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Analysis of Islamic Commercial Bank Health Level Based on RGEC Methods 2014-2017 Periods

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***Abstract*—This study aims to assess the health level of the National Islamic Commercial Bank using the RGEC (Risk Profile, Good Corporate Governance, Earning, Capital) method in accordance with Bank Indonesia Regulation Number 13/1 / PBI / 2011 in the 2013-2017 period. This research is a descriptive study with a quantitative approach. The Risk Profile variable is measured by the ratio of Non Performance Financing (NPF) and Financing to Deposit Ratio (FDR). Good Corporate Governance (GCG) is measured using self-assessment from the company (BI Circular Number 13/24 / DPNP. Earning is measured using the ratio of Return on Assets (ROA) and Net Interest Margin (NIM), and Capital is measured using the CAR ratio. The results obtained by the RGEC method during the study period (2014-2017) indicate the level of health of Islamic Commercial Banks has stagnated at Composite Rating 4 or Poor Healthy.**

Keywords: RGEC, NPF, FDR, NIM, ROA, CAR

I. INTRODUCTION

According to Law Number 21 Year 2008 concerning Islamic banking, banks are required to maintain their soundness. Bank health must be maintained and / or improved so that public confidence in banks can be maintained. In addition, the soundness of banks is used as a means of evaluating the conditions and problems faced by banks and determining follow-up to overcome bank weaknesses or problems, both in the form of corrective actions by banks and supervisory actions by the Financial Services Authority.

Based on [4] concerning Rating of Soundness of Commercial Banks replacing the previous [16] concerning Assessment System Soundness of Commercial Banks, determining the soundness of banks using four groups of factors namely Risk Profile, Good Corporate Governance, Earnings or Profitability and Capital or capital better known as the abbreviation RGEC in measuring the scale of operations and capital structure.

The RGEC method is motivated by the emergence of global financial reform in response to the global financial crisis in 2008 where Indonesia as a member of the G-20 made improvements to the supervision framework based on risk and assessment of bank soundness by increasing awareness of existing risk management . So that Bank Indonesia as a bank supervisor enhances regulations on the soundness of banks by making Bank Indonesia Regulation [17]. With the adoption of RGEC, banks are expected to be able to identify problems early, maintain banks periodically through self-assessment and take strategies to make it easier to determine future policy in accordance with Bank Indonesia regulations.

Based on statistics in the February 2017, Islamic Banking still grew positively. For example, in terms of capital, based on data from the Financial Services Authority (OJK) the growth of the capital adequacy ratio of Islamic commercial banks (BUS) was recorded at 1.64% on an annual basis to 17.04%. Then, in terms of assets, Islamic banking recorded Rp. 355, 88 trillion. This amount contributed 40% to the national Islamic finance industry. Meanwhile, in terms of financing, it recorded a growth of Rp 252.69 trillion or grew 16.22% compared to the same period the previous year of Rp 217.4 trillion. Whereas for third party funds (DPK) recorded Rp 287.08 trillion or grew 21.28% compared to the same period last year Rp 236.7 trillion. According to the FSA Islamic banking intermediation is still going well, this is reflected in the Financing Deposit Ratio (FDR) for Islamic Commercial Banks (BUS) and Sharia Business Units (UUS) which are in the position of 87.45%. Operating Expenses and Operating Income was recorded at 89.22%, down 175 basis points compared to the same period the previous year (http://finance.detik.com).

Previous research using the RGEC method for Islamic Commercial Banks and Sharia Business Units in the period 2011-2013 found that the soundness of BUS and UUS during that period always increased and was in the Healthy category.

[20] conclude the health of Islamic Banks for Risk Profiles measured by the NPF and FDR ratios, for the 2014-2016 NPF ratio in good health and for the FDR ratio in quite healthy condition. Rentability measured by the ROA and NOM ratios are in an unhealthy state in 2014-2015 and in the 2016 period are quite healthy, NOM ratios from 2014-2016 Islamic Commercial Banks are in an unhealthy state,

for Capital measured in CAR ratios 2014-2016 was in very good health.

Based on the background of the problem and the results of several previous studies, the authors draw the conclusion that the assessment of the soundness of banks using the RGEC method after the issuance of Bank Indonesia Regulation [17] is an important factor that needs to be considered by banks, regulators and stakeholders as a whole including the community to maintain the stability of the banking sector. Therefore, the authors raise research on bank health with the title "Analysis of Islamic Commercial Bank Health Levels based on 2014-2017 RGEC method". This study aims to determine and analyze the health level of Islamic Commercial Banks based on each factor and the overall factors of the Islamic Commercial Bank RGEC method for the 2014-2017 periods.

