

Financial Performance of Banking Companies on the Indonesian Stock Exchange

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Introduction: Strong financial performance, often measured by Return on Assets (ROA), is the primary driver of investor confidence and stock returns as it reflects a company's operational efficiency. This performance is significantly influenced by five key factors: institutional ownership, which enhances supervisory control; managerial ownership, which aligns executive and shareholder interests; independent commissioners, who ensure unbiased governance; the board of directors responsible for operational oversight; and company size, which offers greater resource flexibility. Consequently, this study investigates the combined effect of these variables on the financial performance of banking companies listed on the Indonesia Stock Exchange from 2019 to 2022.

Methodology: This study examines the influence of institutional and managerial ownership, board composition, and company size on the financial performance of banking companies listed on the Indonesia Stock Exchange. Utilizing annual reports from 2019 to 2022, the researchers applied purposive sampling to select 35 companies from a total population of 49 banks.

Results: Research on banking companies listed on the Indonesia Stock Exchange (IDX) between 2019 and 2022 indicates that independent boards of commissioners, boards of directors, and company size positively influence financial performance. Independent commissioners enhance value through internal control and supervision, while directors contribute via strategic decision-making and efficiency improvements; consequently, larger board structures correlate with better outcomes. Similarly, larger companies demonstrate superior performance, as increased public visibility prompts more rigorous reporting standards. In contrast, neither institutional nor managerial ownership was found to significantly affect financial performance during this period.

Conclusion: This study analyzes the determinants of financial performance for banking companies listed on the Indonesia Stock Exchange between 2019 and 2022. The results indicate that while institutional and managerial ownership have no significant effect, the independent board of commissioners, the board of directors, and company size all positively influence financial performance.

Practical Value: Analyzing the financial performance of banks listed on the Indonesian Stock Exchange (IDX) yields vital insights for investors, executives, regulators, and academics. Stakeholders utilize metrics like Return on Assets and Capital Adequacy Ratio to assess risk, refine competitive strategies, and strengthen sector resilience. By providing empirical data, this analysis enriches academic literature and supports a stable banking environment that fosters financial inclusion and sustainable economic growth.

Direction for Future Research: Future researchers should investigate additional factors affecting financial performance, such as audit committees, intellectual capital, and leverage. Since this study was limited to Indonesian banking companies from 2019 to 2022, subsequent research should extend the observation period, diversify sample criteria, and examine different industries. Additionally, future models should incorporate variables proven to influence performance in this sector, including company size, the board of directors, and independent commissioners.

Keywords: financial performance, independent board of commissioners, board of directors, company size

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