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Performance Finance from the Perspective of Standard Financial Ratio Limits and Good Corporate Governance in Banking Sector Shares

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Abstract: This research is expected to provide practical and theoretical benefits. And as a source of information about the influence of financial risk on financial performance. This research can be helpful for other researchers as material for further studies regarding issues related to the impact of financial risk on financial performance in banking companies listed on the Indonesian Stock Exchange (BEI). This research can be used as material for banking evaluations so that they can implement appropriate risk management strategies to improve banking performance. Studies referred to Laeli and Yulianto (2016) and Izdihar, Hassan, And Azlina (2017) show that good corporate governance can moderate the relationship between Non-Performing Loans and bank financial performance. Results contradict the study by Akbar and Lanjarsih (2019), which shows that good corporate governance can moderate the connection between non-non-performing loans and financial performance. This research aims to find out whether management projected risk NPL (Net et al. (Loan et al.), BOPO (Operating Costs) Against Operating Income) can affect the financial performance projected by Return on Assets (ROA). This research also aims to determine whether assessing Good Corporate Governance (GCG) can moderate management relationships risk and ROA. The data used in this research is quantitative; the data used is secondary data. The data analysis techniques used in this research are the classic assumption test, moderated regression analysis, t-test, and F test using SPSS Moderated Regression Analysis (MRA) software. The results of this study show that LDR has no effect and is negatively related to ROA. BOPO has no effect and is negatively related to ROA. NPL has no effect and is positively related to ROA. GCG Self-Assessment does not moderate NPL on ROA, with a negative relationship. GCG Self-Assessment does not moderate LDR on ROA and is positively related. GCG Self-Assessment does not moderate BOPO on ROA, with an antagonistic relationship

Keywords: Management Risk, Net Performing Loan, Loan To Deposit Ratio, BOPO, Return on Assets, Self-Assessment of Good Corporate Governance.

JEL Classification Code: G21, G32, G34

1. INTRODUCTION

The implementation of governance management, which has not been optimal, is sometimes caused by weakness in implementing good corporate governance (GCG). Management institutions have long argued that banking must be repaired. Bank Indonesia (BI) continues to endeavor to repair the implementation of GCG in the banking industry. Among them, repair is done through self-assessment or internal assessment. This is according to PBI No.8/4/PBI/2006 (Implementation of good corporate governance for commercial banks), which states that banks must create their evaluation of the implementation of GCG in each institution. Self-assessment is assessed at the end of the year. For example, GCG is already good or not yet, as it has implemented corporate mechanisms of governance prepared by the National Governance Policy Committee (KNKG) with indicators of transparency, accountability, responsibility, independence, and fairness in the company. Meanwhile, GCG controls the company by arranging rules about the mechanism for results, goods that form

profit, return, and risks agreed upon by the principal and agent. This mechanism is included in the internal mechanism of good corporate governance, i.e., it consists of board directors, board commissioners, institutional ownership, and committee auditing.

Banking is an essential sector in a country's economy. This sector plays a role in financial intermediation, channeling funds from parties with a surplus (saving customers) to parties who need them (borrowing customers). This role makes banking one of the main drivers of economic growth. In 2016, Indonesia's financial sector was still in good condition and was one of the most profitable globally. The non-performing loan (NPL) ratio reached 3.2% in July 2016, mainly in banks that have the majority of the credit portfolio for companies. The financial sector will face challenges such as below-average economic growth, low commodity prices, pressure from the government to reduce loan interest, and depreciation of the rupiah, thereby weighing on asset quality and business profitability. (Christine et al., 2021; Hasibuan & Dwiarti, 2019). Based on Table 1, ROA from 2017 to 2019 increased from 2.46% to 2.49% but decreased from 2020 to 2021 to 1.91% and increased in 2022 to 2.42%. NPL from 2017 to 2019, NPL experienced a significant decrease from 2.99% to 2.59% but increased from 2020 to 2021 to 3.23%, then decreased from 2022 to 2.91%. LDR also increased from 2017 to 2019 from 89.17% to 94.41%, decreased from 2020 to 2021 to 79.97%, then increased from 2022 to 80.27%. NIM decreased from 2017 to 2020 from 5.34% to 4.55% but increased until 2022 to 4.75%. CAR decreased from 2017 to 2018 from 23.11% to 22.81%, then CAR rose from 2018 to 2019, namely 22.81% to 23.29%, reduced again in 2020 to 22.97%, and increased again until 2022, namely 25.14%.

