Analysis of CAMEL Methods in Banks Soundness Level: A Case from Rural Banks in Bali Province, Indonesia

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Abstract. Banking assessment is carried out by qualifying some substances of each factor, i.e, the components of Capital, Earning Assets Quality (EAQ), Management, Earnings, and Liquidity, or an abbreviated method known as 'CAMEL'. The problem statements in this study are analysis of CAMEL Methods in Bank Soundness Level of Rural Banks 'SP' when noticed from the perspective of Capital, Earning Assets Quality, Management, Profitability, and Liquidity. This research category is descriptive quantitative and associative, i.e, using historical financial statement analysis. According to the results of the analysis that has been carried out, it can be inferred that the level of soundness in terms of CAMEL (Capital, Asset, Management, Earning, and Liquidity) in Rural Banks 'SP' from the last 5 years has been as follows: (1) The Capital aspect is in a healthy predicate because the Capital Adequacy Ratio (CAR) obtained is above 8 percent. (2) Productive Asset Quality Aspects are in the 'Healthy' category because the ratio score obtained is always below 10.35 percent (according to Bank Indonesia standards). Meanwhile, the PPAP Ratio is also in the healthy category because the ratio score obtained is always above 81 percent. (3) The Management aspect is in the 'Healthy' category because the credit score obtained is 91. (4) ROA Ratio components are in the 'Healthy' category because the ratio score obtained is above 1.215 percent. Meanwhile, BOPO Ratio components are in the 'Healthy' category, because the ratio score obtained is below 93.52 percent. (5) Cash Ratio components are in the 'Healthy' category because the ratio score obtained is above 4.05 percent. Meanwhile, LDR components are in the 'Healthy' category, because the ratio score obtained is below 94.75 percent.

Key words: CAMEL Methods, CAR, EAQ, management, profitability, liquidity.

Introduction

The development of the business world is inseparable from the development of the banking business sector, which has the main function as a place that can gather funds and distribute funds (financial intermediary) among parties who need funds and those who have excess funds (creditors) (Gobat). Banking services help every entrepreneur and community who experience problems in the field of capital and finance. The role of banking in collecting public funds requires a healthy banking condition and the availability of banking service products that attract public interest. Banks have an interest in safeguarding these funds so that public trust is not wasted. The deteriorating condition of the banking soundness level was constrained by many very dissimilar factors. The main factor that almost all banks are facing is the swelling number of non-performing loans and bad loans. The increasing number of non-performing loans and non-performing loans that have appeared recently has made the situation even more complicated and has even become the impact of the current banking difficulties.

Recently, the term healthy or unhealthy bank has become upgrade popular. Various actual events concerning banking, such as mergers and liquidations, are always associated with the health of the bank. Because of a bank surely requires an

analysis to find out its condition follow carrying out its operational activities within a certain period of time. The analysis carried out here is in the form of an assessment of the bank's soundness level. The soundness of a bank is the ability of a bank to carry out normal banking operations and be able to fulfill all of its obligations properly in ways that comply with applicable banking regulations (Saladin & Hendri, 2017).

The stability of banking institutions is needed in an economy. This stability is not only seen in the amount of money in circulation but also seen in the number of existing banks as instruments of financial administration (Indonesian Banking, 2021). Company performance appraisal for management can be interpreted as an assessment of the achievements that can be achieved. In this case, profit can be used as a measure of the achievements achieved in a company (Financial Services Authority (OJK), 2021). Bank Indonesia stipulates a provision that must be met and implemented by banking institutions, namely based on the Decree of the Board of Directors of Bank Indonesia number 30/12/KEP/DIR and Circular Letter of Bank Indonesia No. 30/3/UPPB dated 30 April 1997 (Central Bank Research and Education Center, 2012: VI). In addition, Circular of Bank Indonesia (Surat Edaran Bank Indonesia) No.6/23/DPNP/2004 i.e., Soundness Level. The assessment is carried out by qualifying several components of each factor, namely the components of Capital, Assets, Management, Earnings, and Liquidity or abbreviated is the method known as 'CAMEL' (Permata & Purwanto, 2018; Gebregiorgies, 2021).