II. LITERATURE REVIEW

A. *Islamic Bank*

According to the Republic of Indonesia Law No. 21/2008, Islamic Banking is everything related to Islamic Banks and Sharia Business Units, including institutions, business activities and ways and processes in carrying out their business activities. Whereas the definition of a Islamic Bank is a bank that conducts its business activities based on Sharia Principles and by type consists of Islamic Commercial Banks and Sharia People Financing Banks.

B. *Financial statements*

Understanding Financial Statements based on the Indonesian Accountants Association is part of a complete financial statement process that includes a balance sheet, income statement, statement of changes in financial position, notes and other reports, and is an integral part and financial statements [7]. Based on the Indonesian Institute of Accountants [7], financial statements aim to provide information relating to the financial position, performance and discussion of a company's financial position that is beneficial to a large number of users in economic decision making. The elements of financial statements based on Financial Accounting Standards [8], namely the balance sheet, income statement, statement of changes in equity, cash flow statement, and notes to the financial statements.

C. *Bank Health*

Bank health can be interpreted as the ability of a bank to conduct banking operations normally and be able to fulfill all its obligations properly in ways that are in accordance with applicable banking regulations [19]. Bank management needs to pay attention to the issue of the following general principles as a basis for assessing the Bank's Soundness [4]; [18].

1) *Risk Oriented*

The assessment of bank soundness is based on bank risks and the impact they have on overall bank performance. This is done by identifying internal and external factors that can increase risk or affect the bank's financial performance at this time and in the future. Thus, banks can be expected to be able to detect the root causes of banks early and take preventive and corrective measures effectively and efficiently.

2) *Proportionality*

The use of parameters / indicators in each factor rating the soundness of a bank is done by taking into account the characteristics and complexity of the bank's business. The parameters / indicators for assessing the soundness of a bank are the minimum standards that must be used in assessing the soundness of a bank. However, banks can use additional parameters / indicators that are appropriate to the characteristics and complexity of their business in assessing the soundness of the bank so that it can better reflect the condition of the bank.

3) *Materiality and Significance*

Banks need to pay attention to the materiality and significance of the bank soundness rating factors, namely the risk profile, GCG, profitability and capital as well as the significance of the assessment parameters / indicators on each factor in concluding the assessment results and determining factor ratings. The determination of materiality and significance is based on an analysis that is supported by adequate data and information on the risks and financial performance of the bank.

4) *Comprehensive and Structured*

The assessment process is carried out thoroughly and systematically and is focused on the main problems of the bank. The analysis is carried out in an integrated manner, that is by considering the interrelationships between risk and soundness rating factors of banks and subsidiary companies that must be consolidated. Analysis must be supported by key facts and relevant ratios to indicate the level, trend and level of problems faced by banks .

D. *RGEC (Risk Profile-GCG-Earnings-Capital) Method*

In accordance with [17] concerning Rating of Bank Soundness, banks are required to conduct Bank Soundness Rating using the RGEC method that refers to [4] as follows:

1) *Risk Profile Assessment*

Risk Profile Rating is an assessment of inherent risk and the quality of the application of Risk Management in bank operational activities. Risks that must be assessed consist of eight types of risk, namely: Credit Risk, Market Risk, Operational Risk, Liquidity Risk, Legal Risk, Strategic Risk, Compliance Risk and Reputation Risk.

a) *Inherent Risk Assessment*

An inherent risk assessment is an assessment of the risk of an inherent risk in a bank's business activities, whether quantifiable or not, which has the potential to affect the financial position of the bank. Determination of the inherent risk level for each type of risk refers to the general principles of rating of Commercial Banks. Determination of the Inherent Risk Level for each type of risk is categorized into level 1 (low), rank 2 (low to moderate), rank 3 (moderate), rank 4 (moderate to high) and rank 5 (high). The following are parameters / indicators that must be used as a reference by banks in assessing Inherent Risk [18].

- Credit Risk

Credit Risk is the risk due to the failure of the debtor and / or other parties in fulfilling obligations to the bank. In assessing the Inherent Risk of Credit Risk, the parameters / indicators used are (i) the composition of the portfolio of assets and the level of concentration, (ii) the quality of the provision of funds, (iii) the strategy of providing funds and the sources of funding and (iv) external factors.

