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The Effect of Financial Performance to Firm Value In Shariah Bangking Indonesia

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ABSTRACT

The purpose of this study is to examine and analyze the effect of Banking Financial Performance Based On The RGEC Method On Firm Value Using The Object Of Islamic Banking In Indonesia. This research was conducted for five consecutive years, from 2015 to 2019, which included 13 samples of companies taken using purposive sampling technique. Data were analyzed using multiple linear regression analysis with the SPSS 21 analysis tool. The results showed that only the variable Audit Committee (AC) had a partial effect with a significant value of 0.000, while thevariable Non Performing Financing (NPF), Return On Assets (ROA) and Capital Adequency Ratio (CAR) has no significant effect on Firm Value. However, simultaneously it shows that the variable Non Performing Financing (NPF), Audit Committee (AC), Return On Assets (ROA) and Capital Adequency Ratio (CAR) together have an effect on Firm Value.

Keywords : Non Performing Financing (NPF), Audit Committee (AC), Return On Assets (ROA), Capital Adequency Ratio (CAR), Firm Value.

1. INTRODUCTION

Banking is a financial institution whose main activity is collecting funds from the public in the form of deposits and channeling them back to the community, especially in the form of financing company investments (Budisantoso and Nuritomo, 2013). From this explanation, it is explained that banks have three main activities, namely collecting funds, distributing funds and providing other banking services such as funding and other banking services that contribute to the smooth functioning of the payment system mechanism for all sectors of the economy. The description also explains that banks act as financial intermediary institutions between parties who have excess funds (surplus units) and those who need funds (deficit units) and banks also function as institutions to facilitate the flow of payment traffic (Saunders and Cournett, 2011).

The development of banks based on Islamic principles or Islamic banks is still very small compared to conventional banks (Budisantoso and Nuritomo, 2013). It is proven that there are only 14 total Islamic banks registered with the Financial Services Authority, while there are 110 conventional banks as of 2019. When compared to the number of Islamic communities in Indonesia, Islamic banking should have broad market opportunities and can develop rapidly. The following is a table of banking developments in Indonesia.

Table 1.1 Banking Development in Indonesia

Banking	2015	2016	2017	2018	2019
Conventional	118	116	115	115	110
Sharia	12	13	13	14	14

(Source: Sharia Banking Statistics 2018 – 2019 & Indonesian Banking Statistics 2019).

Based on the information obtained from the table above, there has been a decline in the number of conventional banks from year to year. Meanwhile, in Islamic banking, the number of banks continues to increase, although the increase and the number of Islamic banking is still very small when compared to the number of conventional banks. The competition between the two banks is getting tighter so that Islamic banking is required to have good financial performance to be able to compete in the fight for the national banking market in Indonesia (Nafisah, 2016). The development of Islamic banking which has increased and decreased has an indirect effect on the financial performance of banks in Indonesia. Financial performance is a reflection of the operational ability of banks in collecting and distributing funds. Assessment of the financial performance of banking companies can be seen based on published financial report data. Increased banking activities and business complexity that are not balanced with adequate risk management can create fundamental problems for the banking system and financial system. Therefore, the Financial Services Authority has perfected the bank soundness rating system so that banks can identify and identify problems that occur early on and can take corrective action quickly and appropriately.

Based on data from the Financial Services Authority (OJK) shows that as of December 2019, the financial performance of Islamic banking in Indonesia continues to experience positive developments. In 2015 the total value of deposits collected by Islamic banking was Rp. 236 trillion and in 2019 it increased to Rp. 425 trillion. If you look at the ratio of TPF values that are growing high, there should be two things that can be criticized for this phenomenon. First, the significant value of deposits collected by Islamic banking means that the level of public trust in depositing their funds in Islamic banking is quite well institutionalized. So that it can attract people's interest to collect their funds in Islamic banking. This is certainly a separate social capital for Islamic banking in Indonesia to improve the performance and quality of its services. Second, the large proportion of third party funds is a vital element for the operational performance of Islamic banking. It was explained that third party funds (TPF) are one of the elements that form the income received by Islamic banking because it is from this TPF that it will later be distributed in the form of financing/credit. Furthermore, the greater the financing / credit disbursed, the higher the financing risk that will be faced. The higher the risk of financing, it will affect the income that will be obtained by Islamic banking. So that Islamic banking is obliged to maintain and maintain the level of health in order to be able to improve performance which can later increase revenue and can maintain company value.

