



**ANALYSIS OF SOUNDNESS LEVEL IN THE CAMELS RATIO
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Abstract

Banks in a country have an important role. One of its functions is as a financial intermediary whose operations are for the community. The soundness of banks and their stability are very important because they affect the ups and downs of an economy. It can foster public trust because people are increasingly selective in choosing financial institutions. Bank Syariah Mandiri is the bank with the highest total assets compared to other Islamic banks. The purpose of the study was to determine the level of soundness at Bank Syariah Mandiri during the 2017-2019 period using the CAMELS ratio. The results show that the soundness of Bank Syariah Mandiri Syariah, even though it has a greater total assets than other Islamic banks, is still not in the very healthy category because from the research results, Bank Mandiri Syariah is currently in the healthy category. However, on the sensitivity risk assessment, Bank Syariah Mandiri is in the very healthy category.

Keywords: CAMELS, Soundness, Bank Syariah Mandiri



INTRODUCTION

Banks are at the heart of the driving force of the economy in a country. It has an important role as an intermediary institution, because the main function of a bank is to raise funds from the surplus side by providing various financial service products such as time deposits, current accounts and savings. As well as channeling funds (landing) to foreign exchange parties by providing various financial service products such as credit, financing, and other service products. Banks are the center of intermediaries in a country. This function is important because it becomes traffic in the business sector as it relates to the provision of funds in working capital as well as investment.

The banking sector is experiencing developments. Not only conventional banks but also Islamic banks are experiencing rapid growth. It can be observed from several banks that in their operations have used sharia principles. In January 2020, it can be seen from OJK data that there are 14 Islamic banks, 480 Branch Offices, 1,246 Sub-Branch Offices throughout Indonesia.

Because of the rapid development of the banking sector in Indonesia, supervision is needed to determine how the banks are doing. Bank Indonesia as the central bank issues and implements policies related to bank soundness to create and maintain banking health. The soundness level of a bank is the result of an assessment of the condition of the bank carried out on the risk and performance of the bank. To measure the final score, the soundness level of the bank uses a composite rating (PBI, 2011).



Table 1
Composite Rating and Bank Soundness Condition

Composite Rating	Bank Soundness Condition
1	Very Healthy
2	Healthy
3	Fairly Healthy
4	Less Healthy
5	Not healthy

The health of the bank and its stability are very important because it affects the ups and downs of an economy. Banks categorized as unhealthy can have a negative impact on the bank itself and other parties involved such as bank owners, bank management, customers, and Bank Indonesia. In addition, the soundness of the bank will affect the performance of the bank in determining progress, maintaining and managing the quality of existing finances. The performance of the bank itself can form public trust. Because people today are very selective in choosing where to deposit their assets, the performance and health of the bank is important, according to the word of Allah SWT in QS. At-Taubah [9]: 105:

وَقُلْ أَعْمَلُوا فَسَيَرَى اللَّهُ عَمَلَكُمْ وَرَسُولُهُ وَالْمُؤْمِنُونَ وَسَتُرَدُّونَ إِلَىٰ عِلْمِ الْغَيْبِ وَالشَّهَادَةِ
فَيُبَيِّنُكُمْ لِمَا كُنْتُمْ تَعْمَلُونَ (١٠٥)

Meaning: "And say," Work you, then Allah will see your work, as well as His Messenger and the believers, and you will be returned to (Allah) who knows the unseen and the real, and He will tell you what you have been working on. "

Indicators in assessing the health of a bank can be seen from the bank's financial statements. The financial statements contain the company's financial



condition in a period, which describes how the performance and financial position of a company is. To measure the health of a bank, the financial statements need to be analyzed using financial ratios. Financial ratios are a measuring tool for assessing the health and performance of a company (Agustina, 2020). In addition, financial ratios can find out how the liquidity conditions, the effectiveness of the use of assets, use of debt, and how the market assesses the performance and prospects of a company, and also we can find out the soundness of the bank, whether healthy or not.

There are several ways to assess the soundness of a bank, one of which is the CAMELS ratio which includes 6 aspects, capital ratios to measure capital, assets to measure productive assets, management measures management quality, earnings measures earnings, liquidity measures liquidity, and sensitivity to market risk measures sensitivity to market risks.

