THE EFFECT OF INTELLECTUAL CAPITAL, CAPITAL STRUCTURE, LIQUIDITY AND FIRM SIZE ON FINANCIAL PERFORMANCE WITH AN INDEPENDENT BOARD OF COMMISSIONERS AS MODERATION IN BANKING COMPANIES IN THE INDONESIAN STOCK EXCHANGE

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ARTICLE INFO	ABSTRACT
Keywords: Financial Performance, Intellectual Capital, Capital Structure, Liquidity, Firm Size, Independent Commissioner	This research aims to examine and analyze the independent board of commissioners in moderating the influence of Intellectual Capital, Capital Structure, Liquidity and Company Size on Financial Performance in Banking Companies on the Indonesia Stock Exchange. The research object was taken from the IDX because the financial reports presented are transparent and accountable. This research is causal associative research with a quantitative approach. The population of this research is banking companies on the Indonesia Stock Exchange in 2017-2021, totaling 44 companies. Sample selection was carried out using a purposive sampling method with a total sample of 26 companies. The data source comes from the official website of the Indonesian Stock Exchange, namely www.idx.co.id. The type of research data is secondary data with data collection techniques using documentation and literature study. The data analysis technique uses multiple linear regression analysis with the SPSS version 25 application. The research results show that Intellectual Capital and Company Size influence Financial Performance. Capital Structure influences Financial Performance. Liquidity has no effect on Financial Performance. The independent board of commissioners cannot moderate the influence of Intellectual Capital, Capital Structure, Liquidity and Company Size on Financial Performance.
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1. INTRODUCTION

A bank can build public trust, so that the bank's opportunity to develop is greater. The bank's ability to build public trust is the main basis for banking activities. Before the Covid-19 pandemic entered Indonesia, the banking sector faced several problems such as liquidity problems, increases in benchmark interest rates and the level of competition between banks. The emergence of the Covid-19 pandemic has apparently created new problems for the banking industry, ranging from bad credit to decreased demand for credit, for this reason it is necessary to carry out ongoing research regarding financial performance, especially in banks that are listed on the Indonesia Stock Exchange. This research object was taken because banks registered on the IDX are very transparent and accountable and can also be accessed by all members of the public. Apart from that, this research also examines the variables intellectual capital, capital structure, liquidity, firm size, and board of commissioners.

Generally, banks in Indonesia rely on their operating profits from providing credit to sustain themselves and thus have a high reliance on third party funds or public savings. At the start of the Covid-19 pandemic, all sectoral indices posted negative performance, one of which was the financial sector (Sitohang, 2021). . A deterioration in credit quality that leads to a fall in the performance of finance constitutes one of the adverse effects currently faced by the banking sector.

The measurement of financial performance in this research uses Return On Assets. The ROA ratio describes the company's ability to gain profits through assets sourced from public savings. The ROA value, the better it is to utilize all the assets it owns. The standard ROA ratio for banking companies according to Bank Indonesia ranges from 0.5% - 1.25%. The following is an overview of the financial performance of several banking companies in Indonesia.

Table 1 *Financial Performance* dengan Proksi *Return On Asset*

Variabel	Kode	2017	2018	2019	2020	2021
Financial	BBCA	3,90	4,00	4,00	3,30	3,41
Performance	BBNI	2,70	2,80	2,40	0,50	1,43
(ROA)	BBRI	3,69	3,68	3,50	1,98	2,72
	BMRI	2,72	3,17	3,03	1,64	2,53
	BDMN	3,10	2,20	3,00	1,00	1,20

Source : Proccessed Data, 2022

From table 1, it can be seen that the financial performance (ROA) of the five largest banking companies in Indonesia fluctuated from 2017-2020. All banks have the ability to create good profitability. In 2017-2018, precisely before the Covid-19 pandemic, 4 banks experienced an increase in the ROA ratio, namely BBCA bank, BBNI bank, BBRI bank and BMRI bank while BDMN bank experienced a decrease in the ratio. In 2019 – 2020, precisely when the pandemic was taking place in Indonesia, all 5 banks experienced a decrease in their ROA ratio. In 2021, precisely after the pandemic has passed, all banks will experience an increase in their ROA ratio.

