

Measuring Islamic Banks Health Using Solvabilitas Financial Ratios

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Abstract

The purpose of the study was to analyze the soundness level of PT Bank Central Asia (BCA) Syariah using the solvency ratio for the 2015-2019 period. This type of research is quantitative with a descriptive approach, where the data source used is secondary data sources. The data collection technique uses the documentation method in the form of financial reports which have been presented on the official website of PT BCA Syariah. The data analysis technique uses the assessment of the level of health using the solvency ratio with independent variables and measurement using the CAR and DER ratios. The results showed that the CAR ratio for the 2015-2019 period was ranked 1 in the very healthy category, namely the CAR ratio was greater than the predetermined bank health standard, namely 8%. Meanwhile, the DER ratio for the 2015-2019 period experienced a significant increase. This increase in the DER ratio indicates that the condition of the DER ratio is in an unhealthy state, because the calculation of the DER ratio is more than the minimum health standard for the DER ratio, namely DER <58%. Based on the results of the study, the health composite ranking of PT BCA Syariah using the Solvency Ratio in 2015-2019 The CAR ratio is in a healthy rating, while the DER ratio is in a very unhealthy rating. so this indicates that the bank has not been able to finance its long-term and short-term debt with its own capital.

Keywords: Banking Healthy; CAR; DER

A. Introduction

Assessment of bank health is something that needs to be done in conventional banks and Islamic banks, both Islamic commercial banks and Islamic people's credit banks, to provide an accurate picture of the condition of banking management to maintain the soundness of the bank from time to time (Jungreis et al., 2019). The regulations regarding the assessment of bank soundness are contained in Bank Indonesia Regulation (PBI) No. 9/1 / PBI / 2007 regarding commercial bank soundness rating systems based on sharia principles which took effect from January 24, 2007. Thus, the application of bank soundness rating assessment was carried out by estimating products and services in Islamic banks that were more diverse and complex, resulting in more diverse and complex exposures. Risks faced increase, it will change the risk profile of Islamic banks and affect the soundness of the bank (Nosheen & Rashid, 2021).

One of the basic indicators for assessing the health of a bank is the financial report (McCosker, 2021) of the bank concerned. Health indicators in Islamic commercial banks include capital, asset quality, profitability, liquidity, sensitivity to market risk, management (Ali et al., 2012). Financial reports can be understood by all parties if financial statement analysis is carried out. Financial statement analysis is carried out to provide information to some parties within the company regarding the condition of the financial statements whether the performance has been running according to the planned target or not, and to find out the weaknesses and strengths of the bank (Ali et al., 2012).

PT Bank Central Asia Syariah, one of the sharia banks in Indonesia which started operating in 2010 with an official license to operate as a sharia commercial bank from BI governor decree No. 12/13/kep.gbi /dpg/2010. bank soundness assessment is very necessary, as a means of evaluating the conditions and problems faced by the bank and determining follow-up actions to overcome bank weaknesses or problems. In its operations, PT Bank Central Asia Syariah in the assets, liabilities and equity accounts has increased (bcasyariah, n.d.). The assessment of the component ratings or financial ratios for the formation of financial factors (capital, asset quality, profitability, liquidity, and sensitivity to market risk) is calculated quantitatively and qualitatively. The assessment of the soundness level of Islamic banks uses the solvency ratio, which is the ratio used to measure the company's ability to pay all its liabilities, both short and long term. The tools used to measure the company's solvency ratio are CAR and DER. In terms of development, total assets, liabilities and equity at PT Bank Central Asia Syariah.

Table 1 Development of Assets, Equity and Liabilities of PT Bank Central Asia Syariah 2015-2019

No.	Year	Asset	Equity	Liabilities
1.	2015	4.349,6	1.052,6	3.297,0
2.	2016	4.995,6	1.099,1	3.896,5
3.	2017	5.961,2	1.136,1	4.825,1
4.	2018	7.064,0	1.261,3	5.802,7
5	2019	8.634,4	2.328,3	6.306,1

source: BCAS Annual Financial Report 2015-2019

Based on the table above, the financial statements of PT Bank Central Asia Syariah for the period 2015-2019 tend to increase, as seen from the annual financial statements on liabilities for 2015 to 2016 experiencing a growth in financing in 2015 amounting to Rp. 3,297.0 trillion, an increase of 39.5% or Rp. 843.3 billion compared to the previous year of IDR 2,368.4 billion. This increase was due to an increase in TPF by 39.2% or IDR 916.4 billion. Liabilities in 2016 increased by 18.2% compared to the previous year, namely from Rp 3,297.0 trillion to Rp 3,896.5 billion, this increase was due to an increase in current accounts balance of 31.9% and an increase in savings balances by 11.9%, an increase in deposit balances by 17.7% and an increase in other liabilities of 29. 6%.

