

COMPARATIVE ANALYSIS OF HEALTH LEVELS AT BANK NEO COMMERCE & BANK JAGO

Novia Nur Aliftiani¹
Muhammad Firdaus²
Nely Supeni³

Student of Management, Faculty of Economics and Business, Institute of Technology and Science Mandala, Sumatera Street 118-120 Jember, 68121¹

Associate Professor, Faculty of Economics and Business, Institute of Technology and Science Mandala, Sumatera Street 118-120 Jember, 68121²

Senior Lecturer, Faculty of Economics and Business, Institute of Technology and Science Mandala, Sumatera Street 118-120 Jember, 68121³

Received : 23/06/19

Revised : 23/06/22

Accepted : 23/06/30

Corresponding author:

Name: Nely Supeni

E-mail: nely@itsm.ac.id

ABSTRACT

Bank 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 improve the standard of living of the people at large. Based on Indonesia Bank Regulation Number 13/1/PBI/2011, the soundness level of a bank is analyzed using the Risk Profile, Good Corporate Governance, Earnings, Capital (RGEC) method. This study aims to determine the soundness of Neo Commerce Bank and Jago Bank and their comparisons in 2019 – 2021 using the RGEC method. This research is comparative research. The data taken is secondary in the form of the annual financial reports of Neo Commerce Bank and Jago Bank for 2019 – 2021. The assessment in this study uses the Non Performing Loan (NPL) ratio, Loan to Deposit Ratio (LDR), Self Assessment, Return On Assets (ROA), Net Interest Margin (NIM), and Capital Adequacy Ratio (CAR). The results showed that the soundness level of banks using the RGEC method at Neo Commerce Bank and Jago Bank in 2019-2021 both received Composite Rating 2 (PK-2) and entered the Healthy category.

Keywords: *Bank Soundness Level, RGEC, Neo Commerce Bank, Jago Bank*

INTRODUCTION

The presence of the banking industry in a country is certainly one of the active economic driving industries. Based on Law Number 10 of 1998, a bank is a business entity that collects funds from the public in the form of deposits and distributes them to the public in the form of credit and or other forms in order to improve the standard of living of many people. Commercial banks are one type of bank when viewed from their functions. The definition of a commercial bank is a bank that in its collection of funds receives deposits in the form of current accounts and deposits and in its business mainly provides short-term credit (Abdullah, 2018).

Services in the banking industry also continue to change along with technological developments. The type of banking service that utilizes technology in it is often referred to as a digital bank. The definition of a digital bank itself is a bank that provides services to carry out overall activities through electronic channels. Based on data reported by Finder.com, Indonesia is the country with the most adult people who have digital accounts. Even in 2021, there are already 25% of adults with personal digital accounts.

There are many digital banks that can be utilized by the Indonesian people. Generally, ordinary people will choose digital banks based on *ratings* and the number of downloads on the Google Play Store. Based on the latest data from the Google Play Store, Bank Neo Commerce and Bank Jago have the highest number of downloads and *ratings*. This kind of data is somewhat inaccurate because people do not know the level of health of their bank in detail. It would be better if the assessment is also carried out based on the health of each bank so that the utilization and investment process is more directed to a trusted bank.

The selection of Bank Neo Commerce and Bank Jago to compare each other is not based on *rating data* and the number of downloads alone. Through a survey entitled "*Consumer Preference Towards Banking and e-Wallet Apps*" conducted by Populix in 2021, it was found that the most popular digital banks are Bank Jago and Bank Neo Commerce with percentages of 46% and 40%. The total assets of Bank Jago and Bank Neo Commerce also had the largest increase with a percentage of 265% and 57% when compared to other digital banks. Referring to Bank Indonesia Regulation Number 13/1/PBI/2011, health assessment at banks is carried out by self-assessment with *Risk Profile, Good Corporate Governance (GCG), Earnings, and Capital (RGEC)* approach.

The purpose of this study is to compare the health level of Bank Neo Commerce and Bank Jago in terms of RGEC method. This research is important to be realized to help all communities or relevant *stakeholders* in the process of choosing a better digital bank.