As the Covid-19 pandemic continued, a phenomenon has been observed in Indonesia's banking sector which suggests that there was a fall in profitability as compared to ROA. Intellectual capital is one of the factors which lead to a reduction in bank financial performance. Banks can maintain market shares through the use of IPR because they have a wide range of interesting products for their consumers to choose from. Previous research has shown that intellectual capital can have a positive impact on economic performance, such as: (Ardianto & Sha, 2020), (Debora & Dewi, 2020), (Kurniawati et al., 2020).

The performance of banks may also be influenced by the composition of their capital structure. The company's capital structure shows that debt is used more frequently than own equity as a source of funding for companies (Fahmi, 2018). Capital structure in this research is proxied by the Debt to Equity Ratio (DER). The value of the DER is a measure of the bank's ability to pay obligations by means of capital alone. In view of the fact that debt creates interest expenses which may reduce the profitability of the company, a DER ratio of too high will have a negative impact on the financial performance, (Fahmi, 2018). Capital structure (DER) has a negative relationship with financial performance (ROA), meaning that an increase in the DER ratio will reduce the ROA value.

Liquidity problems arise due to high levels of credit disbursement which are not matched by growth in Third Party Funds (DPK). The gap between credit growth and the increase in third party funds means banks face tight liquidity risks. The level of bank liquidity can be seen from the Loan to Deposit Ratio (LDR) ratio value. The LDR ratio is the composition of total loans to total savings (Kasmir, 2014) Paying loan fees reduces the bank's profits, which is reflected in the ROA value. Research results (Dewi et al., 2015) report that liquidity ratio (LDR) has a negative and significant impact on a company's financial performance (ROA).

A bank's ability to control its market share shows a high level of public trust in that bank. Banks that are trusted by the public will more easily attract public capital. The more money a bank raises, the more opportunities a bank has to earn interest income on its loans. Research results (Mahardika & Salim, 2019), (Zhou & Tanggor, 2019) show that company size has a positive impact on financial performance (ROA). The higher the proportion of board members of a banking company, the lower the financial pressure the company faces. By achieving the ratio of independent commissioners, the function of controlling all policies made by the board of directors will function better, thereby avoiding financial difficulties. The more members the board has, the more effective the oversight will be in improving the company's performance. Research (Puspitasari & Ernawati, 2010)) concluded that if a company has a larger board of directors, independent directors tend to better monitor management policies to improve financial performance (ROA).

Several previous studies on the influence of intellectual capital, capital structure, liquidity, and firm size on financial performance have been carried out by (Ardianto & Sha, 2020);(Debora & Dewi, 2020);(Kurniawan & Samhaji, 2020) showing that intellectual capital influence on financial performance (ROA). On the other hand, research results (Mahardika & Salim, 2019)) found that intellectual capital had no effect on financial performance (ROA). Research conducted by (Debora & Dewi, 2020), (Kurniawan & Samhaji, 2020) concluded that capital structure has a negative effect on financial performance (ROA). In contrast to the results of research from (Ardianto & Sha, 2020) it was found that capital structure had a

positive effect on financial performance (ROA). Meanwhile, research results (Harsono & Pamungkas, 2020) found that capital structure had no effect on financial performance (ROA).

Theoritical Study

Signalling Theory

Signaling theory suggests that corporate information disclosure will provide signals to investors so that investors can distinguish between well-performing and poorly performing companies (Jogiyanto, 2013). Signaling theory is concerned with information about financial performance, especially as it relates to generating profits from the use of assets. If the financial performance is good, it will be good news for investors and customers. The company's ability to generate profits shows that the company's financial performance is good, so investors and the public will be interested in investing or depositing money in banks.

Financial Performance

According to (Fahmi, 2018), financial performance is an analysis done to see how well and accurately a company has implemented financial execution rules. Financial performance is a commonly used measure to evaluate a company's ability to generate profits.

