

Assessment of the Health Level of Rural Banks (BPR) in Buleleng Regency During the Covid-19 Pandemic

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Abstract

This study aims to determine the health level of Rural Banks (BPR) during the Covid-19 pandemic, especially BPRs in Buleleng Regency registered with the Financial Services Authority (OJK) with the RGEC method. The research method used is descriptive research with a quantitative approach. This study used a sample of rural banks in Buleleng Regency. The data used is secondary data obtained from BPR financial reports published on the OJK website. The results showed that the health level of BPRs in Buleleng Regency was in a fairly healthy predicate in the first and third Quarters of 2020, which was when the Covid-19 Pandemic condition was announced in Indonesia so that it had a shock effect on the performance of BPRs. However, BPR can immediately overcome this condition by following various government policies, so that it becomes a healthy predicate in the second, third and fourth quarters of 2021.

Introduction

One of the important factors in the national growth of a country is to realize economic development, through the role of financial institutions. One of the financial institutions involved in the process of economic development is a bank (Yassa, 2018) . It is undeniable that banks have an important role in building the economy of a country. Banks are intermediaries between fund owners who collect their excess funds and distribute the collected funds to the public. According to Law No. 10 of 1998, there are 2 types of banking, namely Commercial Banks and Rural Banks (Agustini & Wardana, 2018) .

The Covid-19 pandemic which has plagued all countries in early 2020 has put pressure on the world economy, including the Indonesian economy. The spread of the corona virus also has a negative impact on the majority of industrial sectors in Indonesia. One of the industrial sectors that are under pressure due to the outbreak of the corona virus is the banking sector (Seto & Septianti, 2021) . The impact of the Covid-19 pandemic on banking is on banking performance which will affect the soundness of banks so that maintaining bank health during the pandemic through objective and precise benchmarks is very important (Siswanto, Sodik, & Suci, 2022) .

The health of a bank is very important to build public trust in the banking world (Azeharie et al., 2017). Customer trust in banks is a factor that greatly assists bank management in formulating good business strategies. On the other hand, customers who do not trust the bank will be unprofitable for the bank concerned because the owner of the funds or the customer can withdraw their funds at any time and transfer them to another bank. Therefore, banks are required to be able to achieve and maintain a good level of performance in order to increase the trust of customers and the wider community to use the

bank's products, services and financial activities (Nicola, et al., 2017) (Fangidae & Zacharias, 2021) . The BPR is no exception.

Bali is one of the provinces in Indonesia which is well known abroad for its natural and cultural beauty. Bali, whose economy is supported by the tourism sector, must be relaxed when there is a regional lockdown. As a result, in the second quarter of 2020, the economy was recorded at minus 10.98 percent (yoy) and only grew 2.83 percent in the second quarter of 2021 (CNN Indonesia, 2022). During the pandemic, the position of BPRs was really squeezed, among some of the main problems experienced by BPRs such as increasing public prudence, as well as the burden of restructuring costs that became the burden of banks. This is exacerbated by the decline in the number of tourists visiting Bali, causing a decline in service export performance. This condition also affects the performance of Rural Banks (BPR) in the Province of Bali (Berita Dewata, 2020). As one of the regencies in the province of Bali, Buleleng, which is located in the northern part of Bali, has also felt the impact of the COVID-19 pandemic, one of which is MSMEs. The impact of Covid 19 on MSMEs in Buleleng Regency includes 5 aspects, namely sales, operating profits, business capital, reduction in the number of employees and smooth bank installment payments (Balitbang Inovda Buleleng, 2020). The government has taken steps by issuing Financial Services Authority Regulation No. 11 of 2020 regarding the stimulus for the impact of COVID-19. This regulation gives orders to banks to provide relief to their debtors (Covid Buleleng Info, 2020). This relaxation is carried out by reducing interest rates, extending loan terms, cutting arrears of principal and interest, providing additional loan facilities, and/or converting credit/financing into temporary equity participation. On the one hand, this regulation provides relief for debtors so that the Bank's Non-Performing Loan (NPL) value is expected to be maintained, but on the other hand it will certainly affect the bank's income. BPRs are expected to be able to take advantage of their competitive advantages to achieve good financial performance (Srinadi & Dwija Putri, 2022) .

