ABSTRACT

Background. The COVID-19 pandemic peak from 2020 to 2021 has significantly impacted the global economy, including Islamic banks. Consequently, this event has sparked interest in researching the health of small-category banks in facing challenges and significant changes, such as PT Bank Victoria Syariah during that period.

Purpose. This study aims to examine the concrete impact and handling of these changes through an analysis of the Financial Performance Level focusing on Bank Victoria Syariah during the period from 2019 to 2021.

Method. The method used to obtain accurate results is quantitative research with secondary data. The methods employed include CAMEL, RGEC, and Z-score analyses.

Results. The research findings indicate that during the COVID-19 pandemic, the financial performance of Bank Victoria Syariah was relatively poor. There is a need to evaluate the bank's management. This is evident from the low profitability component (ROA) generated based on CAMEL analysis. This situation is caused by the very high BOPO ratio based on RGEC, reflecting operational inefficiency and the accumulation of non-performing Finance (NPF). The impact is also evident in the low ROE, even turning negative, posing a risk to the management of Bank Victoria Syariah's financial assets. Z-score analysis indicates that the company is in serious financial difficulty. Consequently, the bank finds it challenging to maximize its efforts and faces difficulties in gaining customer trust, with the possibility of large-scale withdrawal of deposits due to a Reputation crisis.

Conclusion. As a result, the management of Bank Victoria Syariah is responsive to communicating necessary changes and concrete steps, improving operational efficiency and effectiveness, collaborate, involve employees in the recovery process, and establish cooperation with regulatory authorities.

KEYWORDS
CAMEL, RGEC, Z-score, Financial Performance, Islamic Bank

INTRODUCTION

A healthy bank is demonstrated by its performance, which can maintain stability through several measurement indicators, one of which is the assessment of the bank's health, with certain specific indicators (Aditya & Candradewi, 2023). It is important to realize that banks, as intermediaries managing funds through funding and financing functions, play a crucial role in channeling funds from surplus budget individuals or entities to those with budget deficits.
Moreover, banks must not only fulfill this role but also provide financial services, particularly related to financial products. The presence of the banking sector plays a significant role in modern society. The level of public trust in the banking sector continues to increase, as evidenced by the growing influx of funds from the public into the banking sector (Hasbi, 2019). The range of banking products and services offered to the public has also expanded, leading to increased competition in the banking industry and a need for top-notch service quality that can meet the preferences of service users. An essential aspect for banks is the condition of their health.

The assessment of a bank's health is crucial because banks manage the funds entrusted to them by the public. Depositors can withdraw their funds at any time, so the bank must be capable of returning these funds promptly if it wishes to maintain the trust of its customers. Evaluating a bank's health involves considering various aspects. The purpose of this assessment is to determine whether the bank is in good health, relatively healthy, somewhat unhealthy, or unhealthy. Healthy banks aim to preserve their well-being, while troubled banks must swiftly seek alternatives to restore their normal operations (Ma'ruf, 2019).

Another important point to consider is that the banking sector plays a highly significant role in advancing the country's economy (Iswari & Fernos, 2019). Depositors can withdraw their funds at any time, and the bank must be capable of promptly returning these funds to maintain the trust of its customers. People will have a high level of loyalty if a bank, as a place to store their money, maintains good and stable health. Banks can serve as a destination for individuals seeking financial services and for those in need of capital injections, whether in the form of financing or loans. Thus, the presence of a bank can assist the government in providing funding or similar support to help various individuals, groups, entrepreneurs, legal entities, and others who meet the criteria for receiving service facilities from the bank's management.

The assessment of a bank's health is regulated by Bank Indonesia Regulation Number 6 of 2004. The health of a bank is of interest to all parties involved, including owners, bank management, service users, and Bank Indonesia as the banking supervision authority. The level of a bank's health is the result of a qualitative assessment of various aspects that influence a bank's condition or performance through quantitative and/or qualitative assessments of capital, asset quality, management, profitability, liquidity, and sensitivity to market risks (Bank Indonesia, 2004). Financial statement analysis, based on financial reports, provides various interpretations because financial reports contain diverse information. In fact, most of the information about a bank is conveyed through its financial statements, including Islamic banks. This information includes the financial position, operational success demonstrated by profit and value creation, soundness in policy-making and management strategies, and a projection of future performance.

