Original Research Article

Comparative Analysis between Before and After of The Implementation of Financial Services Authority's Circular Letter number 14 / SEOJK.03 / 2017 Concerning The Health Level of of Branchless Banking of PT. Bank Rakyat Indonesia Tbk

Viciwati[*], Riska Rosdiana & Muhammad Laras Widyanto

Faculty of Economics and Business, Universitas Mercu Buana, Jl. Meruya Selatan No.1, RT.4/RW.1, Meruya Sel., Kec. Kembangan, Kota Jakarta Barat, Daerah Khusus Ibukota Jakarta 11650, Indonesia

*Corresponding author: Viciwati

Abstract

This study aims to analyze the implementation of the Financial Services Authority's circular letter number 14 / SEOJK.03 / 2017 concerning the health level bank, for Branchless Banking of PT. Bank Rakyat Indonesia Tbk by implementing the RGEC (Risk Profile, Good Corporate Governance, Earning, Capital) method between in 2016 and 2017 banks through a comparative analysis. The purpose of this study is to analyze the performance. The method used in this study is RGEC (Risk Profile, Good Corporate Governance, Earning, Capital), while the long-term objective is modeling the financial strategy assessment of Branchless Banking in Indonesia. The result that there are not differences in financial performance between before and after the implementation of the Financial Services Authority's circular letter number 14 / SEOJK.03 / 2017 concerning the health level bank, for Branchless Banking of PT. Bank Rakyat Indonesia Tbk.
Keywords: Financial Performance and the RGEC Method (Risk Profile, Good Corporate Governance, Earning, Capital).

INTRODUCTION

Based on data from the Financial Services Authority (2018) in June 2018, namely the number of clever management banks is 27 Conventional Commercial Banks and 2 Banks General Syariah, 762,207 agents, total outstanding account of 20,185,144 customers, amount outstanding savings of Rp. 1.69 trillion, the number of provinces where agents are 34 provinces, the amount city / district 508 (out of a total of 514 cities / districts) [1].

The aim of this study to analyze comparation before and after the implementation of the Financial Services Authority Circular number14 / SEOJK.03 / 2017 dated March 17, 2017 concerning Bank Soundness Rating General at Branchless Banking at Bank Rakyat Indonesia with RGEC (Risk Profile, Good Corporate Govermance, Earning, Capital).

The urgency of this study is (1) In theory this research is to analyze the implementation of the Service Authority Circular Finance number 14 / SEOJK.03 / 2017 dated March 17, 2017 concerning Level Assessment Health of Commercial Banks in Branchless Banking at Bank Rakyat Indonesia.(2) Being one form

of information about mapping the performance appraisal of commercial banks run a branchless banking program (3) As a form of management evaluation of the financial performance of Commercial Banks run a branchless banking program

Financial Services Authority Circular number 14 / SEOJK.03 / 2017 dated March 17, 2017 concerning Rating of Commercial Bank Soundness in point III.1 Procedure for Assessing the Soundness of Commercial Banks Individually Assessment of Soundness Level of Commercial Banks Individually includes an assessment of risk profile factors , Governance, profitability and capital [2].

Based on the last reseach are Wahyuni. P. D, Utami. W that based on the analysis, it is known that institutional ownership, managerial ownership, the proportion of independent board and the proportion of independent audit committee do not affect the cost of equity capital [3]. Wahyuningsih. D & Gunawan. R that thus bopo and liquidity (loan deposit ratio) simultaneously significant return to profitability on assets [4]. Riadi, *et al.*, that the soundness of banks in 2013 to 2015 from the risk profile aspect is classified as

very healthy, Good Corporate Governance is quite healthy, earnings are very healthy, and Capital is very healthy [5]. Kusnanto that the Bank's Health Level in terms of RGEC at Sharia Commercial Banks in the period of 2013, 2014, and 2015 are in healthy criteria, so it is considered very capable of facing significant negative impacts from changes in business conditions and other external factors [6]. Rahmaniah and Wibowo that the year 2011 to 2013 on the third BUS (Islamic Banks) nothing is declared unhealthy and potentially high financial distress, the three buses experienced a decline in the performance of earnings as measured by ROA and ROE and liquidity ratios that FDR, but the decline no significant effect and does not experience the potential of high financial distress [7]. Pernamasari that the GCG index has no significant effect on the cost of debt and accrual income management has a significant effect on the cost of debt. It means earnings management is done by management to influence investor perception, especially to influence buying decision of company stock and influence company value [8]. Pramana and Artini that during the period of 2011 to 2014 Bank Danamon always ranked 1 or very healthy. Calculation of the NPL ratio and LDR illustrates that the bank has managed the risk well. GCG assessment shows that corporate governance has been done well. Calculation of ROA and NIM shows the ability of banks to achieve high profits. Calculation of CAR is always above the minimum limit of Bank

Indonesia deemed able to manage its capital [9]. Permana D that research have found that strategic clarity in term of align with vision, priority of strategy and scope of strategy have positive significant impact on strategy implementation success in Indonesian Islamic banking. The implications of these findings are further elaborated [10].