In 2017, total liabilities increased by 23.8% or Rp. 928.6 billion, namely from 2016 amounting to Rp. 3,896.5 billion to 2017 increasing to Rp. 4,825.1 billion, this increase was due to the increase in TPF in 2016 of Rp. 3,842 , 3 billion to IDR 4,736.4 billion in 2017. Total liabilities of BCAS as of 31 December 2018 was recorded at IDR 5,802.7 billion, up 20.3% or IDR977.6 billion from total liabilities in 2017. This increase was driven by an increase TPF which contributed 94.9% to total liabilities. Total liabilities of BCAS as of December 31, 2019 were recorded at IDR 6,306.1 billion, up 8.7% or IDR 503.4 billion from total liabilities in 2018 which was recorded at IDR 5,802.7 billion. This increase was mainly driven by an increase in deposits which contributed 98.4% to the total liabilities of this third party fund bank, including current accounts of 17.4%, savings of 10,% and deposits of 70.6%. (bcasyariah, n.d.)

Capital growth at PT Bank Central Asia Syariah for the period 2015-2019. From 2015 to 2016, total equity in PT Bank Central Asia in 2015 amounted to Rp 426.6 billion or 68.1%. This increase was due to additional capital in the second semester in 2015 and an increase in net profit in 2015. In 2015 2016 equity in PT Bank Central Asia Syariah increased by 4.4% compared to the previous year, namely to Rp1,099.1 billion from Rp. 1,052.6 billion in 2015, the increase in 2016 was due to the increase in retained earnings which increased by 54.1%, namely from IDR 68.1 billion to IDR 104.9 billion, then in 2017 it increased from IDR 1,099.1 billion to IDR 1,136.1 billion, due to the total net profit after tax BCAS in 2017 was IDR 47.9 billion and asset position of PT Bank Central Asia Syariah 2017 reached IDR 5,961.2 billion, growing by IDR 965.6 billion or 19.3% compared to 2016 assets of IDR 4,995.6 billion. The increase in these assets was largely contributed by the Bank's productive assets, especially investment in securities, which in 2017 saw new purchases of sukuk, SBSN and mutual funds. At the end of 2018, BCAS's total equity was recorded at IDR 1,261.3 billion, growing IDR 125.2 billion or 11.0% from the previous year. The increase in equity was due to the acquisition of profit for the year and other comprehensive income. BCAS equity as of 31 December 2019 was recorded at IDR 2,328.3 billion, an increase of IDR 1,067.0 billion or 155.1% from the previous year. The increase was mainly due to the capital injection from PT. Bank Central Asia, Tbk amounting to Rp1,000.0 billion and a profit. The total net profit of BCAS in 2019 was IDR 67.2 billion, an increase of 15.1% compared to the previous year. (bcasyariah, n.d.)

Based on the financial statements of PT Bank Central Asia Syariah, it can be seen in the financial statements above that the growth in liabilities, assets and capital tends to increase, but here it can be seen that the liabilities at PT Bank Central Asia Syariah experienced a higher increase in capital and asset growth with the condition of the financial statements. Bank Central Asia Syariah can be said that the increase in total equity each year has not been able to finance long-term and short-term liabilities with its own capital. The higher the solvency ratio, the higher the risk of loss and the unhealthy bank financial condition. This article examines the results of the calculation of financial ratios at PT Bank Central Asia Syariah Tbk using the Solvency Ratio and how is the health level of PT Bank Central Asia Syariah Tbk using the Solvency Ratio?

B. Literature Review

1. Bank Health

A healthy bank is one that always benefits all parties, both the bank owner, the bank employee and the public who use bank services (Karamoy & Tulung, 2020). It would be said that a bank is healthy if it always experiences good growth, which has a good impact on shareholders or shareholders in the form of profits and avoids risk, then for managers such as the board of commissioners of the bank, the board of directors and bank employees also need a salary. The central bank strives to make all banks in a stable and growing state because with this the central bank can realize success in implementing monetary policy (Herdhayinta & Supriyono, 2019).

In maintaining good banking activities and providing benefits, banking management is expected to maintain the health of the bank from time to time. The assessment of bank health in Islamic banking is carried out based on the regulations contained in Bank Indonesia Regulation (PBI) No. 9/1 / PBI / 2007 concerning systems for assessing the soundness level of commercial banks based on sharia principles which took effect on January 24, 2007. The deputy governor of Bank Indonesia explained that the application of the bank soundness rating was carried out by predicting that the products and services in Islamic banks would be more diverse. and complex, so that the risk exposure faced also increases, with the increase in risk exposure it will change the risk profile of Islamic banks so that it will also affect the soundness level of the bank (Daly & Frikha, 2016).

