

ANALYSIS OF FINANCIAL PERFORMANCE ASSESSMENT USING THE CAMEL METHOD AT THE MAIN BRANCH OF PT BANK SULSELBAR IN MAKASSAR CITY

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Abstract

This study aims to analyze financial performance in terms of the soundness of the bank at the PT. Bank Sulselbar Makassar Main Branch using the CAMEL method. The type of research used is descriptive quantitative. The population in this study is the financial statements of PT Bank Sulselbar Makassar Main Branch from 2016-2021. While the sample in this study is the Financial Statements in the form of a Balance Sheet and Income Statement of PT. Bank Sulselbar Makassar Main Branch 2016 to 2021. Data analysis technique using the CAMEL method (Capital, Asset Quality, Management, Earning, Liquidity). The results showed that the calculation of the CAMEL ratio in 2016 was in the Healthy category and for 4 consecutive years in 2017 to 2020 it was in the Fairly Healthy category and in 2021 there was an increase in the

Healthy category. Thus it can be concluded that the financial performance of PT. Bank Sulselbar Makassar Main Branch in 2016 – 2021 using the CAMEL method is in the Pretty Healthy predicate for 4 consecutive years in the Fairly Healthy category.

INTRODUCTION

Bank is one of the institutions that has a strategic role in aligning, harmonizing, and balancing various elements of national economic development. Banks as financial institutions with its main business providing services in the banking sector. The role of banks in collecting public funds requires a sound banking condition and the availability of banking service products that attract public interest. Each bank carries out its activities in accordance with standard operating procedures (SOP) so that management in running banking is well managed. By carrying out these functions, it is expected to provide good service to the community and benefit the economy as a whole, including financial performance. Performance appraisal is intended to assess the success of an organization.

Continuous decline in performance can cause Financial Distress, which is a very difficult situation that can even be said to be close to bankruptcy. Financial distress on a bank if it is not resolved immediately will have a major impact on the bank by losing the trust of customers. According to Jumingan (2014) there are various ways to assess financial performance, one of which is analyzing the financial statements of the bank concerned. To measure the company's financial performance, it can be done by using financial ratios. Assessment of company performance for management can be interpreted as an assessment of the achievements that can be achieved, such as looking at the soundness of the Bank using the CAMEL method. The soundness of a bank as a banking institution is one of the important things in assessing the economic stability of a country.

The CAMEL method is an official measuring instrument that has been established by Bank Indonesia to calculate the health of banks in Indonesia. According to Purba (2015) the CAMEL method consists of capital (Capital), asset quality (Asset quality), management (Management), profitability (Earnings), and liquidity (Liquidity) which can be assessed using financial ratios. To use the CAMEL method, financial ratios are needed by analyzing financial statements that include ROA, ROE, NIM, and BOPO values. Each financial ratio has a specific purpose, use and meaning. Then, each result of the measured ratio is interpreted so that it becomes meaningful for decision making. The CAMEL component is a factor that will determine the health status of a bank.

PT Bank Sulselbar Makassar Main Branch is one of the banking institutions that plays an important role in regional progress, especially in the city of Makassar, South

Sulawesi Province, as a regional treasury holder and as a source of regional original income through various banking products it produces. So that financial performance in terms of the soundness of the bank should be a top priority to always maintain its stability. The Financial Ratio Analysis of PT Bank Sulselbar Makassar Main Branch in 2016 to 2020 is as follows:

Table 1. Data ROA, ROE, NIM, BOPO and LDR at PT. Bank Sulselbar Makassar Main Branch in 2016 to 2020

Year	ROA (%)	ROE (%)	NIM (%)	BOPO (%)	LDR (%)
2016	4.96	34.10	9.49	60.13	88.85%
2017	3.67	28.34	6.16	68.80	93.24%
2018	3.76	23.64	6.53	66.50	94.22%
2019	3.49	21.59	5.99	69.00	97.47%
2020	2.98	18.55	5.80	75.13	95.14%

Based on the data above, the ROA ratio fluctuated in 2016 by 4.96% then decreased (1.29%) in 2017 by 3.67% then increased (0.09%) in 2018 by 3.76% but returned decreased from the last 2 years, namely in 2019 by 3.49% and in 2020 by 2.98%. Return on Assets (ROA) is a ratio that describes the level of profit (earnings) obtained by management on the total assets owned.

