

# ANALYSIS OF BANK HEALTH LEVELS AND THE USE OF BRANCHLESS BANKING USING THE RGEC METHOD

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## **Abstract**

*A healthy bank is a bank that can carry out its functions optimally. Banks are intermediary institutions and can foster public trust in innovative, efficient, and effective bank performance. The existence of an assessment of the soundness of the bank is very much needed for the stakeholders and to be used as a benchmark for optimizing performance as well as for detecting bankruptcy. The limitations of the public in accessing banking services have led to branchless banking innovations to serve underprivileged customers in remote parts of the country. The purpose of this study was to determine the soundness of the Bukopin Syariah KB bank using the RGEC (Risks Profile, Good Corporate Governance, Earnings, Capital) method and the use of branchless banking in 2016-2020. The method used in this study is a descriptive method with a quantitative approach. In this case, using the data object of Bank KB Bukopin Syariah's financial statements for 2016-2020. The results of the study show that the health level of Bank KB Bukopin Syariah in 2016-2020 received the predicate of being less healthy even though customer satisfaction in the use of branchless banking received a healthy predicate and this will have an impact on customer satisfaction and trust in the future. It can be said that the performance of the Bukopin Syariah KB bank is still not optimal in various aspects of risk management.*

**Keywords: Bank Health, RGEC Method, Branchless Banking, Bukopin Syariah.**

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## Introduction

Current economic progress is supported by technological developments which also influence the development of the existence of the banking world. The bank acts as an intermediary institution, as a liaison between parties who have funds, and distributes them to those who need funds in various forms of financing. In this case, banks are required to pay attention to risk aspects that arise as a result of operational activities in managing their funds. Banking also manages public funds that are entrusted to be managed by the bank, so as the owner of the funds, the community can take them at any time when they need funds, and the bank must be able to return the community's funds according to the time needed by the owner of the funds. Therefore, banks are required to maintain public trust in managing their funds with the principle of prudence and consider risk management which will later have an impact on the soundness of the bank (Pratikto et al.,2019).

In carrying out its duties, a bank, both Islamic banks and conventional banks, or other financial institutions, must pay attention to the level of service and facilities to gain customer trust and satisfaction. One way to gain customer trust and satisfaction is to provide information related to financial reports that are prepared by established regulations. These financial reports will be used to assess the soundness of a bank.

Bank health is included in the ability of a bank to carry out normal operational activities and fulfill responsibilities properly following the applicable method and not violating the rules (Budisantoso, Triandaru, 2005). A bank's soundness rating has an impact on customer trust because a bank's health is getting better, it will lead customers to save and entrust the management of funds to the bank.

To find out a bank's soundness level, it is necessary to analyze the bank's financial statements. Financial statements are reports that show the financial condition of a company in a certain period, to be used as material for consideration in making decisions by the company's conditions (Kasmir, 2019). Financial reports are published by the bank as a form of transparency and accountability in maintaining trust in the management of public funds. This statement has been said by Allah SWT in the Al-Quran surah An-Nisa (58):

*“Indeed, Allah orders you to convey the mandate to those who are entitled to receive it and (orders you) when stipulating laws among people so that you determine fairly. Verily Allah gives you the best teaching. Indeed, Allah is all-hearing, all-seeing.”* (QS. An-Nisa': 58)

The verse above explains, that conveying the mandate must be true. In this case, it is related to the bank's financial reports which are trustworthy and must be submitted openly to the public for the benefit of stakeholders and customers.

The health condition of a bank has a relationship with branchless banking. As bank health is

getting better, it can help banks realize banking innovations, namely branchless banking. Bank health conditions can also affect customer interest and satisfaction with bank services.

The first research was conducted by Astrini & Tandika (2019), the study investigated on the soundness level of the bank before and after the implementation of the Smart Behavior program. From the BRI bank financial data used, the results of the analysis of CAR, KAP, NM, ROA, BOPO and FDR before and after the implementation of the smart practice in the period I quarter 2015 - quarter IV 2017 found that there were increases and decreases. CAR as the ratio of capital and NPM as the ratio of management obtained significant differences after the application of clever behavior. The ratio of asset quality by variable KAP, and ROA, the ratio of profitability represented by BOPO and FDR as a liquidity ratio found that there is no significant difference in the application of clever behavior in banking products of PT Bank BRI Syariah. Moreover, it can be said that the implementation of clever behavior has not had a comprehensive impact on all aspects in measuring the level of soundness of a bank.

The second, Izhellia Oktatubela and Rachmad Kresna examined the financial performance of banks before and after implementing branchless banking in Indonesia. The results of research on banks BRI, Mandiri, BTPN, BCA, BNI, and BPD Kaltim found that financial performance based on the aspect of capital or capital through the CAR ratio, experienced an increase in the average value in the period after the implementation of branchless banking, assessment of these banks, the NPL ratio as an aspect of asset quality, NPM as a management aspect, the profitability aspect of the ROA ratio, and liquidity from the LDR aspect shows that from the measurement of these ratios on the implementation of branchless banking, not all ratios show significant positive results. (Oktatubela Diz-zahara et al., 2022).

