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# HEALTH OF ISLAMIC COMMERCIAL BANKS IN INDONESIA: CAMEL AND RGEC METHODS

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**ABSTRACT**
This study aims to evaluate the health of Islamic Commercial Banks in Indonesia during the period 2021-2023 using the CAMEL and RGEC methods. The stability and health of banks are crucial factors in maintaining customer trust and the continued operation of Islamic banking in Indonesia. The research employs a qualitative approach with analysis based on the CAMEL (Capital Adequacy, Asset Quality, Management, Earnings, Liquidity) and RGEC (Risk Profile, Good Corporate Governance, Earnings, Capital) methods. The data analyzed are derived from the annual financial reports of Islamic Commercial Banks during the period 2021-2023, with data collection techniques conducted through documentation studies. The results of the study indicate that Bank Mega Syariah and Bank Central Asia Syariah received a "Healthy" rating based on the CAMEL method. Meanwhile, Bank Aceh, BTPN Syariah, Bank Riau Kepri Syariah, Bank Syariah Indonesia, Bank NTB Syariah, Bank Victoria Syariah, Bank Jabar Banten Syariah, and Bank Muamalat Syariah were rated "Fairly Healthy." The differences in these assessments are primarily due to variations in the Return on Assets (ROA) and Operating Costs to Operating Income (BOPO) ratios. In contrast, the RGEC method showed that Bank Riau Kepri Syariah, Bank Aceh, BTPN Syariah, and Bank Syariah Indonesia received a "Very Healthy" rating, while Bank Mega Syariah, Bank Central Asia Syariah, Bank NTB Syariah, Bank Victoria Syariah, and Bank Jabar Banten Syariah were rated "Healthy." Bank Muamalat Indonesia was rated "Less Healthy" due to variations in ROA, Return on Equity (ROE), Net Operating Margin (NOM), and BOPO ratios across the banks.

**Keywords:** Bank Health, CAMEL, RGEC, Islamic Commercial Bank

## INTRODUCTION

The COVID-19 pandemic has caused significant economic instability in various sectors, including the financial sector. In facing this challenge, the Financial Services Authority (OJK) took proactive steps by issuing OJK Regulation Number 11/POJK.03/2020. This regulation aims to mitigate the economic impact faced by businesses due to the prolonged crisis (Wicaksono & Adyaksana, 2020). This regulation includes various initiatives, such as interest rate cuts, credit restructuring, and temporary capital participation (Utami & Yustiawan, 2021). The impact has been felt, especially in the banking sector, both conventional and sharia, which have different operational characteristics.

The banking sector in Indonesia is categorized into two distinct types, specifically conventional banking and Islamic banking. Conventional banking operates using an interest rate system as the main mechanism for pricing and income (Sarmigi et al., 2023). In contrast, Islamic banking operates based on sharia principles that prioritize the profit-sharing system and avoid elements that are prohibited in Islamic law, such as usury, maisir, and gharar (Azhari & Wahyudi, 2020; Indra, 2019). This fundamental difference is an important background in understanding how the two types of banking respond to existing policies and challenges, including in the aspect of bank health assessment.

Bank health assessment is crucial because it reflects the bank's ability to perform its main functions, such as maintaining customer trust, performing intermediation functions, and supporting government policies (Kasmir, 2018). This assessment is increasingly important in the midst of challenging economic conditions, as good bank health will ensure operational continuity and financial sector stability.

In order to evaluate the health of banks, various analysis methods have been developed and applied. One of the most recognized methods is CAMELS, which was first introduced in Indonesia in 1991 and underwent various developments until it was finally widely adopted (Sulistiani & Iswanaji, 2021). CAMELS evaluates the health of a bank based on six main factors: Capital Adequacy, Asset Quality, Management Quality, Earnings, Liquidity, and Sensitivity to Market Risk. In 2011, Bank Indonesia introduced the RGEC method (Risk Profile, Good Corporate Governance, Earnings, Capital), which added emphasis on risk management and good corporate governance (BI Regulation No. 13/1/PBI/2011).

The health of Islamic banking, in particular, is often measured through the NPF (Non-Performing Financing) ratio, which indicates the level of non-performing financing (Sarmigi et al., 2023). The data shows that NPF in Islamic banking has decreased in the 2021-2023 period, which indicates improved financing quality and better risk management (Siregar & Sembiring, 2020). Apart from NPF, other ratios such as Financing to Deposit Ratio (FDR), Return on Assets (ROA), Net Operating Margin (NOM), Operating Expenses to Operating Income (BOPO), and Capital Adequacy Ratio (CAR) are also used to evaluate the financial performance of Islamic banking.

This study aims to analyze the health of Islamic banking in Indonesia using the CAMEL and RGEC approaches in the 2021-2023 period. This approach was chosen because it covers various important aspects in assessing bank health, both in terms of finance, risk management, and corporate governance. Therefore, this study is anticipated to furnish an extensive overview of the health status of Islamic banking within Indonesia and to enhance the formulation of more precise and pertinent methodologies for evaluating banking health.