Financial reports offer information to owners, investors, customers, government bodies, and other stakeholders to make more informed financial decisions (Maramis, 2020). For banks, financial reports are crucial for monitoring and maintaining stability and health, as they are continually assessed based on the information within the financial statements, such as evaluating the quality of financing, asset quality, equity, profit generation, and more. In order for the financial statement analysis process to proceed as it should, a model or analysis tool is needed as a standard for assessing the health of a bank. Therefore, the procedure for assessing the level of health according to Bank Indonesia's regulations is done using the CAMEL approach (Bank Indonesia, 2007). The assessment is carried out by qualifying various components of each factor, namely Capital, Assets, Management, Earnings, and Liquidity, abbreviated as CAMEL.
Furthermore, to complete the assessment of health, especially from the perspective of the banking risk profile, the standard for assessing bank health can now be measured using RGEC, as per the explanation provided by the Financial Services Authority Regulation (POJK, 2014). This assessment is based on Risk Profile, Good Corporate Governance (GCG), Earnings, and Capital, or RGEC for short. This assessment applies to Islamic banks as well, which operate according to the principles of Islamic teachings. They function as entities that channel funds to and from the public or serve as financial intermediaries. Islamic banking is a unit within the Islamic economic system that operates with doctrines and prohibitions against usury (riba). Islamic banks play a strategic role in improving the welfare of the people through intermediation activities, fund collection and allocation, and the provision of other financial services, all based on Sharia principles.

When the conventional banking system becomes unstable due to monetary issues and requires significant costs to maintain, Islamic banking is capable of providing stability to a portion of the economy. The survival capability of Islamic banking during times of crisis has garnered significant attention from conventional bankers, leading to the establishment of Islamic bank branches (Purnomo, 2016). As a relatively new financial institution, the presence of Islamic banks is a significant achievement and a source of pride for Muslims who are committed to following their religious teachings (Sari, 2018). Therefore, the banking industry in Indonesia has seen increased diversity with the rapid growth of Islamic banks, offering financial products and investment options in a distinct manner compared to conventional banks.

According to the Law Number 21 of 2008 on Islamic banking, Islamic banks are required to maintain their health. The bank's health must be preserved and/or improved to maintain public trust in the bank. Additionally, the bank's health level is used as a means to evaluate the bank's condition and issues, and to determine the appropriate actions to address any weaknesses or problems, whether it's corrective action by the bank or supervisory action by the Financial Services Authority. Based on the explanation above, the researcher has an idea to address an issue concerning a Sharia bank, specifically the financial performance of Bank Victoria Syariah. The transformation of Bank Victoria Syariah's business activities from a conventional commercial bank to a Sharia commercial bank was authorized by Bank Indonesia under Governor's Decision No: 12/8/KEP.GBI/DpG/2010 dated February 10, 2010. Bank Victoria Syariah has been operating based on Sharia principles since April 1, 2010. The ownership of Bank Victoria as the parent bank in Bank Victoria Syariah is 99.99% (Bank Victoria Syariah, 2021).

One of the research findings suggests that a warning for PT. Bank Victoria Syariah is to ensure that the bank's management effectively utilizes the available capital through banking operations. This will help maintain a high Capital Adequacy Ratio (CAR), which can enhance the bank's profitability and prevent idle funds. It's also essential to control operational costs and boost operational income by minimizing promotional expenses (Yulihapsari et al., 2017). Minimizing problematic financing, enhancing employee performance efficiency, and maximizing profits are critical areas of focus. PT. Bank Victoria Syariah should aim to improve its Financing to Deposit Ratio (FDR). It's noted that the financial situation of Bank Victoria Syariah has experienced some financial distress. However, the full support from the parent company, PT Bank Victoria International Tbk, has aided the growth and development of Bank Victoria Syariah. The bank remains committed to building trust with its customers and the public by providing services and products that align with Sharia principles and meet customer needs.

In assessing financial difficulties, including in the banking sector, one of the analytical tools commonly used is the Z-score analysis. Responding to the phenomenon of bankruptcy due to intense competition among banks, various models have been developed over time to predict...
financial distress and bankruptcy in a company. These models include the Zmijewski model, Springate model, Altman Z-Score model, and Grover model. Among these, the Z-Score model, introduced by Edward I. Altman in his book titled "Corporate Financial Distress: A Complete Guide to Predicting, Avoiding, and Dealing with Bankruptcy," is widely used by global economists. The Z-Score model serves as a tool for predicting a company's bankruptcy risk (Kurniawati & Kholis, 2016).

