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Financial Health Analysis of Ibnu Affan Thailand Islamic Cooperative: Capital Aspect

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Abstract

Islamic cooperatives play an important role in expanding financial inclusion for Muslim communities. However, Islamic cooperatives in Thailand lack standardized Sharia-compliant frameworks for assessing financial health, limiting objective risk evaluation. This study assesses the financial health of the Ibnu Affan Islamic Cooperative in Thailand from the capital perspective using the Indonesian Regulation of the Deputy Minister of Supervision of the Ministry of Cooperatives and SMEs No. 07/Per/Dep.6/IV/2016. A descriptive quantitative approach was employed using financial statement data from 13 cooperative branches covering the period 2019–2022. Capital adequacy was evaluated through financial ratio analysis based on the prescribed regulatory indicators. The findings show that the capital-to-total-assets ratio consistently ranged from 30% to 33%, placing the cooperative in the healthy category throughout the observation period. In addition, the Capital Adequacy Ratio (CAR) remained well above the minimum regulatory requirement of 8%, although it gradually declined from 69.64% to 57.37%. These findings indicate that the Indonesian financial health assessment framework provides a practical and reliable reference for evaluating the capital performance of Islamic cooperatives operating in non-regulatory contexts such as Thailand.

Keywords: Islamic Cooperative; Financial Health Assessment; Capital Adequacy Ratio; Sharia Compliance; Thailand

1. INTRODUCTION

Islamic cooperatives have emerged as a key instrument in microfinance across various Muslim-majority countries due to their role in promoting financial inclusion and the economic empowerment of low-income communities (Nafiah, 2025; Putri et al., 2024; Wafaretta et al., 2022), particularly by providing financial solutions for unbanked individuals and those unable to access banking services (Mawardi et al., 2020). In Indonesia, similar institutions such as Islamic Savings, Loan, and Financing Cooperatives and Baitul Maal Wat Tamwil (BMT) have contributed to serving MSME actors by providing support through structured regulations (Hejazziey, 2009; Pramelani et al., 2026; Rochmaniah & Oktafia, 2021). However, at the global level, these institutions still face challenges, particularly the absence of standardized financial health assessment frameworks across countries (Akbar & Siti-Nabiha, 2022) especially in countries that lack specific regulations for Islamic microfinance. Therefore, Indonesia's regulatory framework can be adapted as a reference for assessing the health of Islamic cooperatives, particularly in the capital aspect, which serves as the foundation of financial stability.

Ideally, every country should have standardized guidelines for assessing the financial health of Islamic Microfinance Institutions. At the international level, the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) has developed governance standards for Islamic financial institutions; however, their implementation varies across countries (Boudjelida & Bouaita, 2024). Indonesia has established a comprehensive regulatory framework through the Regulation of the Deputy for Supervision of the Ministry of Cooperatives and SMEs of the Republic of Indonesia No. 07/Per/Dep.6/IV/2016, which evaluates the health of Islamic cooperatives based on eight comprehensive aspects (Rosita & Ibad, 2025; Saleh et al., 2022). In contrast, cooperative regulations in Thailand remain general and do not yet provide mandatory standards for assessing the health of Islamic cooperatives. A similar situation is found across various developing countries in Southeast Asia, where the lack of standardized regulations for assessing the health of Islamic financial institutions remains a challenge to promoting sustainable Islamic financial inclusion (Fathihani et al. 2025). Therefore, the Ibnu Affan Islamic Cooperative in Thailand, as one of the leading Islamic microfinance institutions, serves as a highly relevant subject for analysis using Indonesian guidelines to evaluate its capital resilience.

The 2019–2022 period is particularly relevant, as it spans the outbreak phase of the COVID-19 pandemic through the initial recovery stage. The COVID-19 pandemic has significantly impacted financial institutions' financial performance (Abdallah & Bahloul, 2026), including Islamic cooperatives and

Baitul Maal Wat Tamwil (BMT) as well as other Islamic financial institutions, resulting in reduced profitability, operational disruptions, and increased financing risks (Fadillah & Pitri Yandri, 2025; Umami et al., 2025). Empirical findings indicate that while the average profitability (Return on Assets) of Islamic financial institutions has declined, Capital Adequacy Ratio (CAR) has tended to remain stable (Rokhmah & Rusgianto, 2025). For the Ibnu Affan Islamic Cooperative in Thailand, this period represents a critical phase to demonstrate its financial resilience amid the challenges posed by the COVID-19 pandemic.