One type of banking in Indonesia is Rural Banks (BPR, called in Indonesia) which carry out their business activities conventionally or based on sharia principles and in their activities (OK Financial Group, 2022). Rural Banks do not provide services in payment traffic so their activities are narrower than Commercial Banks such as do not issue products in the form of Giro. According to Enactments of the Republic of Indonesia Number 10 of 1998 Amendments to Law Number 7 of 1992 concerning Banking, '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 to increase the standard of living of many people who carry out business activities conventionally or based on sharia principles which in their activities do not provide services in terms of payment traffic. Rural Banks Sukawati Pancakanti (for next write abbreviated 'Rural Bank's SP'). Rural Bank's SP' is one of the business entities engaged in banking services in Bali which always tries to increase reasonable profits for the continuity of this banking. As well as being able to grow and develop to improve performance and competitiveness with other banking institutions and achieve the goals in general, namely to prosper members and improve the standard of living of the people at large. The description of the development of Rural Bank's SP for the last five years is shown in table 1 as follows:

Table 1. Development of Total Assets, Business Capital, Loans, Cash, Income and Operational Costs of Rural Bank's SP in the last 5 Years

Period of	Total Assets IDR (.000)	%	Business Capital IDR (.000)	%	Loans IDR (.000)	%	Cash IDR (.000)	%	Income IDR (.000)	%	Operational Costs IDR (.000)	%
Last 5 Years	96,616,061	43	4,000,000	0	75,836,896	37	299,685	(58)	15,396,070	38	12,509,454	37
Last 4 Years	133,341,382	27	7,000,000	43	102,185,721	33	413,326	33	21,437,660	28	17,643,010	29
Last 3 Years	160,939,576	17	7,000,000	0	136,099,082	17	348,998	17	25,687,586	16	21,109,854	16
Last 2 Years	194,082,946	17	12,400,000	44	165,049,220	18	872,741	18	34,173,905	24	29,459,496	28
Last 1 Years	240,391,104	19	12,400,000	0	211,714,924	22	710,020	22	45,882,842	25	38,760,440	23
Source: Highlights Financial Report Rural Bank's SP												

Judging from the total assets, business capital, loans, cash, operating income and

operating costs, the company continues to increase. However, this needs to be explored further or in depth about how the health level of Rural Bank's SP and efficiency in the use of working capital. Total assets equal to total debt plus capital with the proportion of 100 percent assets equal to 40 percent debt and 60 percent capital (Riyanto, 2010: 282).

Problem Statements

Based on the background the problem statements in this study are "How is the Rural Soundness Level of Rural Bank's of SP when viewed from the perspective of Capital, Earning Assets Quality (EAQ), Management, Profitability, and Liquidity".

Theoretical Study

The term bank is thought to have originated from the Italian word 'Banco' which was then changed to English, i.e., bank. The bank is a financial institution as a place for companies, private government agencies, and individuals to store their funds. Furthermore, Article 1 Paragraph 2 defines that: a 'Bank is a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit and or other forms in the context of improving the standard of living of the people at large' (Republic of Indonesia Law, 1998).

The banking sector is a sector that is very important for people's lives and has a direct effect on increasing income and economic growth of a country, so it is important to analyze and assess the level of its soundness. Assessment of the soundness of a bank is carried out based on an analysis of the bank's financial statements. Measuring a bank's performance or soundness level is considered necessary for evaluating the achievement of company goals, developing development strategies, and making investment decisions. Analysis of bank efficiency and measures of bank management efficiency should be a valuable tool for policymakers to predict bank business failures. A bank is said to be healthy if the bank is able to maintain and maintain the continuity of its business properly so that it is able to fulfill its obligations to all interested parties and support healthy banking (Kasmir, 2016: 356). Appraise of the soundness of a bank can be measured using CAMEL analysis. Although in general the relevant CAMEL factor is used for all banks, the weight of each factor will be different for each type of bank.

Rural Banks are banks that enforce business activities conventionally or accorded to sharia principles which in their activities do not allow services in payment traffic. Rural bank's business activities are mainly aimed at serving small businesses and people in a rural areas. The legal form of a Rural Bank can be a Limited Liability Company, Regional Company or Cooperative. Rural banks has a target, which is to provide the be necessarys of farmers, traders, breeders, fishermen, small entrepreneurs, employees, and pensionary because this target cannot yet be attained by commercial banks and to furthermore embody equity in banking services, equal distribution of business opportunities, equal distribution of income, and so that they do not fall into the hands of loan sharks/moneylenders (Sinaga, 2018: 58). The financial statements of rural banks aim to give information presuming the financial position, performance, and changes in financial position. In addition, Rural Banks' financial reports also aim to assist decision-making (Directorate of Credit, Rural Banks and MSMEs, Bank Indonesia, 2010: 1).

The meaning of bank health is the ability of a bank to carry out banking operations normally and be able to fulfill all of its obligations properly in ways that are in accordance with applicable banking regulations (Basel Committee on Banking Supervision, 2015: 3). The soundness level of a bank is the outcome of a qualitative valuation of assorted aspects that predispose the condition or bank performance past

the evaluation of capital, earnings asset quality, management, earnings, and liquidity factors (Bank Indonesia Regulations, 2007).