Bank Indonesia has established rules regarding bank health so that banks are expected to always be in good health, so as not to harm the public with an interest in banking. A healthy bank is a bank that is free from financial difficulties (Africa, 2020). An unhealthy bank not only endangers the banking sector but also interested stakeholders , namely owners/investors, bank management, bank creditors, bank debtors, the public, the Indonesian Central Bank and the Financial Services Authority as supervisors (Fangidae & Zacharias, 2021) . In the history of banking in Indonesia, there are several methods of assessing bank health including CAMEL (Capital, Asset Quality, Management, Earnings, Liquidity), CAMELS (Capital, Asset Quality, Management, Earnings, Liquidity, Sensitivity to Market Risk) and RGEC (Risk Profile, Good Corporate Governance, Earnings, Capital). Bank Indonesia then issued Bank Indonesia Regulation Number 13/1/PBI/2011 and Bank Indonesia Circular Letter No. 13/24/DPNP which came into effect as of January 2012 replaced the old method of assessing bank health, which initially used the CAMELS method to use the RGEC method. In the RGEC method, the elements used to see the soundness of a bank include: Risk Profile, Good Corporate Governance, Earnings, Capital (Febrianti, 2021) There are several studies that examine the health of Commercial Banks and Rural Banks. According to the results of research by Febrianti (2021) there was a decrease in several factors such as risk profile factors and earnings factors, while the GCG and Capital factors showed stable results in different periods after the emergence of the COVID-19 pandemic. While the results of research by Fangidae & Zacharias (2021) can be seen that in general the BPRs in Kupang City have very healthy capital aspects. Meanwhile, BPR still needs to pay attention to the completeness of the Good Corporate Governance (GCG) aspect in the form of publication of a good corporate governance report on the BPR website.

Considering the contribution of BPRs to economic progress in the regions, it is hoped that BPRs can maintain or improve their performance so that they will have a positive impact on regional progress. Based on this, the researchers feel it is important to conduct a health assessment of BPRs throughout Buleleng Regency to determine the health conditions of these BPRs. The purpose of this study was to determine the health level of rural banks in Buleleng Regency during the Covid-19 Pandemic. The difference between this study and

previous research is related to the subject studied, namely all BPRs in Buleleng Regency. In addition, this study examines the health of BPR, especially during the pandemic. This research is expected to contribute theoretically regarding the application of the RGEC method in assessing the health of the Bank, as well as a practical contribution as consideration/input for BPRs, especially in Buleleng Regency regarding the level of health to improve performance in the future.

Signal theory explains why companies have the urge to provide financial statement information to external parties. This impetus arises because of asymmetric information between the company (management) and external parties, where management knows the company's internal information which is relatively more abundant and faster than outside parties such as investors and creditors. Financial reports that reflect good performance are a signal or sign that the company has been operating well (Aprilliadi, 2020) Submission of information regarding the soundness of the bank as a signal is something that is important and useful for interested parties.

Agency theory is a theory that explains the agency relationship between principals and agents. According to Jensen & Meckling (1976), agency relationship is a contract made by one party, namely the principal, to appoint another party, namely the agent assigned to manage service activities within a company accompanied by the granting of authority over the management. The agent who has been appointed by the principal has a responsibility to the principal to manage the bank so that its performance is always good and in a healthy condition (Putri & Kusumaningtias, 2020)

In Law no. 10 of 1998 concerning banking, explains that a bank is a business entity whose activities are to collect funds from the public in the form of savings and channel them back to the community in the form of credit or other forms in order to advance the standard of living of the people at large. (Aprilia & Hapsari, 2021) . Meanwhile, the definition of banking according to Law No. 10 of 1998 concerning Banking explains that banking is everything related to banks, including institutions, business activities, as well as methods and processes in carrying out their business activities (Febrianti, 2021) .

According to the Law of the Republic of Indonesia No. 7 of 1992 concerning Banking, as amended by Law no. 10 of 1998, Rural Banks (BPR) are Rural Banks are banks that carry out business activities conventionally or based on Sharia principles which in their activities do not provide services in payment traffic. Meanwhile, the Financial Services Authority Regulation (POJK) Number 20/POJK.03/2014 concerning Rural Banks (BPR), defines BPR as a bank that carries out conventional business activities which in its activities do not provide services in payment traffic as referred to in the Law. -Law on banking (Tua & Nurita, 2020) .

