ABSTRACT

The Covid-19 pandemic has affected economic conditions in Indonesia, causing an economic recession that resulted in various sectors experiencing a decline in performance, including the banking sub-sector. Nevertheless, banks are still able to encourage the growth rate of Indonesia's Gross Domestic Product (GDP), due to the large role of banks in driving consumption, investment, and export-import activities. Thus, it is necessary to supervise the soundness of banks in order to continue to encourage the Indonesian economy.

This study aims to analyze the soundness of banking in Indonesia before and during the pandemic, using the RGEC method, consisting of Risk Profile proxied by Non Performing Loans (NPL), Good Corporate Governance proxied by GCG composite value, Earnings proxied by Return on Assets (ROA) and Capital as proxied by the Capital Adequacy Ratio (CAR).

This research is quantitative research with a descriptive approach. Based on data from banking companies listed on the IDX until 2020, the population studied was 45 companies and the sample included in this study was 35 companies. This study uses secondary data derived from financial reports, self-assessments, and annual reports taken in the semester I and semester II 2019 (before the pandemic) and semester I and semester II 2020 (during the pandemic), with a sample selection technique, namely purposive sampling. The data were processed by normality test using Shapiro-wilk and hypothesis testing using Wilcoxon-Signed Rank Test using SPSS 25.

Based on the results of data processing, it shows that there is no significant difference in the soundness of banks using the RGEC method which is proxied by GCG, ROA, and CAR before and during the pandemic in the semester I and semester II. However, there is a significant difference in the soundness of banks using the RGEC method which is proxied by NPL before and during the pandemic in the semester I and semester II.

The results of this study are expected to complement the knowledge in the field of finance and banking, especially at the level of banking soundness by using the RGEC method. For further researchers, they can use financial ratios other than NPL, ROA, and CAR in order to broaden the findings related to the analysis of bank soundness and increase the time period. For banking companies, it is advisable to maintain or improve the soundness of the bank. For BI and OJK, in order to continue to strive to improve supervision of banking in Indonesia. And for the public, it is suggested that they can help banks in order to increase GDP figures and save Indonesia from recession.

Keywords: *Soundness of Bank*, NPL, GCG, ROA, CAR