The rapid development of banking is reflected in the assets owned. Based on data from the OJK in June 2020, Indonesian Islamic banking has reached assets of IDR 545.39 trillion, which shows an increase of 9.22% year on year.

Table 1
Total Asset Comparison of 4 Islamic Banks in Indonesia for the Period 2015-2019 (Table in trillion rupiah)

Institution Name	2015	2016	2017	2018	2019
Bank Syariah Mandiri	70,370	78,832	87,940	98,34	112,29
Bank Muamalat	50,556	57,227	61,697	55,786	57,141
Bank BNI Syariah	23,018	28,314	34,822	41,04	49,98
Bank BRI Syariah	24,230	27,687	31,54	37,87	43,12

Source: Data from the Annual Report of Each Bank



If you look at the data above, the total assets owned by the 4 Islamic banks above from 2015-2019, it can be concluded that Bank Mandiri Syariah has the largest total assets when compared to several other Islamic banks. Bank Mandiri Syariah has a good performance because it is one of the best banks in terms of increasing total assets and the largest in nominal terms. This is the importance of bank soundness assessment to maintain operational continuity to determine what policies should be taken in facing competition with other banks in the next period.

From the description above, the research that will be carried out by the author regarding the soundness of sharia banks using the CAMELS ratio at Bank Syariah Mandiri in 2017-2019. The author takes the title "Analysis of Soundness Level in the Perspective of the Camel Ratio at Bank Syariah Mandiri 2017-2019 Period".

LITERATURE REVIEW

Bank Soundness

From several definitions, it can be concluded that the soundness of a bank is a qualitative assessment with various aspects of the bank's performance on the condition of the bank reflecting how the bank performs its operational activities and functions properly and is able to fulfill all its obligations. Bank soundness plays an important role, because people in Indonesia are still relatively low in their level of trust in using Islamic banks. Assessment of the soundness of a bank can help people know the performance of Islamic banks. In addition, it can serve as a means of determining what strategies the bank can use in the future, as well as a means for Bank Indonesia in determining the implementation of bank supervision and establishing policies.



Financial Statements

Based on PSAK No. 1 2015: 1 and 2, it can be concluded that financial statements can be interpreted as part of the financial reporting process presented in a structured manner from the financial position and financial performance of an entity.

The financial report consists of several elements. Islamic financial reports consist of balance sheets, income statements, cash flow reports, reports on changes in owner's capital and retained earnings, reports on changes in limited investment, reports on sources of funds for the use of zakat and donated funds, reports on sources and use of qard funds, and notes of financial report records.

CAMELS Ratio

Assessing the soundness of a bank through the CAMELS ratio includes several aspects, namely:

Capital

The assessment of this ratio is measured using CAR (Capital Adequacy Ratio) to measure the ability of the bank to provide funds that are used to overcome possible risk of loss. $CAR = \frac{Total\ Modal}{ATMR} \times 100\%$.

Table 2
Predicate Composite Value Ranking

Predicate	Composite	Value Ranking
1	CAR ≥ 12%	Very healthy
2	9% < CAR ≤ 12%	Healthy
3	8% < CAR ≤ 9%	Fairly Healthy
4	6% < CAR ≤ 8%	Less Healthy
5	CAR ≤	Not healthy

Asset



The assessment in this ratio is measured using the NPF (Non-Performing Finance) to measure the condition of customers who are no longer able to pay part or all of their obligations that have been promised to the bank.

$$NPF = \frac{\text{Non Performing Loans}}{\text{Total Credit}} \times 100\%$$

Table 4
Rating Classification and NPF Predicate

Rating	Composite Value	Predicate
1	NPF<2%	Very Healthy
2	2%<NPF≤5%	Healthy
3	5%<NPF≤8%	Fairly Healthy
4	8%<NPF≤12%	Less Healthy
5	NPF≤ 12%	Not Healthy

Management

Valuation in this ratio is measured using the NOP (Net Open Position) to measure the net difference between assets and liabilities for each foreign currency, plus the net difference between claims and liabilities, both commitments and contingencies in administrative accounts.

