

HEALTH ANALYSIS BEFORE AND AFTER THE RECAPITALIZATION OF BANKS IN INDONESIA

Manatap Berliana Lumban Gaol
Doctoral Student at Diponegoro University
Email : berliana@yahoo.co.id, Tel : +6281361019990

INTRODUCTION

Banking is one of the media to conduct monetary policy. The role of traditional banking functions to provide reserves (reserve) in Indonesia where the payment system infrastructure of the payment system under the responsibility of the central bank, Bank Indonesia (BI). Bank Indonesia as the central bank was responsible for the development of private bank by issuing regulations binding and must be followed by the commercial banks were given a business license in the form of Bank Indonesia decrees and circulars related to the decision.

Banks generally have two roles. First, as an institutional fund reservoir (depositors) which accept deposits, pay for and on behalf of depositors and provide foreign currency exchange facilities. Second, banks act as a profit-oriented company where banks provide product liability and provide loans to customers (loan). In carrying out this second role, banks earn a spread and fee-based income to meet profit targets set by the bank. Thus banking acts as intermediary between donors who participated in products liability with business people who need funds or credit to grow their businesses. Of banking intermediation function that directly or indirectly support continuation of the economic growth of the real sector. Sectors of the real sector is highly dependent on the source of funding through capital markets and banking. With the financial crisis, the sources of funding from banks by itself would be affected because the banking sector itself is having problems with the capital structure and liquidity.

Monetary crisis marked by the exchange rate volatility prolonged since mid-1997 to 1998 had damaged the Indonesian banking conditions. Previously, up to mid-1997, economic activity as reflected in the various macroeconomic indicators show that the development is quite impressive. But in the second half of 1997 to 1998 all of these indicators declined sharply (significant deterioration). Due to the economic storm blows that begins the decline of the exchange rate that hit the region, banking in Indonesia becomes unsteady. Almost 65% of the causes of the collapse of foreign banks caused by the strengthening of the dollar against the rupiah. This phenomenon has joined the company threw a credit against the bank because of rising interest rates. This causes the heart of the banking as economy bear all the consequences (Infobank 231.1998).

In general, there are five factors causing banking crisis in Indonesia. *First*, swelling of banking liabilities in the form of currency. *Second*, the loss of access to credit from banks. *Third*, the deterioration of banking assets caused by the deterioration of the real sector, particularly the property sector, which increases the quantity of bad debts from debtors. Until the end of February 1999, non-performing loans in the national banking system reached 55.5 percent. *Fourthly*, the withdrawal of funds by customers because of the panic triggered by the closure of 16 banks in early November 1997. *Fifth*, the difference between the interest savings with credit (negative spread) until April 1999 weakened the balance sheet banking. Until March 1999 the average capital adequacy ratio of banks (Capital Adequacy Ratio / CAR) is negative 15 percent (BI publication, 2002, p 15).

Parameter-parameter commonly used to analyze the health of banks with reference to the International Standard consists of several parts, namely: **Capital**, the capital structure is very important in determining the health of banks. Almost all banking restructuring program in the world to make capital or capital structure as the first repaired and strengthened. **Asset**, the growth of a bank can not be achieved without the asset growth with good quality. The composition of productive assets and non-productive assets also define the position of the bank, especially in managing the bank's efficiency. **Management**, the soundness of a bank can also be seen from the quality of management by the bank management. Whether or not the bank's management is highly dependent on management as a determinant and implementing strategies. Management success not only in terms of technical ability of banking, but more important is the adherence to run good governance (GCG) and consistency in implementing the entire banking policy. **Equity**, growth or level of the bank's equity shows the level of profitability of the bank in doing business. If the level of the bank's equity has a tendency to decrease, then this indicates that the bank's losses. The last is **Liquidity**. Liquidity into one measure in assessing the health of the banking system. Bank liquidity is an important factor in maintaining public kepercayaan against the bank concerned. Thus the bank must always keep liquidity in order to meet its obligations to the right time.

To deal with the restructuring, the Indonesian government chose the formation of the Indonesian Bank Restructuring Agency (IBRA) by issuing a Presidential Decree No. 27, 1998. The bank restructuring policy is a rescue attempt of public funds and to maintain public confidence in the banking system, which is the main source of financing of economic activity. This effort was initiated by the guarantee program to restore public confidence in

the national banking system, the government issued a government guarantee program for public savings (Blanket Guarantee Scheme) from the date of January 27, 1998 by Presidential Decree No. 26, 1998. In order to strengthen the capital structure of banks, in 1999 the Government implement the recapitalization program which aims to maintain the banks that still have a pretty good business prospects and simultaneously to restructure ownership. This program is only temporary and is not intended to make the process of nationalization of the banking sector.

