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ANALYSIS OF INDONESIA SHARIA BANK'S HEALTH LEVEL ACCORDING TO FINANCIAL SERVICES AUTHORITY REGULATIONS

Sekar Kinanti[1], Harry Budiantoro*[2], Andri Gunawan[3], Kanaya Lapae[4], Hestin Agus Tantri Ningsih[5]
[1,2,3,4]Universitas YARSI, Jakarta, Indonesia
Corresponding e-mail: *[2]budiantoro.h@gmail.com

Abstract

This study aims to determine and assess the Health Level of a bank using the Risk Profile, Good Corporate Governance, Earnings and Capital (RGEC) method of Bank Syariah Indonesia Quarter I 2021 - Quarter III 2022. This type of research is quantitative. The analysis used in this study uses Net Financing Performance (NPF), Financing to Deposit Ratio (FDR), Operating Expenses and Operating Income (BOPO) and Net Operating Margin (NOM). This study will compare and analyze the health level of banks at Bank Syariah Indonesia. Based on the research results, it can be concluded that Bank Syariah Indonesia for the NPF ratio shows an assessment of the bank's health level, namely "Healthy", FDR Bank Syariah Indonesia for the first quarter of 2019 - the fourth quarter of 2020 before the merger was still at an average of "fairly healthy", the NOM ratio of Bank Syariah Indonesia is still below 0, not yet capable of managing all of its productive assets and the health level of the CAR ratio is still at rank 1 "Very Healthy "because according to the provisions of the bank's health level if CAR> 12% then it is said to be "Very Healthy".

Keywords: Islamic Banking, Bank Health Level, RGEC

INTRODUCTION

Due to the possibility of a weakening global economy and increasing inflationary pressures which will reach 5.44 percent in the second quarter of 2022, the Indonesian economy is experiencing growth (Haryono, 2022). According to information from the Central Statistics Agency (BPS) in 2022, domestic demand continues to grow, especially household consumption spending, reaching 37.68 percent to support economic performance. The global economic slowdown has an impact on export performance, and rising inflation can cause household consumption to be constrained. If this continues to happen, the bank could go bankrupt (Utari et al., 2022). In this case, the task of monetary policy is to regulate the amount of money in circulation because of the amount of money in circulation, because it will have an impact on inflation. The most important role is to ensure that people's needs are always in a stable condition. One of the banking functions is to regulate the monetary authority to make it more effective and efficient.

Sharia banking was born as a demand from the Islamic community who wanted a banking system that truly implemented Islamic teachings. For Indonesia, which has a majority Muslim population, it requires sharia banks to improve corporate capabilities. The integration of sharia banks will provide the goal of improving people's welfare, material and spiritual, in accordance with the Qur'an and Hadith. The world of sharia banking has just recorded a new history and is getting a lot of attention. This is certainly proof that sharia banking in Indonesia is experiencing development, resulting in the merger of three state-owned sharia banks. Three government-owned sharia banks were successfully merged, namely Bank Syariah Mandiri (BSM), Bank Negara Indonesia Syariah (BNIS) and Bank Rakyat Indonesia Syariah (BRIS). under the name Bank Syariah Indonesia (BSI). The existence of sharia banking in Indonesia is currently increasing since the existence of Law Number 21 of 2008 concerning Sharia Banking which has provided a clearer operating basis for sharia banks. The function and role of banking institutions, specifically sharia banks, can be realized in aspects such as being the glue for new nationalism, empowering the people's economy and operating transparently and providing better returns. As well as encouraging a reduction in speculation in financial markets, encouraging equal distribution of income and increasing the efficiency of fund mobility(Wilardjo, 2018).

The development of Sharia Banks in Indonesia began with the initiative to establish an Indonesian Islamic bank starting in 1980 through discussions on the theme of Islamic banks as a pillar of the Islamic economy. Broadly speaking or what we could call international, the development of Islamic banking was initiated by Egypt. At the Foreign Minister's Session which included the Organization of the Islamic Conference or commonly called (OIC) countries in Karachi, Pakistan in December around 1970, at that time Egypt submitted a proposal in the form of a study on the establishment of Islamic Banking or International Sharia Banking for Trade and Development which is usually called the International Islamic Bank for Trade and Development (IIBTD) and the proposal to establish the Islamic Bank Federation Federation of Islamic Banks (FIB). The essence of the proposal that has been put forward in this proposal is a financial system in which it is said that interest or what in Islam is called riba must be replaced with a system in which there is cooperation such as a profit sharing scheme where profits and losses are not only felt by one party.(Haryanto, 2020).

According to Law Number 10 of 1998, banks are legal entities that receive money from the public in the form of savings and distribute it to the environment as credit or in other ways to improve people's living standards. Based on how they operate, banks in Indonesia are divided into two categories: conventional banks and sharia banks. The following are the principles of funding for Sharia Banks with Conventional Banks:

Table 1. Principles of Sharia Bank Funding with Conventional Banks

Islamic Bank	Conventional Banks
Profit sharing	Flowers
The profit sharing ratio is an agreed portion of the proceeds from fund management	The interest earned is fixed regardless of bank income.
The ratio or profit sharing ratio is made at the time of the contract, with guidelines following the bank's income (it can go down, it can go up)	Determination flowers are made on time contract with assumptions always profitable.
The profit sharing multiplying factor is the amount of real income generated	The interest multiplier factor is the amount of funds or capital placed.
The profit sharing paid is fair according to the income performance obtained by the bank	The interest paid does not change (fixed) without taking into account the Bank's real income.
No administration fees (no usury)	There is an administration fee (riba)

Source: bankbsi.co.id, 2022

In table 1, it is explained that, The Financial Services Authority (OJK) has written down several principles of Islamic banking. On its website, Islamic banks are banks that operate in accordance with Islamic principles. The implementation of Islamic principles is the main difference with conventional banks. Philosophy and fundamental considerations are taken into consideration in developing the concept of sharia banking which includes institutions, business activities, as well as methods and processes in carrying out business activities. To ensure fairness and balance in banking and to keep commercial activities on the right track, adherence to Islamic principles is necessary.