- Market Risk

Market Risk is the risk on the balance sheet and administrative account position, including the derivative, due to changes in market conditions, including the risk of changes in option prices. Market risks include, among others, interest rate risk, exchange rate risk, equity risk and commodity risk. In assessing the Inherent Risk of market risk, the parameters / indicators used are (i) volume and portfolio composition, (ii) potential loss (Interest Rate Risk in the Banking Book (Interest Rate Risk in Banking Book - IRRBB), and (iii) business strategies and policies.

- Liquidity Risk

Liquidity Risk is risk due to the inability of banks to meet obligations due from cash flow funding sources, and / or high quality liquid assets that can be pledged, without disrupting the activities and financial condition of the bank. This risk is also called Funding LiquidityRisk. Liquidity risk can also be caused by the inability of banks to liquidate assets without being exposed to material discounts due to the absence of an active market or a severe market disruption. This risk is called Market Liquidity Risk. In assessing Inherent Risk or Liquidity Risk, the parameters used are (i) composition of assets, liabilities, and administrative account transactions, (ii) concentration of assets and liabilities, (iii) vulnerability to funding needs, and (iv) access to sources -sources of funding.

- Operational Risk

Operational Risk is the risk due to inadequate and / or malfunctioning of internal processes, human error, system failures and / or the presence of external events that affect bank operations. In assessing inherent risk over operational risk, the parameters / indicators used are (i) business characteristics and complexity, (ii) human resources, (iii) information technology and supporting infrastructure, (iv) fraud, both internal and external and (v) external events.

- Legal Risk

Legal Risk is the risk arising from legal guidance and / or weak legal aspects. This risk can also arise among others due to the absence of legal provisions that underlie or the weaknesses of the engagement, such as not fulfilling the legal requirements of the contract or inadequate collateral. In assessing the inherent risk of legal risk, the parameters / indicators used are (i) litigation factors, (ii) engagement weaknesses, (iii) absence / change in legislation.

- Strategic Risk

Strategic Risk is the risk due to inaccurate banks in making decisions and / or implementing a strategic decision and failure to anticipate changes in the business environment. In assessing the Inherent Risk of Compliance Risk, the parameters / indicators used are (i) the alignment of the bank's business strategy with the business environment; (ii) low risk and high risk strategies; (iv) bank's business position, and (v) achievement of the bank's business plan.

- Compliance Risk

Compliance Risk is the risk arising from the bank not fulfilling and / or not implementing the applicable laws and regulations. Sources of Compliance Risk arise among others due to lack of understanding or legal basis for the provisions and business standards that are generally accepted. In assessing an Inherent Risk or Compliance Risk, the parameters / indicators used are (i) the type and significance of the customer committed, (ii) the frequency of violations committed; (iii) violations of the provisions or business standards that apply generally to certain financial transactions.

- Reputation Risk

Reputation Risk is the risk due to a decrease in the level of stakeholder confidence that comes from negative perceptions of the bank. One approach used in categorizing sources of Reputation Risk is indirect (below the line) and direct (above the line). In assessing Inherent Risk for Reputation Risk, the parameters / indicators used are (i) the negative influence of bank owners and related companies; (ii) violations of business ethics, (iii) complexity of products and bank business cooperation; (iv) the frequency, materiality and exposure of negative bank news; and (v) the frequency and materiality of customers' complaints.

b) Quality Assessment of The Risk Management

The Quality Assessment of the Implementation of Risk Management reflects the assessment of the adequacy of the risk control system that covers all the pillars of the implementation of risk management as stipulated in Bank Indonesia regulations. Application of Risk Management for Commercial Banks. The Quality Assessment of the Implementation of Risk Management aims to evaluate the effectiveness of the application of Risk Management for Commercial Banks. Quality Assessment of the Implementation of Risk Management is an assessment of four interrelated aspects, namely:

- Management of Risk

Management of Risk includes an evaluation of (i) the formulation of the level of risk to be taken (risk appetite) and risk tolerance; and (ii) the adequacy of active supervision by the Board of Commissioners and Directors including the exercise of the authority and responsibilities of the Board of Commissioners and Directors.

- Risk Management Framework

The Risk Management Framework includes evaluating (i) risk management strategies that are aligned with the level of risk to be taken and risk tolerance, (ii) the adequacy of the organization's tools to support the effective implementation of risk management including clarity of authority and responsibility; and (iii) adequacy of policies, procedures and limit setting.

- Risk Management Process, Adequacy of Human Resources and Adequacy of Management Information Systems.

