

The Comparative Analysis of Risk Profile, Good Corporate Governance, Earning, Capital (RGEC) of PT Bank Artha Graha International Tbk between of 2019 and 2020

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Abstract: This study aims to determine the difference in the soundness of Bank PT Artha Graha International Tbk in 2019 and 2020. The method used is RGEC with the Wilcoxon test analysis tool. Based on the research results that there is no difference in the performance of Artha Graha International bank between 2019 and 2020, but it is not constant because there is no significant increase in Return on Assets (ROA) and no significant decrease in performance with the ratio, namely Non Performing Loan (NPL), Loan to Deposit Ratio (LDR), Net Interest Margin (NIM) and Capital Adequacy Ratio (CAR), and 1 (one) ties performance is Good Corporate Governance (GCG).

Keywords: Bank Health and Risk profile, Good Corporate Governance, Earning, Capital (RGEC).

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INTRODUCTIONS

An healthy bank is a bank that can perform its functions properly. In other words, a healthy bank is a bank that is able to keep and maintain the trust of the community, can do the intermediary function, it can help smooth the payment as well as traffic can be used by the Government in carrying out a wide range of its policies, especially monetary policy.

PT Bank Artha Ghara International Tbk as a private bank located in Indonesia whose shares are sold on the Indonesian stock exchange, Bank artha Ghara international in 2019 received several awards as listed below.

Based on data from PT Bank Artha Graha International Tbk of 2019 have award that are "On February 22, 2019, PT Bank Artha Graha Internasional, Tbk successfully won the Indonesia Corporate Secretary " Corporate Communication Award IV 2019 for the Gold Category which was held by Economic Review Magazine. On May 16, 2019, PT Bank Artha Graha Internasional, Tbk was awarded Rank III for Conventional Commercial Banks held by Infobank Magazine. On May 16, 2019, PT Bank Artha Graha Internasional, Tbk was awarded Rank III Savings - Conventional Commercial Bank which was held by Infobank Magazine.. On 23 August 2019, PT Bank

Artha Graha Internasional, Tbk managed to get a Rank II award for The Best Indonesia GCG Implementation - 2019, Category: Public Bank Company - BUKU II held by Economic Review Magazine "(Bank Artha Graha Internasional, 2019) .

Assessment results show that: (1) the level of bank health in terms of the risk profile aspects of 2016 to 2019 are in the good category (2) the level of bank health in terms of Good Corporate Governance in 2016 - 2019 are at a healthy composite value (3) health level banks in terms of Earnings in 2016 to 2019 both categories with the efforts of the bank to increase income (4) the soundness of the bank in terms of Capital in 2016 - 2019 classified as healthy (5) assessment of the soundness of the bank is still in the good category and the bank continues to improve performance to face the risks faced in the future.(Istia. C. E, 2020). The result are not difference significant between the Performance Ratio of Bank HSBC in 2018 and Performance Ratio of Bank HSBC in 2017. (Rosdiana. R, 2019). The results is BPD Riau dan Kepulauan Riau performance bank between 2017 and 2018 is not difference. (Faizal H & Sari. A, 2019). The Bank's Health Level in terms of RGEC at Sharia Commercial Banks in the period of 2013, 2014, and 2015 are in healthy criteria, so it is considered very capable of facing significant negative impacts from changes in business conditions and other external

factors. (Kusnanto 2018). Regarding the soundness of banks at Bank Mandiri, BRI and BNI for the period 2011 – 2015, the risk profile on the credit risk aspect is measured by the NPL (Non Performing Loan) ratio, the liquidity risk aspect is measured by the LDR (Loan to Deposit) ratio. Ratio), GCG consists of 11 aspects of assessment, Earning is measured by the ratio of ROA and NIM, Capital is measured by CAR. The results showed that the three general banks were in good health, although there were some aspects of the assessment that were still in a fairly good level of health. (Maecellina & Imam, 2018). BNI bank period 2013 – 2017 using NPL, LDR as risk assessment indicators, the results of the analysis state that credit risk management is in a healthy condition so that the bank's ability to manage credit is still quite good (Marganingsih, 2018). The study on the soundness of banks at Bank Negara Indonesia for the period 2013 – 2017, risk profile using LDR and NPL ratios, GCG, earnings ratios using ROA and CAR on capital revealed that the assessment of BNI's soundness level shows the predicate bank soundness in accordance with the standards set by Bank Indonesia (Nufus Muchtar & Triyanto, 2019). The research results show that there is no difference between the financial performance of Bank Jatim in year 2018 and year 2019. (Kurniawati. S, 2021)

2. MATERIALS AND METHODS

A. Bank Health

According to Budisantoso and Nuritmo (2016), bank health is the ability of a bank to carry out banking operations normally and is able to fulfill all its obligations properly in ways that are in accordance with applicable banking regulations.