PSAK No. 1 concerning the Presentation of Financial Statements (2015) states that financial statements are a structured presentation of the financial position and financial performance of an entity. In assessing the development of the company, financial statements are one of the most important information. Financial statements can be used to assess the achievements of the company in the past, present and plans in the future

Bank soundness level means the bank's ability to carry out normal banking operations and be able to fulfill all its obligations properly in ways that are in accordance with applicable banking regulations (Febrianti, 2021) . Bank Indonesia Regulation No. 13/1/PBI/2011 concerning the Assessment of the Soundness of Commercial Banks explains that the soundness of a bank is based on the evaluation results of various aspects that affect the performance or condition of the bank. Quantitative and/or qualitative evaluations are based on the importance of evaluation factors and the influence of other factors such as bank status. After considering the assessment factors, the factors that affect the bank's performance are evaluated.

In the history of banking in Indonesia, there are several methods of assessing bank health including CAMEL (Capital, Asset Quality, Management, Earnings, Liquidity), CAMELS (Capital, Asset Quality, Management, Earnings, Liquidity, Sensitivity to Market Risk) and RGEC (Risk Profile, Good Corporate Governance, Earnings, Capital).

In accordance with Bank Indonesia Regulation Number 13/1/PBI/2011 and Bank Indonesia Circular Letter Number 13/24/DPNP, the factors that assess the soundness of a bank include:

Risk Profile

Determination of risk profile factor ratings based on a comprehensive and structured analysis of the results of determining the risk level of each risk: credit risk, market risk, liquidity risk, operational risk, legal risk, strategic risk, compliance risk, reputation risk (Febrianti, 2021) . There are two ratios that can be used to evaluate a bank's risk profile in the RGEC approach, namely the Non Performing Loan (NPL) and the Loan to Deposit Ratio (LDR). NPL is the percentage of non-performing loans (with the criteria of substandard, doubtful, and loss) to the total loans granted by banks.

Table 1
Table of Composite NPL

Rating Composite	Weight	Information
PK 1	< 2%	Very Healthy
PK 2	2% - 3.5%	Healthy
PK 3	3.5% - 5%	Enough Healthy
PK 4	5% - 8%	Not enough Healthy
PK 5	>8%	Not Healthy

Source: Letter Circular Bank Indonesia, No. 13/ 24/ DPNP year 2011

Meanwhile, LDR or the ratio of credit to deposits or deposits, is used to assess a bank's ability to repay withdrawals of funds by depositors by relying on credit provided as a source of liquidity.

Table 2
Table of Composite LDR

Rating Composite	Weight	Information
PK 1	50 % - 75%	Very Healthy
PK 2	75 % - 85 %	Healthy
PK 3	85 % - 100 %	Enough Healthy
PK 4	100 % - 120 %	Not enough Healthy
PK 5	>120 %	Not Healthy

Source: Letter Circular Bank Indonesia, No. 13/ 24/ DPNP year 2011

Good Corporate Governance

Assessment of Good Corporate Governance (GCG) or risk management factors is an assessment of the implementation of GCG principles in bank management. GCG rating measurement is carried out on the structure, process, and results obtained from the implementation of GCG, where the measurement consists of 11 GCG parameters as determined by Bank Indonesia (now by OJK). Based on SE BI No. 15/15/DPNP In 2013 banks are required to conduct a self-assessment of the implementation of GCG.

Table 3
Table of Composite GCG

Rating Composite	Weight	Information
PK 1	< 1.5%	Very Healthy
PK 2	1.5% - 2.5%	Healthy
PK 3	2.5% - 3.5%	Enough Healthy
PK 4	3.5% - 4.5%	Not enough Healthy
PK 5	4.5% - 5%	Not Healthy

Source: Letter Circular Bank Indonesia, No. 13/ 24/ DPNP year 2011

Earnings

Assessment of the profitability factor (earnings) includes measurement of the performance and origin of income, as well as an assessment of whether it is sustainable (sustainable) a bank's income. In assessing profitability (earnings) the ratios that can be used are Return On Assets (ROA) and Net Interest Margin (NIM) (Aprilia & Hapsari, 2021) . ROA ratio is a ratio to measure the success of management to get profit or profit

Table 4
Table of Composite ROA

Rating Composite	Weight	Information
PK 1	>2%	Very Healthy
PK 2	1.25% - 2%	Healthy
PK 3	0.5% - 1.25%	Enough Healthy
PK 4	0% - 0.5%	Not enough Healthy
PK 5	Negative	Not Healthy

Source: Letter Circular Bank Indonesia, No. 13/ 24/ DPNP year 2011

The NIM ratio is a ratio to measure the success of bank management in generating net interest income.

