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# Analysis of the Health Level of Sharia Banks Using the RGEC Method in 2019-2023

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**Abstract**

Indonesia embraces a dual banking framework where both conventional and Sharia banks operate simultaneously. This coexistence allows a diverse range of financial services to cater to various customer needs. Despite this, Sharia banking accounts for only 7.3% of the nation's total banking sector. This limited market share is indicative of challenges such as lower public awareness and less competitive financial products compared to conventional banks. Therefore, assessing the health of Sharia banks is essential for ensuring their sustainability, enhancing financial stability, and building public trust in their operations.This research examines the health of Sharia banks from 2019 to 2023, using the RGEC (Risk Profile, Good Corporate Governance, Earning, and Capital) method. A quantitative approach with descriptive analysis reveals that, on average, Sharia banks demonstrated varying degrees of health, with some excelling while others struggled to meet standards set by regulatory bodies. The result of this study is that in 2019 the health of Sharia commercial banks was ranked "quite healthy" which then improved in 2020 by getting a "healthy" rating, in the last 3 years the health of Sharia commercial banks has declined again with a rating of "quite healthy". The findings of this researc highlight specific areas for improvement and strategic growth within the sector.

**Keywords**: Sharia Banking; RGEC method; Bank Health

***Abstrak***

*Indonesia menerapkan kerangka perbankan ganda di mana bank konvensional dan bank syariah beroperasi secara bersamaan. Koeksistensi ini memungkinkan beragam layanan keuangan untuk memenuhi berbagai kebutuhan pelanggan. Meski demikian, perbankan syariah hanya menyumbang 7,3% dari total sektor perbankan nasional. Hal ini menunjukkan tantangan seperti rendahnya kesadaran masyarakat* *dan produk keuangan yang kurang kompetitif dibandingkan dengan bank konvensional. Oleh karena itu, penilaian tingkat kesehatan bank syariah sangat penting untuk memastikan keberlanjutan, meningkatkan stabilitas keuangan, dan membangun kepercayaan masyarakat terhadap operasional mereka. Penelitian ini menganalisis kesehatan bank syariah dari tahun 2019 hingga 2023 dengan menggunakan metode RGEC (Risk Profile, Good Corporate Governance, Earning, and Capital). Pendekatan kuantitatif dengan analisis deskriptif mengungkapkan bahwa, rata-rata, bank syariah menunjukkan tingkat kesehatan yang beragam, dengan beberapa unggul sementara yang lain berjuang untuk memenuhi standar yang ditetapkan oleh badan pengawas. Penelitian ini menunjukkan kesehatan bank Syariah yang fluktuatif .dari peringkat cukup sehat pada tahun 2019 ke peringkat shat pada tahun 2020 dan kembali ke peringkat cukup sehat dalam kurun waktu tiga tahun terakhir.*

**Kata Kunci:** *Bank Syariah, Metode RGEC, Kesehatan Bank*

## INTRODUCTION

Indonesia is among the few nations adopting a dual banking system, allowing conventional and Sharia banks to coexist (Sodik, 2023). This system allows individuals to choose financial services based on their preferences, whether interest-based (conventional) or Sharia-compliant. The establishment and operations of Sharia banking are governed by Law No. 21 of 2008 concerning Sharia Banking, which provides a legal framework for Sharia-compliant financial institutions in the country. Despite this regulatory support, Sharia banks continue to hold a relatively small share of the overall banking market (Rumasukun & Reza, 2022) Despite Sharia banking's steady growth since its inception in 1992 (Purnamasari, Fani, & Safitri, 2023), As of the most recent data, the market share of Sharia banks in Indonesia remains relatively limited, accounting for only around 7.2% of the total assets in the national banking industry, with total Sharia banking assets valued at approximately IDR 792 trillion (Laras, 2023). This indicates that, despite its rapid growth, Sharia banking still faces significant challenges in competing with conventional banks.

In the context of the financial system, the soundness of banks is a crucial aspect in ensuring stability and maintaining public trust in banking institutions. The financial health of a banking institution reflects its inherent stability and operational efficiency, which includes its ability to sustain public confidence, facilitate seamless payment mechanisms, and implement monetary policies effectively (Riftiasari, 2023). A deteriorating bank soundness condition not only impacts the individual institution but can also generate systemic risks that threaten the stability of the national economy (Pacelli, 2024).

Regulatory mandates from entities such as Bank Indonesia and the Financial Services Authority (OJK) require comprehensive evaluations of banking health through the RGEC framework. This approach provides a detailed analysis of key elements, including risk assessment, governance standards, financial performance, and capital sufficiency. Each bank is classified into one of five levels of financial health: very healthy, healthy, fairly healthy, unhealthy, and very unhealthy. (Dayyesi, 2023).

