

## THE INFLUENCE OF BANK HEALTH LEVEL USING THE RGEC METHOD ON FIRM VALUE IS MODERATE BY COMPANY SIZE



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### Abstract

This study aims to determine the effect of bank health level using the RGEC method on firm value and to determine the ability of company size to moderate the effect of bank health on firm value in conventional banking companies listed on the Indonesia Stock Exchange in 2019-2022. This type of research is descriptive and quantitative with data analysis techniques using Moderated Regression Analysis (MRA) through SPSS (Statistical Program for Social Science) software. Sampling used a purposive sampling method and resulted in a sample size of 25 banks from 43 populations. The results showed that partially earning projected with ROA was able to influence the value of the company. Other research results show that company size can moderate the influence of earnings on firm value, which means that company size can strengthen the relationship between bank health and the value of conventional banking companies listed on the Indonesia Stock Exchange for the 2019-2022 period. Not only that, bank health projected by NPL, GCG, and CAR shows the results there is no influence on firm value. Likewise, company size is unable to moderate the effect of NPL, GCG, and CAR on firm value.

**Keywords:** Bank Health, RGEC Method, Company Value, Company Size

## INTRODUCTION

A country's economy cannot be separated from the work of the banking sector. Currently, the banking sector is an important tool that can be used to support the country's economy. The banking sector is an important support for a country, especially the national economy Prasetyo (2023). The smooth flow of money supports economic activities. The banking sector is now developing rapidly, starting from its program to implement a market economy. With everything it has to offer, banks now have strong relationships with the community. With credit services and various services offered by banks, they can meet the needs of the country and the economic and commercial sectors, so banks can be called the heart of the financial system of any country. where in 2022 the performance of the banking sector will have solid and positive growth Mongid (2023).

The current economic situation which continues to develop provides great opportunities for the banking sector to meet the financial and business needs of the community. According to Febrin & Sulhan (2022), the most important foundation in banking is trust, both in collecting and distributing funds. Based on trust, people will be willing to entrust their money to the bank.

Banking competition is currently very tight. Banking companies are required to have consistently good performance, to gain the trust of the public. Good banking performance indicates a good banking health condition as well. Banks that have good health conditions will be able to attract internal and external parties to create interest and trust in banking. One aspect that banks should not ignore to survive is the bank's health level. Operating banks need to evaluate their health to maintain the trust of their customers. The bank's health level is used as a means to overcome conditions and problems experienced by the bank and ensure follow-up action to overcome bank weaknesses by the OJK. Companies must be able to face existing situations and challenges because if this is not done it can become a source of big risk and the company can experience financial problems even without money. Financial performance seen through the health of a company is a benchmark for whether an activity is going according to plan or not. The Qur'an has also explained the emphasis on human effort. It is explained in Surah An-Najm verse 39. It is narrated in this verse that one way to get something is through hard work.

Measuring the health of a banking company can be done by reviewing financial reports. Analyzing the health of the banking industry using aspects determined by Bank

Indonesia. Several methods can be used to measure bank performance, one of which is by using Indonesian Bank Regulation (PBI) No.13/1/PBI/2011 concerning the assessment of the soundness level of commercial banks. This guideline is the latest procedure for measuring banking health using the Risk Profile, Good Corporate Governance, Earnings, and Capital (RGEC) method. This RGEC method emerged to replace the assessment of bank health levels using the CAMEL method (Capital, Assets, Management, Earnings, Liquidity). There is an update to the old method with a new method, namely RGEC because the CAMEL method is considered less capable of evaluating bank capacity in facing external risks.