## LITERATURE REVIEW

### Islamic Banking

Islamic banking operates based on Islamic sharia principles that forbid usury, gharar, and maisir. Instead, Islamic banks use profit-sharing models such as mudharabah and musyarakah, as well as sale and purchase (murabahah) and rental (ijarah) transactions (Antonio, 2017; Chapra, 2016). This operational principle distinguishes it from conventional banking which is interest-based (Kasmir, 2018).

In Indonesia, Islamic banking is regulated by Law No. 21 of 2008, which provides a legal basis for its operations. However, Islamic banks face major challenges, including a lack of public understanding and competition with conventional banks (Ascarya, 2014; Hasan, 2017)

Assessment of the financial performance of Islamic banks often uses indicators such as Non-Performing Financing (NPF), Return on Assets (ROA), and Capital Adequacy Ratio (CAR). Studies show that Islamic banks tend to have lower NPF and stable ROA performance, although below conventional banks (Maulana et al., 2021; Siregar et al., 2020).

The expansion of Islamic banking assets within the Indonesian financial sector persists in its upward trajectory, supported by more comprehensive regulations and higher public awareness. To maintain this momentum, product innovation and public education are essential (Azhari & Wahyudi, 2020).

### Banking Performance

Banking performance reflects how well banks manage resources and risks to achieve profitability and financial stability. This performance evaluation is usually done through various financial ratios such as Return on Assets (ROA), Loan to Deposit Ratio (LDR), and Capital Adequacy Ratio (CAR) (Fahmi, 2017; Kasmir, 2019). ROA measures the efficiency of using assets to generate profits, while LDR shows the bank's ability to meet short-term obligations. CAR, on the other hand, assesses the strength of bank capital in bearing risks

(Kasmir, 2018). Factors that affect banking performance include risk management, macroeconomic conditions, and regulatory policies. Banks that are able to manage credit and liquidity risks well tend to have more stable and sustainable performance (Jumingan, 2006; Murhadi, 2013). In the modern era, performance assessment also includes aspects of governance and transparency, which are important to increase the trust and stability of the banking industry (Epstein et al., 2015).

**Banking Health**

Banking health is an important indicator that reflects the stability and ability of a bank to perform its financial functions effectively. Bank health assessment is usually done through various indicators such as capital adequacy, liquidity, asset quality, management, profitability, and sensitivity to market risk. One method often used to assess bank health is the CAMELS approach, which includes Capital, Asset Quality, Management Quality, Earnings, Liquidity, and Sensitivity to Market Risk (Jumingan, 2006; Kasmir, 2018).
In conjunction with the evolution of the banking sector, Bank Indonesia implemented the RGEC methodology, which incorporates evaluations pertaining to risk profiles and sound corporate governance into the assessment of banking health. RGEC consists of four main components:

The amalgamation of the CAMEL and RGEC methodologies affords a more holistic perspective on a financial institution's viability, considering not solely economic performance, but also the dimensions of risk management and sound governance. This comprehensive assessment is important to ensure that banks can operate in a sustainable and stable manner, especially amidst dynamic economic conditions.

**CAMEL**

According to Bank Indonesia Circular Letter No.6/23/DPNP dated May 31, 2004, CAMEL ratio analysis in assessing bank financial performance includes: (1) Capital, According to Kasmir (2018) Capital Adequacy Ratio (CAR) is an indicator that multiplies the capital owned by the bank with the risk borne by the assets owned, which is measured in accordance with the provisions set by the government. According to Financial Services Authority (OJK) Regulation Number 11/POJK.03/2016, the minimum standard of Capital Reserve (CAR) applicable to conventional commercial banks is 8%. Meanwhile, based on OJK Regulation Number 21/POJK.03/2014, Islamic commercial banks are also required to comply with the minimum CAR standard of 8%. The function of Capital Reserve (CAR) is to evaluate the potential risk of loss that can be faced by a bank. A bank is said to be very healthy if it has a CAR value > 12%; (2) Asset Quality, The second aspect is to measure the bank's asset quality. This effort aims to assess the types of assets owned by the bank. Asset valuation must be in accordance with Bank Indonesia regulations, by comparing classified earning assets with total earning assets (Kasmir, 2018). A very healthy bank has an asset quality ratio ≤ 2%; (3) Management Quality, The quality of bank management can be measured by the competence, efficiency, education, and experience of employees. Assessment aspects include capital management, asset quality, operations, profitability, and liquidity. Currently, the management soundness assessment is more streamlined with a focus on 100 aspects, compared to the previous 250 aspects. This approach is expected to be more effective in helping banks maintain and improve performance.