Table 1. Total Own Capital & Total Assets of Ibnu Affan Islamic Cooperative in Thailand

Year	Total Own Capital (in Baht)	Total Assets (in Baht)
2019	765,617,969.09	2,310,400,278.26
2020	807,246,362.31	2,570,515,913.86
2021	841,518,772.77	2,827,385,386.82
2022	857,841,581.17	2,907,028,684.38

Source: Cooperative Financial Report

This study focuses on the Ibnu Affan Islamic Cooperative in Thailand and evaluates financial health from a capital perspective, using Indonesian guidelines, namely Regulation No. 07/Per/Dep. 6/IV/2016, as the basis for analysis. (Kasmiati, 2022; Zahriya & Isgiyarta, 2019). This step is crucial to ensure long-term sustainability (Esamah et al., 2023; Majid et al., 2025), mitigating financing risks, and strengthening member confidence (Nabila et al., 2023; Rezaningsih et al., 2023). In addition to providing empirical contributions to the supervisory system of Islamic cooperatives in Thailand, this study has the potential to initiate the harmonization of cooperative health standards across Southeast Asia. Furthermore, it offers a new perspective and serves as an important benchmark for countries that have not yet established independent regulations for Islamic cooperatives. (Faizal et al., 2024).

The novelty of this research lies in the application of the Indonesian Islamic cooperative health assessment framework, namely Regulation of the Deputy for Supervision of the Ministry of Cooperatives and SMEs of the Republic of Indonesia No. 07/Per/Dep. 6/IV/2016, to Islamic cooperatives in Thailand. Most previous research on the health of Islamic cooperatives has been conducted in a domestic context and has used regulations applicable in each country. Different from those studies, this study uses Indonesian regulatory instruments as the basis for analysis to assess the capital aspects of the Ibnu Affan Islamic Cooperative in Thailand.

This context is crucial because Thailand does not yet have specific, mandatory guidelines for assessing the health of Islamic cooperatives. Therefore, this study not only provides an empirical overview of the capital conditions of

Islamic cooperatives in Thailand but also offers a cross-national perspective on the potential use of Indonesian standards as a reference or benchmark in developing Islamic cooperative health assessment systems in other countries. Thus, this article contributes to the academic discussion on harmonizing Islamic cooperative supervisory standards in Southeast Asia, particularly in countries that do not yet have specific Islamic cooperative health assessment instruments.

Furthermore, this study confirms that the Indonesian Islamic Cooperative health assessment guidelines have the potential to serve as an initial reference for other countries, particularly those without specific instruments for assessing the health of Islamic Cooperatives. This relevance is evident because the indicators used in Deputy Regulation No. 07/Per/Dep. 6/IV/2016, particularly those related to capital, are quantitative, measurable, and applicable to cooperative financial report data. With these characteristics, the Indonesian guidelines not only serve as an assessment instrument in a national context but also as an initial benchmark for assessing the health of Islamic Cooperatives across nations.

2. METHODS

This study is descriptive in nature, aiming to systematically describe the financial health of the Ibnu Affan Islamic Cooperative in Thailand, particularly its capital position, based on available numerical data rather than examining causal relationships among variables (Saunders et al., 2024). This study adopts a quantitative approach, as the data analyzed are derived from the cooperative's financial statements and processed through financial ratio calculations, with the results interpreted objectively (Creswell & Creswell, 2022). A quantitative descriptive approach was chosen because this study aims to describe and assess the capital health of the Ibnu Affan Islamic Cooperative based on measurable financial data. This study is not intended to test causal relationships among variables, but rather to calculate financial ratios, assign scores, and determine the cooperative's health category according to the assessment guidelines. Therefore, this approach is considered appropriate to provide an objective picture of the cooperative's capital health during the 2019–2022 period.

The data used in this study are secondary data obtained from the financial statements of the Ibnu Affan Islamic Cooperative in Thailand for the period 2019–2022. Data collection was conducted through documentation, which involves collecting, reviewing, and evaluating documents relevant to the research objectives (Bowen, 2009). In addition, this study employs a literature review to strengthen its theoretical and methodological foundations, drawing on books, scientific articles, and regulations related to quantitative research methods and the assessment of Islamic cooperative health (Snyder, 2019).