Table 1. ROA Statistics, NPLs, LDR, NIM Banking Indonesia 2017-2022

Ratio	2017	2018	2019	2020	2021	2022
ROA	2.46	2.47	2.49	2.05	1.91	2.42
NPLs	2.99	2.71	2.59	3.03	3.23	2.91
LDR	89.17	92.20	94.41	87.96	79.97	80.27
NIM	5.34	5.11	4.89	4.55	4.62	4.75
CAR	23.11	22.81	23.29	22.97	24.71	25.14

Performance Achievements Banking-finance is the Bank's financial condition at a certain period, which covers the aspects of collecting funds, distributing funds, managing funds, technology, and resources (Mustofa & Haryanto, 2014). To know the effectiveness And efficiency of a company in reaching goals, companies need to assess and analyze financial performance. The wrong factor can be used To see the effectiveness And efficiency of the organization in achieving its company goals, namely by determining the company's performance (Bidhari et al., 2013). According to Soares and Yunanto (2018), the company will obtain information about position finances and past financial performance through performance finance assessment and analysis. Apart from that, this information can be used as a guide in predicting position and performance finance and other matters of interest to shareholders and stakeholders in the future (Soares & Yunanto, 2018). The company can make performance improvement efforts with others by applying management risk and suitable mechanisms of corporate governance (Cahyaningtyas & Sasanti, 2019). Financial financial performance is essential for measuring a bank's success in business activities. Good financial performance will positively impact a country's economic growth. Conversely, poor financial performance can hamper economic growth.

Management of every bank risk is required, along with increasing competition and a complex external environment that brings various opportunities and threats to the company. The hope is that applying management risk can contribute to the efficiency and effectiveness of the operational company, understanding risk better, and improving the quality of decision-making. Eight risks need to be managed by banks, including Non-Performing Loans, market risk, liquidity, operational risk, risk obedience, risk law, risk reputation, And strategic risk (POJK Number 18/POJK.03/2016). There are many reasons behind the decline in financial performance, the indicator of which is Return On Assets in banking in Indonesia, one of which is the very high risk faced. Risk Alone is the possibility of obtaining a loss consequence from certain events. What this means is that there is a possibility that something will happen result No desired as well as can give rise to loss if Not anticipated And managed with Good (Rustam, 2018, h. 5).. In contrast, management risk is a series of methodologies and

procedures used to identify, measure, monitor, And control risk Which arise from all bank business activities (POJK Number 18/POJK.03/2016).

The higher the NPL ratio of a bank, the worse the quality of bank credit will be problematic. According to a study by Rich And Pastry (2013), Bastomi, Salim, And Aisjah (2017), as well as a study by Fadun And Oh Yeah (2020), Non-Performing Loans calculated using NPL have a negative impact and are significant to ROA. However, the results of a study conducted by Aruwa and Musa (2014) and Buchory (2015), as well as research by Saiful and Ayu (2019) whose results show that NPL has a positive influence on ROA. Non-Performing Loans are a risk resulting from the failure of other parties to fulfill their obligations to the Bank, including Non-Performing Loans due to debtor failure, risks credit concentration, counterparty credit risk, and settlement risk (POJK Number 18/ POJK.03/2016). Non-performing loans are used to analyze the effects of non-performing loans on company performance. NPL shows the Bank's ability to manage problem loans provided by banks (Harun, 2016).

Liquid control is achieved through management actions by the Bank in anticipation of maturing obligations. According to Saiful And Ayu (2019) Loan, the Deposit Ratio is used in analyzing liquidity to the performance of a company. The tall ratio LDR shows higher bank profits, which leads to an increase in bank financial performance, assuming that the Bank can distribute funds in an effective way (Siregar et al., 2019). Studies by Fadun And Oh Yeah (2020), Siregar, Lubis, and Erwin (2019), and Kusmayadi (2018) show there is a positive relationship between LDR and ROA. Different from research done by Al-Rdaydeh, Matar, And Alghzwai (2017), Soares And Yunanto (2018), and Onsongo, Muathe, and Mwangi (2020) who found an influence significant negative between LDR and ROA.

The operational efficiency of a bank is essential to avoid operational losses. Operational losses result from inadequacies or No functioning of something process, error man, failure system, or caused Because incident external influences the operational Bank (POJK Number 18/ POJK.03/2016). The BOPO indicator measures operational risk to the performance of the company (Chaniago & Widyantoro, 2017). The smaller the BOPO ratio indicates, the more efficient operational costs are issued by the Bank, with the possibility that the Bank is in a condition with minor problems (Harun, 2016). The results of research conducted by Widajatun and Ichsani (2019), Kusmayadi (2018), and Gadzo, Kportorgbi, and Gatsi (2019) show that there is a significant negative influence between BOPO and ROA. Meanwhile, the results of research conducted by Saiful and Ayu (2019) on bank sharia in Indonesia And Onsongo, Muathe, And Mwangi (2020) show a positive influence between BOPO And ROA.

