks from the ROA ratio from 2016 to 2018. Conventional banks can be healthy if the ROA is more than 1.5%. Changes in the ROA ratio for each bank vary. The ROA ratio can indicate a bank's ability to generate profits by utilizing its wealth or assets. The higher the ROA, the better the bank can use its assets to earn profit.

In 2016 the highest ROA level was Bank Bukopin which was 1.72% while the lowest ROA was Bank Agro which was 1.40%. In 2017 the highest ROA level was Bank Agro which was 1.37% while the lowest ROA was Bank BTN which was 1.07%. In 2018 the highest ROA level was Bank BTN, namely 1.48%, while the lowest ROA was Bank Bukopin, namely 1.25%. Bank Agro

is a conventional bank consistently ranked 1st (very healthy). This shows that Bank Agro can use assets or wealth to generate profit or profit for the bank.
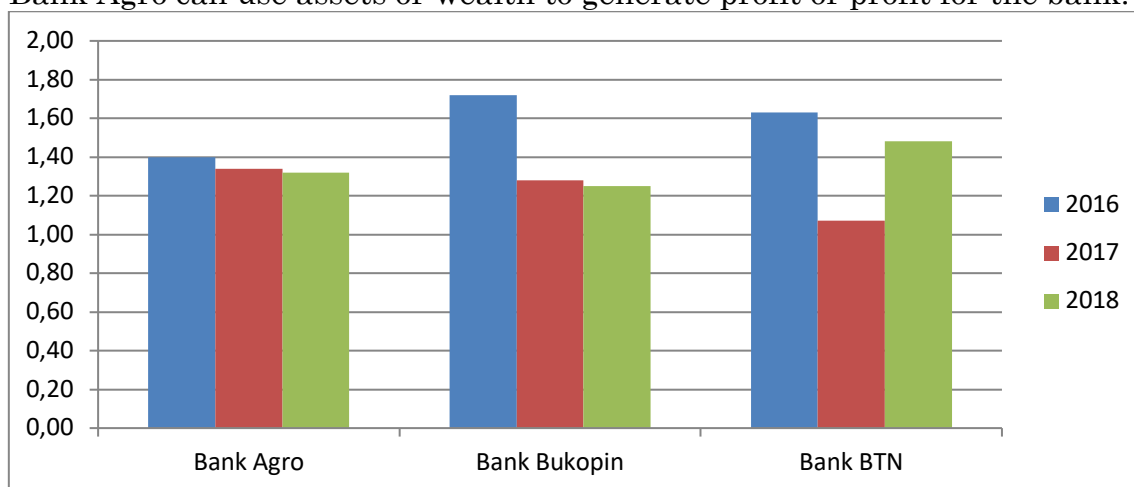

Figure 3:
Graph of Bank's Return on Assets

From the graph in Figure 3 a conventional bank with a low ROA is Bank BTN in 2017 but is still ranked as healthy.

Table 8:
NIM of Conventional Banks 2016-2018

Bank name	Period	NIM %	Rating	Information
Agro Bank	2016	4.66%	1	Very healthy
	2017	4.34%	1	Very healthy
	2018	4.75%	1	Very healthy
Bank Bukopin	2016	3.72%	1	Very healthy
	2017	3.33%	1	Very healthy
	2018	3.28%	1	Very healthy
Bank BTN	2016	4.83%	1	Very healthy
	2017	3.90%	1	Very healthy
	2018	4.12%	1	Very healthy

Source: data processed by researchers

Table 8 describes the soundness level of conventional banks from 2016 to 2018 in terms of the NIM ratio. The high NIM ratio shows that the bank's profit sharing is high compared to the expenses incurred by the bank. If a bank's NIM is high, it indicates that the bank gets a significant profit-sharing income with little principal expense.

In 2016 the bank with the highest NIM ratio was Bank BTN, namely 4.83%, while the lowest NIM in the same year was Bank Bukopin, namely 3.72%. In 2017 the bank with the highest NIM ratio was Bank Agro, which was 4.34%, while the lowest NIM in the same year was Bank Bukopin, which was 3.33%. In 2018 the bank with the highest NIM ratio was Bank Agro,