Sandi Nasrudin Wibowo and Yodi Rudiantono, 2022, bank competition is currently getting sharper by encouraging the emergence of various types of products and business systems in Sharia banking. This complexity has created a system and isolation in the banking world, one of which is shown in the level of health. The research method in this study is descriptive research with a quantitative approach by calculating financial ratios using the RGEC method. The results of this study show that Bank Muamalat and Bank BJB Syariah show that they are in the sufficient category in the 2015-2018 period (Rudiantono, 2022). Yetri Martika Sari, 2019, the growth of BUS both from total assets and number shows that Sharia Banks are growing, but the performance of BUS is not only seen from the value of assets and profits that have increased, there are other indicators that must be seen in assessing the bank's performance, namely the health level of the bank (Sari, 2019). Ditha Khiswaradewi *et al.,* 2023, bank Indonesia has established regulations regarding bank health so that banks are expected to always be healthy so that they do not harm the banking community, the emergence of various bankruptcy prediction models is a system of anticipation and early warning of the occurrence of financial distress, Therefore, action is needed to predict the bankruptcy aspect of Sharia commercial banks in Indonesia (Khiswaradewi, 2023).

Considering the phenomena described previously, this research aims to present a nuanced evaluation of the health conditions of Sharia banks by employing this holistic and structured methodology and evaluate the health level of Sharia commercial banks using the RGEC approach. This assessment aims to provide insights into the competitiveness of Sharia banking and the health status of the specific banks being investigated.

## LITERATURE REVIEW

### Sharia Banking

Sharia banks operate based on Sharia principles, emphasizing ethical finance and eliminating interest (riba). They aim to balance profit-making with social and religious obligations (Rusby, 2017). According to Law No. 21 of 2008 on Sharia Banking, these banks must carry out business activities based on Sharia principles or Sharia legal principles (Nurafini, 2022). These principles in question include the principles of justice and balance (*'adl wa tawazun*), benefit (*maslahah*), universalism (*alamiyah*), Furthermore, they must exclude elements such as *gharar, maysir, usury, tyranny,* and haram objects, as regulated by the fatwa of the Indonesia Ulema Council (CIMB NIAGA, 2020). The implementation of sharia principles is the primary factor that distinguishes Sharia banks from conventional banks.

**Health Level of Bank**

There is no single individual or originator who created the "bank health theory" as a whole, as it is the result of the development of various approaches in economics, finance, and banking regulation that have grown over the years. The concept was developed collectively by economists, financial practitioners, and regulatory agencies such as the Federal Reserve in the United States, the Bank for International Settlements (BIS), and the Basel Committee for Banking Supervision. However, CAMELS (which was previously used to assess the health of banks) was first introduced by the Federal Reserve in the United States in 1979 as a way to assess banks under their supervision. The use of CAMELS involves six aspects: Capital adequacy, Asset quality, Management quality, Earnings, Liquidity, and Sensitivity to market risk

According to Bank Indonesia Circular Letter No.6/23/DPNP in 2004, the Bank Health Level is the result of a qualitative assessment of various aspects that affect the condition or performance of a bank through the assessment of capital factors, asset quality, management, profitability, liquidity and sensitivity to market risks (Safitri, 2021). The theory of bank health refers to the evaluation of bank performance and stability through various indicators that include risk factors, capital management, profitability, and governance quality (Istiqoma, 2023). Usually, the methods used include RGEC (Risk Profile, Good Corporate Governance, Earnings, and Capital) analysis. By monitoring these aspects, the bank's health assessment aims to ensure that the bank can survive unstable economic conditions and maintain the trust of customers and regulators.

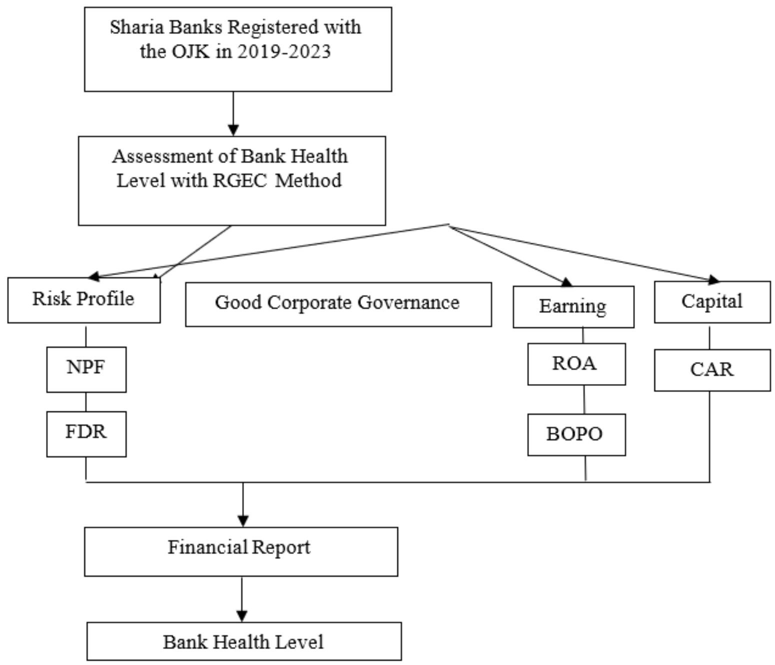
**RGEC Method**

The RGEC method is a development of the previous method, namely CAMELS. The assessment of the bank's health level using a risk-based approach is a comprehensive and structured assessment of the results of the integration of risk and performance profiles which include the implementation of good governance, profitability, and capital (Umum, 2011). The RGEC (Risk Profile, Good Corporate Governance, Earnings, and Capital) method evaluates bank health comprehensively. It includes:

1. Risk Profile**:** Measures credit and liquidity risks using Non-Performing Financing (NPF) and Financing to Deposit Ratio (FDR) (Sodik, 2023).
2. Good Corporate Governance (GCG): Assesses transparency, accountability, and compliance with governance standards (Ginting, 2012).
3. Earnings: Evaluates profitability through Return on Assets (ROA) and efficiency via Operating Expenses to Operating Income (BOPO) (Sodik, 2023).
4. Capital**:** Analyzes capital adequacy using the Capital Adequacy Ratio (CAR) (Jallow, 2023).

Previous studies highlight the RGEC method's efficacy in providing actionable insights into bank performance and stability.

**Figure 1**
Research Framework




Source: Data Processed, 2024

## RESEARCH METHODS

This study uses a quantitative method with a descriptive analysis approach. Microsoft Excel is an analysis tool used in the calculation of each factor of the RGEC method. The population in this study is all Indonesia Sharia Commercial Banks registered with the OJK from 2019-2024 which totals 14 Sharia Commercial Banks. Sampling in this study, the technique used is *purposive sampling*, which is a method of sampling that is carried out by selecting subjects based on specific criteria set by the researcher (Priadana, 2021).

The sample of this study uses the following criteria: Sharia Commercial Banks registered with the Financial Services Authority from 2019-2023, Sharia Commercial Banks that publish their financial statements in 2019-2023, Sharia Commercial Banks that provide quarterly financial statement data in 2019-2023 related to financial ratios are NPF, FDR, GCG, ROA, BOPO, and CAR and came out with 9 Sharia bank.

**Table 1**
Research Sample

| No | Sharia Commercial Banks |
|---|---|
| 1 | PT Bank Aceh Syariah |

| | |
|---|---|
| 2 | PT Bank Muamalat Indonesia |
| 3 | PT Bank Jabar Banten Syariah |
| 4 | PT Bank Mega Syariah |
| 5 | PT Bank Panin Dubai Syariah, Tbk |
| 6 | PT Bank Syariah Bukopin |
| 7 | PT BCA Syariah |
| 8 | PT Bank Tabungan Pensiunan Nasional Syariah, Tbk |
| 9 | PT Bank Aladin Syariah, Tbk |

**Source: (**Data processed, 2024)

# DISCUSSION

## Risk Profile Analysis

### NPF

Non-performing Financing is used in Sharia banking, to replace the concept of loans. NPF can be interpreted as a loan that has difficulty repaying (Ginting, 2012). Just like NPL, NPF is a non-performing loan. NPF is used to measure the level of financing problems faced by banks. The higher this ratio, the worse the quality of Sharia bank financing. According to the Codification of BI Regulations on Bank Health Level Assessment, the NPF is measured using the following formula:

$$NPF= \frac{\text{Problematic Financing}}{\text{Total Financing}} \times 100\ \%$$

**Table 2**

NPF (NonPerforming Financing) Rating Criteria Matrix

| Ratio | Composite Rating | Description |
|---|---|---|
| NPF < 2% | PK 1 | Very Healthy |
| 2% ≤ NPF <5% | PK 2 | Healthy |
| 5% ≤ NPF < 8% | PK 3 | Quite Healthy |
| 8% ≤ NPF < 12% | PK 4 | Unhealthy |
| NPF > 12% | PK 5 | Very Unhealthy |

Source: (Ginting, 2012)

**Table 3**

NPF Value of Sharia Commercial Banks in 2019-2023

| Sharia Commercial Banks | NPF | | | | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| | % | % | % | % | % |

| | | | | | |
|---|---|---|---|---|---|
| PT Bank Aceh Syariah | 1,29 | 1,53 | 1,35 | 0,96 | 1,28 |
| PT Bank Muamalat Indonesia | 5,22 | 4,81 | 0,67 | 2,78 | 2,06 |
| PT Bank Jabar Banten Syariah | 3,54 | 5,28 | 3,42 | 2,91 | 3,35 |
| PT Bank Mega Syariah | 1,72 | 1,69 | 1,15 | 1,09 | 0,98 |
| PT Bank Panin Dubai Syariah, Tbk | 3,81 | 3,38 | 1,19 | 3,31 | 3,78 |
| PT Bank Syariah Bukopin | 5,89 | 7,49 | 8,83 | 4,63 | 3,86 |
| PT BCA Syariah | 0,58 | 0,5 | 1,13 | 1,42 | 1,04 |
| PT Bank Tabungan Pensiunan Nasional Sharia, Tbk | 1,36 | 1,91 | 2,37 | 2,65 | 2,94 |
| PT Bank Aladin Syariah, Tbk | 0 | 0 | 0 | 0 | 0 |
| **Average** | **2,60** | **2,95** | **2,23** | **2,19** | **2,14** |