Laelia and Yulianto (2016). Akbar's research And Lanjarsih (2019), as well as a study by Mardiana, Endah, And Dianta (2018), show that good corporate governance can moderate the connection between liquidity and performance finance banks. However, the results of the contradictory study done by Izdihar, Hasan, and Azlina (2017) and Bangun dan Bakar (2018), where research show that good corporate governance can moderate the connection between liquidity and performance finance. A study by Akbar And Lanjarsih (2019) and a study by Mardiana, Endah, And Dianta (2018) show that good corporate governance can moderate the relationship between operational risk and the performance of bank finance. These results contradict the research conducted by Izdihar, Hassan, And Azlina (2017) and Chaniago And Widyantoro (2017). The results from the study show that good corporate governance can moderate the connection between operational risk and performance finance. Based on several previous studies, there are inconsistencies in the results obtained from different researchers. Difference results show that a research gap exists, which means there is a connection between non-performing loans, liquidity, and operational risks on performance finance, as well as the ability of corporate governance in moderate connection. Therefore, this research aims to fill this gap by analyzing the influence of risk management on banking financial performance and seeing whether self-assessment of good corporate governance can moderate the relationship between risk management and banking financial performance. This research aims to determine whether non-performing loans, liquidity, efficiency, etc, and GCG Self Assessment affect bank performance. This research is expected to provide practical and theoretical benefits. Theoretically, this research can be used as a source of information about the influence of financial risk on financial performance moderated by earnings management. This is a reference to increase insight regarding the influence of

financial risk on financial performance moderated by earnings management in BUNM banking companies registered on the Indonesian IDX. The author hopes that this research can be helpful for other researchers as material for further studies regarding problems related to the influence of financial risk on financial performance moderated by earnings management in banking companies listed on the Indonesian Stock Exchange (BEI). This research can be used as material for banking evaluations to implement appropriate risk management strategies to improve banking performance. Based on the previous background, the problem in this research is whether non-performing loans have operational liquidity. Self-assessment: Does GCG affect bank performance? Moreover, what is Self Assessment GCG? It moderates the relationship between operational risk and bank performance.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Many previous studies on company performance link the relationship between risk management and GCG self-assessment moderation. Ismanto's research (2020) explains that liquidity efficiency is negative on financial performance, Non-Performing Loans are negative on economic performance, functional efficiency is negative on fiscal capacity, and the increase in borrowing costs is positive on budgetary capacity. Meanwhile, liquidity efficiency, Non-Performing Loans, functional efficiency, and loan cost efficiency influence financial performance—Abbadi, Hijazi, and Al-Rahahleh (2016) state that GCG hurts earnings management. A review by Inegbedion et al. (2020) discovered the impact of resource management hazards on the ideal financial performance of business banks in Nigeria.

Research by Mardiana et al. (2022) found that the Capital Adequacy Ratio (CAR) and Non-Performing Loan (NPL) variables had a negative and insignificant impact on Return on Assets (ROA) and Operating Efficiency (BOPO) had a negative and significant impact on Return on Assets (ROA). Thus, banks (issuers) are expected to pay more attention to the level of operational efficiency to increase the profitability of the company's financial performance. Meanwhile, the Capital Adequacy Ratio (CAR) and Non-Performing Loan (NPL) variables do not affect the company's Return on Assets (ROA) because, at the time of the research, the use of bank intermediation was not as expected. Shaik, A., & Sharma, R. (2021) found the influence of the Capital Ratio variable on ROA in the banking sector. Research by Perulian et al. (2023) shows that profitability has a significant negative effect on bond ratings, liquidity has no significant effect on bond ratings, and leverage has a significant impact on bond ratings. Devica Pratiwi and Budi Kurniawan (2022) found that NIM and CAR considerably influence profitability, while NPL and LDR have an insignificant effect.

Research conducted by Widajatun And Ichsani (2019) shows that influence is negative and significant between NPL and performance finance. Fadun And Oh Yeah (2020) found a relationship negative And significant. A study about operational efficiency That proxied with BOPO to performance finance was done by Widajatun and Ichsani (2019), and Saiful and Ayu (2019) results show a significant negative influence. A study about good corporate governance as a variable That moderates the relationship between risk management and financial performance by Laeli and Yulianto (2016), as well as Izdihar, Hassan, And Azlina (2017) shows that the good corporate governance variable can moderate between Non-Performing Loans with bank financial performance. Findings by Akbar and Lanjarsih (2019) Good corporate governance can moderate the relationship between operational efficiency and economic performance. These results are based on research conducted by Mardiana, Endah, and Dianta (2018).