RGEC itself is an analysis of the health level of banks using indicators of risk profile, good corporate governance, profitability, and capital. The function of RGEC is to provide information to customers regarding the performance of the bank as Siahaan (2021). That way, customers will provide and maintain a high level of trust in the bank, if high trust is obtained from the performance obtained; it will be better for the bank to review through the financial statement ratios Islamey & Syofyan (2020). A company will do various ways to attract customer trust. Along with the existing developments, there are many considerations used by parties in determining whether to join or cooperate with a banking company. Each bank is competing to achieve good value for the image or perception of each stakeholder. For a company to look good and be liked by people, the company needs to ensure that the company is as valuable as possible. Doing business certainly requires a trust that involves the community. Therefore, the value owned by the company becomes meaningful for companies in the banking sector in the process of carrying out operations, mobilizing and channeling capital to the community.

customers when investing or purchasing banking products must consider whether or not a bank is healthy and must also pay attention to the company's image and the amount of return because it is believed that good company value can provide a small risk and a large rate of return in the future. The same is done by investors in deciding to invest or invest in the company, of course, considering the same thing. Firm value is an investor's perception of the company for its level of success at the end of the current year in terms of managing resources which is reflected in the value of a company's share price. The high share price also results in higher company value, but if the share price continues to fall, the company value will also be lower, which means the company's performance is not good Japhar et al., (2020).



**Figure 1**  
**Development of the Health Level of the Banking Sector**  
Source: Financial Services Authority (2023)

The data above released by the Jakarta Financial Services Authority (OJK), on January 2<sup>nd</sup>, 2023, provides information regarding developments in the banking sector, one of which is by looking at developments in capital ratios, risk profiles, profitability, and intermediation. from the data above, credit risk continues to decline with a banking net NPL ratio of 0.75 percent and gross NPL: of 2.65 percent. However, the banking industry's Net Interest Margin (NIM), Return on Assets (ROA), and Capital Adequacy Ratio (CAR) ratios recorded an increase, namely the NIM ratio became 4.70%, ROA became 2.47% and CAR increased to 25.49% from the position in October 2022 which was 25.08%. The LDR ratio in 2021 has decreased from the previous year, but in 2022 it will increase to 79.6%.

The level of bank health is a crucial aspect in the banking industry, closely related to investor confidence which influences the value of banking companies. Following Bank Indonesia regulations, the measurements used to measure the level of bank health use the RGEC method which includes Risk Profile, Good Corporate Governance, Earnings, and Capital. Several changes that occur in the process of measuring Bank Health Levels are contained in PBI No. 13/1/PBI/2011. Risk profile, especially Non-Performing Loans (NPL), affects company value with good risk control increasing market confidence. Good Corporate Governance (GCG) functions to direct and control company operations, and research results have mixed results regarding its effect on share prices. Earnings, represented by Return on Assets (ROA), reflect company performance, but research findings on its effect on stock prices also vary. Capital, in the form of the Capital

Adequacy Ratio (CAR), shows the bank's ability to overcome failure and has various influences on company value.

In this study, the risk-based approach or RGEC uses several factors including, First, the risk profile consists of credit risk which is proxied by NPL because it is directly related to the management of non-performing loans which affects the profit and share price of banks. Second, GCG is measured through a composite rating based on the results of a self-assessment that describes the overall health level of the bank. Third, rentability in this study is proxied in the ROA ratio because it shows the effectiveness of a company in increasing profits and dividends by using banking assets. Then the fourth Capital is usually measured by CAR which describes the management of a bank's capital to achieve banking objectives, namely increasing profits which have an impact on its share price. In addition, company size is a scale that describes the size of the company based on total assets, sales, and capitalization. The company size variable is a variable that is continuous with the stock price, where the large value of company size can arouse the enthusiasm of investors in investing. Thus, banks will find it very easy to get funding sources which in turn can increase the company's share price.

Based on existing statements, show that the financial health of banks is one of the important factors that must be considered by banking companies, especially since it has a lot of influence on various factors. In addition, there are still many differences of opinion among researchers on the level of banking health. Therefore, researchers need to further examine the effect of bank health levels using the RGEC method on firm value moderated by size in conventional banking companies listed on the Indonesia stock exchange in 2019-2022.

## **REVIEW OF LITERATURE**

### **Signal Theory**

Signaling theory helps ensure that everyone has the same information when making decisions. Sometimes, managers have important financial information that others do not know. By using signals, such as certain actions or messages, companies can show their true value to others. This helps people make better decisions about which companies are worth investing in. When everyone has the same information, it can make decision-making easier for families, businesses, and governments. Signaling theory places the most important emphasis on information published by the company regarding investment

decisions from parties outside the company (investors). Information is said to be the most important element for investors and business operators because information provides information or views about the past, present, or predictions for the sake of the company's sustainability and its impact on the market Ulum (2017).

