



The Effect of Capital Quality, Credit Quality, Efficiency and Profitability on Company Value (Study on Banking Companies Listed on the Indonesia Stock Exchange 2013-2022)

Viska Putra Ananda¹, Dedi Kusmayadi², Nanang Rusliana³

^{1,2,3}*Siliwangi University, Indonesia*

The objectives of this research is to determine and analyze capital quality, credit quality, efficiency, profitability and company value in conventional general banking listed on the Indonesian Stock Exchange and the influence of capital quality, credit quality, efficiency and profitability on company value in conventional general banking listed on the Indonesian stock exchange. The research method used in this research is descriptive analysis with a case study approach. The data needed in this research is secondary documentary data which contains the history of company finances published on the Indonesia Stock Exchange (BEI). The data and information obtained from the results of this research were analyzed using panel data multiple regression analysis. Based on the research results, it is known that partially capital quality and profitability have a positive effect on company value, while credit quality and efficiency have a negative effect on company value. Together, capital quality, credit quality, efficiency and profitability have a positive and significant effect on company value in conventional general banking listed on the Indonesian Stock Exchange. It is recommended for conventional general banking companies to improve capital quality and profitability as well as maintain the level of capital quality and efficiency, to increase company value.

OPEN ACCESS

ISSN 2985-3265 (Online)

*Correspondence:

Viska Putra Ananda
Viska1197@gmail.com

Received: 15 October 2024

Accepted: 13 December 2024

Published: 31 December 2024

Citation:

(2024) The Effect of Capital Quality, Credit Quality, Efficiency and Profitability on Company Value (Study on Banking Companies Listed on the Indonesia Stock Exchange 2013-2022).
 Review on Islamic Accounting. 4.2.

Keywords: Efficiency; Credit Quality; Capital Quality; Company Value

Open access under Creative Commons Attribution-NonCommercial 4.0 International License (CC-BY-NC)



INTRODUCTION

The development of the capital market in Indonesia has experienced a very rapid increase because the capital market has an important role in the economy (Alvia et al., 2022). The parties or companies involved in the Indonesian capital market are listed in Law Number 8 of 1995 concerning the capital market containing provisions on capital market laws, such as capital market activities. In addition, the capital market can be said to be a link between investors and companies or governments in the field of trade, such as stocks, bonds or other forms. In this case, the Indonesia Stock Exchange has a function to facilitate capital market product transactions. Many companies use the capital market as a means of investment and especially to strengthen financial reports (Yusrina et al., 2023).

Company value plays a central role as an important benchmark in analyzing the health and performance of a company (Ramadhan & Takarini, 2022). Measuring the value of a conventional banking company is a complex and important process in the world of finance. This involves a thorough analysis of various aspects that affect the health and prospects of the company. The value of a banking company can be measured through various methods, including asset valuation, income valuation, and market valuation. This measurement also takes into account factors such as credit ratings, historical performance, projected growth, risks, and market dynamics associated with the banking industry. In addition, the value of a banking company can also be reflected in its stock price in the market. An accurate assessment of the value of a banking company is very important in making investment decisions, managing risk, and in transaction processes such as mergers and acquisitions. Banking investors pay close attention to changes in company valuations and stock prices because they are closely related to investment decisions and the value of their ownership in the company. Along with fluctuations in company valuations and stock prices, shareholders will try to understand and respond to company and market conditions more carefully in order to optimize their investment potential.

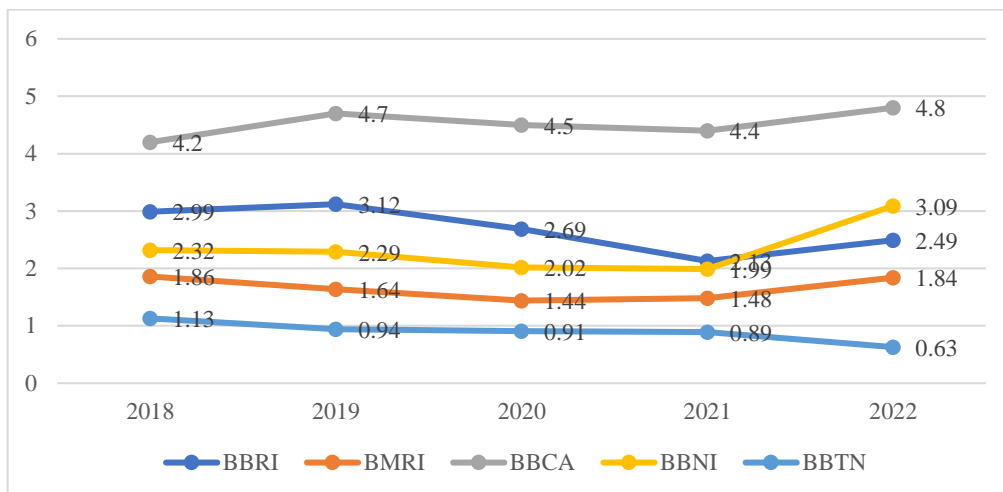
Several Indonesian banks continue to experience changes in assets. Indonesian Banking Statistics released by the Financial Services Authority (OJK), as of April 2023, revealed that the total assets of commercial banks reached IDR 10,932.35 trillion. This figure decreased when compared to March 2023 which was IDR 10,979.99 trillion. In fact, at the end of 2022, the total

assets of commercial banks had reached IDR 11,113.32 trillion (cnbcindonesia.com, 2023).

However, the total assets of commercial banks have managed to increase from the previous April 2023 of IDR 10,172.53 trillion or an increase of 6.95% annually (yoy). There are several largest banks in Indonesia when viewed from the amount of their assets as of May 2023. The position of the number one largest bank based on the amount of assets is occupied by PT Bank Rakyat Indonesia Tbk. (BRI) or BRI, with total assets of IDR 1,631.18 trillion as of May 31, 2023. Followed in second place by PT Bank Mandiri Tbk. (BMRI) whose total assets were recorded at IDR 1,519.98 trillion as of May 31, 2023. Previously at the end of 2022, Bank Mandiri was the champion bank with the largest assets, namely IDR 1,992 trillion. Meanwhile, BRI was in second place at the end of last year with total assets of IDR 1,865.63 trillion. Continuing in the period at the end of May 2023, there was PT Bank Central Asia Tbk. (BBCA) or BCA is in third place. BCA recorded total assets of IDR1,296.52 trillion as of May 31, 2023. Then, there is PT Bank Negara Indonesia Tbk. (BBNI) or BNI which recorded a total asset value of IDR967.52 trillion as of May 31, 2023. Finally, there is PT Bank Tabungan Negara Tbk. (BBTN) or BTN which recorded a total asset value of IDR400.49 trillion (cnbcindonesia.com, 2023).