Table 2. Rating Factors and Their Weights in Bank Soundness Ratings

Factors	Components	Weight
1. Capital	Ratio of Capital to RWA	30%
2. Earning Assets Quality	a. APYD* to AP Ratio b. PPAP* to PPAPWD*	25% 5%
3. Management	a. General Management b. Risk Management	10% 10%
4. Profitability	a. ROA b. BOPO Ratio	5% 5%
5. Liquidity	a. Cash Ratio b. LDR	5% 5%
*abbreviated from Indonesian *Source*: Bank Indonesia Circular Letter (1997)		

The total weight for the five factors is 100. The assessment of elements and components is carried out using a credit system stated in a credit score of 0 to 100. All credit scores from Capital factors, Earning Assets Quality, Management, Profitability, and Liquidity are added to obtain a combined credit score. The combined credit score will produce a soundness assessment predicate, i.e. Table 3:

Table 3. Rural Banks Health Assessment Predicate

Credit Ratings	Predicate
81 – 100	Healthy
66 - < 81	Healthy Enough
51 - < 66	Unwell
0 - < 51	Not Healthy
Source: Bank Indonesia Regulations (2004)	

The predicate for the soundness bank level that is healthy or quite healthy or unhealthy will be bring down to unhealthy if there are internal strifes, intervention from other parties, window dressing in the bank's books and reports, "bank within a bank" practice, financial difficulties which result in being unable to fulfill obligations. and in the event of deviant banking practices.

Rural Banks "SP' is to use the CAMEL method which has been regulated through 'SK.DIR.BI.No.30/12/KEP/DIR/1997' April 30 1997 regarding how to appraise the soundness of Rural Credit Banks. CAMEL analysis uses 5 (five) factors, i.e, the Capital factor is analyzed by the CAR ratio, where the CAR ratio is obtained from a comparison between nucleus capital plus adjunctly capital with risk-weighted assets. Asset factor is analyzed by KAP and PPAP ratio. The KAP ratio is obtained from a comparison between classified earning assets and earning assets, and the PPAP ratio can be obtained from a comparison between the provision for earning assets losses that must be formed. Management factors are assessed by calculating general management and risk management. Management assessment can be done using a questionnaire. Earning factors are analyzed by the ROA and BOPO ratios, where the ROA ratio can be

obtained from the comparing of profit before tax with average assets, and the BOPO ratio is obtained from the comparison of operational costs with operational income. The liquidity factor is analyzed by Cash Ratio and LDR. Where the Cash Ratio is obtained from a comparison between liquid assets and current debt, and the LDR ratio is obtained from a comparison between loans formed with funds received and nucleus capital. Based on the five CAMEL factors, Rural Banks 'SP' (Fig. 1).