The third research was conducted by Silfi Amalia, Asmi regarding the level of soundness of banks using the RGEC method at PT bank BNI Persero Tbk for the 2018-2020 period. The results showed during the 2018-2019 period "Aspects of Risk Profile" the NPL ratio was 1.95% "very healthy", 2.32% "healthy", and 4.20% "fairly healthy" and the LDR ratio was 88.59%, 90, 63% and 86.27% are "fairly healthy" respectively. "GCG Aspects for the 2018-2020 period" is ranked 2nd "good". "Earnings aspect" ROA ratio of 2.61% "very healthy", 2.34% "very healthy", and 0.58% "quite healthy" NIM ratio of 5.30%, 4.76%, 4.58 % consecutive "very healthy". "Capital aspect" CAR ratio of 18.50%. 19.73% and 16.78% respectively "very healthy". The "RGEC aspect" as a whole for the 2018 and 2019 periods was ranked 1st "very healthy" while the 2020 period was ranked 2nd "healthy" (Unggul & Amalia Asmi, 2020).

Lastly, Setiawati (2019) examined the comparative level of BTPN bank health before and after the implementation of branchless banking using the RGEC method in 2013-2017 using the paired simple T-test. The results showed that the soundness level of the BTPN bank as measured

by the ratio of NPL, ROA and CAR was in rank 1 with very healthy criteria before and after the implementation of branchless banking, while in terms of GCG factors it was in rank 2 with healthy criteria. There is a significant difference in the level of bank soundness between before and after the implementation of branchless banking as measured by the NPL and ROA ratios, but the CAR ratio is not significant.

From those previous studies, there are differences between them and this research, the previous studies examined the comparison of bank soundness levels before and after the implementation of branchless banking. Whereas this study, examine the soundness level of banks using the RGEC method as a ratio of measuring bank soundness and customer satisfaction in the implementation of branchless banking carried out by PT bank Bukopin Syariah. The basis used in this study involves the basics of Islamic economics which originate from the Al-Quran and hadith, so that it aims to influence public interest in using Islamic banks. The analysis used in this study was analysis of banking financial statements to measure the level of ratios used.

The rapid pace of the times and the demands of diverse human needs make activities, creativity, product and service innovations in banking must pay attention to proper risk management aspects. To assess the soundness of a bank, Bank Indonesia has determined a method, one of which is the RGEC method. This method is the development of the previous method, namely the CAMLES method. The assessment aspects for the RGEC method consist of Risk Profile, Good Corporate Governance, Earning, and Capital. In this RGEC research method, researchers used the financial statements of the KB Bukopin Syariah Bank from 2016-2020.

PT Bank KB Bukopin Syariah is one of the national banks that carry out its operational activities according to Sharia principles. Bank Bukopin Syariah was previously an Indonesian Persyarikatan Bank which was given capital with the assistance of PT Bank Bukopin. After carrying out its activities, Bank Persyarikatan Indonesia changed the direction of its business activities from conventional to Islamic banks and changed its name to Bank Bukopin Syariah. Currently, Bank Bukopin Syariah has officially changed its name to Bank KB Bukopin Syariah to improve its image and enhance the company's brand image in the future.

Based on this explanation, the authors conducted a study entitled "Analysis of Bank Soundness Level on the Use of Branchless Banking Using the RGEC Method at Bank KB Bukopin Syariah in 20016-2020".

## Literature Review

### 1.1. Bank Health Level

The soundness level of a bank is a condition when a bank carries out all its functions very well, always maintains the trust of customers, carries out intermediation, and carries out

government policies, especially monetary (Vithzal Rivai, 2007).

Regarding bank health, it has been explained in Law No. 10 of 1998 concerning banking on Law No. 7 of 1992 concerning banking article 29 (2): "Banks are required to maintain a bank's soundness level by the provisions of capital adequacy, asset quality, management quality, liquidity, profitability, solvency, and other aspects related to bank business, and banks are required to carry out business activities under the precautionary principle. Assessment of the soundness of a bank is determined according to financial factors and banking management. This assessment is categorized into 5 categories, namely 1-5 starting from a composite rating of one (PK-1) in the "very healthy" category, a composite rating of 2 (PK-2) in the "healthy" category, a composite rating of 3 (PK-3) in the "moderately healthy" category. healthy", a composite rating of 4 (PK-4) for the "unhealthy" category, and a composite rating of five (PK-5) for the "unhealthy" category (Pratikto et al., 2019).

Assessment of bank health is very necessary because it can be used as material for evaluating bank performance and can increase the existence of banks in front of customers. According to Sharia principles, the results of a bank's soundness assessment can be used as a guide for management to determine bank management policies in the future and can be used as a supervisory medium in implementing appropriate policies for supervision, guidance, and development towards banking consistency in implementing sharia principles.

## **1.2. Financial Statement**

Financial statements are reports that show the financial condition of a company in a certain period, to be used as material for consideration in making decisions by the company's circumstances (Kasmir, 2019). Financial reports are published by the bank as a form of transparency and accountability in maintaining trust in the management of public funds.

In the preparation of financial reports, one must comply with the rules and conditions that have been set. This makes it easy for readers to understand the financial report data that is displayed because financial reports are very important for the management and owners of a company. In addition, the presentation of financial reports also makes it easier to find out the position of a company after the financial reports have been analyzed (Pratikto et al., 2021).