Recapitalization program begins with the due diligence process conducted by Bank Indonesia, together with the international auditors to 198 banks (excluding foreign bank branches) to assess the feasibility of the banks participating in the recapitalization programs and undercapitalized banks. Banks that are not eligible feasibility closed so as not to disrupt the smooth flow of funds in the banking system. As for the banks that are still eligible feasibility, but have high levels of ill health, was taken over by IBRA or following the recapitalization program.

A total of 48 private banks had to be stopped in operation, 13 private banks taken over, and 7 private banks recapitalized, and four state banks merged by the Indonesian Bank Restructuring Agency (IBRA). Restructuring costs are borne by the government through the issuance of bonds until October 1999 has reached Rp 425 trillion and Rp 530 trillion reached in April 2000. Furthermore, it also has been transferred non-performing loans of these banks to Rp 257.3 trillion IBRA, the amount of credit resolved the problem until September 1999 reached Rp 2.8 trillion, and increased to Rp 23.7 trillion in May. On October 31, 2000, the government has completed a recapitalization program. The concept of a comprehensive recapitalization program is the best concept in order to nourish the banking industry with the goal to be achieved and the process of implementation of the recapitalization program where banks are concerned recorded and any implementation is monitored (La Ode Idris, 1998).

This study intends to determine the effect on the performance of the recapitalization of the national foreign exchange banks as measured by indicators of financial ratios. Therefore, the issues to be resolved in this study is whether there are differences in the performance of the company before and after the recapitalization of banks based on the analysis of CAMEL (Capital Adequacy, Asset Quality, Management, Earnings and Liquidity).

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Bank recapitalization program is considered essential to improve the capital structure of the banking sector so that banks can take advantage of efficient and function as an intermediary institution. With the efficiency of the banking sector, the national payment system will run more smoothly. Banks that do not have sufficient capital will have difficulty facing economic shocks thereby reducing assets and increase liabilities (liabilities) of banks significantly. This opinion is supported by the results of studies in China who did research on Capital Adequacy of Chinas banks and enhancement evaluation and found that the recapitalization of capital required in the face of free competition that banks are more efficient (Chen, 2003).

The objective of financial statements (FASB 1978) according to the concept SFAC No. 1, the first is to provide useful information to investors and creditors and other users in making rational decisions regarding investments, loans and other. The first objective of these financial statements in accordance with the theory of decision-making, particularly rational decision-making process (Scott, 1997, pp 38). The second purpose of financial reporting is to provide information to help investors and creditors and other users of financial statements in assessing the amount, timing and uncertainty of future cash receipts from dividends or interest and proceeds from the sale, redemption or maturity of securities or loan. (Scott, 1997, pp 38).

Research on the benefits of financial ratios have been carried out by previous investigators. Ganisalingam (2001) who conducted research on the detection of financial distress via multivariate statistical analysis. Their research using financial ratio analysis of a sample of companies featured in the standard source of australian stock includes 42 healthy companies and 29 companies that failed in the period 1986 to 1991. Ganisalingam find that the financial ratio analysis using multivariate statistical methods are proven to predict failure financial.

Since 1966, research on financial distress using univariate statistics (Beaver, 1966). Subsequent research conducted by Altman (1968) with a model of financial distress prediction in non-financial companies, multivariate discriminant analysis (MDA) with faktro trand done by Edmister (1972), logit models by Ohlson (1980), recursive partitioning algorithm (RPA) by Frydman , Altman and Kao (1985). Subsequent developments in financial distress also use the method of artificial neural network (AAN) in a large company. ANN applications studied by Haynes and Tan (1993) and Ganesalingam and Kumar (1999).

