

Financial Performance Analysis in Perspective of Capital, Asset, Management, Earning, and Liquidity (CAMEL) Methods

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ABSTRACT

This research aims to find out Is the financial performance of PT. Bank Sulselbar 2015-2018, which reviewed from the perspective of the Capital, Asset, Management, Earning, and Liquidity or commonly abbreviated as "CAMEL" method has it received the predicate of being healthy or not?

The data collected is the company's financial statement data obtained from Bank Sulselbar with a research period from 2015 to 2018. With the existence of standard measurement of bank health level, PT. Bank Sulselbar can be known the amount of the performance scale all this time. Besides, it can also be seen what factors influence the high/low weight values held for the assessment of bank health level with the perspective of the CAMEL analysis method.

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1. Introduction

Economy and monetary crises that hit Indonesia resulting in a sharp depreciation of the rupiah exchange rate against the American dollar. Due to the high rate of inflation that occurred, the crisis had a wide impact on the economy and the banking sector. Getting high civilization and development which exists in a society the more diverse those needs are. Humans are not always satisfied with what has been achieved and try to get something better.

A banking institution needs a healthy condition and availability of banking service products that attract public interest. As a business entity that collects funds from the public in the form of deposits, banks have an interest in safeguarding these funds so that the public's trust is not waste. The main factor faced by almost all banks was the swelling of

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the number of non-performing loans and bad loans. The increasing number of problem loans and bad credit, the cloudier the conditions, it is even the impact of the current banking difficulties.

To improve the fundamentals banking industry nationally and a continuation of the banking restructuring program that has been running since 1998, Bank Indonesia on January 9, 2004, launched the Indonesian Banking Architecture as an overall framework for the policy direction for the future development of the Indonesian banking industry. In API, the directions and policies for future industrial development are based on the vision of achieving a sound banking system, strong and efficient to achieve financial system stability to promote national economic growth. Therefore, a bank certainly needs analysis to determine its condition after carrying out its operational activities for a certain period of time.

The analysis carried out in this research is the form of bank health level assessment in terms of Capital, Asset, Management, Earning, and Liquidity or commonly abbreviated as CAMEL methods. The health of a bank is the ability of a bank to carry out banking operations normally and can fulfill all its obligations properly in ways that are by following per under applicable banking regulations.

Among the various banks that currently exist in Mamasa Regency in particular and Sulawesi Province in general, PT. Bank Sulselbar is one of the banks that have played a vital role in regional progress since its establishment. The first specialty is PT. Bank Sulselbar is the holder of region cash and is one of the sources of region revenue through various banking products it issues. Are the results of the assessment of PT. Bank Sulselbar, which is conducted by qualifying several components of each factor from "CAMEL" shows a good graph?

2. Method

Based on this research, the research design conducted using the exploration techniques that aim to reveal broadly and deeply about the causes and things that influence the occurrence of something. This method describes and explains the phenomenon regarding the company's financial performance. Generally, financial statements aim to provide financial information of a company, either at certain times or at certain periods. Financial statements can also be prepared on a sudden basis according to company needs or periodically. Obviously, the financial statement can provide financial information to parties inside and outside the company who have an interest in the company.

The population in this research is a financial report consisting of a balance sheet, income statement, and statement of changes in capital, statement notes or financial reports, and cash flow statements. The sample in this research is a sample taken from the population. The sample to be taken from this population must be truly representative or can represent. Based on the researcher's ability and analytical tools used in this research, the research sample is the financial statements of PT. Bank Sulselbar for the period 2015-2018 that consists of a balance sheet and profit and loss statement.

The research instrument includes measurement techniques using CAMEL calculations. This is useful for measuring the soundness of a bank by comparing the assets in the bank with available CAMEL so that later results will be seen that describe the health of the bank carefully for several years. The data collection procedure itself was collected through the company's financial report data obtained from PT. Bank Sulselbar with a research period of 2015–2018. Furthermore, other data used as additional data are data

relating to the supporting data used and relevant to this research, whether obtained from literature, newspapers, journals, magazines, research reports, and electronic publications.