B. RGEC (Risk Profile, Good Corporate Governance, Earning and Capital)

1. Risk Profile

Assessment of risk profile factors is carried out with an assessment of inherent risk and the quality of risk management implementation, in the bank's operational activities on 8 (eight) risks, as follow:

a. Credit Risk

Credit risk is the risk due to failure of the debtor and / or other parties to fulfill obligations to the bank. Credit risk generally exists in all bank activities whose performance depends on the performance of the counterparty, issuer, or borrower (borrower).

The credit ratio is calculated using the Non Performing Loan (NPL) ratio. Non-Performing Loan (NPL) is the ratio used to calculate the percentage of total non-performing loans faced by banks. NPL can be formulated as follows:

$$\text{NPL} = \frac{\text{Non-Performing Credit}}{\text{Total Credit}} \times 100\%$$

(Source: Bank Indonesia: SE No 13/24 / DPNP / 2011)

Non-performing loans are all non-bank third party loans with a collectibility of substandard,

doubtful, and loss. Total credit is credit to non-bank third parties.

b. Market Risk

Market risk is the risk in the balance sheet and off-balance sheet positions, including derivative transactions, due to changes in market conditions, including the risk of changes in option prices. Market risk includes, among others, interest rate risk, exchange rate risk, equity risk and commodity risk. The position coverage of the trading book and banking book refers to the provisions of Bank Indonesia regarding the minimum capital requirement by taking into account market risk.

c. Liquidity Risk

Liquidity risk is the risk due to the inability of the bank to meet its obligations due from cash flow funding sources, and / or from high quality collateralized liquid assets, without disrupting the activities and financial condition of the bank. The liquidity ratio is calculated using the Loan to Deposit Ratio (LDR) ratio. Loan to Deposit Ratio (LDR) can be formulated as follows:

$$\text{LDR} = \frac{\text{Total Credits}}{\text{Third Party Fund}} \times 100\%$$

(Source: Bank Indonesia: SE No 13/24 / DPNP / 2011)

d. Operational Risk

Operational risk is the risk due to inadequacy and / or malfunctioning of internal processes, human error, system failure, and / or external events that affect bank operations. Sources of operational risk can be caused by, among others, human resources, processes, systems and external events.

e. Legal Risk

Legal risk is the risk that arises as a result of legal claims and / or weaknesses in juridical aspects. This risk may also arise due to, among other things, the absence of the underlying laws and regulations or the weaknesses of the engagement, such as not fulfilling the validity of the contract or insufficient collateral.

f. Strategic Risk

Strategic risk is the risk due to the bank's inaccuracy in making decisions and / or implementing strategic decisions as well as failure to anticipate changes in the business environment.

g. Compliance Risk

Compliance risk is the risk that arises as a result of a bank not complying with and or not implementing the prevailing laws and regulations.

h. Reputation Risk

Reputation risk is the risk due to a decrease in the level of stakeholder trust that comes from negative perceptions of the bank.

According to Prastyananta, et al (2016) of the eight risks that exist only using two risks, namely

liquidity risk (LDR) and credit risk (NPL) because both of them have clear criteria in their ranking as well the measurement is done with a quantitative approach. Regarding the risk profile aspect, it can be seen in two indicators namely liquidity risk in LDR and credit risk in NPL (Alawiyah, 2016).

2. Good Corporate Governance (GCG)

Based on Bank Indonesia Circular Letter No.15 / 15 / DPNP / 2013 concerning the implementation of Good Corporate Governance for commercial banks, it states that banks are required to carry out their business activities based on the principles of GCG to protect the interests of stakeholders, improve compliance with laws and regulations, applicable invitation and ethical values generally accepted in the banking industry. Good Corporate Governance (GCG) According to Bank Indonesia regulation data number 15/15 / DPNP / 2013, the bank soundness level from the GCG factor has the following priority scales: 1 = very healthy, 2 = healthy, 3 = quite healthy, 4 = less healthy, 5 = unhealthy (Bank Indonesia, 2013).

