

AN EXAMINATION OF BANK MUAMALAT INDONESIA'S FINANCIAL PERFORMANCE USING THE ANGELS METHOD

Anggi Puspita Sari

Sharia Banking Study Programme, Faculty of Economics and Islamic Business, Raden Mas
Said State Islamic University Surakarta

Correspondence author: A.P. Sari, anggipuspitasaki0520@gmail.com, Klaten, Indonesia

Abstract

This research aims to evaluate Bank Muamalat Indonesia's performance from 2016 to 2020 using the ANGELS approach. The data sources for the quantitative descriptive technique are from Bank Muamalat Indonesia's annual report. The study's findings revealed that The amanah management area of the bank is accessible through the bank's annual report and, as previously said, displays a healthy category. The implementation of corporate governance is ensured by the bank's yearly report. It would be reasonable to conclude that Bank Muamalat Indonesia is in good condition despite the calculation results of Bank Muamalat Indonesia were predicated on less trustworthy. This shows that the company can maintain its performance in the long term or in the event of liquidation. The availability of a bank's capital facilitates operations to a certain degree. The analysis results show that, even if the quantity of productive assets has increased, Bank Muamalat Indonesia's KAP development is still smaller than the yearly increase in APYD. Examining the data reveals that Bank Muamalat Indonesia has an excellent basis. The distribution of funds is handled by the organization responsible for allocating charity and zakat funds by the direction of the Supervisory Board.

Keywords: financial performance, bank's health level, ANGELS

Abstrak

Penelitian ini bertujuan untuk mengevaluasi kinerja Bank Muamalat Indonesia tahun 2016-2020 menggunakan pendekatan ANGELS. Penelitian menggunakan teknik deskriptif kuantitatif dengan sumber data berasal dari laporan tahunan Bank Muamalat Indonesia. Temuan penelitian mengungkapkan bahwa Area manajemen amanah bank dapat diakses melalui laporan tahunan bank dan menunjukkan kategori yang sehat. Penerapan tata kelola perusahaan yang bertanggung jawab dipastikan oleh laporan tahunan bank. Maka dapat disimpulkan bahwa Bank Muamalat Indonesia berada dalam kondisi sehat walaupun ada perbedaan dengan hasil perhitungan Bank Muamalat Indonesia yang berpredikat kurang dapat dipercaya. Hal ini menunjukkan bahwa perusahaan dapat mempertahankan kelangsungan hidupnya dalam jangka panjang atau saat terjadi likuidasi. Ketersediaan modal bank memfasilitasi operasi sampai tingkat tertentu. Hasil analisis menunjukkan meskipun secara kuantitas aktiva produktif mengalami peningkatan, perkembangan KAP Bank Muamalat Indonesia menunjukkan masih lebih kecil dibandingkan dengan peningkatan APYD setiap tahunnya. Menelaah

data tersebut menunjukkan bahwa Bank Muamalat Indonesia memiliki dasar yang sangat baik. Penyaluran dana ditangani oleh organisasi yang bertanggung jawab untuk mengalokasikan dana sosial dan zakat sesuai dengan arahan Dewan Pengawas.

Kata Kunci : kinerja keuangan, tingkat kesehatan bank, ANGELS

A. INTRODUCTION

Due to the growing number of Islamic banks operating in Indonesia, including Islamic Commercial Banks (BUS) and Islamic Business Units (UUS), Islamic banking is becoming more and more integrated with the country's challenges, including increased competition in the provision of a wide range of goods and services like the rivalry in offering different kinds of goods and services (Saputra, 2016). Islamic banks provide more than only the financial demands of different parties because they are specialized financial institutions (Aminah et al., 2019). financial demands of diverse parties, but Islamic banks must be able to offer the best possible returns and assurance that Sharia rules are followed throughout the whole Islamic banking process (Saputri, 2021).