3. General Review and Financial Management Theorization as an Analysis Material for the Company's Financial Performance

The definition of financial management, according to Kasmir is all activities related to the acquisition, funding, and management of assets with overall objectives.⁴ Meanwhile, the financial performance (performance measurement), according to Robertun, quoted by Mohammad Maskun, provides a definition that is a financial appraisal process or financial report towards the purpose and predetermined goals. Including information on the efficient use of resources in producing goods and services as well as the quality of goods and services. Apart from the definition of financial management followed by financial performance, it should also be noted that the function of financial management is also important. Basically, the function of financial management according to Fred is to explain the main function of financial managers who work to plan, seek, and utilize funds by maximizing firm value, or in other words activities related to decisions on the choice of sources and allocation of funds.⁵

V. Wiratna Sujarweni, argues that a financial assessment or financial statement is a record of a company's financial information in an accounting period that can be used to describe the company's performance.⁶ In line with Sujarweni, Kasmir also believes that in general financial statements are reports that show the company's current financial condition or in a certain period.⁷ Any opinion from Munawir, that is financial statements are the result of an accounting process, that can be used as a tool to communicate between financial data or activities of a company and parties with an interest in or activities of the company.⁸

Reviewed from an internal perspective financial reports can be used for various purposes. Financial statements data will primarily provide information for management as material for analysis and material for interpretation to evaluate company activities. The financial report will show the efficiency of the implementation of activities and the company's development that has been achieved by management. Because management is in charge of the tasks that exist within the company, management wants to know whether the company goals that have been set can be achieved. Thus, management can release its responsibility in carrying out company activities for one period to the company owner.

In simple terms, financial statements are reports that show the current financial condition of the company or in a certain period. So, the concept of financial statements is the final result of a recording process, which is a summary of financial transactions that occurred during the financial year concerned.

The financial statements that are presented by the company are essential for the management and the company. Types of financial reports generally consist of: balance sheets, income statements, changes in equity, cash flow reports, and notes to financial statements.

⁴ Kasmir. (2017). *Pengantar Manajemen Keuangan; Edisi Kedua*. Jakarta: Kencana, p. 5.

⁵ *Ibid.*, p. 16.

⁶ Sujarweni, V. Wiratna. (2017). *Analisis Laporan Keuangan*. Yogyakarta: Pustaka Baru Press, p. 1.

⁷ Kasmir, *Op.Cit.*, p. 66.

⁸ Munawir, S. (2000). *Analisis Laporan Keuangan*. Yogyakarta: Liberty, p. 32.

A balance sheet can be interpreted as a report that describes the financial position of a company that includes assets, liabilities, and equity at a certain time. The income statement can be interpreted as a report regarding the income, expenses, and profit or loss of a company in a certain period. Equity of Changes Statement can be interpreted as a report that presents changes in the capital due to additions and subtractions from profit/loss and owner transactions. The cash flow statement can be interpreted as a report that describes cash receipts and disbursements during a certain period. The cash flow statement provides an overview of the use of cash in three parts of a company's activities that relate to cash income and payments. The three parts of activities in the cash flow statement are: Cash from operating activities, cash from investing activities, cash from financing assets, and finally, notes on financial statements can be interpreted as information or additional notes that are added to explain to the reader of the financial statements. Notes to financial statements explain the calculation of certain items in the financial statements.

4. Health Assessment Results of PT. Bank Sulselbar in the Perspective of CAMEL Method

The stability of banking institutions needed in an economy. This stability is not only seen from the amount of money in circulation but also seen from the number of banks that exist as financial management instruments. Appraisal of company performance for management can be interpreted as an assessment of achievements that can be achieved. In this case, profit can be used as a measure of the achievement achieved in a company.

Bank Indonesia as the Central Bank has an important role in banking restructuring, because Bank Indonesia is in charge of regulating and supervising the operation of bank operations based on Bank Indonesia Regulation No.6/10/2004 date April 12, 2004, concerning the Bank Health Level System and Bank Indonesia Circular Letter No.6 / 23 / DPNP date 31 May 2004 concerning Procedures for Assessing the Health of Commercial Banks. The appraisal is conducted by qualifying several components of each factor, they are the components of Capital, Asset, Management, Earning, Liquidity, or abbreviated as CAMEL. The following are the results of research at PT. Bank Sulselbar regarding the calculation steps based on the CAMEL method.

4.1. Capital

The capital ratio is measured by comparing the ratio of capital to asset-weighted according to the ratio so that with the existing formula (ATMR), the Capital Adequacy Ratio (CAR) of PT. Bank Sulselbar during 2015 to 2018 are as follows:⁹

Table 1. CAR calculation (in million rupiahs) PT. Bank Sulselbar

Calculations	2015	2016	2017	2018
Total Capital (Rp)	2.011.270	1.933.901	2.640.763	2.962.685
ATMR (Rp)	7.279.642	9.047.944	10.492.174	12.200.740
CAR (%)	27,62%	21,37%	25,16%	24,28%
Total				

Source: Primary data, 2019 (Edited)

⁹ CAR= $\frac{\text{Capital}}{\text{Asset-Weighted}} \times 100\%$

4.2. Asset

Earning Asset Quality (KAP) is based on a ration, namely: Earning Asset Ratio classified to earning assets is as follows:¹⁰