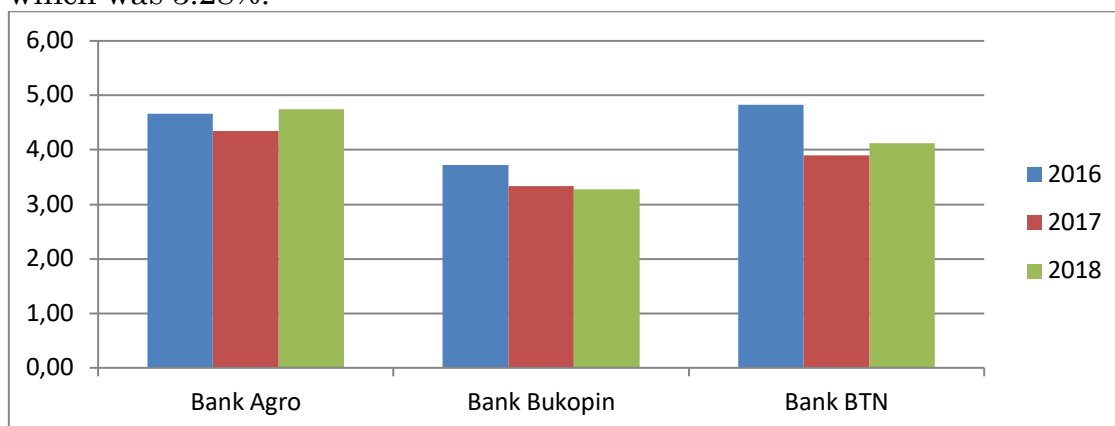which was 4.72%, while the lowest NIM in the same year was Bank Bukopin, which was 3.28%.

Figure 4:
Graph of the Bank's Net Interest Margin

From the bank's health assessment, it can be seen from the NIM that no banks fall into the categories of healthy, moderately healthy, less healthy, and unhealthy. The bank with the highest NIM is Bank BTN in 2016, which reached 4.83%.

Table 9:
Conventional Bank CAR 2016-2018

Bank name	Period	CAR %	Rating	Information
Agro Bank	2016	21.60%	1	Very healthy
	2017	19.06%	1	Very healthy
	2018	22.12%	1	Very healthy
Bank Bukopin	2016	15.12%	1	Very healthy
	2017	14.21%	1	Very healthy
	2018	14.20%	1	Very healthy
Bank BTN	2016	15.62%	1	Very healthy
	2017	14.64%	1	Very healthy
	2018	16.97%	1	Very healthy

Source: data processed by researchers

Table 9 explains that the health conditions of all conventional banks are in excellent health. Conventional banks are said to be very healthy if the bank's CAR rating is more than 12%. In 2016 the bank with the highest CAR was Bank Agro, 21.60%, while the bank with the lowest CAR in 2016 was Bank Bukopin, 15.12%. In 2017 the bank with the highest CAR was Bank Agro, 19.06%, while the bank with the lowest CAR in 2017 was Bank Bukopin, 14.21%. In 2018 the bank with the highest CAR was Bank Agro, namely 22.12%, while the bank with the lowest CAR in 2016 was Bank Bukopin, namely 14.20%.
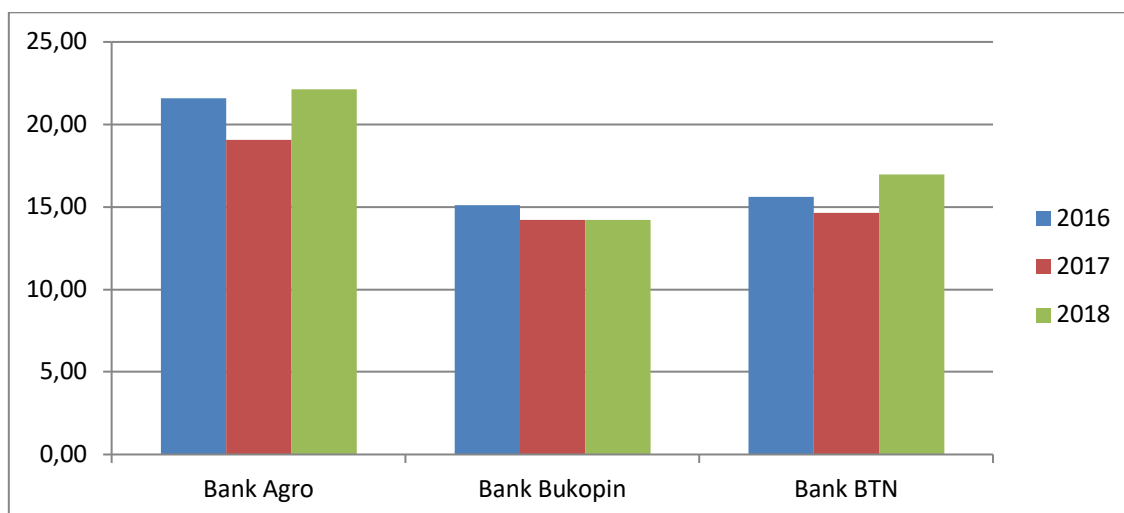
Figure 5:
Graph of Bank's Capital Adequacy Ratio