According to Law No. 21 of 2008 explains that in order to maintain their financial performance, Islamic banking and sharia business units are required to maintain a healthy level. Furthermore, according to the Financial Services Authority Regulation Number 10/SEOJK.03/2014 to keep the bank in a healthy condition, banking management must apply the principle of prudence and risk management in carrying out its business.

Based on the Financial Services Authority Regulation Number 8/POJK.03/2014 in order to maintain and improve the effectiveness of the assessment of the soundness of banks in dealing with changes in business complexity, it is necessary to assess the level of soundness of banks using a risk-based approach (Risk Based Bank Rating). The health level assessment is an assessment using the RGEC method. The RGEC component consists of a Risk Profile (Risk Profile), Good Corporate Governance (GCG), Earning (Rentability) and Capital (Capital). Assessment of bank soundness with the RGEC method is considered more comprehensive because in addition to being able to assess the company's financial performance, this method also pays attention to management quality (Ramadhan, 2017).

It is hoped that the assessment of the soundness of banks using the RGEC method can assist banks in identifying existing problems and being able to take appropriate and fast follow-up improvements. Thus, the sound condition of Islamic banks is able to attract interest and trust from both internal and external parties. One aspect that is of concern to investors is the value of the company. The value of the company for shareholders is an important concept, because it is considered an indicator of how the market values the company as a whole. A company is said to have good value if the company's performance is good. This good company value can attract investors to invest in the company. One of the ratios used to measure firm value is to use the Tobin's Q ratio which is a comparison between market value plus total debt to total assets.

Research conducted by Maimunah (2019) The results of this study explain that Non Performing Loans, Return on Assets and Capital Adequacy Ratios affect the value of the company, so investors can use the information to determine whether or not the company is good so that it can be used to make decisions in making investments . The same research was also conducted by Setiana (2018). The results of this study explain that financial performance has a significant effect on firm value, so that by looking at a good company's financial performance it will attract potential investors to invest in the bank. Then the same research was also conducted by Maheswari and Suryanawa (2016) The results of this study stated that the soundness of the bank did not affect the value of the company, where the higher the level of soundness of the bank will not cause changes in the value of the company. This result is supported by research by Azib et al (2015) which states that together the RGEC components have no effect on firm value. This is due to the many services offered by banks to the public, including investors from the aspect of savings and investment, such as old-age savings and time deposits.

Based on the inconsistency of the results of the previous research described above, the researcher wants to re-examine the effect of bank financial performance on firm value.

From the background of the problems described above, this study has the following objectives: 1. To partially analyze the effect of Non Performing Financing (NPF), Audit Committee (KA), Return On Assets (ROA) and Capital Adequency Ratio (CAR) to the value of companies in Islamic banking listed on the Indonesia Stock Exchange in 2015 – 2019; 2. To analyze the simultaneous influence of Non Performing Financing (NPF), Audit Committee (KA), Return On Assets (ROA) and Capital Adequacy Ratio (CAR) on firm value in Islamic banking listed on the Indonesia Stock Exchange in 2015 – 2019.

Limitations of the problem in this study are 1. Assessment of bank financial performance based on the RGEC method which consists of 4 aspects, namely Risk Profile, Good Corporate Governance, Earning, & Capital; 2. The financial performance of the banks studied includes the variables of NPF (Risk Profile), Audit Committee (Good Corporate Governance), ROA (Earning), CAR (Capital); 3. For the aspect of Good Corporate Governance, the researcher uses the Number of Audit Committee Meetings (KA) to assess the Financial Performance of Islamic Banks; 4. The object of this research is Islamic banking registered with the Financial Services Authority (OJK) for the period 2015 – 2019.