Because of the size of shareholder expectations, banks must constantly evaluate their performance, particularly in terms of their financial performance, to ensure that the business can continue as is. The ANGELS approach may be used to analyze one of the financial performances of Islamic banking organizations. When measuring an Islamic banking's health, the ANGELS approach is predicted to have a greater beneficial influence on the industry's growth than the CAMELS, RGEC, and IPI methods combined (Kurniawati et al., 2023).

Financial Performance

In terms of implementing organizational planning goals or vision and strategy, financial performance refers to achieving these goals (Habsyah et al.,

2023). Financial performance is the company's ability to successfully manage its finances to produce positive results (Triyuwono et al., 2015). The achievements of Islamic banks in each business area, including finance, marketing, distribution, collections, and human resources, are outlined in their financial success. The financial performance of Islamic banks can also be used to determine whether their finances are healthy or not. Examining financial ratios is one way to measure the financial success of Islamic banks, and the findings are then interpreted to inform future decisions. Islamic banking, as a Sharia-compliant corporate entity, is more concerned with making a profit than a loss. High profitability while maintaining the premise of *rahmatan lil 'alamin* (Oktaviansyah et al., 2018).

ANGELS (Amanah management, Non-economic wealth, Give out, Earning, capital and assets, Liquidity to market, dan socio economic wealth)

The ANGELS method provides several benefits when used to assess the health of Islamic banks, including the ability to account for Sharia ethics, mental and spiritual health, and added value in terms of welfare distribution to other stakeholders in addition to material and social welfare (Kurniawati et al., 2023).

An Islamic bank can determine how safe and professional its business is in each operational phase by using the ANGELS approach. Therefore, the ANGELS approach is used in this study to measure the financial performance of Islamic commercial banks. The ANGELS technique used in this study is a technique

that should be able to show how well Islamic banks perform in following the principles of Islamic sharia, which is a system of accountability to God, humans, and nature.

With an ANGELS value of 86.79, it shows that Islamic banks are considered healthy. Trust Management, Non-Economic Wealth, Giving, Income, Capital and Assets, Liquidity, and Sensitivity to Market and Economic Wealth are components of the ANGELS concept that need to be revised in practice. These include indicators of trust management, namely accountability to God and accountability to nature. In practice, these indicators conflict with the concepts used in the field, so the concept was revised to *ihsan* and *tablig* (Syahputra & Oktaviansyah, 2023).

Amanah Management

An important element of ANGELS is Amanah management. One of the concrete ways in which Shariah ethics are implemented is this element. It shows that Islamic banks are not only worthy of praise for offering shariah-compliant items such as *istishna*, *salam*, *mudharabah*, *murabahah*, *musyarakah*, *ijarah*, and others. However, the application of Shariah in the form of a Shari'ah Strategic Management System is a more fundamental framework. A flexible management system and method focused on achieving the bank's objectives is known as the Shari'ah strategic management system. Management strategies that are methodically adaptable and focused on achieving the objectives of Islamic banks and ensuring the application of sharia principles (Indrawati et al., 2022).

Non Economic Wealth

Non-economic wealth is the second component of ANGELS. One element that is highly taken to assessing the health of Islamic banks. Evaluation of the health condition of Islamic banks will be wrong if non-economic wealth does not exist. The non-economic wealth consists of spiritual

and intellectual well-being (Oktaviansyah et al., 2018).

Give Out

The distribution of wealth that Islamic banks have successfully created is directly tied to giving out. Sharia ethics emphasizes that wealth and welfare should not be focused solely on supporting particular groups. Giving out is a useful tool for sustaining the current state of health of the Islamic banking institutions. Because conventional banks only provide welfare to stakeholders, there is no give-out when assessing health levels (Kurniawati et al., 2023).

Earning, Capital and Assets

Earning

One approach to assess a bank's financial success is through earnings. It's used to assess how effectively Islamic banks can increase revenue by operating more profitably and efficiently. The NOM (Net Operating Margin) ratio, which represents the net operating income, is the variable in this method. Consequently, it is possible to calculate the average ability of earning assets to produce profit (Oktaviansyah et al., 2018).