Meanwhile, if we look at the movement of the PBV of Conventional Commercial Banks represented by the 5 (five) largest commercial banks in Indonesia based on the company's asset value, it is as Figure 1. Based on Figure 1, PBV in 5 (five) Conventional General Banking Companies tends to be unstable or fluctuating. The instability is caused by selling in the global market and secondly because of the deteriorating quality of state-owned bank assets (<https://keuangan.kontan.co.id/>).

Fluctuating and unstable PBV can create uncertainty for investors (Afifah & Fauziyyah, 2023). With this PBV ratio, investors can find out directly how many times the market value of a stock has been valued from its book value. This ratio can provide an overview of the potential price movement of a stock, so that they can plan long-term investments better. PBV instability can cause investor distrust and make it difficult for them to make investment decisions. An unstable or fluctuating PBV in the long term can be concluded that the company's performance is ineffective and results in a decrease in the company's value, indicating that the welfare of investors is not good (Rahmadewi & Abundanti, 2018).



Source: Data processed, 2023

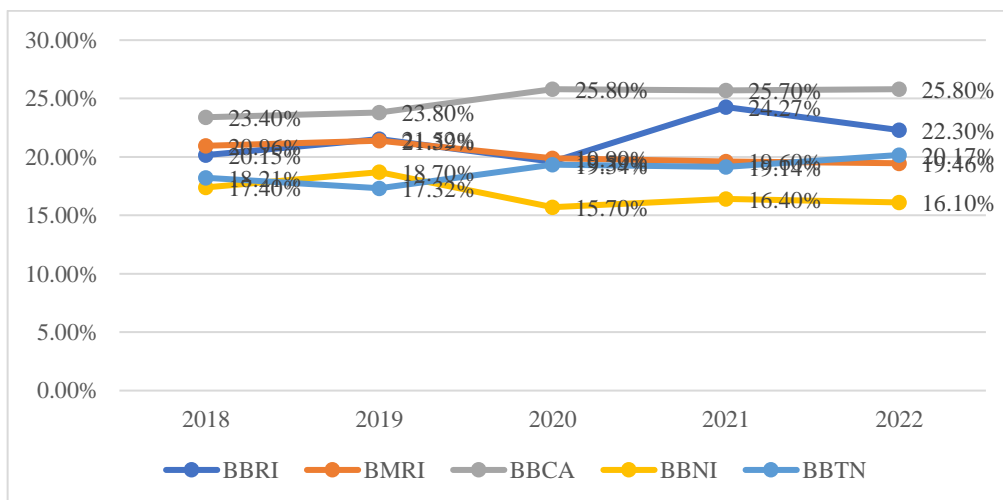
Figure 1. PBV Movement of the 5 (Five) Largest General Banks in Indonesia 2018 – 2022

Good capital quality reflects the optimal capital structure and composition in a company, as well as its ability to effectively address risks and deal with economic pressures (Putri & Puspitasari, 2022). By having strong and healthy capital, companies can reduce capital costs, increase their attractiveness to investors, and build market confidence in their long-term performance.

Capital adequacy ratio (CAR) is an important indicator in assessing how good the capital structure and composition of a company is (Maimunah & Fahtiani, 2019). High CAR reflects strong and healthy capital quality that can provide a competitive advantage for the company in running its operations and taking

growth opportunities with confidence. In addition, having adequate CAR also helps companies avoid the risk of bankruptcy and financial instability that can lead to a decrease in the value of the company's shares and reputation. In a rapidly changing business environment, high CAR provides important financial flexibility for companies to adapt to dynamic market changes. CAR that reflects sufficient capital quality can increase the company's value and increase stakeholder trust.

The following are the capital quality conditions represented by the 5 (five) largest commercial banks in Indonesia based on their CAR ratios, as follows:



Source: Data processed, 2023

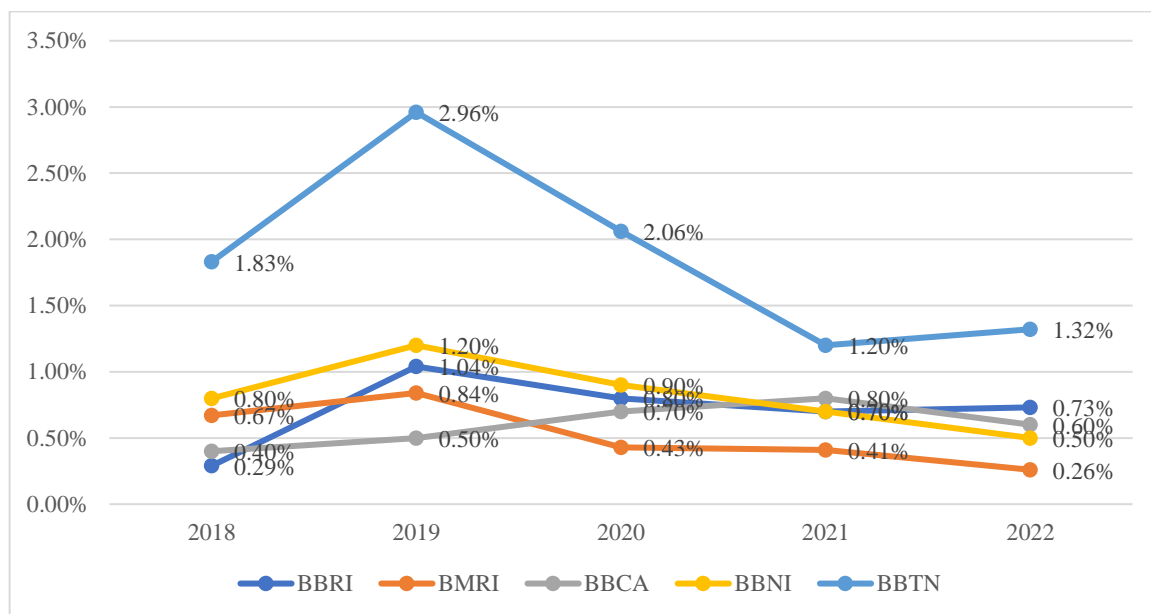
Figure 2. CAR Movement of the 5 (Five) Largest General Banks in Indonesia 2018 – 2022

Based on Figure 2, CAR in 5 (five) Conventional General Banking Companies experienced a fluctuating trend and tended to decline. The fluctuating and decreasing CAR (Capital Adequacy Ratio) ratio in banking can be caused by various factors, such as increasing non-performing loans, dividend cuts, business expansion that is not balanced with an increase in capital, changes in banking regulations, investment losses, decreasing interest income, and macroeconomic factors. Fluctuations in the CAR ratio are common, but banks must actively manage capital risk and ensure that they comply with regulatory requirements to maintain their financial health. However, seen from the CAR value of the 5 (five) Banks, all are above the industry ratio standard of > 14% with a very good predicate (Bank Indonesia Regulation No. 15/12/PBI/2013).