Capital Structure

Compare debt and equity to finance a bank's business. According to (Harahap, 2009)), the lower the debt-to-capital ratio, the better for the company. The ratio is best if the capital is greater than the debt or at least equal. Debt has a negative impact on business performance because debt levels reduce profits.

Liquidity

The bank's ability to meet its financial obligations must be met immediately. One measure of a bank's liquidity is the loan-to-deposit ratio. The LDR ratio shows the vulnerability of a bank in maintaining a safe margin for its liquidity level. Too high a liquidity level indicates a bank's weak ability to manage third-party capital, thereby reducing its ability to improve its financial performance.

Firm Size

The size of a company is measured by the amount of capital it owns. The larger the bank, the greater the public's confidence in depositing money in that bank. The more third-party capital flows into a bank, the more opportunities the bank has to improve its financial performance from interest income.

Independent Board of Commissioners

Independent Commissioners are members of the board of commissioners who come from outside the company's shareholders, who are free from business relationships or other relationships that could affect their ability to act independently or act solely in the interests of the company(KNKG, 2006).

Conceptual framework

The conceptual framework aims to describe the role of the independent board of commissioners in moderating the influence of intellectual capital, capital structure, liquidity and firm size on financial performance. The following will describe the influence of intellectual capital, capital structure, liquidity and firm size on financial performance as well as the role of the independent board of commissioners as a moderating variable.
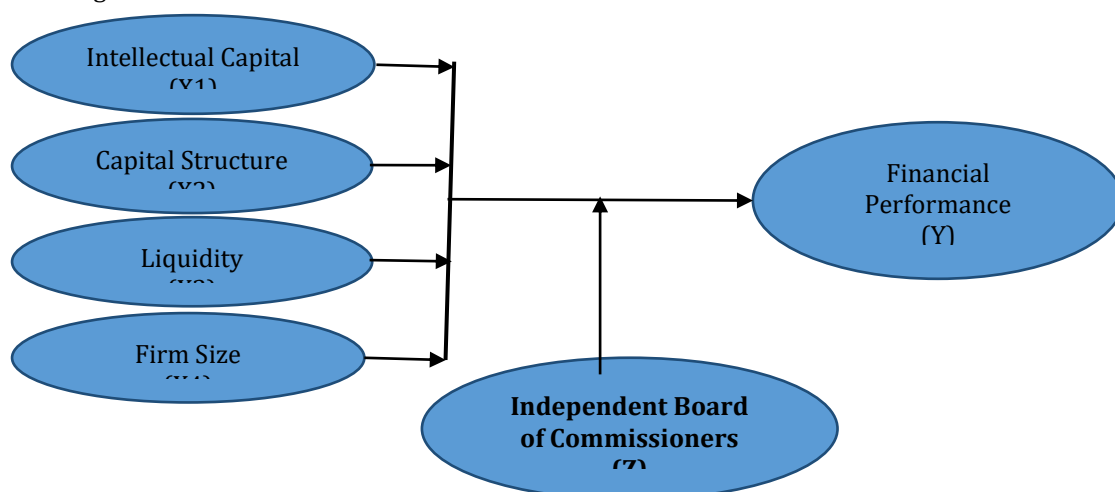

Figure 1. Conseptual Frame work

The Effect Of Intellectual Capital, Capital Structure, Liquidity And Firm Size On Financial Performance With An Independent Board Of Commissioners As Moderation In Banking Companies In The Indonesian Stock Exchange. **Hardianto Hardianto, et.al**

Research Hypothesis
1. Intellectual Capital influences the Financial Performance of Banking Companies on the Indonesian Stock Exchange
2. Capital Structure influences the Financial Performance of Banking Companies on the Indonesian Stock Exchange
3. Liquidity influences the Financial Performance of Banking Companies on the Indonesian Stock Exchange
4. Firm Size influences the Financial Performance of Banking Companies on the Indonesian Stock Exchange
5. An independent board of commissioners can moderate the influence of Intellectual Capital on Financial Performance in Banking Companies on the Indonesian Stock Exchange.
6. An independent board of commissioners can moderate the influence of Capital Structure on Financial Performance in Banking Companies on the Indonesia Stock Exchange.
7. An independent board of commissioners can moderate the influence of liquidity on financial performance in banking companies on the Indonesian Stock Exchange.
8. An independent board of commissioners can moderate the influence of Firm Size on Financial Performance in Banking Companies on the Indonesia Stock Exchange.