2. HYPOTHESIS DEVELOPMENT

Based on the conceptual framework that has been described previously, there is a provisional conjecture called a hypothesis. The hypothesis is as follows:

2.1 Effect of Non-Performing Financing (NPF) on Firm Value

Non-Performing Loans or also called Non-Performing Financing in sharia banking are non-performing loans in which there are obstacles caused by 2 elements, namely from the customer who intentionally or unintentionally in his obligations does not make payments and from the banking side in analyzing. This means that Non-Performing Financing is a percentage of the number of non-performing loans consisting of substandard loans, doubtful loans and bad loans to the total loans disbursed by banks. This non-performing loan makes the bank lose the opportunity to get interest from the loan, so it can reduce profit. In the long term, non-performing loans can cause bank performance to decline. The greater the Non-Performing Financing in banking companies, the lower the value of the company (Maimunah and Fahtiani, 2019).

Previous research that supports Non-Performing Financing has an effect on firm value is research conducted by Maimunah and Tasya (2019). The results of this study state that NPL has a significant effect on firm value, therefore investors can use this information to find out whether the company is good or not so they can used to make investment decisions. However, it is different from the research conducted by Halimah and Komariah (2017). The results of this study state that NPL has no significant effect on firm value because it is influenced by factors other than research variables.

H1: Non-Performing Financing (NPF) has an effect on firm value.

2.2 Influence of the Audit Committee on Company Value

The audit committee is a number of people who have been selected from the company's board of commissioners who are tasked with and are responsible for assisting the auditors in maintaining their independence from management (Perdana and Rahardja, 2014). Previous research that supports audit committees having an effect on firm value is research conducted by Utami and Muhamad (2018). The results of this study state that audit committees have a significant effect on firm value in the insurance sub-sector listed on the Indonesia Stock Exchange (IDX) 2013 – 2016. This means that the increasing number of meetings held by the audit committee is expected to improve the financial performance of banks so as to increase the value of the company. However, it is different from the research conducted by Perdana and Rahardja (2014). The results of this study state that the audit committee has a positive and insignificant effect on firm value. This happens because the role of the audit committee is less than optimal in carrying out its function of supervising and controlling the company's management. As a result, management accountability arises that is not transparent and results in a decrease in the confidence of capital actors, causing the value of the company to decrease.

H2 : Audit Committee (KA) Affects Company Value.

2.1 Effect of Return On Assets (ROA) on Firm Value

Return on Assets (ROA) is a ratio used to see the extent to which investments that have been invested are able to provide a return of profits as expected. A positive ROA indicates that of the total assets used to operate, the company can provide profits for the company. On the other hand, a negative ROA indicates that the company is experiencing a loss. Previous research that supports Return On Assets (ROA) having an effect on firm value is research conducted by Amalia and Muhammad (2017). The results of this study state that the results of the t-test show that the coefficient value is 2.732 with a significant significance of 0.006 significant ROA. company value. Jumlah ROA yang semakin besar menunjukkan bahwa bank tersebut dapat mengelola asetnya dengan baik and semakin besarnya ROA diindikasikan bank tersebut mempunyai laba yang besar and semakin besar pula dividen yang akan dibagikan kepada investor. Conditions like this are what attract people to invest because the value of the company will increase. The same research was also conducted by Halimah and Komariyah (2017). The results of this study state that Return On Assets (ROA) has a significant effect on firm value.

H3 : Return On Assets (ROA) Affects Firm Value

2.2 Effect of Capital Adequacy Ratio (CAR) on Firm Value

Capital Adequacy Ratio (CAR) is a ratio used to measure the adequacy of capital owned by banks in supporting assets that contain or generate risk (Kasmir, 2009). Previous research that supports the Capital Adequency Ratio (CAR) has an effect on firm value is research conducted by Halimah and Euis (2017). The results of this study state that the results of the CAR t-test have a significant effect on firm value. This information can be used by investors who want to invest their funds in banks and customers will increasingly understand the ability of banks to manage their funds. The same research was also conducted by Yuliati and Zakaria (2016). The results of this study stated that the Capital Adequacy Ratio (CAR) partially had a negative and significant effect on firm value. The higher the CAR value, the healthier the bank's performance. However, the value of the CAR ratio that is too high can cause the idle funds to increase, causing the bank's financial performance to decline and the value of the company to decline.