AJ Singh and Raymond S. Schmidgall (2002) conducted a study of financial analysis ratios used by the US lodging financial executives. This study uses data liquidity ratios, solvency ratios, activity ratios, profitability ratios and operation ratios of 500 companies were selected at random from the directory of hospitably financial and technology professionals (HFTP). Their results showed that financial ratios need to be considered by the management in the company's success. Ewa M. Nickel and Timothy P. Opiela (2002) conducted research on the type of consumer and efficiency of banks in Poland by using financial ratios. What's interesting about the results of their research is the discovery of a correlation between the size of banks and the level of efficiency. This study supports the findings of Berger and Mester (1997), Berger (1999), Hughes (1999). Leightener and Lovell (1988)

and Laeven (1999) find that banks with larger size is more efficient than the bank with a smaller size in Thailand. Srivastava (1999) conducted a similar study in India. Hasan and Marton (2000) find that banks with larger size produce a level of efficiency and profit are higher in Hungary. Liang-Hsuan Chen, Shu-Yi Liaw and Yeong Shin Chen (2001) conducted a study of empirical study in Taiwan to see productivity by using financial ratios. Their study used data from the Taiwan Economic Database with 15 financial ratios. Their results showed that the financial ratios can indicate the level of productivity of the company.

CAMEL

The use of first CAMEL once adopted by the Uniform Financial Institutions Rating System (UFIRS) in 1979. By using valuation methods with CAMEL, UFIRS assess the performance of banks in five areas: the adequacy of capital, the quality of assets, the capability of Management, the quality and level of Earnings and the adequacy of Liquidity. Banks are ranked with the lowest number is one and the highest number is five (Ron Feldman, 1999). CAMEL ratings in Indonesia is slightly different from that adopted CAMEL first by UFIRS. CAMEL ratings in Indonesia does not have the score up to five but only four such lists in Table 1.

Table 1. Indonesia bank circular letter no. 26/5/ bppp, 29 May 1993

Indonesian CAMEL Rating System		
Credit Points	Rating	CAMEL
81-100	Sound	1
66-<81	Fairly Sound	2
51-<66	Poor	3
0-<51	Unsound	4

James B. Thompson (1991) conducted a study on the prediction of bank failures in the 1980s using data banks that failed from July 1984 to June 1989 and the banks that operate well in the years 1982-1989. Their research using logit regression and found that bank failures can be predicted from the analysis of CAMEL include Solvency ratio, capital adequacy, asset quality, management quality, earnings performance and liquidity. Their research shows that the majority of these ratios significantly can show bank failures next four years. Their study reinforces previous research conducted.

Richard, Kory, Thomas and Sheri (2002) evaluate the efficiency of productivity and performance of the Commercial Bank of America. Their study uses data from 1984 to 1998 using a multiplier conentrained models, input-oriented and data envelopment analysis (DEA) models. By using 15 ratio, the results showed that the CAMEL ratings have a significant relationship with efficiency. The results of this study support previous studies conducted by Bean et al (1998) using data from the years 1988 to 1992, Berger, Demsetz and Strahan (1999), Resti (1998), Barr, Seiford and Siems (1993).

Garry Whalen and James B. Thompson (2002) investigated the use of financial data to identify changes in the condition of the bank. Their study using a sample of 58 institutions under the supervision of the Department of the Federal Reserve Bank of Cliveland. Study using twenty-two ratio and using logit method and found that the quality of the asset and the related income significantly as predictors in the analysis of health and bank failures.

Based on empirical evidence on financial ratios and Riview previous research that CAMEL is acceptable as a tool to assess the soundness of the banking hypothesis proposed in this study are as follows,

- Ha1: there is a significant influence between the CAR and the banking performance levels before and after the recapitalization program.
- Ha2: there is a significant effect on the level of and banking performance before and after the recapitalization program.
- Ha3: there is a significant influence between APAPAA and the level of performance before and after the bank recapitalization program.
- Ha4: there is a significant influence between NPM and the level of banking performance before and after the recapitalization program.
- Ha5: there is a significant influence between ROA and the level of banking performance before and after the recapitalization program.
- Ha6: there is a significant influence between the ROE and the level of banking performance before and after the recapitalization program.
- Ha7: there is a significant influence between the LDR and the level of banking performance before and after the recapitalization program.
- Ha8: there is a significant influence between the SIZE and the level of banking performance before and after the recapitalization program.