Then in 2016 the ROE ratio was 34.10% and experienced a significant decrease (5.76%) so that in 2017 the ROE ratio was 28.34% until 2020 it decreased successively to 18.55%, this is influenced by due to a reduced rate of return on equity. The higher the ROE of a company, the better the company in managing its management, but if it decreases, it reflects that the company in cost management is less effective and efficient (Sujarweni, 2017).

The NIM Ratio also fluctuated in 2016 by 9.49%, and decreased (3.33%) so that in 2017 the NIM Ratio was 6.16% then in 2018 it increased by 6.53% and again decreased in the last 2 years until 2020 reached 5.80%. The decrease in deposit interest was more than loan interest which caused the NIM ratio to increase. However, the decrease in loan interest is greater, causing a decrease in this ratio. NIM (Net Interest Margin) which is a ratio to measure management's ability to control costs.

In 2016 the BOPO ratio was 60.13% then increased (8.67%) so that in 2017 it reached 68.80% and decreased (2.30%) the BOPO ratio in 2018 was 66.50%, but has increased in the last 2 years the BOPO ratio in 2019 it was 69.00% and in 2020 it was 75.13%. From the table above shows the BOPO ratio from the last 5 years only in 2018 which has decreased and the following year has increased.

LDR ratio (Loan to Deposits Ratio) has increased significantly from 2016 to 2019, the LDR ratio in 2016 was 88.85% and increased (4.39%) so that in 2017 the LDR ratio was 93.24% and then increased (0.98%) the LDR ratio in 2018 was 94.22% and increased again (3.25%) so that the LDR ratio in 2019 was 97.47%, and decreased in 2020 the LDR ratio was 95.14%. The reason for the increase in the LDR ratio was because loans (credit) grew higher than savings.

The Financial Ratios above indicate that there are several ratios that experienced significant fluctuations in decreasing and increasing which may affect the soundness of the bank in maintaining financial stability and financial performance so that it is always in a stable and healthy condition.

RESEARCH METHOD

This type of research is quantitative research because the data obtained are in the form of numbers from financial statements which will then be analyzed using the CAMEL method. The population in this study is the Financial Statements in the form of a Balance Sheet and Income Statement of PT. Bank Sulselbar Makassar Main Branch. The sample in this study is the Financial Statements in the form of a Balance Sheet and Income Statement of PT. Bank Sulselbar Makassar Main Branch 2016 to 2021.

According to Riyaldi (Raodhatul, 2016) the data analysis technique used in this study was the CAMEL method. Bank Soundness Rating includes several of these factors known as CAMEL.

RESULT AND DISCUSSION

Result

The data analysis technique used in this study was the CAMEL method. The Bank Soundness Level assessment includes several factors including Capital (Capital) which is calculated using the Capital Adequacy Ratio (CAR) formula, Asset Quality (Asset Quality) using Earning Asset Quality (KAP) ratio, Management (Management) with using the ratio of Net Profit Margin (NPM), Earning (Rentability) using the ratio of Return On Assets (ROA) and the ratio of Operating Expenses to Operating Income (BOPO), and Liquidity (Liquidity) using the ratio Loan to Deposit Ratio (LDR).

Tabel 31. CAMEL Ratio Analysis Results PT. Bank Sulselbar Period 2016-2021

YEAR	CAMEL RATIO	RASIO VALUE (%)	CREDIT VALUE	LOAD %	LOAD VALUE
2016	CAR	21.37%	100	25	25
	KAP	53%	100	30	30
	NPM	74%	74	25	18.5