**Source: (**Data processed, 2024)

The NPF ratios across the sampled banks indicate varying levels of credit risk management. Most banks maintained NPF levels below 5%, reflecting healthy credit portfolios. The average NPF value of Sharia banks during 2019-2023 is 2.6%, 2.95%, 2.23%, 2.19%, and 2.14%, respectively. These figures consistently remain below the maximum threshold set by the Financial Services Authority (OJK), which classifies an NPF level below 5% as indicative of a sound financing quality. Therefore, the data confirms that Sharia banks have maintained a relatively low level of credit risk, suggesting effective credit risk management practices across the sector. The NPF ratios across the sampled banks indicate varying levels of credit risk management, yet all remain within acceptable and regulated boundaries, reinforcing the overall financial health and prudence of Sharia banking institutions.

## FDR

Financing to Deposit Ratio is a term in Sharia banking. Just like LDR, FDR also has an intermediation function in Sharia banks (Ginting, 2012). FDR is used because in Sharia banking the term debt is not known. Sharia banks only know the term financing in practice. According to the Codification of BI Regulations on Bank Health Level Assessment, the FDR measurement uses the following formula:

$$FDR = \frac{\text{Total Financing}}{\text{Total Third-Party Funds}} \times 100\ \%$$

**Table 4**

FDR (Financing to Deposit Ratio) Rating Criteria Matrix

| Ratio | Composite Rating | Description |
|---|---|---|
| 50% < FDR < 75% | PK 1 | Very Healthy |
| 75% ≤ FDR < 85% | PK 2 | Healthy |
| 85% ≤ FDR < 100% | PK 3 | Quite Healthy |

| | | |
|---|---|---|
| 100% ≤ FDR < 120% | PK 4 | Unhealthy |
| FDR > 120% | PK 5 | Very Unhealthy |

Source: (Surat Edaran Bank Indonesia No.13/24/DPNP)

The following is a table that illustrates the value of FDR at Sharia Commercial Banks in Indonesia in 2019-2023

**Table 5**
FDR Value of Sharia Commercial Banks in 2019-2023

| Sharia Commercial Banks | FDR | | | | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| | % | % | % | % | % |
| PT Bank Aceh Syariah | 68,64 | 70,82 | 68,06 | 75,44 | 76,38 |
| PT Bank Muamalat Indonesia | 73,51 | 69,84 | 38,33 | 40,63 | 47,14 |
| PT Bank Jabar Banten Syariah | 93,53 | 86,64 | 81,55 | 81 | 85,23 |
| PT Bank Mega Syariah | 94,53 | 63,94 | 62,84 | 54,63 | 71,85 |
| PT Bank Panin Dubai Syariah, Tbk | 95,72 | 111,7 | 107,56 | 97,32 | 91,84 |
| PT Bank Syariah Bukopin | 93,48 | 196,7 | 92,97 | 92,47 | 93,79 |
| PT. BCA Syariah | 91 | 81,3 | 81,4 | 80 | 82,3 |
| PT Bank Tabungan Pensiunan Nasional Sharia, Tbk | 95,27 | 97,37 | 95,17 | 95,68 | 93,78 |
| PT Bank Aladin Syariah, Tbk | 506 | 0,13 | 0 | 173,27 | 95,31 |
| **Average** | **134,63** | **86,50** | **69,76** | **87,83** | **82** |

Source: Data processed, 2024

The average FDR value of Sharia banks during 2019-2023 is 134.63%, 86.5%, 69.76%, 87.83% and 82%, respectively. It can be seen that in 2021 and 2023 FDR's value has increased, which means that it is ranked healthy. This shows that during this period Sharia banks had a fairly good ability to fulfill their short-term obligations when billed by depositors by relying on the credit provided as a source of liquidity. However, liquidity risks, as measured by FDR, showed fluctuations, with some banks exceeding optimal levels, indicating potential liquidity management challenges.

## Good Corporate Governance (GCG)

The bank's Good Corporate Governance implementation assessment considers GCG assessment factors in a comprehensive and structured manner, including governance structure, governance process, and governance outcome (Ginting, 2012). Based on SE BI No. 15/15/DPNP of 2013, banks are required to conduct their assessments periodically, covering four aspects of GCG implementation assessment.