Table 5. Table of Composite NIM

Rating Composite	Weight	Information
PK 1	>3%	Very Healthy
PK 2	2% - 3%	Healthy
PK 3	1.5% - 2%	Enough Healthy
PK 4	1% - 1.5%	Not enough Healthy
PK 5	< 1%	Not Healthy

Source: Letter Circular Bank Indonesia, No. 13/ 24/ DPNP year 2011

Capital

Assessment of capital or capital factors includes an assessment of capital management and the level of capital adequacy. The ratio used in assessing capital is the Capital Adequacy Ratio (CAR) where this ratio assesses whether the bank has capital adequacy (Aprilia & Hapsari, 2021).

Table 6
Table of Composite CAR

Rating Composite	Weight	Information
PK 1	> 12 %	Very Healthy
PK 2	>9 % - 12%	Healthy
PK 3	8 % - 9 %	Enough Healthy
PK 4	5 % - <8 %	Not enough Healthy
PK 5	<5 %	Not Healthy

Source: Letter Circular Bank Indonesia, No. 13/ 24/ DPNP year 2011

Finally, the RGEC components will be weighted composite rankings for each component that has obtained a value based on its ranking. This value will be used as a benchmark to determine the actual value that is used as a benchmark in determining the

value or rating of the health level of the bank concerned. Furthermore, this value will be adjusted to the composite rating table for the assessment of the bank's soundness level (Paramartha & Darmayanti, 2017)

Table 7
Criteria for Bank Soundness Level with RGEC Method

Weight	Rating Composite (PK)	Information
86-100%	Rating composite 1	Very healthy
71-85%	Rating composite 2	Healthy
61-70%	Rating composite 3	Enough healthy
41-60%	Rating composite 4	Not enough healthy
40%	Rating composite 5	Not healthy

Source : Bank Indonesia Circular Letter No.13/24/DPNP Year 2011

Method

The population in this study were all Rural Banks (BPR) in Buleleng Regency. The sample in this study was selected using a purposive sampling technique, so that the sample obtained in this study amounted to 3 conventional BPRs that publish their financial statements and complete Governance (GCG) reports for the 2020-2021 period. The data in this study uses secondary data, namely financial reports and BPR Governance Reports (GCG) obtained on the OJK website and the websites of each BPR. The data collection technique in this study used a quantitative descriptive method. The data analysis technique used in this study uses the RGEC approach. The stages of data analysis in this study are as follows:

Collecting data on financial statements and BPR GCG reports for the period 2020-2021. Analyze financial statements based on the RGEC method, through the calculation of the ratio of NPL, LDR, GCG value, ROA, NIM and CAR. Rating each ratio calculation and assigning a composite rating to the bank's soundness rating. Giving conclusions on the soundness of the bank according to the standard of bank soundness assessment

Results And Discussion

Based on the results of the calculation of each ratio representing the components of the RGEC method, then the results of the calculation of the ratio will be compared with the composite ranking table that has been presented previously. The rating will represent the overall composite rating value from the assessment of the bank's soundness level through the scores obtained. The following is the final result of the Composite Rating (PK) of Rural Banks Based on the RGEC Method for Quarters I, II, III, and IV of 2020 which can be seen in Table 7.

Table 7
Determination of the Composite Rating (PK) of Rural Banks Based on the RGEC Method for the 2020 period

PERIOD	COMPONENT	RATIO	SCORE	RANK					CRITERIA	PK
				1	2	3	4	5		
QUARTER I (2020)	Risk Profile	NPL	11.35					√	Not healthy	Healthy enough
		LDR	75.13		√				Healthy	
	GCG	GCG	1.63		√				Very healthy	
		ROA	- 1.76					√	Not healthy	
	Earnings	NIM	10.93	√					Very healthy	
		Capital	CAR	33.55	√				Very healthy	
	Composite Value		30	10	8	-	-	2	(20/30)*100%=66.67%	