Signaling theory according to Suwardjono (2013) is that management often tries to reveal or provide information that, according to its considerations, is of a personal or private nature, which is very popular with shareholders and investors if the information received is good news, and management interested in providing information that can increase the success and credibility of a company even though the company is not obliged to do so. Signal theory according to Hartono (2012) is when companies share news with investors in the hope of influencing their decisions. If the news is good, they want the market to react positively when they hear it.

### **RGEC Method**

The method used to measure the level of bank health has now been updated because there are shortcomings in the previous method. In PBI No.13/1/PBI/2011 Article 2 the RGEC method is entrusted to replace the method for measuring the level of bank health based on Capital, Assets, Management, Earning, Liquidity, and Sensitivity to market risk (CAMELS). The CAMEL method was used by Bank Indonesia in 1999 to measure the health level of banks. However, in terms of its use, there is a weakness, namely that this method is considered incapable of evaluating bank capacity in facing external risks. Starting from January 2012, all commercial banks in Indonesia are required to use the latest guidelines in assessing bank health levels. We will call the latest guidelines the RGEC Method, which stands for Risk Profile, Good Corporate Governance, Earnings, and Capital.

The RGEC method can be used to distinguish the health condition of a bank, which can be in a healthy or unhealthy condition. According to Sulhan & Halimah (2013), bank health is the ability of a bank to carry out normal banking operational activities and be able to fulfill its obligations well in ways that comply with applicable banking regulations. By having healthy conditions, it is hoped that banks can make a good contribution to the development of the Indonesian economy by being able to grow and develop well so that people can maintain their interests and trust in banks. According to Kasmir (2002), RGEC analysis is a tool that can be used to measure the level of banking health. In Bank Indonesia Regulations, the RGEC method is a method that can assess the

health level of individual or consolidated banks. RGEC consists of Risk (R), Good Corporate Governance (G), Earnings (E), and Capital (C), and the assessment uses a scale of 1 to 5. The smaller the points received, it indicates the better the bank's health.

### **The Value of the Company**

According to Hery (2017), company value is a certain condition that has been achieved by a company as an illustration of public trust in the company after going through a process of activities for several years, namely from the time the company was founded until now. Meanwhile, according to Indrarini (2019), company value is investors' perception of the level of success of managers in managing company resources entrusted to them, which is often linked to share prices. Company value is investors' perception of the company's level of success which is closely related to its share price Sujono & Soebiantoro (2007). Share prices are formed based on the supply and demand of potential investors so that the share price can be used as a proxy for company value.

High company value indicates good company performance. The value of a company is important because it can make shareholders (owners of the company's shares) very rich if the share price goes up. The higher the share price, the more money the shareholders earn. Enterprise Value or company value is a way for investors to know how valuable a company is. It helps them decide whether they want to buy the company or not. It's like the price someone would have to pay if they wanted to buy the entire company Nurlala & Islahuddin (2008).

### **Company Size**

Company size, namely: a scale that shows the size of a company. According to Riyanto (2001), company size describes the size of a company which is shown in total assets, number of sales, average sales, and total assets. Meanwhile, according to Suwito & Herawaty (2005), Company size is like a ruler that helps us see how big a company is. We can divide companies into three groups: large, medium, and small. We can tell the size of a company by looking at things like how many people work there, how much stuff they have, how much money they make, and how many shares they own. This helps us understand more about the company and its performance.

The size of a company shows how well it has performed in the past and how well it will perform in the future, according to the people who own shares in the company. If a company has many valuable things, such as money and property, it is considered stable and can easily get more money to expand. But if a company has fewer valuables, it may

be more difficult for them to get money to expand. Large companies will have more trust in investors compared small companies to large companies considered to have a stable financial condition. This will make things easier for the company to obtain capital Suwito & Herawaty (2005).

