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The Effect of Profitability, Company Size, Liquidity, and Cost of Fund on the Value of Banking Companies That Listed on the Indonesia Stock Exchange for the Period 2020-2023

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Abstract**—*This study aims to identify the Effect of Profitability, Company Size, Liquidity, and Cost of Funds on the Value of Banking Companies Listed on the Indonesia Stock Exchange. The type of research used is quantitative research. The sample in this study is 126 stock data samples that have been listed on the Indonesia Stock Exchange 2020-2023. The data source used in this study is secondary data. The results of the analysis in this study prove that profitability proves the hypothesis that it has a significant effect on company value. Then, Liquidity and Cost of Funds have a significant effect on company value. While Company Size does not have a significant effect on company value.*

Keywords**—** *Profitability, Company Size, Liquidity, and Cost of Funds on Company Value*.

I. Introduction

In the current era of globalization, the growth of the business world is taking place rapidly with the emergence of many companies conducting initial public offerings.(go public)in various sectors. This phenomenon causes competition between companies to become tighter and more intensive, forcing companies to continue to improve their performance in order to compete and survive in the long term. This also applies to companies in the banking sector, where banking stocks are the main choice for investors in making their investments in the capital market (Handayani et al., 2022).

The banking sector is one of the main pillars of the Indonesian economy, functioning as an intermediary institution that connects surplus funds with deficit funds. The success of this sector in managing funds and providing financial services greatly affects the stability and growth of the economy as a whole. In addition, banking in Indonesia has significant growth potential, especially in the context of digitalization and increasing financial inclusion. With the increasing complexity and dynamics of the banking industry, a deep understanding of the factors that influence the value of companies in this sector is becoming increasingly important (Damayanti & Darmayanti, 2022).

Company value, reflecting investor perception of management's effectiveness in utilizing company resources, is often mirrored in stock prices. Higher stock prices correlate with higher company value, thereby boosting shareholder wealth. Key factors influencing company value, as explored in this research, include profitability (measured by Return on Assets), company size (based on total assets), liquidity (assessed via the Loan Deposit Ratio), and the cost of funds, each providing unique insights into a bank's financial health and market attractiveness.

This study integrates four important variables profitability, company size, liquidity, and cost of fund one analytical framework. Many previous studies only consider one or two variables, so this study offers a more comprehensive approach to understanding the influence on company value. Based on the background description, the researcher is interested in conducting research with the aim of determining the influence Profitability, Company Size, Liquidity And Cost Of Fundon Company Value in the banking industry listed on the Indonesia Stock Exchange.

II. Literature Review & Hypothesis

1. Company Values Company values(Firm Value)is the investor's perception of the company's level of success which is closely related to its stock price. The company's stock price is the price that occurs from the bargaining process in the stock market and can only be determined if the company's shares are sold on the stock market. Company value can be described as the accomplishments of the company that are observable from the company’s initial process (Harahap et al. , 2020). This affects investor perceptions so that they believe in the company's current and future prospects and provides an increase in the company's value as an achievement obtained by the company according to the wishes of the owners. According to Tao-Schuchardt et al., (2022) stated that "Company value is the present value of income or cash flows expected to be received in the future." Ilham et al., (2022), there are several types of values that explain the value of a company including:

a. Book Value (Book Value): The value of a company calculated based on accounting concepts. This value shows how the company uses assets and liabilities to generate profits.

b. Liquidation Value (Liquidation Value): The selling value of all the company's assets after deducting all the liabilities that must be met. This value shows how the company can be sold and paid for if necessary.

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c. Nominal Value (Nominal Value):The value is formally stated in the company's articles of association, explicitly stated in the company's balance sheet, and also clearly written in the collective share certificate.
d. Market Value (Market Value):The price that occurs from the bargaining process in the stock market. This value can only be determined if the company's shares are sold on the stock market.
e. Intrinsic Value (Intrinsic Value):Value refers to the estimated real value of a company. This value shows how the company is perceived by investors based on its financial and operational prospects. Measurement of company value is throughPrice Book Value (PBV) proxy which is the ratio of the share price to the company's book value (Wahyudi & Sholahuddin, 2022).Price to Book Value(PBV) which is one of the variables considered by an investor in determining which stocks to buy. For companies that are running well, this ratio generally reaches above one, indicating that the market value of the stock is greater than its book value. The higher the PBV ratio, the higher the company is valued by investors relative to the funds that have been invested in the company. A high PBV will make the market believe in the company.
2. Profitability Profitability is one of the measurements of a company's performance, a company's profitability shows a company's ability to generate profits during a certain period at a certain level of sales, assets and share capital (Mantik et al., 2022). According to Sinaga et al., (2022) that,profitability is the company's ability to earn profits from the capital used to generate those profits."Return On Assets (ROA)) according to Ningsih & Sari, (2020) is a ratio that shows the results (return) on the amount of assets used in the company. In addition, profitability provides a better measure of a company's profitability because it shows the effectiveness of management in using assets to generate income. According to Harahap (2010: 305), Return On Assets (ROA) refers to the turnover of assets calculated from sales. The higher this ratio, the better and this means that assets can turn over faster and make a profit.