Capital

A bank's minimal capital sufficiency, long-term solvency, and liquidity preparedness are evaluated using a valuation method called capital evaluation. According to the bank's capital adequacy policy, the KPMM ratio (Minimum Capital Adequacy) is used to assess how well-capitalized the bank is to withstand losses and meet KPMM standards. This valuation approach uses capital sufficiency to absorb losses and satisfy KPMM standards by Indonesian banking rules (Kurniawati et al., 2023).

Assets

The Assets Quality method can be used to identify productive assets by comparing classified assets to total earning assets

(Oktaviansyah et al., 2018). It can also be used to assess the likelihood of receiving funds invested in the bank in compliance with Bank Indonesian regulations. Investing or financing The KAP (Earning Asset Quality) ratio, which gauges the caliber of the bank's earning assets, is used to compute this technique.

Liquidity to market

Liquidity and sensitivity to the market refer to techniques for assessing a bank's capacity to meet liquidity requirements and the effectiveness of its liquidity risk management for market sensitivity and liquidity (Oktaviansyah et al., 2018). This method uses the STM (Short Term Mismatch) ratio to assess the bank's capacity to meet its short-term liquidity requirements. Capacity to balance short-term assets and short-term obligations to meet short-term liquidity demands. Contrasting short-term obligations and assets.

Socioeconomic wealth

Because of their socioeconomic richness, Islamic financial institutions fall within the parameters of the principles, because they share profits based on real sales or are fair (Kurniawati et al., 2023). A partnership is an arrangement in which a financial institution, its clients, investors, and fund users, as well as the financial institution itself, collaborate as business partners to generate profits. Transparency: Financial reporting from Islamic institutions shall be clear, uniform, and available. Islam is global in that it does not discriminate based on socioeconomic status, race, ethnicity, or religion—a concept known as rahmatan lil alamin.

B. RESEARCH METHODS

The financial report is secondary data used in this investigation. Using the ANGELS strategy (Amanah management,

Non-economic wealth, Give out, Earning, capital and assets, Liquidity and sensitivity to the market, and Socioeconomic wealth) from 2016 to 2020, Bank Muamalat Indonesia serves as the study subject. This study used quantitative descriptive data analysis, which included data reduction, data visualization, and conclusion drawing/verification.

Amanah management, Non-economic wealth, Give out, Earning, capital and assets, Liquidity and sensitivity to the market, and socioeconomic wealth are the variables found in ANGELS and used in this study.

C. RESULTS AND DISCUSSION

The Indonesian Ulema Council (MUI), the Indonesian Muslim Scholars Association (ICMI), and entrepreneurs proposed the concept of Bank Muamalat Indonesia. Bank Muamalat Indonesia is the first Islamic bank established in Indonesia. It was established on May 1, 1991, and began operations on May 1, 1992. In 2009 it was approved to establish a branch office in Kuala Lumpur Malaysia (Suryani, 2012). There are currently 249 active service offices operated by Bank Muamalat Indonesia. Bank Muamalat Indonesia aims to be "The best Islamic bank in Indonesia and one of the ten largest banks in Indonesia with a recognized regional area".

Amanah Management

The annual report of Bank Muamalat Indonesia demonstrates that every bank has put excellent corporate governance and caution into practice. Transparency, accountability, responsibility, professionalism, justice, and equality are values that are upheld by every bank. By putting risk management into practice throughout, losses brought on by company operations may be reduced to a minimum.

It is possible to view the bank's GCG ratio in composite position two as healthy. As per the requirements set by Bank

Indonesia, the management of Islamic banks has appropriately adhered to the principles for managing Islamic banking firms. In this case, the Board of Directors and the Board of Commissioners represent the management and they have done their part. Islamic banks now have better overall health, largely as a result of GCG's contribution to the evaluation of their overall care. The overall GCG grade of the Muslim banking sector indicates how committed the management team is to operating the business.