This research raises agency theory based on a contract where one or more parties give duties to other parties as agents to delegate authority in decision-making (Meckling, 2003). An agent is a contract maker to carry out specific tasks for the principal. Meanwhile, the principal is the contract maker to reward the agents (Hendriksen & Breda, 1992). Agency theory describes shareholders as principals while management as agents. Management is the party contracted by shareholders to work in the interests of shareholders.

For this reason, management is given some power to make decisions in the best interests of shareholders. Therefore, management must be accountable for all its efforts to shareholders (Jensen & Meckling, 1976). According to Yushita (2010), agency problems arise when the principal has difficulty ensuring that the agent acts to maximize the principal's welfare. According to agency theory,

one way to align the goals of the principal and agent is through a reporting mechanism (Luayyi, 2010). Information is one way to reduce uncertainty, so accountants have an essential role in sharing the risks of managers and owners. In studying corporate governance issues, agency theory is considered appropriate for learning corporate governance issues. Agency theory is a relationship based on contracts between company members, namely the principal (owner) and the agent as the leading actor (Hamdani, 2016). The application of corporate governance based on agency theory can be explained through the relationship between management and owner, and management as an agent is morally responsible for optimizing the principal's profits and will receive compensation by the contract.

Risk is an uncertain outcome because the probability of uncertainty cannot be determined. Risk Categories: financial risk, operational risk, authority risk, information processing and technology risk, integrity risk, and strategic risk (Linsley & Shrives, 2006). Miihkinen, 2013 defines risk disclosure as all information about risks a company presents in its annual report. More information about a company's risks in a yearly report is needed to maintain the effectiveness of the report. In general, risks are adverse consequences caused by certain situations—risk is the uncertainty associated with prospective gains or losses. Linsley and Shrives (2006) have provided six risk classifications: financial risk, strategic risk, operational risk, empowerment risk, processing and technology risk, and integrity risk. Economic risk is caused by events related to a company's financial management policies.

Liquidity is proxied by LDR (loan-to-deposit ratio), which indicates the ability of a bank to distribute funds into the credit (Widajatun, 2019). Liquidity is the ability to pay obligations from liquid funding that can be collateralized when the payment deadline is reached without significantly impacting the Bank's smooth activities and financial condition. Measuring liquidity can be used to find out the extent of banks' inability to meet maturing obligations. Murphy, 2008 (Novia et al., 2022) states that this liquidity arises due to the company's lack of capability to repay its debts in the form of cash payments. This liquidity is related to investment activities, credit functions (fund provision), and correspondent relationship activities with other banks. The higher ratio LDR shows that banks can channel their funds well and have an increasing influence on high-profit banks, which leads to enhanced performance in finance banks, assuming that the Bank can channel funds effectively (Siregar et al., 2019). Increased bank interest income then shows an increase in profit, Which Then has an influential positive on ROA as well as an increase in bank performance (Harun, 2016). LDR becomes an indicator in measuring banking liquidity in research Fadun and Oye (2020), Cahyaningtyas and Sasanti (2019), Hakim (2017), Soares And Yunanto (2018) and Widajatun and Ichsani (2019).

$$LDR = \frac{\text{Total Loans}}{\text{Total Third Party Funds}} X 100\%$$

Operational efficiency is an internal process caused by external events in banking operations. Based on Basel II provisions (Hopkin, 2018), banking has seven operational risks: Internal fraud, External fraud, Employees, Clients, Physical assets, Systems, and Processes. Operational risk can be measured based on two factors: the risk control system and risks often attached to an activity or what is usually called inherent risk. Based on the statement by the British Bankers Association, 2005 (Matthews, K., 2007), operational efficiency is a situation where the actions taken cause direct or indirect losses due to failure or incompatibility of internal processes, people, and systems or from external parties. This was then reaffirmed by Rose & Hudgins (2013), where operational efficiency is related to reduced income obtained by banks due to miscommunication between bank employees, problems with computer systems (technology), errors, and unexpected natural disasters. Operational efficiency is proxied by BOPO (Operating Costs Against Operating Income), which indicates the Bank's efficiency ratio used in measuring bank management's ability to manage operational costs to operational income (Kusmayadi, 2018). Cost operational is cost issued company For finance daily bank activities such as paying salaries, paying debts, fees marketing, cost flower, And costs other. On the other hand, operational income is income the Bank accepts from distribution credit as an ethnic group flower (Aaron, 2016). The higher its height ratio, the more BOPO shows banks need to be more efficient in managing the cost of their operations, Which then affects the Bank's income and performance (Saiful & Ayu, 2019). BOPO became an indicator in measuring the efficiency of

operational banking in the research of Chaniago and Widyantoro (2017), Harun (2016), Kusmayadi (2018), Saiful and Ayu (2019), and Buchory (2015).