Credit quality is measured using non-performing loans (NPL) in influencing company value (Mumtazah

& Purwanto, 2020). NPL refers to the portion of a loan or credit that is due, but cannot be paid by the borrower, or debt payments are delayed. A high NPL level can be an indicator of a problem in a company's credit quality, because it indicates a high risk of default. Poor credit quality and high NPL levels can have a detrimental impact on the company. Increasing NPLs can reduce the company's revenue and profit due to losses from uncollectible receivables. This can cause the company to have difficulty in obtaining additional financing, because lenders and investors will be reluctant to provide loans or investments to companies with high credit risk levels.

The following are the credit quality conditions represented by the 5 (five) largest commercial banks in Indonesia based on their NPL ratios, as follows:



Source: Data processed, 2023

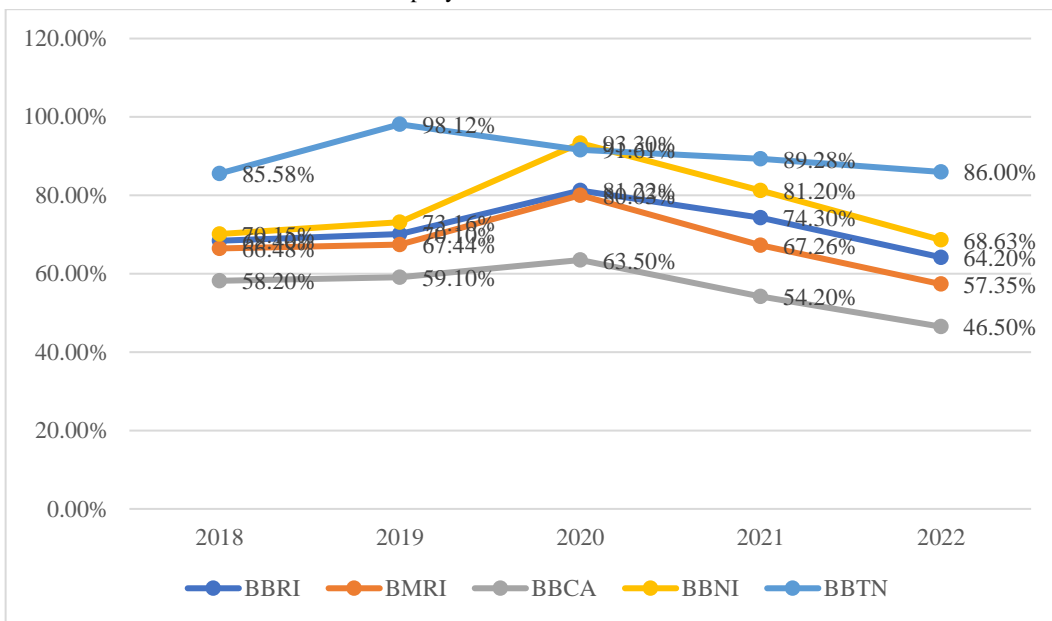
Figure 3. NPL Movement of the 5 (Five) Largest General Banks in Indonesia 2018 – 2022

Based on Figure 3, NPL in 5 (five) Conventional General Banking Companies tends to decrease. The NPL ratio of all 5 (five) Banks is below the industry ratio standard <2% with a very healthy predicate (Bank Indonesia Regulation No. 15/12/PBI/2013).

Operational efficiency is an important thing that can affect the value of the company (Wildan & Yulianti, 2021). BOPO (Operating Costs Operating Income) is an indicator used to measure the level of efficiency, which reflects the percentage of a company's operating costs to its operating income. The lower the BOPO level, the more efficient the company is in managing its

operating costs. By achieving a low BOPO, companies tend to have higher profit margins, because lower operating costs increase the company's profits. This operational efficiency provides great benefits to the company. Companies with low BOPO can also be more resilient to economic pressures and market changes (Kansil et al., 2021).

The following are the efficiency conditions represented by the 5 (five) largest commercial banks in Indonesia based on their BOPO ratios, as follows:



Source: Data processed, 2023

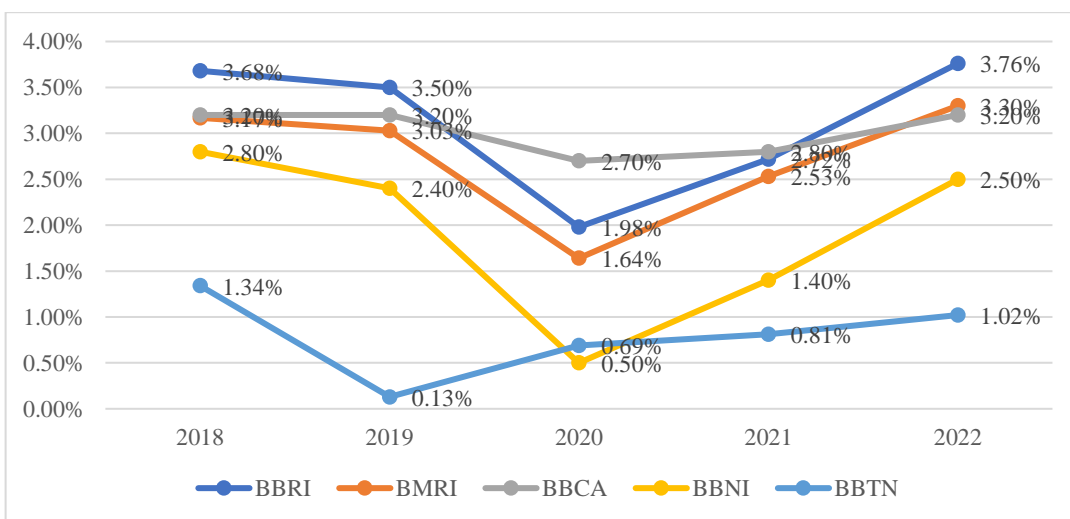
Figure 4. BOPO Movement of the 5 (Five) Largest General Banks in Indonesia 2018 – 2022

Based on Figure 4, BOPO in 5 (five) Conventional General Banking Companies tends to decrease. The BOPO ratio of all 5 (five) Banks is below the industry ratio standard <94% with a very healthy predicate (Bank Indonesia Regulation No. 15/12/PBI/2013).