3. Earning

According to Kasmir (2017) states that profitability is an aspect used to measure a bank's ability to increase profits. Earning or profitability is a measure of the level of income, in calculating earnings the following formula is used:

a. Return on Asset (ROA)

$ROA = \text{Profit before tax} / \text{Average Total Assets} \times 100\%$ (Source: Bank Indonesia SE No 13 / 24 / DPNP / 2011)

b. Net Interest Margin (NIM)

$NIM = \text{Net interest income} / \text{Average Earning Assets} \times 100\%$ (Source: Bank Indonesia SE No 13/24 / DPNP / 2011)

4. Capital

According to Suhardjono (2019) CAR is "capital adequacy which shows the bank's ability to maintain adequate capital and the ability of bank management to identify, measure, increase, and control risks that arise that can affect a large amount of bank capita (Suhardjono, 2017).

$CAR = \text{Risk Weighted Capital} / \text{Assets} \times 100\%$ (Source: Bank Indonesia SE No 13/24 / DPNP / 2011)

3. RESULTS AND DISCUSSION

Bank Profile

Bank Artha Graha Internasional domiciled in South Jakarta was originally established under the name PT Inter-Pacific Financial Corporation based on Deed No. 12 dated September 7, 1973, drawn up before Bagijo, SH, successor of Eliza Pondaag, SH, at that time Notary in Jakarta, with the scope of business as a

non-bank financial institution, which has been approved by the Minister of Justice of the Republic of Indonesia with Decree Number YA5 / 2/12 dated January 3, 1975, and has been announced in the State Gazette of the Republic of Indonesia Number 6 dated January 21, 1975 Supplement Number 47.

On 23 August 1990, PT Inter-Pacific Financial Corporation listed its shares on the Jakarta Stock Exchange and the Surabaya Stock Exchange.

Based on Deed Number 67 dated May 19, 1992, drawn up before Adam Kasdarmadji, SH, at that time a Notary in Jakarta, and announced in the State Gazette of the Republic of Indonesia Number 10 dated February 2, 1993 Supplement Number 591, PT Inter-Pacific Financial Corporation changed its name to PT Inter-Pacific Bank. On February 24, 1993, PT Inter-Pacific Bank obtained a business license as a commercial bank with the Decree of the Minister of Finance of the Republic of Indonesia Number 176 / KMK.017 / 1993.

Based on Deed No. 44 dated June 13, 1997 in conjunction with Deed No. 8 dated January 15, 1998, both were drawn up before Sri Nanning, SH, at that time Notary in Jakarta, and have been published in the State Gazette of the Republic of Indonesia Number 70 dated September 1, 1998 Supplement Number 5056, PT Inter-Pacific Bank changed its name to PT Bank Inter-Pacific, Tbk.

On April 9, 1999, PT Bank Inter-Pacific, Tbk filed an application for the delisting of shares on the Surabaya Stock Exchange, and on April 19, 1999, the Surabaya Stock Exchange gave its approval for the request to cancel the listing.

On April 14, 2005, PT Bank Inter-Pacific Tbk signed the Deed of Merger Number 17, drawn up before Imas Fatimah, S.H., at that time Notary in Jakarta, where PT Bank Artha Graha merged into PT Bank Inter-Pacific Tbk. The merger has received permission from Bank Indonesia Number 7/32 / KEP. GBI / 2005 dated 15 June 2005, and became effective on 11 July 2005.

Based on Deed Number 27 dated July 12, 2005, drawn up before Imas Fatimah, S.H., at that time a Notary in Jakarta, and had obtained permission from Bank Indonesia by Decree of the Governor of Bank Indonesia Number 7/49 / KEP. GBI / 2005 dated 16 August 2005, PT Bank Inter-Pacific Tbk changed its name to Bank Artha Graha Internasional which was announced in the State Gazette of the Republic of Indonesia Number 101 dated 19 December 2006, Supplement Number 13128. (arthagraha.com)

Bank Performance

Table-1: PT Bank Artha Graha International Tbk Performance

| Performance Ratio | 2019 (%) | 2020 (%) |
|------------------------------------|----------|----------|
| 1. Risk Profile | | |
| a. Non Performing Loan (NPL) | 4.25 | 3.14 |
| b. Loan to Deposit Ratio (LDR) | 68.29 | 48.79 |
| 2. Good Corporate Governance (GCG) | 200 | 200 |
| 3. Earning | | |
| a. Return on Asset (ROA) | -0.3 | 0.11 |
| b. Net Interest Margin (NIM) | 4.77 | 2.99 |
| 4. Capital | | |
| Capital Adequacy Ratio (CAR) | 18.55 | 16.37 |

Source: Otoritas Jasa Keuangan (2019, 2020)

A. RESULT

Statistic Test Result

Table-2: Validity Test

| Case Processing Summary | | | | | | | |
|-------------------------|-----------|-------|---------|---------|---------|-------|---------|
| Year | | Cases | | | | | |
| | | Valid | | Missing | | Total | |
| | | N | Percent | N | Percent | N | Percent |
| Performance | Year 2019 | 6 | 100.0% | 0 | 0.0% | 6 | 100.0% |
| | Year 2020 | 6 | 100.0% | 0 | 0.0% | 6 | 100.0% |

Source: Data processing SPSS 26.

