

# The Influence of Bank Health Level with RGEC and Methods Market Share on Liquidity Level (Study on State-Owned Banks Listed on the IDX for the Period 2012-2020)

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## Abstract

*This study aims to determine how the influence of the financial soundness of banks based on the RGEC (Risk Profile, Good Corporate Governance, Earnings and Capital aspects) method and Market Share, on the level of liquidity in state-owned banks listed on the IDX for the period 2012 to 2020. This study was carried out by processing secondary data, the analysis technique used multiple linear regression. The results of this study indicate that the financial soundness of banks using the RGEC method has no effect on liquidity, and the market share of both Loan market share and Deposit Market share has a negative effect on liquidity. The effect of financial soundness of banks and market share only affects about 30% of the Loan to Deposit Ratio, and about 70% is influenced by other factors.*

## Keywords

financial soundness of banks;  
market share; liquidity; state-owned banks



## I. Introduction

Based on the Banking Law No. 10 of 1998 that a bank is a financial institution that accepts public funds in the form of deposits and distributes these funds to the public in the form of credit or other forms in order to improve people's living standards. This is in accordance with the bank's intermediation function in collecting funds from the public and distributing them in the form of credit to those in need. In addition, the bank as a business company must also be able to generate increased profits to increase the value of the company so as to gain the trust of investors.

Banks that have the main goal of profit growth must also be able to maintain good liquidity, namely maintaining their ability to meet their debt obligations. The liquidity of a bank has an important role in the success of bank management, according to Y. Sri Susilo, et al (2000). Liquidity is required to meet the minimum mandatory reserves set by the central bank, fulfill withdrawals of funds by depositors, fulfill withdrawals of funds by debtors, and payment of maturing obligations. The CAMEL (method Capital Asset Management Earning Liquidity) in calculating liquidity is the cash ratio, loan to deposit ratio (LDR) and loan to asset ratio (LAR). According to (Almilia and Utomo, 2006) LDR has a very significant or significant effect at the 95% level ( $\alpha = 0.05$ ) deposit rates at commercial banks in Indonesia. Loan to Deposit Ratio (LDR) which is a ratio that measures the ratio between all loans disbursed by banks and all funds obtained in the form of deposits or deposits. LDR also reflects the level of liquidity or the bank's ability to repay any withdrawals made by deposit customers (depositors). The greater the amount of credit disbursed by the bank, the greater the opportunity for the bank to earn interest profits and

the greater the level of quality or ability of the bank to repay deposits by depositors. The LDR level of each bank needs to be maintained and regulated by BI and OJK in Bank Indonesia Circular Letter No.26/5/BPPP dated May 29, 1993 which stipulates the LDR limit at the level of 85%-100%. 12/19/PBI/2010 in March 2010 where the LDR is 78%-100%. In this case, the bank's LDR level is always monitored and maintained in order to gain the trust of the public and comply with the provisions of Bank Indonesia and the Financial Services Authority. So in this study the authors use LDR in the calculation of bank liquidity.

The economic condition of the population is a condition that describes human life that has economic score (Shah et al, 2020). Economic growth is still an important goal in a country's economy, especially for developing countries like Indonesia (Magdalena and Suhatman, 2020). Banks as financial institutions that provide financial services to the public as well as supporting the development of the country's economy are required to maintain their health condition. Bank soundness level is regulated in "Bank Indonesia Regulation No. 13/1/PBI/2011 Article 6 concerning Assessment of the Soundness of Commercial Banks in which banks are required to conduct self-assessment. The bank's soundness level is carried out using a "approachRisk Based Bank Rating"with factors including risk profile (risk profile) with NPL, Good Corporate Governance (GCG) as measured by the Audit Committee and GMS, profitability (earnings) through ROA, and capital (capital) through CAR either individually or on a consolidated basis, this method is commonly referred to as RGEC. The management must be able to achieve all the required health level criteria and carry out regular supervision by the Financial Services Authority (OJK).

As a business company that faces business competition in the banking industry, banks are very concerned about the market share they get. The higher the market share obtained, the higher the competitiveness of the bank in obtaining the market. When a bank has value a small market share, it can be interpreted if the bank cannot compete with other banks in an industry (Hendra & Hartomo, 2017). An increase in the percentage of market share owned by a company or industry shows that the company has positive and effective developments (Yudiana, 2018). Market share is a measure of how much a bank's ability to dominate the market in the banking industry is. The higher the market share of a bank, the better the competitiveness of the bank in controlling the market.