**RESEARCH METHOD**

This type of research is descriptive quantitative research. The data used in this research is secondary data which is quantitative data. Secondary data is primary data that has been processed and further presented either by other parties, for example in the form of data tables, diagrams, or charts Sekaran (2009). The data source in this study is in the form of annual financial reports accessed through the official website of the Indonesia Stock Exchange www.idx.co.id and the official website of the company used as a research sample. The data analysis technique uses Moderated Regression Analysis (MRA) through SPSS (Statistical Program for Social Science) software. The population of this study are conventional banks listed on the Indonesia Stock Exchange for the 2019-2022 period. Sampling used a purposive sampling method and resulted in a sample size of 25 banks from 43 populations.

**RESULTS AND DISCUSSION**

**Normality Test**

To test whether the data is normally distributed or not, the Kolmogorov-Smirnov Test statistical test is carried out.

**Table 1**  
**Kolmogorov Smirnov Statistical Test Results**

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		25
Normal Parameters <sup>a,b</sup>	Mean	.0000000
	Std. Deviation	501.7895762
Most Extreme Differences	Absolute	.233
	Positive	.233
	Negative	-.166
Kolmogorov-Smirnov Z		1.163
Asymp. Sig. (2-tailed)		.133

a. Test distribution is Normal.

b. Calculated from data.

Source: SPSS Output, 2024

Based on the results of the Normality Test above, it shows that the significance value is 0.133 more than 0.05, it can be concluded that the research data is normally distributed so that the normality assumption is met.

**Multicollinearity Test**

**Table 2**  
**Multicollinearity Test Results**

		Coefficients <sup>a</sup>					Collinearity Statistics	
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
		B	Std. Error	Beta				
1	(Constant)	845.115	757.481		1.116	.278		
	NPL	-.136	.185	-.172	-.736	.470	.860	1.162
	GCG	-42.859	75.536	-.133	-.567	.577	.856	1.168
	ROA	-.001	.005	-.038	-.149	.883	.731	1.368
	CAR	2.326E-007	.000	.178	.744	.466	.816	1.225

a. Dependent Variable: PBV

Source: SPSS Output, 2024

Based on the results of the Multicollinearity Test, it shows that the tolerance values for NPL, GCG, ROA, and CAR are 0.860, 0.856, 0.731, 0.816 respectively, which numbers are greater than 0.10, thereby indicating the absence of multicollinearity in the model in this study. and based on the test results above, it also shows that the respective VIF values are 1.162, 1.168, 1.368, and 1.225, where these numbers are not greater than 10, indicating that there are no symptoms of multicollinearity.

**Heteroscedasticity Test**

**Table 3**  
**Heteroscedasticity Test Results**

		Coefficients <sup>a</sup>					Collinearity Statistics	
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF
		B	Std. Error	Beta				
1	(Constant)	107.980	478.559		.226	.824		
	NPL	.010	.117	.020	.084	.934	.860	1.162
	GCG	.537	47.722	.003	.011	.991	.856	1.168
	ROA	.003	.003	.227	.890	.384	.731	1.368
	CAR	1.404E-007	.000	.171	.711	.486	.816	1.225

a. Dependent Variable: Abs\_RES

Source: SPSS Output, 2024

Based on the tests that have been carried out, the Sig. for each variable, NPL is 0.934, GCG is 0.991, ROA is 0.384, and CAR is 0.486 because the significance value of the four variables is greater than 0.05. This means that there are no symptoms of heteroscedasticity in the regression model.

**Autocorrelation Test**

**Table 4**  
**Autocorrelation Test Results**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.255 <sup>a</sup>	.065	-.122	549.68294	2.556

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

b. Dependent Variable: PBV

Source: SPSS Output, 2024

Based on the test results above, shows that the DW value is 2,556, which indicates that there is no autocorrelation in the research model because the DW value is close to number 2.

### Hypothesis Testing

#### Coefficient of Determination Test

**Table 5**  
**Coefficient of Determination Test Results**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.412 <sup>a</sup>	.170	.004	517.993

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

Source: SPSS Output, 2024

Based on the Determination Coefficient Test, the results show that the Correlation Coefficient value is 0.412, meaning that the four variables have moderate correlation. Then the coefficient of determination (R Square) value of 0.170 The value of how well they predict each other is 0.170 that NPL, GCG, ROA, and CAR while the rest is influenced by other variables (error or e) or influenced by factors outside the regression equation or variables not included in the model.