2.   METHOD
This study combines cause and effect with a quantitative approach. Associative causation is the study of analyzing the relationship or influence between two or more variables. The variables studied include independent variables, dependent variables and moderating variables. The research location was carried out in the banking sector on the IDX from 2017-2021. The research time starts from January 2022- February 2023

Varible Operational Defenition
1. **Financial Performing (Y)**
   Financial performance is a description of the achievements achieved by a company in its operations, both regarding financial aspects, marketing, collecting and distributing funds, technology and human resources (Jumingan, 2016)).
   This financial performance is measured using Return on Assets. ROA Formula:

   $$\text{ROA} = \frac{\text{Net Profit}}{\text{Total Asset}}$$

2. **Independent Board Of Commisioners (Z)**
   Independent Commissioners are members of the board of commissioners who come from outside the company's shareholders, who are free from business relationships or other relationships that could affect their ability to act independently or act solely in the interests of the company (KNKG, 2006). The size in determining independent commissioners, such as :

Independent Commissioners = number of independent commissioners in the company

1. Intellectual Capital (X1)
   Intellectual capital is intellectual material, knowledge, information, intellectual property rights, experience that can be used to create wealth(Ulum, 2013). Intellectual Capital is measured by Value Added Intellectual Coefficient (VAIC). The VAIC calculation formulation is as follows:
   VAIC   = VACA + VAHU + STVA
   VACA = VA/CE
   VAHU = VA/HC
   STVA = SC/VA
   VA   = Output – Input

2. Capital Structure (X2)
   Capital structure is a description of the company's financial proportions, namely between the capital it has which comes from long-term debt and its own capital which is then used as a source of company financing (Fahmi, 2018). Capital structure is measured by the Debt to Equity Ratio.

   $$\text{DER} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

*The Effect Of Intellectual Capital, Capital Structure, Liquidity And Firm Size On Financial Performance With An Independent Board Of Commissioners As Moderation In Banking Companies In The Indonesian Stock Exchange. **Hardianto Hardianto, et.al***

873

3. Liquidity (X3)
    Liquidity is a ratio used to measure a bank's ability to fulfill its short-term obligations when they are billed (Kasmir, 2014)). Bank liquidity indicators are assessed from the Loan to Deposit Ratio. (LDR).

LDR = <u>Total Credit</u>
Total Deposit

4. Firm Size (X4)
    Firm size is a measure of the size of a company which is shown in total assets, total capital, total sales, total profits, tax burden and so on (Riyanto, 2011). The company size indicator used is Ln Total Capital.

Firm Size = Ln Total Equity

Sampling technique

The sample selection process uses purposive sampling technique. Based on these criteria, the number of banking companies that meet the requirements as research samples is 26 companies. The observation period in this research starts from 2017-2021 so the number of observations in this research is 130 observations. The data analysis technique in this research was carried out using multiple linear regression analysis and moderating analysis with interaction tests (moderated regression analysis).

Hypothesis test

1. If tcount > ttable or if the significance value is <0.05, then it can be concluded that Intellectual Capital, Capital Structure, Liquidity and Firm Size partially influence Financial Performance.
2. If tcount < ttable or if the significance value is > 0.05, then it can be concluded that Intellectual Capital, Capital Structure, Liquidity and Firm Size have no partial effect on Financial Performance.

3. RESULT AND DISCUSSION

Descriptive Statistical Data Analysis

Table 2. Descriptive Statistics Test Results

Variabel	n	Minimum	Maximum	Mean	Std. Deviation
IC	130	1.115	8.841	3.734	1.771
SC	130	1.594	15.308	5.574	2.068
LQ	130	29.67	163.00	84.476	21.699
FS	130	1 118.360	291.786.804	39.640.046,07	61.668.774,999
PF	130	.10	4.31	1.669	1.066
DKI	130	1	7	3.03	1.306
Valid N (listwise)	130				

Source : Research Result, 2022

Based on table 2, the general overview and description of each variable will be described as follows.