Bank Syariah Indonesia is one of the sharia banks which is currently the largest user. This bank, which continues to grow in terms of assets and Third Party Funds, is the largest bank in Indonesia (DPK). Since the enactment of Law Number 21 of 2008 concerning Sharia Banking which provides a clearer operational basis for sharia banks, the existence of sharia banking has grown in Indonesia.

To encourage equal distribution of income and increase the efficiency of fund mobility, the Minister of BUMN merged three state-owned sharia banks, namely Bank Syariah Mandiri, Bank BNI Syariah and Bank BRI Syariah which was inaugurated by President Joko Widodo on February 1 2021. This goal is to have assets reaching 214.6 trillion and ranks among the 10 largest banks in terms of assets. In this way, Bank Syariah Indonesia is expected to achieve greater efficiency and increase profits. However, apart from the large total assets, capital and resources owned, Bank Syariah Indonesia was founded in the midst of Covid-19 which had an impact on the bank in offering products and services in focusing development programs in terms of financing which influenced the company's performance(Media, 2022). With performance there must also be an evaluation of financial performance which can be done by reviewing financial reports which can be analyzed using financial ratios to analyze and compare one number with another number. Using the RGEC method (Risk Profile, Good Corporate Governance, Earnings and Capital) can make it easier for investors to understand the picture and performance of a company or the health level of a bank. Based on the description above, this research was conducted with the aim of (1) determining the health level of Bank Syariah Indonesia using the RGEC method (2) analyzing a relationship before and after the merger.

LITERATURE REVIEW

Signaling Theory

Signal theory explains that good reports provide positive signals to stakeholders regarding the existence of information asymmetry between company management and outside parties. Management has more information about the company's future prospects. These signals are in the form of information about actions taken by management to fulfill the owner's wishes, such as the bank's health level based on the RGEC (Risk Profile, Good Corporate Governance, Earnings and Capital) method.

Financial statements

Financial reports are a structure that presents the financial position and financial performance of an entity. The aim is to provide information about the financial position, financial performance and cash flow of an entity to make economic decisions. Financial reports include assets, liabilities, net worth, expenses, income (including profits and losses), changes in equity, and cash flows, as well as notes that help users predict future cash flows. Meanwhile, according to PSAK No.1 (2017) states that; "Complete financial reports consist of a Financial Position Report, Profit and Loss Report, Statement of Changes in Equity, Cash Flow Report and Notes to Financial Statements which contain significant accounting policies and other explanatory information." According toCashmere (2018), the purpose of financial reports is to provide financial information about a company. Both at a certain time and in a certain period. Provide information about the type and amount of assets (properties) currently owned by the company. Provide information about the type and amount of liabilities and capital currently owned by the company.

Financial Report Analysis

Financial report analysis is a process to help analyze and evaluate the financial condition and operational results of a company both in the past and in the future(Sujarweni, 2017). The aim is to assess the company's performance that has been achieved and estimate future performance. This analysis involves understanding the relationships and trends of numbers in financial statements over time. This aims to identify weaknesses that may cause problems in the future and determine strengths that can be relied on. By knowing the weaknesses, policies can be determined to overcome these problems, while good results must be maintained and developed for future progress.

Financial performance
Financial performance is an analysis to assess the extent to which a company follows the rules and what its financial condition is, as a measure of success. This reflects the company's work performance in a certain period and is important for management in making decisions for the future. This ensures optimal use of resources in facing environmental changes. Company management will make financial reports as a form of accountability for its performance in one period which will be accountable to internal and external parties to the company who have an interest in the company's financial performance. Financial reports can be analyzed through financial ratios to see the company's financial performance.Cashmere (2018)explains that financial ratios are an activity of comparing the numbers in financial reports by dividing one number by another number.

Bank Health Level
The bank's health level is the result of assessing the bank's condition related to risk and performance, using the RGEC (Risk Profile, Good Corporate Governance, Earnings and Capital) method. This is important for all related parties, including owners, bank management, the community using bank services, and Bank Indonesia. A good level of bank health guarantees the security of invested funds, regulated by the Financial Services Authority Regulations. This assessment is carried out using the RGEC method and is regulated in Financial Services Authority Regulation Number 8/POJK.03/2014. The assessment of a bank's financial performance reflects an assessment of the bank's health level. Bank health can be interpreted as the bank's ability to carry out normal banking operational activities and fulfill all its obligations in accordance with applicable banking regulations. Regulations related to bank health become a reference for the public to assess whether a bank maintains and maintains that it can and competes effectively with other banks. The more optimal the financial performance, the better the bank's health level.

RGEC Method Analysis
The RGEC method (Risk Profile, Good Corporate Governance, Earnings and Capital) is used to assess the health level of individual banks. The Bank carries out assessments using a risk approach, including assessing credit risk and liquidity risk. Good Corporate Governance (GCG) is also evaluated. Then, profitability (Earnings) is measured by the ratio of Return on Assets (ROA), Return on Equity (ROE), Operating Expenses and Operating Income (BOPO), and Net Operating Margin (NOM). Finally, capital (Capital) is assessed using the Capital Adequacy Ratio (CAR). This is a mechanism regulated by Bank Indonesia and OJK to assess bank health (Article 6 paragraph (1) No 8/POJK.03/201).