Assessment of Bank Soundness using a risk-based approach (Risk-based Bank Rating) is a comprehensive and structured assessment of the results of the integration of risk profiles and performance which includes the implementation of good governance, profitability, and capital. This approach allows Bank Indonesia as a supervisor to take appropriate and timely supervisory actions because the assessment is carried out comprehensively on all assessment factors and is focused on significant risks and can be immediately communicated to the Bank in order to determine follow-up supervision. In addition, in line with the implementation of risk-based supervision, it is not sufficient for supervision to be carried out only for individual banks but also for banks on a consolidated basis, including in the assessment of soundness (Elsa et al., 2018).

Factors that affect the assessment of the soundness level of Islamic banks: capital (capital), asset quality (asset quality), profitability (earnings), liquidity (liquidity), sensitivity to market risk (sensitivity to market risk), management (management) and ratings composite which is the final rating of the assessment result of bank soundness is determined as follows: (Indonesia, 2017)

Table 1. the final rating of the assessment result of bank soundness

No	Rating	Description
1	Composite 1	The bank has a very good level of health as a result of excellent business management
2	Composite 2	The bank is in a good health condition as a result of good business management
3	Composite 3	The bank has a fairly good level of health as a result of fairly good business management
4	Composite 4	The bank is in poor health condition as a result of poor business management
5	Composite 5	The bank is in a bad health condition as a result of good business management

Source: Financial Services Authority Regulation Number 8 / POJK.03 / 2014

The predicate for the bank soundness level is adjusted to the provisions in the Financial Services Authority Circular Letter Number 14/SEOJK.03/2017 as follows: (Indonesia, 2017)

Table 1. The predicate for the bank soundness level

Rating	Description
PK 1	The condition of the bank is very healthy so that it is very capable of dealing with significant negative effects from changes in business conditions and other external factors as reflected in the rating of the assessment factor, risk profile, implementation of good governance, profitability, and very good capital.
PK 2	The condition of the bank is healthy so that it is able to face the significant negative effects of changes in business conditions and other external factors as reflected in the rating of the assessment factor, risk profile, implementation of good governance, profitability and capital.
PK 3	The bank's condition is healthy enough so that it is considered quite capable of dealing with significant negative impacts from changes in business conditions and other external factors as reflected in the rating of the assessment factor, risk profile, implementation of Good Corporate Governance, profitability, and fairly good capital.
PK 4	The condition of the bank is unhealthy so that it is not able to face the significant negative effects of changes in business conditions and other external factors as reflected in the rating of the assessment factor, risk profile, implementation of governance, profitability, and poor capital.
PK 5	The condition of the Bank is generally unhealthy so that it is considered unable to face any significant negative effects from changes in business conditions and other external factors as reflected in the rating of the assessment factors, including risk profile, implementation of governance, profitability, and generally poor capital.

2. Financial Statements

It is the main means of making reports of financial information to people within the company, namely management and employees, and people outside the company such as banks, investors and others (Nurdiono et al., 2016). Financial reports are widely used both by internal company parties who need information from the results of financial statement analysis. Purpose of Financial Statements (Nor et al., 2019).

- a. Specific objective: to present fairly in accordance with accepted accounting principles regarding financial statements, results of operations and changes in the company's financial position.
- b. General purpose: 1) Provide reliable information about the economic sources that the company is liable for; 2) Provide reliable information regarding changes in economic resources and company liabilities; 3) Provide reliable information about sources of income; 4) Provide reliable information regarding changes in income sources; 5) Disclose other information that is relevant to the needs of users of financial statements.

Several types of financial reports include: a. Balance sheet; shows the total assets (assets), liabilities, and equity (equity) in one period. There are three parts;

- a. Asset; a form of investment. Grouped into; a) Current assets; cash, short-term investments, notes receivable, accounts receivable, income received, inventory, upfront expenses (Haryati & Kristijadi, 2015). b) Long-term Investments; in the form of; shares, bonds and loans to other companies, assets that are not used by the company's routine operations, funds for special purposes other than short-term debt payments, loans to subsidiaries or affiliates. c) Fixed Assets; Tangible assets, permanently used in regular operations for more than one year, are purchased for the purpose of resale. Includes: land, buildings, machinery, office furniture and equipment and others (Berry & Levy, 1999). d) Intangible assets e) Organizational costs f) Deferred charges g) Other non-current assets
- b. Debt; source of capital comes from creditors, within a certain period of time the company is obliged to pay back or must meet the claims of the outsiders. According to the repayment period, there are two types (Albart et al., 2020): a) Short Term Debt; the company's liabilities to other parties within the normal period of one year or less from the time the balance sheet was prepared, or debts that are due are entered into the current accounting cycle. b) Long-term Debt; company obligations to other parties that must be fulfilled within a period of more than one year. includes mortgage payable, bonds payable and long-term notes payable.
- c. Own capital; source of capital from the owner of the company. Together with creditors then invested in the company's assets.

