



The Effect of Investment, Funding, Dividend, Liquidity, and Interest Rate on Firm Value in Indonesian Banking Sector

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Received: 10-08-2025 Accepted: 13-08-2025 Published: 30-09-2025

Abstract

This study aims to analyze the effect of investment decisions, funding decisions, dividend policy, liquidity, and interest rates (BI Rate) on banking sector companies listed on the Indonesia Stock Exchange for the period 2019–2023. The population in this study consists of 43 conventional banks listed on the Indonesia Stock Exchange during the 2019–2025 period. The sampling technique used in this study is purposive sampling, resulting in a sample of 7 banking companies listed on the IDX from 2019 to 2023. The data analysis method employed is multiple linear regression analysis using IBM SPSS Statistics 26. The results of the study show that investment decisions have a partially significant effect on firm value, and funding decisions also have a partially significant effect on firm value. Dividend policy, liquidity, and interest rates do not have a significant effect on firm value. Simultaneously investment decisions, funding decisions, dividend policy, liquidity, and interest rates simultaneously influence firm value. These results suggest that although not all financial variables exert individual influence, banking firms must adopt an integrated approach to financial decision-making in order to enhance firm value through more effective strategic planning.

Keywords: Investment Decisions, Funding Decisions, Loan to Deposit Ratio, BI Rate, Firm Value

1. Introduction

Business development in Indonesia has experienced substantial growth in recent decades. The increasing number of listed companies has intensified competition among firms to attract investors. Companies are required to formulate effective strategies to maintain sustainability and enhance investment appeal, one of which is by maximizing firm value. Firm value serves as a key indicator for assessing managerial performance and evaluating a company's attractiveness to investors. According to Meidiawati and Mildawati (2016), firm value reflects the market's perception of a company's performance and future prospects, as represented by its stock price.

Firm value in listed companies is commonly measured using the Price to Book Value (PBV) ratio. The PBV trend for banking companies listed on the Indonesia Stock Exchange (IDX) from 2019 to 2023 shows a general decline. An increase occurred at the beginning of the period, followed by a significant drop, particularly after 2021. A declining PBV may indicate reduced market confidence in the company's prospects, leading to lower investment interest and potential losses for shareholders (Yuniarti & Susetyo, 2023). A PBV value above 1 indicates market conditions that value the company higher than its book value, while a PBV below 1 indicates undervaluation by the market (Husnan, 2019).



Figure 1.1 Rata- rata prive book value perusahaan perbankan yang terdaftar di BEI

Fluctuations in company value can be influenced by various internal and external factors. Internal factors include investment decisions, financing decisions, dividend policy, and company liquidity. Investment decisions, for example, reflect how effectively a company allocates resources to create added value or profit (Deska et al., 2022). Financing decisions relate to capital structure and the cost of capital (Brigham & Houston, 2018), while dividend policy relates to profit distribution, which can signal investors about the company's prospects (Padmodiningrat et al., 2019). Liquidity indicates a company's ability to meet short-term obligations, which can also influence market perception (Kasmir, 2014).

In addition to internal factors, external variables such as interest rates also influence company value, particularly in the banking sector. Changes in the benchmark interest rate set by Bank Indonesia can affect the cost of funds, net interest margins, and investor behavior (Hendayana & Riyanti, 2019). Historical data shows that interest rate increases in the 2021–2023 period contributed to a decline in company value. This interest rate influence is particularly crucial in the banking sector due to the industry's high sensitivity to monetary policy.

The banking sector was chosen as the object of study because it has a central role in the national financial system and is the dominant sector in the category of companies with large market capitalization (big capital. According to Ardana & Wahyuni (2024), this sector not only contributes to the national economy but is also a primary choice for investors due to its stability.

THEORETICAL STUDY

Signal Theory

Signal theory is a sign about how a company should provide signals to users of financial reports. Signaling Theory states that the signals given by the company to investors are an indication of the company's prospects in the future ((Brigham & Houston, 2018). Signal theory is a company management action to provide information to external parties regarding the company's condition.