RESEARCH METHODS

The objects studied in this study are Bank Neo Commerce and Bank Jago. As for the financial statement period, it is between 2019 – 2021. This type of research is comparative research. According to Sugiyono (2016), comparative analysis is carried out by comparing one theory with another, and the results of one research with another. The data used in this study is secondary data, in the form of audited and published financial ratios of Bank Neo Commerce and Bank Jago for the 2019-2021 period. The method of collecting data from this study is by documentation and literature study. While the data analysis method uses the *RGEC* method with the following ratio::

1. Risk Profile

a. NPL

The process of calculating credit risk with *NPL* ratio utilizes the value of non-performing loans and total loans owned by banks in a certain period with the following formula:

$$NPL = \frac{\text{Kredit Bermasalah}}{\text{Total Kredit}} \times 100\%$$

Source: Darmawi (2011)

Table 1. *NPL Rating Weighting*

Rank	Weight (%)	Information
1	< 2	Excellent
2	2 – < 5	Good
3	5 – < 8	Good enough
4	8 – < 11	Not Good
5	> 11	Bad

Source: Kodifikasi Penilaian Tingkat Kesehatan Bank

b. LDR

The *LDR* calculation utilizes the total credit disbursed and third party funds that have been received with the following formula:

$$LDR = \frac{\text{Total Kredit}}{\text{Dana Pihak Ketiga}} \times 100\%$$

Source: Simorangkir (2004)

Table 2. *LDR Rating Weighting*

Rank	Weight (%)	Information
1	50 – < 75	Excellent
2	75 – < 85	Good
3	85 – < 100	Good enough
4	100 – < 120	Not Good
5	> 120	Bad

Source: Codification of Bank Health Rate Assessment

2. Good Corporate Governance

Based on OJK circular letter NO.14/SEOJK.03/2017, the assessment of *GCG* is carried out using the results of *Self Assessment* that has been carried out by each bank related to the following weights:

Table 3. *GCG Rating Weighting*

Rank	Criterion	Information
1	< 1.5	Excellent
2	1,5 – < 2,5	Good
3	2,5 – < 3,5	Good enough
4	3,5 – < 4,5	Not Good
5	4.5 – < 5	Bad

Source: Arbi (2013)

3. *Earnings*

a. *ROA*

The *ROA calculation* will utilize the profit before tax and the average total assets with the following formula:

$$ROA = \frac{\text{Laba sebelum pajak}}{\text{Rata – rata total aset}} \times 100\%$$

Source: Siamat (2005)

Table 4. *ROA Rating Weighting*

Rank	Weight (%)	Information
1	> 2	Excellent
2	> 1,25 - 2	Good
3	> 0,5 – 1,25	Good enough
4	> 0 – 0.5	Not Good
5	Negative	Bad

Source: Codification of Bank Health Rate Assessment

b. *NIM*

The calculation of *NIM* refers to net interest income and the average total productive assets with the following formula:

$$NIM = \frac{\text{Pendapatan Bunga Bersih}}{\text{Rata – rata Aktiva Produktif}} \times 100\%$$

Source: Taswan (2010)

Table 5. *NIM Rating Weighting*

Rank	Weight (%)	Information
1	> 3	Excellent
2	> 2 – 3	Good
3	> 1.5 – 2	Good enough
4	> 1 – 1.5	Not Good
5	< 1 (or negative)	Bad

Source: Codification of Bank Health Rate Assessment

4. *Capital*

The assessment carried out from the aspect of *Capital* or capital will use the *CAR ratio* in accordance with the provisions of the Financial Services Authority with the following formula:

$$CAR = \frac{\text{Modal Bank}}{\text{Aktiva Tertimbang Menurut Risiko}} \times 100\%$$

Source: Taswan (2010)

Table 6. *CAR Rating Weights*

Rank	Weight (%)	Information
1	> 12	Excellent
2	> 9 – 12	Good
3	> 8 – 9	Good enough
4	> 6 – 8	Not Good
5	< 6	Bad

Source: Codification of Bank Health Rate Assessment

Bank Health Rate

A composite rating is a final result that certifies the rating of a bank's overall health. The ratios used in this study amounted to six, namely *NPL*, *LDR*, *GCG*, *ROA*, *NIM*, and *CAR*. Each of these ratios has a maximum composite value of 5. So, the overall composite value in this study was 30. The magnitude of the value is as follows:

Rank 1 has a value of 5 (five).

Rank 2 has a value of 4 (four).

Rank 3 has a value of 3 (three).

Rank 4 has a value of 2 (two).

Rank 5 has a value of 1 (one).