Income Statement; shows the business conditions in a certain period in an operating cycle. Income statement requirements: income, operating profit and loss, borrowing expenses, share of profit or loss of affiliated and associated companies which is treated using the equity method, tax expense, profit or loss from normal company activities (Syafri Harahap, 2003), statement of changes in capital, statement of notes to financial statements and Cash statement.

3. Financial Ratio Analysis.

Is an activity to compare financial statement figures by dividing one number by another. Comparisons are made between one component by component and between components that exist between the financial statements. The result is to assess management performance in a period (Puteh et al., 2018). Types of financial ratios:

- a. Liquidity Ratio; the company's ability to meet short-term obligations, obligations due, both to parties outside the company and within the company. The types: current ratio, ultra-current ratio, cash turnover ratio
- b. Solvency Ratio; the ratio used to measure how far the company's assets are financed by debt or the company's ability to meet long-term liabilities. The condition of the company, seen from the short term, does not guarantee a good financial condition in the long term either. Failure to pay interest on debt can cause company

difficulties in financial conditions that lead to bankruptcy (Syafri Harahap, 2003).
Types: Debt To Equity Ratio, Debt To Asset Ratio, Long Term Debt To Equity Ratio

- b. Activity Ratio; used to measure the effectiveness of the company using its assets. Includes: accounts receivable turnover, inventory turnover, working capital turnover
- c. Profitability Ratio; ratio to assess the company's ability to seek maximum profit. Types: Profit margin (profit margin on sales), Return on investment (ROI), Return on equity (ROE) (Menicucci & Paolucci, 2016).

4. Solvency Ratio

Is the ratio used to measure how far the company's assets are financed by debt. The company's ability to meet long-term obligations. The condition of a company seen from the short term does not guarantee a good financial condition in the long term. The company's failure to pay interest on debt causes the company's financial difficulties to result in bankruptcy (Abdul, 2017).

In practice, a company that has a higher solvency ratio calculation results in a greater risk of loss, and vice versa, if the solvency ratio is lower, it has a smaller risk of loss, especially when the economic level is decreasing. A company is said to be solvable if it has sufficient assets or assets to pay off all its debts. But if the number of assets is insufficient to pay the debt or the value is smaller than the debt that must be paid, it means that the company is in an insolvable condition (Ismal, 2012). Purpose and benefits of solvency ratio: 1) Knowing the obligations to the other party, 2) Assessing the company's ability to meet permanent obligations, 3) Assessing the balance between asset value, especially fixed assets and capital, 4) Assess how much the company's assets are financed by debt, 5) Assess how much influence the company's debt has on managed assets, 6) Assess or measure how much part of each rupiah of own capital is used as a guarantee for long-term debt, 7) Assessing how many loan funds are immediately collected, there are several times the own capital that is owned.

Types of solvency ratios. CAR (Capital Adequacy Ratio), is the ratio used to measure capital adequacy in covering the failure to provide BUS financing (Raz, 2018) by linking capital adequacy with the risk profile. The higher the risk, the greater the capital that must be provided to anticipate this risk (Das & Rout, 2020). The role of capital is very important for financial institutions. The operations of financial institutions can run smoothly if they have sufficient capital, so that banks feel safe when they are in critical times because they still have capital reserves at Bank Indonesia (Ismal, 2013).

$$\text{CAR} = \frac{\text{Equity}}{\text{Risk Weighted Assets (RWA)}} \times 100\%$$

Based on the provisions of Bank Indonesia, a bank declared healthy must have a CAR of at least 8%. This is based on the provisions set by Bank For International (BIS)(Sebayang, 2020). Bank soundness predicate scale, CAR ratio:

- Rank 1: CAR ≥ 12%
- Rank 3: 8% ≤ CAR <9%
- Rank 5: CAR <6%
- Rank 2: 9% ≤ CAR <12%
- Rank 4: 6% ≤ CAR <8%

Capital Component Rating Criteria Matrix:

Rank	Category	Description
1	Very healthy	A higher KPMM ratio is very significant compared to the KPMM ratio stipulated in the regulations.
2	Healthy	The KPMM ratio is significantly higher than the KPMM ratio stipulated in the regulations.
3	healthy enough	The KPMM ratio is marginally higher than the KPMM ratio stipulated in the provisions (8% ≤ KPMM ≤ 9%).
4	Unwell	The KPMM ratio is below the applicable regulations.
5	Not healthy	The KPMM ratio is below applicable regulations and banks tend to be insolvent.