Based on the above explanation, and several previous studies regarding the factors that influence the level of liquidity in banking companies, different results and different research objects are obtained, the authors aim to conduct research by taking samples from state-owned banks listed on the Indonesia Stock Exchange because state-owned banks are is a state-owned bank, of course, a bank that is a mainstay for the state in realizing good economic development. So in this study the author will conduct further research on ": The influence of the level of Bank Soundness with the RGEC Method and market share on the level of liquidity (Study on State-Owned Banks Listed on the IDX for the period 2012-2020.

## **II. Review of Literature**

### **2.1 Banks**

According to "Law Number 10 Year 1998 on banking, the Bank is mentioned as entities that raise funds from the public in the form of deposits and distribute to the public in the form of credit or other forms in order to improve people's lives ".

## 2.2 Function Bank

The primary purpose of financial institutions that receive funds from the depositors and redistribute it to the users of funds for various purposes. According to Totok and Sigit (2006), specifically, bank functions are divided into three parts: agent of trust, agent of service, agent of development ( agent of development)

## 2.3 Types of Banks in Indonesia

According to Rivai et al (2012) m various types of financial institutions are divided into general financial institutions and people's credit financial institutions (BPR). Commercial Banks are financial institutions that can provide services on the flow of payment transactions. General financial institutions can place positions as executor in several banking operational activities. Meanwhile, Rural Banks (BPR) are financial institutions that receive deposits in the form of time deposits, savings, and so on which are almost the same as the transaction.

## 2.4 Health Level Assessment with RGEC

### a. Risk Profile (Risk Profile)

Inherent risks are inherent risks in the business activities of the bank, both of which can be calculated or which can not be calculated, which are affecting its financial position. According to Darmawi (2011) Non-Performing Loans are several measuring tools of business risk factors for financial institutions that provide clues to the high risk of bad loans found in financial institutions. Bad loans arise due to the inability to make the main payments for borrowing funds and interest which has an impact on the decline in the work of financial institutions and makes financial institutions less efficient.

### b. Good Corporate Governance

Good Corporate Governance is one of the pillars of the market economy system. It is related to trust both in the companies that implement it and the business climate in a country (KNKG, 2006).

#### 1. Audit

The audit committee is a person in charge of supervising the company and plays a role in providing independent evaluations of the company's financial statements. The audit committee is also a bridge between external auditors and the company as well as between the supervisory function of the board of commissioners and internal audit.

#### 2. GMS (General Meeting of Shareholders)

"Conducting an annual GMS within 6 months after the end of the financial year in accordance with article 65 paragraph 2 of the Limited Liability Company Law". In this study, using the "AGM-T which is held every six months after the end of the book and usually must be done". "So from the GMS-T can be judged by how many total GMS-T conducted by the company and can be found in the Corporate Governance Report.

### c. Earnings (Profitability)

Earning is a measure of the health of financial institutions seen from profitability. Profitability is a factor used as a measure of the ability of financial institutions to generate profitability in this case the components of return on assets shows the ability of capital invested in the total assets in order to gain profit company Return On Assets aims to measure the level of management effectiveness in operating the company.

#### **d. Capital**

"Bank Indonesia Regulation No. 9/13/PBI/2007 explains that the Capital Adequacy Ratio is capital adequacy which shows the ability of the bank to maintain sufficient capital and the ability of bank management to identify, measure, monitor and control the risks that occur that can affect the amount of bank capital."

##### **1. Market Share**

In the banking industry, market share describes the strengths of each bank. When a bank has a small market share, it can be interpreted if the bank cannot compete with other banks in an industry (Hendra & Hartomo, 2017). An increase in the percentage of market share owned by a company or industry shows that the company has positive and effective developments (Yudiana, 2018).