It is the goal of Bank Muamalat Indonesia to maximize its GCG. The General Meeting of Shareholders (GMS), Board of Commissioners, Supervisory Board, and Board of Directors are the four primary components of the GCG organization, and they are each responsible for carrying out certain tasks. The Board of Directors shares all business communications with the firm in an open manner. The Board of Directors also strengthens the risk management and compliance departments and enhances oversight and internal control.

Non Economic Wealth

Occupational health and safety employment (K3) and non-economic wealth are all related. The Bank Muamalat Indonesia employee welfare programs are divided into three main categories. The first is the Foundational Reward, this benefit is received by all Bank Muamalat Indonesia employees. It includes basic pay, benefits, health insurance, life insurance, other gifts like birth or wedding presents, Hajj / Umrah allowances, and children's schooling expenses.

Employees earn an incentive known as the second performance incentive when they meet job objectives. Depending on the accomplishment of job objectives. This covers pay raises, bonuses for performance, sales incentives, recognition initiatives, and awards given in connection with the introduction of new Bank products. The

Bank offers the Career and Environmental Reward as a way to encourage work execution and boost staff engagement. The establishment of health facilities with flexible benefits is one of them.

Give Out

The operations of welfare distribution and the Give Out element in Islamic banks are closely associated. Bank Muamalat Indonesia's CSR is broken down into four (four) categories, which are as follows: financial system, Bank Muamalat Indonesia used Rp 130,577,815 from the Social Trust Fund initiative to fund education. Funds from Bank Muamalat Indonesia were allocated to the Rp 3,170,725,000 Muamalat Achievement School program, Humanity Rp 3,038,264,066, Muamalat Response Action program, Rp 3,883,566,000 for infrastructure assistance, and Rp 3,883,566,000 for cash assistance Muamalat were the channels via which Bank Muamalat Indonesia funneled its funding. Rp. 3,883,566,000 for infrastructure, Rp. 1,053,699,896 for Muamalat Cash Compensation, and Rp. 88,733,600 from the Environment Bank Muamalat Indonesia were channeled through the Green Campaign initiative.

Earnings, capital and assets

Earnings

From 2016 to 2020, Bank Muamalat Indonesia's Net Operating Margin averaged 0.13%. Net Operating Margin has been through ups and downs at this time. It is reported that the Net Operating Margin was 0.20% in 2016, increased to 0.21% in 2017, down to 0.15% in 2018, decreased again to 0.04% in 2019, and stayed at 0.04% in 2020.

Capital

For years 2016 to 2020, Bank Muamalat Indonesia's Minimum Capital Adequacy Requirement averaged 13.27%. There were ups and downs in the Minimum Capital Adequacy Minimum Provisioning

Obligation throughout this time. As of 2016, the Minimum Capital Provision Obligation was 12.74%; in 2017, it increased to 13.62%; in 2018, it decreased to 12.34%; in 2019, it decreased even more to 12.42%; and in 2020, it increased once more to 15.21%.

Assets

Between 2016 and 2020, Bank Muamalat Indonesia's average Earning Asset Quality was 1.02%. Earning Asset Quality was comparatively dropping throughout this time. Earning Asset Quality was first recorded in 2016 at 1.27%, down to 1.05% in 2017, 0.96% in 2018, 0.93% in 2019, and 0.91% in 2020. 2020 at 0.91%.

Liquidity and sensitivity to market

From 2016 to 2020, Bank Muamalat Indonesia's average short-term mismatch rate was 65.69%. There were ups and downs for Short Term Mismatch during this time. Beginning with the known short-term mismatch of 73.98% in 2016, it increased to 94.05 % in 2017, down to 76.59% in 2018, decreased again to 39.19 % in 2019, and increased once more to 44.65% in 2020.

Socioeconomic wealth

In 2016, Bank Muamalat received Rp 11,140,223 in zakat funds from overseas banks and Rp 1,862,305 from internal sources. Furthermore, zakat funds of Rp 12,630,068 were given to the Baitul Maal Muamalat (BMM) institution, Rp 186,230 to the dhuafa wallet, and Rp 186,230 to BAZNAZ. Donations of Rp 1,303,379 for benevolent funds came from fines of Rp 44,871 and non-halal income of Rp 1,258,508.