The level of profitability, one of which is measured by Return on Assets (ROA), is a ratio that measures the company's ability to generate profits by using the company's assets after being adjusted for the costs of financing those assets (Shenurti et al., 2022). The greater the ROA result, the better the company's performance. The growth of ROA indicates the

company's prospects are getting better because of the potential profits obtained by the company. The higher the ROA ratio, the better the condition of the company so that it can attract investors or creditors to invest their capital in the company and can improve the welfare of the owners. Therefore, company management is always required to be able to achieve targets in accordance with the goals set by the company.

The following are the profitability conditions represented by the 5 (five) largest general banks in Indonesia based on their ROA ratios, as follows:



Source: Data processed, 2023

Figure 5. ROA Movement of the 5 (Five) Largest General Banks in Indonesia 2018 – 2022

Based on Figure 5, ROA in 5 (five) Conventional General Banking Companies tends to increase. The ROA ratio of the 5 (five) Banks is between the industry ratio standard of 0 to above 3% so that some are in the predicate of less healthy, healthy and very healthy (Bank Indonesia Regulation No. 15/12/PBI/2013).

Research on capital adequacy ratio, Non Performing Loan, operating costs to operating income and profitability to company value has been widely conducted, but there are differences in the results of previous studies. In the results of the study (Nurrahmawati, 2020) concluded that operating expenses to operating income (BOPO), and net performing loans (NPL) have a significant effect on the stock value of banking companies listed on the IDX for the 2015-2019 period. Meanwhile, the capital adequacy ratio (CAR) does not have a significant effect on the stock value of banking companies listed on the IDX for the 2015-2019 period. The results of the study (Mawarti et al., 2022) concluded that the profitability ratio and CAR have a positive effect on company value while NPL has no significant effect on the value of banking companies. Meanwhile, the results of the study (Utami, 2021) that BOPO has a negative effect on company value, profitability has a positive effect on company value.

So based on the description of the research background, the author is interested in conducting research with the title: "The Influence of Capital Quality, Credit Quality, Efficiency and Profitability on Company Value (Study on Conventional General Banking Companies Listed on the Indonesia Stock Exchange for the 2013-2022 Period)".

The purpose of the research conducted by the author is to find out and analyze:

1. The partial effect of capital quality on company value in Conventional General Banking listed on the Indonesia Stock Exchange for the 2013-2022 period.
2. The partial effect of credit quality on company value in Conventional General Banking listed on the Indonesia Stock Exchange for the 2013-2022 period.
3. The partial effect of efficiency on company value in Conventional General Banking listed on the Indonesia Stock Exchange for the 2013-2022 period.
4. The partial effect of profitability on company value in Conventional General Banking listed on the

Indonesia Stock Exchange for the 2013-2022 period

5. The effect of capital quality, credit quality, efficiency and profitability together on company value in Conventional General Banking listed on the Indonesia Stock Exchange for the 2013-2022 period.

LITERATURE REVIEW

Definition of Capital Quality

According to Rahmani in (Wildana and Ferayani, 2023: 3), "capital quality is sufficient capital to meet the needs and obligations of the bank, especially in facing various risks, the availability of sufficient capital is the key to maintaining assets and facing credit risks that arise".

Based on this explanation, to determine the quality of a bank's capital, the Capital Adequacy Ratio (CAR) ratio can be used. This is because the Capital Adequacy Ratio (CAR) ratio measures the level of adequacy of banking capital in facing possible risks. According to Izzah in (Widana & Ferayani, 2023: 3) explains that: "Capital quality is the funds available or sufficient to cover problems and risks that may arise in the company by using the Capital Adequacy Ratio (CAR) as a determinant of the quality of capital owned by financial institutions".

According to Kasmir (2014: 87), to determine the Capital Adequacy Ratio (CAR) is formulated as follows.

$$\text{Capital Adequacy Ratio} = (\text{Bank Equity}) / (\text{Risk Weighted Assets}) \times 100\%$$

Definition of Quality of Credit

According to Kurniati and Nurhayati in (Sutrisno, et al, 2023: 2) explains that: "Credit quality is a measure of the credit risk faced by financial institutions or lenders in providing credit to individuals or companies".

According to Backer in (Maryadi & Susilowati, 2020: 70) that: "Credit quality can be measured using Non Performing Loans which refer to the portion of a financial institution's loan portfolio that is not paid by the borrower according to the agreed payment schedule".

In general, NPL measurements use the NPL ratio which is calculated as a percentage of the total

credit provided by the bank. The higher the NPL ratio indicates the greater the credit risk faced by the bank. Conversely, a low NPL ratio indicates that the credit risk faced by the bank is relatively small. according to [Kasmir \(2014: 115\)](#) to find out Non Performing Loans at a bank, it can be calculated as follows.

$$\text{Non Performing Loan} = \frac{\text{(Amount of Non-Performing Loans)}}{\text{(Total Credit)}} \times 100\%$$

Definition of Efficiency

According to Berger and Humphrey in [\(Kristiyanto, 2022: 4\)](#) that: "Banking operational efficiency is the bank's ability to convert resources into optimal output or services by using appropriate technology, processes and management systems".

According to [Utami \(2021: 4\)](#) that: BOPO (Operational Costs to Operational Income) is one of the important indicators that can be used in calculating efficiency in banking. BOPO measures the extent to which a bank's operational costs are compared to the operational income generated from its business activities. According to [Rivai \(2017: 132\)](#) that BOPO is a tool for measuring operational efficiency with the following formula.

$$\text{BOPO} = \frac{\text{Operating costs}}{\text{Operating Income}} \times 100\%$$

The BOPO (Operating Expenses to Operating Income) formula is used to measure the operational efficiency of a bank. By calculating the BOPO ratio, banks can find out how much operational expenses are incurred to generate operational income. In the long term, banks that are able to maintain a low BOPO ratio can increase their competitiveness and ability to provide benefits to shareholders.

Definition of Profitability

Profitability is one measure of a company's performance. According to [Sawir \(2018: 18\)](#) Profitability is the company's ability to generate profits during a certain period. Profitability itself can be measured using ROA. In financial statement analysis, this ratio is most often highlighted, because it is able to show the company's success in generating profits. This is supported by the opinion of [Syamsudin, \(2016: 63\)](#) who said, "Company profitability can be measured using the ROA indicator which consists of profit after tax and total company assets". ROA is able to measure the company's ability to generate in the past to then be projected in the future. According to [Brigham & Houston \(2018: 90\)](#), ROA is the ratio of net profit to

total assets measuring the return on total assets after interest and taxes.

$$\text{ROA} = \frac{\text{Net Profit}}{\text{Total Asset}} \times 100\%$$

According to Weston and Brigham quoted by [Kasmir \(2018: 156\)](#) ROA is a ratio that shows the results (return) on the amount of assets used in the company. In addition, ROA provides a better measure or profitability of the company because it shows the effectiveness of management in using assets to generate income.