Agency Theory

Agency theory concerning the contractual relationship between two parties, namely principal and agent. Agency theory discusses agency relationships where a particular party (principal) delegate work to other parties (agent) who do the work. Agency Theory explains that company management as an agent for shareholders, will act with full awareness of its own interests (self-interest) not as a wise and prudent party and fair towards shareholders as assumed instewardship theory (Supriyono, 2016).

Banking Company

Banking companies are financial institutions whose primary activities include accepting deposits in the form of current accounts, savings accounts, and time deposits, and distributing credit to those in need to improve their standard of living. To achieve these goals, banks play a crucial role in the 12-wheel cycle of the Indonesian economy. This role also serves to transform and distribute risk within the economy and serve as an instrument for stabilizing the country's economic situation. (Bachtiar Simatupang, 2019).

Financial Accounting

Financial accounting is the branch of accounting concerned with preparing financial statements for external parties, such as shareholders, investors, creditors, and the government. The objective of financial accounting is to provide relevant, reliable, and comparable information about a company's financial position, performance, and cash flows to external parties. (Munawar et al., 2022) .

Financial statements

Financial reports are reports that show the financial condition of a company at present or in a certain period. (Kasmir, 2014) Financial reports are generally prepared by companies or organizations to provide an overview of their financial performance to stakeholders, such as owners, investors, employees, creditors, and other related parties. There are several types of financial reports that can be tailored to a company's needs. According to the Financial Accounting Standards Guidelines (PSAK), financial reports consist of a balance sheet, income statement, statement of changes in equity, cash flow statement, and notes to the financial statements (CaLK).

Company Values

Company value is a certain condition that has been achieved by a company as a reflection of public trust in the company after going through a process of activities for several years, namely since the company was founded until now. (Samudra & Widyawati, 2018). Meanwhile, according to (Astriani, 2014) Company value is the added value for shareholders which is reflected in the share price which will later become a superior value for the company in achieving the company's long-term goal of maximizing shareholder prosperity.

Investment Decisions

Investment decisions are decisions taken as an alternative by a company to spend its funds outside of operational activities that can then provide benefits to the company in the future. Investment decisions are important decisions in the financial management function because they concern how to allocate company funds, both from internal and external sources, in various forms of investment with the same goal, namely to obtain greater profits than the cost of funds in the future. (Suryandani, 2018). In this study, investment decisions are proxied using price earning ratio (PER). The PER ratio is a comparison between the share price (market price) with earnings per share (earning per share).

Funding Decisions

Funding decisions are financial management decisions in considering and analyzing the combination of the most economical sources of funds for the company to fund investment needs and the company's operational activities. (Sutrisno, 2017). This funding decision includes how to fund company activities to maximize their effectiveness, how to obtain funds for efficient investments, and how to compose the optimal funding sources that must be maintained. The funding decision in this study is measured through debt to equity ratio (DER). This ratio compares the debt to the capital owned by the company.

Dividend Policy

Dividend policy is the percentage of profits paid to shareholders in the form of cash dividends or retained earnings. This indicates that higher dividends will convey positive signals to investors, as the amount of dividends distributed determines the stock price reaction. (Syam & Hermanto, 2020). Dividend policy in this study is measured by dividend payout ratio (DPR). DPR is calculated by comparing the amount of dividends paid per share (dividend per share) to earnings per share (earning per share).

Liquidity

Bank liquidity is the bank's ability to meet short-term obligations, including payment of customer deposits or maturing loans, using liquid assets such as cash, current accounts with other banks, and readily convertible securities. Liquidity is a key factor in maintaining customer confidence and the stability of the financial system as a whole. (Kasmir, 2014). Liquidity in this study is measured using Loan to Deposit Ratio (LDR). This ratio compares disbursed credit to third-party funds.

Interest rate

Interest rate is the price that must be paid by the party who borrows money to the party who lends the funds for a certain period of time. According to (Sunariyah, 2014) The interest rate is the price of a loan. It is expressed as a percentage of the principal per unit of time. Interest is a measure of the price of resources used by the debtor that must be paid to the creditor. Interest rates are usually measured using the year-end BI Rate. The BI rate is a policy interest rate that reflects the attitude resistance monetary policy set by Bank Indonesia and announced to the public.