**Table 6**
GCG (Good Corporate Governance) Rating Criteria Matrix

| Ratio | Composite Rating | Description |
|---|---|---|
| GCG < 1.5 | PK 1 | Very Healthy |
| 1.5 ≤ GCG < 2.5 | PK 2 | Healthy |
| 2.5 ≤ GCG < 3.5 | PK 3 | Quite Healthy |
| 3.5 ≤ GCG < 4.5 | PK 4 | Unhealthy |
| GCG > 4.5 | PK 5 | Very Unhealthy |

Source: Bank Indonesia Circular Letter No.13/24/DPNP

GCG and Maqashid sharia have a close relationship because they both aim to create fair, transparent, and accountable system This alignment is particularly evident in the shared objective of promoting justice (*al-'adl*) and preventing harm (*mafsadah*) in financial practices. The principles of Maqashid Sharia are compatible with modern governance frameworks, as both advocate for ethical behavior, social responsibility, and the protection of stakeholders' rights. Therefore, implementing GCG in Sharia banks not only fulfills regulatory requirements but also reinforces Sharia objectives in ensuring public trust and institutional integrity. (Ismai, Chik, & Ali, 2022) The following table illustrates the results of the self-assessment of Sharia Commercial Banks in Indonesia in 2019-2023:

**Table 7**
Results of Sharia Commercial Bank Self-Assessment 2019-2023

| Sharia Commercial Banks | GCG | | | | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| PT Bank Aceh Syariah | 2 | 2 | 2 | 2 | 2 |
| PT Bank Muamalat Indonesia | 3 | 3 | 2 | 2 | 2 |
| PT Bank Jabar Banten Syariah | 3 | 3 | 3 | 3 | 2,5 |
| PT Bank Mega Syariah | 1,5 | 2 | 2 | 2 | 1,5 |
| PT Bank Panin Dubai Syariah, Tbk | 2 | 2 | 2 | 2 | 2 |
| PT Bank Syariah Bukopin | 2,6 | 3 | 3 | 3 | 2 |
| PT BCA Syariah | 1 | 1 | 1 | 1 | 1,5 |
| PT Bank Tabungan Pensiunan Nasional Sharia, Tbk | 2 | 2 | 2 | 2 | 2 |
| PT Bank Aladin Syariah, Tbk | 2 | 2 | 2 | 2 | 2 |
| **Average** | **2,12** | **2,22** | **2,11** | **2,11** | **1,94** |

Source: Data processed, 2024

Of the nine Sharia Commercial Banks, there are no banks that have GCG factors that are included in the poor and bad rankings. The average GCG value in Sharia banks in 2019-2023 is 2.12, 2.22, 2.11, 2.11, and 1.94 with healthy criteria, which shows that in 2019-2023he quality of management of Sharia banks for the implementation of GCG principles has been running well, so that in those five years Sharia banks are classified as trusted banks. The implementation of good GCG will increase stakeholder confidence to make transactions with the bank concerned because by looking at the GCG value, stakeholders can find out the risks that may occur when making transactions with the bank.

**Earnings Performance**

ROA

Return on Asset is a ratio that shows the return on the amount of assets that will be used in the company (Ginting, 2012). ROA has a fairly close relationship with Sharia banks where a high ROA shows that the bank can manage its assets well, creating profits that can be used for the benefit of the people, such as for productive and sustainable financing (Khunaifi & Umam, 2019). According to SE OJK No. 10/SEOJK.03/2014 Attachment ROA measurement using the formula:

$$\text{ROA}= \frac{\text{Profit Before Tax}}{\text{Total Asset}} \times 100\ \%$$

**Table 8**

ROA (Return on Asset) Rating Pegging Criteria Matrix

| Ratio | Composite Rating | Description |
|---|---|---|
| ROA > 1.5% | PK 1 | Very Healthy |
| 1.25% < ROA ≤ 1.5% | PK 2 | Healthy |
| 0.5% < ROA ≤ 1.25% | PK 3 | Quite Healthy |
| 0% < ROA ≤ 0.5% | PK 4 | Unhealthy |
| ROA ≤ 0% | PK 5 | Very Unhealthy |

Source: (Ginting, 2012)

The following is a table that illustrates the ROA value of Sharia Commercial Banks in Indonesia in 2019-2023:

**Table 9**

ROA Value of Sharia Banks in 2019-2023

| Sharia Commercial Banks | ROA | | | | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| | % | % | % | % | % |
| PT Bank Aceh Syariah | 2,33 | 1,73 | 1,87 | 2 | 2,05 |

| | | | | | |
|---|---|---|---|---|---|
| PT Bank Muamalat Indonesia | 0,05 | 0,03 | 0,02 | 0,09 | 0,02 |
| PT Bank Jabar Banten Syariah | 0,6 | 0,41 | 0,96 | 1,14 | 0,62 |
| PT Bank Mega Syariah | 0,89 | 1,74 | 4,08 | 2,59 | 1,96 |
| PT Bank Panin Dubai Syariah, Tbk | 0,25 | 0,06 | -6,72 | 1,79 | 1,62 |
| PT Bank Syariah Bukopin | 0,04 | 0,04 | -5,48 | -1,27 | -7,13 |
| PT BCA Syariah | 1,2 | 1,1 | 1,1 | 1,3 | 1,5 |
| PT Bank Tabungan Pensiunan Nasional Sharia, Tbk | 13,58 | 7,16 | 10,72 | 11,43 | 6,34 |
| PT Bank Aladin Syariah, Tbk | 11,15 | 6,19 | -8,81 | -10,85 | -4,22 |
| **Average** | **3,34** | **2,05** | **-0,25** | **0,91** | **0,31** |