PERIOD	COMPONENT	RATIO	SCORE	RANK					CRITERIA	PK
				1	2	3	4	5		
QUARTER II (2020)	Risk Profile	NPL	6.49					√	Unwell	Healthy
		LDR	73.79	√					Very healthy	
	GCG	GCG	1.63			√			Healthy	
		ROA	- 5.09					√	Not healthy	
	Earnings	NIM	22.62	√					Very healthy	
		CAR	31.21	√					Very healthy	
Composite Value		30	15	4	-	2	1	(22/30)*100%= 73.33%		
QUARTER III (2020)	Risk Profile	NPL	8.77					√	Not healthy	Healthy enough
		LDR	72.82	√					Very healthy	
	GCG	GCG	1.63			√			Healthy	
		ROA	- 5.64					√	Not healthy	
	Earnings	NIM	33.21	√					Very healthy	
		CAR	30.37	√					Very healthy	
Composite Value		30	15	4	-	-	2	(21/30)*100%= 70%		
QUARTER IV (2020)	Risk Profile	NPL	7.67					√	Unwell	Healthy
		LDR	73.23	√					Very healthy	
	GCG	GCG	1.63			√			Healthy	
		ROA	- 4.77					√	Not healthy	
	Earnings	NIM	40.91	√					Very healthy	
		CAR	31.85	√					Very healthy	
Composite Value		30	15	4	-	2	1	(22/30)*100%= 73.33%		

Source: processed data, 2022

The following is the final result of the Composite Rating (PK) of Rural Banks Based on the RGEC Method for Quarters I, II, III, and IV of 2021 which can be seen in Table 8.

Table 8
Determination of the Composite Rating (PK) of Rural Banks Based on the RGEC Method for the 2021 period

PERIOD	COMPONENT	RATIO	SCORE	RANK					CRITERIA	PK
				1	2	3	4	5		
QUARTER I (2021)	Risk Profile	NPL	5.69					√	Unwell	Very healthy
		LDR	73.35	√					Very healthy	
	GCG	GCG	1.88			√			Healthy	
		ROA	13.35	√					Very healthy	
	Earnings	NIM	10.43	√					Very healthy	
		CAR	36.37	√					Very healthy	
Composite Value		30	20	4	-	2	-	(26/30)*100%= 86.67%		
QUARTER II (2021)	Risk Profile	NPL	8.78					√	Not healthy	Healthy
		LDR	73.20	√					Very healthy	
	GCG	GCG	1.88			√			Healthy	
		ROA	1.18			√			Healthy	
	Earnings	NIM	18.25	√					Very healthy	
		CAR	36.08	√					Very healthy	
Composite Value		30	15	8	-	-	1	(24/30)*100%= 80%		

PERIOD	COMPONENT	RATIO	SCORE	RANK			CRITERIA	PK	
QUARTER III (2021)	Risk Profile	NPL	8.63				√	Not healthy	
		LDR	73.38	√				Very healthy	
	GCG	GCG	1.88		√			Healthy	
	Earnings	ROA	1.34		√			Healthy	Healthy
		NIM	26,40	√				Very healthy	
	Capital	CAR	36.67	√				Very healthy (24/30)*100%= 80%	
Composite Value			30	15	8	-	-	1	
QUARTER IV (2021)	Risk Profile	NPL	6.36				√	Unwell	
		LDR	72.05	√				Very healthy	
	GCG	GCG	1.88		√			Healthy	
	Earnings	ROA	1.30		√			Healthy	Healthy
		NIM	34.15	√				Very healthy	
	Capital	CAR	39.88	√				Very healthy (25/30)*100%= 83.33%	
Composite Value			30	15	8	-	2	-	

Source: data processed, 2022

In assessing the soundness of BPR in terms of risk profile, this study uses two financial ratio indicators, namely credit risk factors using the NPL formula and liquidity risk using the LDR formula, with the following explanation.

The average NPL value of rural banks in the first, second, third and fourth quarters of 2020 was 11.35%, 6.49%, 8.77% and 7.67%, respectively. Meanwhile the average NPL value of BPR in the period of the first, second, third and fourth quarters of 2021 respectively were 5.69%, 8.78%, 8.63% and 6.36%. It can be seen that there was a decline in the second quarter, then increased again in the third quarter and decreased again in the fourth quarter of 2020. The NPL value declined again in the first quarter of 2021, but increased again in the second and third quarters, and decreased in the fourth quarter. In 2020 and 2021 the NPL value is in the Unhealthy and Fairly Healthy predicate.