Furthermore, there is news that Amartha, one of the peer-to-peer lending financial technology companies in Indonesia (Amarta, 2020), is reportedly considering acquiring Bank Victoria Syariah. Previously, DealStreetAsia reported that this P2P startup, catering to micro-enterprises run by women, plans to take over approximately 70% of Bank Victoria Syariah's shares. Amartha operates a website that connects lenders for funding micro and small businesses in Indonesia. This situation presents an interesting research topic, with the aim of gaining a better understanding of the application of CAMEL and RGEC analytical tools, as well as the prediction of bankruptcy using the Z-Score model. The use of RGEC is relatively less common among researchers, especially for assessing the financial performance of Islamic banks, making it a significant area of study, particularly in the context of analyzing the financial performance of Bank Victoria Syariah.

LITERATURE REVIEW

Islamic Bank

According to Kasmir, as explained by Umardani & Muchlish (2017), a bank is a financial institution, which means that banking activities are always related to the financial sector. Therefore, discussing banks is inseparable from financial matters. Meanwhile, an Islamic bank, as described by Veithzal Rifai, is a bank that conducts its business activities based on the principles of Islamic Sharia, which involve agreements based on Islamic law between the bank and other parties for the purpose of depositing funds, financing business activities, or other activities that comply with Islamic Sharia (Utama, 2020).

The gathering and channeling of funds, as explained by Kasmir (2012), are the core activities of banking, while providing other banking services is only supportive of these two main activities (Suryani & Ika, 2019). For conventional banks, the primary profit is derived from the interest rate spread between the interest paid to depositors and the interest charged on loans or credits extended. This profit from the interest rate spread in a bank is known as the spread-based income. If a bank experiences a loss from the interest rate spread, where the deposit interest rate is higher than the loan interest rate, this is known as a negative spread. However, for Sharia-compliant banks, profits are not derived from interest. In these banks, the services provided are aligned with Sharia principles based on Islamic law.

In Indonesia, Islamic banks can be institutionally categorized into three groups: Islamic Commercial Banks (BUS), Islamic Business Units (UUS), and Islamic People's Financing Banks or BPRS (Muflihin, 2019). BUS has an institutional form similar to conventional commercial banks, while BPRS has an institutional form similar to conventional rural banks. The legal entities for BUS and BPRS can take the form of a Limited Liability Company (PT), Regional Company (Perusahaan Daerah), or Cooperative, while UUS is not a separate legal entity but is a unit or part of a conventional commercial bank (Muhammad, 2014).

According to Bank Indonesia Regulation Number 15/13/PBI/2013 on BUS, an Islamic Commercial Bank (BUS) is a bank that conducts its business activities based on Sharia principles and provides payment services. BUS is a business entity that is equivalent to conventional...
commercial banks and can take the legal form of a Limited Liability Company, Regional Company, or Cooperative, similar to conventional commercial banks. Like conventional commercial banks, BUS can operate as either a Foreign Exchange Bank or a Non-Foreign Exchange Bank.

**Financial Statements**

Financial statements are information tools that connect a company with its stakeholders, demonstrating the financial health and performance of the company (Permana et al., 2022). The condition of an Islamic bank can be assessed through its performance as depicted in its financial statements. Financial statements aim to provide financial information about the company to owners, management, and external parties with an interest in these reports. A bank's financial statements show the overall financial condition of the bank.

The financial statements contain information about the amount of assets and the types of assets held. Additionally, it illustrates both short-term and long-term liabilities as well as equity (owner's capital). This information is presented in the financial statement known as the balance sheet (Kusumastuti, 2021). The purpose of Islamic financial statements is to provide information about the financial position, performance, and changes in the financial position of an Islamic entity that is beneficial to a wide range of users in making economic decisions (Habibah, 2020).

**CAMEL**

Bank Indonesia, as the central bank regulating the entire banking sector in Indonesia, aims for banks to identify issues early on and enhance vigilance by practicing effective risk management (Siregar, 2021). To achieve this, Bank Indonesia, through Bank Indonesia Regulation Number 9/1/PBI/2007, utilizes the CAMELS system, which stands for Capital, Assets Quality, Management, Earning, Liquidity, and Sensitivity to Market Risk. Subsequently, the government, through the Financial Services Authority (OJK), uses RGEC as outlined in OJK Regulation Number 13/1/PBI/2011 dated January 5, 2011, concerning the Assessment of Bank Soundness (Aulia et al., 2022).