H4 : Capital Adequency Ratio (CAR) Partially Affects Firm Value.

2.3 Effect of Non Performing Financing (NPF), Audit Committee (KA), Return On Assets (ROA), Capital Adequency Ratio (CAR) on Firm Value

Health assessment using the RGEC method is a health assessment consisting of Risk Profile, Good Corporate Governance, Earnings and Capital which is considered capable of providing a comprehensive picture of the health condition of the bank. This result contradicts the research conducted by Maheswari and Suryanawa (2016). The results of this study indicate that the Risk Based Bank Rating (RBBR) variable has no effect on firm value. This shows that the higher or lower the soundness of the bank will not cause changes to the value of the company.

H5 : Non Performing Financing (NPF), Audit Committee (KA), Return On Assets (ROA), Capital Adequency Ratio (CAR) Influence on Firm Value

3.RESEARCH METHOD

Population and Research Sample

a. Population

The population is a generalization area consisting of: objects/subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions (Sugiyono, 2019). The population used in this study is Islamic Banking registered with the Financial Services Authority (OJK) in 2015 – 2019 which amounted to 14 Sharia Commercial Banks, namely:

List of Indonesian Islamic Banking Population

1. PT. Bank Aceh Syariah
2. PT. Sharia West Nusa Tenggara Development Bank
3. PT. Bank Muamalat Indonesia
4. PT. Victoria Sharia Bank
5. PT. BRI Syariah
6. PT. Bank Jabar Banten Syariah
7. PT. BNI Syariah Bank
8. PT. Mandiri Syariah Bank
9. PT. Bank Mega Syariah
10. PT. Panin Dubai Sharia Bank
11. PT. Bukopin Islamic Bank
12. PT. BCA Syariah
13. PT. Sharia National Pension Savings Bank
14. PT. Maybank Syariah Indonesia

Source: (Statistics of Islamic Banking in 2019)

a. Sample

The sample is part of the characteristics and numbers possessed by the population. The method used in this research is the purposive sampling method, namely the sample is taken based on certain criteria. The criteria specified in this study are as follows:

1. Sharia Banking Company registered with the Financial Services Authority (OJK).

2. Companies that publish complete financial statements in a row for the period 2015 to 2019.

3. Having complete data related to research variables

Types of research

This type of research is quantitative research using secondary data sources, namely through intermediary media, in this case through the official website of the Financial Services Authority, namely www.ojk.go.id.

And other intermediary media such as books, journals and the official website of the concerned Sharia Banking. Where the data will be processed further to obtain answers to the problems that arise in this study.

Data analysis method

Multiple Linear Regression Analysis Method
Multiple regression method (multiple regression) was carried out on the model proposed by the researcher using the SPSS program which was used to predict the relationship between the independent variable and the dependent variable. Based on the problem formulation and theoretical framework described above, the following model is formed:

PBV = a + β1 NPF + β2 KA + β3 ROA + β4 CAR + e
Information:
PBV = Price Book Value
1, 2, 3 , 4 = Regression coefficient
NPF = Non Performing Financing
KA = Audit Committee
ROA = Return on Assets
CAR = Capital Adequacy Ratio
a = constant
e = Error
Classic assumption test
a. Normality test
b. Multicollinearity Test
c. Autocorrelation Test
d. Heteroscedasticity Test

Hypothesis testing
a. Partial Test (T Test)
b. Simultaneous Test (F Test)

