Economics and Financial Innovation
e-ISSN: xxxx-xxxx
Homepage: https://sanscientific.com/journal/index.php/efi
1(1) 31-38 (2025)
https://doi.org/10.58777/efi.v1i1.507

Research Article

RGEC as a Mirror of Bank Performance: A Comparative Analysis of Banking Health Levels

Aini Nur Arfira[1], Elmanizar[2*]
[1.2] Faculty of Economics and Business, YARSI University, Jakarta

Received: 11-09-2025; Accepted: 17-09-2025

Abstract
The rapid growth of banking in Indonesia has made it essential to monitor bank performance. Bank Indonesia, as the central bank, supervises financial institutions to evaluate their financial health and activities. Despite global financial pressures, Indonesia's banking sector has shown improvement, reflected in eased liquidity constraints and growth in non-performing as well as current loans. This study conducts a comparative assessment of bank health using the Risk Profile, Good Corporate Governance, Earnings, and Capital (RGEC) method, focusing on Bank Rakyat Indonesia (BRI) and Bank Danamon during 2013–2016, examined through an Islamic perspective. A comparative quantitative approach is employed to analyze differences in their financial health. The findings reveal variations between BRI and Danamon in Risk Profile, Good Corporate Governance, and Earnings. However, no significant difference was observed in Capital. From an Islamic perspective, the RGEC framework aligns with Sharia principles, as it emphasizes fair and transparent evaluation while avoiding prohibited elements such as fraud, exploitation, or activities that may harm others. Thus, this research not only highlights differences in the financial health of the two banks but also demonstrates the relevance of the RGEC method as an Islamic-compliant tool for assessing banking performance.

Keywords: Banking, Bank Health Level, RGEC

JEL Classification: G31, G32, G40

How to cite: Arfira, A. N., Elmanizar, (2025). RGEC as a Mirror of Bank Performance: A Comparative Analysis of Banking Health Levels, *Economics and Financial Innovation (EFI) 1(1)*, 31-38

Corresponding Author: Elmanizar (elmanizar@yarsi.ac.id)

1. Introduction

Banks serve as financial intermediary institutions that effectively and efficiently collect and allocate public funds (Budisantoso & Nuritomo, 2014). They play a crucial role in facilitating international trade and fostering national development. In today's modern economy, society increasingly relies on banks, as demonstrated by the rising public interest in saving, conducting business, and investing through these institutions. This trend has contributed to the flourishing banking sector, as evidenced by the emergence of new private banks, despite stricter governmental regulations. Banks gather funds from the public in the form of deposits, which are subsequently re-disbursed to the community as loans or credit.

To continue fulfilling this role, banks need public trust in their performance. Bank performance is a key indicator of success for a bank's directors, and if performance is poor, they may face replacement. This performance also serves as a guideline for what needs to be improved and how to do it (Kasmir, 2014).

Bank health level is a crucial aspect that stakeholders should be aware of. Assessment of bank health level will help implement GCG and face future risks (PBI No. 13/1/PBI/2011). According to the explanation of Bank Indonesia regulation number 13/1/PBI/2011 concerning Bank health level assessment Article 2 Paragraph (1), it explains that Bank Health must be maintained and/or improved so that public trust in the Bank can be maintained. In addition, Bank Health Level is used to evaluate the conditions and problems faced by the Bank and determine follow-up actions to overcome its weaknesses or problems, both in the form of corrective actions by the Bank and supervisory actions by Bank Indonesia.

The change in the general bank health assessment system from the CAMELS method to the RGEC method was caused by the global financial crisis that occurred in recent years, providing a valuable lesson that innovation in banking products, services and activities that are not balanced with the implementation of adequate risk management can cause various fundamental problems for banks and the financial system as a whole. Hence, Bank Indonesia made improvements to the general bank health assessment method (Alawiyah, 2016).

The researchers selected state-owned commercial banks and private banks as their research subjects. They were interested in seeing how state-owned companies have become dominant business players in developing countries, including Indonesia. This is evident in the fact that state-owned commercial banks have significant total assets, total capital, and total liabilities, with some holding the most significant total assets, capital, and liabilities in the Indonesian banking industry. Given the significant role of state-owned commercial banks in the Indonesian economy and their direct government management, these banks will be able to maximize or maintain their performance, thereby positively impacting the national economy as a whole.