Bank
Based on Law Number 10 of 1998 concerning Banking, Banks are defined as business entities that collect funds from the public in the form of savings and distribute them to the public in the form of credit and/or other forms in order to improve people's living standards. Meanwhile, according to(Kashmere, 2018), banks are financial institutions whose main activities are collecting funds from the community and channelling these funds back to the community as well as providing other banking services.

RESEARCH METHOD

Type Study
This research uses descriptive analysis and is quantitative in nature. Using the RGEC method, descriptive research is used to describe financial report data to classify the bank's health level.

Objects and time Study
Bank Syariah Indonesia, specifically a collection of 12 quarterly reports, is the subject of this research. Three years were spent conducting this research, starting in 2019–2020 before the merger and 2021–2022, after the merger.

Type and Source Data

The information used in this research is secondary data, namely information obtained through intermediary channels and then published in the form of reports or historical notes(Indirantoro & Supomo, 1999). The Financial Services Authority (OJK) and Bank Indonesia are the sources of research data.

Analysis Method Data

Time series, or a series of variable data points usually measured at consecutive times at predetermined intervals, is the data analysis method used(Sihombing, 2020). bank health level analysis procedure can be seen in Figure 1.

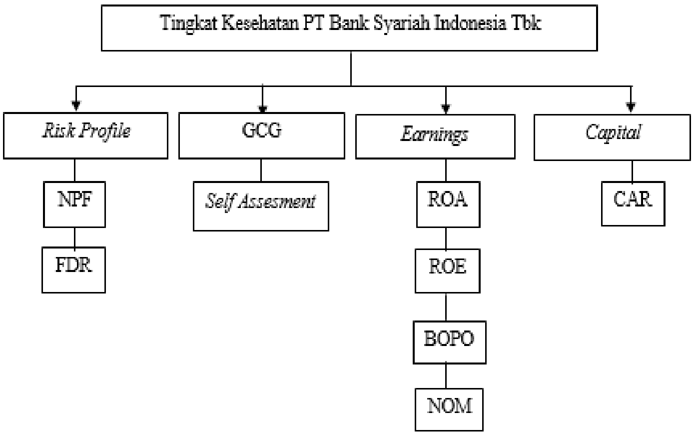

Figure 1. Bank Health Level Analysis Procedure

Risk Profile

A. *Net Performing Financing*(NPF)

The following ratio is a comparison of total non-performing financing and debtors. Bank credit risk decreases with lower Non-Performing Finance (NPF). It can be a financial risk if the customer does not or cannot repay the bank loan amount and profit share after a certain period of time. The formula for calculating Non-performing finance (NPF) is:

$$NPF = \frac{\text{Pembiayaan bermasalah}}{\text{Total pembiayaan}} \, X \, 100\%$$

NPF Rating Matrix:

- NPF < 2% : 1 (Very Healthy)
- 2 % ≤ NPF < 5%: 2 (Healthy)
- 5% ≤ NPF < 8%: 3 (Fair Healthy)
- 8% ≤ NPF < 12% : 4 (Less Healthy)
- NPF ≥ 12%: 5 (Unhealthy)

B. *Financing to Deposit Ratio*(FDR)

The strength of banks when using loans as a source of liquidity to replace contributor withdrawals can be measured using the Financings to Deposit Ratio (FDR). Even though it is profitable, if the bank is able to distribute all the funds collected, there is a possibility that the owner of the funds will one day withdraw it or the borrower will not be able to return the funds that have been borrowed. Financings to Deposit Ratio (FDR) calculation formula:

$$FDR = \frac{Jumlah\ kredit\ yang\ diberikan}{Dana\ pihak\ ketiga} \text{X } 100\%$$

FDR Rating Matrix:
- FDR ≤ 75% :1 (Very Healthy)
- 75% < FDR ≤ 85% :2 (Healthy)
- 85% < FDR ≤ 100% :3 (Enough Healthy)
- 100% < FDR ≤ 120% :4 (Less Healthy)
- FDR > 120% :5 (No Healthy)

Good Corporate Governance (GCG)
GCG Rating Matrix:
- GCG ≤ 1.5:1 (Very Healthy)
- 1.5 ≤ GCG < 2.5:2 (Healthy)
- 2.5 ≤ GCG < 3.5:3 (Enough Healthy)
- 3.5 ≤ GCG < 4.5:4 (Less Healthy)
- 4.5 ≤ GCG < 5:5 (No Healthy)

Earnings
A. Return on Assets(ROA)

$$ROA = \frac{Laba\ sebelum\ pajak}{Total\ Aset} \text{X } 100\%$$

ROA Ranking Matrix:
- ROA > 2% :1 (Very Healthy)
- 1.25% < ROA ≤ 1.5% :2 (Healthy)
- 0.5% < ROA ≤ 1.25% :3 (Enough Healthy)
- 0% < ROA ≤ 0.5% :4 (Less Healthy)
- ROA ≤ 0% :5 (No Healthy)

B. Return on Equity (ROE)

$$ROE = \frac{Laba\ setelah\ pajak}{Rata\text{-}rata\ modal\ inti} X\ 100\%$$

ROE Rating Matrix:
- ROE > 23% :1 (Very Healthy)
- 18% < ROE ≤ 23% :2 (Healthy)
- 13% < ROE ≤ 18% :3 (Enough Healthy)
- 8% < ROE ≤ 13% :4 (Less Healthy)
- ROE ≤ 8% :5 (No Healthy)