	ROA	4.96%	100	5	5
	BOPO	60.13%	100	5	5
	LDR	103%	12	10	1.2
	TOTAL				84.7
2017	CAR	25.17%	100	25	25
	KAP	59%	100	30	30
	NPM	77%	77	25	19.25
	ROA	3.56%	100	5	5
	BOPO	70.28%	100	5	5
	LDR	119.38%	-10	10	-10
	TOTAL				74.25
2018	CAR	24.28%	100	25	25
	KAP	60%	100	30	30
	NPM	75.39%	75.39	25	18.85
	ROA	3.67%	100	5	5
	BOPO	67.61%	100	5	5
	LDR	119.76%	-10	10	-10
	TOTAL				73.85
2019	CAR	22.98%	100	25	25
	KAP	52%	100	30	30
	NPM	73.45%	73.45	25	18.36
	ROA	3.36%	100	5	5
	BOPO	69.92%	100	5	5
	LDR	117.85%	12	10	-10
	TOTAL				73.36
2020	CAR	24.03%	100	25	25
	KAP	71%	100	30	30
	NPM	77.26%	77.26	25	19.32
	ROA	3.12%	100	5	5
	BOPO	73.43%	100	5	5
	LDR	121.42%	-10	10	-10
	TOTAL				74.32
2021	CAR	21.29%	21.2901	25	25
	KAP	72%	476	30	30
	NPM	101%	101%	25	25
	ROA	3.09%	20.601	5	5
	BOPO	70.97%	36.287	5	5
	LDR	114.19%	1.8	10	1.08
	TOTAL				91.08

From the results of the above analysis, the CAMEL ratio at PT Bank Sulselbar for the 2016-2021 period can be categorized as follows:

Tabel. 32. CAMEL predicate PT Bank Sulselbar Period 2016 – 2021

YEAR	CAMEL RATIO	PREDICATE
2016	84.7	Healthy
2017	74.25	Quite Healthy
2018	73.85	Quite Healthy
2019	73.36	Quite Healthy
2020	74.32	Quite Healthy
2021	91.08	Healthy

Based on the results of the analysis that has been done to see the health of PT. Bank Sulselbar from 2016 to 2021 uses the CAMEL approach by looking at 5 factors including Capital Factors (Capital), Asset Quality Factors (Asset Quality), Management Factors, Earning Factors (Rentability), and Liquidity Factors (Liquidity) in the table above it is known that achievement The results of the calculation of the CAMEL ratio are that in 2016 it is in the Healthy category and in 2017 to 2020 it is in the Fairly Healthy category and in 2021 it is in the Healthy category.

DISCUSSION

Capital Factor

Capital is the first factor in assessing the soundness of a bank using CAMEL capital, where this factor is measured using the Capital Adequacy Ratio (CAR). Where it can be seen from the results of the calculation of the Capital Adequacy Ratio (CAR) from 2016 to 2021, the highest value of this ratio was in 2017 where the value shown was 25.17% and the lowest value was at in 2016 amounted to 21.37%.

The value of the ratio shown from 2016 to 2021, the value shown by the Capital Adequacy Ratio (CAR) is in the range of > 8% which indicates a healthy predicate, so it can be said that it is brought in 2016 to 2020 in terms of Capital Factors PT. Bank Sulselbar Makassar Main Branch Has a very good performance.

Asset Quality Factor

From the calculation of the ratio that has been done, it can be seen that the ratio of Earning Asset Quality (KAP) PT. Bank Sulselbar Makassar Main Branch which is an asset quality ratio that shows the condition of a bank's assets that function to finance bank operational costs and as a business expansion tool, fluctuated from 2016 to 2021 where the highest value was obtained from the calculation of the Earning Asset Quality ratio (KAP) in 2021 by 72% and the lowest value is in 2019 which is 52%.

The value of the ratio shown from 2016 to 2021, the value shown by the Earning Assets Quality (KAP) ratio is in the range of values $>14.86\%$, this indicates that the Earning Assets Quality (KAP) ratio has a healthy predicate for PT. Bank Sulselbar Makassar Main Branch. This shows that, the policy of PT. Bank Sulselbar Makassar Main Branch and procedures for providing financing and managing risk from financing have been carried out very well and strongly support safe and healthy operational activities and are well documented and administered.

