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# Analysis of Bank Health Level Using RGEC Methods (Risk, Governance, Earning, Capital) on Bank Negara Indonesia (Persero) Tbk Period 2020 - 2022

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**ABSTRACT**

This study was conducted with the aim of determining the health level of PT Bank Negara Indonesia (Persero) Tbk during the period 2020 - 2022 based on composite ratings using the RGEC method (Risk Profile, Good Corporate Governance, Earnings, Capital). This type of research is descriptive quantitative using secondary data sources in the form of BNI's annual financial statements. The results of this study indicate that during the period 2020 - 2022, Bank BNI experienced a significant improvement in performance. NPL decreased from 4.3% to 2.8%, LDR value stabilized in the healthy range, ROA increased from 0.5% to 2.5%, NIM ratio increased from 4.5% to 4.8% and CAR ratio remained above 19%, besides that the GCG aspect shows a positive trend with an increase in CGPI scores and strengthening internal governance. The final composite rating of BNI bank based on the average score of the four components is 1.80, which is in the PK-2 (Healthy) category. This indicates that BNI bank has a good ability to manage risk, implement corporate governance, maintain profitability and maintain adequate capital

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## INTRODUCTION

The banking sector is one of the fundamental pillars in driving economic development and maintaining national financial stability. It plays a vital role as an intermediary between surplus and deficit units by ensuring the efficient circulation of funds in the economy under prudent principles. Banks facilitate economic activities through credit distribution and financial services, making their soundness crucial for the sustainability of the financial system. A healthy bank is one that can perform effective intermediation, ensure the smooth functioning of the payment system, and assist in the implementation of monetary policy and regulations in coordination with the government (1).

The COVID-19 pandemic, first detected in March 2020, caused significant economic disruptions in Indonesia, particularly impacting the banking sector. The enforcement of restrictions, the shift towards digital services, and the decline in economic activity led to reduced bank profitability. Sectors such as tourism, transportation, and manufacturing were the most severely affected, resulting in rising non-performing loans and default risks. According to the Financial Services Authority (OJK), credit growth declined to 2.5% in 2020 from 3.1% in 2019 (2). In response, the OJK introduced measures such as loan restructuring, interest subsidies, and lending assistance programs.

From 2020 to 2022, the banking sector faced increasing risks, including declining economic activity, rising credit defaults, and liquidity pressures. Net profit serves as a key performance indicator in evaluating a bank's business strategy and competitiveness. The following is a chart showing net profit growth from 2020 to 2022 for the four largest banks in Indonesia.

**Figure 1.** Net Profit of 4 Big Banks in Indonesia in 2020 - 2022


*Source: Secondary data (Financial Statements published on the BEI)*

During this period, Bank Negara Indonesia (BNI) reported the lowest net profit among the top four banks in 2020, amounting to IDR 3.3 trillion. In comparison, Bank Rakyat Indonesia (BRI) recorded IDR 18.7 trillion, Bank Central Asia (BCA) IDR 27.1 trillion, and Bank Mandiri IDR 16.8 trillion (3)(4)(5). Nevertheless, BNI showed the most significant recovery. In 2021, BNI's profit surged by 232.3%, the highest among the four banks. This growth continued in 2022 with a 68.05% increase in profit, indicating the success of its restructuring strategies and digital transformation in navigating economic challenges. Meanwhile, BRI recorded profit growth of 66.53% in 2021 and 64.65% in 2022. BCA, which had the highest net profit in 2020, saw profit growth of 15.85% in 2021 and 29.64% in 2022. Bank Mandiri experienced profit growth of 66.85% in 2021 and 46.95% in 2022.

Established in 1946, BNI is one of the oldest banks in Indonesia and plays a strategic role as a state-owned enterprise (SOE) in national economic development (6). Its low net profit in 2020 reflected high exposure to sectors most affected by the pandemic. In response, BNI implemented digital transformation, operational adjustments (such as split shifts and remote work), and loan restructuring programs that supported more than 203,000 borrowers (12). These initiatives aimed to mitigate credit risk and support the government's economic recovery program (PEN).

Despite the profit increase in subsequent years, a comprehensive evaluation of BNI's financial health is necessary to understand its overall condition. The RGEC method (Risk Profile, Good Corporate Governance, Earnings, Capital), as regulated by the Financial Services Authority (OJK) under POJK No. 4 / POJK.03/2016 and Bank Indonesia Regulation No. 13/1 / PBI / 2011, is used for this purpose. The RGEC framework emphasizes risk and governance as central elements of a bank's sustainability, alongside profitability and capital adequacy, to assess its resilience under economic pressure.