The Composite Rating formula used is as follows:

$$\text{Peringkat Komposit} = \frac{\text{Jumlah Nilai Komposit}}{\text{Total Nilai Komposit}} \times 100\%$$

Source: SE. BI. No.13/1/PBI/2011

Table 7. Composite Rating Weights

Composite Rating	Weight (%)	Information
PK-1	86 – 100	Very Healthy
PK-2	71 – 85	Healthy
PK-3	61 – 70	Quite Healthy
PK-4	41 – 60	Unhealthy
PK-5	0 – 40	Unhealthy

Source: Codification of Bank Health Rate Assessment

RESULT ANALYSIS

Financial statements are reports that show the company's financial condition at the moment or in a certain period (Kasmir, 2016). According to Sujarweni (2017), there are eight main requirements for financial statements, namely understandable, relevant, existing, comparable, testable, neutral, timely, and complete. The purpose of financial statements is to provide information about the type and amount of assets, liabilities, capital, income, costs, company management performance, notes to financial statements, and other financial information (Kasmir, 2016). Based on Bank Indonesia Regulation Number 13/1/PBI/2011 concerning Health Level Assessment of Commercial Banks, a bank will conduct a health level assessment using RGEC method.

RGEC's scope consists of an assessment of Risk Profile, Good Corporate Governance, Earnings, and Capital factors. Risk Profile factor *assessment* is an assessment of the inherent risk and quality of risk management implementation in bank operational activities. *Risk Profile* will be calculated with credit risk and liquidity risk. Credit risk is a risk that arises due to the failure of other parties to fulfill obligations to the bank. Liquidity risk is the risk resulting from a bank's inability to meet liabilities due from funding sources, cash flows, and/or from liquid assets.

Assessment of governance factors is an assessment of the quality of bank management on the application of good governance principles. There are 11 assessment factors for the implementation of bank governance listed in OJK Circular Letter Number 13/SEOJK.03/2017.

Bank strategy plan

Profitability factor assessment includes evaluation of profitability performance, sources of profitability, *earnings' sustainability*, and profitability management. The profitability factor is carried out using the ratio of *ROA* and *NIM*. *ROA* is a ratio that shows the ability of capital invested in overall assets to generate profits (Santoso, 1995). *NIM* is a ratio used to measure the amount of net interest income of a bank (Santoso, 1995). Assessment of capital factors includes evaluation of capital adequacy and adequacy of capital management.

The stages of the conceptual framework in analyzing the *RGEC* method of Bank Neo Commerce and Bank Jago to determine the level of health are as follows:

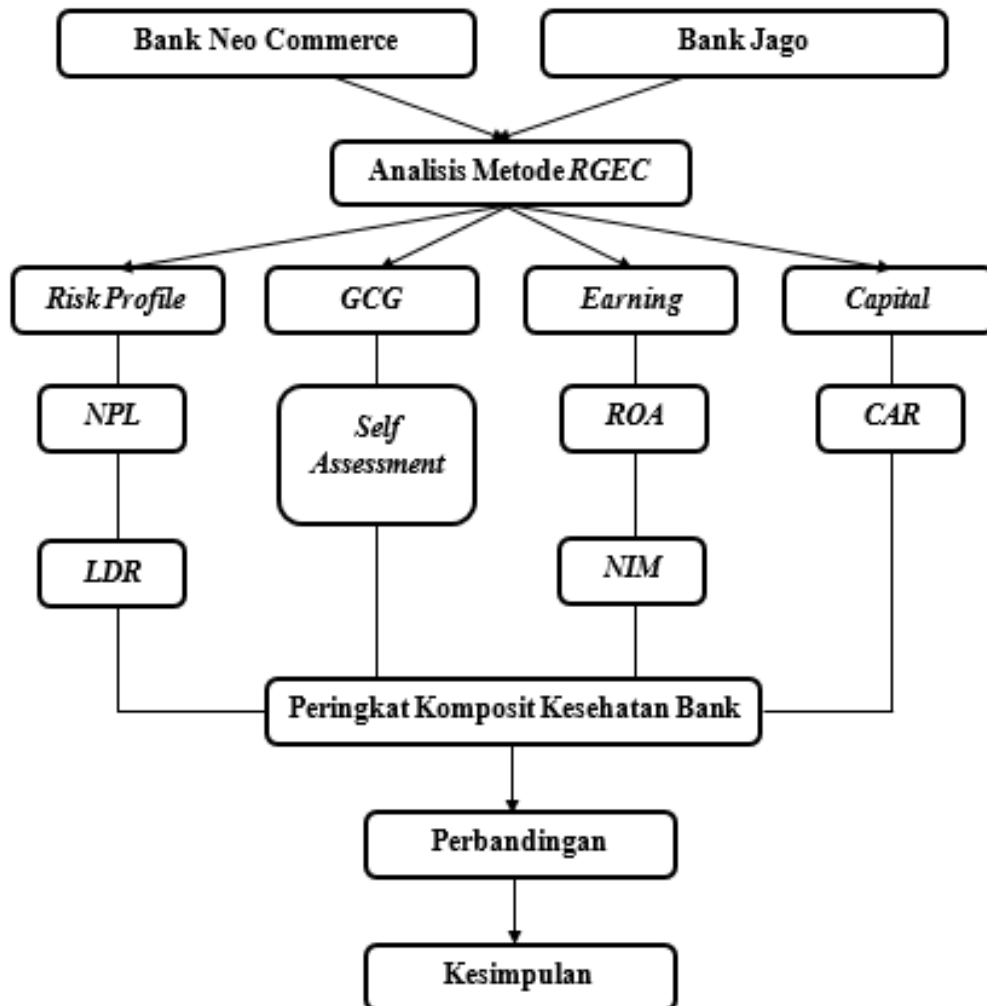


Figure 1. Conceptual Framework

INTERPRETATION

The following is a discussion of the results of research on the comparison of bank health levels using the RGEC method at Bank Neo Commerce and Bank Jago for the 2019-2021 period:

Nama Bank	Faktor	Rasio	Nilai Per Tahun (%)			Rata-rata (%)	Bobot	Peringkat	Predikat	Penilaian Komposit					Rata-rata PK (%)
			2019	2020	2021					1	2	3	4	5	
Bank Neo Commerce	Risk Profile	NPL	4,32	4,05	1,75	3,37	2 – < 5	2	Baik		✓				PK-2 (Sehat)
		LDR/LFR	94,14	92,95	52,63	79,91	75 – < 85	2	Baik		✓				
	GCG	Self Assessment	2,47	2,56	2	2,34	1,5 – 2,5	2	Baik		✓				
		ROA	0,37	0,34	-13,71	-4,33	Negatif	5	Tidak Baik					✓	
	Earnings	NIM	4,86	4,03	5,15	4,68	> 3	1	Sangat Baik	✓					
	Capital	CAR	29,35	32,78	55,49	39,21	> 12	1	Sangat Baik	✓					
Nilai Komposit		30								10	12	-	-	1	23/30 × 100% = 76,7%
Bank Jago	Risk Profile	NPL/NPF	2,05	0	0,58	0,88	< 2	1	Sangat Baik	✓					PK-2 (Sehat)
		LDR/LFR	47,54	111,07	145,86	101,49	100 – < 120	4	Kurang Baik				✓		
	GCG	Self Assessment	2	2	1,6	1,87	1,5 – 2,5	2	Baik		✓				
		ROA	-15,89	-11,27	0,1	-9,02	Negatif	5	Tidak Baik					✓	
	Earnings	NIM	2,05	4,74	7,42	4,74	> 3	1	Sangat Baik	✓					
	Capital	CAR	148,28	91,38	169,92	136,53	> 12	1	Sangat Baik	✓					
Nilai Komposit		30								15	4	-	2	1	22/30 × 100% = 73,3%

Figure 2. Health Level Assessment of Bank Neo Commerce and Bank Jago in 2019 – 2021

Based on the results of research using the RGEC method at Bank Neo Commerce and Bank Jago in 2019 – 2021, the following analysis results were obtained:

Risk Profile

a. NPL

The average health assessment rate of Bank Neo Commerce is at a value of 3.37% which is weighted 2% – < 5%. With this weight, the ranking is 2 with a Good predicate. Meanwhile, Bank Jago has an average NPL value of 0.88%, which is in the range of < 2%. This indicates that Bank Jago is ranked 1st with the Very Good predicate. Based on this information, it can be concluded that both banks are able to overcome the NPL value while maintaining its value below the Financial Services Authority (OJK) standard, which is 5% in 2019 – 2021. When viewed from the weight of the rating, Bank Neo Commerce has a Good predicate and Bank Jago has a Very Good predicate.

b. LDR

The health level of banks with LDR / LFR ratios shows that Bank Neo Commerce has an average value of 79.91% which is included in the weight of 75% – < 85%. At this weight, the rank is 2 with the Good predicate. As for Bank Jago itself, it has a value of 101.49%, which is included in the weight range of 100% - < 120%. If included in this weight, Bank Jago's LDR / LFR value is ranked 4 with a **Less Good predicate**. So in terms of LDR / LFR in 2019 – 2021, Bank Neo Commerce is superior to Bank Jago.