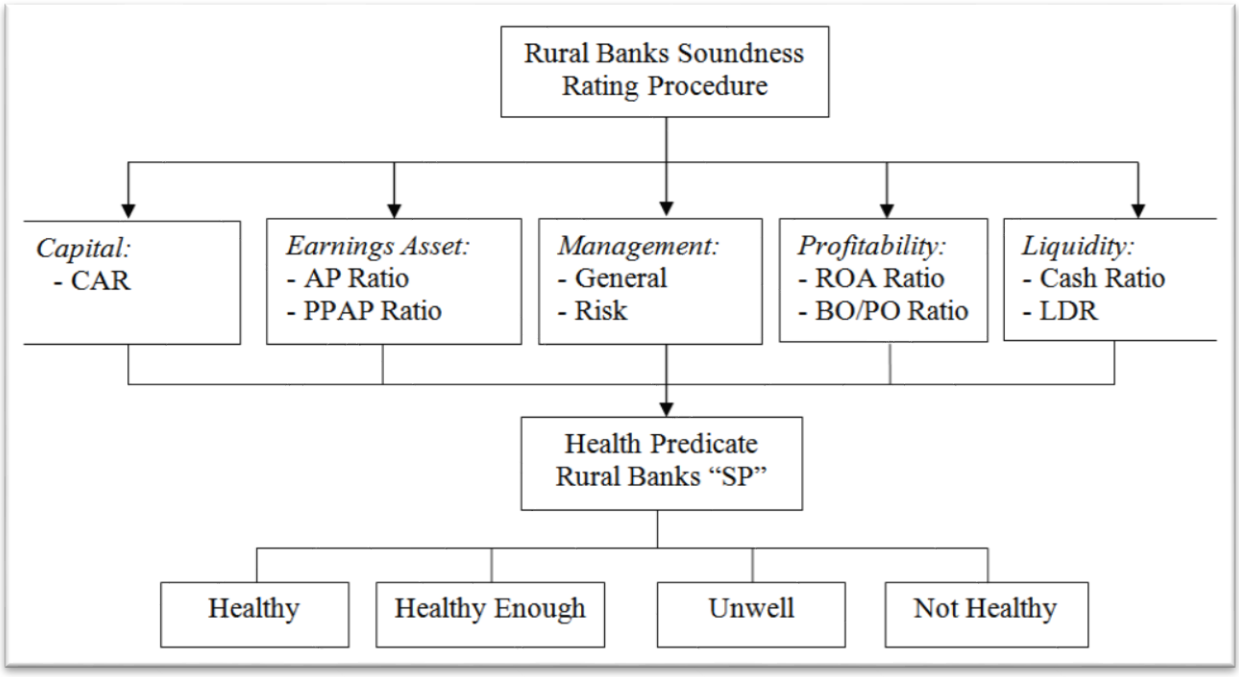

Fig. 1. Research Thinking Framework. *Source*: Author Proposed*

*Financial Statements of Rural Banks 'SP' in 5 Years; Balance Sheet According to (Kasmir, 2016) and Profit/Loss Report According to Rural Banks Soundness Assessment using the CAMEL method based on the (Bank Indonesia Circular Letter, 1997).

Methodology

This research category is descriptive quantitative and associative, i.e, using historical financial statement analysis. This associative research purposes to specify the linkage among two or more variables and look for roles, influences, and causal relationships, namely among the independent variable and the dependent variable (Sugiyono, 2018).

Operationalization Variable Measurement consists of i.e,:

(1) Capital, viz the ratio of capital (nucleus capital and adjunctly capital) to risk-weighted assets (RWA) owned by Rural Banks 'SP'.

(2) The Earning Assets Quality of Rural Banks is appraised with the ratio of earning assets categorized to earning assets and the ratio of allowance for possible losses on earning assets formed by the Rural Banks to the allowance for possible losses on earning assets that must be formed by the RB.

(3) Management, namely the ability and skills of Rural Banks to manage human and another resources efficiently and effectively to reach a aim through the activities of other people.

(4) Profitability, namely the ability of the Rural Banks to earn profits during a certain period which shows the ratio between profits and assets or capital in generating

profits.

(5) Liquidity, namely the ability of a Rural Bank to fulfill its obligations that must be paid immediately or the power of a Rural Banks to meet short-term obligations that are due soon. The research will begin 5 years ago financial report Rural Bank's 'SP'.

Data Analysis Techniques

The appraisal of the capital factor is based on the Capital Adequacy Ratio (CAR), i.e, Risk-Weighted Assets (RWA) capital ratio with the formula:

$$CAR = \frac{Tier\ Capital\ and\ Supplementary\ Capital}{Risk\ Weighted\ Assets\ (\text{RWA})} x100\%$$

The methods of calculating credit scores include:

1) Fulfillment of KPMM of 8 percent is given the title of "healthy" by a credit score of 81 and for each 0.1 percent intensify from fulfilling the KPMM of 12 percent, the credit score is added by 1 to a peak of 100.
2) Fulfillment of KPMM of less than 8-7.9 percent is given the title of "unsound" with a credit score of 65 and for each decrease of 0.1 percent of
3) Fulfillment of KPMM 7.9 percent credit value minus 1 with a minimum of 0 or can be searched by the formula:

$$Credit\ Score = \frac{Capital}{Risk\ Weighted\ Assets\ (\text{RWA})} x100\%$$

The maximum weight/score value for Rural Banks health is 30 percent (Table 4).

Table 4. Assessment Criteria of Capital Adequacy Ratio (CAR)

Ratio Yield	Predicate
≥ 8 Percent	Healthy
7.9 – 8 Percent	Healthy enough
6.5 – 7.9 Percent	Unwell
≤ 6.5 percent	Not healthy
Source: Bank Indonesia Circular Letter, 1997	

To calculate the quality ratio of earning assets can be obtained through 2 calculation methods, viz:

1) Earning assets categorized to the earning assets ratio

$$Asset\ Productivity\ Ratio = \frac{Classified\ of\ Asset\ Productivity}{Asset\ Productivity\ (AP)} x100\%$$

The Asset Productivity Ratio of 22.5 percent or more is given a credit score of 0. Each decrease of 0.15 percent starts from a 22.5 percent credit score plus 1 with a peak of 100 or can be calculated by the formula:

$$Credit\ Score = 1 + \frac{22.5\% - Ratio}{0.15\%}$$

Weight value/score = credit score x 30 percent. The maximum weight/score value for Rural Banks health is 30 percent (Table 5).