C. Operating Expenses and Operating Income(BOPO)

BOPO/Operating Costs Operational Income ratio, which is often called the efficiency ratio, is used to measure bank management's ability to control operational costs relative to operational income. The smaller this ratio means the more efficient the operational costs incurred by the bank concerned so that the possibility of a bank being in trouble is smaller. The Operational Cost to Operational Income Ratio (BOPO) is often called the efficiency ratio which is used to measure bank management's ability to control operational costs to operational income BOPO according to the financial dictionary is a group of ratios that measure the operational efficiency and effectiveness of a company by comparing various expenditure figures with income. in the income statement.

$$BOPO = \frac{Beban\ Operasional}{Pendapatan\ Operasional}\ X\ 100\%$$

BOPO Rating Matrix:

- BOPO ≤ 83% :1 (Very Healthy)
- 83% < BOPO ≤ 85% :2 (Healthy)
- 85% < BOPO ≤ 87% :3 (Enough Healthy)
- 87% < BOPO ≤ 89% :4 (Less Healthy)
- BOPO > 89% :5 (No Healthy)

D. Net Operating Margin(NOM)

Net Interest Margin (NIM) or Net Operating Margin (NOM) is a tool to measure bank management's ability to manage its Productive assets in order to obtain net interest (net profit sharing). NIM / NOM is a ratio that shows the ability of Earning Assets to generate net interest income (net profit sharing). NIM/NOM is used to measure the ability of Bank management to manage its productive assets to generate net interest income (net profit sharing)

$$NOM = \frac{Pendapatan\ Penyaluran\ Dana\ Setelah\ Bagi\ Hasil - Beban\ Operasional}{Rata\text{-}rata\ Aktiva\ Produktif}\ X\ 100\%$$

NOM Rating Matrix:

- NOM > 3% :1 (Very Healthy)
- 2% < NOM ≤ 3% :2 (Healthy)
- 1.5% < NOM ≤ 2% :3(Enough Healthy)
- 1% < NOM ≤ 1.5% :4 (Less Healthy)
- NOM ≤ 1% :5 (No Healthy)

Capital

A. Capital Adequacy Ratio(CAR)

$$CAR = \frac{Modal}{ATMR}\ X\ 100\%$$

- CAR ≥ 12% :1 (Very Healthy)
- 9% ≤ CAR < 12% :2 (Healthy)
- 8% ≤ CAR < 9% :3 (Fairly Healthy)
- 6% < CAR < 8% :4 (Less Healthy)
- CAR ≤ 6% :5 (No Healthy).

RESULTS AND DISCUSSION

Net Performing Financing (NPF)

NPF is a ratio used to measure bank management's ability to manage problem loans provided by the bank. The risk of loans received by banks is one of the bank's business risks, which results from non-repayment of loans given by banks to debtors. According to BI Circular No. 3/30DPNP dated 14 December 2001, NPF is measured by the comparison of non-performing loans to total loans.

Table 2. Levels Bank Health Based on NPF Ratio

Quarterly		Year	Ratio %	Ratings & Descriptions
I	*mergers*	2019	5.68	3 (Fairly Healthy)
		2020	5.00	2 (Healthy)
		2021	3.09	2 (Healthy)
		2022	2.91	2 (Healthy)
II	*mergers*	2019	4.98	2 (Healthy)
		2020	3.99	2 (Healthy)
		2021	3.11	2 (Healthy)
		2022	2.78	2 (Healthy)
III	*mergers*	2019	4.45	2 (Healthy)
		2020	3.35	2 (Healthy)
		2021	3.05	2 (Healthy)
		2022	2.67	2 (Healthy)
IV	*mergers*	2019	5.22	3 (Fairly Healthy)
		2020	3.24	2 (Healthy)
		2021	2.93	2 (Healthy)

Source: Processed data, 2022

From the results of data analysis based on table 2, it can be seen that Bank Syariah Indonesia during Quarter I 2019 - Quarter III 2022 for the NPF ratio shows an assessment of the bank's health level, namely at rank 2 "Healthy" and 3 " Quite Healthy" because according to the Financial Services Authority Circular Number 10/SEOJK.03/2014 if NPF 2% ≤ NPF < 5% then the bank is included in the "Healthy" criteria.

Judging from the first quarter of 2019, the highest figure reached 5.68 percent. Meanwhile, the lowest figure reached 2.67 percent in the third quarter of 2022. Economic growth in the third quarter of 2022 remained strong from both sharia banking and industry. In 2019 before the merger, NPF uncertainty with the weakening global economy would have an impact on inflation, then continued with the Covid-19 pandemic which had an impact on the weak economy in Indonesia so that debtors had problems in banking, including Bank Syariah Indonesia and many debtors experienced financial difficulties. So it will affect the level of non-performing loans or the Non-Performing Financing (NPF) ratio. In the second quarter of 2021, the economy in Indonesia has begun to recover so that credit risks are starting to be minimized and controlled.

However, in general, based on analysis of the Non Performing Financing (NPF) ratio, it can be categorized as "Healthy" because it has a ratio of ≤ 2 percent. Quarter II 2022 is the first best ratio after the merger because economic conditions are running normally. Therefore, in general the level of banking credit is very low. So the highest Net Performing Financing (NPF) value was recorded in the second quarter of 2022 compared to the Net Performing Financing (NPF) value in other quarters.