Source: Data processed, 2024

Of the nine Sharia Commercial Banks studied above, it shows that there are still several banks that are ranked unhealthy and unhealthy. This shows that the profit earned is smaller than the total assets owned. The average ROA value of Sharia banks in the 2019-2023 periods is 3.34%, 2.05%, -0.25%, 0.91%, and 0.31%, respectively.

Overall, the ROA owned by Sharia banks during the 2019-2020 was in a very healthy state, in 2021 in the unhealthy criteria, in 2022 and 2023 in the fairly healthy criteria. These findings indicate instability in the profitability performance of Sharia banks, which may reflect internal inefficiencies. This is supported by the research of Sjarief et al., who found that internal factors such as Non-Performing Financing (NPF), Capital Adequacy Ratio (CAR), and SBIS returns significantly influenced ROA, while the Financing to Deposit Ratio (FDR) showed no significant effect (Sjarief, Ghoni, & & Affandi, 2023). This confirms that Sharia banks' profitability is highly dependent on effective risk and capital management.

**BOPO**

Operating Expenses Operating Income is a company's ratio that compares operating expenses with operating income. This ratio is used to measure the level of efficiency and ability of banks to carry out their operational activities (Ginting, 2012). A well-managed BOPO supports the achievement of sharia maqashid because it can improve efficiency, fairness, and sustainability in the management of bank resources. Proper cost management allows Sharia banks to provide greater benefits to the community, maintain assets and social welfare, and support more stable and fair economic balance. According to OJK SE No. 10/SEOJK.03/2014 Attachment

BOPO measurement uses the formula:

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

**Table 10**

Matrix of BOPO (Operating Expenses to Operating Income) Rating Criteria

| Ratio | Composite Rating | Description |
|---|---|---|
| BOPO < 83% | PK 1 | Very Healthy |
| 83% < BOPO ≤ 85% | PK 2 | Healthy |
| 85% < BOPO ≤ 87% | PK 3 | Quite Healthy |
| 87% < BOPO ≤ 89% | PK 4 | Unhealthy |
| BOPO > 89% | PK 5 | Very Unhealthy |

Source: (Ginting, 2012)

The following is a table describing the BOPO value of Sharia Commercial Banks in 2019-2023:

**Table 11**

BOPO Value of Sharia Commercial Banks in 2019-2023

| Sharia Commercial Banks | BOPO | | | | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| | % | % | % | % | % |
| PT Bank Aceh Syariah | 76,95 | 81,5 | 78,37 | 76,66 | 77 |
| PT Bank Muamalat Indonesia | 99,5 | 99,45 | 99,29 | 96,62 | 99,41 |
| PT Bank Jabar Banten Syariah | 93,93 | 95,41 | 88,73 | 84,9 | 92,31 |
| PT Bank Mega Syariah | 93,71 | 85,52 | 64,64 | 67,33 | 76,69 |
| PT Bank Panin Dubai Syariah, Tbk | 97,74 | 99,42 | 202,74 | 76,99 | 80,55 |
| PT Bank Syariah Bukopin | 99,6 | 97,73 | 180,25 | 115,76 | 206,2 |
| PT. BCA Syariah | 87,6 | 86,3 | 84,8 | 81,6 | 78,6 |
| PT Bank Tabungan Pensiunan Nasional Sharia, Tbk | 58,07 | 72,42 | 59,97 | 58,12 | 76,24 |
| PT Bank Aladin Syariah, Tbk | 84,7 | 56,16 | 428,4 | 354,75 | 128,7 |
| **Average** | **87,98** | **85,99** | **143,02** | **112,5** | **102** |

Source: Data processed, 2024

The average BOPO value of Sharia banks during 2019-2023 is 87.98%, 85.99%, 143.02%, 112.5% and 102%, respectively. It can be seen that in 2019 Sharia banks were rated unhealthy, in 2020 were rated moderately healthy, and in 2021-2023 it was rated unhealthy. This consistently high BOPO ratio indicates that Sharia banks have not been able to efficiently manage their operational costs, which can lead to decreased profitability. This finding is in line with the study by Kusumaningrum and Maika, which shows that BOPO has a significant negative effect on Return on Assets (ROA) at PT Bank Syariah Bukopin. Their results emphasize that the higher the BOPO, the lower the bank's profitability, due to the inefficient use of operational resources. (Kusumaningrum & Maika, 2024)