Gibson (2001:288), stated that “Return On assets measures the firm's ability to utilize its assets to create profits by comparing profits with the assets that generate the profits”.Gibson explained that the ROA ratio is a ratio that measures a company's ability to utilize assets owned by the company to generate income by comparing income with the assets used by the company to generate income.
3. Company Size Company size is a scale on which the size of a company can be classified according to various methods, including total assets, log size, stock market value, and others. Company size is considered to be able to influence the value of the company because the larger the size, the easier it is for the company to obtain funding sources, both internal and external. The larger the size of the company, usually the information available for investors in decision making regarding investment in the company's shares are increasing (Damayanti & Darmayanti, 2022).

According to Werner R. Murhadi (2020) Firm Sizemeasured by transforming the total assets owned by the company into the natural logarithm form. Company size is proxied usingNatural Log of Total Assets with the aim of reducing excessive data fluctuations. By utilizing natural logs, the asset values in the hundreds of billions or even trillions will be made simpler, without altering the ratio of the actual asset numbers. Ayu Sri Mahatma Dewi and Ary Wijaya (2013) mentioned that the assessment of the company size variable relies on total assets. According to Jogiyanto (2007:282) stated that the size of assets is used to measure the size of the company, the size of the assets is measured as the logarithm of total assets. The overall value of assets is typically quite substantial relative to other financial metrics, thus the asset variable is refined into Log Asset or Ln Total Asset.
4. Liquidity Liquidity refers to a company's capability to fulfill its short-term obligations as they become due. Another definition is the ability of a person or company to meet obligations or debts. According to Safitri et al., (2023)liquidityis the ability to sell assets close to market prices. According to Anis Shantika & Rosyadi, (2024)liquidityis the ability to convert assets into cash or the ability to obtain cash. The liquidity period is generally measured in periods of up to one year, although this period is related to the normal operating cycle of a company, covering the time period that includes the purchasing, production, sales, and collection cycles.

Liquidity reflects a company's ability to meet its short-term obligations. The level of liquidity of a company is often an important indicator for decision-making by parties related to the company. This is because the higher the level of liquidity of the company, it can be interpreted that the health of the company is in good condition. Conversely, if the level of liquidity of the company is low, this can be considered an indication that its health or performance is poor (Aprilia et al., 2020).

Based on the views of the experts above, it can be concluded that liquidity is a reflection of a company's financial performance. The importance of liquidity illustrated by the impact that arises due to the company's inability to meet its short-term obligations. The company's liquidity level can be seen from the extent to which liquid assets, which are easily converted into cash, can meet these obligations. These liquid assets include cash, banks, receivables, securities, and inventory, which can be used by the company to meet its operational needs. The indicator used for this measurement is the Loan Deposit Ratio (LDR). LDR represents a ratio that assesses the relationship between the quantity of credit extended and the amount of public funds and equity utilized. If the credit distributed fails or is problematic, the bank will have difficulty returning the funds deposited by the public.
5. Cost of Fund Cost of Fundis a fee that must be paid by a financial institution or bank for the use of money that comes from another party. H. Santoso, (2019) In bank cost of fundsis a cost incurred by the bank in order to collect deposits or Third Party Funds (DPK) from customers. So it means that the bank must calculate the costs incurred for each fund it has successfully collected. The greater this cost, the smaller the bank's risk, conversely if the need for funds is smaller, it will have a smaller bankruptcy cost. Banks that have a valuecost of fundshigh will likely have a high risk, this will make investors think twice about investing in the bank. So the highcost of fundsThis will affect the company's valuecost of fundscan be found by comparing interest expense to total savings.

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This aims to test the relationship between the Profitability variables on Company Value H1, Company Size on Company Value H2, Liquidity on Company Value H3,Cost Of Fundon Firm Value H4.