$$BOPO = \frac{\text{Operating Expenses}}{\text{Operating Income}} X100\%$$

Financial implementation rules are implemented in a company. To measure financial performance, you can use financial ratio analysis. According to Watson (1990), four financial ratios can be used to assess and measure a company's financial performance: liquidity, solvency, activity, and profitability. As a representative of financial performance, the researcher uses one of the ratios in profitability ratio analysis. (Novia Permata Sari , 2022) . Financial performance is proxied by ROA, which indicates the ability of a company to measure the big profit obtained by the company in covering the investment incurred (Sutrisno, 2007, p.213). So, the smaller the ROA ratio, the worse the company's performance; conversely, the more excellent the ROA ratio, the better the company's performance in that period (Mardahleni & Arsandi, 2019). ROA is an indicator in measuring banking financial performance in research conducted by Al-Rdaydeh and Alghzwai (2017), Aruwa and Musa (2014), Hosseini (2017), Kaaya and Pastory (2013), Saiful and Ayu (2019), Silaban (2017), Yudha, Chabachib, and Pangestuti (2017) and Soares and Yunanto (2018)

$$ROA = \frac{\text{Profit Before Tax}}{\text{Total assets}} x100\%$$

Capital structure is a proportion or comparison in determining the fulfillment of the company's spending needs, whether by using debt, equity or by issuing shares (Mubeen et al., 2020). According to Saif-Alyousfi et al. (2020), capital structure is a consideration or comparison between the amount of long-term debt and equity. Capital structure considers the amount of permanent short-term debt, long-term debt, preferred stock, and common stock (Nguyen & Nguyen, 2020). So, it can be concluded that the capital structure is the proportion in determining the fulfillment of the company's spending needs, where the funds obtained use a combination or guidance of sources originating from long-term funds consisting of two sources, namely those from inside and outside the company. Fulfillment of funding needs from sources within the company (own capital) comes from share capital, retained earnings and reserves (Lim et al., 2020). If the company's funding from its own capital is still experiencing a shortage, it is necessary to consider company funding from outside, namely from debt. However, in fulfilling funding needs, companies must look for efficient alternative funding (Demirgüç-Kunt et al., 2020). Efficient funding will occur if the company has an optimal capital structure. The optimal capital structure can be interpreted as a capital structure that can minimize overall capital user costs or average capital costs, so that it will maximize firm value (Ayuba et al., 2019). The purpose of capital structure management is to combine permanent sources of funds used by the company for its operations which will maximize the value of the company itself (Adusei & Obeng, 2019). The search for an optimal capital structure is a very difficult job, because of the conflicts that lead to agency costs. Long-standing conflicts occur between shareholders and bondholders in determining the optimal capital structure of a company. So, to reduce the possibility of management bearing excessive risk on behalf of shareholders, it is necessary to include some protective limits (Ramli et al., 2019).

3. RESEARCH METHOD AND MATERIALS

This research uses software spss with the moderated regression method to obtain analysis results regarding the influence of the related variables. The data used In this research is quantitative. Quantitative research methods are data that interpret data in the form of numbers and analyze it using statistics. The data used is data finance banking in Indonesia, which is registered as a bank general and Sharia on the Indonesian Stock Exchange (BEI). This research sample was selected due to developments in the banking sector, which is increasingly showing growth in Indonesia. However, research on the banking sector involving GCG Self Assessment as a moderating variable in Indonesia still needs to be made bigger. Because of that, sample banking was used in the study. This assessed

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more interesting For research. This research was conducted in the city of Makassar, namely in the Makssar Muhammadiyah University Stock Exchange gallery, to obtain banking financial reports listed on the Indonesian Stock Exchange. The research period was carried out for two months, starting from January to February. The population used in this research are all banks in Indonesia that are officially listed on the Indonesia Stock Exchange (BEI). The sample used in this research must meet the requirements as a banking sub-sector company listed on the Indonesia Stock Exchange (BEI) for the 2018 - 2022 period, a banking company that publishes financial reports for 2018-2022, a banking company that does not have an independent commissioner for 2018-2022. as many as 41 banks.

4. RESULTS AND DISCUSSION

The normality test results are presented using the Kolmogorov-Smirnov test; the test results are in Table 1.4. Based on Table 1.4, it is known that the Asymn. The Sig (2-tailed) of 0.000 is smaller than 0.05, so by the basis for decision-making in the Kolmogorov-Smirnov normality test, it can be concluded that the data is not normally distributed.