Table 5. Assessment Criteria of Earning Assets Ratio

Credit Ratings	Predicate
0.0 – ≤ 10.35 Percent	Healthy
> 10.35 – ≤ 12.6 Percent	Healthy enough
> 12.61 – ≤ 14.85 Percent	Unwell
> 14.85 percent	Not healthy
Source: Bank Indonesia Circular Letter (1997)	

2) The ratio of reserves for allowance for likely losses on earning assets formed to the reserves for allowance for possible losses on earning assets that must be formed.

$$PPAP = \frac{Provision\ for\ write-off\ of\ earning\ assets\ established\ by\ the\ bank}{Provision\ for\ write-off\ of\ productive\ assets\ that\ must\ be\ formed\ (AP)} x100\%$$

The methods for calculating credit scores include: (i) i) a 0 percent ratio presents a 0 (zero) credit score. Each 1 percent escalation starts from 0 credit score plus 1 with a peak of 100, or can be found by the formula:

$$Credit\ Score\ =\ Ratio\ x\ 1$$
$$Weight\ Value/Score\ =\ Credit\ Score\ x\ 10\%$$

The maximum weight/score value for Rural Banks health is 10 percent (Table 6).

Table 6. Assessment Criteria for the Allowance for Earning Assets Losses Ratio

Credit Ratings	Predicate
≥ 81.0 Percent	Healthy
≥ 66.0 – < 81.0 Percent	Healthy enough
≥ 51.0 – < 66.0 Percent	Unwell
< 51.0 percent	Not healthy
Source: Bank Indonesia Circular Letter (1997)	

Quantification of the soundness assessment of management factors using the credit system. The calculation of the credit score is accorded to the outcome of appraising the answers to questions from the management components, which in total amount to 25 according to Bank Indonesia regulations, which include the following elements:

1) General Management (10 questions)

2) Risk Management (15 questions) with a score or weight (answered gets a score of 4, while those answered do not get a score of 0).

Assessment: Each answer is given a value of 0,1,2,3 or 4 with the following details:

Value 0 = Weak Condition

Values 1, 2, 3 = Intermediate Conditions

Value 4 = Good Condition

NK Management Factor = NK Management x Management Ratio Weight

(Table 7).

Table 7. Assessment Criteria for Management

Credit Ratings	Predicate
≥ 81	Healthy
≥ 66 – < 81	Healthy enough
≥ 51 < 66	Unwell
< 51	Not healthy
Source: Bank Indonesia Circular Letter (1997)	

To analyze the profitability ratio, 2 ratio methods are used, viz:

1) Return On Assets; the ROA for the ultimate 12 months to the common business volume in the same period of 0 percent or more is presented a credit score of 0, Each increase of 0.015 percent starts from 0 percent credit score plus 1 with a peak of 100, or can be found by the formula:

$$Credit\ Score = \frac{Ratio}{0.015\%} x1$$

Weighted Value/Score = Credit Score x 30 percent. The maximum weight/score value for Rural Banks health is 30 percent.

Weight value/score = Credit Score x ROA Ratio

The maximum weight/score value for Rural Banks health is 10 percent (Table 8).

Table 8. Assessment Criteria for ROA Ratio

Credit Ratings	Predicate
≥ 1,215 Percent	Healthy
≥ 0.99 Percent – < 1,215 Percent	Healthy enough
≥ 0.765 Percent – < 0,99 Percent	Unwell
< 0.765 Percent	Not healthy
Source: Bank Indonesia Circular Letter (1997)	

2) BOPO Ratio; the ratio of Operating Expenses in ultimate 12 months to Operating Income in the usual period of 100 percent or over is presented a credit of 0. For each mitigate of 0.08 percent, the credit value is added by 1 with a maximum of 100, or can be searched by the formula formula:

$$Credit\ Score = \frac{100 - BOPO\ Ratio}{0.08\%} x1$$

Weighted Value/Score = Credit Score x BOPO Ratio The maximum weight/score value for Rural Banks health is 10 percent (Table 9).

Table 9. Assessment Criteria for BOPO Ratio

Credit Ratings	Predicate
≤ 0,9352 Percent	Healthy
> 93.52 Percent – ≤ 94,72 Percent	Healthy enough
> 94.72 Percent – ≤ 95,92 Percent	Unwell

> 95.92 Percent	Not healthy
Source: Bank Indonesia Circular Letter (1997)	

To analyze the liquidity ratio, 2 ratio methods are used, viz:

1) Cash Ratio (CR); the Cash Ratio is presented a credit score of 0 and for each escalate of 0.05 percent the value is added by 1 with a peak of 100, or can be found by the formula:

$$Credit\ Score = \frac{Ratio}{0.05\%} x1$$

Weighted Value/Score = Credit Score x 5%. The maximum weight/score value for Rural Banks health is 5 percent (Table 10).