1. The Intellectual Capital variable proxied by VAIC has a minimum value of 1.115 and a maximum value of 8.841. The mean (average) value of Intellectual Capital is 3.734, while the standard deviation value is 1.771, which shows that the deviation in Intellectual Capital is very small.
2. The Capital Structure variable proxied by DER has a minimum value of 1.594 and a maximum value of 15.308. The mean (average) value of Capital Structure is 5.574, while the standard deviation value is 2.068, indicating that the deviation in Capital Structure is very small.
3. The Liquidity variable which is proxied by LDR has a minimum value of 29.67 and a maximum value of 163. The mean (average) value of Liquidity is 84.476 while the standard deviation value is 21.699, indicating that the deviation from Liquidity is very small.
4. The Firm Size variable which is proxied by Total Capital has a minimum value of IDR. 1,118,360 million and a maximum value of Rp. 291,786,804 million. The mean (average) value of Firm Size is IDR 39,640,046.07 million. Meanwhile, the standard deviation value is Rp. 61,668,774.99 million shows that the deviation in Firm Size is very large.
5. The Financial Performance variable which is proxied by ROA has a minimum value of 0.10 and a maximum value of 3.03. The mean (average) value of Financial Performance is 1.669, while the standard deviation value is 1.066, indicating that the deviation in Financial Performance is very small.

6. The Independent Board of Commissioners variable has a minimum value of 1 and a maximum value of 7. The mean (average) value is 3.03 while the standard deviation value is 1.306, indicating that the deviation for the Independent Board of Commissioners is very small.

Normality Test

Normality test with a normal graph Probability plot can be detected if the data spreads around the diagonal line or follows the direction of the diagonal line on the normal P-P Plot graph then the data is assumed to be normally distributed as in the following picture.
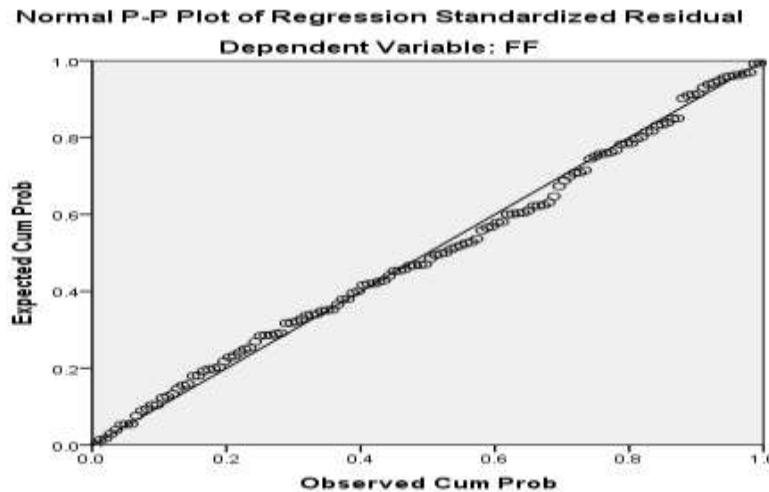