Banking conditions in Indonesia are improving despite the increasing pressure of the global financial crisis. This is evident in the reduced liquidity constraints in banking and the growth in total non-performing or current bank loans. The growth in total non-performing bank loans can be observed at one of the state-owned banks, Bank Rakyat Indonesia (BRI). Bank Rakyat Indonesia (BRI) was founded in 1953 and is a state bank that has been deeply ingrained in the hearts of the people, earning it the nickname "the bank of a million people." This is because BRI has consistently provided service to the lower classes, focusing on offering credit facilities to small entrepreneurs. Director of Investigation and Advocacy of the Independent Forum for Budget Transparency (Khadafi, 2013).

Sagmi and Nazir (2010) found that the financial performance of Indian banks, in terms of capital adequacy, asset quality, management capability, earnings analysis, and liquidity, was healthy and very satisfactory. Korompis et al. (2015) compared the bank health levels of two Indonesian banks, Bank Mandiri and Bank BRI. The results showed a difference in health levels between Bank BRI and Bank Mandiri, as measured by the NPL ratio, for credit risk assessment purposes.

2. Literature Review and Hypothesis

Bank

Law of the Republic of Indonesia Number 10 of 1998 dated 10 November concerning Banking 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 order to improve the standard of living of the people." According to Kasmir (2012), a bank is defined as a financial institution that collects funds from the public in the form of savings and distributes them back to the public, as well as provides other banking services.

Financial statements

According to the Indonesian Institute of Accountants (2011), the definition of financial statements is as follows: Financial statements are a structured presentation that presents the financial position and financial performance of an entity. Meanwhile, according to PSAK No. 1 (2017:1.3-1.4), it states that "Complete financial statements consist of Financial Position Statements, Profit and Loss Statements, Statements of Changes in Equity, Cash Flow Statements and Notes to Financial Statements containing significant accounting policies and other explanatory information. Based on the above conclusions, it can be concluded that financial statements for a company consist of reports that report the company's financial position at a specific time, which are reported in the balance sheet and profit and loss statement as well as statements of changes in equity and cash flow statements, where the balance sheet shows the amount of assets, liabilities and equity of the company.

Good Corporate Governance

Sutedi (2012) Good Corporate Governance is a system that regulates and controls companies to create added value for all stakeholders. Bank Indonesia issued Indonesian Banking Regulation (PBI) Number 8/4/PBI/2006, which regulates Good Corporate Governance, aiming to enhance the performance of banks that implement this standard.

Capital

Bank Indonesia Regulation No. 13/1/PBI/2011 Article 7 paragraph 2, as referred to in Article 6 letter d, includes an assessment of the level of capital adequacy and capital management. CAR is a ratio that shows how far all bank assets containing risk (credit, participation, securities, receivables from other banks) are financed from the bank's own capital funds, both from sources outside the bank, such as public funds, loans (debt), and others (Kasmir, 2014).