Definition of Company values

Company value is defined as market value because company value can provide maximum shareholder prosperity if the company's stock price increases. According to [Keown \(2016:470\)](#) states that: "Company value is the market value of the company's outstanding debt and equity securities".

Measuring Company Value According to [Tandelilin \(2017:192\)](#) in the company's valuation ratio, it can be done by calculating the Price to Book Value (PBV) ratio. Price to Book Value (PBV) shows how far a company is able to create company value relative to the amount of capital invested. PBV can mean a ratio that shows whether the traded stock price is overvalued (above) or undervalued (below) the book value of the stock. Systematically, PBV can be calculated using the formula.

$$\text{PBV} = \frac{\text{Price per Share}}{\text{Share Book Value}} \times 100\%$$

The reason for using PBV is because the ratio provides an overview of how much the company's market value is compared to the assets owned by the company (book value). This is useful especially when the company's assets recorded in the financial statements are relatively stable and can be relied upon as a basis for analysis.

METHODOLOGY

Research Method

This study uses quantitative descriptive techniques to analyze time series datasets. Time series data refers to information collected periodically, using consistent devices and objects. This data can be classified as quantitative data because it involves numerical measurements ([Sugiyono, 2018:10](#)).

Type of Data

The data used in this study is secondary data. The secondary data used is panel data, namely a combination of cross-section and time series data obtained from the Financial Reports of Conventional General Banking Companies in the period 2013-2022.

The data used was obtained by transferring and copying data through the website. In addition, data was also obtained at the Investment Gallery of Siliwangi University and www.idx.co.id which was taken from all Conventional General Banking Companies in the period 2013-2022

Data Analysis

Panel data is a combination of time series data and cross section data. Time series data includes one object or individual, arranged based on the time sequence of daily, monthly, quarterly, or yearly data. Cross section

data consists of several or many objects, with several types of data in a certain time period. The combination of both types of data is seen from the dependent variable which consists of several areas (cross section) but in various time periods (time series).

ANALYSIS

The Influence of Capital Quality on Company Value in General Banking Companies Listed on the Indonesia Stock Exchange 2013 – 2022

Statistical tests are used to test the Influence of Capital Quality on Company Value in Conventional General Banking Companies listed on the Indonesia Stock Exchange for the 2013-2022 Period. The data was analyzed by researchers using the E-Views Version 12 computer program to obtain accurate test results.

Table 1. Bootstrapping Process Results

Pengujian	Ketentuan	Hasil Penelitian
Uji Chow	Model CEM sesuai (Prob>0,05) Model FEM sesuai (Prob<0,05)	0,000 (FEM)
Uji Hausman	Model REM sesuai (Prob>0,05) Model FEM sesuai (Prob<0,05)	0,000 (FEM)

Two experiments were conducted to determine the optimal panel data regression model, namely comparing the Common Effect Model (CEM) with the Fixed Effect Model (FEM), as shown in Table 1. The following research findings are presented based on the specified testing criteria.

- a) Chow Test, namely CEM Model is appropriate (Prob > 0.05), FEM Model is appropriate (Prob < 0.05). Research Results: FEM Model (FE Model)
- b) Hausman Test, namely REM Model is appropriate (Prob > 0.05), FEM Model is appropriate (Prob < 0.05). Research Results: FEM Model (FE Model)

The results of the study indicate that the fixed effect model (FEM) is the most appropriate model for analyzing panel data in this study. The reason for this observation is that the results of the Chow and Hausman Tests conducted on the FEM model show marginal deviations from the significance level of 0.05.

Panel data regression is used to conduct data analysis in this study. The panel data used in this study consists of a combination of cross-sectional data that specifically focuses on companies listed on the IDX in the Banking sector, and time series data covering the research period from 2013 to 2022. The findings of the investigation reveal the panel data regression model in the following manner:

$$Y = 2.685666 + 0.010144X1 - 0.282478X2 - 0.001754X3 + 0.183468X4 + e$$

The panel data regression equation can be explained as follows.

- a) If it is assumed that the values of the variables X1 (Capital Quality), X2 (Credit Quality), X3 (Efficiency) and X3 (Profitability) are constant or equal to zero, then the value of the variable Y (Firm Value) is 2.685666.
- b) The Capital Quality variable (X1) has a positive effect on Firm Value (Y) with a regression coefficient of 0.010144, which means that if there is an increase in the Capital Quality variable (X1) by 1 unit, the Firm Value (Y) will increase by 0.010144. With the note that other variables remain constant.
- c) The Credit Quality variable (X2) has a negative effect on the Company Value (Y) with a regression coefficient of -0.282478, which means that if there is an increase in the Credit Quality variable (X2) by 1 unit, the Company Value (Y) will decrease by 0.282478. With the note that other variables remain constant.
- d) The Efficiency variable (X3) has a negative effect on the Company Value (Y) with a regression coefficient of -0.001754, which means that if there

is an increase in the Efficiency variable (X3) by 1 unit, the Company Value (Y) will decrease by 0.001754. With the note that other variables remain constant.

- e) The Profitability variable (X4) has a positive effect on the Company Value (Y) with a regression coefficient of 0.183468, which means that if there is an increase in the Profitability variable (X4) by 1 unit, the Company Value (Y) will increase by 0.183468. With the note that other variables remain constant.

To determine the coefficient of determination (R²), you can use R Square as stated by Ghozali (2020:97). The results of data processing on Fixed Effect obtained an R² value of 0.443819, meaning that capital quality, credit quality, efficiency and profitability can explain changes in company value by 44.38% and the remaining 55.62% is explained by other variables/factors outside the model.

The Influence of Capital Quality on Company Value in General Banking Companies Listed on the Indonesia Stock Exchange 2013 – 2022

Based on data processing using Eviews 10, it shows the results of the fixed effect method regression estimation on Conventional General Banking Companies listed on the Indonesia Stock Exchange for the 2013-2022 period. It is known that the regression value of the Capital Quality Variable (X1) has a positive effect on Company Value (Y) with a regression coefficient of 0.010144, which means that if there is an increase in the Capital Quality variable (X1) by 1 unit, the Company Value (Y) will increase by 0.010144.

The results of the analysis show a tested hypothesis, where the effect of capital quality on company value is positive. The partial test produces a probability value of p-value for Capital Quality of $0.0747 > \alpha = 0.05$. So that the decision rule accepts H₀ or H_a is rejected, with a confidence level of 95%, the existing data does not support statistical evidence that Capital Quality has a positive but insignificant effect on Company Value in Conventional General Banking Companies listed on the Indonesia Stock Exchange for the 2013-2022 period.