In 2017, Bank Muamalat received zakat funds of Rp 13,136,720 from overseas banks and Rp 2,012,778 from internal sources. The remaining zakat funds were then divided for Baitul Maal Muamalat (BMM) institutions of Rp. 14,746,942, dhuafa wallets of Rp. 201,278 and BAZNAZ of Rp. 201,278. Benevolent

funds amounted to Rp 16,950 in the form of fines and Rp 864,946 of non-halal income, which was used to pay contributions of Rp 881,896.

In 2018, Rp 9,933,200 zakat funds were received by Bank Muamalat from overseas banks and Rp 652,889 from internal sources. Then, zakat funds of Rp 10,455,511 were distributed to the Baitul Maal Muamalat (BMM) institution, Rp 65,289 to the dhuafa wallet, and Rp 65,289 to BAZNAZ. Rp 15,932 in fines and Rp 633,223 in non-halal income were used to establish a benevolent fund, which was used to receive donations of Rp 649,155.

In 2019, Bank Muamalat received Rp 9,718,735 in zakat funds from 1,150,051 internal and external donors. Zakat funds Rp 10,868,786 for the Baitul Maal Muamalat (BMM) institution. IDR 66,194 in fines and IDR 523,923 in non-halal income were used to finance charitable efforts, which in turn were used to contribute IDR 590,117.

In 2020, Bank Muamalat received Rp. 9,885,254 in zakat funds from foreign banks and Rp. 408,158 from internal sources. The remaining zakat funds of Rp. 10,293,412 distributed to the Baitul Maal Muamalat (BMM) organization. Non-halal income of Rp 360,556 was the source of a benevolent fund for support gift-giving totaling Rp 360,556.

An analysis of Bank Muamalat Indonesia's financial performance using the ANGELS method Amanah Management

The annual report provides access to the Amanah management section of Bank Muamalat Indonesia, which exhibits a healthy category. The yearly report guarantees that corporate governance is managed responsibly, comply with relevant ethical standards, and is supported by a high degree of accountability and openness.

Non Economic Wealth

It is evident from the justification and supporting documentation from the annual report for the years 2016–2020 that Bank Muamalat Indonesia is a sound Islamic bank. The use of corporate social responsibility (CSR) in the areas of employment, health, and safety where each Islamic Commercial Bank offers welfare to staff members proves that.

Give Out

Bank Muamalat Indonesia can be said to be healthy based on the distribution of wealth that has been implemented, as shown by the Annual Report.

Earning, Capital, and Asset

The analysis concludes that the average capacity of Bank Muamalat Indonesia's earning assets to generate profits between 2016 and 2020 is below standard. This can be seen by looking at Bank Muamalat Indonesia's Capital Calculation. This indicates that the business can fulfill commitments in the long term or case of liquidation. The operational traffic of the bank can run smoothly to some extent by the availability of capital. The development of KAP Bank Muamalat Indonesia shows that although the number of productive assets has grown, it is still smaller than the increase in APYD every year. The increase in third-party customer deposits has an impact on APYD.

Liquidity and Sensitivity to Market

Examining the data reveals that Bank Muamalat Indonesia has an excellent basis. It can be said that Bank Muamalat Indonesia has an excellent capacity to manage liquidity risk and sustain and meet liquidity demands.

Socio Economic Wealth

Bank Muamalat Indonesia does not personally oversee the management of charitable, zakat, infaq, and shadaqah. Fund distribution is managed by organizations

responsible for allocating charitable and zakat funds under supervision with the Board of Supervisors' directives.

