

FINANCIAL PERFORMANCE ANALYSIS USING CAMEL: EQUITY AND LIQUIDITY

(Case Study of PT Bank Bukopin Tbk Period 2018-2022)

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Abstract

The purpose of this research is to analyze the financial performance of PT. Bank Bukopin, Tbk. 2018 - 2022 using the CAMEL ratio which includes aspects of capital, productive assets, management, profitability and liquidity. Implementation of PT health assessment. Bank Bukopin, Tbk. done by qualify several components of each factor, namely components Capital (Capital), Assets (Assets), Management (management), Earnings (Profitability), Liquidity (liquidity) or abbreviated as CAMEL. CAMEL is a factor that really determines the health of a bank. Aspect These are interrelated and cannot be separated. Results of financial performance assessment with the CAMEL ratio shows that seen from the aspect of capital owned by PT. Bank Bukopin, Tbk. Apparently it was above 8%, so PT. Bank Bukopin, Tbk. Own sufficient capital to cover all risks arising from investment funds in productive assets that support risk. Then look at it from aspect management as measured by Net Profit Margin apparently meets the provisions from Bank Indonesia and apart from that from the aspects of earnings and liquidity achieved by PT. Bank Bukopin, Tbk. in accordance with Bank Indonesia regulations.

Keywords: Financial Performance, Camel Analysis, Bank Health Level

INTRODUCTION

Economic conditions in Indonesia have become increasingly complex due to the significant decline in the rupiah exchange rate against the US dollar, due to the economic crisis and currency problems. This causes high inflation which has a negative impact on the economy and banking sector. Banks have an important role in collecting public funds and providing banking services that are in demand by the public, so maintaining their financial stability is crucial. The banking situation is getting worse, especially due to the increasing number of bad loans.

Nowadays, people are definitely familiar with banking terms. The public is very responsive to the various services offered by banks to attract their attention and trust because they are the parties who play the most important role in banking. On the other hand, the financial condition of a bank, including the health of the bank itself, greatly influences public sympathy and trust in it. Furthermore, it will become a special reference for assessing the bank's health level (Pramadie, 2019).

Bank Bukopin Tbk is one of the banking sectors in Indonesia. Bank Bukopin Tbk is also one of the banks experiencing financial problems, the peak of the crisis

occurring in 2020. During this period it faced serious financial challenges and experienced a significant capital deficit. Apart from that, this bank also experienced problematic assets, poor risk management and a lack of capital. In that period, Bank Bukopin also experienced a fairly large net loss due to interest income, this resulted in Bank Bukopin receiving a warning from the OJK regarding financial and risk management problems. After analyzing developments in PT Bank Bukopin's assets, there were still fluctuations and there were changes in the membership of the PT Financial Conglomerate. Bank KB Bukopin Tbk as a result of a change in the Controlling Shareholder (PSP) of Bank KB Bukopin, namely KB Kookmin Bank (OJK Commissioner Member Decree No. KEP97/D.03/2020).

By considering the function, position and strategic role of PT. Bank Bukopin Tbk in society, the importance of measuring the bank's health level is very significant. This aims to ensure that in the future, PT. Bank Bukopin Tbk can be more accepted by the public and remains trusted by the government and the private sector in managing its business finances. This research aims to analyze the financial performance of PT. Bank Bukopin Tbk during the 2018-2022 period using the CAMEL (Capital, Assets, Management, Profit and Liquidity) method used by Bank Indonesia to assess the level of bank health. This bank's financial data is presented in the form of an annual report, and a number of financial ratios are used to evaluate the bank's stability. The results of this analysis can help determine whether the bank is healthy, sick or unhealthy. This research also refers to previous research that has been conducted on other banks, and concludes that Bank Bukopin Tbk's CAMEL score experienced fluctuations, which allows assessing the health level of this bank during that period.

LITERATURE REVIEW

Financial performance

According to (Fahmi, 2011) financial performance is an analysis carried out to assess the extent to which a company has complied with financial implementation rules correctly. Company performance provides an overview of the company's financial condition, studied using financial analysis tools, so that one can find out about the financial condition of a company, which reflects work performance within a certain period of time.