4. RESEARCH RESULTS AND DISCUSSION

Research result

Multiple Linear Regression Analysis

Multiple linear regression analysis test is a regression that has one dependent variable and more than one independent variable. Multiple linear regression analysis was used to determine the effect of NPF (X1), KA (X2), ROA (X3) and CAR (X4) on Firm Value (Y). The results of multiple linear regression analysis in this study are presented in table 4.8 as follows:

Table 4.1

Multiple Linear Regression Test Results

Variabel Independen	Koefisien Regesi	Sig.
Constanta	,786	,061
NPF	,046	,403
KA	-,251	,000
ROA	,082	,555
CAR	,017	,220

(Source: Output SPSS 21)

The results of multiple linear regression produce the following regression equation:

PBV = 0,786 + 0,046 NPF – 0,251 KA + 0,082 ROA + 0,017 CAR

From the regression equation above we can conclude as follows:
a. The constant value equation is 0.786. This can be interpreted if the variables NPF, KA, ROA and CAR are assumed to be constant, then the value of the firm value variable is positive at 0.786.
b. The NPF variable coefficient of 0.046 indicates that each increase in the NPF variable by one unit will increase the firm value by 0.046.
c. The coefficient on the KA variable is -0.251 indicating that every increase in the KA variable by one unit will decrease the firm value by -0.251.
d. The ROA variable coefficient of 0.082 indicates that each increase in the ROA variable by one unit will increase the firm value by 0.082
e. The coefficient of the CAR variable is 0.017, indicating that each increase in the CAR variable by one unit will increase the firm value by 0.017.

Classic assumption test
After the multiple linear regression model has been carried out, the classical assumption test will be carried out. The classical assumption test in question is the Normality Test, Multicollinearity Test, Autocorrelation Test, Heteroscedasticity Test.
Normality test
The results of the normality test can be seen from the Kolmogorof Smirnov test as follows:
Table 4.2
Normality Test Results Before Outlier Data

Information	Asymp.sig	Information
Equation	0,024	Not distributed

(Source: Output SPSS 21)

Based on the test results, it is known that the normality shown in table 4.9 is the magnitude of the Asymp value. Sig before the outlier is the value of the firm value that is not normally distributed as seen from the size of Sig. < 0.05 which is equal to 0.024. Then do data outliers so that the data can be normally distributed. So get the following results:
Table 4.3
Normality Test Results After Outlier Data

Information	Asymp.sig	Information
Equation	0,466	Normally distributed

(Source: Output SPSS 21)

Based on the test results obtained from the outlier data, it is known that the normality is shown in table 4.10 that the independent variable is the value of the company Asymp. Sig. is 0.466 so that if the significance value is > 0.05 then the data is normally distributed.
Multicollinearity Test

From the test results, the VIF value for each variable is as follows:
Table 4.4
Multicollinearity Test Results

Variabel Independen	VIF	Information
NPF	2,830	VIF < 10 Multicollinearity does not occur
KA	1,056	
ROA	2,852	
CAR	1,280	

(Source: Output SPSS 21)

Based on the test results above, it can be seen that the VIF value for each independent variable is < 10. Based on the decision-making criteria, if the resulting VIF value is between 1 – 10 or the tolerance value 0.10 for each independent variable, it can be concluded that there is no multicollinearity in a regression model.
Autocorrelation Test

In this study, researchers used the Durbin – Watson Test (DW Test) to detect the presence or absence of autocorrelation. The following values are obtained from the results of the autocorrelation test using the Durbin - Watson (dw) value:

Table 4.5 Autocorrelation Test Results

Model	Durbin – Watson	Information
1	1,786	dU d (4-dU) There is no negative autocorrelation

