ABSTRACT

Banks that have listed their shares on the Indonesia Stock Exchange (BEI) are subject to evaluation by investors. Investor evaluation plays a crucial role for banks that heavily rely on public trust in their business activities. Banks are obligated to disclose information regarding their financial performance to be assessed and known by all stakeholders. The aim of this study is to analyze the influence of financial performance on investors' evaluation or perception of banks, represented by the Price to Book Value (PBV) in this research. This study utilizes panel data from Conventional Commercial Banks listed on the BEI from 2015 to 2019. Path Analysis is employed as the analytical method, with Return on Assets (ROA) designated as the mediating variable. The independent variables used in this study are Capital Adequacy Ratio (CAR), Non-Performing Loans (NPL), Net Interest Margin (NIM), Operating Costs to Operating Income (BOPO), and Loan to Deposit Ratio (LDR). The dependent variable is PBV.

The results of the study indicate that the CAR and LDR variables do not have any influence on ROA. Conversely, the NPL and BOPO variables exhibit significant and negative effects on ROA. Additionally, the NIM variable shows significant results and has a positive impact on ROA. The Path Analysis results reveal that NIM and BOPO indirectly affect PBV through ROA. The policy implications of this research indicate the importance of focusing on improving the financial performance of banks for bank managers. Additionally, regulators and authorities in the banking industry need to enhance supervision and regulations to ensure the stability and transparency of the banking financial performance. This can provide greater confidence for investors and foster a positive perception of the banking sector among investors.

Keywords: Financial Performance, Investor Evaluation, Path Analysis.