Source: Attachment to BI Circular Letter No. 6/23 / DPNP dated 31 May 2004

DER (Debt To Equity Ratio) is a ratio used to compare total debt including long-term debt and short-term debt with all equity. Useful to find out how much equity is used as debt collateral. For a bank, the higher the DER ratio, the less profitable it will be or the risk of loss will be greater (Jumono et al., 2019).

The greater this ratio, the greater the level of dependence of the company on external parties and the greater the burden of debt costs that must be paid by the company. The more the debt ratio increases, this will have an impact on decreasing the profits earned by the company, because some of it is used to pay debts. Conversely, with a low ratio, the higher the level of funding that is presented by the owner and the greater it is (Sulaeman et al., 2019)

$$DER = \frac{\text{TOTAL DEBT}}{\text{EQUITY}}$$

Information: - Total liabilities in one year

- Total equity in one year

Bank soundness predicate scale, DER ratio:

Rank	Category	Description
1	Very healthy	16% ≤ DER < 36%
2	Healthy	37% ≤ DER < 57%
3	Pretty healthy	58% ≤ DER < 78%
4	Unhealthy	79% ≤ DER < 98%
5	Not Healthy	DER > 99%

C. Research Methodology

This study uses a quantitative research method with a descriptive approach, which describes the things that are the research targets using data in the form of the 2015-2019 financial statements of PT Bank BCA Syariah which have been published on the official website at www.bcasyariah.co.id.

The data collection technique in this study uses the documentation method, namely the researcher collects data and information through examining archives and documents, by analyzing documented data.

The research instrument uses a documentation guide in the form of documents in the form of financial statements at PT Bank BCA Syariah for the period 2015 to 2019. The financial statements in this article only use a balance sheet that shows the amount of assets, liabilities, and equity.

The data analysis in this study used an assessment of the level of health using the solvency ratio. The variables used in this study are independent variables that stand alone and do not make comparisons between one variable and another. The independent variable in researching the level of bank soundness uses the solvency ratio at PT Bank Central Asia Syariah Tbk by calculating DER (Debt To Equity Ratio) and CAR (Capital Adequacy Ratio).

The use of the DER ratio is carried out to assess debt to equity, this ratio is calculated by comparing all debt including current debt to all equity, with this ratio the bank can find out how big the der ratio is, the higher this ratio, the greater the level of losses that will be obtained by the bank.

Meanwhile, the use of the CAR ratio is to measure the ability of bank capital to cover the possibility of failure in providing financing. The car ratio can be calculated by comparing total equity with risk-weighted assets (RWA), a bank can be said to be healthy if it has a CAR of at least 8%, the higher the CAR ratio, the healthier the bank will be.

D. Result and Discussion

1. Calculation of CAR (Capital Adequacy Ratio)

CAR ratio is the ratio used to measure the ability of bank capital to cover the possibility of failure in providing financing. It is calculated by comparing total equity with risk weighted assets (RWA).

$$CAR = \frac{\text{Equity}}{\text{Risk Weighted Assets (RWA)}} \times 100 \%$$

Table 4. Total Equity in Rupiah (Rp)

Total Equity					
Items	2015	2016	2017	2018	2019
Paid-up capital	IDR 996.300.000.000	IDR 996.300.000.000	IDR 996.300.000.000	IDR 996.300.000.000	IDR 996.300.000.000
Other Comprehensive Income	IDR (11.794.690.813)	IDR (2.095.862.953)	IDR (12.911.276.359)	IDR 53.944.967.966	IDR 53.709.192.014
Retain earning	IDR 68.045.881.869	IDR	IDR	IDR	IDR

		104.862.217.606	152.722.454.804	211.089.523.944	278.283.053.208
Total capital	IDR 1.052.551.191.056	IDR 1.099.066.354.653	IDR 1.136.111.178.445	IDR 1.261.334.491.910	IDR 1.328.292.245.222

Source: Results of research data processing by adding up all equity items, 2020

Table 5 Total Risk Weighted Assets (RWA) In Rupiah (Rp)

Number of RWA					
Items	2015	2016	2017	2018	2019
RWA for Credit Risk	IDR 2.959.028.000.000	IDR 2.846.932.000.000	IDR 3.710.629.000.000	IDR 4.912.793.000.000	IDR 5.729.159.000.000
Operational Risk	IDR p 158.788.000.000	IDR 218.022.000.000	IDR 301.724.000.000	IDR 385.907.000.000	IDR 456.908.000.000
Total RWA	IDR 3.117.816.000.000	IDR 3.064.954.000.000	IDR 4.012.353.000.000	IDR 5.298.700.000.000	IDR 6.186.067.000.000

Source: Results of research data processing by adding up all ATMR posts, 2020

CAR calculation per year:

$$2015 = \frac{\text{IDR } 1,052,551,191,056}{\text{IDR } 3,117,816,000,000} \times 100\% = 34\%$$