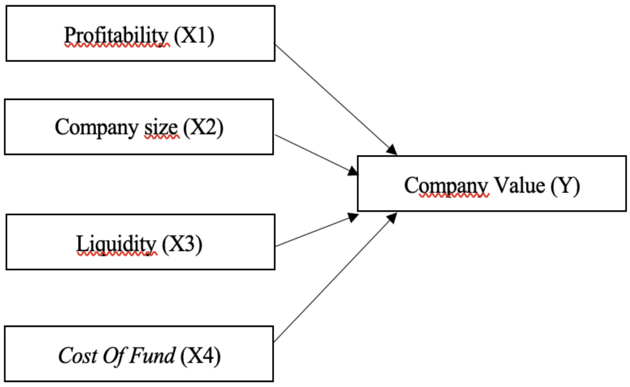

Fig. 1. Example of a figure caption

1. The Influence of Profitability on Company Value According to Khan & Khokhar, (2015) Profitability is the company's ability to generate profits by using owned resources such as assets, capital or company sales. Profitability can be calculated with ROA (return on assets). ROA can show the company's ability to generate profits on assets used. The higher this ratio, the better the condition of a company. High profitability will tell that the company is a company with good prospects so that it can trigger investors to increase demand for shares. Previous research that is related also discusses the relationship profitabilitywith company value conducted by (Khidmat & Rehman, 2014) and (Hasbiah, 2022) resulted in research that profitability has a significant effect on Company Value.

H1: Profitability has a significant effect on Company Value in the banking industry.

2. The Influence of Company Size on Company Value According to Bestariningrum, (2017) company size is a scale on which the size of the company can be classified according to various methods, including total assets, log size, stock market value, and others. Company size is considered to be able to influence the value of the company because the larger the size, the easier it is for the company to obtain funding sources, both internal and external. Research by (Jihadi et al., 2021) and (Hendrani & Septyanto, 2021) which shows that company size has a significant effect on company value.

H2: Company size has a significant effect on company value in the banking industry.

3. The Influence of Liquidity on Company Value Liquidity is the ability of a company to meet its short-term obligations when they fall due. An additional definition encompasses the capacity of an individual or organization to satisfy obligations or debts (Chen, 2021). According to Anis Shantika & Rosyadi, (2024) the indicators used for this measurement are:Loan Deposit Ratio(LDR). LDR is a ratio utilized to assess the relationship between the quantity of credit extended and the quantity of public funds and equity employed. The level of liquidity of a company is often an important indicator for decision making by parties related to the company. This is because the higher the level of liquidity of the company, it can be interpreted that the health of the company is in good condition. Conversely, if the level of liquidity of the company is low, this can be considered an indication that its health or performance is poor. Research conducted by Kristianti & Foeh, (2020) and Agus Ismaya Hasanudin et al., (2022) which resulted in research that liquidity has a significant effect on company value.

H3: Liquidity has a significant effect on Company Value in the banking industry.

4. Influence Cost of Fund Against Company Value Big or smallCost of fundswill affect the value of the company. In the bankcost of fundsis a cost incurred by the bank in order to collect savings or Third Party Funds (DPK) from customers. So that the highcost of fundsThis will affect the value of the company.Cost of fundsor cost of financing covers all costs incurred by the company to obtain funds, either through debt or equity. The higher the cost of capital, the greater the burden that the company must bear, which can reduce profitability but a low cost of capital indicates a lower risk in investment, making the company more attractive to investors. If the company is able to finance its projects at a lower cost, the potential return on investment also increases. Research conducted by Amboningtyas, (2020) and Dewantara et al., (2023) showed that Cost of Fundhas a significant influence on company value

H4: Cost of Fundhas a significant influence on Company Value in the banking industry

III. METHODOLOGY

1. Type of Research

This study uses quantitative research methods. Sekaran and Bougie (2016) stated that quantitative research methods can be viewed as research approaches grounded in the philosophy of positivism, used to study specific populations or samples, data gathering through research tools, data analysis is quantitative/statistical, with the objective of evaluating the formulated hypothesis.

This research is a type of explanatory research.(explanatory research), namely research that explains the influence between research variables through hypothesis testing on the same data. While at the explanation level, the research used is associative research(association research)namely research that aims to determine the influence between two or more variables (Bougie & Sekaran, 2017).

2. Population and Sample

Essentially, the research population refers to the totality of objects or all psychological items that have certain criteria limitations. In the context of this study, the population is conventional banks listed on the Indonesia Stock Exchange. www.idx.co.id.