Research Conceptual Framework

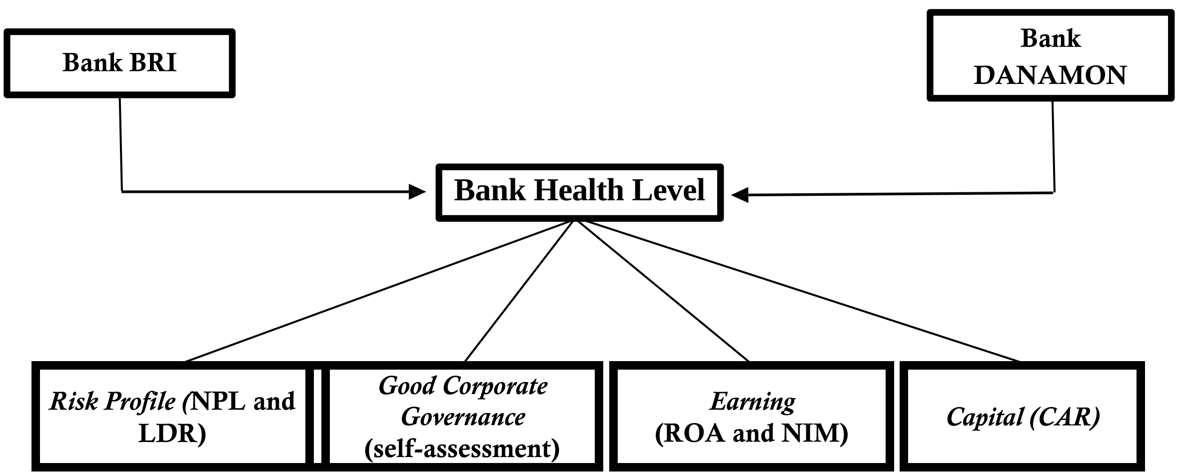

Figure 1. Conceptual Framework

3. Data and Method

Types of research

This research is a quantitative study employing a descriptive method, which involves analyzing and describing financial report data to determine the bank's health category using the Risk Profile, Good Corporate, Earnings, and Capital (RGEC) method at Bank BRI and Bank Danamon, based on the financial reports of each bank. The type of data used in this study is quantitative data. Quantitative data are in the form of financial reports from Bank BRI and Bank Danamon for the years 2013-2016. The data source used is secondary data. Secondary data for this study can be obtained from the financial reports of Bank BRI and Bank Danamon, which are published on their respective websites, namely www.idx.co.id.

Data collection technique

This research is a detailed and in-depth case study of Bank BRI and Bank Danamon, assessing the health of these banks for the 2013-2016 period. The data collection method used was non-participant observation. Observations using this method were conducted by directly reviewing the financial reports of Bank BRI and Bank Danamon for the 2013-2016 period, utilizing a questionnaire (www.idx.co.id).

Population and Sample

The population of this study is 4 State-Owned Banks and 116 Private Banks listed on the IDX. The sample in this study was taken from 2 banking companies (1 State-Owned Bank, namely Bank BRI and 1 Private Bank, namely Bank Danamon). The reason for selecting the population in this study is that the number of assets in the bank has increased every year, and it has also experienced a decrease in assets. Additionally, the author aims to assess the bank's performance and evaluate its health level. Additionally, the total number of bad debts in the two banks has fluctuated, prompting them to assess the health level of the two banks.

4. Results

Research Analysis on Bank Health Level Assessment

Table 1. Bank Health Level Based on NPL Ratio

Non-Performing Loan(NPL)				
Year	**Bank BRI**	**Ranking & Information**	**Bank Danamon**	**Ranking & Information**
2013	1.27	1 (Very Healthy)	1.87	1 (Very Healthy)
2014	1.26	1 (Very Healthy)	2.32	2 (Healthy)
2015	1.17	1 (Very Healthy)	3.01	2 (Healthy)
2016	1.05	1 (Very Healthy)	3.05	2 (Healthy)

Source: Processed Data (2018)

Based on Table 1 above, this means that BRI Bank has made improvements, so that in the next period, it will receive the predicate "Very Healthy". Research conducted by Ramadhany, Suhadak, and Zahroh (2015) stated that the health level of Bank Danamon, with a NPL ratio for the 2011-2012 period, received a composite rating of 2, meeting the criteria for "Healthy". This states that Bank Danamon can maintain the predicate "Healthy" as in the previous period.

Table 2. Bank Health Level Based on LDR Ratio

Loan to Deposit Ratio (LDR)				
Year	**Bank BRI**	**Ranking & Information**	**Bank Danamon**	**Ranking & Information**
2013	86.12	3 (Fairly Healthy)	98.26	3 (Fairly Healthy)
2014	79.65	2 (Healthy)	95.57	3 (Fairly Healthy)
2015	84.37	2 (Healthy)	90.68	3 (Fairly Healthy)
2016	85.28	3 (Fairly Healthy)	91.87	3 (Fairly Healthy)

Source: Processed Data (2018)

Based on Table 2 above, this means that BRI Bank has made improvements so that in the next period it will receive the predicate "Healthy". Research conducted by Ramadhany, Suhadak, and Zahroh (2015) stated that the health level of Bank Danamon, as indicated by the LDR ratio for the 2011-2012 period, received a composite rating of 2, meeting the criteria for "Healthy". This indicates that Bank Danamon can maintain the predicate "Healthy" as in the previous period.