In 2019 before the merger, NPF uncertainty with the weakening global economy would have an impact on inflation, then continued with the Covid-19 pandemic which had an impact on the weak economy in Indonesia so that debtors had problems in banking, including Bank Syariah Indonesia and many debtors experienced financial difficulties. Meanwhile, after the merger, in general, based on Non-Performing Financing (NPF) ratio analysis, it can be categorized as "Healthy". Quarter II 2022 is the first best ratio after the merger because economic conditions are running normally. Therefore, in general the level of banking credit is very low. So the highest Net Performing Financing (NPF) value was recorded in the second quarter of 2022 compared to the Net Performing Financing (NPF) value in other quarters. Previous research that is in line also saysUtami (2021),The higher the NPF, the more capital that must be provided, because more bad financing will reduce the amount of available capital because the bank has to form a reserve fee for impairment losses which will have an impact on reducing bank income.

Financing to Deposit Ratio (FDR)

Financing to Deposit Ratio (FDR) is a ratio used to measure the liquidity of a bank in repaying fund withdrawals made by depositors by relying on the financing provided as a source of liquidity, namely by dividing the amount of financing provided by the bank against Third Party Funds (DPK). . The higher the Financing to Deposit Ratio (FDR), the higher the funds channelled to Third Party Funds (DPK). By distributing large Third-Party Funds (DPK), the bank's Return on Assets (ROA) income will increase, so that the Financing to Deposit Ratio (FDR) has a positive effect on Return on Assets (ROA).

Table 3. Levels Bank Health Based on the FDR Ratio

Quarterly		Year	Ratio %	Ratings & Descriptions
I	*mergers*	2019	79.55	2 (Healthy)
		2020	92.10	3 (Fairly Healthy)
		2021	77.28	2 (Healthy)
		2022	74.37	1 (Very Healthy)
II	*mergers*	2019	85.25	3 (Fairly Healthy)
		2020	91.01	3 (Fairly Healthy)
		2021	74.53	2 (Very Healthy)
		2022	78.14	2 (Healthy)
III	*mergers*	2019	90.40	3 (Fairly Healthy)

		2020	82.65	2 (Healthy)
		2021	74.45	2 (Very Healthy)
		2022	81.45	2 (Healthy)
		2019	80.12	2 (Healthy)
IV	*mergers*	2020	80.99	2 (Healthy)
		2021	73.39	1 (Very Healthy)

Source: Processed data, 2022

From the results of data analysis based on table 3, it can be seen that the FDR of Bank Syariah Indonesia in the first quarter of 2019 - fourth quarter of 2020 before the merger was still at the "fairly healthy" average and the first quarter of 2021 - third quarter 2022 was within the average "healthy" criteria". Because according to SEOJK No. 10/SEOJK.03/2014 the FDR ratio is <75 percent "Very Healthy". The lowest FDR ratio was 73.39 percent in the fourth quarter of 2021. This is because after the merger of the three sharia banks, the number of Third Party Funds (DPK) collected was 233,251, growing 11.12 percent compared to the industry's 9.47 percent, so the bank is doing very well. in carrying out its intermediary function. The lower FDR ratio occurs because the increasing total credit can be offset by the Third Party Funds (DPK) obtained. Meanwhile, in the third quarter of 2022, the FDR figure was very high, reaching 81.45 percent, this was due to the low liquidity of Bank Syariah Indonesia because it was distributed a lot to debtors. This made the risk even greater because economic growth was also very low.

Before the merger, it was still in the "Fairly Healthy" average and the first quarter of 2021 - third quarter of 2022 was in the "healthy" average criteria. Meanwhile, after the merger of the three Islamic banks, the number of Third Party Funds (DPK) collected was 233 more than the industry, so the bank was very good at carrying out its intermediation function. Research conducted byUtami (2021) FDR must be well controlled and is also a liquidity ratio, which is one of the ratios that measures the performance of Islamic banks from the stability aspect. If this ratio is good, then banking can maintain the stability of its financial system so that the bank can be said to be healthy in carrying out its operational activities.

Good Corporate Governance (GCG)

In terms of terminology, Good Corporate Governance can be interpreted literally, namely good means good, corporate is a company including banks, and governance is defined as governance. Thus, good corporate governance can be interpreted as good corporate/bank governance. The term good corporate governance has entered the repertoire of studies in Indonesia since the 2000s. As a concept, Good Corporate Governance has many spectrums depending on the point of view used. However, there are several basic benchmarks that can be used. The World Bank defines good corporate governance as rules, standards and organizations in the economic sector that regulate the behavior of company owners, directors and managers as well as the details and explanation of their duties and authorities and responsibilities to investors (shareholders and creditors).

Table 4. Levels Bank Health Based on GCG Ratios

Quarterly		Year	Ratio %	Ratings & Descriptions
I	*mergers*	2019	1.66	Healthy

		2020	1	Very healthy
		2021	2	Healthy
		2022	2	Healthy
II	*mergers*	2019	1.66	Healthy
		2020	1	Very healthy
		2021	2	Healthy
		2022	2	Healthy
III	*mergers*	2019	1.66	Healthy
		2020	1	Very healthy
		2021	2	Healthy
		2022	2	Healthy
IV	*mergers*	2019	1.66	Healthy
		2020	1	Very healthy
		2021	2	Healthy
		2022	2	Healthy

Source: Processed data, 2022

Based on the results of the self-assessment of the Governance Structure, Governance Process and Governance Outcome aspects of the eleven factors assessing GCG implementation, the management of Bank Syariah Indonesia has implemented GCG which is generally good. This is reflected in the adequate implementation of GCG principles. If there are still weaknesses in the implementation of GCG, then in general these weaknesses are less significant and can be resolved immediately with normal actions by Bank Syariah Indonesia bank management before the merger gets category 1 "Very Healthy" and after the merger gets category 2 "Healthy" because it is in accordance with the Circular Letter Financial Services Authority Number 10/SEOJK.03/2014 "Healthy" category if GCG has a ratio of $1.5 \leq GCG < 2.5$.