Table 10. Assessment Criteria for Cash Ratio

Credit Ratings	Predicate
≥ 4,05 Percent	Healthy
≥ 3.30 Percent – < 4,05 Percent	Healthy enough
≥ 2.55 Percent – < 3,30 Percent	Unwell
< 2.55 Percent	Not healthy
Source: Bank Indonesia Circular Letter (1997)	

2) Loan to Debt Ratio (LDR); the ratio of 115 percent or more is given a credit score of 0. Each 1 percent mitigate starts from a 115 percent credit score ratio plus 4 with a peak of 100 percent, or can be found by the formula:

$$Credit\ Score\ = (115\% - Ratio) x\ 4$$
$$Weight\ Value/Score\ =\ Credit\ Score\ x\ 5\%$$

The maximum weight/score for Rural Banks health is 5 percent (Table 11).

Table 11. Assessment Criteria for LDR

Credit Ratings	Predicate
≤ 94,75 Percent	Healthy
> 94.75 Percent – ≤ 98,50 Percent	Healthy enough
> 98.50 Percent – ≤ 102,50 Percent	Unwell
> 102.5 Percent	Not healthy
Source: Bank Indonesia Circular Letter (1997)	

Assessment for the soundness level of the Rural Banks in terms of CAMEL (Capital, Asset, Management, Earning, Liquidity) above, it can be determined the maximum weight/score value in analyzing the soundness level of the Rural Banks (Bank Indonesia Circular Letter, 2014) which can be viewed in Table 12 below:

Table 12. The Factors Assessed And The Weights/Scores

Assessed Factors	Components	Weights
1. Capital	Ratio of capital to risk-weighted assets / RWA	30%
2. Earnings Asset Quality		30%

	a.	Ratio of classified assets to earning assets	25%
	b.	The ratio of allowance for possible losses on earning assets formed by an RB to the allowance for possible losses is established	5%
3. Management	General Management and Risk Management		20%
4. Profitability			10%
	a.	Return On Assets	5%
	b.	BOPO Ratio	5%
5. Liquidity			10%
	a.	Cash Ratio	5%
	b.	LDR	5%
Source: Bank Indonesia Circular Letter (1997)			

Results

To specify the soundness level in terms of CAMEL in Rural Banks 'SP' for the past 5 years, data obtained from the financial reports of Rural Banks 'SP' is needed (Table 13).

Table 13. Development of Total Assets, Loans Extended, Funds Received, and Profit before Tax of Rural Banks 'SP' in the last 5 years

Explanation	Period of (in IDR Currency)				
	Last 5 Years	Last 4 Years	Last 3 Years	Last 2 Years	Last 1 Years
Total Assets	96,616,061	133,341,382	160,939,576	194,082,946	240,391,103
Credits Given	75,796,216	102,185,721	136,099,081	165,049,220	211,714,927
Funds Received	92,377,540	128,534,497	154,163,183	190,275,811	226,294,433
Profit before Tax	2,855,849	4,594,957	5,922,451	6,468,137	9,460,188
Source: Author Processed Results					

Data Analysis

Assessment of a Rural Bank Soundness Level from Capital Factor is accorded to the ratio of capital to Risk-Weighted Assets (RWA) ratio. The calculation outcome can be viewed in Table 14 and Table 15 below:

Table 15. CAR Calculation Rural Banks 'SP' in the last 5 years

Period of	Total Capital	RWA	CAR (%)
	IDR Currency		
Last 5 Years	8,477,330	71,100,436	11,92%
Last 4 Years	10,706,739	96,886,600	11,05%
Last 3 Years	14,522,568	124,361,767	11,68%
Last 2 Years	19,381,548	158,954,885	12,19%
Last 2 Years	25,542,151	205,596,490	12,42%
Source: Author Processed Results			

CAR Ratio Rural Banks 'SP' during 5 periods experienced fluctuations, in the sense that its CAR ratio decreased and increased. Although CAR Rural Banks 'SP' in the 5 years experienced fluctuations but Rural Banks ‘SP” is still able to maintain its CAR position above the minimum standard set by Bank Indonesia, which is 8 percent.

According to the assessment criteria where the CAR ratio of Rural Banks 'SP' during the period was above 8 percent, the CAR ratio of Rural Banks 'SP' can be categorized as healthy, where the greater the ratio of CAR owned by the bank, the better it will be because the bank can provide large amounts of capital. Then the next is to anatomize the credit score CAR Ratio at Rural Banks 'SP' for 5 years.