2. Methods

This research is quantitative and uses secondary data. The secondary data in this study comes from annual financial reports published on the official website of the Indonesia Stock Exchange (IDX) at www.idx.co.id. The data collection methods used are literature studies and documentation. The sampling technique used in this study is purposive sampling. Purposive Sampling is a sampling technique based on certain considerations or criteria. Based on the established criteria, 7 companies met the criteria to be sampled from the 43 general banks listed on the IDX for the period.

Descriptive Statistics

Descriptive analysis is used to assess the characteristics of the data and provide a summary of its actual condition. This analysis includes parameters such as mean, median, sum, variance, standard error, range, minimum, maximum, skewness, and kurtosis. It encompasses both independent and dependent variables (Ghozali, 2021).

Normality Test

The normality test aims to determine whether the regression model, independent variables, and dependent variables have a normal distribution. A good regression model has a normal or near-normal distribution. The normality test can be calculated using the TestKolmogorov-Smirnov with significance $\alpha = 5\%$ (Ghozali, 2021).

Multicollinearity test

The multicollinearity test aims to determine whether a regression model finds a correlation between independent variables. A good regression model should not have any correlation between independent variables. Multicollinearity can be seen from the valuetolerance dan Variance inflation factor (VIF). A low tolerance value is the same as a high VIF value. The criterion used to indicate the presence of multicollinearity is the tolerance value. ≤ 0.10 or equal to the VIF value ≥ 10 (Ghozali, 2021).

Autocorrelation Test

The autocorrelation test aims to test whether there is a correlation between the confounding errors in the previous period $t-1$ in a linear regression model. A good regression model is one that is free from autocorrelation. The autocorrelation test can be seen from the value Durbin Watson (Ghozali, 2021). Decision-making criteria for the presence or absence of autocorrelation:

1. If $0 < d < dl$ or $4 - dl < d$, 4 then H_0 is rejected, meaning autocorrelation occurs.
2. If $dl < d < Du$ or $4 - du < d < 4 - dl$, then there is no decision, meaning no conclusion can be drawn.
3. $Du < d < 4 - du$, then H_0 is accepted, meaning there is no autocorrelation.

Multiple Linear Regression Analysis

The multiple linear regression analysis test is a test conducted on a regression model with one dependent variable and more than one independent variable, processed using the Statistical Package for the Social Sciences (SPSS) application. Thus, the multiple linear regression model, when expressed in the form of a mathematical equation, is as follows. (Ghozali, 2021):

Coefficient of Determination Test (R^2)

Coefficient of determination (R^2) aims to measure the extent to which the model is able to explain the variation of the dependent variable. The value of the coefficient of determination is between zero and one. R^2 A small value means that the ability of the independent variables to explain the variation in the dependent variable is limited. A value close to one means that the independent variables provide almost all the information that can predict the variation in the dependent variable. (Ghozali, 2021).

Hypothesis Testing

Hypothesis testing is conducted to assess the relationship between two or more variables and to identify the direction of the relationship between them. The purpose of hypothesis testing is to evaluate whether data from a sample can adequately represent the population, and in this study, hypothesis testing is measured using statistical values. t and F test (Ghozali, 2021).

1) t-test (Partial Test)

This test is used to determine whether each independent variable individually has a significant influence on the dependent variable. (Ghozali, 2021) This test was conducted with a significance level of 0.005 ($\alpha=5\%$).

2) F Test (Simultaneous Test)

The F statistical test is used to determine whether all independent variables of investment decisions, funding decisions, dividend policies, liquidity and interest rates on the dependent variable of company value included in the model have a joint influence on the dependent variable represented at a significance level of 0.05 (Ghozali, 2021).

3. Results and Discussion

Descriptive Statistics Results

Descriptive statistics provide an overview or description of the research object through sample or population data as it is without drawing general conclusions or generalizations (Sugiyono, 2017). The research variables in this study will be presented in descriptive statistics as follows:

	Descriptive Statistics				
	N	Minimum	Maximum	Mean	Std. Deviation
Investment Decisions	35	4.77	31.04	10.6400	5.98851
Funding Decisions	35	.33	11.29	5.9050	2.48960
Dividend Policy	35	.12	9.56	3.1252	1.95014
Liquidity	35	52.53	162.26	91.4989	24.83696
BI Rate	35	.04	.06	.0475	.00989
Company Values	35	.19	2.58	.9173	.58020
Valid N (listwise)	35				