Management Factor

From the calculations that have been done for the ratio of Net Profit Margin (NPM) PT. Bank Sulselbar Makassar Main Branch which shows the bank's managerial ability in carrying out bank operations and the bank's ability to generate profits, the value shown by this ratio also fluctuated during 2016 to 2020 where the highest value was shown in 2020 77.26% and The lowest was pointed in 2019 where the value was 73.45% which was due to the percentage increase in net profit being lower than the percentage increase in operating profit.

Judging from the value of the ratio shown for the Management factor, which is measured using the Net Profit Margin (NPM) ratio from 2016 to 2021, it is in the range of $66\% \text{ NPM} < 81\%$, this indicates that PT. Bank Sulselbar Makassar Main Branch is in the Pretty Healthy predicate. This means that the bank has a fairly good ability to generate net profit from its total net operating income (operating profit).

Earning Factor

From the calculations that have been carried out in which the Earning Factor (Rentability) is measured using two ratios where for the first ratio is the Return on Assets (ROA) Ratio which shows the level of business efficiency and the bank's ability to generate profits from asset utilization, during the period 2016 to 2021 the value of the Return on Assets Ratio (ROA) was the highest in 2016 which was 4.96% This was due to the percentage increase in profit before tax which was greater than the percentage increase in Total Assets and the lowest in 2020, which was 3.12% . caused by the percentage increase in profit before tax is lower than the percentage increase in total assets.

The value of the ratio shown from 2016 to 2021, the value shown by the Return on Assets (ROA) ratio is in the range of values $> 1.21\%$, this shows that the Return on Assets (ROA) ratio gets a healthy predicate for PT. Bank Sulselbar Makassar Main Branch, which means that the bank's ability to earn profits is very high. And for the second is the ratio of Operating Expenses to Operating Income (BOPO) which shows the ability of bank management to control operational costs to operating income.

In the 2016 to 2021 period, the value of BOPO fluctuated, where the highest value of the ratio of Operating Expenses to Operating Income (BOPO) was in 2020 where the value was 73.43% and the lowest was in 2016 with a value of 60.13%. Judging from the value of the ratio of Operating Expenses to Operating Income (BOPO) during 2016 to 2020, it is in the range of 93.52% and is included in the healthy predicate which reflects the level of efficiency between costs and income is very good. This is because the percentage increase in operating income is still greater than the percentage increase in operating costs.

Liquidity Factor

From the calculations that have been carried out for the value of the Loan to Deposit Ratio (LDR) ratio which shows the ability of the bank to fulfill its obligations, it has fluctuated from 2016 to 2021, where the highest value of the Loan to Deposit Ratio (LDR) ratio is in 2020 it was 121.42% and the lowest value in 2016 was 103%. When viewed from the value of the Loan to Deposit Ratio (LDR) ratio from 2016 to 2021, the value is vulnerable to > 120% and is included in the Unhealthy predicate which means that PT Bank Sulselbar's liquidity ability to anticipate liquidity needs and the implementation of liquidity risk management still very weak.

This is in line with previous research by Sunardi and Oktaviani (2016) with the title CAMEL Analysis in Assessing the Soundness of Banks (Case Study on Banking Subsectors Listed on BEI for the 2011-2015 Period). The results showed that the soundness of the banking sub-sector was very healthy when viewed from the ratio of CAR, ROA & BOPO and in a healthy condition when viewed from the ratio of KAP, NPM & LDR. The results of the overall CAMEL evaluation show that the health level of the banking sub-sector in the 2011-2015 period is in a fairly healthy condition.

CONCLUSION

After performing calculations and analysis on each aspect of CAMEL (Capital, Asset, Quality, Management, Earning, Liquidity), it can be concluded that the calculation of the CAMEL ratio in 2016 was in the Healthy category and 4 consecutive years in 2017 until in 2020 it is in the Fairly Healthy category and in 2021 there is an increase in the Healthy category. Thus it can be concluded that the financial performance of the Main Branch of PT. Bank Sulselbar in Makassar City in 2016 – 2021 using the CAMEL method is in a fairly healthy predicate because 4 years in a row it is in the fairly healthy category.

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