Risk management process. Adequacy of human resources and adequacy of management information systems include evaluating (i) the process of identifying, measuring, monitoring and controlling risks, (ii) adequacy of management information systems; and (iii) the adequacy of the quantity and quality of human resources in supporting the effectiveness of the risk management process.

- Adequacy of Risk Management Systems

The adequacy of the risk control system includes an evaluation of (i) the adequacy of the Internal Control System and (ii) the adequacy of the review by the independent party (independent review) in the bank both by the Risk Management Work Unit (SKMR) and by the Internal Audit Work Unit (SKAI).

This study measures risk factors using two indicators, namely credit risk factors using the Non Performing Loan (NPL) / FDR formula and liquidity risk using the Loan to Deposit Ratio (LDR) / FDR formula. This is because at the risk above researchers can obtain quantitative data that cannot be obtained on operational risk factors, legal risk, strategic risk, compliance risk and reputation risk.

2) Good Corporate Governance (GCG)

The assessment of GCG factors in the RGEC method is based on three main aspects, namely Governance Structure, Governance Process and Governance Output. Governance Structure includes the implementation of the duties and responsibilities of the Board of Commissioners and the Board of Directors as well as the completeness and implementation of the duties of the committee. Governance Process includes the bank's compliance function, handling conflicts of interest, implementing internal and external audit functions, implementing risk management including internal control, providing and to related parties and large funds and the bank's strategic plan. The last aspect of Governance Output includes transparency of financial and non-financial concessions, GCG implementation reports that meet the principles of transparency, Accountability, Responsibility, Independence and Fairness (TARIF) [13].

3) Earnings (Profitability)

Assessment of bank profitability factors can use the ratio of Return On Assets (ROA) and Net Interest Margin (NIM).

4) Capital

[17] paragraph 2 as referred to in article 6 letter d includes an assessment of the level of capital adequacy and capital management. CAR is the ratio of bank performance to measure the capital adequacy of banks to support assets that contain or generate risk [11]. Based on [1] regulates that the minimum capital or CAR requirement is measured from a certain percentage of Risk Weighted Assets (ATMR) of 8% of ATMR.

Conceptual Framework for Thought

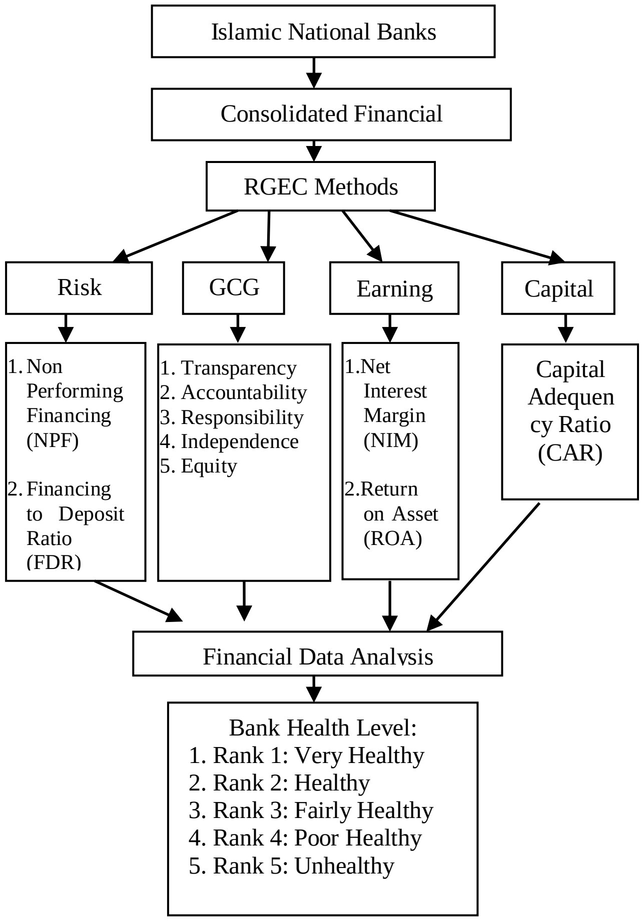

Fig.1. Conceptual Framework for Thought

III. METHODOLOGY

This research uses descriptive quantitative research. Explain the object under study by providing a description or description of the problem that has been identified and carried out intensively and in detail to a company. The period used in the study is the period 2014-2017. The data used in this study are secondary data from the Financial Services Authority website (www.ojk.go.id). The object of this research is the Islamic Commercial Bank for the period 2014-2017 registered with the Financial Services Authority (OJK) consisting of PT. Bank Aceh Syariah, PT. Bank Muamalat Indonesia, PT. Bank Victoria Syariah, PT Bank Jabar Banten Syariah, PT. BNI Syariah Bank, PT. Bank Syariah Mandiri, PT. Bank Mega Syariah, PT. Bank Panin Dubay Syariah, PT. Bank Syariah Bukopin, PT.BCA Syariah, PT. Sharia National Pension Savings Bank, PT. Maybank Syariah Indonesia.

