

CHAPTER V

CONCLUSIONS AND RECOMMENDATIONS

5.1 Conclusions

Based on the research and data analysis done previously, the result has been concluded as follows:

The health level assessment of three state-owned Bank in Indonesia (BRI, BNI, and Bank Mandiri) using RGEC method shows the health predicate of the aforementioned banks according to the standard set by Bank Indonesia. For the period of 2011 it can be concluded that BRI, BNI, and Bank Mandiri assessed with composite rank of “Very Healthy”. For the period of 2012 it can be concluded that BRI, BNI, and Bank Mandiri assessed with composite rank of “Very Healthy. For the period of 2013 it can be concluded that BRI and Bank Mandiri assessed with composite rank of “Healthy” and BNI with “Very Healthy. For the period of 2014 it can be concluded that BRI assessed with composite rank of “Very Healthy”, BNI and Bank Mandiri with “Healthy”. For the period of 2015 it can be concluded that BRI assessed with composite rank of “Very Healthy”, BNI and Bank Mandiri with “Healthy”. The most exemplary bank is BRI, BNI, and Mandiri.

Based on their strengtheness, for Risk Profile aspect, BRI already capable to manage their credit shown from their NPL and BNI has great capability to repay any withdrawal by deposit customer by utilizing given credit shown from their LDR. For GCG aspect, Bank Mandiri already doing principle of GCG accordance Bank

Indonesia regulation. For Earning's aspect (ROA and NIM), BRI capable investing their funds in comparison to the expenses on the same investments and has good effectiveness in earning profit by utilizing their own assets. For Capital's aspect (CAR), BRI as well have highly capital management.

The benefits of this research for stakeholders (e.g., public, customer, investor, creditor, taxation authority, and other related party) is to provide material for consideration of them during decision-making of choosing bank. By choosing a healthy bank, hopefully stakeholders may avoid risks that normally faced by banks. The stakeholders will tend to choose bank which categorized as healthy. Bank which healthiness has increase trend from year to year of course will attract more investor and customer.

5.2 Limitation of Research

Several limitation that the author has faced during this Final Year Project is on how this study only shows banks health level assessment from the viewpoint of Risk Profile, Earnings, and Capital aspect which uses financial ratio of each aspect respectively as follows: Risk Profile with ratio of NPL and LDR, Earnings with ratio of NIM and ROA, and Capital with ratio of CAR. Then based on the calculation result of each aspect financial ratio, the value is used as the benchmark to determine the composite value which shows the composite rank on banks health level for the three state-owned Bank in Indonesia which are BRI, BNI, and Bank Mandiri for the time period of 2011-2015.

Furthermore, all the calculation is done manually by the author, which resulted in different value compared to the published result from bank. During the process of determining the relationship between composite values from the financial ratio of each aspect, the result are not tested using correlation test or regression test, therefore the result of this study is unable to show the magnitude of the correlation or regression value in detail and the difficulty to access the data or assessment worksheet and how to calculate the final result GCG ratings on external parties and using weighted average adapted from CAMEL to calculate the final result.

5.3 Recommendations

Recommendations from the author is as follows:

1. As a state-owned bank, BRI should to adding sum of credit influx or quality credit which distributed so that doesn't turn into a bad debt and it will gain credit profit that distributed to the bank which increasingly optimize LDR, and for BNI should to sustain low NPL, BNI must selective in choosing a customer by proposing a fit and proper test for every client or consolidate funding procedure, and for Bank Mandiri should improve their ROA with reducing asset costs, increase revenues, reducing expenses to keep their ROA as high as possible;
2. RGEC method can be used as a health assessment in Private Banks as well;
3. Health Assessment using RGEC method should be widely published in order stakeholders to know through bank's annual report or bank's official website, and / or the another media is well known in banking sector (infobank, SWA, etc);
4. For the next researcher, it is recommended to broaden the scope of research on the banks health assessment by utilizing other financial ratio indicator, doing the correlation test or regression test to improve the result and using weighted average to calculate the final results and more explain especially in GCG aspect.