##### **2. Liquidity**

According to Irawati (2006) liquidity ratios are the ratios used as a measure of a company's ability to pay its short-term loans at maturity or to meet short-term obligations that must be fulfilled immediately. And according to Harahap (2007) suggests that the ratio analysis of the ability of the company/bank to settle its term debt obligations short-. These ratios can be calculated through sources of information on working capital, namely current assets and current liabilities. According to Judisseno (2005), bank liquidity is the ability of banks to repay all of their current liabilities by calculating bank liquidity ratios. Based on the three definitions above, it can be concluded that the liquidity ratio is the ability of a company/bank to settle short-term obligations or debts that are due and must be paid immediately. In general, liquidity ratios compare between current assets and current liabilities/liabilities. Bank's current liabilities to customers that must be paid immediately have various types, such as: demand deposits, savings, time deposits, current accounts of other banks, payable notes, foreign currency liabilities, and others. Likewise, the position of current assets of banks consists of various items such as: cash, balances/current accounts with Bank Indonesia, balances/current accounts with other banks, billable notes, marketable securities, time deposits with other banks, loans granted in the form of credit, liquid foreign currency assets, and others.

#### **2.5 Previous Research**

Siregar D. (2021) examines the factors that affect liquidity in Islamic banks and conventional banks in 2007-2016. The results of the study that overall both the short-term and long-term DER variables on liquidity risk showed a significant relationship, as well as the FDR variable on liquidity risk showed a significant relationship, the inflation variable on liquidity risk showed a significant relationship, the NPF variable on liquidity risk in the short term shows no significant relationship, on the contrary the NPF variable on liquidity risk in the long term shows a significant relationship

Ambarita MV (2017) examines the factors that affect the Loan to Deposit Ratio (LDR) of Commercial Banks in Indonesia with results in the long term CAR has no effect on LDR, in the short term CAR has a positive effect on the LDR of commercial banks in Indonesia, in the long term TPF has a positive effect on LDR and in the short term TPF has no effect on the LDR of commercial banks in Indonesia, in the long run In the long run, NPL has a negative effect on LDR and in the short term, NPL has a positive effect on LDR.

Hariyono and Untu (2021) examined the comparative analysis of bank soundness based on the RGEC method at Bank Mandiri and Bank BCA for the 2015-2019 period, with the results of the study that the Risk profile Aspect are in a Healthy condition, the

GCG Aspect with the criteria of Very Healthy, the Earnings Aspect is in a Very Healthy condition, the Capital Aspect is in a Very Healthy condition, and the Risk, GCG, earning and Capital aspects as a whole are in the Composite Rating, namely Very Healthy with a value of > 86%.

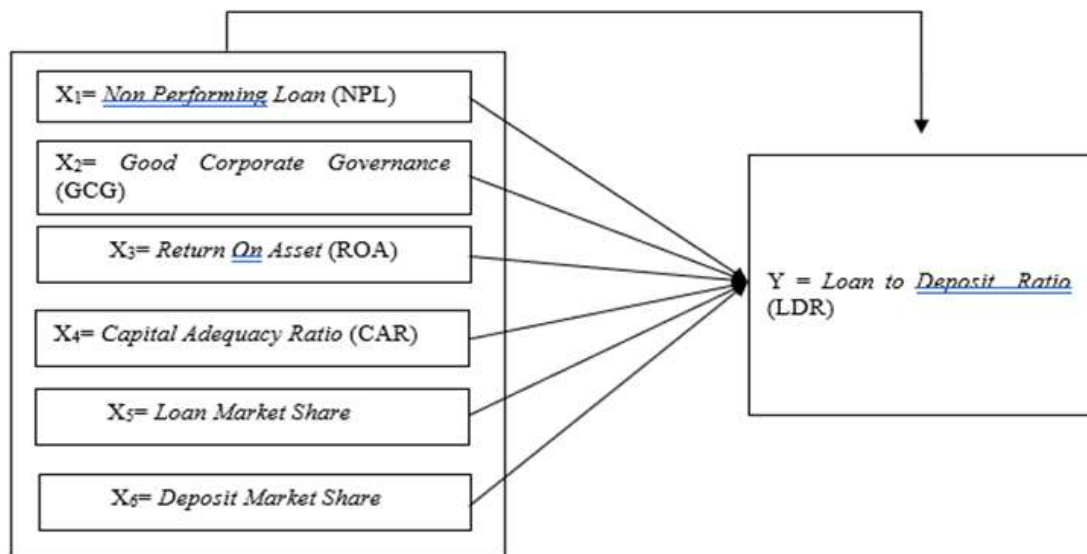
Sirait, Citarayani, Saminem and Quintania (2020) examined the effect of bank soundness using the RGEC method and diversification strategy on profit growth (Study on state-owned banks listed on the Indonesia Stock Exchange for the period 2013-2019). This study aims to examine the effect of bank soundness with the RGEC method (risk profile, good corporate governance, earnings, capital) and related and unrelated diversification strategies. The results of this study indicate that simultaneously the soundness of the bank and the diversification strategy have a significant effect on profit growth while the level of bank soundness only has a significant effect on earnings growth, while related and unrelated diversification strategies have no significant effect on profit growth.