In general, there are four forms of financial reports, including balance sheets, profit, and loss reports, reports of changes, and reports of cash flows (Hery, 2015). The existence of financial reports is very important because knowing the company's financial condition in a certain period also makes it easy for management to assess the company's performance and become a benchmark for whether it has been able to carry out policies or not.

## **1.3. RGECE Method**

Along with increasing business complexity, methods for measuring the soundness of a bank have also developed. In accordance with SEBI No. 13/1/PBI/2011 regarding the RGEC method, which is a development of the CAMELS method (Pratikto et al., 2019). In the RGEC method, to assess the soundness of a bank there are 4 main components that must be measured, including:

**A. Risk Profile**

Includes an overall picture of risk assessment in bank operations, namely credit risk, market risk, liquidity risk, operational risk, legal risk, compliance risk, reputation risk, and strategic risk (Pratikto et al., 2021). The preparation of a risk profile is required for banks to use in reporting to Bank Indonesia and for bank effectiveness in controlling risk. The indicators used in the RGEC method for risk profiles are credit risk (NPF) and liquidity risk (FDR).

- NPF Calculation Formula

$$NPF = \frac{\text{problematic financing}}{\text{total credit}} \times 100\%$$

**Table 1.** NPF Rating Classification

Ranking	Criteria	Predicate
1	$NPF \leq 2\%$	Very healthy
2	$2\% < NPF \leq 5\%$	Healthy
3	$5\% < NPF \leq 8\%$	Quite healthy
4	$8\% < NPF \leq 12\%$	Less healthy
5	$NPF > 12\%$	Not healthy

Source: Bank Indonesia Regulation Number 6/10/PBI/2004

- FDR Calculation Formula

$$FDR = \frac{\text{total credit}}{\text{total third party funds}} \times 100\%$$

**Table 2.** FDR Rating Classification

Ranking	Criteria	Predicate
1	$FDR \leq 75\%$	<b>Very Healthy</b>
2	$75\% < FDR \leq 85\%$	<b>Healthy</b>
3	$85\% < FDR \leq 100\%$	<b>Quite Healthy</b>
4	$100\% < FDR \leq 120\%$	<b>Less Healthy</b>
5	$FDR > 120\%$	<b>Not Healthy</b>

Source: Bank Indonesia Regulation Number 6/10/PBI/2004

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

It is a system for assessing the performance of a bank's management. GCG is a system for assessing company management in creating added value for all parties who have an interest in the company (stakeholders) (Pratikto, et al., 2021). The 5 basic principles that must be the basis for implementing GCG are accountability, independence, transparency, fairness, and responsibility (Pratikto, et al, 2019). Through GCG, banks can improve performance as well as public trust in banks and become a way for banks to gain profits. The indicator used in the RGEC method for GCG is through the calculation of PDN (Net open position). The following is the formula for calculating PDN:

$$PDN = \frac{\text{different between foreign currency assets and liabilities}}{\text{total capital}} \times 100\%$$

**Table 3.** PDN Rating Classification

Ranking	Criteria	Predicate
1	There is no violation of the PDN ratio	Very healthy
2	The violation has been resolved	Healthy
3	0% < PDN ≤ 10%	Quite healthy
4	10% < PDN ≤ 25%	Less healthy
5	PDN > 25%	Not healthy

Source: Bank Indonesia Regulation Number 6/10/PBI/2004 (OJK, n.d.)

**C. Earnings**

Is a bank activity in its ability to generate profit (Umiyati & Queenindya, 2015). According to Samanto et al, earnings or profitability is a tool to measure the level of efficiency of a company in generating profits by using its capital in a certain period (Samanto H & Hidayah, 2020). Earnings assessment includes sources of profitability, profitability performance evaluation, sustainability, and earnings management. Therefore, the calculation of earnings is not only used to determine a bank's ability to generate profits but also used to assess management performance in optimizing capital. The indicator used in the RGEC method for earnings is through calculating the ratios of ROA, ROE, NI, and BOPO.

- ROA Formula (Return on Assets)

$$ROA = \frac{\text{profit before tax}}{\text{total assets}} \times 100\%$$

**Table 4.** ROA Rating Classification

Ranking	Criteria	Predicate
1	$ROA \geq 2\%$	Very healthy
2	$1,25\% \leq ROA < 2\%$	Healthy
3	$0,5\% \leq ROA < 1,25\%$	Quite healthy
4	$0\% \leq ROA < 0,5\%$	Less healthy
5	$ROA < 0\%$	Not healthy

Source: Bank Indonesia Regulation Number 6/10/PBI/2004

- ROE Formula (Return on Equity)

$$ROE = \frac{\text{profit after tax}}{\text{total capital}} \times 100\%$$

**Table 5.** ROE Rating Classification

Ranking	Criteria	Predicate
1	$ROE \geq 20\%$	Very healthy
2	$12,5\% \leq ROE < 20\%$	Healthy
3	$5\% \leq ROE < 12,5\%$	Quite healthy
4	$0\% \leq ROE < 5\%$	Less healthy
5	$ROA < 0\%$	Not healthy