Table 3. Bank Health Level Based on GCG Ratio

Good Corporate Governance(GCG)				
Year	**Bank BRI**	**Ranking & Information**	**Bank Danamon**	**Ranking & Information**
2013	1.29	1(Very Healthy)	1.55	2(Healthy)
2014	1.14	1(Very Healthy)	1.55	2(Healthy)
2015	1.17	1(Very Healthy)	1.20	1(Very Healthy)
2016	1.18	1(Very Healthy)	1.55	2(Healthy)

Source: Processed Data (2018)

Based on the Table above, this indicates that BRI Bank can maintain its performance in implementing GCG. Furthermore, research conducted by Pramana and Artini (2016) stated that Bank Danamon's GCG ratio for the 2011-2012 period received a composite rating of 2, with the criteria "Healthy." This indicates that Bank Danamon can maintain its corporate governance as in the previous period.

Table 4. Bank Health Level Based on ROA Ratio

*Return on Assets (R*OA)				
Year	**Bank BRI**	**Ranking & Information**	**Bank Danamon**	**Ranking & Information**
2013	4.45	1(Very Healthy)	2.99	1(Very Healthy)
2014	3.84	1(Very Healthy)	1.81	1(Very Healthy)
2015	3.69	1(Very Healthy)	1.74	1(Very Healthy)
2016	3.38	1(Very Healthy)	2.54	1(Very Healthy)

Source: Processed Data (2018)

Based on the Table above, it is evident that Bank Danamon can maintain its performance in generating profits by optimizing its assets.

Table 5. Bank Health Level Based on NIM Ratio

Net Interest Margin (NIM)				
Year	**Bank BRI**	**Ranking & Information**	**Bank Danamon**	**Ranking & Information**
2013	8.09	1(Very Healthy)	8.35	1(Very Healthy)
2014	7.32	1(Very Healthy)	7.52	1(Very Healthy)
2015	7.70	1(Very Healthy)	7.42	1(Very Healthy)
2016	8.27	1(Very Healthy)	7.94	1(Very Healthy)

Source: Processed Data (2018)

Based on the Table above, this indicates that BRI Bank can maintain its financial performance in the NIM ratio. Moreover, research conducted by Pramana and Artini (2016) stated that the health level of Bank Danamon with the NIM ratio in the 2011-2012 period received a composite rating of 1 with the criteria of "Very Healthy". This suggests that Bank Danamon can also maintain its financial performance in terms of the NIM ratio.

Table 6. Bank Health Level Based on CAR Ratio

Capital Adequacy Ratio(CAR)				
Year	**Bank BRI**	**Ranking & Information**	**Bank Danamon**	**Ranking & Information**
2013	19.46	1(Very Healthy)	17.48	1(Very Healthy)
2014	20.86	1(Very Healthy)	18.07	1(Very Healthy)
2015	21.06	1(Very Healthy)	20.83	1(Very Healthy)
2016	23.53	1(Very Healthy)	22.30	1(Very Healthy)

Source: Processed Data (2018)

This indicates that BRI Bank can maintain its financial performance in terms of its CAR ratio. Research conducted by Pramana and Artini (2016) also states that Bank Danamon's CAR ratio for the 2011-2012 period received a composite rating of 1, with the criteria "Very Healthy." This indicates that Bank Danamon can also maintain its financial performance in terms of its CAR ratio.

5. Discussion

Bank Health Level Based on NPL Ratio

Based on Table 1, during the 2013-2016 period, Bank BRI demonstrated a "Very Healthy" health level, with an NPL ratio below 2%, specifically 1.27% in 2013 and 1.05% in 2016. This indicates improved credit risk management, despite the number of non-performing loans remaining unchanged. In contrast, Bank Danamon in the same period was mainly ranked "Healthy" (NPL 2–5%), except in 2013, when it achieved a "Very Healthy" rating due to credit growth of 16.1%. However, the increase in NPLs in 2014-2016 indicates a decline in credit risk management due to high credit growth and the economic slowdown, which, if not immediately addressed, could disrupt the bank's financial performance.