**RGEC**

In principle and the regulatory process, there isn't much difference compared to Bank Indonesia Regulation Number 13/1/PBI/2011, which replaced Bank Indonesia Regulation Number 6/10/PBI/2004. The new regulation categorizes the assessment factors into four main factors, namely Risk Profile, Good Corporate Governance, Earnings, and Capital, collectively abbreviated as RGEC. As a result, several indicators from the previous CAMELS system have been restructured and included as new factors within RGEC. The Assets Quality (A), Liquidity (L), and Sensitivity to Market Risk (S) factors in the CAMELS system have been merged into the Risk Profile (R) factor in RGEC. The Management (M) factor in the CAMELS system has been transformed into the Good Corporate Governance (GCG) factor. Meanwhile, the Earnings (E) and Capital (C) factors from the CAMELS system remain the same in the RGEC system (Baharuddin et al., 2022).

**Z-SCORE**

The method employed is the Z-Score model. Financial data obtained is then analyzed using the Altman Z-Score method. The descriptive method used is a data collection method to obtain information about specific indications that are in line with the actual facts (Hasanatina & Mawardi, 2016). Altman identified four types of financial ratios that can be combined to differentiate between bankrupt and non-bankrupt companies. The approach used is the Risk-Based Bank Rating Method and Modified Altman Z-Score (Maisarah, Zamzami, 2018). The formula for Altman's Z-Score (1968) is as follows:

\[
Z = 1.12X1 + 3.26X2 + 6.72X3 + 1.05X4
\]
Financial Performance Level Analysis Model Bank Victoria Sharia Through The CAMEL, RGEC...

X1 = Working capital to total assets
X2 = Retained earning to total assets
X3 = Earning before interest and taxes to total assets
X4 = Market value of equity to book value of total debt
Z = Overall Index

RESEARCH METHODOLOGY

The method used in conducting this research is quantitative descriptive method. The quantitative approach involves using data collected in the form of numbers or figures, which are then analyzed. Regarding the tools used to analyze empirical data, methods such as CAMEL analysis, RGEC, and the bankruptcy prediction model, Z-score, were employed. The use of analytical tools to obtain results was carried out systematically to ensure accuracy. The data sources for this research are derived from the annual reports of Bank Victoria Syariah published during the period 2019-2021. The types of data used in the study include financial reports such as balance sheets and profit and loss statements, financial ratios, asset quality, and changes in the bank's capital structure. The population in this research includes all financial reports published by Bank Victoria Syariah during the period 2019-2021, covering documented financial and operational aspects. Meanwhile, the sample data is limited to balance sheets, profit and loss statements, financial ratios, and asset growth during the publication period of 2019-2021. Data analysis techniques, as the approach used, aim to identify, understand, and present patterns or information using financial assessment and bank health analysis methods such as CAMEL, RGEC, and Z-score.

RESULT AND DISCUSSION

Results

The financial condition of a financial institution is crucial to maintaining its health, a challenge that has been particularly felt during the Covid-19 pandemic that has persisted for several years. Many banks have been impacted by its effects, yet on the other hand, banks must still maintain their health and ensure that services remain optimal to uphold customer satisfaction. The health condition of a bank must remain in top shape amid these challenging circumstances. This situation can be evaluated through RGEC analysis, CAMEL analysis, and Z-SCORE analysis to assess the bank's health and manage risks, especially operational and non-financial risks, as well as risks associated with financial difficulties that could potentially lead to bankruptcy.

The assessment of Bank Victoria Syariah's health is aimed at determining whether the bank is in a healthy, reasonably healthy, less healthy, or unhealthy condition, providing the bank with information related to its financial performance. Based on this health assessment, regulators such as Bank Indonesia or the Otoritas Jasa Keuangan (OJK) play a crucial role. The assessment aims to evaluate a bank's ability to conduct banking operations normally and fulfill all its obligations properly in accordance with applicable banking regulations. Here are the results of the financial analysis of Bank Victoria Syariah.