Normal P-P Plot of Regression Standardized Residual
Dependent Variable: FF

Figure 2. Normal PP Plot

Based on Figure 2, it shows that the dots are spread around the diagonal line and follow the direction of the diagonal line. From the results of the P-Plot graphic test, it can be concluded that the regression model used meets the normality assumption.
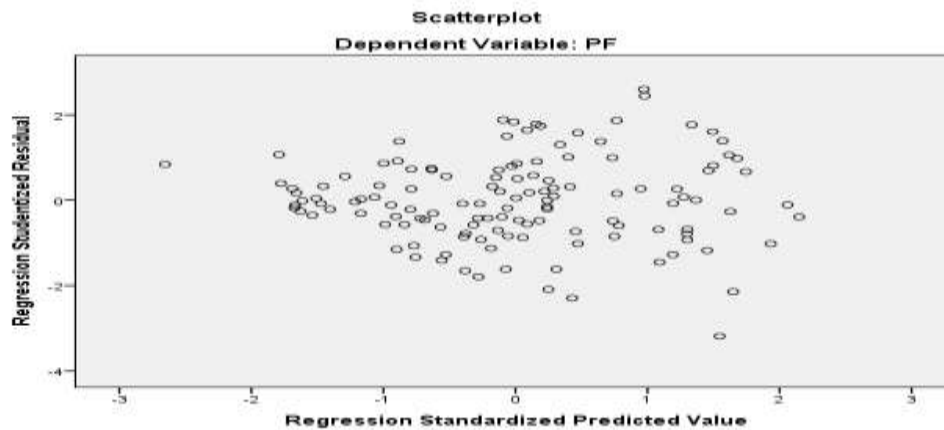
Multikolinearitas Test

Table 3 Multikolinearitas Test

Variable	Collinearity Statistic	
	Tolerance	**VIF**
IC (VAIC) ⟶ ROA	0.598	1.673
CS (DER) ⟶ ROA	0.956	1.046
LIQ (LDR) ⟶ ROA	0.898	1.113
FS (Ln TM) ⟶ ROA	0.564	1.772

Based on the results of the multicollinearity test in table 4.9, it is found that the tolerance value of each independent variable is as follows:

1. The Intellectual Capital (VAIC) variable on Financial Performance (ROA) has a tolerance and VIF value of 0.589 > 0.10 and 1.673 < 10, meaning that there is no correlation between variables so it can be concluded that it is free from multicollinearity problems.
2. The Capital Structure (DER) variable on Financial Performance (ROA) has a tolerance and VIF value of 0.956 > 0.10 and 1.046 < 10, meaning that there is no correlation between variables so it can be concluded that it is free from multicollinearity problems.
3. The Liquidity (LDR) variable on Financial Performance (ROA) has a tolerance and VIF value of 0.898 > 0.10 and 1.113 < 10, meaning that there is no correlation between variables so it can be concluded that it is free from multicollinearity problems.
4. The variable Firm Size (Total Capital) on Financial Performance (ROA) has a tolerance and VIF value of 0.564 > 0.10 and 1.772 < 10, meaning that there is no correlation between variables so it can be concluded that it is free from multicollinearity problems.

The Effect Of Intellectual Capital, Capital Structure, Liquidity And Firm Size On Financial Performance With An Independent Board Of Commissioners As Moderation In Banking Companies In The Indonesian Stock Exchange. **Hardianto Hardianto, et.al**

875

Heteroskedastisitas Test

Based on the image above, there is no particular pattern, and the points are spread above and below the number 0 on the Y axis. These results indicate that there are no symptoms of heteroscedasticity in the research model.

Autocorrelation Test

Table 4 Autocorrelation Test

Model	R	R Square	Adjusted R Square	Durbin-Watson
1	.722[a]	.521	.506	2.061

Based on table 4, it shows that the Durbin-Watson value of 2.061 is between the values du < d < 4-du or (1.794 < 2.061 < 2.206). These results prove that the regression model in this study is free from positive or negative autocorrelation problems.

Multiple Linear Regression Result

Table 5 Regression Equation Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1.509	1.256		-1.202	.232
IC (VAIC)	1.200	.181	.532	6.643	.000
CS (DER)	-.614	.184	-.211	-3.332	.001
LIQ (LDR)	.062	.256	.016	.241	.810
FS (LnTM)	.151	.054	.229	2.779	.006

From this table, the regression equation model from this research can be formulated as follows:
ROA= -1.509 + 1.200VAIC - 0.614DER + 0.062LDR + 0.151TM + e
The coefficients contained in the equation model above will be explained as follows:

a. A constant of -1.509 states that if the independent variables (VAIC, DER, LDR, Ln Total Capital) are constant, it will cause a decrease of 1.509 in the Financial Performance (ROA) value.

