

ABSTRACT

This study examines the influence of financial performance and dividend policy on the value of conventional banking companies in Indonesia for the period 2020 to 2024. Financial performance in this study uses Return On Assets (ROA), Operating Expenses compared to Operating Income (BOPO), Loan to Deposit Ratio (LDR), Capital Adequacy Ratio (CAR) and dividend policy using Dividend Payout Ratio (DPR) as independent variables. The company's value in this study uses Price to Book Value (PBV) as a dependent variable. This study also uses control variables in the form of Bank Age to minimize the bias of the research results.

The method used was a regression analysis of panel data with the help of the EViews device, using secondary data from the bank's annual financial statements listed on the Indonesia Stock Exchange. This sample consists of 43 banks by bringing together a group of state-owned conventional banks and private conventional banks, to provide a more comprehensive picture of the characteristics of financial performance and dividend policies that can affect the value of the company.

The results of the study showed that there were 3 (three) hypotheses accepted and 2 (two) hypotheses rejected. ROA and BOPO have a negative and significant effect on the company's value, while CAR, and DPR have a positive and significant influence on the company's value while LDR has no statistical effect. The addition of the age bank control variable does not change the direction and significance of the main variable, so the results of the study can be said to be robust. These findings indicate that the value of banking companies in Indonesia is more influenced by operational efficiency, capital adequacy, and dividend policy than by profitability and intermediation functions during the study period.

Keywords: Financial Performance, Dividend Policy, Firm Value