Table 2. KAP Calculation (in million rupiahs) PT. Bank Sulselbar

Calculations	2015	2016	2017	2018
Classified Earning Assets (Rp)	55.493	57.227	71.924	74.938
Total Earning Assets (Rp)	9.980.079	12.928.312	15.286.835	18.061.097
KAP %	0,55%	0,44%	0,47%	0,41%
Total				

Source: Primary data, 2019 (Edited)

4.3. Management

In this aspect, the assessment is profitability management and liquidity management.¹¹

Table 3. Calculation of Net Profit Margin/NPM (in million rupiahs) PT. Bank Sulselbar

Calculation	2015	2016	2017	2018
Net Profit (Rp)	501.177	606.123	539.445	591.474
Operational Profit (Rp)	684.500	819.097	701.369	790.164
NPM(%)	73,21%	73,99%	76,91%	74,85%
Credit Value (%)	73,21%	73,99%	76,91%	74,85%
Total				

Source: Primary data, 2019 (Edited)

4.4. Earning

The profitability ratio is carried out to determine the ability of the bank to make a profit. The rentability ratio using two aspects:

1) *Return On Asset (ROA)*

The following are the results of the analysis of Return on Asset (ROA) at PT. Bank Sulselbar Mamasa Branch from 2015 to 2018:¹²

Table 4. ROA Calculation (in million rupiahs) PT. Bank Sulselbar

Calculation	2015	2016	2017	2018
Profit Before Tax (Rp)	674.818	814.533	723.977	802.245
Total Assets (Rp)	11.520.305	16.242.239	17.545.955	20.576.423
ROA (%)	5,85%	5,01%	4,12%	3,89%
Total				

Source: Primary data, 2019 (Edited)

¹⁰ Ratio KAP = $\frac{\text{Earning Asset Ratio Classified}}{\text{Total Asset Earning}} \times 100\%$

¹¹ NPM = $\frac{\text{Net Profit}}{\text{Operating Profit}} \times 100\%$

¹² ROA = $\frac{\text{Profit Before Tax}}{\text{Total Assets}} \times 100\%$

2) Operating Costs to Operating Income (BOPO)

The results of analysis of Operational Costs on Operating Income (BOPO) at the Bank Sulselbar Mamasa Branch from 2015 to 2018:¹³

Table 5. BOPO Calculation (in million rupiahs) PT. Bank Sulselbar

Calculation	2015	2016	2017	2018
Operating Costs (Rp)	1.205.182	1.235.229	1.618.511	1.649.269
Operating Income (Rp)	1.891.682	2.054.326	2.359.874	2.439.433
BOPO (%)	63,70%	60,12%	68,58%	67,60%
Total				

Source: Primary data, 2019 (Edited)

4.5. Liquidity

This calculation uses the LDR (Loan on Deposit Ratio) ration which compares the loans granted to the funds received.¹⁴

Table 6. LDR Calculation (in million rupiahs) PT. Bank Sulselbar

Calculations	2015	2016	2017	2018
Loans (Rp)	8.373.058	11.369.745	13.352.644	15.230.189
Funds Received (Rp)	7.207.122	11.015.563	11.166.296	12.648.843
LDR (%)	11,61%	10,32%	11,95%	12,04%
Total				

Source: Primary data, 2019 (Edited)

According to Bank Indonesia regulations, the healthy category can be grouped into four groups of CAMEL credit scores which can be seen in the following table:

Table 7. Bank Health Level according to CAMEL

CAMEL'S Credit Score	Predicate
81% - 100%	Healthy
66% - <81%	Fairly Healthy
55% - <66%	Unwell
0% - <55%	Not Healthy

Source: Primary data, 2019 (Edited)

Table 8. Results of Financial Performance Evaluation Using the CAMEL Method at PT. Bank Sulselbar 2015 to 2018 (Processed data)

Year	2015	2016	2017	2018
1. Capital & CAR				
Value of a Ration (%) (a)	27,62	21,37	25,16	24,28
Credit Score (b)	100	100	100	100
Weight % (c)	30	30	30	30
Weight of Value (bxc)	30,00	30,00	30,00	30,00