A sample is a portion of a psychological object or member of a population selected according to a specific procedure. In this study, the sampling technique used isnon-probability sampling. Non-probability samplingis a technique in which not every element or member of the population has the same chance or opportunity to be selected as a sample. The specific sampling technique used is purposive sampling,where the research sample is determined based on certain considerations or criteria

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with the aim of ensuring that the data obtained is a good representation of the population.

The data used in this study is quantitative data, which refers to the characteristics of variables whose values are expressed in numbers, as defined by Bougie & Sekaran, (2017). Quantitative data in this study is a type of data that is numerical or numeric. In the context of this study, quantitative data is used to measure the variables in the study. For example, if this study tries to measure the effect of training on employee performance, then quantitative data will include numbers that represent the level of training received by employees and the level of performance obtained by employees.

TABLE 1. Research Sample Criteria

Infromation	Total
Banking companies listed on the IDX during the 2020-2023 period	47
Companies whose shares were actively traded during the period 2020-2023.	-6
Total Sample	41
Total sample during the study (four years)	164

In this study, quantitative data is used to analyze the effect of independent variables such as training, job placement, and compensation on the dependent variable, namely employee performance, using statistical analysis methods, such as multiple linear regression. In this study, the data source used is secondary data. Secondary data is a source of data that is not obtained directly by researchers from initial data collection, but through other sources, such as documents or previously existing information. In the context of this study, secondary data may include internal documents of the banking industry, such as financial statements and annual reports.

The advantage of using secondary data in research is time and cost efficiency because the data already exists and is available. However, researchers need to ensure that this secondary data is relevant, accurate, and reliable to answer questions. the proposed research. In addition, researchers must also ensure that the use of secondary data is in accordance with applicable research ethics and copyright.

IV. RESULT AND DISCUSSION

1. Descriptive Research Sample

This research was conducted with the aim of determining the influence of Profitability, Company Size, Liquidity and Cost of Fund on Company Value in the banking industry listed on the Indonesia Stock Exchange. In this study, the technique Purposive sampling namely sampling technique with predetermined criteria. The sample used in this study was manufacturing companies in the banking industry sector in 2020-2023 with a total of 126 samples. From the results of the descriptive statistical analysis above which was carried out using the SPSS 26 application, it can be seen that the number of observations in the study (N) is 126. A more detailed explanation of the table above is as follows:

1.Profitability

Fig. 2. Example of a figure caption

Based on the image above, it is described that the average profitability value of banking industry companies listed on the Indonesia Stock Exchange in 2020-2023 had the lowest value of -0.04 and the highest of 0.06.

2. Company Size

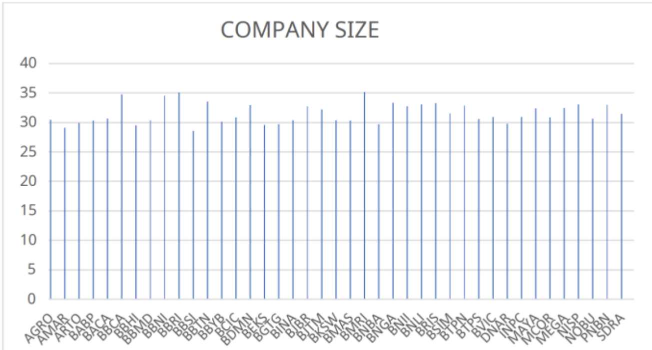

Fig. 3. Example of a figure caption

Based on the image above, it is described that the average company size value in banking industry companies listed on the Indonesia Stock Exchange in 2020-2023 has a stable company size value.

3. Liquidity

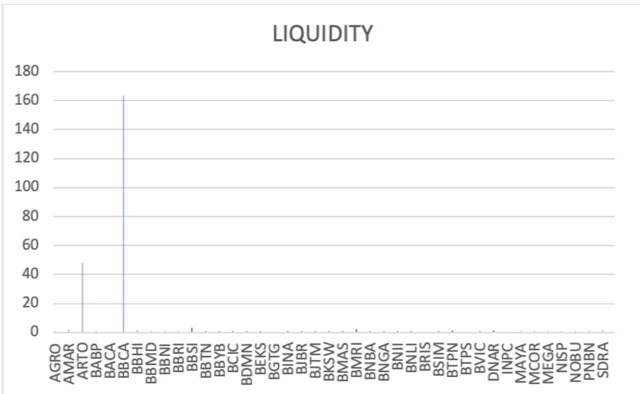

Fig. 4. Example of a figure caption

Based on the image above, it is described that the average liquidity value of banking industry companies listed on the Indonesia Stock Exchange in 2020-2023 has the highest liquidity value of 160.