Table 16. Assessment of Rural Banks 'SP' Soundness of CAR factor in the last 5 years

Period of	CAR (%)	Credit Score	Maximum Score	CAR Ratio Weight	Predicate
Last 5 Years	11.92%	120.0	100	30 Percent	Healthy
Last 4 Years	11.05%	111.5			Healthy
Last 3 Years	11.68%	111.7			Healthy
Last 2 Years	11.19%	122.9			Healthy
Last 2 Years	12.42%	125.2			Healthy
Source: Author Processed Results					

Assessment of Productive Asset Quality Factors (Asset Productivity, 'AP') used to maintain the use of funds in business continuity. The calculation outcome can be viewed in Table 16 and Table 17 below:

Table 16. Assessment of Earning Assets Classified Against Earning Assets in the last 5 years

Period of	AP Ratio (%)	Credit Score	Maximum Score	Ratio Weight	Predicate
Last 5 Years	1.07%	143.84	100	25	Healthy
Last 4 Years	1.81%	138.97			Healthy
Last 3 Years	0.62%	146.86			Healthy
Last 2 Years	2.08%	137.16			Healthy
Last 2 Years	1.41%	140.66			Healthy
Source: Author Processed Results					

Table 17. Assessment of Allowance for Earning Assets Losses against Allowance for Formed Compulsory Earning Assets Losses in the last 5 years

Period of	PPAP Ratio (%)	Credit Score	Maximum Score	Ratio Weight	Predicate
Last 5 Years	100%	100	100	5 Percent	Healthy
Last 4 Years	100%	100			Healthy
Last 3 Years	100%	100			Healthy
Last 2 Years	100%	100			Healthy
Last 2 Years	100%	100			Healthy
Source: Author Processed Results					

Appraise of Management Analysis enters two components, i.e., general management and risk management. The more aspects of general management and risk management that can be fulfilled by the Rural Banks, the more credit score the management factor can increase. Assessment of management factors is carried out by

administering a questionnaire containing questions/statements predetermined by Bank Indonesia. Each question/statement has a score/point of 4.0 with a maximum total of 100. The score/weight for the soundness level of the Rural Banks is a maximum of 20 percent with an assessment standard ranging from 16.2 to 20. Management assessment is carried out by giving a questionnaire containing 25 (twenty-five) questions/statements covering 4 (four) aspects of general management namely: strategy/goals, structure, system, and leadership, and 5 (five) aspects of risk management namely: credit risk, liquidity risk, legal risk, operational risk, owner and manager. According to the outcomes of the evaluation of 25 questions/statements given to the directors of Rural Banks 'SP' related to management assessment can be explained in the following table below (Table 18):

Table 18. Assessment of Soundness Level of Management Aspects in the last 5 years

Management Aspects	Statements Number	Total Score
General Management:		
1. Strategy/Goals	1	4
2. Structure	2	7
3. System	4	14
4. Leaderhip	3	12
Amount	10	37
Risk Management:		
1.Credit Risk	3	12
2.Liquidity Risk	2	8
3.Operational Risk	3	11
4.Legal Risk	3	11
5.Risk of Owners and Managers	4	12
Amount	15	54
Amount of Management Score's	25	91
Source: Author Processed Results		

Assessment of management aspects was carried out by researchers during the current research period because the assessment of management aspects from years 1 to 5 previously did not experience significant changes, so the assessment of management aspects in Rural Banks 'SP' in the last 5 Years (Table 19).

Table 19. Assessment of Soundness Level of Management Factors in the last 5 years

Period of	Total Score Management Factors	Weight (%)	Credit Score	Predicate
Last 5 Years	91	20	18.20	Healthy
Last 4 Years	91	20		Healthy
Last 3 Years	91	20		Healthy
Last 2 Years	91	20		Healthy
Last 2 Years	91	20		Healthy
Source: Author Processed Results				

Assessment of *profitability* (ROA and BOPO Ratio) carried out to specify the rural bank's ability to make a profit. The calculation outcome can be viewed in Table 20 and Table 21 below:

Table 20. Assessment of Soundness Level of Profitability with ROA Ratio in the last 5 years

Period of	ROA Ratio (%)	Credit Score	Maximum Score	ROA Ratio Weight	Credit Factor Score
Last 5 Years	3.94%	263.85	100	5 Percent	5.0
Last 4 Years	4.12%	275.46			5.0
Last 3 Years	4.31%	288.27			5.0
Last 2 Years	3.74%	250.54			5.0
Last 2 Years	4.24%	283.09			5.0
Source: Author Processed Results					

Table 21. Assessment of Soundness Level of Profitability with BOPO in the last 5 years

Period of	BOPO (%)	Credit Score	Maximum Score	ROA Ratio Weight	Credit Factor Score
Last 5 Years	84.61%	193.38	100	5 Percent	5.0
Last 4 Years	78.71%	266.13			5.0
Last 3 Years	77.11%	286.16			5.0
Last 2 Years	79.61%	254.92			5.0
Last 2 Years	79.20%	259.95			5.0
Source: Author Processed Results					