¹³BOPO = $\frac{\text{Operating Costs}}{\text{Operating Income}} \times 100\%$

¹⁴ LDR = $\frac{\text{Loans}}{\text{Funds Received}} \times 100\%$

2. (a) Asset & KAP				
Value of a Ration (%) (a)	0,55	0,44	0,47	0,41
Credit Score (b)	100	100	100	100
Weight % (c)	25	25	25	25
Weight of Value (bxc)	25,00	25,00	25,00	25,00
(b) Asset & PPAP				
Value of a Ration (%) (a)	426,50	73,33	71,24	76,26
Credit Score (b)	426,5	73,33	71,24	76,26
Weight % (c)	5	5	5	5
Weight of Value (bxc)	21,32	3,66	3,56	3,81
3. Management & NPM				
Value of a Ration (%) (a)	73,21	73,99	76,91	74,85
Credit Score (b)	73,21	73,99	76,91	74,85
Weight % (c)	20	20	20	20
Weight of Value (bxc)	14,64	14,79	15,38	14,97
4. (a) Earning & ROA				
Value of a Ration (%) (a)	5,85	5,01	4,12	3,89
Credit Score (b)	100	100	100	100
Weight % (c)	5	5	5	5
Weight of Value (bxc)	5,00	5,00	5,00	5,00
(b) Earning & BOPO				
Value of a Ration (%) (a)	63,70	60,12	68,58	67,60
Credit Score (b)	100	100	100	100
Weight % (c)	5	5	5	5
Weight of Value (bxc)	5,00	5,00	5,00	5,00
5. Liquidity & LDR				
Value of a Ration (%) (a)	11,61	10,32	11,95	12,04
Credit Score (b)	100	100	100	100
Weight % (c)	10	10	10	10
Weight of Value (bxc)	10,00	10,00	10,00	10,00
Total	110,78	93,45	93,94	93,78
Predicate	Healthy	Healthy	Healthy	Healthy

Source: Primary data, 2019 (Edited)

Based on table 8, the results of the calculation of the CAMEL ratio value, the results of the financial health assessment in the last 4 (four) years can be presented, that is 2015 to 2016 at PT. Bank Sulsebar Mamasa Branch is in a healthy predicate because it has met the standards set by Bank Indonesia.

From 2015 to 2018, from the capital aspect, the CAR ratio shows the bank's ability to cover the decline in assets as a result of bank losses caused by risk assets of 27.62%, 21.37%, 25.16%, and 24.28%. Thus, obtained a credit score of 100 and after multiplying by the weighted CAR ratio of 30%, so the value of the capital factor weight is 30.

From the aspect of Earning Asset Quality, the KAP ratio figures show that from year to year, Bank Sulsebar is getting better at managing its credit distribution, as seen from the calculation of ratios 0.55%, 0.44%, 0.47%, and 0.41%, respectively. For the KAP credit score obtained through 100 multiplied by the KAP ratio weight of 25%, then the weighted

value of the KAP ratio each year is 25. The PPAP ratio figure shows the bank's ability to anticipate the elimination of bad credit by 426.50%, 73.33%, 71.24%, and 76.26% the PPAP credit scores are 426.5, 73.33, 71.24, and 76.26 then multiplied respectively with a PPAP weight ratio of 5%, the PPAP weight values are 21.32, 3.66, 3.56 and 3.81.

From the management aspect, it shows that PT. Bank Sulselbar has a very good financial performance in managing to achieve targets. The NPM ratio from 2015 to 2018 was 73.21%, 73.99%, 76.91%, and 74.85% resulting in the same credit score as the NPM ratio then multiplied by the management aspect weight by 20% so that the weighted values obtained were 14.64, 14.79, 15.38 and 14.97.

From the profitability aspect, the ROA ratio shows the bank's ability to earn profits and overall efficiency of 5.85%, 5.01%, 4.12%, and 3.89%, while the BOPO ratio figures indicate the level of efficiency and the ability of the bank to carry out its operational activities, which are 63.70 respectively. %, 60.12%, 68.58% and 67.60%. From these results, it is obtained that the credit score for ROA and BOPO is 100 and then multiplied by the weight of the ROA and BOPO ratios each of 5% so that the ROA and BOPO weight values are obtained by 5.

From the liquidity aspect, the LDR ratio figures from 2015 to 2018 show the bank's ability to repay withdrawals made by relying on loans as a source of liquidity of 11.61%, 10.32%, 11.95%, and 12.04%. From these results, it is obtained that the LDR credit score is 100 then multiplied by the LDR ratio weight of 10%, the LDR weight value is 10. After all the weighted ratio values are calculated, the total net value of the CAMEL Bank Sulselbar ratio is 102.89, 104.05, 103.44, and 104.12.

5. Conclusion

The results of the net value calculation for each ratio which is listed in the discussion table shows that the sum of the net values of all CAMEL aspects in 2015 amounting to 110.78, 2016 amounted to 93.45, in 2017 amounted to 93.94, and in 2018 amounted to 93.78. Based on the assessment criteria, the results of the assessment of the health level of PT. Bank Sulselbar Mamasa Branch using the CAMEL method from 2015 to 2018 got a healthy predicate.

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Conflict of Interest Statement:

The author declares that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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