Andriasari & Munawaroh research (2020) uses the Net Profit Margin (NPM) ratio to describe the health of bank management, because all bank management activities ultimately affect profits. According to Kasmir (2019), banks with NPM ≥ 100% are considered very healthy; (4) Earnings, According to Kasmir (2018) Bank profitability ratios, or what is often referred to as business profitability, are used to evaluate how efficient and profitable operations the bank has achieved. Assessment of bank health based on profitability or income factors can be done through the Return on Assets (ROA) ratio, which is a financial indicator that reflects how effective the company is in generating returns from the number of assets owned and used and the lower Operating Costs to Operating Income (BOPO) indicates that the bank's management performance is increasingly optimal; (5)

Liquidit, Liquidity is the bank's ability to fulfill its obligations if customers withdraw funds at any time. Islamic banking uses the Financing to Deposit Ratio (FDR) as an indicator of its liquidity. Total financing disbursed includes mudharabah and musyarakah financing, as well as receivables such as murabahah, salam, istishna, qardh, and ijarah. A very healthy bank has a value of 50% < FDR < 75%.

**RGEC**

RGEC stands for Risk Profile, Good Corporate Governance (GCG), Earnings, and Capital. These guidelines are described in Bank Indonesia Circular Letter No. 13/24/DPNP of 2011, which requires banks to conduct a self-assessment of their soundness using the Risk-based Bank Rating (RBBR) approach: (1) Risk Profile. Risk Profile includes Non Performing Financing (NPF) and Financing to Deposit Ratio (FDR). NPF is financing that customers fail to pay as agreed, and ideally this ratio should be low (<5%) to maintain financing quality. FDR measures the liquidity of Islamic banks by comparing total financing disbursed with third party funds (DPK) received; (2) Good Corporate Governance (GCG). GCG is a system that regulates and controls the bank's business activities, based on the principles of transparency, accountability, and responsibility. GCG evaluation is measured by the standards set by Bank Indonesia, where a healthy bank has a GCG score of <1.5.
GCG also helps create a conducive environment for efficient and sustainable growth in the company (Damayanti & Fitriyah, 2013); (3) Earnings (Rentability). Earnings measures the efficiency and profitability of the bank through ratios such as Return on Assets (ROA), Return on Equity (ROE), Net Operating Margin (NOM), and Operating Expenses to Operating Income (BOPO); (4) Capital. Capital is measured using the Capital Adequacy Ratio (CAR), which compares the bank's capital with the risks faced, in accordance with government regulations.

## METHODS

This investigation constitutes a descriptive qualitative analysis intended to evaluate the financial health of Islamic Commercial Banks through the application of the CAMEL and RGEC methodologies. The entities under examination in this study include 10 Islamic Commercial Banks during the time frame of 2021 to 2023. The criteria established for the selection of these entities are as follows: (1) Islamic commercial banks that consistently disseminate financial reports within the research timeframe from 2021 to 2023, and (2) Islamic commercial banks that do not exhibit negative (-) values for CAR, NPL, KAP, NPM, ROA, ROE, NOM, BOPO, and LDR throughout the research duration. Based upon these established criteria, 10 Islamic commercial banks were identified for inclusion in this study.

The data utilized in this research comprises secondary data, which encompasses the financial ratio values of Islamic Commercial Banks for the years 2021 to 2023, sourced from the official websites of the respective banks. The data collection methodology employed is a documentation study, wherein information is accrued from the annual financial reports of the Islamic Commercial Banks. The analytical process for the CAMEL evaluation commences with an assessment of the capital aspect (CAR), Asset Quality Ratio, management (NPM), earnings (ROA and BOPO), and liquidity (FDR). The RGEC evaluation entails an analysis of the risk profile (FDR and NPF), Good Corporate Governance (GCG), earnings (ROA, NOM, ROE), and capital (CAR). Subsequent to the completion of the CAMEL and RGEC evaluations, the subsequent phase involves the assessment of the health status of the Islamic Commercial Banks. The subsequent table delineates the formulas employed in the CAMEL and RGEC methodologies.

**Table 1. Formulas Used in the CAMEL and RGEC Methods**

| Ratio | Formula | Source |
|---|---|---|
| Capital | $CAR=\frac{\text{Modal Bank}}{\text{ATMR}}\times 100\%$ | Kasmir, 2018 |
| Asset Quality | $KAP=\frac{\text{Classified Earning Assets}}{\text{Total Earning Assets}}\times 100\%$ | Kasmir, 2018 |
| Management Quality | $NPM=\frac{\text{Net Income}}{\text{Operating Income}}\times 100$ | Kasmir, 2019 |
| Earning | $ROA=\frac{\text{Net Income}}{\text{Total Assets}}\times 100\%$ | Kasmir, 2019 |
| | $ROE=\frac{\text{Net Income}}{\text{Total Equity}}\times 100\%$ | Kasmir, 2019 |
| | $BOPO=\frac{\text{Operating Cost}}{\text{Operating Income}}\times 100\%$ | Rivai & Arivin, 2010 |
| | $NOM=\frac{\text{(PO-DBH)-BO}}{\text{Earning Assets}}\times 100\%$<br>PO : Operating Income<br>DBH: Profit Sharing Distribution<br>BO : Operating Cost | Sarmigi et al., 2023 |
| Liquidity | $FDR=\frac{\text{Total Financing Provided}}{\text{Total Third Party Funds}}\times 100\%$ | Kasmir, 2019 |
| Risk Profile | $NPF=\frac{\text{Non Performing Financing}}{\text{Total Financing}}\times 100\%$ | Sarmigi et al., 2023 |
| | $FDR=\frac{\text{Total Funding}}{\text{Total Third Party Funds}}\times 100\%$ | Kasmir, 2019 |