Before the merger in 2019 BOPO growth was still very high, in 2020 it grew, and when the merger BOPO had recovered enough growth compared to after the merger BOPO experienced a significant decline, this BOPO remained stable. Research conducted by

Return on Assets (ROA)

One of the ratios used to measure financial performance in a company is Return on Assets (ROA). Return On Assets (ROA) is a comparison between profits before interest costs and taxes with all company assets or wealth. This ratio shows the company's ability with all the capital it contains to generate profits, using the data on the balance sheet and the company's profit and loss calculations. This ratio measures the level of return on a company's investment to investors using the assets owned by the company. Companies that have high ROA can be attractive to investors. On the other hand, if a company has a low ROA, it can reduce investor interest in the company.

Table 5. Bank Health Level Based on ROA Ratio

Quarterly	Year	Ratio %	Ratings & Information

I	*mergers*	2019	0.43	4 (Unhealthy)
		2020	1.00	3 (Fairly Healthy)
		2021	1.72	2 (Healthy)
		2022	1.93	2 (Healthy)
II	*mergers*	2019	0.32	4 (Unhealthy)
		2020	0.90	4 (Unhealthy)
		2021	1.70	2 (Healthy)
		2022	2.03	1 (Very Healthy)
III	*mergers*	2019	0.32	4 (Unhealthy)
		2020	0.84	3 (Fairly Healthy)
		2021	1.70	2 (Healthy)
		2022	2.08	1 (Very Healthy)
IV	*mergers*	2019	0.31	4 (Unhealthy)
		2020	0.81	4 (Unhealthy)
		2021	1.61	2 (Healthy)

Source: Processed data, 2022

The results of data analysis are based on table 5. Good performance means Return on Assets (ROA) will be higher after the merger. If you look at graph 4.3, the lowest ROA figure in Quarter IV 2019 was 0.31 percent and the highest ROA in Quarter III 2022 reached 2.08 percent. ROA is high because it can produce profitability where before the merger ROA in 2019 grew 1.44 percent, in 2020 during the pandemic ROA grew down 1.38 percent and during the merger it grew 1.61 percent so that after the merger the maximum profit reached 2.08 percent in the third quarter of 2022. The bank also provides security against the disbursement of collateral for assets of problem debtors. For example, when a debtor is unable to pay his credit, the bank can off assets that are auctioned for the debtor's assets to avoid bad credit.

Before the merger in Quarter II 2022 there was an increase. Where when Bank Syariah Indonesia after carrying out the merger, the ROE position was still not effective in carrying out its operational activities and had not yet disbursed much funding and at the time of the merger at the time of the merger it experienced growth so that after the merger it achieved maximum profitability reaching the second quarter of 2022. Research carried out byMuin (2017), the ability of Islamic banks to earn profits and the level of bank business efficiency where the greater the ROA ratio value indicates the bank's profitability level is getting better or healthier.

Return on Equity (ROE)

Return on Equity is the return on equity ratio, which is a ratio that shows how much equity contributes to creating net profit. that is, the ratio measures how much net profit will be generated from each rupiah of funds embedded in total equity. The higher the return on equity means the higher the net profit generated from each rupiah of funds embedded in equity. On the other hand, the lower the return on equity, the lower the net profit generated from each rupiah of funds invested in equity. The ROE ratio is one of the profitability ratios that shows the level of effectiveness of company management in generating profits, where Return on Equity is measured using performance measures based on accounting and is calculated as the company's net profit divided by the equity of ordinary shareholders.

Table 6. Levels Bank Health Based on ROE Ratio

Quarterly		Year	Ratio %	Ratings & Descriptions
I	*mergers*	2019	2.54	4 (Unhealthy)
		2020	6.30	3 (Fairly Healthy)
		2021	14,12	2 (Healthy)
		2022	16.58	1 (Very Healthy)
II	*mergers*	2019	1.51	4 (Unhealthy)
		2020	4.87	4 (Unhealthy)
		2021	13.84	2 (Healthy)
		2022	17.66	1 (Very Healthy)
III	*mergers*	2019	1.60	4 (Less Healthy)
		2020	5.20	3 (Enough Healthy)
		2021	13.82	2 (Healthy)
		2022	17.44	1 (Very Healthy)
IV	*mergers*	2019	1.57	4 (Unhealthy)
		2020	5.03	3 (Fairly Healthy)
		2021	13.71	2 (Healthy)

Source: Processed data, 2022

Data analysis results based on table 6. above, it can be seen that the ROE of Bank Syariah Indonesia, the lowest ratio value before the merger, reached 1.51 percent in the second quarter of 2019 and the highest was 17.66 percent in the second quarter of 2022, which has increased. Where when Bank Syariah Indonesia after the merger, the ROE position was still not effective in carrying out its operational activities and had not yet disbursed much funding. In 2019 it grew 11.28 percent, in 2020 ROA decreased by 11.19 percent and at the time of the merger it grew 13.71 percent so that after the merger the maximum profitability reached 17.66 in the second quarter of 2022.

Bank Syariah Indonesia has a lot of funding plus credit relaxation, even though it is problematic because there is credit classification, ROE is not problematic for the bank so the bank's credit is liquid. A bank can be said to be liquid if the bank is able to fulfill its obligations to pay its debts.