| Table 1. Analysis of CAMEL Bank Victoria Syariah |
| FACTOR | 2021 | 2020 | 2019 |
| CAR     | 33.21 | 24.69 | 19.44 |
| KAP     | 4.8   | 3.85% | 2.4  |
| NPM     | -1.52 | -0.13%| 0.53%|
| ROA     | 0.71  | 0.16  | 0.05 |
| FDR     | 65.26 | 74.05 | 80.52|

Source: Data processed by researchers, 2022
CAMEL Analysis Method for Bank Victoria Syariah includes the use of various financial ratios, one of which is CAR (Capital Adequacy Ratio), which measures the percentage of the bank's core capital compared to total assets. According to this method, in 2021, Bank Victoria Syariah had a CAR of 33.21%, indicating that the bank has a strong capital base, compared to previous years. The bank continues to strive to improve its Return On Assets, as seen in 2021. The ROA for Bank Victoria Syariah in 2021 was 0.71%, showing a consistent increase from previous years. This indicates that the bank is capable of generating a 0.71% return on its total assets.

However, when it comes to generating earnings to assess a bank's income and profitability, the Net Profit Margin (NPM) assessment is one of the ratios used in this evaluation. In 2021, Bank Victoria Syariah had an NPM of -1.52%, indicating a net loss. Poor performance in terms of profit can be a concern in the CAMEL analysis. Another point of concern is the Loan-to-Deposit Ratio (FDR) for Bank Victoria Syariah, which was 65.26% in 2021. This indicates that the bank has provided loans amounting to 65.26% of the total funds received from customers as deposits.

Bank Victoria Syariah has shown improvements in certain RGEC factors, such as better profit performance, a reduction in BOPO, and an increase in CAR (Capital Adequacy Ratio). However, the increase in NPF (Non-Performing Financing) requires further attention regarding asset risk. Evaluating a bank's health should encompass all factors and a broader context, including regulations, the economic environment, and bank management practices. The higher NPF level in 2021 compared to previous years (4.07% in 2020 and 2.64% in 2019) indicates an increased risk of assets that may not be paid. This can serve as a warning regarding the quality of the bank's assets.

In response to this, the bank's management has reduced the Loan-to-Deposit Ratio (FDR) from 2020, indicating a decrease in lending compared to the funds received from customers as deposits. This can help reduce the bank's liquidity risk. It's worth noting that in 2021, the ROA (Return On Assets) was only 0.71%, and the ROE (Return On Equity) for Bank Victoria Syariah was 1.79%, both of which still need improvement.

| Table 2. RGEC Analysis of Bank Victoria Syariah |
|----------|----------|----------|----------|
| FACTOR   | Ratio    | 2021     | 2020     | 2019     |
| RISK PROFILE | NPF      | 9.55     | 4.07     | 2.64     |
|           | FDR      | 65       | 74       | 81       |
| GCG       | PDN      | 7.15     | 4.77     | 7.25     |
|           | ROA      | 0.71     | 0.16     | 0.05     |
|           | ROE      | 1.79     | -0.09    | 0.29     |
| EARNING   | NI       | 3.88     | 2.44     | 2.37     |
|           | BOPO     | 91       | 98       | 99.80    |
| CAPITAL   | CAR      | 33       | 25       | 19.44    |

Source: Data processed by researchers, 2022

Table 3. Bank Victoria Syariah Zscore Analysis

<table>
<thead>
<tr>
<th>Factor</th>
<th>2021</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1</td>
<td>2.886</td>
<td>-0.134</td>
<td>0.165</td>
</tr>
<tr>
<td>X2</td>
<td>0.022</td>
<td>-0.005</td>
<td>-0.004</td>
</tr>
<tr>
<td>X3</td>
<td>0.054</td>
<td>0.012</td>
<td>0.003</td>
</tr>
<tr>
<td>X4</td>
<td>0.072</td>
<td>0.068</td>
<td>0.078</td>
</tr>
<tr>
<td>Z-SCORE</td>
<td>3.036</td>
<td>-0.062</td>
<td>0.242</td>
</tr>
</tbody>
</table>

Conclusion

<table>
<thead>
<tr>
<th></th>
<th>Not Bankruptcy</th>
<th>Not Healthy</th>
<th>Not Healthy</th>
</tr>
</thead>
</table>

Source: Data processed by researchers, 2022
The assessment of financial health to detect bankruptcy using the Z-Score method for Bank Victoria Syariah reveals the following results for the year 2021: a Z-Score of 2.88, which means the bank is not in financial distress. This context indicates that the bank is in good financial health and not at risk of bankruptcy. In contrast, in 2020, a negative Z-Score of -0.062 indicated financial problems, and in 2019, the Z-Score was also low at 0.242, suggesting an unhealthy financial situation. Therefore, the results of the Z-Score analysis can be used by the management of Bank Victoria Syariah to understand the changes in the bank's financial health from year to year.