Bank Health Level Based on LDR Ratio

Based on Table 2, the LDR ratio for the 2013–2016 period shows fluctuations; the LDR decreased from 86.12% in 2013 to 79.65% in 2014, then increased to 84.37% in 2015 and 85.28% in 2016. The 2013 and 2016 periods were ranked "Quite Healthy" (85% < LDR < 100%) because the growth of third-party funds did not offset the increase in total credit. In contrast, 2014–2015 was ranked "Healthy" due to the increase in third-party funds. Meanwhile, Bank Danamon throughout 2013–2016 was ranked "Quite Healthy", with the highest LDR of 98.26% in 2013 and the lowest of 90.68% in 2015, which was caused by an increase in credit without being offset by third-party funds, even though the structure of third-party funds mostly came from deposits, savings, and current accounts.

Bank Health Level Based on GCG Ratio
Based on Table 3, Bank BRI's management has effectively implemented the principles of Good Corporate Governance (GCG), resulting in minor and easily correctable existing weaknesses. Conversely, Bank Danamon has also continuously improved its corporate governance, although its GCG scores from 2013 to 2016 generally placed it at a "Healthy" rating, except in 2015, when it improved. This trend suggests that the lower the GCG score, the better the implementation of governance. The practical implementation of GCG at Bank BRI has helped maintain healthy NPL and LDR ratios, while improving financial performance through ROA and NIM ratios compared to Bank Danamon.

Bank Health Level Based on ROA Ratio
Based on Table 4, during the 2013–2016 period, Bank BRI's ROA ratio decreased annually. However, it remained in the "Very Healthy" category (ROA > 1.25%), which indicates that although management was less than optimal in maximizing assets for pre-tax profit, the bank's performance remained strong. The lowest ROA value was recorded in 2016, at 3.38%, with a pre-tax profit of IDR 33,974 trillion and total assets of IDR 1,003,644 trillion. Meanwhile, Bank Danamon exhibited fluctuations in ROA, with a significant decrease from 2.99% in 2013 to 1.74% in 2015, followed by an increase to 2.54% in 2016. However, it remained in the "Very Healthy" category (ROA > 1.5%). This ROA change reflects Danamon's management's ability to manage assets to maximize pre-tax profit, despite periods of declining performance.

Bank Health Level Based on NIM Ratio
Based on Table 5, during the 2013–2016 period, the NIM ratio of Bank BRI and Bank Danamon was ranked "Very Healthy" (NIM > 3%), indicating high profitability despite limited credit expansion due to the economic slowdown. This indicates that both banks can manage productive assets to maximize net interest income. The lowest NIM of Bank BRI was recorded in 2014 with net interest income of IDR 51.442 trillion and average productive assets of IDR 702.914 trillion, while the lowest NIM of Bank Danamon occurred in 2015 with net interest income of IDR 13.649 trillion and productive assets of IDR 180.106 trillion, but still in the “Very Healthy” category.

Bank Health Level Based on CAR Ratio
Based on Table 6, during the 2013–2016 period, the CAR ratio of Bank BRI and Bank Danamon continued to increase, ranking "Very Healthy" (CAR > 11%), indicating better capital management, as the capital owned was comparable to the risk-weighted assets (RWA). The lowest CAR of Bank BRI was recorded in 2013, with a capital of IDR 79.574 trillion and RWA of IDR 408.858 trillion. Meanwhile, the lowest CAR of Bank Danamon was also in 2013, with a capital of IDR 21.588 trillion and RWA of IDR 123.510 trillion. However, both banks remained in the "Very Healthy" category.

6. Conclusion
Based on the RGEC analysis for the 2013–2016 period, Bank BRI performed better than Bank Danamon in the Risk Profile aspect, with lower NPL and LDR, placing it in the “Very Healthy” category, while Danamon was in the "Healthy" or "Fairly Healthy" category due to unbalanced credit growth with third-party funds and the economic slowdown. Both banks have excellent Corporate Governance implementation, reflected in the "Very Healthy" GCG score, as well as strong Earnings performance, indicated by "Very Healthy" ROA and NIM, which reflects effective asset and capital management. In addition, both banks' Capital is also in the "Very Healthy" category, indicating the ability to maintain sufficient capital to cover credit, market, and operational risks in accordance with Bank Indonesia regulations.