#### Partial Significance Test

**Table 6**  
**Partial Significance Test Results**

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

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1246.896	622.093		2.004	.059
	NPL	-.033	.177	-.041	-.184	.856
	GCG	17.286	70.438	.053	.245	.809
	ROA	.425	.236	.421	1.799	.087
	CAR	-.088	.460	-.043	-.190	.851

a. Dependent Variable: PBV

Source: SPSS Output, 2024

Based on the Partial Test that has been carried out above, the effect of bank health using the RGEC method on company size shows the following results:

### **Risk Profile**

This test was carried out by projecting the risk profile using the NPL ratio to company value which was proxied using share prices, which showed that the t-table value was 1.72074. Based on the Partial Test above, it shows that the t-calculated NPL value is -0.736, and for the Sig. amounting to 0.470, thus indicating that the t-calculated value is smaller than the t-table and sig values. greater than 0.05 means that the Risk Profile has no significant effect on the Company Value of conventional banking companies listed on the IDX in 2019-2022.

### **Good Corporate Governance (GCG)**

This test was carried out to test the influence of GCG on Company Value which was proxied using share prices which showed that the t-table value was 1.72074. Based on the Partial Test above, it shows that the GCG t-calculation value is -0.567, and for the Sig. amounting to 0.577, thus indicating that the t-calculated value is smaller than the t-table and sig values. greater than 0.05 means that GCG has no significant effect on the company value of conventional banking companies listed on the IDX in 2019-2022.

### **Earnings**

Earning which is proxied using the ROA ratio based on the partial test conducted obtained the result that the t-table value in this test is 1.72074. The t-count value is greater than the t-table value where the t-table is 1.799 and the sig value of 0.087 is less than 0.05. Based on these results, it shows that Earning has an influence on Firm Value in Conventional Banking listed on the Indonesia Stock Exchange in 2019-2022.

### **Capital**

This test was carried out to test the influence of Capital on Company Value which was proxied using share prices which showed that the t-table value was 1.72074. Based on the Partial Test above, the t-calculated CAR value is 0.744, and for the Sig. amounting to 0.466, thus indicating that the t-calculated value is smaller than the t-table and sig values. greater than 0.05 means that Capital has no significant influence on the Company Value of Conventional banking companies listed on the IDX in 2019-2022.

### **Moderated Regression Analysis Test**

**Table 7**  
**Moderated Regression Analysis Test Results**

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

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	21704.609	15802.563		1.373	.190
	NPL	4.240	4.838	5.337	.876	.395
	GCG	-1006.738	1597.517	-3.114	-.630	.538
	ROA	-.221	.106	-12.080	-2.083	.055
	CAR	-4.308E-006	.000	-3.296	-.451	.659
	LN	-156.969	122.678	-2.011	-1.280	.220
	X1M	-.034	.037	-5.442	-.903	.381
	X2M	7.224	12.272	2.701	.589	.565
	X3M	.002	.001	12.781	2.116	.052
	X4M	3.217E-008	.000	2.748	.408	.689

a. Dependent Variable: PBV

Source: SPSS Output, 2024

Based on the Moderated Regression Analysis Test that has been carried out above, the influence of Bank Health using the RGEC method on Company Value is moderated by Company Size, showing the results as follows:

**The Influence of Risk Profile on Company Value is Moderated by Company Size**

Based on the MRA test results, it shows that the t-count value is -0.903 and the t-table value is 1.72074, which means the t-count value is smaller than the t-table. Then the moderation significance value is 0.381 which is greater than 0.05. So these results prove that company size is not able to moderate the risk profile of company value.

**The Influence of Good Corporate Governance on Company Value is Moderated by Company Size**

Based on the MRA test results, it shows that the t-count value is 0.589 and the t-table value is 1.72074, which means the t-count value is smaller than the t-table. Then the moderation significance value is 0.565 which is greater than 0.05. So these results prove that company size is not able to moderate GCG on company value.

**The Influence of Earnings on Company Value is Moderated by Company Size**

The output of the MRA test shows that the t-count calculation produces 2.116 and the t-table calculation produces 1.72074, based on the results of the MRA test, it shows that the t-count is greater than the t-table. The moderation significance value is less than 0.05, namely 0.052. These results indicate that the effect of Earning on firm value can be moderated by Company Size.