Piu, Murni and Untu (2018) researched the Comparative Analysis of Banking Health using the RGEC Method in Conventional Commercial Banks Book Four. This study aims to determine the bank's financial performance using the RGEC method, namely the Risk Profile with an assessment of the entire risk profile, Good Corporate Governance with the results of Self Assessment, Earnings using Return on Assets and Capital using the Capital Adequacy Ratio. Results Shows the highest average risk profile results between BUKU 4 banks, which are low to moderate for BNI Bank for a very healthy GCG assessment for all book 4 banks, while the highest average ROA result is BRI Bank and for the highest CAR result, BRI Bank. And for the difference in the level of financial performance between BUKU 4 banks through the results of the independent sample t-test, it shows that there is no significant difference in the financial performance of BUKU 4 banks.

### **III. Research Method**

The research method used is quantitative research method with analysis of validity, reliability, normality, T test, F and R square test using SPSS. The population in this study are banking companies that have been listed on the Indonesia Stock Exchange with the determination of a sample of state-owned banking companies in the 2012-2020 period. The data used in this study are secondary data, with data collection techniques using documentation and library research. The method of data analysis in this test is the multiple linear regression analysis method, which aims to assess how strong between two or more variables and as an indicator of the relationship between the dependent variable and the independent variable.

The research model is as follows:



Source: Data processed by researchers with SPSS

## IV. Results and Discussion

### 4.1 Results

The data needed in this study are the annual financial statements of the companies involved in this study for the period 2012 – 2020. The population in this study are state-owned banks listed on the Indonesia Stock Exchange (IDX). ), consisting of 4 banks, namely Bank Mandiri, Bank Negara Indonesia (BNI), Bank Rakyat Indonesia (BRI) and Bank Tabungan Negara (BTN), with the indicators of bank soundness being used are Non Performing Loans (NPL) in assessing risk, Good Corporate Governance (GCG), Return On Assets in the assessment of earnings, Capital Adequacy Ratio (CAR) in the assessment of bank capital, and market share consisting of Loan market share (LMS) and Deposit Market Share (DMS). The data in this study contained 36 observational data (n = 36) obtained from financial statements for 8 consecutive years from 2012 to 2020.

#### a. Descriptive Statistics

The results of descriptive statistical testing that the author did using the help of software IBM 26.0. The following is a table of descriptive statistical test results:

	N	Range	Minimum	Maximum	Sum	Mean	Std. Deviation	Variance
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic
NPL	36	.0466000000	.0037000000	.0503000000	.9929729758	.0275825827	.0018103455	.0108620732
GCG	36	2.0000	1.0000	3.0000	62.8250	1.745139	.0856329	.5137975
ROA	36	.2048	.0013	.2061	1.1377	.031603	.0053752	.0322515
CAR	36	.0879	.1417	.2296	6.7379	.187164	.0040716	.0244295
LDR	36	1.1186	.0164	1.1350	27.5426	.765072	.0578030	.3468183
LMS	36	14.87%	0.16%	15.03%	285.87%	7.9407%	0.84417%	5.06500%
DMS	36	66.57%	0.46%	67.03%	332.42%	9.2339%	1.79620%	10.77721%
Valid N (listwise)	36							

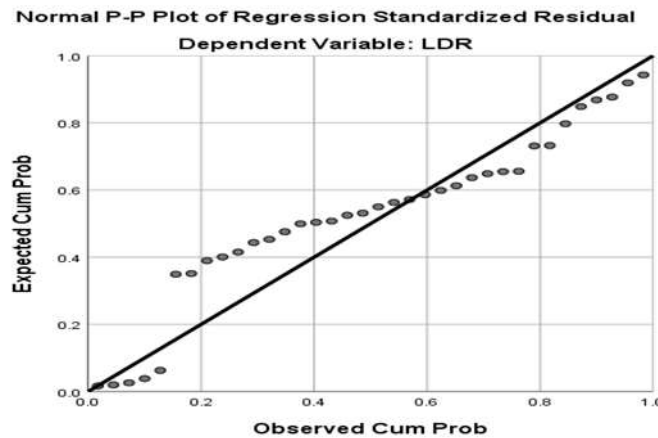
Source: Data processed by researchers with SPSS

**b. Classical Assumption**

This classical assumption test uses four tests, namely, normality test, multicollinearity test, autocorrelation test and heteroscedasticity test.