Table 2. Normality Test Using Kolmogorov-Smirnov Test

	NPLs	LDR	BOPO	GCG	ROA	NPL*GCG	LDR*GCG	BOPO*GCG
N	210	210	210	210	210	210	210	210
Mean	39392	840323	934350	20476	27322	82766	1717801	1924506
Std. Deviation	601371	2632181	3589532	.42372	849615	1252379	6349617	8844854
Absolute	.268	.129	.258	.430	.374	.254	.111	.237
Positive	.268	.129	.258	.430	.364	.251	.111	.237
Negative	-.256	-.095	-.119	-.389	-.374	-.254	-.070	-.104
Kolmogorov-Smirnov Z	3891	1868	3741	6238	5418	3686	1606	3428
Asymp. Sig. (2-tailed)	.000	.002	.000	.000	.000	,000	.012	,000

Autocorrelation test aim: In the linear regression model, there is a correlation between error disturbance in period t-1. Following are the results from the autocorrelation test. Based on the table above, it is known that the DW value is more than 1.953 big of DU, which is 2 with the value n= 210, and the value k= 5 can be concluded that there is no autocorrelation in the data. The multicollinearity test aims to test whether the regression model is correlated with variable-free (independent). A good regression model should not correlate with variables free. Based on Table 76, the LDR value is 24,095, BOPO is 20,654, NPL is 98,041, NPLGCG is 102,301, LDRGCG is 33,698, and BOPOGCG is 29,788 or more big of 0.10 which means No There is correlation between variable independent. At the same time, the results of Variance Inflation Factor (VIF) calculations show that No There is a variable independent who owns more VIF value of 10, so it can concluded that No There is multicollinearity between variable independent in the regression model. The heteroscedasticity test aims to test whether there is an inequality of variance in the regression model from residual one observation. Following This are the results from the heteroscedasticity test with the Glejser Test; it can be seen that generally, there is no in the regression model, or it can be concluded that in the regression model, there is no heteroscedasticity because it uses secondary data.

Table 3. Glejser Test Heteroscedacity

(Constant)	9.85	3.53		2.79	0.01
NPLs	0.67	0.20	0.51	3.26	0.00
LDR	- 0.12	0.05	- 0.41	-2.72	0.01
BOPO	0.02	0.02	0.10	1.34	0.18
GCG	-2.76	1.70	- 0.15	1.63	0.10
NPLGCG	-0.35	0.10	- 0.55	-3.47	0.00

LDRGCG	0.06	0.02	0.47	2.62	0.01
BOPOGCG	- 0.01	0.01	- 0.15	-1.74	0.08

Analysis regression multiple was used to predict extensive relationships and influences between dependent variables using independent data. Variable independent study: policy debt, LDR, structure ownership, NPL, and free cash flow, whereas the dependent variable is company value.

The data testing results show that the LDR regression coefficient value is -0.008, which means that the higher the LDR, the lower the ROA. The BOPO regression coefficient value of -0.015 implies that the higher the BOPO, the lower the ROA. The NPL regression coefficient value of + 0.478 means that the higher the NPL, the higher the ROA—the LDR.GCG regression coefficient value of 0.006 indicates that GCG moderates LDR on ROA—the BOPO.GCG regression coefficient value of -0.003 means that GCG does not moderate BOPO on ROA—the NPL.GCG regression coefficient value of -0.247 means that GCG does not moderate NPL on ROA.

Table 4. Regression Results of the Effect of BOPO, NPL, LDR on ROA with GCG Moderation

Model	B	Std. Error	Beta
Constant	4.438	2.383	
LDR	-.008	.111	-.024
BOPO	-.015	.075	-.062
NPL	.478	.976	.339
LDRGCG	.006	.054	.048
BOPOGCG	-.003	.037	-.034
NPLGCG	-.247	.479	-.364

The coefficient of determination is carried out to determine how much influence the independent variables used in the research have, namely to test the impact of LDR, BOPO, NPL, and NPL moderation. GCG, moderation LDR.GCG, and BOPO.GCG moderation of ROA. Following This is coefficient determination, i.e., R Square is 0.012 or the same as 1.2 percent. That figure means that LDR, BOPO, NPL, and NPL moderation. GCG, moderation LDR.GCG, and BOPO.GCG moderation has an effect of ROA of 1.2 percent, meaning that other factors or variables outside this research explain 98.8 percent.

Deep t-test study This is used to test how much Far influences one variable independently individually in the explained variable dependent. Based on the SPSS output table on LDR, BOPO, NPL, and NPL moderation significance tests. GCG, moderation LDR.GCG, and BOPO.GCG moderation. The t-test results for the LDR variable have a significance value of 0.944, meaning it has no effect, with a t-test value of -0.070, meaning it relates negatively. The t-test results for the BOPO variable have a mark significance of 0.844, meaning no influence, with a t-test value of -0.197, which means they are related negatively. The t-test results for the NPL variable have a mark significance of 0.625, meaning No influence, with a t-test value of 0.490, meaning related positively—the t-test results for the NPL.GCG variable has a mark significance of 0.606, meaning No moderate NPL against ROA, with a test value of -0.516, meaning related negative—the t-test results for the variable LDR.GCG has a mark significance of 0.906, which means No moderates LDR against ROA, with a test value of 0 .119, meaning related buoyant—the t-test results for the BOPO.GCG variable has a mark significance of 0.930, meaning No moderate BOPO against ROA, with a t-test value of -0.088, meaning a negative relationship.