b. Intellectual Capital (VAIC) has a regression coefficient value of 1,200, stating that if the VAIC value increases by 1 percent with other variables having a constant value, it will cause an increase of 1,200 percent in Financial Performance (ROA). The Intellectual Capital (VAIC) variable has a positive relationship with Financial Performance (ROA).

c. Capital Structure (DER) has a regression coefficient value of -0.614, stating that if the DER value increases by 1 percent with other variables having a constant value, it will cause a decrease of 0.614 percent in Financial Performance (ROA). The Capital Structure (DER) variable has a negative relationship with Financial Performance (ROA).

d. Liquidity (LDR) has a regression coefficient value of 0.062, stating that if the LDR value increases by 1 percent with other variables having a constant value, it will cause an increase of 0.062 percent in Financial Performance (ROA). The Liquidity variable (LDR) has a positive relationship with Financial Performance (ROA).

e. Firm Size (Total Capital) has a regression coefficient value of 0.151, stating that if total capital experiences an increase of 1 percent with other variables having a constant value, it will cause an increase of 0.151 percent in Financial Performance (ROA). The Firm Size variable has a positive relationship with Financial Performance (ROA).

Moderated Regression Analysis Test

Table 6 MRA Interaction Test Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
IC*DKI terhadap ROA	-.195	.120	-.498	-1.629	.106
CS*DKI terhadap ROA	-.414	.253	-1.004	-1.634	.105
LQ*DKI terhadap ROA	-.667	.475	-3.733	-1.404	.163
FS*DKI terhadap ROA	-.005	.040	-.122	-.128	.898

From table 6, it shows that the results of the interaction test for each variable can be described as follows:

1. The significance value of the IC*DKI interaction test results on ROA is 0.106 > 0.05. These results indicate that the Independent Board of Commissioners cannot moderate the influence of Intellectual Capital on Financial Performance, meaning that the fifth hypothesis is rejected.
2. The significance value of the SC*DKI interaction test results on ROA is 0.105 > 0.05. These results indicate that the Independent Board of Commissioners cannot moderate the influence of Capital Structure on Financial Performance, meaning that the sixth hypothesis is rejected.
3. The significance value of the LQ*DKI interaction test results on ROA is 0.163 > 0.05. These results indicate that the Independent Board of Commissioners cannot moderate the influence of Liquidity on Financial Performance, meaning that the seventh hypothesis is rejected.

The significance value of the FS*DKI interaction test results on ROA is 0.898 > 0.05. These results indicate that the Independent Board of Commissioners cannot moderate the influence of Firm Size on Financial Performance, meaning that the eighth hypothesis is rejected

Hypotesis Test

Table 7 Statistical Test Result t

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1.509	1.256		-1.202	.232
IC (VAIC)	1.200	.181	.532	6.643	.000
CS (DER)	-.614	.184	-.211	-3.332	.001
LIQ (LDR)	.062	.256	.016	.241	.810
FS (Ln TM)	.151	.054	.229	2.779	.006

From the t table value and significance level contained in Table 7, the influence of each independent variable on the dependent variable can be explained as follows.

1. The Intellectual Capital (VAIC) variable has a calculated t value (6.643) > t table (1.979) with a significance level of 0.000 < (α=0.05). These results conclude that the Intellectual capital (VAIC) variable has a significant effect on Financial Performance (ROA). The first hypothesis is accepted.
2. The Structure Capital (DER) variable has a calculated t value (-3.332) > t table (1.979) with a significance level of 0.001 < (α=0.05). These results conclude that the Structure Capital (DER) variable has a significant effect on Financial Performance (ROA). The second hypothesis is accepted.
3. The Liquidity Variable (LDR) has a calculated t value (0.2279) < t table (1.979) with a significance level of 0.810 > (α=0.05). These results conclude that the Liquidity variable (LDR) has no effect on Financial Performance (ROA). The third hypothesis is rejected.
2. The Firm Size variable (Ln Total Capital) has a calculated t value (2.636) > t table (1.979) with a significance level of 0.006 < (α=0.05). These results conclude that the Firm Size variable (Ln Total Capital) has a significant effect on Financial Performance (ROA). The fourth hypothesis is accepted.