**Capital Adequacy**

Capital Adequacy Ratio is a bank's performance ratio to measure the adequacy of capital owned by banks to support assets that contain risks, such as loans provided and fulfillment of applicable KPMM provisions (Ginting, 2012). The capital factor valuation ratio is based on the comparison between the amount of capital and the total risk-weight assets (ATMR). Adequate CAR is very important in ensuring that Sharia banks can operate in a healthy, stable, and safe manner. This supports the achievement of sharia maqashid, especially in safeguarding property (hifz al-mal), economic stability (istiqrar), social welfare (maslahah), justice (adl), and protection of people's souls and lives (hifz al-nafs). According *to* SE OJK No. 10/SEOJK.03/2014 Attachment CAR measurement uses the formula:

$$CAR = \frac{\text{Capital}}{\text{Risk-Weighted Assets}} \times 100\%$$

**Table 12**

CAR (Capital Adequacy Ratio) Rating Criteria Matrix

| Ratio | Composite Rating | Description |
|---|---|---|
| CAR < 12% | PK 1 | Very Healthy |
| 9% < CAR ≤ 12% | PK 2 | Healthy |
| 8% < CAR ≤ 9% | PK 3 | Quite Healthy |
| 6% < CAR ≤ 8% | PK 4 | Unhealthy |
| CAR ≤ 6% | PK 5 | Very Unhealthy |

Source: (Ginting, 2012)

The following is a table that illustrates the CAR value of Sharia Commercial Banks in Indonesia in 2019-2023:

**Table 13**
Sharia Commercial Bank CAR Value in 2019-2023

| Sharia Commercial Banks | CAR | | | | |
|---|---|---|---|---|---|
| | 2019 | 2020 | 2021 | 2022 | 2023 |
| | % | % | % | % | % |
| PT Bank Aceh Syariah | 18,9 | 18,6 | 20,02 | 23,52 | 22,7 |
| PT Bank Muamalat Indonesia | 12,42 | 15,21 | 23,76 | 32,7 | 29,42 |
| PT Bank Jabar Banten Syariah | 14,95 | 24,14 | 23,47 | 22,11 | 20,14 |
| PT Bank Mega Syariah | 19,96 | 24,15 | 25,59 | 26,99 | 30,86 |
| PT Bank Panin Dubai Syariah, Tbk | 14,46 | 31,43 | 25,81 | 22,71 | 20,5 |
| PT Bank Syariah Bukopin | 15,25 | 22,22 | 23,74 | 19,49 | 19,38 |
| PT BCA Syariah | 38,3 | 45,3 | 41,4 | 36,7 | 34,8 |
| PT Bank Tabungan Pensiunan Nasional Sharia, Tbk | 44,57 | 49,44 | 58,27 | 53,66 | 51,6 |
| PT Bank Aladin Syariah, Tbk | 241,84 | 329,1 | 390,5 | 189,28 | 96,17 |
| **Average** | **46,74** | **62,18** | **70,28** | **47,46** | **36,2** |

Source: Data processed, 2024

The average CAR value in Sharia banks in 2010-2023 is 46.74%, 62.18%, 70.28%, 47.46%, and 36.2% with very healthy criteria. All sampled banks met the minimum CAR requirements set by regulators, ensuring sufficient capital buffers to absorb potential losses. High CAR ratios reflect the strong capital position of Sharia banks, enhancing their resilience to external shocks. Research by Taqy and Purnama found that CAR has a significant positive effect on Return on Assets (ROA) in Sharia banks, indicating that higher capital adequacy contributes to better profitability and financial stability (Taqy & Purnama, 2025). Banks with higher CAR ratios exhibited better resilience to external shocks.

**RGEC Aspects**

The composite values for the financial ratios of each of the ranked components will be as follows:

**Table 14**
Matrix of Criteria for Determining Bank Health Ratings

| Wight | Rate | Description | Information |
|---|---|---|---|
| 86-100 | PK 1 | Very Healthy | Each time the checklist is multiplied by 5 |

| | | | |
|---|---|---|---|
| 71-85 | PK 2 | Healthy | Each time the checklist is multiplied by 4 |
| 61-70 | PK 3 | Quite Healthy | Each time the checklist is multiplied by 3 |
| 41-60 | PK 4 | Unhealthy | Each time the checklist is multiplied by 2 |
| <40 | PK 5 | Very Unhealthy | Each time the checklist is multiplied by 1 |

Source: (Sodik, 2023)

The results of the assessment of the health level of Sharia banks based on the RGEC method from 2019 to 2023 are as follows:

**Table 15**

Results of the Assessment of the Health Level of Sharia Banks Using the RGEC Method in 2019-2023

| **Bank Name** | **NPF (%)** | **FDR (%)** | **GCG Rating** | **ROA (%)** | **BOPO (%)** | **CAR (%)** |
|---|---|---|---|---|---|---|
| PT Bank Aceh Syariah | 1,28 | 71,87 | 2 | 1,99 | 78,1 | 20,75 |
| PT Bank Muamalat Indonesia | 3,1 | 53,89 | 2,4 | 0,04 | 98,85 | 22,7 |
| PT Bank Jabar Banten Syariah | 3,7 | 85,59 | 2,9 | 0,74 | 91,06 | 20,96 |
| PT Bank Mega Syariah | 1,32 | 69,56 | 1,8 | 2,25 | 77,58 | 25,51 |
| PT Bank Panin Dubai Syariah, Tbk | 3,09 | 100,8 | 2 | -0,6 | 111,5 | 22,98 |
| PT Bank Syariah Bukopin | 6,14 | 113,9 | 1,72 | -2,76 | 139,9 | 20,02 |
| PT BCA Syariah | 0,93 | 83,2 | 1,1 | 1,24 | 83,78 | 39,3 |
| PT Bank Tabungan Pensiunan Nasional Syariah, Tbk | 2,24 | 95,45 | 2 | 9,84 | 64,96 | 51,51 |
| PT Bank Aladin Syariah, Tbk | 0 | 154,9 | 2 | -1,3 | 210,5 | 249,4 |

Source: Data processed, 2024

The results of the analysis of the health level of Sharia commercial banks based on the RGEC method during 2019-2023 show that the bank's performance is at a composite rating of 3 or quite healthy, except in 2020 where the bank's performance is at a composite rating of 2 or healthy. However, this is not an obstacle for sharia bank in maintaining and developing the company's overall performance to remain at a healthy rating. These findings are consistent with Habsyah et al. 2023 analyzed the financial performance of Bank Syariah Indonesia using the RGEC approach from 2019 to 2022 and concluded that the bank was in a fairly healthy condition. Their study emphasizes the importance of strong Good Corporate Governance (GCG) practices and effective risk management in sustaining financial stability and performance in Sharia banking. (Habsyah, 2023)

If you look at the table above in the last five years, PT Bank Aceh Syariah, PT. Bank Mega Syariah, PT. BCA Syariah are always in the top 3 best in maintaining their health. Meanwhile, the first mover of Islamic financial institutions, which should be able to become one of the banks with experience in terms of operational management PT Bank Muamalat Indonesia, has a lower position in the last five years, between the fifth and seventh positions out of nine banks.

After analysis, PT Bank Aceh Syariah in its development is fully supported by the Aceh government which increases the level of trust of the Acehnese people to put their funds which will further affect the loyalty of the bank's customers. Meanwhile, PT. Bank Mega Syariah is very aggressive in carrying out Sharia bank literacy through its website and changing its business strategy to the retail segment which is considered more promising.

In this case, PT Bank BCA Syariah has superior features that attract the attention of customers such as providing tiered installments, this bank also maintains trust by providing good service. In addition, this bank is also aggressive in carrying out literacy on its social media accounts. After a review of PT Bank Muamalat Indonesia, several problems caused a decline in PT Bank Muamalat Indonesia's health level, including a significant decline in net profit from 2017 to 2022 which occurred due to a lack of capital injections and bad loans since 2015 and PT Bank Muamalat Indonesia was too focused on corporate funding, increasing NPF.

In this context, PT Bank Muamalat Indonesia can implement several key strategies. One important approach is to establish an effective risk management system. It must have a robust risk management framework to accurately identify, assess, and proactively manage credit risks. Furthermore, the bank should prioritize active customer monitoring, fostering strong collaboration with clients, and enhancing financial education and counseling services to ensure customers are well-informed and supported.

In addition to these measures, innovation plays a critical role. PT Bank Muamalat Indonesia should focus on developing and offering new products and services that cater to the evolving needs of its customers. This includes creating technology-driven financing options, introducing innovative Islamic investment products, and providing more advanced digital banking solutions to stay competitive and meet the demands of the modern financial landscape. In addition to PT Bank Muamalat Indonesia, other banks that have problems with their health also need to pay attention to this. These findings are consistent with Saifudin which highlights the strengths, weaknesses, opportunities, and threats of financial technology in Sharia banks, emphasizing the need for continuous innovation to remain competitive and meet customer demands. (Saifudin, 2023)

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## CONCLUSION

From the research that has been carried out, it can be seen that in the last five years the health level of Sharia commercial banks has gone up and down where in 2019 the health of Sharia commercial banks was ranked "quite healthy" which then improved in 2020 by getting a "healthy" rating, in the last 3 years the health of Sharia commercial banks has declined again with a rating of "quite healthy". The fluctuating health performance of Sharia commercial banks over the last five years implies the need for continuous improvements in governance, risk management, and operational efficiency. Regulators and bank management must identify and address the underlying causes of this inconsistency to ensure the long-term sustainability and competitiveness of Islamic banking in Indonesia.

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