Discussion

The basis of the principle of financial ratios for a bank's financial condition is that the larger the CAR (Capital Adequacy Ratio) a bank has, the better it can handle financial issues that may arise at any time. Looking at the Capital Adequacy Ratio (CAR) ratio based on the CAMEL analysis, there has been an increase from 24.69% in 2019 to 33.21% in 2021, with a significant increase from 2020, which was 24.69%. This indicates that the bank has consecutively shown improvements in its CAR over the past three years. In principle, this ratio, in terms of a bank's financial condition, implies that the greater the Capital Adequacy Ratio (CAR) a bank, including an Islamic bank, has, the better it can handle financial issues that may arise at any time.

Bank management is advised to further enhance the CAR ratio, reduce NPL (Non-Performing Loans) and BOPO (Operational Costs to Operating Income) ratios, and maintain a low NPL ratio. Given that the banking business is a high-risk venture, despite promising high profits. Additionally, it's worth noting that the total assets of Bank Victoria Syariah in December 2021 reached Rp1.66 trillion, which is 27.66% lower than the December 2020 position of Rp2.30 trillion. This is due to reduced placements in other banks by Rp63 billion, effects (securities) by Rp174.7 billion, and a decrease in financing by Rp360.1 billion.

Regarding the CAMEL calculation results for the Return on Assets (ROA) component, despite showing an increase from year to year, with 0.71% in 2021, followed by 0.16% and 0.05% in 2020 and 2019, respectively. This suggests that, in terms of its ability to generate ROA, Bank Victoria has a very low position, with ROA being an indicator used to assess the bank's profit generation capability. ROA is used to measure the bank management's ability to generate profits. The larger the Return on Assets (ROA) of a bank, the greater the profit it achieves, indicating a better position for the bank in terms of asset utilization (Hafiz et al., 2019). ROA can be used to assess how intensive a company's assets are. The lower the asset returns, the more intensive a company's assets are utilized.

The Net Profit Margin (NPM) ratio has shown poor management performance in the past two years, with negative growth in 2021 and 2020, at -1.52% and -0.13%, respectively. It's essential to understand that NPM is one of the ratios indicating a bank's ability to generate net profit. ROA is a tool to assess the effectiveness of a bank in generating profit by utilizing all its assets (Firdaus et al., 2021). NPM can be considered good/healthy if it is > 5%. An NPM assessment > 5% implies that the net profit obtained from the sales value, which includes production costs, will increase the company's profit (PBI, 2006).

This may also be due to the fact that almost all sectors have been impacted by the pandemic in recent years, including the banking sector. The global economic recovery has shown improvement, but it still faces challenges with the ongoing emergence of new Covid-19 variants. Overall, the global economy in 2021 moved toward improvement, but it varied. Economic growth among
developed and developing countries is not entirely uniform due to differences in vaccination rates and the size of policy stimulus in each country.

In line with the improvement in economic activity, the condition of the Islamic banking industry in the country is solid and continuously improving. Based on data from the Indonesian Islamic Banking Statistics published by the Financial Services Authority (OJK), it generally records positive performance. The condition of Islamic banking remains stable, and banking intermediation continues to improve gradually. This can be seen from the growth in financing provided by Islamic commercial banks, which has been positive since June 2021 until December 2021. In December 2021, the total financing position of Islamic commercial banks accelerated to IDR 410.5 trillion, growing by 6.61% YoY (Bank Victoria Syariah, 2021).

In line with the national economic conditions and the fluctuating growth in the Islamic banking industry in 2021, Bank Victoria Syariah implemented various appropriate strategies. In determining strategies and making decisions, the Board consistently applied prudent risk management and practiced good corporate governance. Through the implementation of strategies and innovations throughout 2021, Bank Victoria Syariah achieved positive performance despite the pandemic situation. The bank managed to maintain a high level of trust from stakeholders, as reflected in the various appreciations received from regulators, investors, and various other independent institutions.