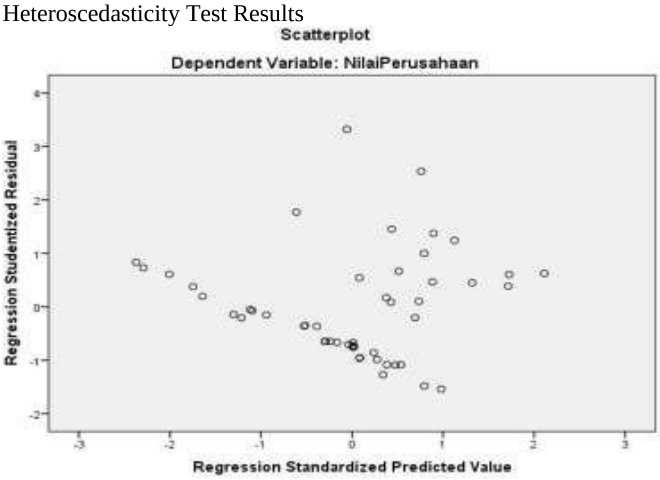
(Sumber : Lampiran 9 Outcome SPSS 21)

n the equation model 1 with a value of N = 50, K = 4, the value of d table is obtained with dL = 1.3779 and dU = 1.7214 while the value of dw = 1.786. So the value of d is known to be in the range dU d (4-dU). Where 1.7214 1.786 (4 – 1.7214). So it can be concluded that the regression model does not have a negative autocorrelation.

Heteroscedasticity Test

To detect the presence or absence of heteroscedasticity, it can be seen from the Scatterplot graph. Based on the results of the heteroscedasticity test, the following results were obtained:

Figure 4.6 Scatterplot Graph
Heteroscedasticity Test Results



(Source: Output SPSS 21)

Based on Figure above, it can be seen in the scatterplot graph that the points spread randomly both above the number 0 and below the number 0 on the Y axis, it can be concluded that there is no heteroscedasticity.

Hypothesis testing

Partial Test (t Test)

Hypothesis testing is used to determine the significance of the effect of the independent variable on the dependent variable. To see how much influence NPF (Non-Performing Financing), KA (Audit Committee), ROA (Return On Assets) and CAR (Capotal Adequency Ratio) have on firm value.

Table 4.7
Partial Test Results (T Test)

Variable	T	Sig.	Information
			Sig. < 0,05
(Constanta)	1,922	,061	
NPF	,842	,403	H1 Ditolak
KA	-4,566	,000	H2 Diterima
ROA	,595	,555	H3 Ditolak
CAR	1,245	,220	H4 Ditolak

(Source: Output SPSS 21)

From the data above, it can be explained as follows: The result of t count based on the formula t table = ; n – k 1

Information :

: Probability value

n : Number of samples

k : Number of variables

So t table = 0.05 ; 50 – 4 – 1

= 0.05 ; 45

= 2.01410 (see guide t statistical table)

The partial effect of each independent variable on the dependent variable in Islamic banking companies registered with the Financial Services Authority is as follows:

a. NPF (Non Performing Financing)

The calculated t value is 0.842, with a significance value of t (sig-t) 0.403 and t table 2.01410. So that the significance value is greater than 0.05 and the t value is 0.842 < t table 2.01410. These results indicate that NPF has no significant effect on firm value, meaning that H1 is rejected.

b. KA (Audit Committee)

The calculated t value is -4.566, with a significance value of t (sig-t) 0.000 and t table 2.01410. So that the significance value is less than 0.05 and the t value is - 4.566 > t table 2.01410. These results indicate that KA has a significant effect on firm value, meaning that H2 is accepted

c. ROA (Return On Assets)

The calculated t value is 0.595, with a significance value of t (sig-t) 0.555 and t table 2.01410. So that the significance value is greater than 0.05 and the t count value is 0.595 < t table 2.01410. These results indicate that ROA has no significant effect on firm value, meaning that H3 is rejected.

d. CAR (Capotal Adequacy Ratio)
The calculated t value is 1.245, with a significance value of t (sig-t) 0.220 and t table 2.01410. So that the significance value is greater than 0.05 and the t value is 1.245 < t table 2.01410. These results indicate that CAR has no significant effect on firm value, meaning that H4 is rejected.