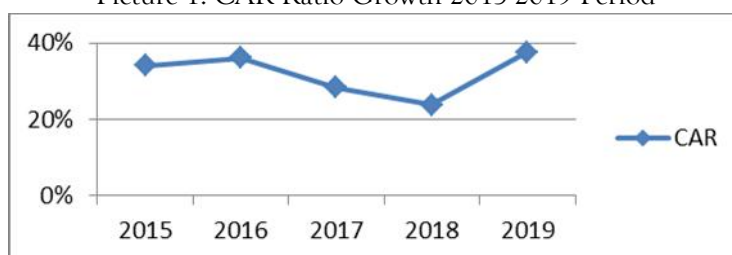
$$2016 = \frac{\text{IDR } 1,099,066,354,653}{\text{IDR } 3,064,954,000,000} \times 100\% = 36\%$$

$$2017 = \frac{\text{IDR } 1.136.111.178.445}{\text{IDR } 4.012.353.000.000} \times 100\% = 28,31\%$$

$$2018 = \frac{\text{IDR } 1.261.334.491.910}{\text{IDR } 5.298.700.000.000} \times 100\% = 23,8\%$$

$$2019 = \frac{\text{Rp } 1.328.292.245.222}{\text{Rp } 6.186.067.000.000} \times 100\% = 37,64\%$$

Picture 1. CAR Ratio Growth 2015-2019 Period



Picture 4.1 illustrates the results of calculating the CAR ratio from 2015-2019, from 2015 to 2016, an increase from 34% in 2015 to 36% in 2016, the increase in the position of the CAR ratio in 2016 was influenced by the increase in total equity of 4.4. %, In 2017 the position of BCAS CAR was at the level of 28.31%, compared to CAR in 2016 which was 35.86%. The decrease in CAR was caused by the Bank's activity in channeling financing which experienced a growth of 15.2%.

In 2018 the CAR ratio also still decreased by 23.8% from the previous year. This decline was due to an increase in financing distribution of 16.9%, BCAS Equity as at 31

December 2018 was recorded at IDR 1,261.3 billion, grew by IDR 125.2 billion or 9.9% from the previous year. However, the decline in the CAR ratio that occurred in 2017 and 2018 did not have a major effect on the condition of capital adequacy because it was still in a very healthy condition where the results of the calculation of the CAR ratio in 2017 and 2018 were still higher than the applicable KPMM provisions, namely CAR. > 8%. In 2019 the CAR ratio experienced a significant increase, namely 37.64%, this increase was due to a net profit of 15.1% or IDR 67.2 billion. PT Bank Central Asia Syariah ensures that the Bank has adequate capital to meet credit, market and operational risks. The CAR position of BCAS is still above the minimum requirement according to the risk profile set by the Regulator, which is 8%, which reflects a solid capital position to balance market risk, credit risk and operational risk and is sufficient to support the Bank in developing its financing portfolio and business expansion in a sustainable manner.

Table 4.3 Capital Adequacy Ratio (CAR) Rating

Year	CAR	Rank	Description
2015	34%	1	Very healthy
2016	36%	1	Very healthy
2017	28,31%	1	Very healthy
2018	23,8 %	1	Very healthy
2019	37,64%	1	Very healthy

Source: Secondary Data processed by Researchers, 2020

Table 4.3 illustrates the results of the calculation of the 2015-2019 CAR Ratio as a whole at rank 1 with a very healthy position, which indicates that the level of capital is significantly higher than the applicable KPMM provisions and is expected to remain at this level for the coming years, with Bank Indonesia regulations can be declared healthy if a bank has a CAR of at least 8%. This means that BCA Syariah has adequate quality and capital adequacy relative to its risk profile, accompanied by very strong capital management in accordance with the characteristics, business scale and complexity of the Bank's business.

BCAS was able to maintain the minimum capital requirement ratio at the level of 36% in 2016, well above the minimum requirement required by Bank Indonesia at the level of 8%. This shows that the capital aspect of BCAS is still very adequate to support the Company's business expansion in the coming years. BCAS always complies with the capital adequacy requirements set by Bank Indonesia. The capital structure of BCAS increased by Rp37.0 billion or 3.4% compared to the previous year. Bank Indonesia has determined that the minimum capital adequacy requirement (CAR) for each bank is 8.0%. The position of BCAS CAR in 2018 was recorded at 23.8%, decreased by 4.51% compared to 2017's CAR, which was 28.31%. The decrease in CAR occurred in line with the increase in distribution of BCAS financing.