Nevertheless, Bank Victoria Syariah's financial performance in 2021 is quite commendable. The bank recorded a profit before deferred tax expenses of IDR 13.30 billion, which grew by 289.89% compared to 2020. This significant achievement was mainly due to the resolution of non-performing financing through write-offs of IDR 18.5 billion, which increased by 2,490% compared to the position in December 2020, and the achievement of gains from the sale of securities amounting to IDR 26.7 billion, an increase of 88.28%. Operationally, the financing position was IDR 805.47 billion, which is 30.89% lower than the position in 2020. Likewise, the position of securities held by the bank decreased by 24.51% to IDR 538.03 billion. The position of third-party funds was IDR 1.23 trillion, which is 21.64% lower than 2020.

The evaluation of RGEC of Bank Victoria Syariah also requires attention because the BOPO calculation appears to be very high, reaching 91% in 2021. Even in 2019, it reached 99.80%. This should be a matter of concern for Bank Victoria Syariah. Considering these high figures, cost-cutting measures may be needed for top management salaries, and investments in less beneficial short-term activities could be reduced. It is important to address the high BOPO figure. BOPO is the ratio of operating expenses to operating income. Operating expenses are the costs incurred by the bank in carrying out its main business activities, such as interest expenses, marketing expenses, labor costs, and other operating expenses. BOPO (Operational Expenses to Operational Income) is a ratio that represents the efficiency of a bank in conducting its operations. Operational expenses are the interest costs incurred for customers, while operational income is the interest income received from customers. A smaller BOPO value indicates greater efficiency in the bank's operations (Sahroni, 2019).

Despite the challenges, Bank Victoria Syariah remained sustainable throughout 2021. The bank continued its efforts to grow its business, especially in providing financing to the Commercial and SME sectors, managing the financing portfolio in line with the bank's business plan, and anticipating a decline in the quality of the financing portfolio. Additionally, Bank Victoria Syariah consistently improved the competence and quality of its human resources, especially in the field of financing. They accelerated service processes and consistently enhanced account management and risk management in financing. Financing distribution was carried out more selectively, considering
prudential and Sharia principles, and assessing which industries were performing well while taking into account risk levels according to the bank's risk appetite.

To optimize its multi-finance financing products, Bank Victoria Syariah continuously evaluated and selectively disbursed new and additional financing to multi-finance companies. The portion of multi-finance financing from the overall financing portfolio of Bank Victoria Syariah in 2021 amounted to IDR 44.7 billion, which is 40% lower than in 2020, when it was IDR 74.4 billion. This decrease was due to settlements made during the year. Once again, Bank Victoria Syariah needs to exercise more caution in providing and disbursing financing. This need is evident in the bank's high NPF (Non-Performing Financing) rate, as calculated based on the RGEC values mentioned above. It is clear that NPF has experienced a significant increase over the years. For example, in 2021, the NPF rate reached 9.55%, which is a concerning figure for the bank. It is essential to work towards reducing this rate to below 5% because the bank has previously shown better NPF performance, especially in 2019 when the NPF ratio was only 2.64%.

Remember that a high NPF is an indicator of a bank's failure in managing its banking business and can have adverse effects on the bank's performance. Some of the problems resulting from a high NPF include issues with liquidity (inability to pay third parties), profitability (financing cannot be collected), and solvency (a decrease in capital). Given the crucial role of the NPF ratio for a bank, the Financial Services Authority (OJK), as the regulatory body overseeing the financial sector, including banking in Indonesia, will summon Sharia banks with a high ratio of problematic financing or NPF. This is done to ensure that the NPF ratio remains below 5% (Solihatun, 2014).

Based on the explanation provided, an uncontrolled increase in NPF (Non-Performing Financing) can lead to the company's inability to recover its assets, especially non-performing financing, as indicated by the NPF ratio. Moreover, this situation may worsen the financial condition of Bank Victoria Syariah and potentially lead to financial distress, which is synonymous with bankruptcy. Let's examine the results of the Z-Score analysis for the bank over the last three years. The choice of the Z-Score analysis method is due to the fact that, to this day, Z-Score is still more commonly used by researchers, practitioners, and academics compared to other predictive models. The model developed by Altman has undergone revisions. These revisions were made to adapt the bankruptcy prediction model not only to public manufacturing companies but also to private sector companies (Fatmawati, 2012).