Source: Bank Indonesia Regulation Number 6/10/PBI/2004

- NI Formula (Net Reward)

$$NI = \frac{\text{reward income}}{\text{productive assets}} \times 100\%$$

**Table 6.** NI Rating Classification

Ranking	Criteria	Predicate
1	$NI \geq 6,5\%$	Very healthy
2	$2\% \leq NI < 6,5\%$	Healthy
3	$1,5\% \leq NI < 2\%$	Quite healthy
4	$0\% \leq NI < 1,5\%$	Less healthy
5	$NI < 0\%$	Not healthy

Source: Bank Indonesia Regulation Number 6/10/PBI/2004

- BOPO Formula



$$BOPO = \frac{\text{operating cost}}{\text{operating income}} \times 100\%$$

**Table 7.** BOPO Rating Classification

Ranking	Criteria	Predicate
1	$BOPO \leq 88\%$	Very healthy
2	$88\% < BOPO \leq 93\%$	Healthy
3	$93\% < BOPO \leq 96\%$	Quite healthy
4	$96\% < BOPO \leq 100\%$	Less healthy
5	$BOPO > 100\%$	Not healthy

Source: Bank Indonesia Regulation Number 6/10/PBI/2004

#### D. Capital

Capital is the assets owned by the bank. The components included in the assessment of bank capital are the adequacy and quality of capital management. So, this assessment is not only used to measure capital adequacy but also includes how capital is managed. In order to calculate and regulate capital, a bank must comply with regulatory standards set by Bank Indonesia regarding the Minimum Capital Requirement or Minimum Statutory Reserves (GWM) to mitigate risk. The indicator used in the RGEC method for capital is the calculation of CAR (capital adequacy ratio). Here's the formula for CAR:

$$CAR = \frac{\text{capital}}{\text{risk-weighted assets}} \times 100\%$$

**Table 8.** CAR Rating Classification

Ranking	Criteria	Predicate
1	$CAR \geq 12\%$	Very healthy
2	$9\% \leq CAR < 12\%$	Healthy
3	$8\% \leq CAR < 9\%$	Quite healthy
4	$6\% \leq CAR < 8\%$	Less healthy
5	$ROA < 6\%$	Not healthy

Source: Bank Indonesia Regulation Number 6/10/PBI/2004

#### E. Branchless Banking

According to the language, branchless banking is "A distribution channel strategy used for delivering financial services without relying on Bank branches" or it is defined as a banking innovation where banks no longer serve customers at branch offices (Laura S, 2015). This

innovation involves agents and technological capabilities or technological and information capabilities to send detailed reports on transactions made by customers. According to (the Consultative Group to Assist the Poor) the definition of branchless banking is the provision of financial services carried out outside bank branch offices using technology. information and communication as well as non-bank retail agents.

In Islam, there are prohibitions related to the world of banking and of course contrary to the principles of Islamic law, for example, *usury*, Islam strictly forbids *usury* as in the fragment of surah Al-Baqarah verse 275.

This snippet of Al-Baqarah 275 explains that Allah has permitted buying and selling but forbids usury. And those who play usury will be rewarded with hell. The prohibition of usury is not only in Al-Baqarah verse 275 but also in the hadith of the Prophet Muhammad by prohibiting usury: "Any loan that draws a benefit, then it is a form of usury" (HR. Al-Baihaqi)."

With these two arguments, people are increasingly aware of the importance of staying away from usury, thereby increasing the existence of Islamic banking and of course creating a trend for the emergence of state-owned and private-owned banks that are Islamic banking institutions.

An analysis of bank health and ease of use of branchless banking will affect the interest and satisfaction of the underprivileged in using Bank KB Bukopin Syariah. With advances in technology, branchless banking does not only use agents to serve customers, but now customers only need a short and efficient time to make transactions using branchless banking features such as M-Banking and E-Money.

## Research Methods

In this study, the method used is descriptive quantitative. Depiction of quantitative data in the form of numbers into the discussion descriptively as it is. The type of data used in this study is secondary data with the object of the financial statements of the KB Bukopin sharia bank for five years from the 2016-2020 period. Then, the results of the report analysis can determine the health condition of the KB Bukopin Syariah Bank.

The data collection technique used is the documentation technique, namely by observing the object in obtaining a report or the correctness of the data with a written approach (paper) through collecting documents such as books, journals, company reports, and others. So that the secondary data used in this study include the financial statements of Bank Bukopin Syariah and literature from books, journals, and other sources.

In this study, the data analysis technique used is an analysis of banking soundness level using the RGEC method which includes the Risk Profile component with NPF & FDR indicators, Good Corporate Governance with PDN indicators, Earnings with ROA indicators, ROE, NO,

BOPO, and Capital with indicators CAR. The results of the calculation and analysis of all variables in the RGEC method are put into several categories and rankings according to the classification of the bank's soundness level in the RGEC method.

## Finding and Analysis

Presentation and classification of bank soundness level data using the RGEC method.