Determination Coefficient Test

Table 8 Determination Coefficient Test

Model	R	R Square	Adjusted R Square
1	.722a	.521	.506

From table 8, the R value of 0.722 shows that the model is in the strong category. The Adjusted R Square value is 0.506 or 50.60%, this shows that 50.60% of the Financial Performance variable can be

*The Effect Of Intellectual Capital, Capital Structure, Liquidity And Firm Size On Financial Performance With An Independent Board Of Commissioners As Moderation In Banking Companies In The Indonesian Stock Exchange. **Hardianto Hardianto, et.al***

877

explained by Intellectual Capital, Capital Structure, Liquidity and Firm Size while the remaining 49.40% can be explained by other variables outside the model for example Capital Adequacy Ratio, credit growth and Third Party Funds.

4. CONCLUSION

Based on the results of the research and discussions that have been carried out, the conclusions of this research are as follows: Intellectual Capital influences Financial Performance. This shows that optimal management and utilization of intellectual capital can improve financial performance which is reflected in bank operational profits. Capital Structure influences Financial Performance. This shows that a Debt to Equity Ratio that is too high will give rise to financial risks in the form of high interest charges which can reduce bank income, resulting in a decline in financial performance. Liquidity has no effect on Financial Performance. To maintain bank liquidity, banking management is too careful in distributing funds to the public so that the company cannot increase its income to the maximum. Firm Size influences Financial Performance. This shows that the larger the bank size, the higher the bank's capital. Banks with large capital have a level of security and strength in facing risk. Large size banks may undertake riskier activities to increase revenues. The independent board of commissioners cannot moderate the influence of Intellectual Capital on Financial Performance. This shows that the monitoring function carried out by the independent board of commissioners has not been effective so that it cannot encourage management to utilize the bank's intellectual capital to increase company income. The independent board of commissioners cannot moderate the influence of Capital Structure on Financial Performance. This shows that the supervisory function of the independent board of commissioners has not been effective so that it cannot encourage management to utilize customer funds to increase company income. The independent board of commissioners cannot moderate the influence of liquidity on financial performance. This shows that the supervisory function of the independent board of commissioners has not been effective so that it cannot encourage management to channel its funds to the public in order to increase company income. The independent board of commissioners cannot moderate the influence of Firm Size on Financial Performance. This shows that the supervisory function of the independent board of commissioners has not been effective so that it cannot encourage management to utilize the capital owned by the bank to increase company income. Based on the results of the discussion and conclusions of this research, the researcher suggests the following: Based on the results of statistical tests, it shows that liquidity (LDR) does not have a significant effect on increasing financial performance (ROA). This indicates that banking companies cannot rely on their operational income from providing credit. To increase bank income, banking management is advised to prepare several strategies such as implementing cost efficiency, maintaining credit quality and increasing transaction-based income (fee based income). For investors who want to invest their funds in the banking sector, they need to pay attention to firm size based on the total capital owned by the bank. Bank capital is a benchmark in facing operational risks. The greater the bank's core capital, the higher the level of security and strength of the bank in facing risk. Banks with larger capital will be safer as a place to invest than banks with smaller capital. The independent variables used in this research only consist of four variables. For future researchers, it would be better to add several other independent variables which are thought to influence the company's financial performance, such as Third Party Funds, interest rates, exchange rates and inflation. From the results of the interaction test (moderated regression analysis), it is proven that the independent board of commissioners cannot moderate the influence of Intellectual Capital, Capital Structure, Liquidity and Firm Size on Financial Performance. Future researchers are advised to test the independent board of commissioners as an intervening variable on the influence of Intellectual Capital, Capital Structure, Liquidity and Firm Size on Financial Performance.

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The Effect Of Intellectual Capital, Capital Structure, Liquidity And Firm Size On Financial Performance With An Independent Board Of Commissioners As Moderation In Banking Companies In The Indonesian Stock Exchange. **Hardianto Hardianto, et.al**

878

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