Table 3.1 Results Descriptif Statistics

Normality Test Results

The normality test is used to test whether the distribution of independent and dependent variable data in a regression model is normal or not. The normality test in this study uses the t test. Kolmogorov-Smirnov with a significance value > 0.05 . The following are the results of the normality test in this study:

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		35
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.46468662
Most Extreme Differences	Absolute	.167
	Positive	.167
	Negative	-.127
Test Statistic		.167
Asymp. Sig. (2-tailed)		.014 ^c

Table 3.2 Normality Test Results of Model 1

Based on the table above, it is known that the value asymp Sig.(2-tailed) is 0.014, meaning the significance value is < 0.05 , meaning the data can be concluded as not normally distributed. This data was then tested in Model II using natural logarithm (Ln) transformation. The results of the normality test after transforming the variables using natural logarithms (Ln) were 0.200, indicating a normal distribution. The results of the Model II test calculations can be seen in the following table:

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		35
Normal Parameters ^{a,b}	Mean	.0000000
	Std. Deviation	.42024183
Most Extreme Differences	Absolute	.109
	Positive	.109
	Negative	-.109
Test Statistic		.109
Asymp. Sig. (2-tailed)		.200 ^{c,d}

Table 3.3 Normality Test Results of Model 2

Multicollinearity Test Results

The multicollinearity test aims to determine whether there is collinearity between the independent variables and the dependent variable in a regression model. Multicollinearity can be seen from the value Variance Inflation Factor (VIF). The criteria for no multicollinearity are when the VIF value is not more than 10 and the value tolerance not less than 0.10. The following are the results of multicollinearity in this study.

Coefficients ^a			Collinearity Statistics	
Model			Tolerance	VIF
1	Investment Decisions		.532	1.881
	Funding Decisions		.540	1.853
	Dividend Policy		.628	1.594
	Liquidity		.418	2.391
	BI RATE		.651	1.535

a. Dependent Variable: LN.Y

Table 3.4 Multicollinearity Test Result

Based on table 4.11, the results of the multicollinearity test show that the value Variance Inflation Factor (VIF) is not worth more than 10 and value tolerance not less than 0.10, then it shows that multicollinearity does not occur.

Autocorrelation Test Results

The results of the autocorrelation test in this study are as follows:

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.610 ^a	.372	.263	.45503	1.948

a. Predictors: (Constant), BI RATE, Funding Decision, Dividend Policy, Investment Decision, Liquidity

b. Dependent Variable: LN.Y

Table 3.5 Autocorrelation Test Result

The criteria for no autocorrelation is $du < dw < 4 - du$, so the equation is $1.8029 < 1.948 < 2.1971$, so it can be concluded that the regression model in this study does not have autocorrelation.

Multiple Linear Regression Model Results

The results of the multiple linear regression equation in this study are as follows:

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	
					Say.

1 (Constant)	-1.401	.872		-1.606	.119
Investment Decisions	.050	.018	.561	2.777	.010
Funding Decisions	.120	.043	.564	2.814	.009
Dividend Policy	.082	.062	.303	1.333	.193
Liquidity	-.004	.004	-.188	-1.013	.320
BI Rate	.856	9.778	.016	.088	.931

a. Dependent Variable: LN_Y

Table 3.6 Multiple Linier Regression Model Result

The results of the multiple linear regression equation are as follows:

$$Y = -1.401 + 0.050X_1 + 0.120X_2 + 0.082X_3 - 0.004X_4 + 0.856X_5$$

The regression equation above shows the relationship between the independent variables (X1 to X5) and the dependent variable Y. The constant value of -1.401 indicates that if all independent variables are zero, then the value of Y is estimated to be -1.401. The coefficient of each variable shows the magnitude of its influence on Y, assuming the other variables are constant. Every 1 unit increase in X₁, X₂, X₃ and X₄ will increase Y, while X₄ has a negative effect, so that every 1 unit increase in X₄ actually decreases Y.