$$NOP = \frac{\text{Difference in Foreign Currency Assets and Liabilities}}{\text{Total Capital}} \times 100$$

Table 5
NOP Rank and Predicate



Rating	Composite	Predicate
1	There is no violation of the NOP ratio	Very healthy
2	There is no violation of the NOP ratio but has ever committed a violation and it has been resolved	Healthy
3	There is no violation of the NOP ratio but has ever committed a violation and it has been resolved	Fairly Healthy
4	NOP ratio violation > 0% up to, 10%	Less Healthy
5	PDN violations more than 25%	Not Healthy

Earning (Rentability)

The assessment in this ratio is measured using several indicators, namely ROA, ROE, BOPO, and NI.

ROA (Return on Asset)

The ratio of return to total assets measures the ability of bank management from total assets owned in obtaining overall profits.

$$ROA = \frac{\text{Profit before tax}}{\text{Average Total Assets}} \times 100\%$$

Table 6
Classification of ROA Rating and Predicate

Rating	Composite	Predicate
1	ROA ≥ 2%	Very healthy
2	1,25% < ROA ≤ 1,5%	Healthy
3	0,5% < ROA ≤ 1,25%	Fairly Healthy
4	0% < ROA ≤ 0,5%	Less Healthy
5	ROA ≤ 0%	Not Healthy

ROE



$$ROE = \frac{\text{Profit After Tax}}{\text{Average Total Capital}} \times 100\%$$

Table 7
Classification of ROE Rating and Predicate

Rating	Composite	Predicate
1	ROE ≥ 20%	Very healthy
2	12,5% < ROE ≤ 20%	Healthy
3	5% < ROE ≤ 12,5%	Fairly Healthy
4	0% < ROE ≤ 5%	Less Healthy
5	ROE < 0%	Not Healthy

BOPO

The comparison of operating costs with operating income measures the efficient level of the bank in operating activities.

$$BOPO = \frac{\text{Operating costs}}{\text{Operating Income}} \times 100\%$$

Table 8
Classification of BOPO Rating and Predicate

Rating	Composite	Predicate
1	BOPO < 88%	Very healthy
2	89% < BOPO < 93%	Healthy
3	94% < BOPO < 96%	Fairly Healthy
4	97% < BOPO < 100%	Less Healthy
5	BOPO ≥ 100%	Not Healthy

Net Rewards (NI)



$$NI = \frac{\text{Return Income}}{\text{Average earning assets}} \times 100\%$$

Tabel 3
Rating Classification and NI Predicate

Rating	Composite	Predicate
1	NI ≥ 6,5%	Very healthy
2	2,01% < NI ≤ 6,5%	Healthy
3	1,5% < NI ≤ 2%	Fairly Healthy
4	0% < NI ≤ 1,49%	Less Healthy
5	NI < 0%	Not Healthy

Liquidity

The assessment in this ratio is measured using the FDR to measure how far the bank's ability to meet short-term obligations.

$$FDR = \frac{\text{Amount of Credit Extended}}{\text{Total Funds of Third Party}} \times 100$$

Table 10
Rating Classification and FDR Predicate

Rating	Composite	Predicate
1	FDR ≤ 75%	Very Healthy
2	75% < FDR ≤ 85%	Healthy
3	85% < FDR ≤ 100%	Fairly Healthy
4	100% < FDR ≤ 120%	Less Healthy
5	FDR > 120%	Not healthy

Sensitivity to Market Risk



The assessment in this ratio is measured using the IER to measure the efficiency of the bank in collecting sources of funds.

$$\text{IER} = \frac{\text{Profit sharing expense}}{\text{Third party funds}} \times 100\%$$

Measurements in this ratio if the ratio results are greater, it means unhealthy. Conversely, if the ratio results are getting smaller then it is categorized as healthy. The criteria standard by Bank Indonesia is considered healthy if the IER result is below 5% and vice versa if the IER result is above 5% then it is not healthy.