**Source: Processed Data (2024)**

## RESULTS

This study assesses the health level of 13 Islamic Commercial Banks in Indonesia, namely Bank Syariah Indonesia (BSI), Bank Muamalat (BMI), Bank Mega Syariah (BSMI), Bank Central Asia Syariah (BCAS), Bank Jabar Banten Syariah (BJBS), Bank Victoria Syariah (BVIS), Bank Kepulauan Riau Syariah (BRK), Bank NTB Syariah (NTB), Bank Aceh Syariah (ACEH) and BTPN Syariah (BTPN) by applying the CAMEL and RGEC methods. The discussion will focus on the results obtained from each component of the CAMEL and RGEC frameworks, which offer insights into the strengths and challenges faced by these Islamic banks during the study period at 2021-2023.

### CAMEL Calculation

The following are the results of the calculation of bank health with the CAMEL method. The first aspect in CAMEL calculation is Capital which is represented by Capital Adequacy Ratio (CAR). CAR constitutes a metric that evaluates the capital possessed by the financial institution in relation to the stipulated minimum capital requirements established for banking entities.The assessment of this capital factor uses CAR which is an important indicator used to measure the adequacy of a bank's capital to cover risks that may arise (Kasmir, 2018). The evaluation of Islamic commercial banking institutions in Indonesia, predicated on the Capital Adequacy Ratio (CAR), indicates that the institutions under scrutiny possess a CAR ratio classified within the "Very Healthy" category, as they exhibit a CAR value exceeding 12%, indicating that they have good capital strength to cover potential losses. This ratio significantly exceeds the minimum standard established by Bank Indonesia, which serves as the regulatory authority, set at 8% (Isma & Taswan, 2019). BTPN Syariah ranks first with the highest CAR ratio. On the other hand, Bank Syariah Indonesia has the lowest CAR ratio. When the car ratio performance is high, it can be used as material to increase public confidence in banking performance.

**Table 2. Calculation of Bank Health with the CAMEL Method**

| Bank Name | CAR | KAP | NPM | ROA | BOPO | FDR |
|---|---|---|---|---|---|---|
| BSI | 21.47 | 1.88 | 21.45 | 1.98 | 75.87 | 78.16 |
| BMI | 28.63 | 1.74 | 0.85 | 0.04 | 98.44 | 42.03 |
| BSMI | 27.81 | 0.76 | 29.48 | 2.88 | 69.55 | 63.11 |
| BCAS | 37.63 | 0.76 | 15.10 | 1.38 | 81.67 | 81.23 |
| BJBS | 21.91 | 2.15 | 7.42 | 0.91 | 88.65 | 82.59 |
| BVIS | 29.05 | 2.03 | 5.60 | 0.61 | 85.74 | 83.00 |
| BRK | 21.73 | 1.75 | 15.75 | 1.86 | 76.83 | 79.23 |
| ACEH | 22.08 | 0.78 | 19.05 | 1.97 | 77.34 | 73.29 |
| NTB | 26.79 | 0.82 | 16.89 | 1.88 | 81.06 | 91.51 |
| BTPN | 54.51 | 1.56 | 27.24 | 9.50 | 64.78 | 94.88 |

**Source: Processed Data (2024)**

The second aspect is asset valuation must be in accordance with Bank Indonesia regulations, by comparing classified earning assets with total earning assets (Kasmir, 2018). Assessment of Islamic commercial banks in Indonesia based on KAP shows that overall the banks analyzed have excellent asset quality with KAP ratios that are in the "Very Healthy" category because the KAP ratio value is below 2%. Which means that banks are able to reduce the problem of their productive assets (Akbar & Sarlawa, 2021). Bank Syariah Mega Indonesia (BSMI) and BCA Syariah (BCAS) stand out with the lowest KAP ratio. Bank Muamalat Indonesia (BMI) and Riau Kepri Syariah (BRK) also show excellent asset quality.

The third aspect is management quality which is represented by the Net Profit Margin (NPM) value. According to Kasmir (2019) Net profit margin (NPM) is a ratio that shows the amount of profit earned by a company by comparing net profit after deducting interest and taxes to total sales. The assessment of Islamic commercial banks in Indonesia based on NPM shows that overall although some banks show a fairly high NPM ratio, all of the Islamic commercial banks analyzed are rated "Unhealthy" in terms of profitability because the value is <51% on the assessment set by Bank Indonesia. Causes could include inefficient management, increased operating costs, or unsuccessful changes in business strategy (Citra Anggraeni et al., 2024). Bank Syariah Mandiri Indonesia (BSMI) and Bank Syariah Indonesia (BSI) stand out with the highest NPM, but still need to improve other aspects to achieve better financial health.