Results of the Determination Coefficient Test (R²)

The results of the coefficient of determination test in this study are as follows:

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.610 ^a	.372	.263	.45503

a. Predictors: (Constant), BI Rate, Funding Decision, Liquidity, Investment Decision, Dividend Policy

Table 3.7 Results of the Determination Coefficient Test (R²)

Based on table 4.16, the amount can be seen Adjusted R square value is 0.263, it can be concluded that 26.3% of the company value variable can be explained by independent variables, namely investment decisions, financing decisions, dividend policies, liquidity, and interest rates, while 73.7% is influenced by other variables not explained in this study.

Hypothesis Test Results

Partial Test Results (t-Test)

The t-test is a test conducted to determine the extent to which the independent variable influences the dependent variable individually. The basis of decision-making in the t-test is 1) when the significance value is < 0.05 and the calculated t value > t table. The results of the t-test in this study are as follows:

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.
	B	Std. Error	Beta			
1 (Constant)	-1.401	.872			-1.606	.119
Investment Decisions	.050	.018	.561		2.777	.010
Funding Decisions	.120	.043	.564		2.814	.009
Dividend Policy	.082	.062	.303		1.333	.193
Liquidity	-.004	.004	-.188		-1.013	.320
BI Rate	.856	9.778	.016		.088	.931

a. Dependent Variable: LN_Y

Table 3.8 Partial Test Results

Based on the t-test results, it can be concluded that investment decisions and financing decisions have a significance value > 0.05, indicating that both variables influence company value. Meanwhile, dividend policy, liquidity, and interest rates have a significance value > 0.05, indicating that these three variables do not affect company value.

Simultaneous Test Results (F Test)

The simultaneous test (F test) is used to determine the joint influence of independent variables (X) on the dependent variable (Y). The basis for making the F test decision is that if the significance value is < 0.05 or the calculated F value $> F$ table, then the hypothesis is accepted. The results of the F test in this study are as follows:

ANOVA ^a					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	3.554	5	.711	3.433	.015 ^b
Residual	6.005	29	.207		
Total	9.558	34			

a. Dependent Variable: LN_Y

b. Predictors: (Constant), BI Rate, Funding Decision, Liquidity, Investment Decision, Dividend Policy

Table 3.9 Simultaneous Test Result (F Test)

Based on the results of the F test, it can be seen that the calculated F value $> F$ table ($3,433 > 2.545$) with a significance level of $0.015 < 0.05$, it can be concluded that H6 is accepted, which means that the variables of investment decisions, funding decisions, dividend policies, liquidity, and interest rates have a significant effect simultaneously on company value.

The Influence of Investment Decisions on Firm Value

The findings of this study indicate that the investment decision variable has a positive and significant effect on firm value. These results demonstrate that the banking firms in the sample are capable of allocating working capital as investment funds efficiently and productively, resulting in optimal profits. The study also reveals that, on average, the banking companies in the sample have stock prices that reflect their fair value, meaning the stocks are traded at a reasonable market price. According to signaling theory, a fair value condition provides a signal to investors that there is potential for capital gains in the future as stock prices rise due to the company's profit growth. A higher price-to-earnings ratio (PER) increases the potential return for investors, which, in turn, enhances firm value. These findings are supported by studies conducted by Syam and Hermanto (2020) and Suhendar and Paramita (2024), which state that investment decisions influence firm value.

The Influence of Financing Decisions on Firm Value

The results of this research show that the financing decision variable has a positive and significant effect on firm value. Based on signaling theory, the use of debt can provide a positive signal to investors regarding the company's confidence in its future prospects and its ability to meet obligations, which encourages increases in both stock prices and firm value. Financing decisions measured by the debt-to-equity ratio (DER) indicate that, on average, the companies in the sample have higher levels of debt than equity. This finding aligns with the characteristics of the banking industry, which relies heavily on third-party funds as the main source for operations and lending. A high DER does not necessarily indicate poor financial health, provided the company manages debt productively by channeling it into profitable loans. Interest income from these loans contributes to the firm's earnings. Effective debt management, when combined with appropriate risk management strategies, has the potential to improve performance and enhance firm value. This finding is consistent with the research conducted by Amrulloh and Amalia (2020) and Syam and Hermanto (2020), who concluded that financing decisions affect firm value.