The average LDR value of rural banks in the first, second, third and fourth quarters of 2020 was 75.13%, 73.79%, 72.82% and 73.23%, respectively. Meanwhile, the average LDR value of BPR in the period I, II, III and IV of 2021 is 73.35%, 73.20%, 73.38% and 72.05%. From this data, it can be seen that there was a decrease in the LDR value in the second and third quarters of 2020, but it increased again in the fourth quarter but still remained at the Very Healthy predicate. Meanwhile, in 2021, the LDR value continues to decline starting in the I-IV quarter period but is still in the Very Healthy predicate.

The assessment of the implementation of GCG principles at BPR during the 2020-2021 period has gone well. This can be seen from the results of the self-assessment of BPR which shows that they are in a very healthy predicate. In assessing the earnings aspect in this study, two indicators are used, namely ROA and NIM.

The average ROA of BPR in the first, second, third and fourth quarters of 2020 is -1.76 %, -5.09%, -5.64%, and -4.77 %, respectively. Meanwhile, in the first, second, third and fourth quarters of 2021, respectively, they were 13.35%, 1.18 %, 1.34%, and 1.30%. Throughout 2020, the average ROA score obtained the Unhealthy predicate. However, from the data, it can be seen that there was a change in the predicate in the first quarter of 2021 to very healthy, but the predicate changed to healthy in the period of the second, third, and fourth quarters of 2021.

The average BPR NIM values in the first, second, third and fourth quarters of 2020 were 10.93%, 22.62%, 33.21% and 40.91%, respectively. Meanwhile, in the first, second, third and fourth quarters of 2021, respectively, they were 10.43%, 18.25%, 26.40% and 34.15%. There is an increase in the average NIM value in 2020, then it decreases in the first quarter of 2021, and again increases in the second, second and fourth quarters of 2021. Both in 2020 and 2021, the NIM value is in a very healthy predicate.

Assessment of the Capital aspect in this research by calculating the value of the Capital Adequacy Ratio (CAR). In a row, in the first, second, third and fourth quarters of 2020, rural banks had an average score of 33.55%, 31.21%, 30.37% and 31.85%. Meanwhile, in the first, second, third and fourth quarters of 2021, respectively, 36.37%, 36.08%, 36.67% and 39.88%. Overall, the average CAR value is in a very healthy predicate in 2020-2021.

The assessment of the soundness of rural banks using the RGEC method in the first quarter of 2020 is at Composite Rank 3 (PK-3), which can be seen from the four aspects measured in the form of risk profile, GCG, earnings, and overall capital are in a fairly healthy rating. However, in the second Quarter of 2020, it increased to a Composite Rating (PK-2) which indicates that the performance of BPR is in a healthy rating. However, in the third quarter of 2020, it was again at Composite Rating 3 (PK-3) indicating that the performance of BPRs was in a fairly healthy rating. However, in the fourth quarter of 2020, it was again at Composite Rating 2 (PK-2) indicating that the performance of BPR is in a healthy rating. The Composite Rating again occurred in the first quarter of 2021 to be at the Composite Rating (PK-1) which indicates that the performance of the BPR is in a very healthy rating. However, there was a decline in the second, third, and fourth quarters to a Composite rating (PK-2) which indicates that the performance of BPR is in a healthy rating.

Conclusions and Suggestions

The results of the BPR health assessment using the RGEC method showed that the health level of BPR in Buleleng Regency was in the predicate of quite healthy in the first and third Quarters of 2020, which was when the Covid-19 Pandemic condition was announced in Indonesia, so that it had a shock effect on the population. BPR performance. However, this condition can be immediately overcome by BPR by following various government policies, so that in the second and fourth quarters it can be in the Healthy predicate, even in the first quarter of 2021 it is in the Very Healthy predicate although it has decreased to a healthy predicate in the II, III and IV quarters of 2021. For BPRs, it is expected to pay attention to health conditions on a regular basis to provide confidence to stakeholders. Especially on the ratios that show the conditions of Unhealthy, Unhealthy and Fairly Healthy. Likewise, the public should be careful in choosing financial institutions whose health conditions can be tolerated by Bank Indonesia. This research is limited to BPR in Buleleng Regency using five financial ratios. For further researchers who wish to examine the health level of BPRs, it is hoped that they can expand the scope of their research on BPRs in other districts or add other financial ratios as proxies in the RGEC method.

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