METHODOLOGY

The population of this research is all banking companies included in the recapitalization program in Indonesia in the period 1999-2000. Samples taken from this research purpose sampling, where samples must meet the criteria applied, namely: banking firm belongs to a group of banks that follow the recapitalization program for the period 1999-2000 to provide financial statements for the two fiscal years prior to and after the recapitalization program. This study uses historical data with secondary data taken from the financial statements of banks included in the sample during the period 1998 to 2002. The financial statements used are public bank financial statements as of December 30, audited by an independent auditor to guarantee the truth. This data was obtained from the Banking Directory ranging from 1997 to 2003 (Map Indonesian Banking Finance in crisis era multimedimensi and BI website, www.bi.go.id). Having regard to the above criteria, then the bank that meets the criteria consist of 14 banks which consists of three state-owned enterprises, 5 and 6 BPD National Private Banks Foreign Exchange.

Table. 2. Bank list for sampled

No	Bank Name	No	Bank Name
1	BNI	8	BPD-Sumut
2	BRI	9	BCA
3	BTN	10	BII
4	BPD-Jateng	11	Bank Bukopin
5	BPD-Lampung	12	Bank Danamon
6	BPD-N7B	13	Bank Niaga
7	BPD-NTT	14	Bank Lippo

Operational Definition of Variables

In Indonesia, capital aspect is regulated in Bank Indonesia Circular Letter No. 3/30 / DPNP dated December 14, 2001 in annex 14 of the guidelines for the calculation of financial ratios. CAMEL rating consists of five criteria: **Capital Adequacy**. Capital Adequacy is the capital adequacy of banks that demonstrate the ability to maintain sufficient capital and the ability of bank management to identify, measure, monitor and control risks - risks that arise and may affect the amount of capital banks. In this study Capital Adequacy in proksikan by using the leverage ratio and core to assets ratio as follows.

$$\text{CAR} = (\text{Equity Capital} - \text{Fixed Asset}) / (\text{Total Loans} + \text{Securitas})$$

Assets Quality. Asset Quality shows the quality of assets in connection with the credit risk faced by banks as a result of lending and investment of funds in different portfolios. Assets quality consists of all assets in dollars or foreign currency held by the bank with the intent to earn income in accordance with its function, namely the provision of credit, ownership of securities and placements to other banks within and outside the country with the exception of placements in the form of demand deposits or inclusion. Assets Quality proxied in two sizes, namely: Assets Ratio, this ratio is used to calculate the non-performing loan (NPL) and ratio of allowance productive asset to productive asset amount (APAPAA). This ratio is one indicator in assessing a bank's portfolio, especially in indicating the quality of the productive assets of the bank concerned.

$$\text{NPL} = (\text{KL} + \text{D} + \text{M}) / \text{Productive Asset}$$

$$\text{APAPAA} = \text{Allowance Productive Assets} / \text{Productive Asset Amount}$$

Management Quality. Management quality demonstrated management ability of banks to identification, measure, monitor and control the risks that arise through policies and business strategies to achieve the target. NPM is obtained by comparing the net income to operating income.

$$\text{NPM} = \text{Net Income} / \text{Operating Income}$$

Earning (Profitability). Assessment rentabilitas serves to indicate the ability of banks to obtain the rate of profit. Profitability is used to assess the bank's success in generating profit before tax through the planting is done for the entire aktifa owned. Profitability is not only indicate the quantity and trends, but also the factors that affect the availability and quality of earnings. Profitability can be measured by two ratios: Ratio of net profit after tax compared to total assets (ROA) and the ratio of operating expenses to net operating income (ROE)

$$\text{ROA} = \text{Net Income} / \text{Total Asset}$$

$$\text{ROE} = \text{Operating Expenses} / \text{Net Operating Income}$$

Liquidity. Liquidity indicates the availability of funds and the source of funds in the present and future. In this study, the ratio used is the ratio of bank loans extended in comparison with the amount of public funds collected, plus the amount of equity owned by the bank.

In this study, researchers added a variable size. This is because in studies conducted outside Indonesia have included the variable "size" in analyzing the CAMEL as done by Garry Whalen and James B. Thompson (without year), Thomson and James (1991), Ewa M. Nickel and Timothy Opiela P. (2002), R. Althonn Gilbert, Andrew P. Mayer and Mark D Vaughan (2002) which uses the natural logarithm as a proxy. While research in Indonesia have not entered the variable "size" as a proxy in analyzing CAMEL. Some companies see the size of the company's total assets while other companies use the revenue and market size. This study uses total assets as a measure of size that all assets owned company comprised of current assets and fixed assets. Total assets that will most improve the efficiency of the company and the company's growth prospects in the future.