The data analysis tools used in this study are based on Regulation No. 07/Per/Dep. 6/IV/2016 of the Deputy for Supervision of the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia/Per/Dep. 6/IV/2016 concerning Guidelines for Assessing the Health of Sharia-Based Credit Unions and Sharia-Based Credit Units within Cooperatives. The analysis focuses on capital, measured by two indicators: the equity-to-total-assets ratio and the Capital Adequacy Ratio (CAR). The use of financial ratios as an analytical tool is relevant because financial ratios can be used to assess financial conditions and performance in a more measurable way (Delen et al., 2013).

The data analysis process was carried out in a structured and systematic manner to ensure that the results accurately reflect the cooperative's financial health condition. The first stage involved collecting financial statements. The second stage involved identifying the required financial data components. The third stage involved calculating each ratio in accordance with the established guidelines. The fourth stage involved converting the calculated ratios into credit values and scores based on the assigned weighting system. The final stage involved interpreting the obtained scores into categories of cooperative health: healthy, fairly healthy, less healthy, or unhealthy (Peraturan Deputi Bidang Pengawasan Kementerian Koperasi Dan UKM Republik Indonesia Nomor 07/Per/Dep. 6/IV/2016 Tentang Pedoman Penilaian Kesehatan Koperasi Simpan Pinjam Pembiayaan Syariah Dan Unit Simpan Pinjam Pembiayaan Syariah Koperasi, 2016).

Deputy Regulation No. 07/Per/Dep. 6/IV/2016 was chosen because it provides systematic technical guidelines for assessing the health of Islamic savings and loans and financing cooperatives. The guidelines contain clear indicators, weights, scores, and assessment criteria, including those on capitalization. In Thailand, which does not yet have specific guidelines for assessing the health of Islamic cooperatives, the Indonesian regulation served as an initial reference for assessing cooperative capital in a more structured, measurable manner.

The assessment weights that will be used in the capital aspects and health components of Islamic cooperatives can be seen in the following table:

Table 2. Capital Aspect Assessment Weight

Aspect/Component	Weight Assessment (%)	Assessment Approach
Capital	**10**	
Capital to Total Assets Ratio $\frac{Total\ Equity}{Total\ Aset}\ x\ 100\%$	5	Quantitative
Capital Adequacy Ratio (CAR) $\frac{Weighted\ Capital}{ATMR}\ x\ 100\%$	5	Quantitative

Source: Perdep No: 07/Per/Dep. 6/IV/2016

As shown in Table 2, 2 types of ratios are used to measure capital. First, the ratio of own capital to total assets. To measure it, it is determined as follows: For capital ratios smaller than or equal to 0, a credit score of 0 is given; For every 1% increase in the capital ratio from 0%, the credit score increases by 5, up to a maximum of 100. The credit score is multiplied by a 5% weight to obtain a capital score.

An example of calculation can be seen in the table below:

Table 3. Standard Calculation of Own Capital to Total Capital

Capital Ratio (%)	Value	Weight Score(%)	Score	Criteria
0	0	5	0	0 – 1,25 Not Healthy
5	25	5	1.25	1,26 – 2,50 Less Healthy
10	50	5	1.5	1,50 Healthy
15	75	5	3.75	2,51 – 3,75 Fairly Healthy
20	100	5	5	3,76 – 5,0 Healthy

Source: Perdep No: 07/Per/Dep. 6/IV/2016

Second, Capital Adequacy Ratio (CAR). To measure it, it is determined as follows: Calculating the value of own capital (core capital) and complementary capital whose characteristics are the same as own capital by adding up the results of multiplying each component of the capital of the Islamic Financial Services Cooperative in the balance sheet by its recognition weight; Calculating the Risk-Weighted Assets (RWA) value obtained by summing up the results of multiplying the nominal value of assets in the balance sheet by the risk weight of each asset component; Calculation of CAR by comparing the value of recognized capital with the value of RWA multiplied by 100%; For CAR ratios smaller than 6%, a credit value of 25 is given. For an increase in the CAR ratio of 1%, the credit value is increased by 25 until the maximum CAR value is 8 credit values of 100; The credit score is multiplied by a 5% weight, and the CAR score is obtained. An example of calculation can be seen in the table below:

Table 4. Capital Adequacy Ratio (CAR) Calculation Standard

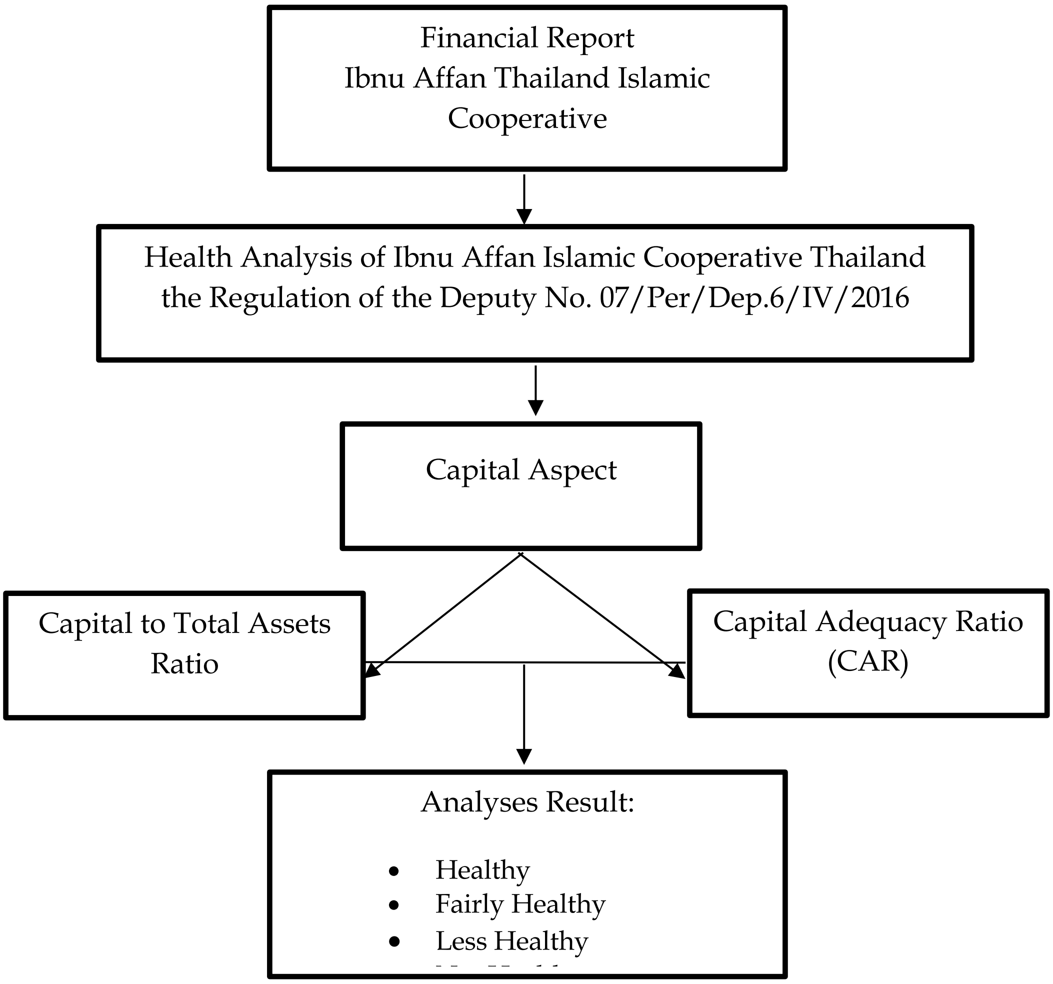
Capital Ratio(%)	Value	Weight (%)	Score	Criteria
< 6	25	5	1.25	Unhealthy
6 - < 7	50	5	2.5	Less Healthy
7 - < 8	75	5	3.75	Fairly Healthy
≥ 8	100	5	5	Healthy

Source: Perdep No: 07/Per/Dep.6/IV/2016

In this research, the conceptual framework is understood not only as a technical flow for calculating financial ratios, but also as an evaluation model that connects financial data, regulatory standards, and institutional interpretations of Islamic cooperatives. This model is built on the assumption that the capital health of Islamic cooperatives cannot be assessed solely by ratio values, but also by the capital's ability to support asset growth, absorb financing risks, and maintain institutional sustainability.

This research conceptual model consists of four main components. First, the input component: the financial statements of Ibnu Affan Islamic Cooperative for the 2019–2022 period, including equity, total assets, weighted capital, and risk-weighted assets. Second, the regulatory benchmark component, namely Deputy Regulation No. 07/Per/Dep. 6/IV/2016 is used as the basis for measuring the health of Islamic cooperatives in terms of capital. Third, the measurement component: namely, the capital-to-total-assets ratio and the Capital Adequacy Ratio. Fourth, the interpretation component, namely, reading the ratio results more analytically through capital growth trends, asset growth, changes in risk-weighted assets, and their implications for cooperative resilience. Based on the explanation above to describe the concept in this study, the research framework is presented as follows:

Figure 1. Conceptual Framework



3. RESULT AND FINDINGS ANALYSIS

Cooperative wealth that comes mostly from own capital is much better for the cooperative's sustainability. The capital development of Ibnu Affan Thailand Islamic Cooperative can be seen in the following table :

Table 5. Capital Development of Ibnu Affan Islamic Cooperative Thailand

Capital	In Baht			
	2019	2020	2021	2022
Principal Deposits	722,684,580.00	752,646,065.00	786,777,500.00	798,711,120.00
Compulsory Deposits	23,404,474.17	23,404,474.17	26,079,199.38	28,062,484.38
Reserves	8,535,692.47	8,406,446.64	8,829,226.90	8,906,150.88

Last Year's Patronage Refund	0.00	10,993,222.45	0	0
Current Year's Patronage Refund	10,993,222.45	11,796,154.05	19,832,846.49	22,161,825.91
Total Equity	**765,617,969.09**	**807,246,362.31**	**841,518,772.77**	**857,841,581.17**

Source: Financial Report

Based on the table above, the own capital of the Ibnu Affan Thailand Islamic Cooperative over the last 4 years, namely 2019 to 2022, experienced the highest increase in total capital in 2022. This was due to the increasing number of active members of the Ibnu Affan Thailand Islamic Cooperative, leading to higher mandatory savings. The capital owned by the Ibnu Affan Thailand Islamic Cooperative will be used to finance all activities, with the main objective of prospering its members. In line with this, Herry et al. (2019) state that Islamic cooperatives play a strategic role in advancing society. Islamic cooperatives serve as an alternative institution that provides access to capital for the community (Setiawan & Mardian, 2021). This is supported by research findings indicating that the cooperative's capital structure is relatively strong, as a significant portion of its assets is financed by its own capital. These results are further reinforced by Tashkandi (2023), who emphasizes that capital adequacy is essential for covering operational risks and ensuring compliance with Sharia principles.

The Patronage Refund of the cooperative is the remaining results of operations of the cooperative, distributed to members of the Islamic Cooperative Ibnu Affan Thailand based on each member's services. In general, members will see the cooperative's development through the amount of patronage refund the cooperative pays annually. Most members consider that the greater the patronage refund the cooperative obtains, the better the cooperative manages its activities. The development of the patronage refund for the Ibnu Affan Islamic Cooperative Thailand can be seen in the table below.

Table 6. Development of The Patronage Refund of Ibnu Affan Thai Islamic Cooperative Year 2019 – 2022

Year	Patronage Refund (In Baht)
2019	10,993,222.45
2020	11,796,154.05
2021	19,832,846.49
2022	22,161,825.91

Source: Financial Report

In carrying out its operations, the surplus distribution serves as a key service mechanism for cooperatives to enhance member loyalty, which, in turn, contributes to the internal strengthening of cooperative capital (Hyronimus & Langga, 2022). The findings from the Ibnu Affan Islamic Cooperative in Thailand indicate that surplus distribution has increased in each reporting period. This increase can be interpreted as an indication that capital turnover management has been effective. Bawamenewi (2022) states that efficient capital turnover directly contributes to operational income, thereby increasing the cooperative's surplus distribution. Conversely, poor capital turnover, as noted by Supriyadi & Jatmika (2021), may hinder surplus distribution's growth, as ineffective capital management will negatively affect the cooperative's operational income.

Capital Ratio to Total Assets Analysis Results

Capital ratio analysis shows the proportion of a company's assets funded by equity rather than creditors (debt). A higher ratio indicates a strong capital base and lower reliance on debt. The results of these calculations will be weighted and presented in the following table:

Table 7. Calculation Results of Capital to Total Asset Ratio

Year	Healthy Ratio (The Regulation of Deputy)	Capital Ratio	Criteria
2019	>20%	33%	Healthy
2020	>20%	31%	Healthy
2021	>20%	30%	Healthy
2022	>20%	30%	Healthy

Source: Financial Report

The table above shows that the company's capital ratio consistently fell within the "Healthy" category from 2019 to 2022. In 2019, the capital ratio stood at 33%; it then declined slightly to 31% in 2020 and remained stable at 30% in 2021 and 2022. The decline in the ratio from 33% in 2019 to 30% in 2022 indicates that the company has maintained a relatively stable capital structure and is not overly reliant on debt. Consistent with research conducted by Azhari (2025) a balanced capital structure has a positive impact on cooperative performance. In the findings of a study at the Ibnu Affan Islamic Cooperative in Thailand, although there was a decline in the capital ratio from 33% to 30%, the weighted score still indicates that the level of equity relative to total assets remains above the standard threshold for capital adequacy a criterion consistently applied in cooperative performance analysis to ensure a strong capital structure (Lina et al., 2025). A balanced capital structure, an appropriate combination of equity and debt, serves as a crucial foundation for the cooperative's financial health. Adequate capital provides greater operational flexibility, enables the fulfillment of financial obligations, and enhances the cooperative's ability to anticipate business risks (Sanjiwo et al., 2025).