**The Influence of Capital on Company Value is Moderated by Company Size**

Based on the MRA test results, shows that the t-count value is 0.408 and the t-table value is 1.72074, which means the t-count value is smaller than the t-table. Then the

significance value of moderation is 0.689 which is greater than 0.05. So these results prove that company size is not able to moderate the risk profile of company value.

### **The Influence of Risk Profile on Company Value in Conventional Banking Listed on the Indonesian Stock Exchange**

Based on the results of the hypothesis test, shows that the Risk Profile as measured by NPL does not influence share prices. So that the decreasing risk profile does not have an impact on increasing share prices. Therefore, to increase share prices, the bank in question needs to manage risks well, especially those related to problematic loans. The higher the NPL ratio, shows that the higher the risk borne by the company, this will have an impact on reducing investor confidence in the company's performance because the company is deemed unable to manage the company's operational activities well.

The results of this research are supported by research by Laila & Purnamasari (2022) which found that there was no influence of risk profile on changes in stock prices. So the lower the risk level for non-performing loans, the higher the share price. This is because investors believe that the company's internal parties are capable of managing and minimizing the risk of non-performing loans or bad credit. This is also proven by the average conventional NPL Hank data for 2019-2022 which shows the opposite direction of share price movements. Even though the NPL data shows fluctuations, overall it shows a downward trend from 2019 to 2022, while share price movements through the PBV of conventional banks show an increasing trend. The two movements that occur show the opposite direction so that the risk profile as measured by NPL does not affect share prices.

### **The Influence of Good Corporate Governance on Company Value in Conventional Banking Listed on the Indonesian Stock Exchange**

Based on the results of the hypothesis test, shows that Good Corporate Governance does not influence share prices. So, the higher value of Good Corporate Governance does not have an impact on increasing share prices. The majority of GCG scores are ranked 2 (two), which means they are below average and tend to stagnate even though share prices are below average, but banks are said to be healthy and have implemented GCG principles well. In this way, the company does not directly experience the application of GCG principles, so investors are less responsive in making stock investment decisions, but in the long term it will only be visible.

Good Corporate Governance (GCG) is a system that regulates and controls companies that create added value for all stakeholders. So GCG shows the company's

ability to manage relationships between shareholders, company management, creditors, government, employees, and other internal and external stakeholders relating to their rights and obligations. So, the company must be able to create good GCG so that the company is considered to have good performance which ultimately has an impact on increasing the company's share price on the stock market Hendrayana & Yasa (2015). Improvements in corporate governance must continue to be improved so that the impact on share prices can be seen more quickly.

The results of this research are consistent with the results of research Laila & Purnamasari (2022) & Prakarsa et al., (2020) which reveal that there is no significant influence of GCG on stock prices. Thus, the results of the GCG value do not influence share prices, this is based on the 2019-2020 period, the company's GCG assessment was on average at rank 2 and did not increase, so the influence on share prices lasted longer.

#### **The Influence of Earnings on Company Value in Conventional Banking Listed on the Indonesian Stock Exchange**

Based on hypothesis testing, it reveals that earnings calculated using ROA have an impact on stock prices. Therefore, the high and low stock prices are always impacted by the amount of ROA. It implies that the organization is ideal in managing its assets to create profits, that this can be caused by the condition of the company's profits which are in optimal conditions. According to research by Rahadian & Handono (2022) which reveals that earnings influence the value of the Company whose results are following this study.

A company's ability to make money and manage costs goes up and down every year. This means that the company may be good at making profits and controlling all its expenses. This shows that the higher the ROA an organization has, it shows the organization's ability to manage its resources so that it can increase profits and the implementation of the organization. A company that has a good performance can certainly attract the reasonable attention of some investors to invest and when there is a lot of interest in shares it will have an impact on increasing the portion of the company's costs.