MATERIALS AND METHODS
Financial Performance
According to Praswoto that the elements of the company's financial performance elements that are directly related to performance measurement company presented in the income statement, net income often used as a measure of performance or some basis for other sizes [11].

RGEC Method (Risk Profile, Good Corporate Governance, Earning, Capital)
Based on Bank Indonesia Regulation No. 13 of 2011 Article 6, banks are required to evaluate the soundness of banks individually using a risk approach (Risk-Based Bank Rating) with the scope of the assessment of the following factors:

1. Risk Profile (Risk Profile)
The formula used in calculating risk profiles is:

a. Non Performing Loans (NPL).

NPL = Non Performing Loan / Total Credit X 100%

(Source: SE No.13 / 24 / DPNP / 2011)[12]

b. Loan to Deposit Ratio (LDR)

LDR = Total Credit / Third Party Deposit X 100%

(Source: SE No.13 / 24 / DPNP / 2011) [12]

2) Good Corporate Governance (GCG)
Accprding to Sutedi that Good Corporate Governance is a system that manages and controls a company to create added value (value added) for parties who are interested [13].

a. Return On Asset (ROA)

ROA = Earnings Before Tax / Average Asset Total X 100%

(Source: SE No.13 / 24 / DPNP / 2011) [12]

b. Net Interest Margin (NIM)

NIM =   Net / Average Interest Income on Earning Assets X 100%

 (Source: SE No.13 / 24 / DPNP / 2011)

3. Rentability (Earning)
Rentability can be calculated using a formula, namely:

4. Capital (Capital)
CAR Formula is as follows:

CAR = Risk Weighted Capital / Assets X 100%

(Source: SE No.13 / 24 / DPNP / 2011) [12]

Hypothesis
- H_0 : There are not differences in financial performance between before and after the implementation of the Financial Services Authority's circular letter number 14 / SEOJK.03 / 2017 concerning the health level of of Branchless Banking of PT. Bank Rakyat Indonesia Tbk
- H_1 : There are differences in financial performance between before and after the implementation of the Financial Services Authority's circular letter number 14 / SEOJK.03 / 2017 concerning the health level of of Branchless Banking of PT. Bank Rakyat Indonesia Tbk

Object and Time of Research

This research was conducted at Branchless Banking of PT. Bank Rakyat Indonesia Tbk. The research time period is 2016 (before) and 2017 (after).

Research Design

This research is a kind of quantitative descriptive research. The focus of the research in this study is as follows:
- The implementation of the Financial Services Authority's circular letter number 14 / SEOJK.03 / 2017 concerning the health level of Branchless Banking of PT. Bank Rakyat Indonesia Tbk used the RGEC (Risk Profile, Good Corporate Governance, Earning, Capital) method approach.
- The research event study research to examine the information content based on a time series are before (2016) and after (2017) , so that researchers can see the difference in financial performance of these events using comparative research designs , that is research that aims to compare. As for what will be compared in this study are 2016 financial performance and 2017 financial performance.

Data Analysis

- Descriptive Analysis
- Data Quality Analysis

Statistics Test: Kolmogorov-Smirnov

Test Criteria:
    a. If sig < 0.05 t then Ho is accepted
    b. If sig < 0.05 then Ho is rejected

Average Difference Analysis
    a. T test (Paired Sample t-test)

The hypothesis in this study is as follows
1. Ho: μ_1 - $\mu_1 = 0$, means there is no difference of financial performance 2016 with 2017
2. Ha: μ_1 - $\mu_1 \neq 0$, means there is differences of financial performance 2016 with 2017

Statistics Test: T test (Paired Sample t Test)

Test Criteria:
1. If sig > 0.05 then Ho is accepted
2. If sig < 0.05 then Ho is rejected

  c. Wilcoxon Test
    Statistics Test: Wilcoxon Test

Test Criteria:
1. If sig (2-tailed) > 0.05, then Ho is accepted.
2. If sig (2-tailed) < 0.05, then Ho rejected [14].

RESULTS AND DISCUSION
Financial Performance of BRI Bank

Financial Performance of BRI Bank as follows:

Table-1: Financial Performance of BRI Bank

No	Financial Performance	Ratio (%)	
		2017	**2016**
1	Loan to Deposit Ratio (LDR)	88.13	87.77
2	Non Performing Loan (NPL)	0.88	1.09
3	Return on Asset (ROA)	3.69	3.84
4	Net Interest Margin (NIM)	7.93	8
5	Capital Asset Ratio (CAR)	22.96	22.91

Source: Otoritas Jasa Keuangan (2018) [15]

The Table-1 show Financial Performance of BRI Bank had increasing for LDR of 0.36% and CAR of 0.05% but Financial Performance of BRI Bank had decreasing for NPL of -0.21 %, ROA of -0.15 % , and NIM of – 0.07% .

ASEAN Corporate Governance Performance Index (ACGS)

In improving GCG quality, BRI adopted the principles of Corporate Governance issued by the Organization for Economic Cooperation and Development. Assessment of GCG implementation carried out by an independent party, namely the Indonesian Institute of Corporate Directorship (IICD) according to the criteria of ACGS 2017 and BRI

received a score of 99.53 with a Very Good rating and 2016 a score of 102.05 with a Very Good rating [16]. Good Corporate Governance had decresing -2,52.