Variables and measurements function to limit information that is not related to the research. As for the variables and measurements in this study are:

a) Risk profile factors (risk profile) are measured using the ratio of Non Performing Financing (NPF), and Financing to Deposit Ratio (FDR).

b) Good Corporate Governance (GCG) Factors.

c) Profitability factors (earnings) are measured using the ratio of Return on Assets and Net Interest Margin.

d) Capital factor (capital) which is measured using the Capital Adequacy Ratio.

The Healthy Level of Islamic Commercial Banks in the 2014-2017 periods has been measured using the Risk Profile, Good Corporate Governance, Earning and Capital (RGEC) methods. This study uses data analysis as follows:

1) Risk Profile Analysis

a) Credit Risk using the ratio:

$$NPL = \frac{Non\ Performing\ Loans}{Total\ Loans} X\ 100\ \%$$

Source: Jumingan (2011: 245)

TABLE 1. BANK HEALTH PREDICATE BASED ON NPL

No.	NPL Ratio	Predicate
1.	0%<NPL<2%	Very Healthy
2.	2%≤ NPL <5	Healthy
3.	5%≤ NPL≤8%	Fairly Healthy
4.	8%<NPL≤11%	Poor Healthy
5.	NPL > 11%	Unhealthy

Source: BI circular letter 6/23 / DPNP

b) Liquidity risk is measured by a ratio as follows:

$$LDR = \frac{Loans}{Third\ Party\ Funds} X\ 100\ \%$$

Source: Irmayanto, et al (2009: 90)

TABLE II. BANK HEALTH PREDICATE BASED ON LDR RATIO

No.	NPL Ratio	Predicate
1.	50% < LDR ≤ 75%	Very Healthy
2.	75% < LDR ≤ 85%	Healthy
3.	85% < LDR ≤ 100%	Fairly Healthy
4.	100% < LDR ≤ 120%	Poor Healthy
5.	LDR> 120%	Unhealthy

Source: BI circular letter 6/23 / DPNP

A. Analysis of Good Corporate Governance (GCG)

The GCG assessment takes into account 11 (eleven) factors: (1) the implementation of the duties and responsibilities of the board of commissioners, (2) the implementation of the duties and responsibilities of the directors, (3) the completeness and implementation of the committee's tasks, (4) the handling of conflicts of interest and the application of functions; (5) bank compliance; (6) internal audit; (7) external audits; (8) application of risk management; (9) provision of funds to related parties and large-scale fund providers; (10) transparency of bank financial and non-financial conditions and (11) bank strategic plans. The GCG research results are adjusted according to the following table:

TABLE III. COMPOSITE RATING OF GOOD CORPORATE GOVERNANCE (GCG) COMPONENT

Peringkat	Composite Value	Remarks
1.	NK <1.50	Very Good
2.	1.5 ≥ NK <2.5	Good
3.	2.5 ≥ NK <3.5	Fairly
4.	3.5 ≥ NK <4.5	Poor
5.	4.5 ≥ NK <5	Bad

Source: Attachment of BI circular letter 13/24 / DPNP / 2011

In this study, the authors did not do a direct calculation on the GCG factor due to the limitations of data published by the bank so the authors assessed the GCG factor by looking at the results of self assessment published by the bank.

B. Rentability Analysis

Using ROA (Return On Asset) Ratio as follows:

$$ROA = \frac{Income\ Before\ Tax}{Average\ of\ Total\ Assets} X\ 100\ \%$$

TABLE IV. BANK HEALTH PREDICATE BASED ON ROA

NO	ROA	Predicate
1	2%< ROA	Very Healthy
2	1,25% < ROA < 2%	Healthy
3	O,5% < ROA ≤ 1,25%	Fairly Healthy
4	0% < ROA <0,5%	Poor Healthy
5	ROA ≤ 0% (negative)	Unhealthy