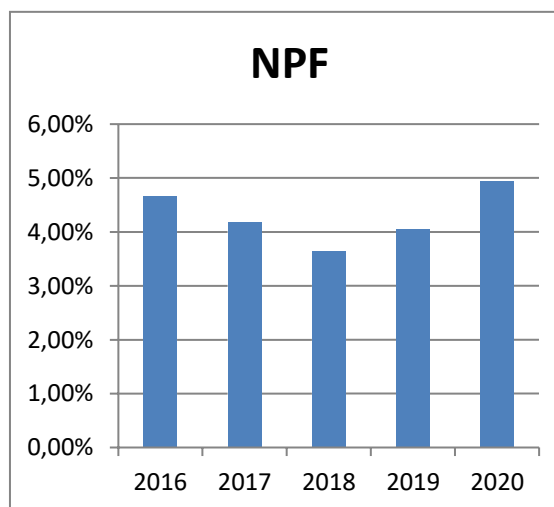
### 1. Risk Profile

#### A. NPF (Non-Performing Finance)

NPF is the ratio used to measure troubled bank financing. If the higher the NPF of a bank, the more problem financing occurs within the company's internal.

NPF Classification (Bank Bukopin Syariah, n.d.):

**Graphic 1.** NPF ratio of Bukopin Syariah in 2016-2020



Source: Processed Data

- In 2016 the NPF was 4.66%, ranked 2 which means it is healthy because it is higher than 2% and less than 5%.
- In 2017 the NPF was obtained at 4.18% and is in rank 2 which means it is healthy because it is higher than 2% and less than 5%.
- In 2018 the NPF was 3.65%, ranked 2 which means it is healthy because it is higher than 2% and less than 5%.
- In 2019 the NPF was 4.05%, ranked 2 which means it is healthy because it is higher than 2% and less than 5%.
- In 2020 the NPF was obtained at 4.95%, in rank 2 which means it is healthy because it is less than equal to 5%.

From the diagram above, the Bukopin Syariah NPF ratio has fluctuated. 2018 showed the

lowest ratio in the 2016-2020 range, which was 3.65%, and 2020 was the highest year with an increase in the ratio, namely 4.95%. This shows that the KB Bukopin syariah bank can manage to finance properly so that credit risk is resolved.

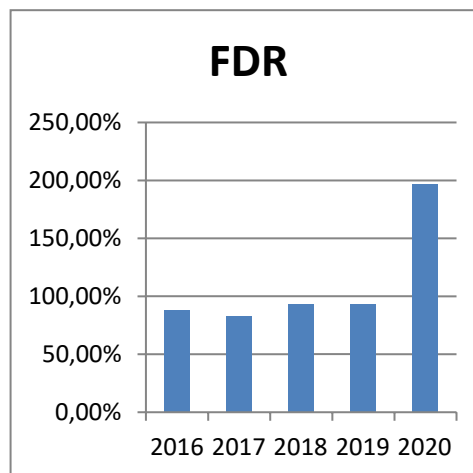
It can be concluded that for the last 5 years, the Bukopin Syariah Bank has been in rank 2, which means it is in good health because the ratio is less than 5% and more than 2%, even though in 2020 the NPF has experienced a significant increase compared to previous years.

#### B. FDR (Financing to Deposit Ratio)

NPF is the ratio used to measure troubled bank financing. If the higher the NPF of a bank, the more problem financing occurs within the company's internal.

NPF Classification:

**Graphic 2.** FDR ratio of Bukopin Syariah in 2016-2020



Source: Processed Data

- In 2016 the FDR was obtained at 88.18%, ranked 3 which means it is quite healthy because the ratio is greater than 85% and less than 100%.
- In 2017 the FDR was obtained at 82.44%, ranked 2 which means healthy because the ratio is less than 85%.
- In 2018 the FDR was obtained at 93.40%, ranked 3 which means it is quite healthy because the ratio is greater than 85% and less than 100%.
- In 2019 the FDR was obtained at 93.48%, ranked 3 which means it is quite healthy because the ratio is greater than 85% and less than 100%.
- In 2020 the FDR was obtained at 196.73%, ranking 5, which means unhealthy because the ratio is over 120%.

The best year in the 2016-2020 FDR ratio is 2017 because the ratio is not more than 85%.

Meanwhile, 2020 shows that the bank is in an unhealthy condition because the ratio results are more than 100%. This shows that the KB Bukopin syariah bank is still not able to manage financing in terms of liquidity ratios, so it is still not resolved.

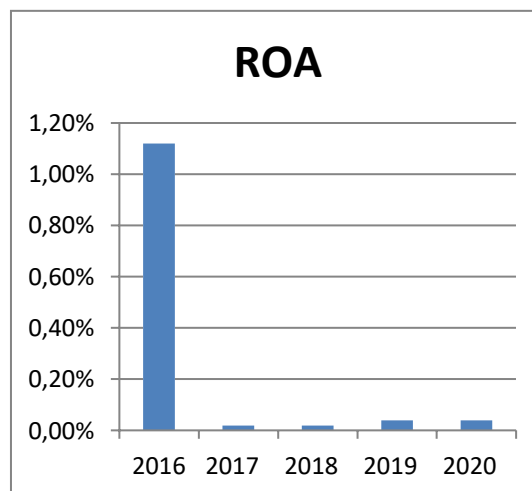
## 2. Good Corporate Governance (GCG)

The results of the GCG ratio assessment of PT. Bank KB Bukopin Syariah for 2016-2020 is ranked 1 as evidenced by no violations of the PDN ratio, which means that in 2016-2020 it is said to be very healthy.