BCAS CAR ratio at 31 December 2019 increased from 2018, from 23.8% to 37.64%, so that the CAR ratio in 2019 is still in 1st place with a very healthy position. The health level condition of the CAR ratio at rank 1 illustrates that a higher KPPM ratio is very significant compared to the KPPM ratio stipulated in the regulations. The CAR

position on the BCAS PK-1 reflects that the condition of the Bank is generally very healthy so that it is considered very capable of dealing with significant negative effects from changes in business conditions and other external factors as reflected in the rating of the assessment factors, including risk profile, implementation of governance, profitability, and the capitalization was generally very good. If there are weaknesses, in general these weaknesses are not significant. The increase was mainly due to a profit. The total net profit of BCAS in 2019 was IDR 67.2 billion, an increase of 24.15% compared to the previous year.

2. Debt Equity Ratio (DER) Calculation

DER ratio (Debt Equity Ratio) is a ratio used to compare total debt including long-term debt and short-term debt with all equity.¹

$$\text{DER} = \frac{\text{TOTAL DEBT}}{\text{EQUITY}} \times 100\%$$

Table Addition of Liabilities in Rupiah (Rp)

Total Liabilities					
Items	2015	2016	2017	2018	2019
Wadiah Demand Deposit	Rp 167.915.000.000	Rp 221.401.000.000	Rp 504.606.000.000	Rp 492.219.000.000	Rp 1.094.260.000.000
Wadiah Savings	Rp 183.833.000.000	Rp 143.864.000.000	Rp 153.083.000.000	Rp 175.565.000.000	Rp 231.954.000.000
Savings Deposit	Rp 44.673.000.000	Rp 111.741.000.000	Rp 164.773.000.000	Rp 307.612.000.000	Rp 425.343.000.000
Securities Issued	Rp 2.858.733.000.000	Rp 3.365.266.000.000	Rp 3.913.941.000.000	Rp 4.530.711.000.000	Rp 4.453.374.000.000
Financing Received	Rp 148.000.000			Rp 100.000.000.000	
Guarantee Deposit	Rp 247.000.000	Rp 244.000.000	Rp 229.000.000	Rp 199.000.000	Rp 196.000.000
Other Liabilities	Rp 40.056.000.000	Rp 49.228.000.000	Rp 61.074.000.000	Rp 104.781.000.000	Rp 95.933.000.000
Liabilitie To Other Banks	Rp 560.000.000	Rp 3.394.000.000	Rp 2.507.000.000	Rp 92.720.000.000	Rp 5.868.000.000
Total Liabilities	Rp 3.296.165.000.000	Rp 3.895.138.000.000	Rp 4.800.213.000.000	Rp 5.803.807.000.000	Rp 6.306.928.000.000

Source: Results of research data processing by adding up all liability items, 2020

Table 4.5 Total Equity in Rupiah (Rp)

Total Equity					
Outpost	2015	2016	2017	2018	2019
Paid-up Capital	Rp 996.300.000.000	Rp 996.300.000.000	Rp 996.300.000.000	Rp 996.300.000.000	Rp 996.300.000.000
Other Comprehensive Income	Rp (11.794.690.813)	Rp (2.095.862.953)	Rp (12.911.276.359)	Rp 53.944.967.966	Rp 53.709.192.014
Retain Earning	Rp 68.045.881.869	Rp 104.862.217.606	Rp 152.722.454.804	Rp	Rp 278.283.053.208

				211.089.523.944	
Total Capital	Rp1.052.551.191.056	Rp1.099.066.354.653	Rp 1.136.111.178.445	Rp 1.261.334.491.910	Rp 1.328.292.245.222

Source: Results of research data processing by adding up all equity accounts, 2020

Calculation of DER per year:

$$2015 = \frac{\text{Rp } 3.296.165.000.000}{\text{Rp } 1.052.551.191.056} \times 100\% = 313\%$$

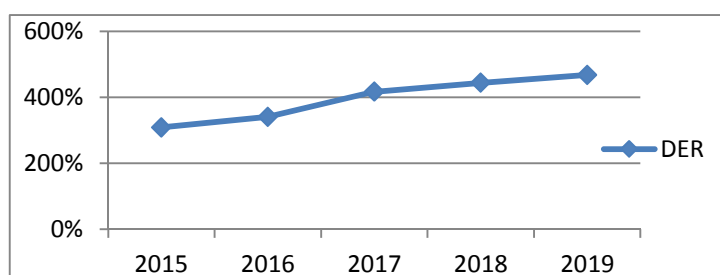
$$2016 = \frac{\text{Rp } 3.895.138.000.000}{\text{Rp } 1.099.066.354.652} \times 100\% = 354\%$$

$$2017 = \frac{\text{Rp } 4.800.213.000.000}{\text{Rp } 1.136.111.178.445} \times 100\% = 423\%$$

$$2018 = \frac{\text{Rp } 5.803.807.000.000}{\text{Rp } 1.261.334.491.910} \times 100\% = 460\%$$

$$2019 = \frac{\text{Rp } 6.306.928.000.000}{\text{Rp } 2.328.292.245.222} \times 100\% = 475\%$$