Source: Taswan, 2010

C. NIM (Net Interest Margin)

The Net Interest Margin Ratio is formulated as follows (Taswan, 2010):

$$NIM = \frac{Net\ Interest\ Income}{Average\ of\ Productive\ Assets} X\ 100\ \%$$

TABLE V. BANK HEALTH PREDICATE BASED ON NIM

NO	NIM	Predicate
1	3% <NIM	Very Healthy
2	2% <NIM ≤ 3%	Healthy
3	1.5% <NIM ≤ 2%	Fairly Healthy
4	1% <NIM ≤1.5%	Poor Healthy
5	NIM <1% (negative)	Unhealthy

Source: Taswan, 2010

D. Capital Analysis

Capital Analysis use ratio formulated as follows:

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

Source: Taswan, 2010

TABLE VI. BANK HEALTH PREDICATE BASED ON CAR FACTOR

NO	CAR	Predicate
1	12% <CAR	Very Healthy
2	9% <CAR ≤ 12%	Healthy
3	8% <CAR ≤ 9%	Fairly Healthy
4	6% <CAR ≤ 8%	Poor Healthy
5	CAR <6%	Unhealthy

Source: www.bi.go.id

After estimating RGEC, finally we measure Composite Rating by classifying the weight based on the RGEC value. The following table shows the ranking of bank soundness.

TABLE VII. THE RANKING OF WEIGHT COMPOSITE RATING FOR BANK SOUNDNESS

Composite Rating	Weight (%)	Remarks
PK 1.	86-100	Very Healthy
PK 2.	71-85	Healthy
PK 3.	61-70	Fairly Healthy
PK 4.	41-60	Poor Healthy
PK 5.	5 < 40	Unhealthy

Source: Refmasari and Setiawan (2014) in I Made and Ni Putu (2017)

IV. RESULT

A. Risk Profile

Risk Profile factor assessments in banks are assessed using two ratios as follows:

1) NPL / NPF

TABLE VIII. ISLAMIC COMMERCIAL BANK NPF RATINGS ON 2014-2017

Remarks	2014	2015	2016	2017
NPF	4,95 %	4,84 %	4,42 %	4,76 %
Rating	2	2	2	2

Source: www.ojk.co.id Annual Report of Islamic Commercial Bank 2014 – 2017

The first factor in the RGEC method is risk profile, assessment of inherent risk and the quality of the application of risk management in bank operational activities can use parameters including Non-Performing Loans (NPL) or Non-Performing Financing (NPF) and Loan to Deposit Ratio (LDR) or Financing to Deposit Ratio (FDR) in Islamic banking. In the Islamic Commercial Bank NPF ranking chart for the 2014-2017 periods, the capability of the Bank in managing non-performing loans with total loans/financing can be seen. This can be seen that in 2014 there was rank 2 (healthy), 2015 in rank 2 (healthy), 2016 in rank 2 (healthy) and 2017 in rank 2 (healthy). This is aimed during the period 2014-2017 Islamic Commercial Bank management has been able to carry out bank business activities, both those that can be quantified and those that have no potential to affect the financial position of the bank.

2) LDR / FDR

TABLE IX. ISLAMIC COMMERCIAL BANK LDR RANKING 2014-2017

Remarks	2014	2015	2016	2017
FDR	86,6%	88,03 %	85,99 %	79,65%
Rank	3	3	3	2

Source: www.ojk.co.id Annual Report of Islamic Commercial Bank 2014 – 2017

Based on the results of the analysis in the above table, it can be seen that the level of liquidity risk by using the Financing to Deposit Ratio (FDR) ratio is the ratio used by Bank Indonesia to see the risk management process with the adequacy of the risk control system. From the table above it can be seen that during the period of 2014 to 2016 it was ranked 3, which is Fairly Healthy and in 2017 at the 2nd level (Healthy). The increase in the value of the FDR ratio does not indicate the better liquidity risk management, because the higher the FDR indicates the low liquidity of the bank concerned, this is because the amount of funds needed to finance credit becomes greater [5]. The predicate above shows that BUS in paying back withdrawals made by third parties by relying on credit has been done quite well.

B. Good Corporate Governance (GCG)

Based on an assessment of 11 (eleven) aspects of Good Corporate Governance assessment in the presentation of data, starting from 2014 to 2017, the Islamic Commercial Bank has determined and applied these aspects quite well in every banking activity. Implementation of Good Corporate Governance is carried out in accordance with applicable regulations. Islamic Commercial Banks in Indonesia always maintain the consistency of GCG implementation so that the implementation becomes a corporate culture. The implementation of Good Corporate Governance from year to year, every aspect of GCG assessment always makes improvements.