The fourth aspect is earnings, which can be seen through Return on Assets (ROA) and Operational Cost and Operational Financing Ratio (BOPO). According to Kasmir (2019), The Return On Assets (ROA) metric serves as a critical parameter for assessing the efficacy with which a firm utilizes its assets to yield financial returns. The Return on Assets (ROA) metric serves as an indicator of the financial institution's capacity to derive earnings from its asset base (Isakov, 2023). The assessment of Islamic commercial banks in Indonesia based on ROA shows that overall there are five banks that received the title of "Very Healthy" assessment with ROA values above 1.5%. These banks are Bank Syariah Indonesia, Bank Riau Kepri Syariah, Bank Aceh, BTPN and Bank NTB. High ROA is an important indicator of the effectiveness of asset management and the bank's ability to manage its investments efficiently (Falinda & Muniarti, 2023). Only one bank received a "Healthy" predicate with an ROA value between 1.25% and 1.5%. The two banks that get the predicate of "Less Healthy" assessment with ROA values in the range of 0.5% < ROA ≤ 1.25% include Bank Jabar Banten Syariah and Bank Victoria Syariah, while Bank Muamalat Indonesia has a very low ROA value (0.04%) getting a "less healthy" assessment because the value is less than 0.5%. A low ROA ratio indicates inefficient use of assets and potential problems in investment strategy and asset management (Falinda & Muniarti, 2023).

The ratio of Operating Expenses and Operational Financing (BOPO) is an important indicator in evaluating the operational performance of banks, especially in the context of Islamic banking (Rivai & Arivin, 2010). This ratio illustrates how much operating costs to operating income (Anam et al., 2022). Assessment of Islamic commercial banks in Indonesia based on BOPO shows that overall Islamic commercial banks in Indonesia get the predicate value of "Very Healthy" assessment, there is only one bank that does not get the predicate assessment such as Bank Muamalat Indonesia which only gets the predicate "Less Healthy" with a BOPO ratio value of 98.44% and is between 96% to 100%. For other banks such as Bank Syariah Indonesia, BCA Syariah, BJB Syariah, Bank Riau Kepri Syariah, Bank Aceh, Bank Victoria Syariah, and Bank NTB get the predicate of "Very Healthy" assessment because the value is less than 89%.

The fifth aspect is liquidity which is seen through the Financing to Deposit Ratio (FDR). FDR is an important indicator in assessing the liquidity and financial health of banks, especially in Islamic banking in Indonesia. FDR measures the extent to which funds raised from deposits are used for financing (Kasmir, 2018). The assessment of Islamic commercial banks in Indonesia based on FDR shows that Bank NTB Syariah, Bank Muamalat Indonesia, and BTPN Syariah only get the predicate "Quite Healthy" because the FDR value is 91.51% and is between 85% and 100%. Financing Deposit Ratio (FDR) received a "fairly healthy" assessment. This means that the bank's ability to channel funds from third parties channeled through financing to customers is also very low (Jatmiko, 2021). If the financing provided by the bank is low, this can affect profits at Islamic commercial banks (Kamelia et al., 2019). For other banks such as Bank Syariah Indonesia, BCA Syariah, Bank Jabar Banten Syariah, Bank Victoria Syariah, and Bank Riau Kepri, all received the title of "Healthy" assessment because their scores were between 75% and 85%. Bank Aceh, and Bank Mega Syariah received the "Very Healthy" predicate because the value was less than 75%. A healthy FDR ratio indicates that the bank is able to lend most of its deposit funds while still maintaining sufficient liquidity to meet withdrawal requests by depositors (Hermika et al., 2020).

**RGEC Calculation**

The results of the bank's health assessment using the CAMEL method are as follows

**Table 3. Calculation of Bank Health with the RGEC Method**

| Bank Name | NPF | FDR | GCG | ROA | ROE | NOM | BOPO | CAR |
|---|---|---|---|---|---|---|---|---|
| BSI | 2.48 | 78.16 | 2 | 1.98 | 15.81 | 6.06 | 75.87 | 21.47 |
| BMI | 1.84 | 42.03 | 2 | 0.04 | 0.34 | 0.19 | 98.44 | 28.63 |
| BSMI | 1.07 | 63.11 | 1.83 | 2.88 | 16.66 | 2.15 | 69.55 | 27.81 |
| BCAS | 1.20 | 81.23 | 1 | 1.38 | 4.17 | 1.43 | 81.67 | 37.63 |
| BJBS | 3.23 | 82.59 | 2.50 | 0.91 | 5.14 | 0.63 | 88.65 | 21.91 |
| BVIS | 4.51 | 83.00 | 1.67 | 0.61 | 145 | 1.33 | 85.74 | 29.05 |
| BRK | 2.62 | 79.23 | 2.33 | 1.86 | 13.19 | 5.10 | 76.83 | 21.73 |
| ACEH | 1.20 | 73.29 | 2 | 1.97 | 14.99 | 1.35 | 77.34 | 22.08 |
| NTB | 1.04 | 91.51 | 2.33 | 1.88 | 12.00 | 1.27 | 81.06 | 26.79 |
| BTPN | 2.65 | 94.88 | 2 | 9.50 | 20.37 | 10.02 | 64.78 | 54.51 |