The Influence of Dividend Policy on Firm Value

The findings reveal that dividend policy does not have a significant effect on firm value, supporting the view of Modigliani and Miller (1961) that firm value is more influenced by investment decisions and profit performance than by dividend distribution. Dividend policy, measured by the dividend payout ratio (DPR), does not provide a strong enough signal to influence investor perceptions of firm value. This condition may occur because investors prioritize capital gains and the long-term growth of the company. Fluctuations in dividend policy do not appear to be a major factor in investor decision-making. These results are in line with studies conducted by Sulaeman (2020),

Fauziah and Fuadati (2021), and Antari et al. (2022), which also conclude that dividend policy does not affect firm value.

The Influence of Liquidity on Firm Value

Based on the results, the liquidity variable measured by the Loan to Deposit Ratio (LDR) does not significantly affect firm value. This finding is inconsistent with the theory that liquidity is an important indicator in assessing a firm's ability to meet short-term obligations and influence investor confidence (Kasmir, 2014). In the context of the banking sector, regulatory provisions from Bank Indonesia such as LDR limits, the Liquidity Coverage Ratio (LCR), and the Minimum Reserve Requirement (GWM), alongside strict oversight by the Financial Services Authority (OJK), ensure that liquidity levels remain within a stable and reasonable range. This stability leads to the conclusion that liquidity is not a primary factor in investor assessments of firm value, as investors tend to focus more on profitability and growth potential. The results are consistent with the study by Amrulloh and Amalia (2020), which found that liquidity does not affect firm value.

The Influence of Interest Rates on Firm Value

The results indicate that the interest rate variable, represented by the BI Rate, does not affect firm value. Fluctuations in the BI Rate do not correspond with consistent changes in firm value as proxied by the Price to Book Value (PBV) of banking firms. Although signaling theory suggests that a decrease in the BI Rate should act as a positive signal to investors by lowering capital costs and increasing profit potential, the data does not consistently support this outcome within the sample. This inconsistency is attributed to the nature of the banking sector, which possesses flexibility in setting deposit and lending rates based on market conditions and internal strategies. Fluctuations in the BI Rate do not necessarily have a direct or significant impact on banks' interest income (Kuncoro, 2003). Moreover, investors tend to assess firm value based not only on interest rates but also on factors such as asset quality and earnings growth. These findings align with the research conducted by Riyanto et al. (2022), which found that interest rates do not affect firm value.

The Influence of Investment Decisions, Financing Decisions, Dividend Policy, Liquidity, and Interest Rates on Firm Value

Based on the results of the ANOVA test, investment decisions, financing decisions, dividend policy, liquidity, and interest rates collectively have a significant effect on firm value. Dividend policy, liquidity, and interest rates do not have a significant partial effect on firm value. In contrast, investment and financing decisions do have a significant effect. These findings suggest that not all variables individually explain firm value, although they collectively contribute to it. The results imply that banking firms aiming to optimize firm value must integrate all financial aspects, with an emphasis on investment and financing decisions as key drivers of growth and sustainability in the dynamic financial sector.

4. Conclusion

Investment decisions have a positive and significant impact on firm value. This finding suggests that banking companies are capable of efficiently allocating funds into productive investments that generate profits and enhance investor confidence, thereby increasing firm value. Funding decisions also show a positive and significant effect on firm value. A well-managed funding structure, particularly the use of external financing such as debt directed toward productive activities like lending, can contribute to improved company performance and, consequently, higher firm value. Dividend policy does not significantly affect firm value. Investors in the banking sector appear to prioritize growth potential and capital gains over dividend payouts, indicating that fluctuations in dividend policy are not a key determinant of firm value. Liquidity does not have a significant effect on company value. Liquidity variables are not a primary consideration for investors when assessing the performance or prospects of banking companies. This indicates that investors are more focused on profitability and company growth. Interest rates (BI Rate) do not have a significant effect on company value. Investors do not use interest rates as a benchmark in assessing a company's performance and prospects, but rather consider other factors that are more relevant to the company's condition, such as asset quality and profit growth. Investment decisions, financing decisions, dividend policy, liquidity, and interest rates significantly influence firm value simultaneously. This means that while not all variables have an impact individually, these five

variables collectively explain variations in firm value, requiring management to consider all financial aspects when making strategic decisions.

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