C. Earning

1) ROA

TABLE X. ROA RANKING OF ISLAMIC COMMERCIAL BANK IN 2014-2017

Remarks	2014	2015	2016	2017
ROA	0,41 %	0,49 %	0,63 %	0,63 %
Ranking	4	4	3	3

Source: www.ojk.co.id Annual Report of Islamic Commercial Bank 2014 – 2017

In the third factor in the RGEC method, namely Earning (Rentability), bank factor assessments can use parameters such as Net Interest Margin (NIM) and Return on Assets (ROA). In the ROA ranking chart of Islamic Commercial Banks during the 2014-2017 period, it can be seen the ability of Islamic Commercial Banks in managing total assets to get profit before tax. This can be seen that in 2014 there was rank 4 (less healthy), 2015 ranked 4th (less healthy), 2016 ranked 3rd (quite healthy) and 2017 ranked 3rd (quite healthy). This refers to that during the 2014-2017 period the management of the Islamic Commercial Bank has not been able to carry out its obligations as an intermediation institution and cannot manage its productive assets.

2) NIM

TABLE XI. ISLAMIC COMMERCIAL BANK NIM RANKING FOR 2014-2017

Remarks	2014	2015	2016	2017
NIM	0,52 %	0,52 %	0,68 %	0,67 %
Ranking	5	5	5	5

Source: www.ojk.co.id Annual Report of Islamic Commercial Bank 2014 - 2017

The Net Interest Margin (NIM) ratio in the RGEC method of Islamic Commercial Banks in the RGEC method, namely Earning, is a method used by Bank Indonesia to see the ability of banks to manage their productive assets to generate net income. From the table above it can be seen that during the period of 2014 to 2017 Islamic Commercial Banks cannot manage their productive assets, this is indicated by during that period the Islamic Commercial Banks are always ranked 5 (unhealthy) and the risk for problems is greater because the NIM less than the minimum standard of Bank Indonesia regulations.

3) Capital

TABLE XII. CAR RANKING OF ISLAMIC COMMERCIAL BANK IN 2014 – 2017

Remarks	2014	2015	2016	2017
CAR	15,74 %	15,02 %	16,63 %	17,91 %
Ranking	1	1	1	1

Source: www.ojk.co.id Annual Report of Islamic Commercial Bank 2014 – 2017

Based on the table above, it can be seen that the CAR ratio ranks first with a very healthy predicate, with a CAR ratio of more than 12% and has exceeded Bank Indonesia's minimum standard of 8%. The CAR BUS value for the 2014-2017 periods continues to increase, meaning that it can be said that the BUS has a good level of capital adequacy for fulfilling its obligations in both funding operational activities and facing risks that will occur. In the fourth factor, capital, the indicator chosen is CAR. Based on SE BI Number 26/2 / BPPP, it is stipulated that the minimum supply obligation or CAR is measured from a certain percentage of the Risk Weighted Assets (RWA) of 8% of RWA. In the table above it can be seen that during the period 2014 - 2017 Islamic Commercial Banks have succeeded in maintaining the capital adequacy it has to support assets that contain risks.

The RGEC components will eventually be weighted composite rankings for each component that has obtained a rating based on its rating. This value will be used as a benchmark to determine the actual value used as a benchmark in determining the value or ranking of the soundness of the bank concerned. Here is the value given.

1) PK 1 is worth 5 (five)

2) PK 2 is worth 4 (four)

3) PK 3 is worth 3 (three)

4) PK 4 is worth 2 (two)

5) PK 5 is worth 1 (one)

This value will be used as a benchmark in percentage units to determine the composite ranking of all components used in bank health assessments using the RGEC method. Furthermore, this value will be adjusted to the composite rating table for rating the soundness of the bank [15]. After calculating each ratio representing the components of the RGEC method, the ratio is then adjusted according to the existing composite rating table. The rating will represent the existing composite rating. The rating will represent the overall composite rating from the bank's soundness rating through the scores obtained.

TABLE XIII. ASSESSMENT OF ISLAMIC COMMERCIAL BANK HEALTH LEVEL IN 2014

Num.	Components	Ratio/Period	Ranking				
			1	2	3	4	5
1	Risk Profile	NPL		x			
		LDR			x		
2	Good Corporate Governance	2014		x			
3	Rentability	ROA			x		
		NIM					
4	Capital	CAR	x				
Composite Rating		35	5	8	3	2	

Source: Data processed by author, 2019

In 2014 the actual value obtained was 18. This value was divided by the composite value of 35 and multiplied by 100 percent. The results obtained from these calculations amounted to 51.43% percent. This value will be adjusted to the predetermined composite rank. 18⁄ (35) x100% = 51.43% (Poor Health / PK4).