Based on the average capital quality (CAR) owned by banking companies, Bank of India Indonesia, Tbk (BSWD) has the highest average capital quality of 45.5%, in accordance with Bank Indonesia Regulation. Number 15/2/PBI/2013 Article 2 paragraph 3 Concerning Minimum Capital Provision for Commercial Banks CAR $\geq 14\%$ is included in the

predicate very good. This means that the quality of capital owned by the bank is in a very healthy or guaranteed position for the company. Meanwhile, the bank that has the smallest average capital quality (CAR) is Bank Victoria Internasional, Tbk (BVIC) at 9.77%, in accordance with Bank Indonesia Regulation. Number 15/2/PBI/2013 Article 2 paragraph 3 Concerning Minimum Capital Provision for Commercial Banks CAR $< 10\%$ is included in the predicate bad. This means that the quality of capital owned by the bank can be said to be in an unhealthy or unguaranteed position for the company.

Thus, it can be seen that Capital Quality has a negative and significant effect on Company Value. In theory, capital quality will have a negative impact on company value. Fahmi in (Maliki & Apandi, 2022: 3) explains that the Capital Adequacy Ratio (CAR), also known as the capital adequacy ratio, reflects the bank's ability to cope with the risk of loss from its operational activities and fund its business activities. So, banks with high CAR have good capital adequacy, and this has a positive impact on the company's value. The higher the CAR, the greater the value of the company. Thus, CAR acts as an important indicator in assessing the bank's financial stability and capital quality which can affect the company's value.

According to Fahmi (2018: 51) that: "When the Capital Adequacy Ratio (CAR) of a company improves, it gives a positive signal to investors, which ultimately has a positive impact on the company's value". This theory means that the CAR increases, the company's value will increase. The ideal CAR level will increase public trust as fund owners in the bank so that the public will have a greater desire to save their funds in the bank, which in the end the bank will have sufficient funds to carry out its operational activities such as providing credit to the public which allows the bank to be able to obtain more profit from the increase in credit interest income. The results of this study are also in line with the results of research conducted by Harahap, D. A., & Hairunnisah, A. I. (2020) and Mawarti, W., Negoro, D. A., & Syah, T. Y. R. (2022) concluded that the capital adequacy ratio (CAR) has a positive and significant effect on company value.

The Influence of Credit Quality on Company Value in General Banking Companies Listed on the Indonesia Stock Exchange 2013 – 2022

Based on data processing using Eviews 10, it shows the results of the fixed effect method regression estimation on Conventional General Banking

Companies listed on the Indonesia Stock Exchange for the 2013-2022 period. It is known that the regression value of the Credit Quality Variable (X2) has a negative effect on Company Value (Y) with a regression coefficient of -0.282478, which means that if there is an increase in the Credit Quality variable (X2) by 1 unit, the Company Value (Y) will decrease by -0.282478.

The results of the analysis show a tested hypothesis, where the effect of credit quality on company value is negative. The partial test produces a probability p-value for Credit Quality of $0.0009 < \alpha = 0.05$. So that the decision rule to reject H_0 or H_a is accepted, with a confidence level of 95%, the existing data supports statistical evidence that Credit Quality has a negative and significant effect on Company Value in Conventional General Banking Companies listed on the Indonesia Stock Exchange for the 2013-2022 period. Based on the average credit quality (NPL) owned by banking companies, Bank Jtrust Indonesia, Tbk (BEKS) has the largest average credit quality (NPL) of 4.17% or NPL is between 2% and 5%, so it gets the predicate of healthy banking ([Bank Indonesia Regulation No. 15/12/PBI/2013](#)). Meanwhile, the bank that has the smallest average credit quality (NPL) is Bank Tabungan Pensiun Negara, Tbk (BTPN) at 0.42%, or below the industry standard of 0% ([Bank Indonesia Regulation No. 15/12/PBI/2013](#)). Which means that the company has very good credit quality and is included in a very healthy bank.

From the study, it can be seen that the influence of credit quality is significant on company value. This is because a high NPL level can cause distrust among investors and creditors towards the quality of assets and risk management of the company. Low trust can lead to a decrease in investor and creditor interest in investing or providing loans to the company, which can have a negative impact on the company's value. According to Murni and Subijono in ([Pracoyo & Ladjadjawa, 2022: 13](#)) explained that: A high NPL level indicates a higher credit risk. NPL can cause banks or companies to experience losses due to borrowers' failure to pay their loans. In this case, if the NPL level increases, it will result in a decrease in the company's value because the profit obtained by the bank decreases, in the end the bank needs to set aside more funds to cover losses in its operational activities. The results of this study are also in line with the results of research conducted by [Nurrahmawati, Siti. \(2020\)](#) and [Harahap, D. A., & Hairunnisah, A. I. \(2020\)](#) concluded that NPL affects company value.

The Influence of Efficiency on Company Value in General Banking Companies Listed on the Indonesia Stock Exchange 2013 – 2022

Based on data processing using Eviews 10, it shows the results of the fixed effect method regression estimation on Conventional General Banking Companies listed on the Indonesia Stock Exchange for the 2013-2022 period. It is known that the regression value of the Efficiency Variable (X3) has a negative effect on the Company's Value (Y) with a regression coefficient of -0.001754, which means that if there is an increase in the Efficiency variable (X3) by 1 unit, the Company's Value (Y) will decrease by -0.001754.

The results of the analysis show a tested hypothesis, where the effect of efficiency on company value is negative. The partial test produces a probability p-value for Efficiency of $0.2693 > \alpha = 0.05$. So that the decision rule accepts H_0 or rejects H_a , with a confidence level of 95%, the existing data does not support statistical evidence that Efficiency has a negative but insignificant effect on Company Value in Conventional General Banking Companies listed on the Indonesia Stock Exchange for the 2013-2022 period. Based on the average efficiency (BOPO) owned by banking companies, Bank QNB Indonesia, Tbk (BKSW) has the largest average efficiency (BOPO) of 290.02%, which is above 97%, meaning it is included in the unhealthy category ([Bank Indonesia Regulation No. 15/12/PBI/2013](#)). This means that the Bank is unable to carry out efficiency in reducing its operational costs, this can cause large losses, and can even reduce the profits obtained. Meanwhile, the bank with the smallest average efficiency (BOPO) is Bank CIMB Niaga, Tbk. (BNGA) at 55.98%, which means it falls into the $BOPO \leq 94\%$ predicate or the very healthy predicate.