Table 5. Regression Results of the Effect of BOPO, NPL, LDR on ROA

Model	B	Std Error	Beta	t	Sig.	Note
Constant	4,438	2,383		1,862	,064	
LDR	-.008	.111	-.024	-.070	,944	Not significant
BOPO	-.015	,075	-.062	-.197	,844	Not significant
NPLs	,478	,976	,339	,490	,625	Not significant
NPL. GCG	-.247	,479	-.364	-.516	,606	No moderation
LDR. GCG	,006	,054	,048	,119	,906	No moderation
BOPO. GCG	-.003	,037	-.034	-.088	,930	No moderation

4.1. Discussion

LDR has no effect and is negatively related to ROA because banking LDR tends to increase but is inefficient in its management, thereby reducing the ROA percentage. LDR is an indicator that shows how far a bank's liquidity level is. The higher the LDR level, the more illiquid a bank is, meaning it will have difficulty meeting its short-term obligations, such as sudden withdrawals by customers. to its savings. On the contrary, the lower the LDR level, the more liquid a bank is. However, the increasingly liquid condition of banks indicates a lot of idle funds, thereby reducing the Bank's opportunity to obtain more significant revenues because the Bank's intermediation function is not achieved correctly. This can happen because in making a profit, you don't just pay attention to the size of the amount or the quantity of funds disbursed in credit, but also pay attention to the quality of credit disbursed. If the amount of credit disbursed by the Bank is considerable, payment to credit the problem will cause losses for the Bank itself. Banks cannot take advantage of funds effectively, unable to obtain maximum profits, and if the Bank lacks liquidity, it can adversely affect system-wide banking. Therefore, LDR must be maintained so that it is not too high or too low.

BOPO is not influential and is negatively related to ROA. This happens because the BOPO banking tends to increase from 2018 to 2022. Efforts by banks to improve efficiency are bearing fruit. The banking industry is becoming more efficient in managing its operations. Based on the latest data from the Financial Services Authority (OJK) as of September 2023, it recorded a decrease in the ratio of operational costs to operating income (BOPO) at 76.34 percent. This BOPO ratio shrank from August 2023, which was at the level of 77.16 percent and 77.16 percent as of September 2022. It is recorded that Commercial Banks in the KBMI 4 ranks had an average BOPO ratio at the level of 63.39 percent as of September 2023, a slight increase from the position of 63.25 percent last August, but has shrunk from the level of 64.23 percent as of September 2022. Meanwhile, banks in the KBMI 2 ranks are recorded as having the highest BOPO ratio in the banking industry, which was recorded at 92.55 percent as of September 2023. This figure is based on the level of 93.59 percent last August. However, it is still higher than the position of 91.77 percent as of September 2022.

NPLs are not influenced and are positively related to ROA. This happens because the banking sector's NPL tends to decline. In the property sector, property credit growth will slow down throughout 2023, causing the property non-performing loan (NPL) ratio to increase slowly. Based on Bank Indonesia reports as of November 2023, the NPL ratio for bank property ownership loans is 2.59%. This position has improved further from the NPL ratio as of November 2022, which was 2.40%. Shophouse/shophouse ownership loans contributed the highest property credit NPL at 4.47%. Meanwhile, home ownership credit (KPR) appears to be 2.52%. However, it increased from the same period last year previously to 2.32%.

Non-performing loans are risks resulting from the failure of the debtor or other parties to fulfill the obligation to pay off bank credit (Bond Banker Indonesia, 2015, h. 8). Non-performing loans currently faced by banks can reflected in ratio NPLs (Non-Performing Loans), in where NPLs is the ratio between the number of problematic loans (substandard credit, doubtful credit, and bad credit) with the total credit provided by the Bank. A high NPL ratio reflects poor bank credit quality. The higher NPL ratio shows that banks are increasingly covering many bad loans. The more credit congested, the more increase will bother rotation capital Work, Which can reduce profits or lower performance bank finance.