TABLE XIV. ASSESSMENT OF THE HEALTH LEVEL OF ISLAMIC COMMERCIAL BANKS IN 2015

Num.	Components	Ratio/Period	Ranking				
			1	2	3	4	5
1	Risk Profile	NPL		x			
		LDR			x		
2	Good Corporate Governance	2015		x			
3	Rentability	ROA				x	
		NIM					
4	Capital	CAR	x				
Composite Rating		35	5	8	3	2	

Source: Data processed by author, 2019

In year 2015, an actual value is obtained 18. The value is divided by the composite value of 35 and multiplied by 100 percent. The results obtained from these calculations amounted to 51.43 percent. This value will be adjusted to the predetermined composite rank. 18⁄35x100% = 51.43% (Poor Health / PK4)

TABLE XV. ASSESMENT OF ISLAMIC COMMERCIAL BANK HEALTH LEVEL IN 2016

Num.	**Components**	**Ratio/Period**	**Ranking**				
			1	**2**	**3**	**4**	**5**
1	Risk Profile	NPL		**x**			
		LDR			**x**		
2	Good Corporate Governance	2016			**x** **x**		
3	Rentability	ROA			**x**		
		NIM					
4	Capital	CAR	**x**				
Composite Rating		**35**	**55**	**44**	**66**	**2**	

Source: Data processed by author, 2019

In 2016 an actual value of 19 is obtained. The value is divided by the composite value of 35 and multiplied by 100 percent. The results obtained from these calculations amounted to 54.23 percent. This value will be adjusted to the predetermined composite rank. 19⁄35x100% = 54.23% (Poor Health / PK4).

TABLE XVI. ASSESMENT OF ISLAMIC COMMERCIAL BANK HEALTH LEVEL IN 2017

Num	**Components**	**Ratio/Period**	**Ranking**				
1	**Risk Profile**	**NPL**		**x**			
		LDR			**x**		
2	**Good Corporate Governance**	**2017**			**x**		
3	**Rentability**	**ROA**				**x**	
		NIM					
4	**Capital**	**CAR**	**x**				
Composite Rating		**35**	**5**	**4**	**6**	**2**	

Source: Data processed by author, 2019

In 2017 an actual value of 17 is obtained. The value is divided by its composite value of 35 and multiplied by 100 percent. The results obtained from these calculations amounted to 48.57 percent. This value will be adjusted to the predetermined composite rank. 17⁄35x100% = 48.57% (Poor Health / PK4)

After getting the actual value based on the rating obtained in the rating, the value is then adjusted to the composition ranking table to determine the soundness of the BUS bank.

TABLE XVII. RATING OF ISLAMIC COMMERCIAL BANKS HEALTH LEVEL 2014-2017

Num.	**Year**	**Composite Rating (%)**	**Rank**	**Predicate**
1	2014	51,43%	4	Poor Healthy
2	2015	51,43%	4	Poor Healthy
3	2016	48,6%	4	Poor Healthy
4	2017	42,85%	4	Poor Healthy

Source: Data processed by author 2019

PK 4 reflects the generally poor healthy condition of banks, so that they are judged to be unable to face significant negative effects from changes in business conditions and other external factors shown in the level of rating factors, including risk profile, GCG implementation, profitability, and capital which are all not good. Generally, there are significant weaknesses that cannot be properly overcome by management and interfere with the continuity of the bank's business

V. CONCLUSION

Based on the Table, it is known that from 2014 to 2017 Islamic Commercial Banks received a Poor Healthy Composite Rating, for four consecutive years (2014-2017) the level of health of Islamic Commercial Banks stagnated with no improvement in banking performance. The low rating is due to the low ratio of each measurement such as NIM, NPF, FDR and ROA. The acquisition of the 2014-2017 Unhealthy Predicate generally shows that Islamic Commercial Banks have not been able to deal with the negative effects of changes in business conditions that may occur, both from other internal and external factors. There are weaknesses in these factors, so in general these weaknesses have a significant effect. Being ranked less healthy during the period of 2016-2017 shows that Islamic Commercial Banks in general have less than optimal performance, this can reduce the confidence of stakeholders, depositors and creditors

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