RESULT AND DISCUSSION

Statistical testing used in this study using two non-parametric Wilcoxon statistical test's Signed Rank Test (Wilcoxon test marked level). This test is used to evaluate a particular treatment in both directions between the observations before and after specific treatment.

Table 3. Statistic data descriptive

Variable	2 years before the recapitulation	1 year before The recapitulation	year of recapitulation	2 years after the recapitulation	1 year after the recapitulation
	Mean (Std. Dev) n = 14				
CAR	-18.681 (26.736)	-54.365 (69.939)	18.495 (9.706)	19.422 (13.036)	14.375 (19.736)
NPL	58.617 (21.650)	44.300 (24.759)	19.449 (17.967)	10.731 (10.049)	9.021 (15.529)
APAPAA	12.918 (17.888)	19.934 (20.900)	4.184 (9.826)	1.831 (2.072)	3.632 (4.019)
NPM	3.086 (84.145)	-78.228 (62.249)	55.268 (143.985)	87.299 (64.101)	58.108 (106.002)
ROA	-21.562 (37.634)	-31.684 (37.637)	-4.926 (8.886)	1.521 (1.231)	1.395 (3.435)
ROE	183.366 (151.708)	230.221 (134.403)	119.810 (69.114)	90.451 (7.316)	85.719 (8.221)
LDR	121.057 (53.943)	130.270 (107.709)	68.961 (103.278)	42.052 (18.524)	45.737 (17.904)
SIZE	15.400	15.284	15.861	16.059	16.246

From the table above, the average calculation results can be seen that these variables differ between the years prior to the recapitalization, the year after the recapitalization and recapitalization. For example, the average in the CAR prior to the recapitalization has a value of -18.681 and -54.365, on average, during and after the recapitalization of 18.495 and 14.375 19.442 appreciating recapitalization. This can be made possible because of differences in health conditions recapitalize banks before and after the recapitalization as reflected in its financial ratios.

Comparison of Performance Bank 2 years prior to the Recapitalization and the Year Recapitalization

The test results are presented in Table 4 shows the Z count on CAR, NPL, NPM, LDR and Size is greater than the value of the Z table shows that the hypothesis H_0 is rejected and accept H_a . Negative Z value is not relevant because it indicates the direction. By looking at the probability of the 5% confidence level indicates that the CAR, NPL, LDR and SIZE has a number asym sig <0.05 indicates reject the hypothesis H_0 and accept the hypothesis H_a . This shows that the recapitalization of the banks managed to improve performance in CAR, NPL, NPM, LDR and increase Size of the company. While on APAPAA ratio, ROA and ROE has a smaller value than the value of the Z table.

Table 4. The statistical results of wilcoxon sign rank test calculations two years prior to the recapitalization and the recapitalization

No	Hypotesis (Ha)	Rasio CAMEL	Z Score	Asym sig	Result
1	Ha1	CAR	-3.297	0.001	accepted
2	Ha2	NPL	-3.296	0.001	accepted
3	Ha3	APAPAA	-0.722	0.47	rejected
4	Ha4	NPM	-2.668	0.008	accepted
5	Ha5	ROA	-0.785	0.433	rejected
6	Ha6	ROE	-0.534	0.594	rejected
7	Ha7	LDR	-2.417	0.016	accepted
8	Ha8	SIZE	-3.296	0.001	accepted

By looking at the probability of the 5% confidence level indicates that APAPAA, ROA and ROE have asym numbers sig $> 5\%$ indicates acceptance of the hypothesis H_a and reject the H_0 hypothesis at 5% level of confidence. This suggests that bank recapitalization does not improve performance on APAPAA, ROA and ROE when compared with the 2-year period prior to the recapitalization and on the recapitalization. This is possible because PPAPJP is the ratio of the allowance and it is the policy of the bank as a precaution as a result of the increase and not depend on the liquidity position. Rejection of the ROA and ROE made possible as a negative effect on the interest rate spread and there are many banks have not done refleksi against debt portfolio quality deteriorated because of the crisis. Besides, from the financial statements of banks in 1998 so does not reflect the actual financial situation.