Picture 4.2 Growth of the DER Ratio for the 2015-2019 Period



Picture 4.2 illustrates the growth of the DER ratio for the 2015-2019 period, the DER ratio of PT BCA Syariah in 2015-2019 tends to increase, from 2015 to 2016 the DER ratio has increased by 313% in 2015 to 354% in 2016. Growth ratio DER in 2015 was influenced by the increase in liabilities amounting to 39.2% from the previous year which was found in the savings account of IDR 228.5 billion, current accounts of IDR 167.9 billion, and deposits of IDR 2.9 trillion, an increase that occurred in 2016 was influenced by an increase in liabilities due to an increase in current accounts by 31.9%; an increase in the savings balance by 11.9%; an increase in deposit balances by Rp17.7% and an increase in other liabilities by 29.6%. The increase was seen to be more significant in 2017, amounting to 423% from the previous year which was 354%. This is because the total liabilities of the Bank as of 31 December 2017 was recorded at IDR 4,800.2 billion, an increase of 19% or IDR 905.07 billion from the total liabilities in 2016 of IDR 3,745.6 billion. This increase was caused by an increase in deposits with growth in deposit funds, which each year increased the growth of time deposits in 2017 reaching Rp 548.6 billion or 14%.

In 2018 to 2019 the DER ratio has increased from the previous year, namely 460% in 2018, the increase in the DER ratio in 2018 looks very significant due to the growth in total liabilities of IDR 1,003.6 billion or 17%, which affects the growth of total liabilities. namely an increase in savings posts which increased by 34% or Rp.165.3 billion, and increased in 2019 to 475%, this increase was influenced by growth in savings posts which increased from the previous year which amounted to Rp 174.12 billion or valued at 26 %. From the results of the calculation of the DER ratio of PT Bank Central Asia Syariah for the period 2015-2019 has increased, in line with the DER ratio theory that DER is ranked 1 if the DER value is between $16\% \leq \text{DER} < 36\%$, but the results of the calculation of the DER ratio are ranked 5, which is greater than $> 99\%$ DER.

Table 4.6 Debt Equity Ratio (DER) Rating

Year	DER	Rank	Descript
2015	313%	5	Not Healthy
2016	354%	5	Not Healthy
2017	423%	5	Not Healthy
2018	460%	5	Not Healthy
2019	475%	5	Not Healthy

Source: Secondary Data processed by Researchers, 2020

Table 4.6 illustrates the results of the calculation of the 2015-2019 DER ratio as a whole which is ranked 5, namely being more than $\text{DER} > 99\%$ with an unhealthy position, an increase in the DER ratio indicates that the DER ratio is increasingly unhealthy and this condition states that DER is in predicate PK-5 which reflects the condition of the Bank which is generally unhealthy so that it is considered unable to face the significant negative effects of changes in business conditions and other external factors as reflected in the rating of the assessment factors, including risk profile, implementation of Good Corporate Governance, profitability, and capital. generally not good. There are weaknesses that are generally very significant so that to overcome them requires financial support from shareholders or sources of funds from other parties to strengthen the financial condition of the Bank. This shows that the bank is in an unhealthy condition. The greater the DER ratio for the bank, the less profitable it will be for the bank, because it will increase the risk of failure that may occur. This means that the results of the above calculations state that every debt that is financed by capital, the more the value obtained, the worse the potential for the bank, which will be at high risk for bank capital.

E. Conclusions

The results of the calculation of financial ratios using the Solvabilita ratio based on the CAR and DER for the 2015-2019 period, namely, the results of the CAR in 2015 were 34% in the very healthy category, the DER results were 313% in the unhealthy category, in 2016 the CAR was 36%, still in rank 1 with the very healthy category, while the DER ratio in 2016 increased by 354%, in 2017 it was 28.31%, while the DER ratio also increased by 423%, in 2018 the CAR ratio was 23.8%, and the DER ratio in 2018 was 460%, in 2019 the CAR ratio

experienced an increase from the previous year of 37.64% as well as the DER ratio which increased significantly by 475%.

The health level of PT Bank Central Asia Syariah using the Solvency Ratio from 2015 to 2019 is in a very unhealthy condition, according to the calculation of the solvency ratio, and is included in the PK-5 predicate in accordance with the provisions in the Financial Services Authority Circular Letter Number 14 /SEOJK.03/2017. This indicates that the Bank has not been able to finance its long-term and short-term debt with its own capital due to the increase in the DER ratio every year.

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