The sample of Artha Graha Bank on 2019 and 2020 is 100 % valid.

Table-3: Descriptives Test

| Descriptives | | | | | |
|--------------|------|----------------------------------|-------------|-------------|------------|
| Performance | Year | | | Statistic | Std. Error |
| | | Year 2019 | | Mean | |
| | | 95% Confidence Interval for Mean | Lower Bound | -1129.0667 | |
| | | | Upper Bound | 4390.0667 | |
| | | 5% Trimmed Mean | | 1432.4444 | |
| | | Median | | 451.0000 | |
| | | Variance | | 6914649.500 | |
| | | Std. Deviation | | 2629.57211 | |
| | | Minimum | | -3.00 | |
| | | Maximum | | 6829.00 | |
| | | Range | | 6832.00 | |
| | | Interquartile Range | | 2949.25 | |
| | | Skewness | | 2.144 | .845 |
| | | Kurtosis | | 4.665 | 1.741 |
| Year 2020 | | Mean | | 1223.3333 | 768.83595 |
| | | 95% Confidence Interval for Mean | Lower Bound | -753.0224 | |
| | | | Upper Bound | 3199.6890 | |
| | | 5% Trimmed Mean | | 1087.5926 | |
| | | Median | | 306.5000 | |
| | | Variance | | 3546652.267 | |
| | | Std. Deviation | | 1883.25576 | |
| | | Minimum | | 11.00 | |
| | | Maximum | | 4879.00 | |
| | | Range | | 4868.00 | |
| | | Interquartile Range | | 2294.75 | |
| | | Skewness | | 2.000 | .845 |
| | | Kurtosis | | 3.950 | 1.741 |

Source: Data processing SPSS 26

The mean on 2019 of 1,630.5000 and 2020 of 1,233.333 with standard error on 2019 of 1073.51832 and 2020 of 768.83595.

Table-4: Normality Test

| Tests of Normality | | | | | | | |
|--------------------|-----------|---------------------------------|----|------|--------------|----|------|
| | Year | Kolmogorov-Smirnov ^a | | | Shapiro-Wilk | | |
| | | Statistic | df | Sig. | Statistic | df | Sig. |
| Performance | Year 2019 | .336 | 6 | .033 | .684 | 6 | .004 |
| | Year 2020 | .352 | 6 | .019 | .705 | 6 | .007 |

a. Lilliefors Significance Correction
Source: data processing SPSS 26

The distribution of data is not normal. With the Normal plot as below.

Normal Q-Q Plots

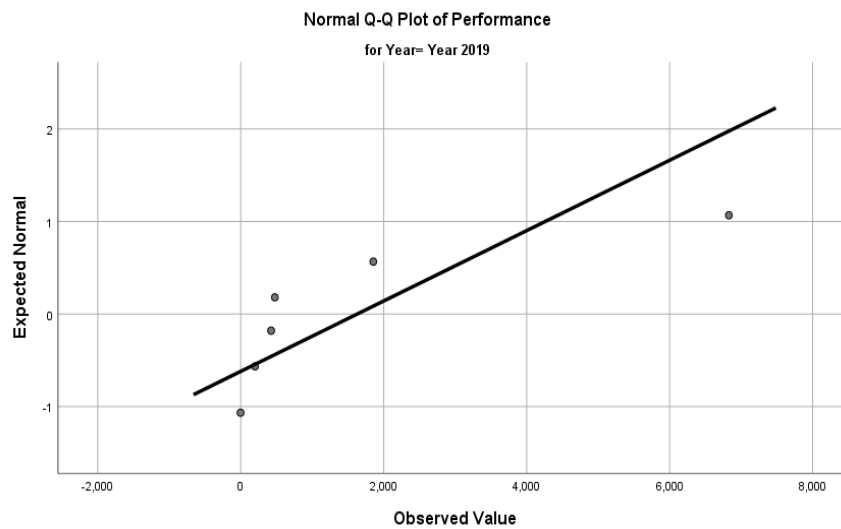


Fig-1: Normal Q-Q Plot of Performance on 2019
(source: Data processing SPSS 26)