#### **The Influence of Capital on Company Value in Conventional Banking Listed on the Indonesian Stock Exchange**

Based on the results of the hypothesis test, it shows that capital as measured by CAR does not influence share prices. So the size of the CAR does not necessarily affect the high and low share prices. Capital Adequacy Ratio (CAR) is reserve funds that must

be reserved, so the higher the Capital Adequacy Ratio (CAR) value, the smaller the funds allocated for investment. Some of these funds are reserved and some are rotated or invested. The funds invested will become profits, while those reserved will not become profits. This means that the more funds reserved, the smaller the level of profit, and investors will not be interested in investing. Fundamentally the company is safe because it has a lot of reserves but is not profitable.

The results of this research are in line with research conducted by Ardianingtyas (2020) which revealed that capital does not influence company value. The greater the ratio (CAR) shows the bank's capital adequacy ability to bear the risk if the bank goes into liquidation. This makes investors when making investments not look at the CAR value, because it makes investors feel safe in investing. So CAR is only additional information in investment decisions by investors.

#### **The influence of Risk Profile on Company Value is moderated by Company Size in Conventional Banking Listed on the Indonesian Stock Exchange**

Based on hypothesis testing, it shows that company size is unable to moderate the influence of the Risk Profile on share prices. The large size of the company is not able to manifest the idea of protecting the company from being affected by problem loans, thus making banking activities unable to run smoothly and unable to produce good company performance. Thus, investors are not interested in entrusting their funds, so the more supply there is compared to demand, the share price will decrease.

#### **The Influence of Good Corporate Governance on Company Value is Moderated by Company Size in Conventional Banking Listed on the Indonesian Stock Exchange**

Based on hypothesis testing, it shows that company size is unable to moderate the influence of Good Corporate Governance on share prices. GCG assessments and the size of the company are not always a reference for stakeholders in making decisions. This is reflected in the research above which shows good GCG values but share prices proxied by PBV provide inconsistent results, as a result, investors are not interested in information about the company's GCG implementation and look at other indicators as a means of making investment decisions. The results of this research are in line with research conducted by Laila & Purnamasari (2022) which found that company size was unable to moderate the relationship between good corporate governance and company value.

#### **The Influence of Earnings on Company Value is Moderated by Company Size in Conventional Banking Listed on the Indonesian Stock Exchange**

Based on hypothesis testing, it shows that the effect of Earning on Firm Value can be moderated by firm size. This is following signaling theory which states that organizations that have good execution will give good signs to financial supporters who fully intend to attract financial supporters' income through effective money management. One of the signs that can be conveyed is that a very large organization certainly has countless assets that affect the size of the ROA value it has. ROA is one of the considerations of financial supporters in money management, the higher this proportion shows that the organization can use the resources it has to create profits. This can persuade financial backers to share their capital with the organization, increasing the cost of shares. The results of this study are in line with research conducted by Laila & Purnamasari (2022) revealed the result that company size can strengthen the impact of ROA on stock price.

### **The Influence of Capital on Company Value is Moderated by Company Size in Conventional Banking Listed on The Indonesian Stock Exchange**

Based on hypothesis testing, it shows that company size is unable to moderate the influence of capital on share prices. Therefore, company size, which is proxied using total company assets, does not influence the relationship between CAR and share prices. This could be because the share price value calculated using PBV produces inconsistent results, but CAR and company size provide consistent results. Company size does not always determine its ability to moderate the Capital Adequacy Ratio (CAR) on share prices. CAR is a financial measure that measures how well a bank can bear its financial risks. Other factors such as financial performance, risk management, and market conditions also influence a company's share price.

### **CONCLUSION**

This study proves the results of Company Size which is proxied by Ln (total assets) cannot moderate Risk Profile on firm value. The effect of Good Corporate Governance on firm value cannot be moderated by company size. However, company size can moderate the effect of earnings on firm value in Conventional Banking Companies listed on the Indonesia Stock Exchange for the 2019-2022 period, meaning that the larger the size of the company, the more assets the company has, thus potentially increasing the ROA value. Companies with high ROA values will attract investor interest and when interest in shares increases, this can lead to an increase in stock prices. Then,

Company Size is unable to moderate Capital on Firm Value in Conventional Banking Companies listed on the Indonesia Stock Exchange for the 2019-2022 period. The inability of company size to moderate reveals that investors may not be interested in investing in certain banks based solely on company size. That way it means that the size of this company is not the only major factor that investors pay attention to invest in the intended banking, but consider other indicators to reduce the loss factor.

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