The managerial implications of these findings are the need for policies to strengthen internal capital through increased member participation, optimization of mandatory savings, the formation of stronger reserves, and careful management of business surpluses. With these strategies, cooperatives can not only maintain a healthy status but also maintain capital resilience in the face of future business expansion and financial risks.

Capital Adequacy Ratio (CAR) Analysis Results

Capital adequacy ratio (CAR) in financial institutions, such as Ibnu Affan Thailand Islamic Cooperative, is an obligation to maintain capital adequacy (minimum capital) based on the risk of its assets. The use of this ratio is intended to enable the managers of the Ibnu Affan Thailand Islamic Cooperative to conduct healthy business development and to bear the risk of loss within limits anticipated by existing capital.

To calculate weighted capital, it is necessary to know the amounts of core and complementary capital. The core capital in question comprises mandatory savings, principal savings, patronage refunds, and reserve deposits. Complementary capital is the amount of long-term debt. Then it can be known, as follows:

Table 8. Calculating Weighted Capital

Year	Tier 1 Capital	Supplementary Capital	Weighted Capital
2019	765,617,969.09	89,402,964.69	855,020,933.78
2020	807,246,362.31	70,138,494.14	877,384,856.45
2021	841,518,772.77	93,814,002.80	935,332,775.57
2022	857,841,581.17	71,053,810.24	928,895,391.41

Source: Financial Report

From the table above, it can be seen that the weighted capital increases each year. In 2019, 855,020,933.78 baht increased by 7.9% to 928,895,391.41 in 2022. Next, calculate the Risk-Weighted Assets (RWA) as follows:

Table 09. RWA Calculation

Assets	Risk Weight	RWA (Baht)			
		2019	2020	2021	2022
Cash and Cash Equivalents	0%	0	0	0	0
Low Risk Loans	30%	261,158,106.98	251,724,943.76	264,011,324.21	248,006,979.90
Medium Risk Loan	50%	138,005,711.57	161,978,266.60	155,232,883.44	169,933,383.86
High Risk Loans	80%	24,645,113.78	13,644,578.66	17,726,496.54	15,593,988.74
Fixed Assets	80%	803,982,833.78	1,003,501,178.58	1,193,465,249.15	1,300,374,351.17
Total		**1,227,791,766.11**	**1,430,848,967.58**	**1,630,435,953.34**	**1,733,908,703.66**

Based on Tables 8 and 9, the capital adequacy ratio is obtained, namely:

Table 10. Calculating the Capital Adequacy Ratio

Year	Weighted Capital	RWA	Capital Adequacy Ratio (%)	Healthy Ratio (PERDEP)	Criteria
2019	855,020,933.78	1,227,791,766.11	69.64	>8%	Healthy
2020	877,384,856.45	1,430,848,967.58	61.32	>8%	Healthy
2021	935,332,775.57	1,630,435,953.34	57.37	>8%	Healthy
2022	928,895,391.41	1,733,908,703.66	53.57	>8%	Healthy

Because Ibnu Affan Thailand Islamic Cooperative has an annual capital adequacy ratio of more than 8% each year, the credit score is 100, with a score and weight of 5. This means the capital adequacy ratio meets the healthy criteria. In 2019, the co-operative's weighted capital was 855,020,933.78, with Risk-Weighted Assets (RWA) of 1,227,791,766.11, resulting in a capital adequacy ratio of 69.64%. This is a very high ratio, indicating that the company has very strong capital to cover the risks associated with its assets. In 2020, although the weighted capital increased to 877,384,856.45 and RWA rose to 1,430,848,967.58, the capital adequacy ratio decreased to 61.32%. This decrease remains in the healthy category as the ratio is still well above the 8% minimum.