Of the fourteen samples in the CAR, all provide positive relationships prove that CAR increased significantly in the recapitalization. This is consistent with the goals announced by the government recapitalization to improve the CAR of banks. While the NPL ratio, to kempat twelve samples showed negative correlation proves that NPLs declined significantly in the recapitalization and this is in accordance with the government's objective to reduce the value of NPLs of the banking company. LDR at 13 banking company showed a negative relationship while the company showed a positive relationship. Negative correlation indicates that the majority of banks have increased liquidity in the recapitalization. And in size, to fourteen samples showed a positive relationship. This shows that the recapitalization give effect to increase the size of banks compared to 2 years prior to the recapitalization.

Comparison of Performance Bank 2 years before and 1 Year After Recapitalization

The table 5 shows that the recapitalization of the banks managed to improve performance in CAR, NPL, APAPAA, NPM, ROA, ROE, LDR and increase Size of the company.

Table 5. The statistical results of Wilcoxon Sign Rank Test calculations two years prior to the recapitalization and a year after the recapitalization

NO.	Hypotesis (Ha)	CAMEL Ratio	Z Score	Asym sig	Result
1	Ha1	CAR	-3.296	0.001	Accepted
2	Ha2	NPL	-3.296	0.001	Accepted
3	Ha3	APAPAA	-2.291	0.022	Accepted
4	Ha4	NPM	-3.296	0.001	Accepted
6	Ha5	ROA	-2.982	0.003	Accepted
6	Ha6	ROE	-2.668	0.006	Accepted
7	Ha7	LDR	-3.296	0.001	Accepted
8	Ha8	SIZE	-3.269	0.001	Accepted

Comparison of Performance Bank 2 years before and 2 years after the recapitalization Recapitalization Year

Of the fourteen samples in CAR, 13 samples gave a positive relationship proves that the CAR increased significantly at 2 years recapitalization. While the bank already has a negative relationship. This indicates a change in the effect of the recapitalization of the banking CAR after two years of recapitalization. The NPL ratio, LDR, ROA, ROE and Size still provide a good indicator of the same two years after the recapitalization and after one year of recapitalization. From the ratio of NPM, fourteen companies that previously had a positive relationship experienced a reduction to 12 companies, while the two companies have had a negative relationship. This shows that the effect on the ability of management to recapitalize banks began to decline in the second year.

Table 6. The statistical results of Wilcoxon Sign Rank Test calculations two years before and two after the recapitalization of the recapitalization.

No	Hypotesis (Ha)	CAMEL Ratio	Z Score	Asym sig	Result
1	Ha1	CAR	-2.794	0.005	Accepted
2	Ha2	NPL	-3.296	0.001	Accepted
3	Ha3	APAPAA	-0.596	0.551	Rejected
4	Ha4	NPM	-2.417	0.016	Accepted
5	Ha5	ROA	-2.668	0.008	Accepted
6	Ha6	ROE	-3.107	0.002	Accepted
7	Ha7	LDR	-3.296	0.001	Accepted
8	Ha8	SIZE	-3.296	0.001	Accepted

Comparison of Performance Bank 1 year prior to the Recapitalization and the Year Recapitalization

The test results are presented in Table 7 shows the Z count on CAR, NPL, NPM, ROA, ROE, LDR and Size is greater than the value of the Z table shows that the hypothesis Ho is rejected and accept Ha. By looking at the probability of the 5% confidence level indicates that the CAR, NPL, NPM, ROA, ROE, LDR and has a number asym Size sig <0.05 indicates reject the hypothesis Ho and accept the hypothesis Ha. This shows that the recapitalization of the banks managed to improve performance in CAR, NPL, NPM, ROA, ROE, LDR and increase Size of the company. While the ratio APAPAA has a smaller value than the value of the Z table. By looking at the probability of the 5% confidence level indicates that APAPAA have asym numbers sig > 5% indicates acceptance of the hypothesis Ho and reject the hypothesis Ha. This suggests that bank recapitalization does not improve performance on the ratio of allowance for earning assets to total earning assets, when compared with the period a year prior to the recapitalization and on the recapitalization.

Of the fourteen samples in the CAR, all provide positive relationships prove that CAR increased significantly in the recapitalization. This ratio is the same as the effect of the recapitalization of the banks when compared to two years prior to the recapitalization and on the recapitalization. While the NPL ratio, from keempat to twelve samples, thirteen banking company showed a negative relationship while a banking company experienced a positive relationship. This proves that the NPL decreased significantly in accordance with the recapitalization and the government's goal to reduce the value of NPLs of the banking company. In NPM ratio, eleven banking company has a positive relationship with the recapitalization. This is different when compared with the two years prior to the recapitalization. This shows that the recapitalization has an influence on the ability of management began to occur at the time of the recapitalization running. In ROA, of fourteen samples, eleven companies have a positive relationship, while three have a negative relationship. Positive relationship indicates that the presence of recapitalization improve management's ability to use its assets to improve bank performance in generating profits.