**Source: Processed Data (2024)**

In the RGEC calculation there are four aspects that are calculated, namely: risk profile, good corporate governance, earnings and capital. Risk profile can be known from the value of Non Performing Financing (NPF) and Financing to Deposit Ratio (FDR). According to Sarmigi et al., (2023) non-performing financing is a type of financing that has been given by the bank to the customer, but the customer cannot make payments or follow the installments in accordance with the agreement that has been set between the bank and the customer. The assessment of Islamic commercial banks in Indonesia based on NPF

shows that there are five banks including Bank Muamalat Indonesia, Bank Mega Syariah, BCA Syariah, Bank Aceh and Bank NTB that have the title “Very Healthy” because they have an NPF ratio below 2%.
The Non-Performing Financing (NPF) ratio is> 2%, which means that non-performing financing at the bank is low (Kuswahariani et al., 2020). And others, such as Bank Syariah Indonesia, Bank Jabar Banten Syariah, Bank Victoria Syariah, BTPN Syariah and Bank Riau Kepri Syariah, received the title “Healthy” because the NPF ratio value was between 2% and 5%. Bank NTB Syariah has the best rating with the lowest average NPF of 1.04%, indicating that the bank has excellent control over non-performing loans and has effectively maintained the quality of its loan portfolio. In contrast, Bank Victoria Syariah has the lowest ranking with the highest average NPF of 4.51%.

Financing to Deposit Ratio (FDR) is an important indicator in assessing the liquidity and financial health of banks, especially in Islamic banking in Indonesia. FDR measures the extent to which funds raised from deposits are used for financing (Kasmir, 2018). The assessment of Islamic commercial banks in Indonesia based on FDR shows that Bank NTB Syariah, Bank Muamalat Indonesia, and BTPN Syariah only get the predicate “Quite Healthy” because the FDR value is 91.51% and is between 85% and 100%. The designation of “fairly healthy” for the Financing Deposit Ratio (FDR) implies that the capacity of these banks to allocate funds sourced from third-party deposits into financing for clientele remains considerably low (Jatmiko, 2021). A deficiency in the financing extended by the bank may subsequently influence the profitability of Islamic commercial banks (Kamelia et al., 2019). For other banks such as Bank Syariah Indonesia, BCA Syariah, Bank Jabar Banten Syariah, Bank Victoria Syariah, and Bank Riau Kepri, all received the title of “Healthy” assessment because their scores were between 75% and 85%. Bank Aceh, and Bank Mega Syariah received the “Very Healthy” predicate because the value was less than 75%. A healthy FDR ratio indicates that the bank is able to lend most of its deposit funds while still maintaining sufficient liquidity to meet withdrawal requests by depositors (Hermika et al., 2020).

The second aspect is the analysis of Good Corporate Governance (GCG) at Islamic commercial banks in Indonesia. GCG is a crucial element in maintaining stakeholder trust and the sustainability of banking operations (Hasibuan et al., 2020). The analysis of Islamic commercial banks in Indonesia with respect to GCG shows that there is one bank that received the title of “Very Healthy” assessment, namely BCA Syariah because the GCG value is below 1.5. Meanwhile, Islamic commercial banks such as Bank Victoria Syariah (BVIS), Bank Syariah Mega Indonesia (BSMI), Bank Syariah Indonesia (BSI), Bank Muamalat Indonesia (BMI), Bank Aceh Syariah (Bank Aceh Syariah), Bank Riau Kepri Syariah (BRK Syariah), Bank NTB Syariah (NTB Syariah), BTPN Syariah and Bank Jabar Banten Syariah (BJBS) received the predicate “Healthy” because the GCG value was below 2.5 and above 1.5. By implementing good GCG, investor confidence in the bank will increase (Safitri & Lidyah, 2022).

The third aspect is earnings which can be calculated from Return On Asset (ROA), Return on Equity (ROE), Net Operational Margin (NOM) and Operational Cost and Operational Financing Ratio (BOPO). According to Kasmir (2019) Return On Asset (ROA) stands as a critical metric for assessing a corporation's efficiency in utilizing its assets to generate income. The ROA serves as an indicator of the bank's proficiency in generating profits from its asset base (Isakov, 2023). The assessment of Islamic commercial banks in Indonesia based on ROA shows that overall there are five banks that received the title of “Very Healthy” assessment with ROA values above 1.5%. These banks are Bank Syariah Indonesia, Bank Riau Kepri Syariah, Bank Aceh, BTPN and Bank NTB. High ROA is an important indicator of the effectiveness of asset management and the bank's ability to manage its investments efficiently (Falinda & Muniarti, 2023).

