ABSTRACT

This study aims to examine and analyze the influence of corporate governance proxied by the size of the board of commissioners, the size of directors, the proportion of independent commissioners, the independence of the audit committee, and the level of bank risk to banking financial performance. In addition, testing and analyzing the moderating variables proxied by the capital structure to moderate the relationship between each independent variable on the dependent variable. The population in this study were all banking companies that were registered and had made an Initial Public Offering (IPO) namely as many as 43 banking companies on the Indonesia Stock Exchange (IDX) which were also sample data from 2013-2017. This study also uses a purposive sampling method in determining the research sample. The analysis technique used is multiple linear analysis with moderated regression analysis (MRA) for interaction test. Simultaneous test results show that the independent variables of corporate governance are proxyed by the size of the board of commissioners, the size of directors, the proportion of independent commissioners, the independence of the audit committee, the level of bank risk, and the capital structure moderation variables that have a positive and significant effect on the dependent variable . The results of partial hypothesis testing show that the variable size of the board of commissioners, the size of directors, the independence of the audit committee have a positive and significant effect on banking financial performance, while the variable proportion of independent commissioners has a positive but not significant effect, and the bank risk variable has a negative and significant effect on performance banking finance. Hypothesis testing of capital structure as a moderating variable shows that the capital structure is able to strengthen the relationship between the variable size of the board of commissioners, and between the variables of the independence of the audit committee on banking financial performance. However, the capital structure weakens the relationship between the variable size of directors, the proportion of independent commissioners, and the level of bank risk to banking financial performance.

Keywords: Financial performance, corporate governance, board of commissioners, directors, independent commissioners, audit committee, bank risk, and capital structure.