**1. Normality Test**

on the Normal Graph PP Plot shows that the distribution of the data spreads around the diagonal line between the vertical lines as expected cum prob. and the horizontal line on the observed cum prob. and following the direction of the diagonal line, it can be concluded that this study meets the normality test. Based on the two normality tests that researchers have done, the test results show that the sample data is normally distributed.



Source: The data was processed by researchers with SPSS

**2. Multicollinearity Test**

Based on the Multicollinearity Test table, the value of tolerance of each independent variable is greater than 0.1 and the VIF value is < 10, it can be concluded that there are no symptoms of multicollinearity between the independent variables in this regression model.

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.459	.464		3.141	.004		
	NPL	-4.109	5.231	-.132	-.785	.439	.706	1.417
	GCG	-.031	.113	-.049	-.277	.783	.634	1.578
	ROA	2.544	1.753	.240	1.451	.157	.727	1.375
	CAR	-1.033	2.400	-.073	-.431	.670	.689	1.451
	LMS	-3.747	1.596	-.555	-2.348	.026	.354	2.825
	DMS	-1.276	.499	-.395	-2.557	.016	.830	1.204

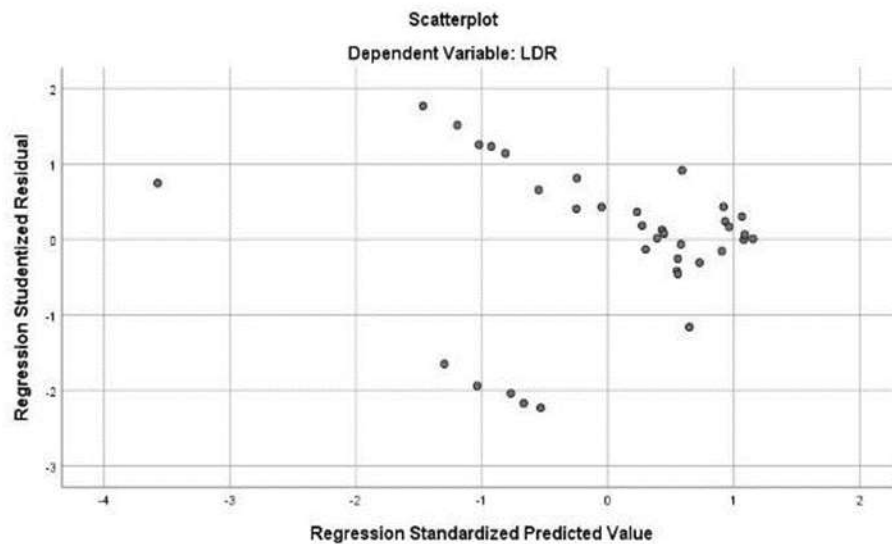
a. Dependent Variable: LDR

Source: Data processed by researchers with SPSS Scatterplot

**3. Heteroscedasticity Test**

The graph with dependent variables is Loan To Deposit ratio (LDR) and independent variables are NPL, GCG, ROA, CAR, LMS and DMS. The characteristics of the sample data are that there are no symptoms of heteroscedasticity, namely the data points are spread

above and below or around the number 0, the points collect only above or below, the spread of data points does not form a wavy pattern, widens, narrows and forms a straight line. . Based on these characteristics, it can be concluded that the sample data of this study did not occur heteroscedasticity symptoms.



Source: The data was processed by researchers with SPSS

#### 4. Autocorrelation Test

In this study, the autocorrelation test used the Run Test method, if the value of Asymp.Sig. (2-tailed) is smaller than 0.05 then there is an autocorrelation symptom. If the value of Asymp.Sig. (2-tailed) is greater than 0.05 then there is no autocorrelation symptom. Based on table 4.5 the results of the autocorrelation test of the run test method, there is an Assump.Sig (2-tailed) value of 0.063, which is greater than 0.05. So it can be concluded that there are no symptoms of autocorrelation