From the study, it can be seen that the negative effect of efficiency on company value, BOPO or efficiency ratio is used to measure the ability of bank management to control operational costs such as interest costs, labor costs, marketing costs, and other costs against operational income obtained from placing bank funds in the form of credit or other operational income. Banks that are not efficient in reducing their operational costs can cause large losses, and can even reduce the profits obtained. According to [Fahmi \(2018: 29\)](#) that: A bank can increase its operational efficiency by reducing its operational costs, which will increase profits in the future. A lower operating cost to income ratio indicates that the bank is more efficient in managing its costs, which in turn reduces the possibility of the bank facing financial difficulties. When a bank

has a low operating cost to income ratio, the bank's profitability will increase, which will have an impact on the company's value. The results of this study are also in line with the results of research conducted by [Utami \(2021\)](#) and [Kansil et al. \(2021\)](#) who concluded that BOPO has an effect on company value.

The Influence of Profitability on Company Value in General Banking Companies Listed on the Indonesia Stock Exchange 2013 – 2022

Based on data processing using Eviews 10, it shows the results of the regression estimation of the fixed effect method on Conventional General Banking Companies listed on the Indonesia Stock Exchange for the 2013-2022 period. It is known that the regression value of the Profitability Variable (X4) has a positive effect on the Company's Value (Y) with a regression coefficient of 0.183468, which means that if there is an increase in the Profitability variable (X4) by 1 unit, the Company's Value (Y) will increase by 0.183468.

The results of the analysis show a tested hypothesis, where the effect of profitability on company value is positive. The partial test produces a probability value of p-value for Profitability of $0.0002 < \alpha = 0.05$. So that the decision rule rejects H_0 or accepts H_a , with a confidence level of 95%, the existing data supports statistical evidence that Profitability has a positive and significant effect on Company Value in Conventional General Banking listed on the Indonesia Stock Exchange for the 2013-2022 period.

Based on the average profitability (ROA) owned by banking companies, Bank Rakyat Indonesia, Tbk (BBRI) has the largest average profitability (ROA) of 3.71%, or above the industry standard of $> 2\%$ and is included in the very healthy predicate (Bank Indonesia Regulation No. 15/12/PBI/2013). Which means that the company's performance in generating profitability through ROA is optimal. Meanwhile, the bank that has the smallest average profitability (ROA) is Bank Jtrust Indonesia, Tbk (BCIC) of -3.04%, or below the industry standard of $< 0\%$ and is included in the unhealthy predicate (Bank Indonesia Regulation No. 15/12/PBI/2013). Which means that the company's performance cannot generate optimal profitability through ROA or even losses.

From the study, it can be seen that the Influence of Profitability on Company Value, Profitability, one of which can be measured using return on assets, is considered capable of providing certainty regarding the company's prospects in the future. The goal of every company is to increase the value of the company. A

high return on assets indicates good company prospects, then investors will respond positively to this which will increase the stock market price. Thus, the ROA value affects the good or bad value of the company. According to Sujoko and Soebiantoro in ([Cahya & Riwoe, 2018](#)) explained 'A high return on assets indicates good company prospects, then investors will respond positively to this which will increase the stock market price'. From this theory, it can be explained that return on assets can affect company value. The results of this study are also in line with the results of research conducted by [Hartanto, & Diansyah. \(2018\)](#) and [Mumtazah, F., & Purwanto, A. \(2020\)](#) concluded that return on assets affects company value.

The Influence of Capital Quality, Credit Quality, Efficiency and Profitability on Company Value in General Banking Companies Listed on the Indonesia Stock Exchange 2013 – 2022

To determine the effect of Capital Quality, Credit Quality, Efficiency and Profitability on Company Value in Conventional General Banking Companies listed on the Indonesia Stock Exchange for the period 2013 - 2022, a panel data regression analysis was carried out using the Fixed Effect method and hypothesis testing. The hypothesis proposed is that there is an influence between Capital Quality, Credit Quality, Efficiency and Profitability on Company Value. The magnitude of the influence of Capital Quality (X1), Credit Quality (X2), Efficiency (X3) and Profitability (X4) on Company Value (Y) is calculated using the EViews10 program.

The results of the calculation of Eviews 10 Fixed Effect (Appendix 2), obtained the coefficient of determination (R^2) value shows the magnitude of the influence between Capital Quality, Credit Quality, Efficiency and Profitability on the company's value, which is 0.443819 or 44.38%. This means that 44.38% of the company's value is influenced by Capital Quality, Credit Quality, Efficiency and Profitability, while the rest is influenced by other variables outside Capital Quality, Credit Quality, Efficiency and Profitability or (residual factor) of 55.62% such as Debt to Equity Ratio, Working Capital Turnover, Earning Per Share and other Fundamental factors.

From the calculation of Eviews 10 Fixed Effect (Appendix 4), the Prob. F-statistic value is 0.000000 which means it is smaller than the α level = 0.05. Because the level of significance is smaller than 0.05, the decision rule is H_0 is rejected or H_a is accepted, meaning that Capital Quality, Credit Quality, Efficiency

and Profitability together have a significant effect on Company Value in Conventional General Banking Companies listed on the Indonesia Stock Exchange for the 2013-2022 period.

The conclusion is that Capital Quality, Credit Quality, Efficiency and Profitability have a positive but insignificant effect on Company Value in Conventional General Banking Companies listed on the Indonesia Stock Exchange for the 2013-2022 period. The magnitude of the influence is 44.38% and the magnitude of the influence of other variables outside the model studied is 55.62%, including Debt to Equity Ratio, Working Capital Turnover, Earning Per Share and other Fundamental factors.

CONCLUSION

Based on the research results and discussion, the following conclusions can be drawn.

1. Capital quality partially has a positive but insignificant effect on the company value of Conventional General Banking listed on the Indonesia Stock Exchange for the 2013-2022 period.
2. Credit quality partially has a negative and significant effect on the company value of Conventional General Banking listed on the Indonesia Stock Exchange for the 2013-2022 period.
3. Efficiency partially has a negative but insignificant effect on the company value of Conventional General Banking listed on the Indonesia Stock Exchange for the 2013-2022 period.
4. Profitability partially has a positive and significant effect on the company value of Conventional General Banking listed on the Indonesia Stock Exchange for the 2013-2022 period.

Capital quality, credit quality, efficiency, and profitability together have a positive and significant effect on the company value of Conventional General Banking listed on the Indonesia Stock Exchange for the 2013-2022 period.