GCG Self Assessment does not moderate NPL on ROA, with a negative relationship. This happens because GCG Self Assessment is separate from monitoring and debt collection. Still, GCG Self Assessment is essential because if GCG Self Assessment is low, NPL will increase and reduce ROA. Even though the GCG Self Assessment is not directly involved in the debt monitoring and collection process, a good GCG Self Assessment plays a vital role in creating a practical governance framework for managing Non-Performing Loans. This includes Building culture management substantial risk GCG Self Assessment encourages culture-aware risks throughout the bank organization, ensuring that taking decision credit based on careful analysis and application steps appropriate mitigation. Strengthen the system Good GCG Self Assessment internal control defines transparent processes and procedures For identifying, monitoring, and controlling Non-Performing Loans. This matter includes prudent credit limit determination, monitoring quality credit in a way

periodically, and implementation steps for effective billing. Improve accountability and transparency. The GCG Self Assessment ensures that decision-related credit is supervised tightly and communicated clearly to the holder's interest. This matter helps build trust and reduce the risk of abuse of authority.

The theory that can support this hypothesis is Agency Theory. This theory explains that GCG Self Assessment can help reduce conflicts of interest between a company's principals (shareholders) and agents (management). When GCG Self Assessment is implemented well, bank management is expected to act in the best interests of shareholders, which can ultimately increase bank profitability (ROA). The findings of this research are in line with the findings of Shaik, A., & Sharma (2021), Mardiana et al. (2022), Laeli and Yulianto (2016), Izdihar, Hassan, And Azlina (2017) that supervision is needed to avoid bad credit.

GCG Self Assessment is positively related and does not moderate LDR on ROA. This happens because lending results in increased income, but if there is low efficiency, then ROA will also decrease; this shows weak GCG Self Assessment in monitoring operational costs, which has an impact on reducing ROA. The results show that the influence of GCG Self Assessment in moderate connection LDR And ROA is not significant. This can happen Because, according to Bank Indonesia Regulation (PBI Number. 17/11/PBI/2015), the rate of A good LDR for commercial banks is 78-92%, while the sample research still shows that the LDR ratio is below 78%. The results indicate that there are still banks in the sample that need help channeling their funds effectively, and their credit quality needs to be improved. This suggests that implementing GCG Self Assessment in banks is Incapable of strengthening the connection between liquidity and overall financial performance.

GCG Self Assessment does not moderate BOPO on ROA, with a negative relationship. This happens because the GCG Self Assessment does not monitor the use of operational costs, which impacts reducing ROA. The research results show that GCG Self Assessment influences operational risks proxied by BOPO on financial performance. Even though the GCG Self Assessment has been implemented, the negative relationship between BOPO and ROA remains

5. CONCLUSION

It can be concluded that LDR has no effect and is negatively related to ROA, meaning that high LDR can hurt ROA because it can cause losses for the Bank and reduce ROA, then high LDR can increase funding costs, which can reduce ROA, and high LDR can reduce bank liquidity, which can increase risk for the Bank and reduce ROA. NPL has no effect, but it has a positive relationship to ROA. This means that although the NPL ratio in the banking sector will increase in 2023, the overall NPL shows a downward trend. This shows that bank management has succeeded in managing credit well, thereby minimizing the risk of loss and improving the quality of the loan portfolio. This decrease in NPLs contributes positively to ROA, as several studies show. BOPO has no effect, with a negative relationship to ROA; it means that the banking BOPO ratio has increased from 2018-2022, and the banking industry is showing efficiency efforts that are producing results. This is evidenced by the decrease in the BOPO ratio in September 2023 compared to the previous month and year. This decline was driven by optimizing digital and non-cash transaction services and applying digitalization to internal business processes. GCG does not moderate NPL against ROA, meaning that even though GCG Self Assessment does not directly influence NPL and ROA, good GCG Self Assessment plays a vital role in creating a practical governance framework for managing Non-Performing Loans. This can help build a risk-aware culture, strengthen internal control systems, and increase accountability and transparency. GCG Self Assessment does not moderate LDR on ROA, meaning that GCG Self Assessment does not directly influence LDR and ROA. Good GCG Self Assessment plays a vital role in increasing the efficiency and effectiveness of credit distribution. This can help increase ROA, especially with effective operational cost monitoring. GCG Self Assessment does not moderate BOPO on ROA. It means that although GCG Self Assessment of BOPO and ROA, a good GCG Self Assessment role is essential in creating an environment conducive to work, improving operational effectiveness, minimizing difference interest between member companies, and making a strategy that can reduce scandal, chaos, and internal corruption. Application Good GCG Self Assessment can help increase efficiency use cost operational, so potentially increase ROA.

The research results recommend in the form of a theoretical contribution that banking performance as measured by ROA is not determined by LDR, BOPO, and NPL as long as it is inefficient and the distribution of funds is not balanced with saved capital reserves. This research practically shows that bank financial performance can be controlled if it efficiently controls operational costs and holds reserve funds by Indonesian bank regulations. This research provides recommendations for researchers regarding bank financial performance to deepen bank efficiency and correlate it with risk.

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