#### Runs Test

	Unstandardized Residual
Test Value <sup>a</sup>	.02947
Cases < Test Value	18
Cases >= Test Value	18
Total Cases	36
Number of Runs	13
Z	-1.860
Asymp. Sig. (2-tailed)	.063

a. Median

Source: Data processed by researchers with SPSS

#### c. Multiple Linear Analysis Test

Based on the coefficients table, the constant value is 1.459, this means that if the independent variable is equal to zero, the Loan to Deposit Ratio value will decrease by



1.459. The non-performing loan (NPL) coefficient value of -4.109 means that the direction of the influence of the NPL on the LDR is negative, if the LDR increases by one unit, the LDR will decrease by 4.109 assuming other variables are constant. The total coefficient of Good Corporate Governance (GCG) of -0.031 means that the direction of the influence of GCG on the LDR is negative, if GCG increases by one unit, it will reduce the LDR by 0.031 assuming other variables are constant. The value of the Return On Assets (ROA) coefficient of 2.544 means that the direction of the influence of ROA on the LDR is positive, if other variables are constant then every increase in ROA by one unit will increase the LDR value by 2.544. The coefficient value of the Capital Adequacy ratio (CAR) of -1.033 means that the direction of the influence of CAR on the LDR is negative, if the CAR increases by one unit it will decrease the LDR by 1.033 assuming other variables are constant. The coefficient value of the total loan market share (LMS) of -3.747 means that the direction of the influence of the LMS on the LDR is negative, if the LMS increases by one unit, it will reduce the LDR by 3.747 assuming other variables are constant. The value of the Deposit Market Share (DMS) coefficient of -1.276 means that the direction of the influence of DMS on the LDR is negative, if other variables are constant then every increase in DMS by one unit will decrease the LDR value by 1.276. The coefficients table shows the multiple linear regression equation, namely:  
 $Y=1.459-4.109(NPL)-0.031(GCG)+2.544(ROA)-1.033(CAR)-3.747(LMS)-1,276(DMS)$

**Coefficients<sup>a</sup>**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.459	.464		3.141	.004		
	NPL	-4.109	5.231	-.132	-.785	.439	.706	1.417
	GCG	-.031	.113	-.049	-.277	.783	.634	1.578
	ROA	2.544	1.753	.240	1.451	.157	.727	1.375
	CAR	-1.033	2.400	-.073	-.431	.670	.689	1.451
	LMS	-3.747	1.596	-.555	-2.348	.026	.354	2.825
	DMS	-1.276	.499	-.395	-2.557	.016	.830	1.204

a. Dependent Variable: LDR

Source: Data processed by researchers using SPSS

#### d. Hypothesis Test

##### 1. T-Test

Based on the t-test table, the value significance (Sig) of each variable is Non Performing Loan (NPL) of 0.439, Good Corporate Governance (GCG), Return On Assets (ROA) of 0.157, Capital Adequacy ratio (CAR) of 0.670, Loan Market Share (LMS) of 0.026, Deposit Market Share (DMS) of 0,016.

### Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.459	.464		3.141	.004		
	NPL	-4.109	5.231	-.132	-.785	.439	.706	1.417
	GCG	-.031	.113	-.049	-.277	.783	.634	1.578
	ROA	2.544	1.753	.240	1.451	.157	.727	1.375
	CAR	-1.033	2.400	-.073	-.431	.670	.689	1.451
	LMS	-3.747	1.596	-.555	-2.348	.026	.354	2.825
	DMS	-1.276	.499	-.395	-2.557	.016	.830	1.204

a. Dependent Variable: LDR

Source: Data processed by researchers with SPSS

## 2. Koefisien Determinasi (adjusted R2)

The test results adjusted R2 corresponding summary table models. The value of R shows the results of the correlation or relationship between the independent variable and the dependent variable, which is 0.652 (65.2%). The value of R Square (R2) is referred to as the coefficient of determination. In the table, the value of R2 is 0.425 (42.5%).

### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.652 <sup>a</sup>	.425	.307	.28889	.417

a. Predictors: (Constant), DMS, ROA, NPL, CAR, GCG, LMS

b. Dependent Variable: LDR

Source: Data processed by researchers with SPSS

## 4.2 Discussion

Based on the t-test table, the value significance (Sig) of each variable is Non Performing Loan (NPL) of 0.439, namely Sig > 0.05 means that it has no effect on Loan to Deposit Ratio (LDR), Good Corporate Governance (GCG) of 0.783, i.e. Sig > 0.05 means that it has no effect on Loan to Deposit Ratio (LDR), Return On Assets (ROA) of 0.157, namely Sig > 0.05 meaning no effect on Loan to Deposit Ratio (LDR), Capital Adequacy Ratio (CAR) of 0.670, namely Sig > 0.05 meaning no effect on Loans to Deposit Ratio (LDR), Loan Market Share (LMS) of 0.026, namely Sig < 0.05 means that it affects the Loan to Deposit Ratio (LDR), Deposit Market Share (DMS) of 0.016, namely Sig < 0.05 means that it affects the Loan to Deposit Ratio (LDR).

Then a decision can be made on the relationship between the independent variable (X) and the dependent variable (Y) with the following information:

- Non-Performing Loan (NPL) t count is -0.785 (smaller than t table) which means it has no effect on the dependent variable, namely Loan to Deposit Ratio (LDR)

- b. Good Corporate Governance (GCG) t count of -0.277 (smaller than t table) which means it has no effect on the dependent variable, namely Loan to Deposit Ratio (LDR)
- c. Return on Assets (ROA) t count of 1.451 (more smaller than t table) which means it has no effect on the dependent variable, namely Loan to Deposit Ratio (LDR)
- d. Capital Adequacy Ratio (CAR) t count is -0.431 (smaller than t table) which means it has no effect on the dependent variable, namely Loan to Deposit Ratio (LDR)
- e. Loan Market Share (LMS) t count of -2,348 which means it has a negative effect on the dependent variable, namely Loan to Deposit Ratio (LDR)
- f. Deposit Market Share (DMS) t count of -2.557 which means that it has a negative effect on the dependent variable, namely Loan to Deposit Ratio (LDR).

The Test results adjusted R<sup>2</sup> Are shown in the table model summary. The value of R shows the results of the correlation or relationship between the independent variable and the dependent variable, which is 0.652 (65.2%). The value of R Square (R<sup>2</sup>) is referred to as the coefficient of determination. In the table, the value of R<sup>2</sup> is 0.425 (42.5%) which means that the variables are Non Performing Loan (NPL), Good Corporate Governance (GCG), Return On Assets (ROA), Capital Adequacy Ratio (CAR), Loan Market Share (LMS) and Deposit Market Share (DMS) is able to contribute to the Loan to Deposit ratio (LDR) of 42.5% and the error value (1 – R<sup>2</sup>) of 0.575 (57.5%). Because the value of R<sup>2</sup> often creates bias and doubt, the adjusted R<sup>2</sup> value is used to determine the value of the influence more precisely. The adjusted R<sup>2</sup> value in the table above is 0.307 (30.7%) it can be said that the dependent variable, namely Loan to Deposit ratio (LDR) can be influenced by six independent variables namely NPL, GCG, ROA, CAR, LMS and DMS by 0.307 (30, 7%) and the rest of 0.693 (69.3%) is influenced by other variables such as interest rates, customer service levels, company revenue growth, sales growth, stock prices, investment and company size, government regulations, pandemic period, socioeconomic conditions, natural disasters and so on.

## **V. Conclusion**

Based on the above discussion, it can be concluded that BUMN Banks are as follows:

1. Non-Performing Loan (NPL) has no effect on Loan to Deposit Ratio (LDR)
2. Good Corporate Governance (GCG) has no effect on Loan to Deposit Ratio (LDR)
3. Return of Non Assets (ROA) has no effect on Loan to Deposit Ratio (LDR)
4. Capital Adequacy Ratio (CAR) has no effect on Loan to Deposit Ratio (LDR)
5. Loan Market Share (LMS) has a negative effect on Loan to Deposit Ratio (LDR)
6. Deposit Market Share (DMS) has a negative effect on Loan to Deposit Ratio (LDR)

## **Recommendation**

Based on the above conclusion, the effect of bank soundness and market share only affects about 30% of the Loan to Deposit Ratio (LDR), and about 70% is influenced by other factors. For this reason, in addition to maintaining the soundness of banks in accordance with the provisions of banking regulations, as well as maintaining and being able to achieve market share banking, state-owned banks must be able to increase other factors, especially increasing public trust by providing the best service and educating the wider community in general and to the public. customers specifically in handling finances by introducing bank products and services. By gaining public trust, the bank will certainly gain a better market share , increase sales so that it will increase profit growth and increase the company's financial ratios which will support the soundness of tires.

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