According to Kasmir (2019) Return on Equity (ROE) is a key metric used to assess a bank's capability to produce profits from the equity provided by its shareholders. The assessment of Islamic commercial banks in Indonesia based on ROE shows that overall there are five banks that get the predicate of "Healthy" assessment because the ROE ratio is between 13% and 18%. These banks are Bank Mega Syariah, Bank Syariah Indonesia, Bank Riau Kepri Syariah, Bank Aceh Syariah, and Bank BTPN Syariah. Only two banks received the "Moderately Healthy" predicate with ROE values between 8% and 13%, namely Bank Jabar Banten Syariah and Bank NTB Syariah. The four banks that received the "Less Healthy" assessment predicate with ROE values below 8%, including Bank Central Asia Syariah, Bank Victoria Syariah, and Bank Muamalat Indonesia.

According to Sarmigi et al., (2023) Net Operational Margin (NOM) is a vital parameter in evaluating the operational efficiency of banks, which reflects their ability to generate net income from operating activities. The assessment of Islamic commercial banks in Indonesia based on NOM shows that overall there are three banks that received the title of "Very Healthy" assessment with NOM values above 3%. These banks are BTPN Syariah, Bank Syariah Indonesia and Bank Riau Kepri Syariah. Only one bank received a "Healthy" predicate with a NOM value between 2% and 3%. The bank is Bank Mega Syariah. There were four banks that received the "Less Healthy" assessment predicate with NOM values in the range of 1% to 1.5%, including Bank BCA Syariah, Bank Aceh Syariah, Bank Victoria Syariah, and Bank NTB Syariah. Finally, there are two banks that get the title of "Unhealthy" assessment with a NOM value below 1%, namely BJB Syariah and Bank Muamalat Indonesia.

According to Rivai & Arivin (2010), the ratio of Operating Expenses and Operational Financing (BOPO) is an important indicator in evaluating the operational performance of banks, especially in the context of Islamic banking. This ratio illustrates how much operating costs to operating income (Anam et al., 2022). Assessment of Islamic commercial banks in Indonesia based on BOPO shows that overall Islamic commercial banks in Indonesia get the predicate value of "Very Healthy" assessment, there is only one bank that does not get the predicate assessment such as Bank Muamalat Indonesia which only gets the predicate "Less Healthy" with a BOPO ratio value of 98.44% and is between 96% to 100%. For other banks such as Bank Syariah Indonesia, BCA Syariah, BJB Syariah, Bank Riau Kepri Syariah, Bank Aceh, Bank Victoria Syariah, and Bank NTB get the predicate of "Very Healthy" assessment because the value is less than 89%.

The last aspect is capital which is calculated using the Capital Adequacy Ratio (CAR). This dimension evaluates the capital possessed by the bank in relation to the mandatory minimum capital requirements imposed on banking institutions. The assessment of this capital factor uses the Capital Adequacy Ratio (CAR) which is an important indicator used to measure the adequacy of a bank's capital to cover risks that may arise (Kasmir, 2018). The appraisal of Islamic commercial banks in Indonesia, based on CAR, reveals that the institutions under scrutiny possess a CAR ratio that qualifies them within the "Very Healthy" category, as they have achieved a CAR value exceeding 12%, signifying robust capital adequacy to absorb possible losses. This ratio is well above the minimum requirement set by Bank Indonesia as the regulator of 8% (Isma & Taswan, 2019). BTPN Syariah ranks first with the highest CAR ratio. On the other hand, Bank Syariah Indonesia has the lowest CAR ratio. When the car ratio performance is high, it can be used as material to increase public confidence in banking performance (Ismaulina et al., 2020).

Based on the analysis of the bank assessment table using CAMEL and RGEC methods, it can be concluded that there are variations in bank health assessment between the two methods. Bank Mega Syariah, for example, showed consistency in the "Healthy" assessment in both methods with a CAMEL score of 82.13% and RGEC of 85%. In contrast, Bank Aceh was rated "Moderately Healthy" by CAMEL (78.34%) but rated "Very Healthy" by RGEC (87.5), showing a significant difference in ratings. More striking differences were seen in BTPN Syariah, Bank Syariah Indonesia and Bank Riau Kepri Syariah, where these three banks were rated "Moderately Healthy" by CAMEL (77.75% 77.6% and 76.73%), but were rated "Very Healthy" by RGEC (90). This difference may occur due to differences in the ratings of the two methods used. In using the CAMEL method, the M (Management) assessment represented by the NPM ratio gets unhealthy results (21.44%) because the value is below the Indonesian Islamic banking standard of 51%, and the Management factor component gets a very high weighting with a weight value of 25%, as a result it can only contribute 5.36% of the overall CAMEL value of Bank Syariah Indonesia.