Statistic Test

Statitics Test Financial Performance of BRI Bank as follows.

Table-2: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Financial Performance of BRI Bank (2017) (%)	5	,88	88,13	24,7180	36,45695
Financial Performance of BRI Bank (2016) (%)	5	1,09	87,77	24,7220	36,23703
Valid N (listwise)	5				

Source: Team Analysis Data (2019)

Based on Descriptive Statistics Financial Performance of BRI Bank in 2016 are Minimum of 1.09% maximum of 87.77% mean of 24.7220%, deviation standard of 36,23703% and Financial Performance of BRI Bank in 2017 are Minimum of 0.88% maximum of 88.13%, mean of 24.7180% Deviation standard of 36,45695%.

Table-3: One-Sample Kolmogorov-Smirnov Test

		Financial Performance of BRI Bank 2017(%)	Financial Performance of BRI Bank 2016 (%)
N		5	5
Normal Parameters[a,b]	Mean	24,7180	24,7220
	Std. Deviation	36,45695	36,23703
Most Extreme Differences	Absolute	,319	,320
	Positive	,319	,320
	Negative	-,257	-,257
Kolmogorov-Smirnov Z		,714	,715
Asymp. Sig. (2-tailed)		,688	,685
a. Test distribution is Normal.			
b. Calculated from data.			
Source: Team Analysis Data (2019)			

The One-Sample Kolmogorov-Smirnov Test on Table-3 show Financial Performance of BRI Bank in 2016 are sig (2-tailed) of 0.685 > 0.05 that the 5 data of financial ratio is normal distribution and Financial Performance of BRI Bank in 2017 are sig (2-tailed) 0.688 > 0.05 that the 5 data of financial ratio is had normal distribution.

Table-4: Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Financial Performance BRI (2017) (%)	24,7180	5	36,45695	16,30404
	Financial Performance BRI (2016) (%)	24,7220	5	36,23703	16,20569

Source: Team Analysis Data (2019)

The Paired Samples Statistics show that the Financial Performance of BRI Bank in 2016 are mean of 24.7220% Deviation standard of 36,23703% and standart error mean of 16. 30404% Financial Performance of BRI Bank in 2017 are mean of 24.7180% deviation standard of 36,45695%, and standart error meanof 16. 20569%.

Table-5: Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Financial Performance BRI (2017) (%) & Financial Performance BRI (2016) (%)	5	1,000	,000

Source: Team Analysis Data (2019)

Based on Paired Samples Correlations sig 0.000 < 0.050 the 5 data of Financial Performance of BRI Bank in 2016 and the 5 data of Financial Performance of BRI 2017 had correlation.

Table-6: Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Financial Performance BRI (2017) (%) - Financial Performance BRI (2016) (%)	-,00400	,22557	,10088	-,28408	,27608	-,040	4	,970

Source: Team Analysis Data (2019)

The Paired Samples Test show that sig (2-tailed) 0.970 > 0.050 that H_0 accepted and H_1 is rejected There are not differences in financial performance between before and after the implementation of the Financial Services Authority's circular letter number 14 / SEOJK.03 / 2017 concerning the health level bank, for Branchless Banking of PT. Bank Rakyat Indonesia Tbk.

Table-7: Ranks

		N	Mean Rank	Sum of Ranks
Financial Performance BRI (2017) (%) - Financial Performance BRI (2016) (%)	Negative Ranks	3[a]	3,00	9,00
	Positive Ranks	2[b]	3,00	6,00
	Ties	0[c]		
	Total	5		
a. Financial Performance BRI (2017) (%) < Rasio Kinerja BANK BRI (2016) (%)				
b. Financial Performance BRI (2017) (%) > Rasio Kinerja BANK BRI (2016) (%)				
c. Financial Performance BRI (2017) (%) = Rasio Kinerja BANK BRI (2016) (%)				

Source: Team Analysis Data (2019)

The ranks of financial performance PT. Bank Rakyat Indonesia Tbk had 3 negative ranks and 2 postive ranks.

Table-8: Test Statistics[a]

	Financial Performance BRI (2017) (%) - Financial Performance BRI (2016) (%)
Z	-,405[b]
Asymp. Sig. (2-tailed)	,686
a. Wilcoxon Signed Ranks Test	
b. Based on positive ranks.	

Source: Team Analysis Data (2019)

Based on statistics test show that sig (2-tailed) 0.686 > 0.050 that H_0 accepted and H_1 is rejected There are not differences in financial performance between before and after the implementation of the Financial Services Authority's circular letter number 14 / SEOJK.03 / 2017 concerning the health level bank, for Branchless Banking of PT. Bank Rakyat Indonesia Tbk.

CONCLUSION
There are not differences in financial performance between before and after the implementation of the Financial Services Authority's circular letter number 14 / SEOJK.03 / 2017 concerning the health level bank, for Branchless Banking of PT. Bank Rakyat Indonesia Tbk.

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