The graph in Figure 5 shows that conventional banks with the highest CAR level are Agro Banks in 2018, namely 22.12%. From the bank's health assessment, it can be seen from the CAR that no banks fall into the categories of healthy, moderately healthy, less healthy, and unhealthy. All banks are ranked 1 (very healthy).

Discussion
Bank Soundness Level with RGEC Approach
Agro Bank

To assess a bank's soundness several assessments factors include risk profile, good corporate governance, earnings, and capital, abbreviated as RGEC. To assess the soundness of a bank, the first thing to do is to look at the level of risk and how risk management is implemented at the bank. Each bank has a reasonably low risk and adequate risk management so that customers do not need to doubt the bank's ability to manage risk management. In assessing the risk profile, this assessment uses 2 research indicators: credit risk and liquidity risk. From table 20 it can be seen from the results of the NPL value of the Agro bank which is the research sample getting the title of healthy in 2016-2017. Moreover, in 2018 the agro bank made progress by getting the title of very healthy. As for the assessment of liquidity risk indicators, it can be seen from table 4 that agro-banks have received the title of being relatively healthy for three consecutive years. It can be seen from the results regarding liquidity risk that it can be interpreted that the processing of LDR at the bank that is the research sample is still less volatile. This is on average due to the inability to assess the amount of credit extended by banks and third-party funds.

Furthermore, assessing a bank's soundness is an assessment of corporate governance or so-called good corporate governance (GCG). From the

assessment results, it is known that from 2016 to 2018 the agro bank is in the healthy composite rating. This is reflected in the adequate fulfilment of GCG principles. If there are weaknesses in applying GCG principles, these weaknesses are not significant and can be resolved by typical actions by the bank's management.

After assessing GCG, the next step is assessing the earings where this assessment uses 2 assessment indicators, namely Return on Assets and Net Interest Margin. According to Putri (2017), ROA is a company's financial ratio related to profitability, measuring a company's ability to generate profits or profits at a certain level of income, assets and share capital. By knowing ROA, we can assess whether the company has efficiently used its assets in operating activities to generate profits.

From table 7, the agro bank has received the title of very healthy for three consecutive years. This indicates that the bank can utilize its assets to earn profits. Likewise with the assessment of the Net Interest Margin (NIM) factor from year to year gets the title of very healthy. If the NIM is high, then the bank is very capable of measuring the ability of the bank's management to manage its productive assets to generate net interest income.

Next is an assessment of the bank's capital factor or Capital Adequacy Ratio (CAR). According to Harahap (2017) CAR is a ratio that shows how far all risky bank assets (loans, investments, securities, bills at other banks) are financed from the bank's capital funds in addition to obtaining funds from outside sources. Bank, such as funds from the public and loans. This indicates that each bank is trying to maintain its capital adequacy.

From table 9, the agro bank has received the title of very healthy for three consecutive years. This indicates that agro-banks are trying to maintain their capital adequacy. The higher the CAR, the better the bank can bear the risk of risky credit/productive assets. If the CAR value is high, the bank can finance operational activities and significantly contribute to bank profitability.

Bank Bukopin

The same is true for agro-banks. To assess the soundness of a bank there are several assessment factors, including risk profile, good corporate governance, earnings, and capital, abbreviated as RGEC. To assess the soundness of a bank, the first thing to do is to look at the level of risk and how risk management is implemented at the bank. Each bank has a reasonably low risk and adequate risk management. So that customers do not need to doubt the bank's ability to manage risk management.

In assessing the risk profile, this assessment uses 2 research indicators: credit risk and liquidity risk. From table 4 it can be seen from the results of the NPL value of bank Bukopin, which is the research sample, received a healthy predicate in 2016 to 2018. As for the assessment of liquidity risk indicators, it can be seen from table 5 that Bukopin banks received a

relatively healthy predicate in 2016 and experienced an increase in 2016. next with a healthy predicate, but in 2018 it decreased and got a reasonably healthy predicate. It can be seen from the results regarding liquidity risk that from year to year the increase is not significant, and it can be interpreted that the processing of LDR at the bank that is the research sample is still less volatile. This is on average due to the inability to assess the amount of credit extended by banks and third-party funds.