REFERENCES

- Afifah, S. N., & Fauziyyah, N. (2023). Dampak Resesi 2023 terhadap Harga Saham di Indonesia. *MIZANIA: Jurnal Ekonomi Dan Akuntansi*, 3(1). <https://doi.org/10.47776/mizania.v3i1.612>
- Alvia, A., Anshari, H., & Batubara, M. (2022). Pengaruh Berkembangnya Pasar Modal di Indonesia. *Jurnal Akuntansi, Manajemen*
- Cahya, K. D., & Riwoe, J. C. (2018). Pengaruh Roa Dan Roe Terhadap Nilai Perusahaan Dengan Sustainability Reporting Sebagai Variabel Intervening Pada Perusahaan Yang Terdaftar Di LQ 45. *Journal of Accounting and Business Studies*, 3(1).
- Fahmi, I. (2020). Penantar Manajemen Keuangan Teori dan Soal Jawab. In *Balance: Jurnal Akuntansi dan Bisnis* (Vol. 7, Issue 1).
- Ghozali. 2020. *Aplikasi Analisis Multivariate Dengan Program SPSS*. Cetakan Keempat. Semarang: Badan Penerbit Universitas Diponegoro
- Harahap, D. A., & Hairunnisah, A. I. (2020). Pengaruh NPL, LDR, GCG, NIM, ROA, ROE, CAR, BOPO Terhadap Nilai Perusahaan Pada Perusahaan Perbankan Yang Terdaftar Di Bursa Efek Indonesia Dari Tahun 2010 - 2019. *JURNAL DIMENSI*, 6(1). <https://doi.org/10.33373/dms.v6i1.522>
- Hartanto, & Diansyah. (2018). Pengaruh NPL, LDR, ROA, ROE, NIM, BOPO, dan CAR Terhadap Nilai Perusahaan pada Sektor Perbankan yang Terdaftar di BEI. *Journal Of Business Studies Vol.3 No.1 Juli 2018*, 3(1), 45–57.
- Kansil, L. A., Rate, P. Van, & Tulung, J. E. (2021). Analisis Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Perbankan yang Terdaftar di Bursa Efek Indonesia Periode 2015-2019. *EMBA: Jurnal Riset Ekonomi, Manajemen, Bisnis Dan Akuntansi*, 9(3).
- Maimunah, S., & Fahtiani, T. (2019). Pengaruh NPL, ROA, dan CAR terhadap pbv pada Bank BUMN. *Jurnal informasi, perpajakan, akuntansi, dan keuangan publik*, 14(1). <https://doi.org/10.25105/jipak.v14i1.5086>
- Maliki, F., & Apandi, A. (2022). Analisis Capital Adequacy Ratio (CAR), Return on Risk Assets (RORA) dan Net Profit Margin (NPM) terhadap Nilai Perusahaan. *Jurnal Akuntansi STEI*, 05(01).
- Mawarti, W., Negoro, D. A., & Syah, T. Y. R. (2022). The Effect of Financial Ratio in Determining Company Value:(Empirical Study on Banking Companies Listed on the Indonesia Stock Exchange for the 2015-2019 Period). *Budapest International Research and Critics Institute (BIRCI-Journal): Humanities and Social Sciences*, 5(1).
- Mumtazah, F., & Purwanto, A. (2020). Analisis Pengaruh Kinerja Keuangan Dan Pengungkapan Lingkungan Terhadap Nilai Perusahaan. *Diponegoro Journal of Accounting*, 9(2).

- Nurrahmawati, Siti. (2020). Pengaruh NIM, BOPO, NPL, dan CAR Terhadap Nilai Saham Perusahaan Perbankan (Studi Empiris Pada Perusahaan Sektor Perbankan Yang Terdaftar di BEI Periode 2015-2019.). In STIEI Press.
- Peraturan Bank Indonesia Nomor 15/2/PBI/2013 Tentang Penetapan Status dan Tindak Lanjut Pengawasan Bank Umum Konvensional (2013).
- Pracoyo, A., & Ladjadjawa, A. E. C. (2022). Pengaruh Non-Performing Loan, Loan to Deposit Ratio, dan Good Corporate Govern-ance terhadap Profitabilitas (ROA) atau Nilai Perusahaan (Tobin's Q) periode 2015-2019. *Jurnal Ekonomi, Manajemen Dan Perbankan (Journal of Economics, Management and Banking)*, 6(3). <https://doi.org/10.35384/jemp.v6i3.234>
- Putri, T. C., & Puspitasari, R. (2022). Pengaruh Struktur Modal, Keputusan Investasi, Profitabilitas Sebagai Variabel Intervening Terhadap Nilai Perusahaan. *Jurnal Ilmiah Manajemen Kesatuan*, 10(2). <https://doi.org/10.37641/jimkes.v10i2.1437>
- Rahmadewi, P. W., & Abundanti, N. (2018). Pengaruh Eps, Per, Cr Dan Roe Terhadap Harga Saham Di Bursa Efek Indonesia. *E-Jurnal Manajemen Universitas Udayana*, 7(4). <https://doi.org/10.24843/ejmunud.2018.v07.i04.p14>
- Ramadhan, M., & Takarini, N. (2022). Pengaruh Kinerja Keuangan terhadap Nilai Perusahaan Pada Perusahaan Food And Beverages yang Terdaftar di Bursa Efek Indonesia (BEI). *SEIKO: Journal of Management & Business*, 5(2).
- Shenurti, E., Erawati, D., & Nur Kholifah, S. (2022). Analisis Return on Asset (ROA) , Return on Equity (ROE) dan Corporate Social Responsibility (CSR) yang mempengaruhi Nilai Perusahaan pada Perusahaan Manufaktur. *Jurnal Akuntansi Dan Manajemen*, 19(01). <https://doi.org/10.36406/jam.v19i01.539>
- Sugiyono. 2018. *Metode Penelitian Kuantitatif, Kualitatif dan R&D*. Bandung: PT Alfabeta.
- Utami, R. N. (2021). Analisis Pengaruh Rasio BOPO, Loan To Deposit Ratio, Dan Profitabilitas Terhadap Nilai Perusahaan (Studi Empiris Pada Perusahaan Perbankan yang Terdaftar di Bursa Efek Indonesia). *Journal Competency of Business*, 5(1). <https://doi.org/10.47200/jcob.v5i1.878>
- Wildan, M., & Yulianti, N. W. (2021). Pengaruh keputusan keuangan, strategi diversifikasi, efisiensi operasional dan inovasi terhadap nilai perusahaan. *JURNAL AKUNTANSI*, 1(1). <https://doi.org/10.37058/jak.v1i1.2929>
- Yusrina, R., Daffa, M., Salsabila, S., & Riyanto, R. (2023). Struktur dan Pelaku Pasar Modal di Indonesia. *El-Mal: Jurnal Kajian Ekonomi & Bisnis Islam*, 4(4). <https://doi.org/10.47467/elmal.v4i4.2944>.