RESEARCH METHOD

The research conducted is quantitative in nature, with the population being taken, namely Islamic financial institutions having been registered with the OJK. The research sample used is Bank Syariah Mandiri using secondary data which the researchers collected from literature studies which are relevant and reliable through journals, the official website of the OJK, the official website of Bank Syariah Mandiri, and thesis. The data used in the analysis technique uses secondary data in the form of Bank Syariah Mandiri financial reports from 2017 to 2019. It used descriptive analysis techniques, by analyzing financial statement data to determine the soundness level of the bank with the CAMELS ratio measuring capital, assets, management, profitability, and liquidity with the final assessment using a composite rating.

RESULTS AND DISCUSSION



Results of Bank Syariah Mandiri Health Analysis for the 2015-2019 Period

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Table 12
Results of Bank Syariah Mandiri Health Analysis for the 2015-2019 Period

Ratio	Component	2019	Rating	Information	2018	Rating	Information	2017	Rating	Information
Capital	CAR	16.15%	1	Very Healthy	16.26%	1	Very Healthy	15.89%	1	Very Healthy
Asset	NPF	1.00%	1	Very Healthy	1.56%	1	Very Healthy	2.71%	2	Healthy
Management	PDN	4.41%	3	Fairly Healthy	2.55%	3	Fairly Healthy	3.16%	3	Fairly Healthy
Earning	ROA	1.69%	1	Very Healthy	0.88%	3	Fairly Healthy	0.59%	3	Fairly Healthy
	ROE	15.65%	2	Healthy	8.21%	3	Fairly Healthy	5.71%	3	Fairly Healthy
	BOPO	82.89%	1	Very Healthy	91.16%	2	Healthy	94.44%	2	Healthy
	NI	6.02%	2	Healthy	6.18%	1	Very Healthy	7.35%	1	Very Healthy
Liquidity	FDR	75.54%	2	Healthy	77.25%	2	Healthy	77.66	2	Healthy
Sensitivity Risk	IER	3.01%		Very Healthy	3.04%		Very Healthy	2.95%		Very Healthy



Based on table regarding the results of calculating the ratio at Bank Syariah Mandiri. Then the analysis obtained is as follow:

CAR

Based on the table above, the CAR value at Bank Syariah Mandiri during the 2017-2019 period was ranked 1st, which means the bank is in the very healthy category because the ratio value in 3 years is more than 12%. The ratio value from 2017 to 2018 has increased every year, from 2017 which had the lowest CAR value of 15.89%, an increase in 2018 with the largest CAR value with a value of 16.26%. But, it decreased by 0.11% from 16.26% in 2018 to 16.15% in 2019.

NPF

In this ratio, a bank is said to be healthy if the NPF value is less or equal to 2%. The NPF value of BSM has increased from healthy to very healthy category. It can be seen from the table above that in 2017 to 2019 the NPF value has decreased, in 2017 it was the largest NPF value with a value of 2.71% and was in the healthy category, in 2018 the category had changed to be very healthy with rank 1st with the NPF value at 1.56%, and in 2019 at 1.00% with a very good NPF value, because the smaller the NPF value, the healthier the bank is.

NOP

Based on the table above, from 2017 to 2019 BSM is in the fairly healthy category with fluctuating values. In 2018, it decreased by 0.61% from 2017, so that the ratio value was from 3.16% to 2.55%. And in 2019, it increased by 1.86% and the ratio value reached 4.41%.

**ROA**

Based on the table above, from 2017 to 2018 BSM is in the fairly healthy category. In 2017, the value was 0.59% and increased in 2018 by 0.29%, thus obtaining a value of 0.88%. In 2019, it experienced a drastic increase with an ROA value of 1.69%, so it is included in the very healthy category with rank 1.

ROE

Based on the table above, from 2017 to 2019 BSM still cannot be categorized as very healthy, because the ROE value obtained is still below 20%. From 2017 to 2018 BSM is in the fairly healthy category with fluctuating values. In 2017, the value obtained was 5.71%. In 2018, there was an increase of 2.50% so that the value became 8.21%. And increased drastically by 7.44% to reach a value of 15.65% in 2019 and rose to rank 2 in the healthy category.