The RGEC method replaces the previous CAMELS framework (Capital, Asset Quality, Management, Earnings, Liquidity, and Sensitivity to Market Risk), offering a more nuanced, risk-based approach. It evaluates bank soundness using four main components. The Risk Profile assesses inherent risks, particularly credit risk, measured through the Non-Performing Loan (NPL) ratio, where a value below 5% indicates effective credit risk management, and liquidity risk, commonly evaluated via the Loan to Deposit Ratio (LDR), with the optimal range between 75% and 85%. Good Corporate Governance (GCG) is assessed qualitatively based on self-assessment and external supervision, focusing on principles such as transparency, accountability, regulatory compliance, and fairness. The Earnings component measures bank profitability using indicators such as Return on Assets (ROA), reflecting operational efficiency, and Net Interest Margin (NIM), which evaluates the bank's ability to generate net interest income from its earning assets. Lastly, Capital is examined through the Capital Adequacy Ratio (CAR), which shows the bank's capacity to absorb potential losses and maintain financial stability during uncertain conditions.

Financial statements serve as essential tools in evaluating these aspects, providing transparent and standardized insights into a bank's financial position, performance, and risk exposure. Banks are financial institutions that collect funds from the public and redistribute them through loans and other services.

Financial statements such as balance sheets, income statements, and notes to the financial statements are crucial for stakeholders to assess a bank's financial health (7).

Evaluating the financial health of a bank like BNI through the RGEC method provides a comprehensive overview of its risk management, governance, profitability, and capital adequacy—particularly during the post-pandemic recovery phase. This study aims to analyze the financial health of BNI from 2020 to 2022 using the RGEC approach to determine its resilience and strategic effectiveness amid economic turbulence.

## METHODOLOGY

This study employs a descriptive quantitative approach using secondary data obtained from the annual financial reports of PT Bank Negara Indonesia (Persero) Tbk for the period 2020 to 2022. The data include the balance sheet, income statement, and notes to the financial statements, all sourced from the official websites of the Indonesia Stock Exchange (IDX) and Bank BNI. The purpose of this study is to provide a detailed analysis based on actual financial conditions, interpreted through a theoretical framework to draw conclusions and address the challenges faced by the bank.

The analysis focuses on evaluating the bank's financial health using the RGEC method (Risk Profile, Good Corporate Governance, Earnings, Capital). The Risk Profile is assessed by calculating the Non-Performing Loan (NPL) ratio and the Loan to Deposit Ratio (LDR). Good Corporate Governance (GCG) is evaluated through a qualitative analysis based on the bank's Self-Assessment. Earnings are measured using Return on Assets (ROA) and Net Interest Margin (NIM), while Capital is analyzed through the Capital Adequacy Ratio (CAR). Each RGEC component is scored based on criteria established by the Financial Services Authority (OJK), and the bank's overall financial health is determined using a composite rating classification.

## RESULTS

The financial health assessment of PT Bank Negara Indonesia (Persero) Tbk from 2020 to 2022 was conducted using the RGEC method, which includes Risk Profile, Good Corporate Governance, Earnings, and Capital.

### Risk Profile

According to Bank Indonesia Regulation No. 13/1/PBI/2011 Article 7 paragraph 1, the Risk Profile factor involves the assessment of inherent risks and the quality of risk management implementation in the bank's operational activities. Credit risk is measured using the Non-Performing Loan (NPL) ratio, which serves as an indicator of asset quality, particularly in the loan portfolio, by reflecting the level of non-performing loans. An NPL ratio is considered good if it is below 5%. At BNI, the NPL ratio steadily decreased from 4.3% in 2020 to 2.8% in 2022. This indicates an improvement in loan quality and the effectiveness of risk management strategies, including loan restructuring efforts and economic recovery post-pandemic.

Liquidity risk is measured using the Loan to Deposit Ratio (LDR), which compares the amount of loans disbursed to the total third-party funds collected. An optimal LDR is within the range of 75% to 85%. BNI's LDR declined from 87.3% in 2020 to 79.7% in 2021, before rising again to 84.2% in 2022. These fluctuations reflect a cautious lending approach during the pandemic and a gradual rebound in line with economic recovery. The LDR in 2022 remained within the healthy range (78%–92%) set by the Financial Services Authority (OJK).