Furthermore, assessing a bank's soundness is an assessment of corporate governance or so-called good corporate governance (GCG). From the assessment results, it is known that from 2016 to 2018, Bank Bukopin is in the healthy composite predicate. This is reflected in the adequate fulfilment of GCG principles. If there are weaknesses in applying GCG principles, in general these weaknesses are not significant and can be resolved by typical actions by the bank's management.

After assessing GCG, the next step is assessing the earings where this assessment uses 2 assessment indicators, namely Return on Assets and Net Interest Margin. From table 7, Bank Bukopin received a very healthy predicate in 2016 to 2017 and experienced a decline in 2018 by getting a healthy predicate. Meanwhile, with an assessment of the Net Interest Margin (NIM) factor at bank Bukopin from year to year it gets the title of very healthy. If the NIM is high, then the bank is very capable of measuring the ability of the bank's management to manage its productive assets to generate net interest income.

Next is an assessment of the bank's capital factor or Capital Adequacy Ratio (CAR). From table 9, the agro bank has received the title of very healthy for three consecutive years. This indicates that agro-banks are trying to maintain their capital adequacy. The higher the CAR, the better the bank can bear the risk of risky credit/productive assets. If the CAR value is high, the bank can finance operational activities and significantly contribute to bank profitability.

Bank BTN

To assess the soundness of a bank, the first thing to do is to look at the level of risk and how risk management is implemented at the bank. Each bank has a reasonably low risk and adequate risk management. Customers do not need to doubt the bank's ability to manage risk management. In assessing the risk profile, this assessment uses 2 research indicators: credit risk and liquidity risk. Table 4 shows the results of the NPL value of bank BTN, which is the research sample, getting the title of healthy for three consecutive years.

As for the assessment of liquidity risk indicators, it can be seen from table 5 that BTN banks received a relatively healthy predicate in 2016 and 2017, while in 2018 it experienced a decline and received an unhealthy predicate. It can be seen from the results regarding liquidity risk that it can

be interpreted that the processing of LDR at the bank that is the research sample is still less volatile. This is on average due to the inability to assess the amount of credit extended by banks and third-party funds.

Furthermore, assessing a bank's soundness is an assessment of corporate governance or so-called good corporate governance (GCG). From the table of 23 BTN banks in 2016 received a relatively healthy composite predicate but experienced an increase in the following two years by obtaining a healthy predicate. This is reflected in the adequate fulfilment of GCG principles. If there are weaknesses in applying GCG principles, these weaknesses are not significant and can be resolved by typical actions by the bank's management.

After assessing GCG, the next step is assessing the earings where this assessment uses 2 assessment indicators, namely Return on Assets and Net Interest Margin. According to Putri (2017), ROA is a company's financial ratio related to profitability, measuring a company's ability to generate profits or profits at a certain level of income, assets and share capital. By knowing ROA, we can assess whether the company has efficiently used its assets in operating activities to generate profits.

From table 7, BTN bank received a very healthy predicate in 2016, but in 2017 it experienced a decline and received a healthy predicate. In 2018 it increased by getting the title of very healthy. While the assessment of the Net Interest Margin (NIM) factor from year to year gets the title of very healthy. If the NIM is high, then the bank is very capable of measuring the ability of the bank's management to manage its productive assets to generate net interest income.

Moreover, the last is an assessment of the bank's capital factor or Capital Adequacy Ratio (CAR). From table 9, the BTN bank has received the title of very healthy for three consecutive years. This indicates that agro-banks are trying to maintain their capital adequacy. The higher the CAR, the better the bank can bear the risk of risky credit/productive assets. If the CAR value is high, the bank can finance operational activities and significantly contribute to bank profitability.

From the explanation above, we can see those conventional banks on the Indonesian stock exchange, including Agro Bank, Bukopin Bank and BTN Bank, are said to be healthy according to the RGEC approach. Year has increased quite well and meets the criteria. Even though bank bukopin and bank btn from 2016-2018 the increase was not stable, these banks were said to be healthy overall.

Its relation to camel theory is that it becomes a benchmark or object of bank health checks carried out by bank supervisors in determining the level of soundness and performance of each banking company, so that it can inform or show the health condition of a company that already has relatively good financial performance and can provide operational results. Company to customers.