Simultaneous Test (T Test)
This test is carried out with a significance level of 5% or 0.05. This test can be seen in the following table:
Table 4.8
Simultaneous Test Results (F Test)

Model	F	Sig.	Keterangan
			Sig. < 0,05
1	5,278	0,001	H5 Diterima

(Source: Output SPSS 21)

Based on Table 4.12 above, it shows that the results of the F test that tested jointly which had an F value of 5.278 with a significant value of 0.001 which was smaller than 0.05 which means that the variables NPF, KA, ROA and CAR together have an effect on the value. company.

5. DISCUSSION

This study aims to examine the effect of NPF (Non-Performing Financing), KA (Audit Committee), ROA (Return On Assets) and CAR (Capital Adequency Ratio) on Firm Value in Islamic Banking in Indonesia in 2015 – 2019. The following are the interpretation results in this research :

The Effect of NPF (Non Performing Financing) on Firm Value Nilai
In this study, the results of the analysis test regarding the effect of NPF on firm value concluded that NPF had no significant effect on firm value. Then the first hypothesis hypothesis H0 is accepted and H1 is rejected. NPF has no significant effect on the value of the company due to the existence of basic income. Bank

melakukan inovasi dalam dan products jasa layanan yang ditawarkan, maka dari it sumber pendapatan bank tidak lagi mengutamakan earning asset malainkan adanya pendapatan baru seperti fee base income. Peran fee base income sangat potensial karena dapat diperoleh dari kegiatan non financing seperti surat-surat berharga, penempatan dana pada bank lain dan melakukan amanat dari pihak ke tiga berupa penagihan sejumlah uang kepada seseorang atau badan tertentu, foreign exchange transactions and other operating income. So that the NPF has no influence on the value of the company because of the loss from the bad financing, it can be covered by the reason.

The results of this study are supported by previous research by Yulianti and Zakaria (2016), which examined the effect of bank health as measured by NPL, LDR, LAR, ROA, NIM and CAR on firm value. Where the results of this study indicate that the variable NPL (Non Performing Loan) has no significant effect on firm value. Previous research that also supports this research is research conducted by Irianti and Saifi (2017), Halimah and Komariah (2017) which shows that the NPL (Non Performing Loan) variable has no significant effect on firm value.

Effect of KA (Audit Committee) on Company Value

In this study, the results of the analysis test on the effect of KA on firm value concluded that KA had a significant effect on firm value. Then the alleged second hypothesis H0 is rejected and H2 is accepted. The audit committee has an effect on the value of the company because the number of frequencies held by the audit committee can reflect the activeness of the audit committee in implementing and controlling the course of good corporate governance, so as to increase the value of the company. The audit committee also has responsibilities in three areas, namely financial reporting, corporate governance, and corporate control. According to Tornyeva and Wereko (2012) the effectiveness of the audit committee in carrying out its responsibilities can be seen from the number of meetings held by the audit committee in a period, so that the audit committee has an effect on firm value.

The results of this study support previous research conducted by Onasis (2016) which examined "The Influence of Corporate Governance on Firm Value in Financial Sector Companies Listed on the IDX". Where the results of the study stated that the audit committee had a significant effect on firm value. The presence of an audit committee that supervises the performance of the board of commissioners and improves the quality of information flow between shareholders and managers so as to help reduce agency problems and increase firm value.

The Effect of ROA (Return On Assets) on Firm Value

In this study, the results of the analysis test regarding the effect of ROA on firm value concluded that ROA had no significant effect on firm value. Then the alleged third hypothesis H0 is accepted and H3 is rejected.

ROA has no significant effect on firm value because in this study ROA measures the level of profitability based on the company's efficiency in the use of its assets, in some periods there is an increase in assets owned without being followed by an increase in profit. So that shareholders view that the company's performance is less effective in using its assets. This makes shareholders pay less attention to the ROA indicator in making investments, so that ROA has no effect on firm value.