## 3. Earnings

### A. Return of Assets (ROA)

**Graphic 3.** ROA ratio of Bukopin Syariah in 2016-2020



Source: Processed Data

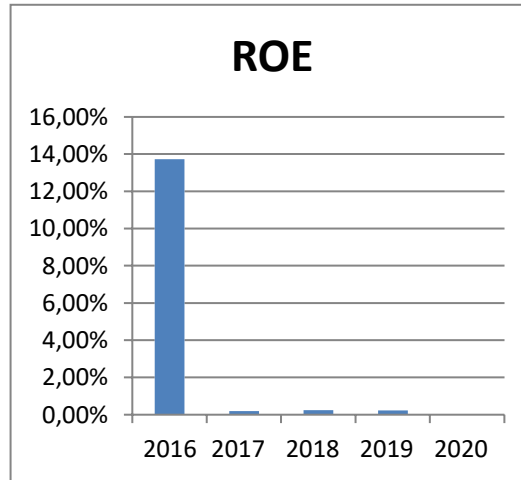
- In 2016 ROA was obtained at 1.12%, ranked 3 which means healthy because the ratio is less than 2%.
- In 2017 ROA was obtained at 0.02%, ranked 4th, which means it is not healthy because the ratio is less than 2%.
- In 2018 ROA was obtained at 0.02%, ranked 4th, which means it is not healthy because the ratio is less than 2%.
- In 2019 ROA was obtained at 0.04%, ranked 4th, which means it is not healthy because the ratio is less than 2%.
- In 2020 the ROA was obtained at 0.04%, at rank 4 which means it is not healthy because the ratio is less than 2%.

In 2016-2020 the health of the bank is decreasing, it can be seen if the ROA ratio results

have decreased and the result is less than 2%. This shows that the KB Bukopin Syariah Bank has not been able to efficiently manage assets to earn a profit.

### B. Return on Equity (ROE)

**Graphic 4.** ROE ratio of Bukopin Syariah in 2016-2020



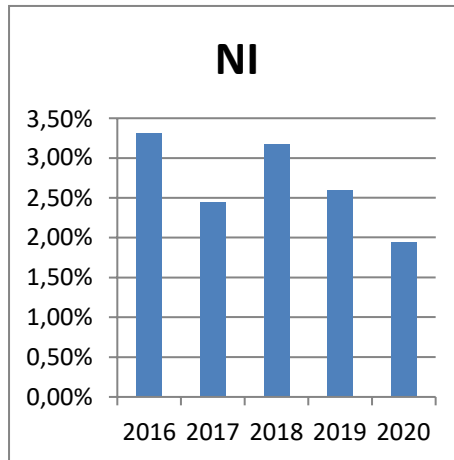
Source: Processed Data

- In 2016 ROE was obtained at 13.74%, ranked 2 which means healthy because the ratio is less than 20% and more than 12.5%.
- In 2017 ROE was obtained at 0.20%, ranked 4th, which means it is not healthy because the ratio is less than 12.5%.
- In 2018 ROE was obtained at 0.26%, ranked 4th which means it is not healthy because the ratio is less than 12.5%.
- In 2019 ROE was obtained at 0.23%, ranked 4th, which means it is not healthy because the ratio is less than 12.5%.
- In 2020 ROE was obtained at 0.02%, in rank 4 which means it is not healthy because the ratio is less than 12.5%.

2016 was the best year in 5 years because the ratio was more than 12.5%. Whereas in 2017-2020 the health of the bank has decreased, it can be seen if the results of the ROE ratio have decreased and the result is less than 12.5%. This means that the Bukopin Syariah Bank is still not significant in terms of efficiency in the level of capital management to earn profits.

### C. Reward Value (NI)

**Graphic 5.** NI ratio of Bukopin Syariah in 2016-2020



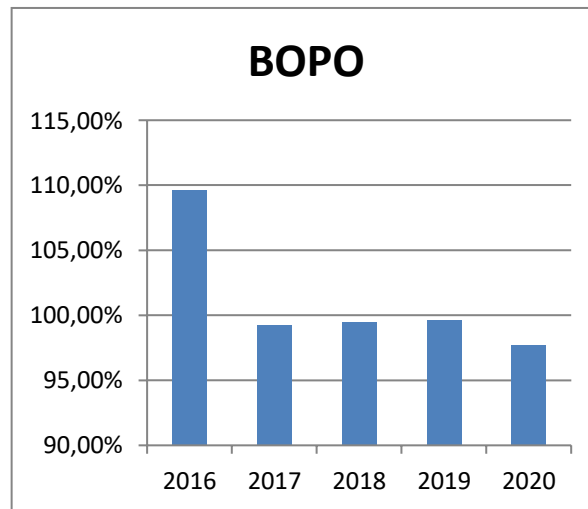
Source: Processed Data

- In 2016 NI was obtained at 3.31%, which is in rank 2 which means healthy because the ratio is less than 6.5% and more than 2%.
- In 2017 NI was obtained at 2.44%, ranked 2 which means healthy because the ratio is less than 6.5% and more than 2%.
- In 2018 NI was obtained at 3.17%, in rank 2 which means healthy because the ratio is less than 6.5% and more than 2%.
- In 2019 NI was obtained at 2.59%, which is in rank 2 which means healthy because the ratio is less than 6.5% and more than 2%.
- In 2020 NI was obtained at 1.94%, in rank 3, which means it is quite healthy because the ratio is less than 2%.