In 2021, the weighted capital increased further to 935,332,775.57 with RWA of 1,630,435,953.34, but the capital adequacy ratio decreased again to 57.37%. Similarly, in 2022, although the weighted capital decreased slightly to 928,895,391.41 and RWA increased to 1,733,908,703.66, the capital adequacy ratio decreased further to 53.57%. Based on these findings, the Ibnu Affan Islamic Cooperative in Thailand demonsteryrates a strong capital capacity to absorb potential losses arising from its risk-weighted assets. Accordingly, this condition is consistent with the guidelines for assessing the financial health of Islamic cooperatives, which state that a higher capital adequacy ratio relative to risk-weighted assets indicates a stronger ability of the cooperative to protect the interests of its members (Wati et al., 2021). This is further supported by Prabowo (2025) who argues that an inappropriate capital structure may increase financial risk and reduce an institution's resilience to external shocks.

Therefore, CAR results cannot simply be interpreted as "healthy" based on regulatory standards. They also need to be understood as a signal that cooperatives must maintain a balance between asset expansion, financing distribution, and capital strengthening. Strategies that can be implemented include strengthening capital reserves, controlling the growth of high-risk assets, improving financing quality, and ensuring that business expansion remains in line with available capital capacity.

4. DISCUSSION

Analysis of Capital-to-Total Assets Ratio

Cooperatives, as institutions that strengthen community capital, aim to improve their members' welfare (Yuliarmi, Dunggio, & Yasa, 2020). A high capital ratio indicates that a cooperative has sufficient capital to absorb potential losses arising from its assets. This is crucial for ensuring financial stability, particularly during economic uncertainty. Maintaining a healthy capital ratio indicates effective risk management and sufficient liquidity to meet its obligations. With a capital ratio above 30% at the Ibnu Affan Islamic Cooperative, this demonstrates that they have adequate capital to handle various situations, including potential losses.

Assessment of capital adequacy is critically important because capital is, by its very nature, the most crucial factor to consider in running a business; thus, the larger the capital held, the easier it will be for the cooperative to expand its operations (Supra, 2018). Additionally, a healthy capital ratio sends a positive signal to investors and other stakeholders regarding the company's financial strength and stability. Investor confidence will increase when the company demonstrates stability in its capital ratios, as this indicates that the cooperative is not only capable of surviving in the short term but also prepared for long-term growth. By maintaining a high capital ratio, the cooperative not only demonstrates financial stability but also readiness to face future challenges.

Thus, based on the results of the above analysis, the Ibnu Affan Islamic Cooperative is in a capital position assessed as "Health," reflecting the cooperative's ability to generate capital in each current period. The cooperative provides economic benefits to its members through Surplus Distribution, which members subsequently receive. This can also lead to increased member participation in capitalization through mandatory savings, thereby indirectly influencing the cooperative's success. Given its generally stable year-over-year growth, it is evident that capital mobilization has increased annually at the Ibnu Affan Islamic Cooperative.

The research results show that the Ibnu Affan Islamic Cooperative had a relatively strong capital position during the 2019–2022 period. This is evident from the capital-to-total-assets ratio, which consistently remained in the healthy range of 30%–33%. This indicates that the cooperative has a strong capacity to finance its assets through equity, resulting in relatively low reliance on external funding. In the context of Islamic cooperatives, a strong capital structure is crucial because equity serves not only as a source of operational financing but also as a protection instrument against the risk of loss and financial instability.

However, although the capital ratio is in the healthy category, there is a downward trend from 33% in 2019 to 30% in 2022. This decline does not necessarily indicate poor financial condition, but should be understood as an indication that the cooperative's asset growth is outpacing its equity growth. In other words, asset expansion that is not matched by a proportional increase in capital can lead to a long-term decline in the capital ratio. Therefore, cooperatives need to balance asset growth and capital strengthening to maintain financial stability.

Other consistent research findings by Hermawan et al. (2018) show that the equity-to-total-assets ratio falls within healthy criteria. When combined with a high capital adequacy ratio (CAR), this demonstrates the cooperative's ability to fund its assets independently while ensuring that financing disbursements remain secure. These findings are further supported by Amilia & Fitrayati (2015), who confirmed that capital plays a significant role in the smooth operation and success of cooperatives. On the other hand, research by Putri et al. (2021) indicates that an equity-to-total-assets ratio in the poor category suggests that more than half of total assets are financed by debt, making the cooperative quite vulnerable to financial risks. The findings of Pedrero et al. (2025) also confirm that from a capital structure perspective, cooperatives with a higher capital ratio tend to be more resilient to economic shocks.