**Table 4. CAMEL and RGEC Calculation Results**

| No | Nama Bank | Nilai (%) | CAMEL | Nilai (%) | RGEC |
|---|---|---|---|---|---|
| 1 | Bank Mega Syariah | 82.13 | Healty | 85 | Healthy |
| 2 | Bank Aceh | 78.34 | Fairly Healthy | 8755 | Very Healthy |
| 3 | BTPN Syariah | 77.75 | Fairly Healthy | 90 | Very Healthy |
| 4 | Bank Syariah Indonesia | 77.6 | Fairly Healthy | 90 | Very Healthy |
| 5 | Bank Riau Kepri Syariah | 76.73 | Fairly Healthy | 90 | Very Healthy |
| 6 | Bank Central Asia Syariah | 81.46 | Healty | 82.5 | Healthy |
| 7 | Bank NTB | 79.49 | Fairly Healthy | 80 | Healthy |
| 8 | Bank Jabar Banten Syariah | 71.86 | Fairly Healthy | 72.5 | Healthy |
| 9 | Bank Victoria Syariah | 70.4 | Fairly Healthy | 72.5 | Healthy |
| 10 | Bank Muamalat Indonesia | 64.12 | Fairly Healthy | 60 | Less Healthy |

**Source: Processed Data (2024)**

Bank Central Asia Syariah maintained its “Healthy” rating in both methods with CAMEL scores of 81.46% and RGEC of 82.5%, showing the same consistency as Bank Mega Syariah. Meanwhile, Bank NTB was rated “Moderately Healthy” by CAMEL (79.49%) and “Healthy” by RGEC (80%). Bank Victoria Syariah and Bank Jabar Banten Syariah showed similar ratings in both methods, both rated “Moderately Healthy” with CAMEL scores of 70.40% and 71.86% respectively, and RGEC scores of 72.5% and 72.5% respectively.

However, Bank Muamalat Indonesia showed a significant difference, where CAMEL rated the bank as “Moderately Healthy” (64.12%), while RGEC rated it as “Less Healthy” (60%). The analysis of Bank Muamalat Syariah is rated moderately healthy (64.12%) based on the CAMEL method, and rated PK3 “less healthy” (55% - <66%) based on the RGEC method (60%). This difference may occur due to differences in the ratings of the two methods used. Under CAMEL, the NPM ratio is only 0.8%, well below Bank Indonesia's minimum requirement of 51%, with a CAMEL score of 0.21 after weighting. In addition, the 2021-2023 average ROA ratio is very low, with a credit score of 2.88 and a CAMEL weight of 0.14. The BOPO value is also only 19.5, with a contribution of 0.97 after weighting. These factors cause Bank Muamalat to be considered quite healthy. In RGEC, Bank Muamalat's performance is low due to sub-optimal assessment on all earning components, including ROA ratio of 0.05%, ROE of 0.34%, and NOM of 0.09%. Bank Muamalat is ranked 5 for ROA, ROE, and NOM, with a weighting value of 3, and a high BOPO ratio (98.44%) with a weighting value of 2.

## CONCLUSION

The health assessment of banks using the CAMEL method showed that Bank Mega Syariah and Bank Central Asia Syariah were rated as “Healthy”. Meanwhile, Bank Aceh, BTPN Syariah, Bank Riau Kepri Syariah, Bank Syariah Indonesia, Bank NTB, Bank Victoria Syariah, Bank Jabar Banten Syariah, and Bank Muamalat Indonesia were rated “Moderately Healthy”, indicating that although their performance is adequate, there is still room for improvement in some financial aspects such as improvement in terms of management (NPM) and earnings (ROA, BOPO).

The health assessment of banks using the RGEC method shows that Bank Riau Kepri Syariah, Bank Aceh, BTPN Syariah and Bank Syariah Indonesia received the “Very Healthy” predicate, indicating excellent financial performance and capable risk management. Bank Mega Syariah, Bank Central Asia Syariah, Bank NTB, Bank Victoria Syariah and Bank Jabar Banten Syariah were rated “Healthy”, indicating good financial stability in the face of all risks experienced by banks. Meanwhile, Bank Muamalat Indonesia is rated “Less Healthy”, this can occur due to a lack of earning indicators (ROA, ROE, NOM, BOPO) which get an “Unhealthy” rating.

Based on the findings of this research, it is recommended that investors choose Islamic commercial banks that receive the rating of 'Healthy' or 'Very Healthy,' as these banks demonstrate excellent financial performance and optimal risk management. Investing in banks rated as 'Very Healthy' tends to be safer because these banks have shown strong financial stability and resilience. For future researchers, it is suggested to delve deeper into the factors affecting the health of Islamic commercial banks by using more diverse research methods, such as qualitative approaches to gain deeper insights into customer and employee perceptions and experiences. The research could also expand its scope by involving more banks and a longer time period to obtain a more comprehensive overview

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