1. Good Corporate Governance

The self-assessment conducted by Bank Neo Commerce ranked 2nd. For this rank, the predicate is **Good**. Meanwhile, the self-assessment conducted by Bank Jago also ranked 2nd with a Good predicate. This means that in 2019 – 2021 Bank Neo Commerce and Bank Jago have implemented good corporate governance.

2. Earnings

a. ROA

The average value of *ROA* ratio from Bank Neo Commerce and Bank Jago. Based on these data, it is known that *Bank Neo Commerce's ROA has a value of -4.3% which is in the negative weight range*. So that means, the rank is 5 with the title **Not Good**. Then for Bank Jago has an *ROA* value of -9.02%. Because the score is also negative, the rank is 5 with the predicate **Not Good**. So if the two banks are compared from this side, it can be understood that Bank Neo Commerce and Bank Jago both have unsafe values or cannot be said to be healthy.

b. NIM

The assessment of the health level of the *NIM* ratio states that Bank Neo Commerce has an average value of 4.68%. If measured from the weight, then this value is in the range of > 3% where the rank is 1 with the Very Good predicate. Then for Bank Jago it has a value of 4.74% which is also in the range of > 3%. Then the rank is 1 with the title **Very Good**. So when viewed from this ratio, Bank Neo Commerce and Bank Jago are both superior with the same level of health.

3. Capital

The average value of *CAR* from Bank Neo Commerce is 39.21% which is in the range of > 12%. This indicates that the rating is 1 with an Excellent predicate. Meanwhile, Bank Jago has a *CAR* value of 136.53%, which is also in the range of > 12%. So Bank Jago's rating from the *CAR* ratio is 1 with a **Very Good predicate**. The result of the comparison obtained is that Bank Neo Commerce and Bank Jago both have superior values and can be said to be healthy.

4. Tingkat Kesehatan Bank

Bank Neo Commerce pada tahun 2019 – 2021 memperoleh nilai rata-rata PK sebesar 76,7%. Untuk nilai ini, maka rata-ratanya berada di antara bobot 71% - 85% dengan PK-2 yang mencerminkan kondisi **Sehat**. Karena Bank Neo Commerce sudah menyandang predikat **Sehat**, maka bisa diartikan bahwa bank ini mampu menghadapi dampak yang berpengaruh negatif baik dari faktor internal maupun eksternal. Meskipun ada kelemahan di beberapa faktor dan rasio, namun hal tersebut tidak berpengaruh signifikan.

Lalu pada Bank Jago, nilai rata-rata PK-nya adalah 73,3% yang berada di kisaran bobot 71% - 85%. Nilai ini menunjukkan bahwa Bank Jago juga ada di PK-2 yang bisa dikategorikan dalam kondisi **Sehat**. Hal ini mengindikasikan bahwa kondisi Bank Jago dan Bank Neo Commerce adalah sama. Bank Jago dinilai cukup mampu menghadapi segala pengaruh dari internal dan eksternal dengan baik meski persentasenya tidak lebih unggul dari Bank Neo Commerce.

CONCLUSION

Bank Health Rate

Bank Neo Commerce in 2019 – 2021 obtained an average PK value of 76.7%. For this value, the average is between the weights of 71% - 85% with PK-2 reflecting **healthy conditions**. Because Bank Neo Commerce already holds the title of **Healthy**, it can be interpreted that this bank is able to deal with negative impacts both from internal and external factors. Although there are weaknesses in some factors and ratios, they do not have a significant effect.

Then at Bank Jago, the average PK value is 73.3% which is in the weight range of 71% - 85%. This value shows that Bank Jago is also in PK-2 which can be categorized as **Healthy**. This

indicates that the conditions of Bank Jago and Bank Neo Commerce are the same. Bank Jago is considered quite capable of dealing with all internal and external influences well even though the percentage is not superior to Bank Neo Commerce.

IMPLICATIONS

Through the results of research and conclusions that have been obtained, there are implications that researchers can convey as follows:

- Bank Neo Commerce and Bank Jago are expected to be able to pay attention to several financial ratios that obtain Good, Less Good, and Not Good predicates so that the value will be better in the future. Financial ratios that have obtained the Very Good predicate are expected to be maintained.
- Further researchers who want to research about this concentration are expected to expand the scope of their research. For example, adding other ratios as a measuring tool of the *RGEC* method used. If the ratio is added, it is hoped that the research will be more accurate and reliable.

People who want to use digital banking services can take advantage of the results of this research to function as a reference in their elections. Stakeholders *and* the public are expected to be able to choose a quality and healthy digital bank.

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