Managerial Implications
The research results indicate that risk management, governance, profitability, and capital adequacy have a direct impact on bank health. Bank BRI is advised to maintain prudent credit practices, liquidity, and asset management. At the same time, Bank Danamon needs to enhance credit risk

management and strike a balance between credit growth and third-party funding. Consistent implementation of Good Corporate Governance can improve operational efficiency, ROA, NIM, and strengthen CAR. Therefore, these findings provide guidelines for credit strategy, asset management, and strengthening governance to enhance competitiveness and financial resilience.

Recommendation

Based on the RGEC analysis, Bank BRI is advised to maintain prudent lending practices, optimize asset management to achieve a high ROA, and maintain a balanced liquidity through effective short- and medium-term investment portfolio management. Bank Danamon needs to increase selectivity in lending, balance credit growth with third-party funds to maintain a healthy LDR, and strengthen asset and risk management to maintain stable ROA and NIM.

References

Alawiyah, T. (2016). *Analisis penilaian tingkat kesehatan bank dengan menggunakan metode RGEC pada bank umum BUMN yang terdaftar di Bursa Efek Indonesia tahun 2012-2014* (Doctoral dissertation, Fakultas Ekonomi). Diakses 18 Maret 2018.

Astuti, D. (2016). *Analisis perbandingan tingkat kesehatan bank umum konvensional dan bank umum syariah di Indonesia berdasarkan Risk-Based Bank Rating*. Diakses 15 Maret 2018. https://doi.org/10.30603/ab.v15i2.1104

Astutik, P., & Djazuli, A. (2014). Pengaruh tingkat kesehatan bank menurut Risk Based Bank Rating terhadap kinerja keuangan (Studi pada bank umum syariah di Indonesia). *Jurnal Ilmiah Mahasiswa FEB*. Diakses 15 Maret 2018.

Hadiwidjaja, R. D., & Widiastuti, Y. (2016). Assessing the Effect of Bank Performance on Profit Growth Using the RGEC Approach. Diakses 18 Maret 2018.

Korompis, V. E., Rotinsulu, T. O., & Sumarauw, J. (2016). Analisis perbandingan tingkat kesehatan bank berdasarkan metode RGEC (Studi pada PT Bank Rakyat Indonesia Tbk dan PT Bank Mandiri Tbk tahun 2012-2014). *Jurnal Riset Ekonomi, Manajemen, Bisnis dan Akuntansi*. Diakses 15 Maret 2018.

Maradita, A. (2014). *Karakteristik Good Corporate Governance pada bank syariah dan bank konvensional*. Diakses 18 Maret 2018. https://doi.org/10.20473/ydk.v29i2.366

Panu, N. H. S., Saerang, I. S., & Maramis, J. B. (2017). Analisis komparasi tingkat kesehatan bank pembangunan daerah go public dan non-go public berdasarkan Risk Profile, Earning, dan Capital periode 2013-2015. *Jurnal EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis dan Akuntansi*. Diakses 18 Maret 2018.

Pramana, K. M., & Artini, L. G. S. (2016). Analisis tingkat kesehatan bank (Pendekatan RGEC) pada PT Bank Danamon Indonesia Tbk. *E-Journal Manajemen Unud Ekonomi Bisnis*. Diakses 10 Agustus 2018.

Sagmi, & Nazir, T. (2010). Analyzing the Financial Performance of Commercial Banks in India: An Application of the CAMEL Model. *Pakistan Journal of Commerce & Social Sciences*. Diakses 15 Maret 2018.

Sugiyono. (2014). *Metode penelitian pendidikan: Pendekatan kualitatif, kuantitatif, dan R&D*. Bandung: Alfabeta.

Tempone, S. O. (2016). *Pengaruh tingkat kesehatan bank dengan metode RGEC (Risk Profile, Good Corporate Governance, Earnings, Capital) terhadap return saham pada sektor perbankan yang terdaftar di BEI tahun 2012-2014* (Doctoral dissertation, Universitas Airlangga). Diakses 15 Maret 2018.

Trisnawai, R., & Puspita, A. E. (2014). Analisis tingkat kesehatan bank dengan metode RGEC pada bank BUMN yang terdaftar di Bursa Efek Indonesia tahun 2011-2012. *Jurnal Ekonomi Bisnis*. Diakses 10 Agustus 2018.