ROE Bank Syariah Indonesia had the lowest ratio value before the merger in Quarter II 2019 and the highest in Quarter II 2022 which experienced an increase. Where when Bank Syariah Indonesia after the merger, the ROE position was still not effective in carrying out its operational activities and had not yet disbursed much funding. In 2019 there was growth, in 2020 ROA growth decreased and during the merger it experienced growth so that after the merger it got maximum profitability in the second quarter of 2022.

Operating Expenses Operating Income (BOPO)

Operating Expense to Operating Income ratio or what can be called BOPO is a ratio that shows the comparison between operational expenses or costs and operational income of a company in a certain period. The operational efficiency ratio has become one of the ratios whose value changes are of great concern, especially for the banking sector, considering that one of the criteria for determining the level of bank health by Bank Indonesia is the size of this ratio. A bank with a high BOPO Ratio value indicates that the bank is not operating efficiently because a high value of this ratio shows the large number of operational costs that must be incurred by the bank to obtain operational income. In addition, a large amount of operational costs will reduce the amount of profit that will be obtained because operational costs or expenses act as a reducing factor in the income statement.

Table 7. Bank Health Level Based on BOPO Ratio

Quarterly		Year	Ratio %	Ratings & Descriptions
I	*mergers*	2019	95.67	5 (Unhealthy)
		2020	90.18	5 (Unhealthy)
		2021	79.90	1 (Very Healthy)
		2022	75.35	1 (Very Healthy)
II	*mergers*	2019	96.74	5 (Unhealthy)
		2020	89.93	5 (Unhealthy)
		2021	79.92	1 (Very Healthy)
		2022	74.50	1 (Very Healthy)
III	*mergers*	2019	96.78	5 (Unhealthy)
		2020	90.39	5 (Unhealthy)
		2021	79.84	1 (Very Healthy)
		2022	74.02	1 (Very Healthy)
IV	*mergers*	2019	96.80	5 (Unhealthy)
		2020	91.01	5 (Unhealthy)
		2021	80.46	1 (Very Healthy)

Source: Processed data, 2022

The results of data analysis are based on table 7. above,Based on graph 4.5 above, it can be seen that before the merger in 2019 BOPO growth was still very high at 85.27 percent, in 2020 it grew to 84.53 percent and when the merger BOPO had recovered enough numbers, it grew 80.46 percent compared to after the merger BOPO experienced significant decline, this BOPO remained stable with an average of 77.71 percent. The highest BOPO value was obtained in the fourth quarter of 2021, which reached 80.46 percent, because the banks were still just merging so expenses were still small and income was getting bigger, which came from the merger of the 3 sharia banks. So that until the third quarter of 2022 it was ranked 1st "Very Healthy".

In the third quarter of 2022, after the merger, operational expenses and operating income were very small, reaching 74.02 percent, and in the second quarter, BOPO got a ratio of 74.50 percent, because the company continued to be burdened, while its operational income was also slowly decreasing because economic conditions had not improved. This is very good to maintain, because the numbers are getting smaller to reduce operational costs, therefore it is very efficient in managing financial expenses.

Before the merger in 2019 BOPO growth was still very high, in 2020 it experienced growth and when the merger BOPO had recovered enough growth compared to after the merger BOPO experienced a significant decline, this BOPO remained stable on average. Research conducted byNugroho, et al. (2019)Operational costs that are smaller than operational income indicate that the sharia bank's resource allocation is more effective. BOPO is an efficiency ratio that measures the performance of Islamic banks from the stability aspect. If this ratio is good, then banking can maintain the stability of its financial system so that the bank can be said to be healthy in carrying out its operational activities.

Net Operating Margin (NOM)

Net Operating Margin (NOM) is a financial ratio that measures a company's efficiency in generating revenue from its main business operations. In the banking context, NOM measures a bank's ability to generate operational income (such as interest and fee-based income) after deducting operational costs (such as employee salaries, rental costs and administrative costs). NOM is calculated by dividing net operating income (Net operating income) by total assets. The higher the NOM, the more efficient the bank is in generating income from its business operations, and the more likely the bank is to have good profitability. However, keep in mind that the NOM does not provide an overview of the quality of a bank's assets or the credit risks it faces. Therefore, it is important to evaluate other financial ratios to get a more complete picture of a bank's financial condition.

Table 8.Levels Bank Health Based on NOM Ratio

Quarterly		Year	Ratio %	Ratings & Descriptions
I	*mergers*	2019	0.97	5 (Unhealthy)
		2020	0.24	5 (No Healthy)
		2021	1.92	3 (Enough Healthy)
		2022	2.11	2 (Healthy)
II	*mergers*	2019	-0.56	5 (No Healthy)
		2020	0.44	5 (No Healthy)
		2021	1.86	3 (Enough Healthy)
		2022	2.22	2 (Healthy)
III	*mergers*	2019	0.56	5 (No Healthy)
		2020	-0.02	5 (No Healthy)
		2021	1.82	3 (Enough Healthy)
		2022	2.29	2 (Healthy)
IV	*mergers*	2019	-0.59	5 (No Healthy)
		2020	-0.08	5 (Unhealthy)
		2021	1.75	3 (Fairly Healthy)

Source: Processed data, 2022

Data analysis results bBased on table 8. above, it can be seen that the NOM ratio of Bank Syariah Indonesia before the merger in Quarter I 20219 - Quarter IV 2020 was still below 0, not yet capable enough to manage all its productive assets. It is known that before the merger between 2019 and 2020 revenue grew 12 percent. Then during the merger in 2021, revenue rose significantly, growing by 38 percent and after the merger in the third quarter of 2021, it was 2.22 percent and the highest ratio was in the third quarter of 2022, namely 2.29 percent. This means that NOM is growing continuously and there is an increase with a growth of 42 percent. The overall NOM ratio is in the "Fairly Healthy" category. When compared with industrial competition, Bank Syariah Indonesia's NOM was ranked second at 6.21 percent. The benefits of this merger increase the presence of a consolidated business from the advantages of these three state-owned sharia banks in providing complete services that are continuously supported by strong equity and a funding base that produces positive profitability. Hence the merger has a positive impact and will continue to improve.