### Table 4. Bankruptcy Prediction

<table>
<thead>
<tr>
<th>NO</th>
<th>Z-SCORE</th>
<th>INDICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>&lt;1.81</td>
<td>When the Z-Score result is below a certain threshold, it indicates that the company is facing serious financial issues or is at risk of bankruptcy.</td>
</tr>
<tr>
<td>2</td>
<td>1.81 – 2.99</td>
<td>When the Z-Score result falls in a grey area or Zone of Ignorance, it suggests that the company may have some financial troubles, although it's not as severe as in the first category.</td>
</tr>
<tr>
<td>3</td>
<td>&gt;2.99</td>
<td>It signifies that the company is not experiencing financial problems and is not at risk of bankruptcy.</td>
</tr>
</tbody>
</table>

Source: Edward I. Altman, 1968

Based on the Z-Score analysis, it is evident that Bank Victoria Syariah was in good financial health in 2021 and categorized as not facing bankruptcy. The Z-Score of 3.035 for that year indicates that the bank was situated in the "Grey Zone" or not trending towards financial distress. However, the bank had been working to recover from an unhealthy financial state in 2020.
This indicates financial difficulties, based on the poor results of the bankruptcy analysis assessment conducted on Bank Victoria Syariah. In 2020, the bank showed a Z-Score of -0.062, which falls into the "unhealthy" category, indicating a potential move toward bankruptcy. Moreover, in the preceding year, 2019, it recorded a Z-Score of only 0.242, reflecting a highly unhealthy financial condition for the bank. The Z-Scores for the years 2019 and 2020 were very low, even negative, which signifies that Bank Victoria Syariah was facing serious financial issues during those years. Z-Scores below 1.81 indicate that the bank was in a financially distressed state (Altman, 1968; Nelmida, 2020).

Based on this analysis, Bank Victoria Syariah needs to exercise more caution and prudently manage its finances. The proposed solution is to seek investors willing to inject equity and exercise control over the bank's assets. This decision is necessary because capital is crucial for increasing resilience and mitigating the risk of bank failure. It is also a vital factor in the growth and advancement of the institution to manage potential losses on investments in assets (Nursyamsu, 2016). Another more aggressive course of action that the management of Bank Victoria Syariah can consider is to pursue a merger or takeover. This is done with the aim of enabling the company to meet its debts and manage the business more effectively (Susi Yanuarsi, 2019). This decision can provide early signals that the company's financial health is not robust. Detecting financial distress in advance helps stakeholders prepare for the potential risks and bankruptcy that may occur in the future, reducing the element of surprise.

Another recommendation for Bank Victoria Syariah is to place or recruit talented and professional managers who can support the core business of the bank. Recognizing that a company with employees whose talents align with its needs becomes more competitive (Pangemanan et al., 2017). By harnessing the potential of employees and managers, optimal performance can be achieved. They will work to optimize performance to overcome financial difficulties and help the company recover. This, in turn, offers opportunities for career development for employees and contributes to the company's sustainability.

CONCLUSION

The assessment of a bank's health is crucial because the bank manages funds entrusted to it by the public. At any time, depositors can withdraw their funds, especially when triggered, and the bank must be able to return the used funds to maintain trust among its customers. Based on the analysis of CAMEL and RGEC, Bank Victoria's performance over the last three years indicates that during the Covid-19 pandemic, the financial performance of Bank Victoria Syariah was relatively poor and approached the area of financial distress. There is a need to evaluate the bank's management. This is evident from the low profitability component (ROA) generated based on CAMEL analysis. This situation is caused by a very high Operational Cost (BOPO) ratio based on RGEC analysis, reflecting a lack of operational efficiency and the accumulation of non-performing loans, indicated by the NPF ratio.

The impact is also seen in the low Return On Equity (ROE) ratio, which even reached negative values, posing a risk to the management of financial assets for growth at Bank Victoria Syariah. Z-score analysis indicates that the company is in serious financial trouble. Thus, the bank finds it challenging to maximize its efforts and faces difficulty in gaining the trust of customers, even risking large withdrawals of Third-Party Funds (DPK) in the event of a Reputation crisis due to the bank's inability to restore its financial health position. The implication is that the management of Bank Victoria Syariah must promptly respond by communicating the necessary changes and concrete steps to make decisions to sustain the bank. This includes enhancing operational efficiency.
and effectiveness, fostering collaboration, involving employees in the recovery process, and establishing cooperation with regulatory authorities.

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