The results of this study support previous research conducted by Maimunah and Fahtiani (2019), which examined the "Effect of NPL, ROA and CAR on PBV in State-Owned Banks". Where the results of the study indicate that the ROA variable has no significant effect on firm value. However, this study contradicts previous research conducted by Abdullah and L. Suryanto (2004), Yuliati and Zakaria (2016), Onasis (2016), Halimah and
Komariah (2017), Kusumastuti (2017) and Setiana (2018). Where the results of the study stated that the ROA variable had a significant effect on firm value.

The Effect of CAR (Capital Adequency Ratio) on Firm Value

In this study, the results of the analysis test on the effect of CAR on firm value concluded that CAR had no significant effect on firm value. Then the alleged fourth hypothesis H0 is accepted and H4 is rejected. Capital Adequacy Ratio (CAR) has no significant effect on firm value due to government regulations that require banks to have a capital adequacy ratio of at least 8%. This causes the bank to have a high capital adequacy ratio which actually causes a decrease in the value of the company. Even though the bank has high capital and a high level of capital adequacy ratio, if it is not balanced with good investment and distribution of funds, the capital adequacy ratio will not have much effect on firm value.

This study supports previous research conducted by Maimunah and Fahtiani (2019) which examined the "Effect of NPL, ROA, and CAR on PBV of BUMN Banks". Where the results of this study indicate that the CAR variable has no significant effect on firm value.

Influence of Non Performing Financing (NPF), Audit Committee (KA), Return On Assets (ROA), Capital Adequency Ratio (CAR) on Firm Value

In this study, the results of the F statistic test state that the variables of Non Performing Financing (NPF), Audit Committee (KA), Return On Assets (ROA), Capital Adequency Ratio (CAR) together affect the firm value. Then the alleged fifth hypothesis H0 is rejected and H5 is accepted.

The effect of the independent variable on the dependent variable shows that the higher the value of the company, the greater the prosperity that will be received by the company. If the financial performance shows good prospects, then the value of the company will be reflected in the company's equity and book value, either in the form of market value of equity, book value of total debt or book value of total equity. So that the value of the company will be reflected in the market price of the company. This research is contrary to previous research conducted by Maheswari and Suyanawa (2016) which examined the "Effect of Bank Soundness Level and Company Size on Firm Value". Where the results of the study indicate that the soundness of the bank as measured by the RGEC method has no effect on firm value.

6. CONCLUSION

Based on the results of the analysis that has been described previously, the authors conclude that the conclusions that can be drawn in this study are: Based on the T test that has been carried out on the equation model in this study, it has been found that the independent variable is financial performance as measured by the RGEC method, only the ratio of the Audit Committee (X2) which has a significant effect on firm value. Meanwhile, other independent variables such as Non Performing Financing (NPF), Return On Assets (ROA), and Capital Adequency Ratio (CAR) have no significant effect on firm value and the F statistical test results show that the Non Performing Financing (NPF) variable, the Audit Committee (KA), Return On Assets (ROA), Capital Adequency Ratio (CAR) together have an effect on firm value.

This study shows the results that financial performance as measured by the RGEC method in the form of the Audit Committee variable (X2) has a significant effect on firm value. Where the Audit Committee (KA) is a group of people selected from the company's board of commissioners who are responsible for assisting the auditors in maintaining their independence from management. So that the frequency of meetings held by the audit committee is a reflection of the activeness of the audit committee in implementing and controlling the course of good corporate governance, so as to increase the value of the company. Other independent variables such as Non Performing Financing (NPF), Return On Assets (ROA), and Capital Adequency Ratio (CAR) have no significant effect on firm value.

Based on the conclusions described above, suggestions are given. In further research, it is recommended to use other financial ratios that support to compare the use of varied independent variables such as the Earnings factor using the Return On Equity ratio and Operating Expenses/Expenses for Operating Income (BOPO) and For company management, it is better to pay more attention to financial performance indicators with the new method, namely RGEC, to compare the results of the previous method, namely CAMELS. In addition, companies are expected to pay attention to significant ratios to company value to optimize bank operations. In addition, the company is expected to be able to apply Good Corporate Governance indicators properly without ignoring the company's main objectives.

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