The year 2016-2019 PT. Bank KB Bukopin Syariah is ranked 2 which means it is in good health because the ratio is more than 2%. Whereas in 2020 NI experienced a decline and the bank's condition declined to become quite healthy. This means that the Bukopin Syariah Bank is capable of efficiency and effectiveness in managing productive assets to earn profits and is still relatively good.

#### D. Operating Cost and Operating Income (BOPO)

**Graphic 6.** BOPO ratio of Bukopin Syariah in 2016-2020



Source: Processed Data

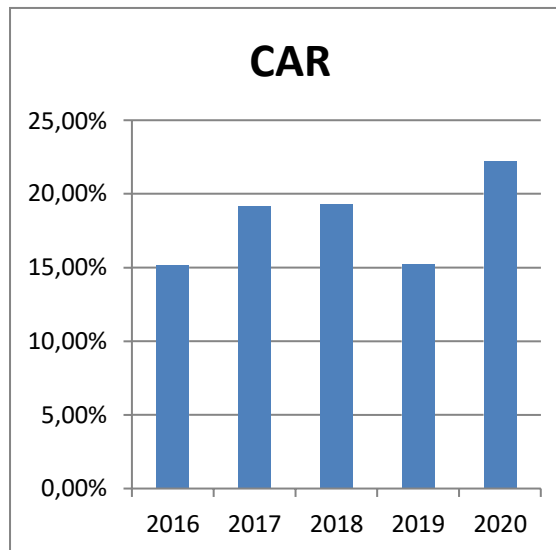
- In 2016 BOPO was obtained at 109.62%, ranked 5 which means unhealthy because the ratio is more than 100%.
- In 2017 BOPO was obtained at 99.20%, ranked 4th which means it is not healthy because the ratio is more than 80%.
- In 2018 BOPO was obtained at 99.45%, ranked 4th which means it is not healthy because the ratio is more than 80%.
- In 2019 BOPO was obtained at 99.60%, ranked 4th, which means it is not healthy because the ratio is more than 80%.
- In 2020 BOPO was obtained at 97.73%, ranked 4th which means it is not healthy because the ratio is more than 80%.

In 2016 the health of the bank was in an unhealthy condition because the ratio was more than 100%. In 2017-2020 the results of the BOPO ratio have increased and show that the condition of the bank has increased even though it is still far from being in a healthy condition. In this case, it means that Bank Bukopin Syariah in terms of efficiency and effectiveness of operational management to generate income is still not significant.

#### E. Capital

**Graphic 7.** CAR ratio of Bukopin Syariah in 2016-2020





Source: Processed Data

- In 2016 CAR was obtained at 15.15%, ranked 1 which means it is very healthy because the ratio is more than 12%.
- In 2017 CAR was obtained at 19.20%, ranked 1 which means it is very healthy because the ratio is more than 12%.
- In 2018 CAR was obtained at 19.31%, at 1 which means it is very healthy because the ratio is more than 12%.
- In 2019, CAR was obtained at 15.25%, ranked 1st, which means it is very healthy because the ratio is more than 12%.
- In 2020 CAR was obtained at 22.22%, ranked 1 which means it is very healthy because the ratio is more than 12%.

The diagram above shows that for 5 consecutive years PT. Bank KB Bukopin Syariah is ranked 1, which means it is in very good health. From these data, it is found that the increase in bank risk-weighted assets has been offset by a significant increase in total capital as evidenced by the CAR ratio which has been in the category of very healthy for 5 consecutive years or is always at  $\geq 12\%$ .

This shows that the Bukopin Syariah Bank has very good capital adequacy, so it can bear the risks of risky financing or productive assets. In addition, the potential is also greater to generate income.

### **Composite Analysis and Rating of Bank KB Bukopin Syariah Bank Soundness Level**

At each ratio, each component that occupies a composite rating is given the following rating:

Rank 1 = multiplied by 5

Rank 2 = multiplied by 4

Rank 3 = multiplied by 3

Rank 4 = multiplied by 2

Rank 5 = multiplied by 1

The multiplication results of each rank are proxied by presenting the calculated results for each component. The following is the percentage weight to determine the composite rating of all assessment components:

**Table 9.** Composite Rating Weights

Category	Weight (100%)	Explanation
PK-1	86-100	Very healthy
PK-2	71-85	Healthy
PK-3	61-70	Quite healthy
PK- 4	41-60	Less healthy
PK- 5	< 40	Not healthy

Source: Bank Indonesia Regulation Number 13/1/PBI/2011

**Table 10.** Composite Value Rating 2016-2018

Component	2016					2017					2018							
	Value (%)	Rating					Value (%)	Rating					Value (%)	Rating				
NPF	4,66					4,18					3,65							
FDR	82,44					93,40					93,48							
ROA	1,12					0,02					0,02							
ROE	13,74					0,20					0,26							
NI	3,31					2,44					3,17							
BOPO	109,62					99,20					99,45							
CAR	15,15					19,20					19,31							
Composite Value	25/40x100 = 62,5 Quite Healthy (PK-3)					22/40x100 = 55 Less Healthy (PK-4)					22/40x100 = 55 Less Healthy (PK-4)							