Bank Health Level

For conventional banking and sharia banking, health level assessment can be used as a tool for management in determining future bank management policies and implementation (Andriasari & Munawaroh, 2020). The health or financial condition of both banks and non-banks is important for all related parties, including owners, managers (management) of banks, people who use bank services, as well as Bank Indonesia as the bank supervisory authority and other parties involved.

CAMEL method

According to the Bank Indonesia Banking Dictionary (2015), the CAMEL ratio is the factor that has the greatest impact on the bank's financial condition and influences the bank's health level, both in conventional banking and Sharia banking (Syahputra, 2018). CAMEL consists of Capital (capital), Assets Quality (asset quality), Management (management), Earning (profitability), Liquidity (liquidity).

METHOD

This research focuses on the variables Earning and Liquidity, ROA (Return on Assets), ROE (Return on Equity), and LDR (Loan to Deposit Ratio). The research method used is quantitative descriptive with a data collection approach from PT's financial reports. Bank Bukopin Tbk from 2018 to 2022. The research population includes balance sheets and profit and loss reports, with analysis using the CAMEL method to assess the bank's health level. Data is taken from secondary sources, namely officially published financial reports. Data analysis was carried out quantitatively descriptively to evaluate the bank's overall performance by considering the variables mentioned.

Profitability

Assessment of profitability factors can be done using ratios such as ROA (Return on Assets) and ROE (Return On Equity) (Fahmi, 2011). With the following formula:

$$ROA = \frac{\text{Laba Sebelum Pajak}}{\text{Total Aktiva}} \times 100\%$$

Table 1. ROA Assessment Criteria

Criteria	Rasio
Very healthy	ROA > 1.5%
Healthy	1,25% < ROA ≤ 1,5%
Pretty Healthy	0,5% < ROA ≤ 1,25%
Unwell	0% < ROA ≤ 0,5%
Not healthy	ROA ≤ 0%

Source: Codification of Bank Health Level Assessment 2022

Table 2 ROE Assessment Criteria

Criteria	Rasio
Very healthy	ROE > 20%
Healthy	12,5% < ROE ≤ 20%
Pretty Healthy	5,01% < ROE ≤ 12,5%
Unwell	0% < ROE ≤ 5%
Not healthy	ROE ≤ 0%

Source: Codification of Bank Health Level Assessment 2022

Liquidity

This assessment aims to evaluate the bank's ability to pay off all debts, especially savings, current accounts and deposits when requested, as well as being able to fulfill every credit application that is worthy of funding (Taufik, 2012). With the following formula:

Table 3. LDR Assessment Criteria

Criteria	Rasio
Very healthy	$LDR \leq 75\%$
Healthy	$75\% < LDR \leq 85\%$
Pretty Healthy	$85\% < LDR \leq 100\%$
Unwell	$100\% < LDR \leq 120\%$
Not healthy	$LDR > 120\%$

Source: Codification of Bank Health Level Assessment 2022

Financial Performance Analysis

After calculating each CAMEL component and credit value, an analysis can then be carried out based on the CAMEL weight

Table 4. Assessment Factors and Their Weights

No.	Factors Assessed	Components Assessed	Weight
1.	Capital	Capital Adequacy Rasio (CAR)	25 %
2.	Aset Quality	Kualitas Aktiva Produktif (KAP)	30%
3.	Management	Net Interest Margin (NIM)	25%
4.	Earning (Rentability)	Return On Assets (ROA)	5%
		Return On Equity (ROE)	5%
5.	Liquidity (Likuiditas)	Loan to Deposit Rasio (LDR)	10%

Source : Sujarweni, 2022

From the indicators above, it can be determined that a bank's financial performance can be said to be healthy if the credit value is at 80% to 100%, which can be seen in the following table:

Table 5 CAMEL Credit Value

No.	CAMEL Credit Score	Rank
1.	81 - 100	Healthy
2.	66 - <81	Pretty Healthy
3.	51 - <66	Unwell
4.	0 - <51	Not healthy