Table 7. The statistical results of Wilcoxon Sign Rank Test calculations one year before the recapitalization and in recapitalization

No	Hypotesis (Ha)	CAMEL Ratio	Z Score	Asym sig	Result
1	Ha1	CAR	-3.297	0.001	Accepted
2	Ha2	NPL	-3.17	0.002	Accepted
3	Ha3	APAPAA	-1.195	0.056	Rejected
4	Ha4	NPM	-2.354	0.19	Accepted
5	Ha5	ROA	-2.542	0.011	Accepted
6	Ha6	ROE	-2.731	0.006	Accepted
7	Ha7	LDR	-3.233	0.001	Accepted
8	Ha8	SIZE	-3.233	0.001	Accepted

ROA ratio indicates that 11 banking company has a negative relationship with the recapitalization and only 3 companies that have a positive relationship. With shrinking ROA ratio showed better results in banking operations necessary because the load gets smaller when compared with operating income. LDR at 13 banking company showed a negative relationship while the company showed a positive relationship. Negative correlation indicates that the majority of banks have increased liquidity in the recapitalization. And on the size, of the fourteen samples, thirteen showed a positive relationship. This shows that the recapitalization give effect to increase the size of banks.

Comparison of Performance Bank 1 year prior to the Recapitalization and 1 Year After Recapitalization

The test results are presented in Table 8 shows the Z count on all ratios greater than the value of the Z table, it shows that the hypothesis Ho is rejected and accept Ha. By looking at the probability of the 5% confidence level indicates that all ratios have asym numbers sig <0.05 indicates reject the hypothesis Ho and accept the hypothesis Ha. This shows that the recapitalization of the banks managed to improve performance in CAR, NPL, APAPAA, NPM, ROA, ROE, LDR and increase Size of the company.

Of the fourteen samples in the CAR, all give a positive relationship it is proved that the CAR increased significantly in the recapitalization. This is consistent with the goals announced by the government recapitalization to improve the CAR of banks. While the NPL ratio, to fourteen samples, 13 showed a negative relationship while a banking company showed a positive relationship. It is proved that the effect of the recapitalization began to decrease if we compare with the previous year. In APAPAA ratio, nine banking company showed a negative relationship and five showed a positive relationship. Positive relationship indicates that banks improve the quality of credit portfolio disbursed by banks.

Table 8. The statistical results of Wilcoxon Sign Rank Test calculations one year before and one year after the recapitalization of the recapitalization.

No	Hypotesis (Ha)	CAMEL Ratio	Z Score	Asym sig	Result
1	Ha1	CAR	-3.296	0.001	Accepted
2	Ha2	NPL	-3.045	0.002	Accepted
3	Ha3	APAPAA	-2.229	0.026	Accepted
4	Ha4	NPM	-3.233	0.001	Accepted
5	Ha5	ROA	-3.233	0.001	Accepted
6	Ha6	ROE	-3.233	0.001	Accepted
7	Ha7	LDR	-3.107	0.002	Accepted
8	Ha8	SIZE	-3.296	0.001	Accepted

Increased APAPAA is intended to guard the increase in Non-Performing Assets. NPM ratio showed a positive relationship to the thirteen banking company and the company showed a negative relationship. In ROA 13 banking companies showed a positive, larger if compared with the previous year. It is proved that the ROA and ROE, recapitalization gives greater influence a year after the recapitalization if compared with the effect of the recapitalization in the implementation of the recapitalization. LDR at 12 banking firm of 14 samples showed a negative relationship. The number of companies that have a positive relationship is reduced when compared with the previous year shows that the recapitalization program is to give effect to the recapitalization is implemented. And in size, to fourteen samples showed a positive relationship.