Although both measures the company's financial ratios, only a few aspects of the assessment are used in the RGEC method, namely earnings and capital. The three banks, namely Bank Agro, Bank Bukopin and Bank BTN, are seen from the aspect of earnings assessment, which is assessed from the ratio of ROA and NIM. In these 3 years, Bank Agro, Bank Bukopin and Bank BTN were able to make good use of their assets in generating profits and were able to measure the ability of bank management to manage their productive assets in order to generate net interest income. Moreover, judging from the CAR ratios, the three banks get a very good predicate or the higher the CAR value, the better the bank's ability to bear the risk of each credit and can finance the bank's operational activities.

This research is in line with research (Susanti, 2015) in assessing the soundness of a bank using the Risk-Based Bank Rating (RBBR) method showing the predicate of a bank's soundness with a very healthy composite rating from the 2016-2018 period. NPL and LDR ratio calculations illustrate that the bank has managed its risks well. The GCG assessment shows that corporate governance has been implemented correctly. ROA and NIM calculations show a bank's ability to achieve high profits, and CAR calculations are consistently above the minimum limit. Bank Indonesia is considered capable of managing capital.

The healthiest Agro Bank according to the RGEC approach

The soundness level of the bank is assessed from the composite rating in table 7-9. The health condition of the conventional banks that were the research sample for the 2016-2018 period was in good health. It can be seen that no one gets the title of relatively healthy, less healthy and unhealthy. The bank samples, on average obtained the title of very healthy, so it can be assumed that banks can face negative influences from the company's internal and external environment.

From the research explanation regarding all RGEC indicators, it can be concluded that the healthiest bank is an Agro bank according to the RGEC approach. Because of the results of the Bank Soundness Level Assessment in table 9, the agro bank that gets the title of very healthy and we can see from the composite value each year has increased significantly. Meanwhile, bank Bukopin in 2016-2017 was in a very healthy predicate and fell in 2018 to a healthy predicate, as well as bank btn in 2016 received a very healthy predicate and fell in 2017-2018 the healthy predicate increased bank Bukopin and bank btn in every year has increased significantly. However, the two banks are still healthy and deserve to be used as references by the public when depositing their funds in the form of deposits or other forms.

Its relation to Camel's theory is how customers or other public members obtain information about the health of a company's bank, whether it is efficient in using its assets in operating activities to generate profit or profit. Moreover, a healthy bank can undoubtedly provide good financial services in

terms of guaranteeing the security of deposit funds and distribution to the public in the form of loans.

In simple terms, a healthy bank is a bank that can carry out its functions properly. In other words, a healthy bank is a bank that can maintain and maintain public trust, can carry out the intermediary function, can help smooth cross-payments and can be used by the government in implementing various policies. Bank health can be interpreted as the ability of a bank to carry out regular banking operations and fulfil all of its policies properly, following applicable banking regulations. The soundness level of the bank is in the interest of all related parties, namely the owners and managers of the bank.

This research is in line with research (Putri & Suryono, 2017) in assessing the soundness level of banks at Bank Rakyat Indonesia, showing the predicate of bank health with a very healthy composite rating from the 2016-2018 period so that it is considered very capable of facing significant negative influences from changes in business conditions and other factors. Other external factors reflect the rating of the assessment factors, including risk profile, profitability, and capital, which are generally very good.

CONCLUSSION

Based on the results of the research and data analysis that has been carried out, the following conclusions can be drawn: 1. Assessment of the soundness level of conventional banks on the Indonesia Stock Exchange is said to be healthy through the RGEC approach, because the results of evaluating several indicators such as NPL, LDR, GCG, NIM, ROA, CAR from year to year have increased quite well and meet the criteria. Even though bank bukopin and bank btn from 2016-2018 the increase was not stable, these banks were said to be healthy overall. 2. Conventional banks are the healthiest according to the RGEC approach, namely Bank Agro in 2018 from the results of the assessment of composite rating 1 by getting the title of very healthy and we can see from the composite value that every year there has been a very significant increase

As for the advice that researchers can give, namely for customers to be careful in determining their decisions in choosing a bank, by choosing a healthy bank, it is expected that customers can anticipate the risks that banks often face, customers can entrust their money to the bank. Moreover, for future researchers, it is suggested to expand the scope of research on bank soundness assessment by using other financial ratios indicators such as ROE, BOPO, LAR, and IRR.

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