Source: Processed Data

**Table 11.** Composite Value Rating 2019-2020

Component	2019					2020						
	Value (%)	Rating					Value (%)	Rating				
NPF	4,05%					4,95%						
FDR	93,48					196,73						
ROA	0,04					0,04						
ROE	0,23					0,02						

NI	2,59							1,94					
BOPO	99,60							97,73					
CAR	15,25							22,22					
Composite Value	$22/40 \times 100 = 55$						$19/40 \times 100 = 47,5$						
	Less Healthy (PK-4)						Less Healthy (PK-4)						

Source: Processed Data

From Tables 10 and 11, the composite value is obtained from the results of dividing the total actual composite value against the ideal composite value (40) which is then multiplied by 100%. Based on the table, the results of the soundness level of the KB Bukopin sharia bank during 2016-2020 from the ratio analysis using the RGEC method show that the soundness of the KB Bukopin sharia bank gets a composite rating of 4 (PK-4), which means the bank is in an unhealthy condition and is not optimal in terms of managing its operations.

### **Analysis of Consumer Satisfaction with Branchless Banking**

Assessment of customer satisfaction in this study can be seen from the condition of the ratio of NPF and CAR. Bank KB Bukopin Syariah is said to be very healthy on the NPF ratio and healthy on the CAR ratio. However, in all aspects of assessing the soundness of a bank, Bank KB Bukopin Syariah is still in an unhealthy condition. This is a challenge for Bank KB Bukopin Syariah to continue to improve risk management more properly because the bank's soundness level will also affect trust, customer satisfaction, and the use of branchless banking in the future.

Bank KB Bukopin Syariah makes service innovations by using branchless banking through the clever behavior scheme by setting a target of 1,000 behavioral agents on B-Cash. With branchless banking, Bank KB Bukopin Syariah targets people who are not yet bankable and focuses on spreading agents in eastern Indonesia. Apart from that, Bank KB Bukopin Syariah also continues to use the existing Payment Point Online Bank (PPOB) Partners to maintain agent quality. Bank KB Bukopin Syariah has also implemented a digital transaction service in the form of mobile banking called BSB-Mobile.

CAR ratio used to measure the aspect of capital, show an increase in the average value with the use of applied branchless banking. That is, with this branchless banking, Bank Bukopin Syariah shows very good capital adequacy, so that it is able to bear risks from risky financing or productive assets. In addition, the potential that is owned is also greater to generate income because the better capital, the more optimal it will be in bearing risks as well as managing and financing its operational activities.

The aspect of asset quality as measured using the NPF ratio, experienced a decrease in average value with the implementation of branchless banking conducted by Bank Bukopin Syariah. It shows that the KB Bukopin syariah bank is able to manage financing properly, so

that credit risk is resolved non-performing loans at Bank Bukopin Syariah are reduced so that they will have stable profits and improve the quality of their assets.

In the future, Bank KB Bukopin Syariah needs to pay attention to other aspects of risk management, because a healthy bank will lead customers to trust and increase customer satisfaction in using branchless banking. Existing branchless banking also needs to be developed so that all regions of Indonesia can be reached by banking services.

From the findings obtained by researchers and in previous studies have shown that the application of branchless banking to the level of financial performance and bank soundness, not all aspects of measuring financial ratios show significant results, which means that the effectiveness of branchless banking in influencing customer interest and satisfaction requires a reassessment that is adjusted to the objectives of implementing sustainable financial inclusion and policies of each bank. In addition, each bank must pay attention to the operational performance of the bank, so that the bank's health assessment can show progress in a better direction to gain customer trust and satisfaction.

## Conclusion

Based on the results of the analysis of the level of soundness using the RGEC method, Bank KB Bukopin Syariah in the 2016-2020 period was categorized in rank 4 or it can be said that it was unhealthy. Even though the GCG (Good Corporate Governance) assessment aspect is healthy and there are no violations, the risk profile for the NPF ratio is also healthy and the capital with a very healthy CAR ratio shows that Bank KB Bukopin Syariah is able to manage financing well, so that credit risk is resolved and bank Bukopin sharia in very good capital adequacy, to be able to bear the risks of financing or risky productive assets. In addition, the potential is also greater to generate income. However, Bank KB Bukopin Syariah is still unable and significant to manage assets and carry out its performance. This is certainly a note for the bank to maintain the title of a healthy aspect and improve aspects of assessment that are still inadequate.

In addition, customer satisfaction with branchless banking can be seen in the NPF and CAR ratios. Even though the ratio results show a healthy ratio, Bank KB Bukopin Syariah must continue to improve other risk management so that the soundness level of the bank is in a healthy corridor and satisfies customers in placing their trust in the bank.

For Bank KB Bukopin Syariah to always maintain existing ones and further improve performance and innovation to maintain the health of banks and banks also need to improve productive asset management so that there will be no decline in the future.

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