### Good Corporate Governance (GCG)

BNI demonstrated a strong implementation of the five principles of GCG—transparency, accountability, responsibility, independence, and fairness—supported by a well-structured governance body consisting of the Board of Commissioners, Board of Directors, Audit and Risk Management Committee, Compliance Division, and Corporate Secretary. Between 2020 and 2022, BNI introduced several governance initiatives such as the Know Your Employee (KYE) program, the separation of compliance and corporate secretary roles, and the implementation of the Governance, Risk, and Compliance (GRC) system. The Corporate Governance Perception Index (CGPI) rose from 90.74 in 2020 to 91.66 in 2022, indicating improvements in transparency and anti-fraud mechanisms.

### Earnings

Earnings measure the bank's ability to generate sustainable profits, which is essential to support its operations. Earnings are assessed using the Return on Assets (ROA) ratio, which evaluates the efficiency of asset utilization in generating pre-tax profit. At BNI, the ROA ratio increased significantly from 0.5% in 2020 to 2.5% in 2022, indicating improved efficiency in profit generation from total assets.

In addition to ROA, Earnings are also measured by the Net Interest Margin (NIM), which assesses the bank's ability to generate net interest income from its productive assets. NIM is calculated by comparing net interest income to average earning assets. BNI's NIM increased from 4.5% in 2020 to 4.8% in 2022. This growth reflects stronger interest income performance, supported by lower funding costs and credit expansion.

**Capital**

Capital is the component that evaluates the bank's capital adequacy in absorbing risks arising from its operations. It ensures that the bank has sufficient capital to support growth and maintain financial stability. Capital is measured using the Capital Adequacy Ratio (CAR), which compares the bank's capital to risk-weighted assets. This ratio indicates the extent to which a bank can cover potential losses from risk-bearing assets. At BNI, the CAR remained well above the regulatory threshold of 9.8% throughout the period, rising from 19.5% in 2020 to 22.96% in 2021, before slightly decreasing to 22.41% in 2022. This indicates that BNI maintained a strong capital base to cover credit, market, and operational risks.

**Table 1.** Financial Indicators of BNI Based on RGEC Components (2020–2022)

| Component | Indicator | 2020 | 2021 | 2022 | Interpretation |
|---|---|---|---|---|---|
| Risk Profile | NPL (%) | 4.3 | 3.7 | 2.8 | ↓ Improved credit risk management |
| | LDR (%) | 87.3 | 79.7 | 84.2 | Balanced liquidity post-pandemic |
| GCG | CGPI Score | 90.74 | — | 91.66 | ↑ Strengthened governance systems |
| Earnings | ROA (%) | 0.5 | 1.4 | 2.5 | ↑ Asset utilization efficiency |
| | NIM (%) | 4.5 | 4.7 | 4.8 | ↑ Interest income performance |
| Capital | CAR (%) | 19.5 | 22.96 | 22.41 | Strong capital buffer |

**Composite Rating**

Each RGEC component is assessed using a quantitative scoring system ranging from 1 (excellent) to 5 (poor), in accordance with standards set by the Financial Services Authority (OJK). Based on this assessment, PT Bank Negara Indonesia (Persero) Tbk achieved the following average scores during the 2020–2022 period: Risk Profile scored 2.17, classified as "Healthy"; Good Corporate Governance (GCG) scored 1.50, categorized as "Very Healthy"; Earnings scored 2.21, also classified as "Healthy"; and Capital scored 1.33, indicating a "Very Healthy" condition. The composite average score of 1.80 placed BNI in Composite Rating 2 (PK-2), reflecting an overall "Healthy" financial condition. This suggests that the bank was generally well-managed, capable of managing risks effectively, and able to perform its intermediation function efficiently.

**Table 2.** Composite RGEC Scores and Bank Health Classification

| Component | Score 2020 | Score 2021 | Score 2022 | Average Score | Category |
|---|---|---|---|---|---|
| Risk Profile | 2.5 | 2.0 | 2.0 | 2.17 | Healthy |
| GCG | 1.5 | 1.5 | 1.5 | 1.50 | Very Healthy |
| Earnings | 3.0 | 2.1 | 1.5 | 2.21 | Healthy |
| Capital | 1.5 | 1.25 | 1.25 | 1.33 | Very Healthy |
| Composite Score | | | | 1.80 | PK-2 (Healthy) |

## DISCUSSION

The RGEC-based analysis indicates that PT Bank Negara Indonesia (Persero) Tbk has successfully maintained and even improved its financial health during the post-pandemic recovery period from 2020 to 2022. Several key trends and implications emerge from this evaluation.

**Improvement in Risk Management**

The consistent decline in the Non-Performing Loan (NPL) ratio from 4.3% to 2.8% reflects effective credit risk mitigation strategies, including targeted loan restructuring and prudent lending practices amid economic uncertainty. Likewise, the fluctuation in the Loan to Deposit Ratio (LDR)—which declined in 2021 and rose again in 2022—demonstrates adaptive credit distribution policies aligned with the phases of macroeconomic recovery. These trends highlight BNI's growing prudence in balancing risk exposure with market opportunities.