Comparison of Performance Bank 1 year prior to the Recapitalization and 2 Years After Recapitalization

The test results are presented in Table 9 shows the Z count on all the hypotheses ratio is greater than the value of the Z table. This shows that the hypothesis Ho is rejected and accept Ha. By looking at the probability of the 5% confidence level indicates that all ratios have asym numbers sig <0.05. This shows that the recapitalization of the banks managed to improve performance in CAR, NPL, APAPAA, NPM, ROA, ROE, LDR and increase Size of the company. Of the fourteen samples in CAR, thirteen samples of fourteen samples gave a positive relationship proves that the CAR increased significantly in the recapitalization. This amount is reduced compared with the recapitalization and a year after the recapitalization. This suggests that the effect of the recapitalization began to decrease after two years of implementation of the recapitalization program. While the NPL ratio, gives the same relationship with the previous year or the year after recapitalization. In APAPAA ratio, banking company showed a negative relationship, increased from nine companies to 10 companies. Positive relationship indicates that banks improve the quality of the credit portfolio disbursed by banks. Increased APAPAA is intended to guard the increase in Non-Performing Assets. In NPM ratio, the number of companies that have a positive relationship was reduced from thirteen companies into twelve companies.

Table 9. The statistical results of Wilcoxon Sign Rank Test calculations one year before and two years after the recapitalization of the recapitalization

No	Hypotesis (Ha)	CAMEL Ratio	Z Score	Asym sig	Result
1	Ha1	CAR	-3.045	0.002	Accepted
2	Ha2	NPL	-3.17	0.002	Accepted
3	Ha3	APAPAA	-2.291	0.22	Accepted
4	Ha4	NPM	-2.919	0.004	Accepted
5	Ha5	ROA	-3.233	0.001	Accepted
6	Ha6	ROE	-3.233	0.001	Accepted
7	Ha7	LDR	-3.045	0.002	Accepted

8	Ha8	SIZE	-3.233	0.001	Accepted
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This suggests that the effect of the recapitalization began to decrease when compared with the previous year. In ROA banking company that has a positive relationship has the same amount when compared with the previous year. This further proves that the ROA and ROE, recapitalization gives greater influence over a year after the recapitalization. LDR at 12 banking firm of 14 samples showed a negative relationship. The number of companies that have the same positive correlation when compared with the previous year and in size, and fourteen samples showed a positive relationship was reduced to thirteen companies. This provides an indicator that the size effect on the recapitalization began to decrease after a two-year recapitalization program running.

CONCLUSION AND IMPLICATION

Research using statistical methods levels marked Wilcoxon (Wilcoxon Sign Rank Tests) in the ratio of banks in the banking company which follows the recapitalization program between 1999-2000 showed that the banks were included in the program improved performance on financial ratios. In other words, it can be concluded that the bank recapitalization program undertaken by the government succeeded in its aim to make healthy banking in Indonesia.

This study found that the CAR had a significant relationship with other CAMEL ratios as predictors in the analysis of the banking company's health. Increased CAR conducted by the government significantly affect the health of other ratios in CAMEL analysis. Besides proving the success of the government in the banking healthy, this study also found that the recapitalization program provides additional effects that increase the size of the banking company. Statistical testing showed that the effect of partial recapitalization of the banking company and NPM CAR decreased after 2 years of the recapitalization program. ROA and ROA gives greater influence one year after the recapitalization while the ratio of allowance for earning assets to total earning assets (APAPAA) proved to be significantly affected by the recapitalization program.

This study has some limitations in practice. Although this research has been to adjust the CAMEL analysis in accordance with the pattern set by BI BI Circular Letter No. 3/30 / DPNP dated December 14, 2001 annex 14, but this research has not been fully able to follow the provisions for management factors can not be measured in monetary terms seperti implied by BI. This study uses a proxy to measure the factors management NPM. To measure the factors of management according to the pattern determined by the BI is to use questions that totaled 100 for foreign banks and 85 for non-foreign banks.

The results of this study can provide input to the parties concerned on bank performance. And if it will be used as a reference or to continue this research there are some records that may be used, namely,

1. To study the same in the future is expected to improve the performance of the variable measurements banking ratios are used so that the expected pattern of BI can be done completely.
2. Since 1997 UFIRS and some agencies in some countries have included a sensitivity factor in the health of the banking and the analysis of change CAMEL becomes CAMELS analysis. It is necessary for the banking system of financial reporting more transparent again to be able to incorporate these elements.
3. If the study will be tested for a wider sample group is expected to pay attention to issues relating to the selection and sample size, the normality of the data, the field of business or type of industry concentration and performance proxies are used.

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