Source: Bank Indonesia Circular Letter 2004

RESULT & DISCUSSION

Bank Health Level Analysis

The following are the results of calculating PT's financial performance ratios. Bank Bukopin Tbk, will then carry out a financial health assessment using the ROA, ROE and LDR formulas, calculating the CAMEL method assessment weights at PT. Bank Bukopin Tbk. periods 2018, 2019, 2020, 2021 and 2022 as follows:

Table 6 Results of PT. CAMEL Method Analysis. Bank Bukopin Tbk

Year	Rating Factors	Ratio	Ratio Score (%)	Credit Score	Bobot (%)	CAMEL Score
2018	Earning	ROA	0,22%	14,6	5%	0,73
		ROE	2,21%	2,21	5%	0,11
	Likuidity	LDR	122,20%	0	10%	0
		Total				
2019	Earning	ROA	0,14%	9,3	5%	0,46
		ROE	2,43%	2,43	5%	0,12
	Likuidity	LDR	122,64%	0	10%	0
		Total				
2020	Earning	ROA	(4,91)%	0	5%	0
		ROE	(38,48)%	0	5%	0
	Likuidity	LDR	179,43%	0	10%	0
		Total				
2021	Earning	ROA	(3,53)%	0	5%	0
		ROE	(17,43)%	0	5%	0
	Likuidity	LDR	136,54%	0	10%	0
		Total				
2022	Earning	ROA	(5,72)%	0	5%	0
		ROE	(44,86)%	0	5%	0
	Likuidity	LDR	208,38%	0	10%	0
		Jumlah				

Source: processed data, 2023

To see the profitability aspect, use the ROA and ROE ratios. The ROA ratio shows how well a bank can obtain profit before tax from the assets it receives, measured by the value of the assets it receives. The higher the ROA ratio, the greater the profit before tax from the assets received, and conversely, the smaller the ROA ratio, the worse the profit before tax from the assets received. ROA Ratio PT. Bank Bukopin Tbk experienced a decline from 2018 to 2022, where in 2018 and 2019 it was classified as quite healthy, from 2020 to 2022 it was classified as unhealthy. To prevent this decline, banks must focus on expenses and reduce non-essential operational costs, such as those in other financing items. Furthermore, the ROE assessment measures how effective a bank is in generating net profits from its shareholders' equity. This is one of the most important indicators in CAMEL analysis because it shows how the bank utilizes funds invested by shareholders to generate profits. ROE Ratio PT. Bank Bukopin Tbk from 2018 to 2022 experienced a decline where in 2018 and 2019 it was classified as unhealthy, in 2020 to 2022 it was classified as unhealthy. This is because profit before tax and profit after tax have decreased from year to year.

The liquidity aspect uses the LDR ratio, which is assessed by measuring the bank's ability to channel funds from third parties. PT. Bank Bukopin Tbk experienced fluctuations in its LDR ratio from 2018 to 2022, which was classified as unhealthy. While an increase indicates a bad thing because it can cause the bank's ability to repay depositors' funds (DPK) using the credit guarantee provided as a source of liquidity, the decrease that occurs shows that the bank's ability to channel funds originating from third parties is getting worse, because the LDR ratio the higher it is. To prevent the LDR ratio from getting worse, banks can increase their liquidity sources by increasing core capital or shares sold. This will allow banks to repay withdrawals made by depositors.

CONCLUSION

Based on Earning ability (rentability) the results of PT's Return On Assets (ROA) can be seen. Bank Bukopin Tbk has very poor management quality in using its assets to gain profits. The ROA ratio for the 2018-2022 period has decreased successively by up to one million and is not in accordance with the standards set by BI. Meanwhile, PT. Return On Equity (ROE). Bank Bukopin Tbk for the 2018-2022 period shows that banks or businesses do not generate sufficient profits to meet their shareholder equity levels. The ROE ratio during the 2018-2019 period also experienced a significant decline to mines and was not in accordance with the standards set by BI.

Based on the Liquidity component, the results of PT's Loan to Deposit Ratio (LDR) can be seen. Bank Bukopin Tbk for the 2018-2022 period shows that the bank is unable to provide guarantees for every deposit made by its customers and does not have the ability to pay all its debts, and is unable to fulfill all credit requests that are eligible for approval. The LDR ratio during 2018-2022 exceeds the standards set by BI.

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