Capital Adequancy Ratio (CAR)

Capital Adequacy Ratio (CAR) which is an indicator of a bank's ability to cover or cover the decline in its assets as a result of bank losses caused by risky productive assets. The amount of CAR required by Bank Indonesia for banks operating in Indonesia is a minimum of 8%. The size of the CAR owned by a bank will be influenced by the performance of other financial aspects, namely the liquidity aspect, asset quality aspect, profitability and financing aspects. The assessment of the capital ratio that is commonly used to measure the health of a bank is the Capital Adequacy Ratio (CAR) which is based on the ratio of capital to Risk Weighted Assets (RWA). Since the crisis period until now, CAR has become the main reference in determining bank health, starting from a minimum of 4% in the initial period of the crisis, the minimum CAR requirement has been gradually increased and since the beginning of 2001, Bank Indonesia has set the CAR at 8%.

Table 9. Levels Bank Health Based on CAR Ratio

Quarterly		Year	Ratio %	Ratings & Descriptions
I	*mergers*	2019	27.82	1 (Very Healthy)
		2020	21.99	1 (Very Healthy)
		2021	23.10	1 (Very Healthy)
		2022	17.20	1 (Very Healthy)
II	*mergers*	2019	26.88	1 (Very Healthy)
		2020	23.73	1 (Very Healthy)
		2021	22.58	1 (Very Healthy)
		2022	17.31	1 (Very Healthy)
III	*mergers*	2019	26.55	1 (Very Healthy)
		2020	19.38	1 (Very Healthy)
		2021	22.75	1 (Very Healthy)
		2022	17,19	1 (Very Healthy)
IV	*mergers*	2019	25,26	1 (Very Healthy)
		2020	19.04	1 (Very Healthy)
		2021	22.09	1 (Very Healthy)

Source: Processed data, 2022

The results of data analysis are based on figure 8. above,It can be seen that Bank Syariah Indonesia is onQuarter I 20119 – Quarter III 2022The assessment of the health level of the CAR ratio is still at rank 1 "Very Healthy" because according to bank health level regulations if the CAR is > 12% then it is said to be "Very Healthy". The CAR ratio before the merger and after the merger is in a state of maintained capital.

However, in 2020 capital was at its lowest ratio, due to the pandemic which caused the economy in Indonesia to decline. Then, during the merger in the first quarter of 2021, the CAR increased due to the merger of capital from the three sharia banks by 23.10 percent, then continued to decline.

This is because operational activities have been running while the pandemic economic conditions are still declining so that banks have had their capital adequacy eroded so that a lot of capital is not circulating optimally, debtors are having problems and even debtors are continuing credit relaxation. This affects capital adequacy, capital which should be able to be turned over but is still stuck. The assessment of the health level of the CAR ratio is still at rank 1 "Very Healthy" because according to bank health level regulations if the CAR is > 12% then it is said to be "Very Healthy".

CONCLUSION

Based on the results of the analysis and discussion of research regarding Analysis of the Health Level of Indonesian Sharia Banks According to Financial Services Authority Regulations and Reviews from an Islamic Perspective (Quarter I 2019 – Quarter III 2022), the following conclusions can be drawn: The benefits of mergers can increase business presence overall consolidation of the advantages of each of the three state-owned sharia banks for more complete services and more efficient financial performance. The merger has had a very positive financial impact in terms of asset quality, profitability and financing. Very significant market share and growth can be seen in the third quarter of 2022 supported by strong equity and funding that produces positive profitability, so that competition with industrial banking continues to lead the dominance of sharia banking in terms of asset quality, third party funds (DPK) and financing.

Managerial implications regarding the analysis of the soundness level of Indonesian sharia banks according to financial services authority regulations. Management needs to increase supervision over financing distribution, especially to reduce the risk of bad credit, increasing employee productivity through training and skills development can help banks achieve higher efficiency. Banks must ensure that all bank activities and operations comply with regulations set by the OJK. This includes compliance with minimum capital requirements, capital adequacy ratios (CAR), and liquidity ratios, Integrating sustainability principles in the bank's operations to ensure sustainable and responsible long-term growth.

SUGGESTIONS

From the results of the conclusions in this research, we can provide the following suggestions: Assessing the Risk Profile factor from the credit risk aspect, management should pay more attention in sorting and selecting prospective customers and applying the principle of prudence in providing financing to customers in order to overcome problematic credit. Good Corporate Governance factors are expected to increase again in developing and improving the quality of banks, managing resources and risks effectively and efficiently in the following years. The assessment of Earnings factors from the NOM ratio should be further improved in managing productive assets and obtaining net profits so that capital The Capital factor of the CAR ratio is not eroded due to operational expenditure because it must be maintained in the "Very Healthy" category. As Himbara's largest sharia bank in Indonesia, Bank Syariah Indonesia should always maintain and continue to improve the financial performance and health of the bank in the following year. . A very healthy level of bank health will increase trust, especially the public, customers, stakeholders and other stakeholders in Bank Syariah Indonesia.

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