BOPO

Based on the table above, the BOPO value from 2017 to 2019 has decreased. In 2017, the value ratio was 94.44%. In 2018, it decreased by 3.28% so that the ratio value became 91.16%. In 2019, it decreased by 11.55% so that the ratio value became 82.89%, because the ratio value was less than 88%, it rose to rank 1 and was included in the very healthy category.

NI

Based on the table above, the NI value from 2017 to 2019 has decreased. From 2017 to 2018, the bank is in the very healthy category because the ratio value exceeds 75%. In 2017, the ratio value was 7.35%. However, it decreased in 2018 by 1.17% and the ratio value became 6.18%. And it goes down again in 2019 so that the ratio value becomes 6.02%, the ratio value is less than 6.5% so that it drops to second place in the healthy category.



FDR

Based on the table above, the FDR value from 2017 to 2019 has fluctuated and is included in the healthy category because the ratio value exceeds 50% and is less or equal to 85%. In 2017, the ratio value was 77.66% in 2017. And it continues to decline in 2018 and 2019 with a ratio value of 77.25% and 75.54%. 2019 is a year that has a better FDR value than other years with an FDR value of 75.54% because the FDR value is almost close to the category very healthy if the FDR value is above 50% and below 75%.

Sensitivity Analysis

Based on the table above, the IER value from 2017 to 2019 is included in the very healthy category because the ratio value is less than 5% even though for 3 years it has fluctuated. In 2017, it was 2.95% in 2018, it increased by 0.09%, so that the ratio value was 3.04%, and in 2019 it decreased by 0.03% so that the ratio value became 3.01%.

Table 13
Measurement of Composite Rating, score, and predicate of Islamic Bank Soundness Level

Score	Composite Rating	Value Category	Predicate
5	1	86-100	Very healthy
4	2	71-85	Healthy
3	3	61-70	Fairly Healthy
2	4	41-60	Less Healthy
1	5	<40	Not healthy



Tabel 4
Results of the Analysis of Bank Mandiri Syariah Soundness Level 2015-2019

Component	Year		
	2017	2018	2019
CAR	5	5	5
NPF	4	5	5
PDN	3	3	3
ROA	3	3	5
ROE	3	3	4
BOPO	4	4	5
NI	5	5	4
FDR	4	4	4
Total Score	31	31	31
Composite Value	$(31/40) \times 100 = 77.5$	$(31/40) \times 100 = 77.5$	$(35/40) \times 100 = 77.5$
Information	Healthy	Healthy	Healthy

The results of the analysis of the soundness level of Bank Syariah Mandiri in general per year can be seen in table 13. From the results of the analysis of all the ratios and components, it is found that the soundness level of Bank Syariah Mandiri during the 2017-2019 period is generally in the healthy category, which means that the bank is able to manage operation well.

CONCLUSION

Assessment of the soundness of a bank is very influential and important for the bank itself and also for other parties involved such as bank owners, bank management, customers, and Bank Indonesia. To analyze the soundness level of a bank, several ratios can be used. The CAMELS ratio was the first to appear, and has undergone two changes to date.



Based on the results of research at Bank Syariah Mandiri in 3 years from 2017-2019 using the CAMELS ratio, although Bank Mandiri Syariah has a larger total asset than other Islamic banks, it is still not in the very healthy category. From the research results, Bank Mandiri Syariah is currently in the healthy category. Its development has fluctuated in several ratios. Within the healthy category, Bank Syariah Mandiri is able to manage its operations well.

It is hoped that Bank Mandiri Syariah maintains the capital aspect which for three years remains in the first rank, and maintains the asset aspect and efficiency in its operations and in obtaining overall profits which in 2019 has progressed by being in the very healthy category and continue to improve its performance in order to be able to improve the health of the bank in the following year. There are several aspects that must be improved, such as aspects of liquidity, management, and earnings in the ROE and NI components. As well as the market risk, the bank is in a very healthy category.

In the research, there are still many shortcomings and mistakes at the time of manufacture. It is hoped that further research can expand the scope and discussion of research on the bank soundness with other financial ratios.

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