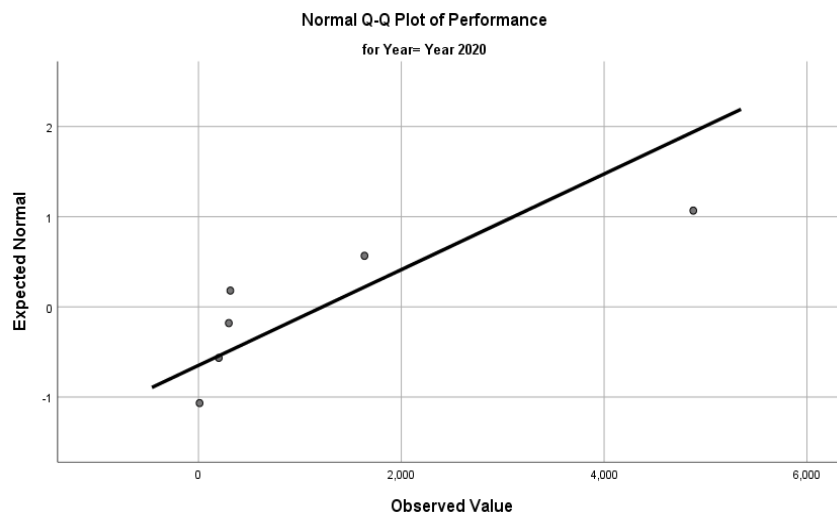


Fig-2: Normal Q-Q Plot of Performance 2020
(source: Data processing SPSS 26)

In connection with the data is not normally distributed because the value of sig is less than 0.05,

then for the different tests carried out using the Wilcoxon test

Wilcoxon Signed Ranks Test

Table-5: Wilcoxon Signed Ranks Test

| Ranks | | | | |
|--|----------------|----------------|-----------|--------------|
| | | N | Mean Rank | Sum of Ranks |
| Performance 2020 - Performance 2019 | Negative Ranks | 4 ^a | 3.50 | 14.00 |
| | Positive Ranks | 1 ^b | 1.00 | 1.00 |
| | Ties | 1 ^c | | |
| | Total | 6 | | |

a. Performance 2020 < Performance 2019

b. Performance 2020 > Performance 2019

c. Performance 2020 = Performance 2019

Source: Data processing SPSS 26

Based on table 4 that negative rank are 4 sample with mean rank of 3.50 and sum of ranks of 14.

and positive rank is 1 sample with mean rank of 1 and sum of ranks of 1, and 1 ties.

Table-6: Test Stastics of Wilcoxon

| Test Statistics ^a | |
|------------------------------|--|
| | Performance 2020 - Performance 2019 |
| Z | -1.753 ^b |
| Asymp. Sig. (2-tailed) | .080 |

a. Wilcoxon Signed Ranks Test

b. Based on positive ranks.

Source: Data processing SPSS 26

The Table of Test statistic show that asymp. sig (2-tailed) is 0.08 is lager than 0.05 the mean is that is not had difference performance of Bank Artha Graha International between 2019 and 2020.

B. DISCUSSION

Based on the result of the study that there was no difference in the performance of Artha Graha International bank between 2019 and 2020, but it was not constant because there was a slight decrease and a slight increase that was not significant, there are 4 (four) negative rank data which means there is a decrease in performance in the ratio, namely is Non Performing Loan (NPL), Loan to Deposit Ratio (LDR), Net Interest Margin (NIM) and Capital Adequacy Ratio (CAR), 1 (one) sample positive rank which mean 1 (one) an increasing in performance ratio is Return on assets (ROA), and 1 (one) sample ties is Good Corporate Governance (GCG).

The result that there was no difference, which is in line with the results of research by Rosdiana R, (2019), Faizal H & Sari A (2019) and Kurniawati S, (2021).

4. CONCLUSION AND RECOMMENDATIONS

Conclusion

Based on the discussion is no difference in the performance of Artha Graha International Bank between bank performance of 2019 and bank performance of 2020, but not constant because increase in risk profile means an increase in performance on risk

factors, a constant ratio of good Corporate Governance (GCG) while a decrease in profitability means a decrease in profitability performance (namely Net Interest Margin (NIM)) on the other hand, earnings increase in return on asset (ROA), the capital ratio experienced a decline (namely the Capital Adequacy Ratio).

Recommendation

Based on conclusion, Bank Artha Graha International is expected to improve performance on the ratio of Net Interest Margin (NIM) and Capital Adequacy Ratio (CAR).

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