Assessment of *liquidity* (CR Ratio and LDR) to measure the company's ability to meet financial obligations that must be met immediately in Table 22 and Table 23 below:

Table 22. Assessment of Soundness Level of Liquidity with CR Ratio in the last 5 years

Period of	CR Ratio (%)	Credit Score	Maximum Score	ROA Ratio Weight	Credit Factor Score
Last 5 Years	32.36%	648.17	100	5 Percent	5.0
Last 4 Years	33.40%	668.99			5.0
Last 3 Years	16.71%	335.17			5.0
Last 2 Years	22.52%	451.31			5.0
Last 2 Years	18.28%	364.47			5.0
Source: Author Processed Results					

Table 23. Assessment of Soundness Level of Liquidity with LDR in the last 5 years

Period of	LDR (%)	Credit Score	Maximum Score	ROA Ratio Weight	Credit Factor Score
Last 5 Years	82.05%	131.80	100	5 Percent	5.0
Last 4 Years	79.50%	142.00			5.0
Last 3 Years	88.28%	106.87			5.0
Last 2 Years	86.74%	113.03			5.0
Last 2 Years	93.56%	85.77			5.0
Source: Author Processed Results					

Discussion

Analysis of Assessment of Soundness in Rural Banks in the last 5 years using the CAMEL Methods which can be known through the recapitulation of the results of the analysis and the overall total score obtained. Based on the total score, 5 (five) categories have been determined in the assessment of the financial condition of PT. Rural Banks 'SP' includes categories of Healthy, Healthy Enough, Unwell, and Not Healthy as summarized in Table 24 below.

Table 24. Summary Assessment of Soundness Level in terms of CAMEL Methods of Rural Bank's 'SP' in the last 5 years

Assessed Factors	2011	2012	2013	2014	2015
1. Capital / CAR	30.00	30.00	30.00	30.00	30.00
2. Quality of Productive Assets					
a. Asset Productivity (AP) Ratio	25.00	25.00	25.00	25.00	25.00
b. PPAP Ratio	5.00	5.00	5.00	5.00	5.00
3. Management	18.20	18.20	18.20	18.20	18.20
4. Profitability					
a. Return On Assets	5.00	5.00	5.00	5.00	5.00
b. BOPO Ratio	5.00	5.00	5.00	5.00	5.00
5. Liquidity					
a. Cash Ratio	5.00	5.00	5.00	5.00	5.00
b. LDR	5.00	5.00	5.00	5.00	5.00
Total Score	98.20	98.20	98.20	98.20	98.20
Source: Author Processed Results					

From the calculating yields of the net value of each ratio listed in the table above, it can be viewed that the total net value of all aspects (CAMEL) from 5 years is 98.20. Based on these assessment criteria, the results of the Rural Banks 'SP" using the CAMEL method are included in the "HEALTHY" predicate category because the net CAMEL weight score is more than 81 (healthy minimum threshold).

Conclusion

According to the results of the analysis that has been carried out, it can be inferred that the level of soundness in terms of CAMEL (Capital, Asset, Management, Earning, and Liquidity) in Rural Bank's 'SP' from the last 5 years has been as follows: (1) The Capital aspect is in a healthy predicate because the Capital Adequacy Ratio (CAR) obtained is above 8 percent. (2) Productive Asset Quality Aspects are in the healthy category because the ratio score obtained is always below 10.35 percent (according to Bank Indonesia standards). Meanwhile, the PPAP Ratio is also in the 'Healthy' category because the ratio score obtained is always above 81 percent. (3) The Management aspect is in the 'Healthy' category because the credit score obtained is 91. (4) ROA Ratio components are in the 'Healthy' category because the ratio score obtained is above 1.215 percent. Meanwhile, BOPO Ratio components are in the 'Healthy' category, because the ratio score obtained is below 93.52 percent. (5) Cash Ratio components are in the 'Healthy' category because the ratio score obtained is above 4.05 percent. Meanwhile, LDR components are in the 'Healthy' category, because the ratio score obtained is below 94.75 percent.

This researcher provides suggestions including (1) The Capital factor should be maintained because capital is very important in running a business by maintaining capital adequacy to cover current risks and anticipate future ones. (2) The Earning Asset Quality should be maintained and increased to reduce the number of funds that are widely embedded in earning assets that are classified as doubtful and lost. (3) The management factor should be maintained to safeguard the quality of management for the following years. (4) The Profitability factor should be maintained and increased by using assets efficiently to generate maximum profit or income. (5) The liquidity factor should be maintained and increased by keeping the credit given so that it is always in the current category to meet (cover) obligations that must be paid immediately.

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