Capital Adequacy Ratio (CAR) Analysis

Based on their asset risk, financial institutions such as the Ibnu Affan Islamic Cooperative in Thailand are required to maintain adequate capital, as indicated by the capital adequacy ratio (CAR). The purpose of this ratio is to ensure that managers build a strong institution capable of absorbing loss risks within predetermined limits that can be covered by available capital. According to Hama et al. (2024), the capital adequacy ratio serves as a key indicator of a cooperative's ability to bear financing risks. Increased public trust and a healthier capital adequacy ratio are reflected in higher scores, which help cooperatives attract new members (Hidayatin, Sari, & Sari, 2022).

Assessment of capital adequacy is a crucial component for measuring and supporting a cooperative's ability to conduct its operational activities. In line with this, the findings of Rahima et al. (2023) reinforce that good capital adequacy measurement results indicate that a cooperative's capital is sufficient to support the funding of all its assets and adequate to absorb potential losses arising from a decline in the value of its assets (Rasid & Fitria, 2024). However, evaluation and follow-up are still necessary to increase the capital ratio as the cooperative's total assets grow. Cooperatives with high asset growth that is not accompanied by capital strengthening are at risk of long-term performance decline (Hama et al., 2024).

Based on the results, the Ibnu Affan Islamic Cooperative is in a capital adequacy condition rated as "Healthy." This indicates that as the cooperative's capital increases, the capital adequacy ratio remains sufficiently good and efficient. Although there is a downward trend, this capital adequacy ratio remains in the healthy category because it remains high enough to cover the risks associated with the company's assets. Overall, the company's capital adequacy ratio indicates strong financial health and a good ability to bear risks during the period. A similar point was made by Barros et al. (2020) in their study, which stated that a capital adequacy ratio remaining in the "healthy" category indicates that the intermediation function is still functioning well despite pressure from asset growth outpacing capital growth.

Although the Ibnu Affan Islamic Cooperative's CAR remains well above the minimum threshold of 8% and is categorized as healthy, as stated above, its value has decreased from 69.64% in 2019 to 53.57% in 2022. This decline indicates that risk-weighted assets are increasing faster than weighted capital. Therefore, the cooperative still has a strong capacity to absorb risk, but this downward trend remains an important signal for management to strengthen its capital base on an ongoing basis.

Previous research by Susanti (2024) emphasized that adequate capital enhances the trust of members and external parties and serves as the foundation for healthy business development. These findings are reinforced by the results of Bawamenewi (2022), which show that capital adequacy scores of 3 and ratios above 8% for three consecutive years can be considered very good. Indriani et al. (2017) also emphasize the need to evaluate sustainable capital ratios to mitigate risks inherent in the institution's operational activities.

Theoretically, this research strengthens the study of Islamic cooperatives' financial health by positioning capital as a measure not only of technical efficiency but also of institutional resilience. The capital-to-total-asset ratio (CAR) not only indicates whether a cooperative is healthy or unhealthy, but also reflects the cooperative's ability to sustain asset growth, absorb risk, and maintain business sustainability. Furthermore, the use of Deputy Regulation No. 07/Per/Dep. 6/IV/2016 on Islamic cooperatives in Thailand demonstrates the potential for Indonesian guidelines to serve as analytical references in cross-country studies. Thus, this research broadens the theoretical discussion on assessing the health of Islamic cooperatives from a domestic context to a comparative perspective across countries.

5. CONLUSION

Based on the analysis, the Ibnu Affan Islamic Cooperative in Thailand was categorized as healthy in terms of capital during the 2019–2022 period. This is indicated by a capital-to-total-asset ratio of 30%–33%, and a Capital Adequacy Ratio (CAR) that remained well above the minimum threshold of 8%. However, it decreased from 69.64% in 2019 to 53.57% in 2022. This decline in the ratio does not indicate weak financial condition, but rather that asset- and risk-weighted asset growth is outpacing capital growth. Therefore, cooperatives need to maintain sustainable capital by increasing member participation, strengthening reserves, managing business surpluses, and controlling risky assets. The main contribution of this research lies in the use of Deputy Regulation No. 07/Per/Dep. 6/IV/2016 as an analytical reference for assessing the capital health of Islamic cooperatives in Thailand. These findings indicate that the Indonesian guidelines have the potential to serve as an initial benchmark for countries without specific instruments to assess the health of Islamic cooperatives. This study was limited to capital-related aspects and focused on a single research object, the Ibnu Affan Islamic Cooperative. Future research is recommended to expand the analysis to other aspects of cooperative health, such as liquidity, efficiency, productive asset quality, management, growth, cooperative identity, and Sharia compliance, and to compare several Islamic cooperatives across different countries.

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