**Excellence in Governance and Institutional Reform**

BNI has shown significant improvement in corporate governance. Initiatives such as the Know Your Employee (KYEE) program, the implementation of the Anti-Bribery Management System (SMAP), and the launch of Governance, Risk & Compliance (GRC) systems across all business units have strengthened internal transparency and built external stakeholder trust. The increase in the Corporate Governance Perception Index (CGPI) score from 90.74 to 91.66 supports the conclusion that governance practices have been enhanced through structured reform and digital transformation. This strengthened institutional foundation contributes to risk prevention and sustainable business behavior (8).

**Recovery in Financial Performance**

Profitability indicators show a strong recovery. Return on Assets (ROA) increased fivefold, indicating more efficient asset utilization, while Net Interest Margin (NIM) continued to grow due to favorable funding costs and credit expansion strategies (9). These financial improvements demonstrate BNI’s enhanced profitability and its ability to generate stable income during the post-crisis momentum.

**Strong Capital Structure**

BNI’s Capital Adequacy Ratio (CAR) has consistently exceeded regulatory requirements, peaking at 22.96% in 2021. Although it slightly declined in 2022, the ratio remained well above the minimum threshold, indicating strong capital resilience. This reinforces BNI’s capacity to absorb potential losses and finance strategic initiatives without compromising financial stability.

**Interpretation of the Composite Rating**

The combined RGEC score of 1.80 places BNI in the “Healthy” category (PK-2). This status indicates that BNI not only meets regulatory standards but also demonstrates proactive efforts in governance, risk management, and profitability improvement. This healthy rating is particularly important given the economic uncertainties in the post-pandemic environment (10).

**Strategic Implications**

BNI’s performance shows that the bank has effectively leveraged digital transformation, internal controls, and capital strength to navigate turbulent times. Its strategic focus on digital governance, anti-fraud actions, and integrated risk management systems has contributed to its strong RGEC results. Moving forward, continuous investment in innovation, human capital development, and ecosystem partnerships (e.g., with fintech and e-commerce platforms) will be essential to sustaining this performance (11).

In conclusion, BNI’s experience offers strong evidence of the importance of adaptive strategies, sound governance, and a solid financial infrastructure in achieving resilience during crises. The RGEC assessment framework provides a holistic tool to monitor and guide such resilience strategies in the banking sector.

## CONCLUSION

Based on the findings, it can be concluded that the financial health assessment of PT Bank Negara Indonesia (Persero) Tbk using the RGEC method (Risk Profile, Good Corporate Governance, Earnings, Capital) indicates significant improvements across various fundamental aspects of banking. In terms of risk profile, BNI has shown enhanced management of credit and liquidity risks, as reflected in the declining trend of non-performing loans and better balance between loan disbursement and liquidity, as indicated by the Loan to Deposit Ratio.

With regard to Good Corporate Governance, BNI continues to strengthen governance practices through initiatives such as the Know Your Employee (KYE) program, the Anti-Bribery Management System, and the implementation of the Governance, Risk & Compliance (GRC) system. These efforts are supported by an upward trend in governance performance indicators, demonstrating improvements in transparency, accountability, and risk management.

In terms of earnings, BNI has achieved notable financial growth, driven by more efficient asset utilization and increased net interest income from productive assets. Meanwhile, in the capital aspect, the Capital Adequacy Ratio remains well above regulatory requirements, indicating a strong capital position to absorb credit and operational risks.

## RECOMMENDATION

Based on the financial health analysis of PT Bank Negara Indonesia (Persero) Tbk using the RGEC method, several strategic recommendations can be proposed to enhance the bank's performance. BNI is advised to strengthen its credit risk management by improving borrower selection, expanding into more stable sectors, and enhancing digital credit monitoring and early warning systems. Credit distribution can be optimized through portfolio diversification, the development of digital loan products, and collaboration with fintech and e-commerce platforms.

To increase profitability, the bank should automate business processes, reduce non-productive operational costs, and maximize the use of digital technologies. Strengthening corporate governance is also essential through improved transparency, anti-fraud policies, and enhanced board competencies, along with ongoing employee education on compliance and ethics. Furthermore, BNI needs to reinforce its capital structure by diversifying funding sources and improving capital efficiency.

Continuous digital transformation—particularly in digital banking services, mobile applications, and cybersecurity—is crucial to maintaining competitiveness. These strategies are expected to support BNI's sustainable growth and reinforce its role in Indonesia's banking sector.

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