D. CONCLUSION

Bank Muamalat Indonesia's financial performance was measured using the ANGELS technique. The bank's annual report shows that Amanah's management area is healthy and that responsible corporate governance is implemented, as evidenced by the bank's corporate social responsibility initiatives. The bank provides welfare benefits to employees in the areas of employment, health, and safety. These factors indicate that the bank is in good condition and can maintain its survival in the long term or the event of liquidation.

Although the quantity of earning assets has increased, the development of KAP Bank Muamalat Indonesia shows that it is still smaller than the increase in APYD every year. This suggests that the bank could benefit from implementing strategies to better manage its assets and liabilities. The availability of bank capital facilitates operations to a certain degree, but the bank could benefit from improving its distribution of funds. For instance, the organization responsible for allocating charity and zakat funds could benefit from more direction from the Supervisory Board.

Future researchers are encouraged to reveal all indicators contained in ANGELS and use all BUSs registered with the OJK as a sample. This would allow for a more in-depth and detailed analysis of the financial performance of Islamic Commercial Banks in Indonesia.

REFERENCES

Aminah, Soewito, Erina, N., Khairudin, & Damayanti, T. (2019). Financial performance and market share in Indonesia Islamic Banking:

- Stakeholder theory perspective. *International Journal of Scientific and Technology Research*, 8(1), 14–18.
- Habsyah, A., Nursanti, L., Peliansi, Y., & Panorama, M. (2023). Analisis Perbandingan Kinerja Bank Syariah Dengan Metode Risk Profile, Good Corporate Governance, Earnings, Capital dan Islamic City Performance Index Periode 2016-2020. *Jesya : Jurnal Ekonomi & Ekonomi Syariah*, 6(1), 13–27. <https://doi.org/10.36778/jesya.v6i1.830>
- Indrawati, A., Putri, F. H., & Wahyudi, R. (2022). Analisis Kinerja Bank Syariah Negara OKI pada Era Digital: Studi Masa Pandemi Covid-19. *Journal Of Institution And Sharia Finance*, 5(1), 51–65. <https://doi.org/10.24256/joins.v5i2.3360>
- Kurniawati, E., Imsar, & Harahap, R. D. (2023). Analisis Pengukuran Kinerja Perbankan Syariah dengan Menggunakan Metode Angels (Studi Kasus pada Bank Syariah Indonesia KCP. Medan Ringroad). *Jurnal EMT KITA*, 7(4), 1201–1210. <https://doi.org/10.35870/emt.v7i4.1646>
- Oktaviansyah, H. T., Roziq, A., & Sulistiyo, A. B. (2018). ANGELS Rating System for Islamic Banking Industry in Indonesia. *Jurnal Keuangan Dan Perbankan*, 22(1), 170–180. <https://doi.org/10.26905/jkdp.v22i1.1563>
- Saputra, B. (2016). Faktor-Faktor Keuangan Yang Mempengaruhi Market Share Perbankan Syariah Di Indonesia. *Akuntabilitas*, 7(2), 123–131. <https://doi.org/10.15408/akt.v7i2.2675>
- Saputri, O. B. (2021). Pengaruh Indikator Makroekonomi terhadap Profitabilitas Perbankan Syariah di Indonesia Tahun 2015 – 2020. *Forum Ekonomi*, 23(1), 133–144.
- Suryani, S. (2012). Sistem Perbankan Islam di Indonesia: Sejarah dan Prospek Pengembangan. *Muqtasid: Jurnal Ekonomi Dan Perbankan Syariah*, 3(1), 111–131. <https://doi.org/10.18326/muqtasid.v3i1.111-131>
- Syahputra, H., & Oktaviansyah, H. T. (2023). Metode Angels Sebagai Penilaian Tingkat Kesehatan Bank Syariah di Indonesia. *Jurnal Ekonomi Syariah Darussalam*, 4(2), 1–22. <https://doi.org/10.30739/jesdar.v4i2.2503>
- Triyuwono, I., Kamayanti, A., Nurkholis, & Niswatin. (2015). Konsep Dasar Penilaian Kinerja Bank Syariah. *Simposium Nasional Akuntansi XVIII*, 1–23.