4. Cost of Fund

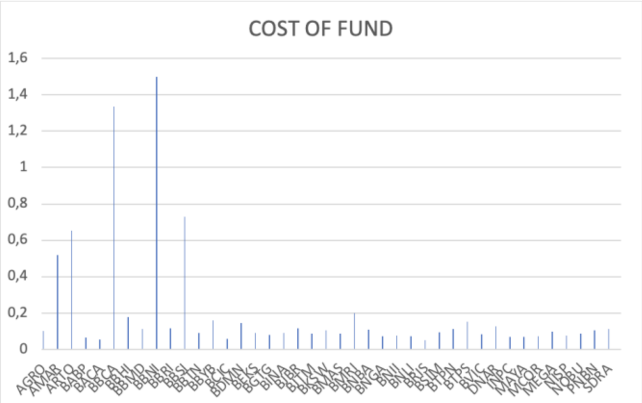

Fig. 5. Example of a figure caption

Based on the image above, it is described that the average value Cost of Fundin banking industry companies listed on the Indonesia Stock Exchange in 2020-2023 have a value Cost of Fund highest 1.5 and lowest 0.2.

5. Company Value

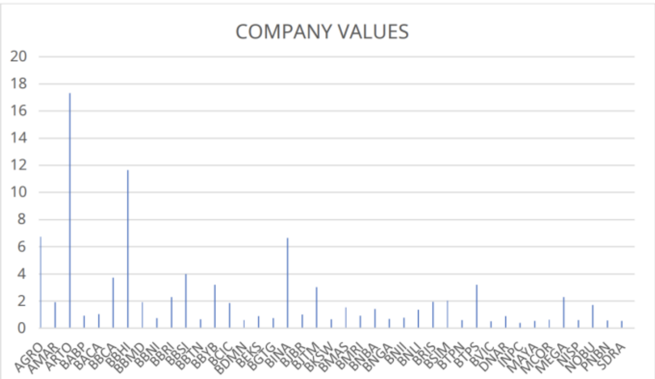

Fig. 6. Example of a figure caption

Image above, it is described that the average company value of banking industry companies listed on the Indonesia Stock Exchange in 2020-2023 has the highest company value of 17 and the lowest of 1.

2. Descriptive Statistical Analysis

Descriptive analysis aims to provide a descriptive or general description of each variable used. The measurements used in this study are maximum value, minimum value, mean, and standard deviation. The maximum value is the largest value of the total values in the study. The minimum value is the smallest value of the total values in the study. Meanis the middle value or average value in research. Standard deviation is a value in statistics that is used to determine how the level of data distribution in the sample used. The results of descriptive statistical analysis can be seen in the following table:

TABLE 2. Descriptive Statistical Analysis Results.

	N	Minimum	Maximum	Mean	Std.Deviation
Profitability	126	-.02	.03	.0090	.0093
Company Size	126	28.58	35.32	31.8024	1.602
Likuidity	126	.09	1.65	.8352	.2899
Cost Of Fund	126	.01	.22	.0920	.0293
Company Value	126	.19	4.44	1.1545	.7998
Valid N(Listwise)	126				

Source: Data processed with SPSS 26, 2025

3. Classical Assumption Test

A. Normality Test

The data normality test aims to test whether the residual value is normally distributed or not. Determining whether the data is normal or not can be seen from the significance value of the calculation results. The guideline that will be used in the normality test is the Kolmogorov-Smirnov Test result. This shows that the regression equation for this research model shows that the data distribution is normal. The results of the normality test are in the following table:

TABLE 3. Descriptive Statistical Analysis Results.

Variabel	*Kolmogrov-Smirnov*	Sig (2-tailed)	*p-value*	Keterangan
Unstandardized residual	0,136	0,072	P > 0,05	Normal

Source: Data processed with SPSS 26, 2025

The results of data processing in the table above show the values Kolmogorov-Smirnov(KS) is 0.136 and the value Asymp. Sig.(2-tailed) is 0.072. The value Asymp. Sig.(2-tailed) 0.072 > 0.05. With these results it can be concluded that the regression equation model in this study has normally distributed data, so that the research model is stated to have met the normality assumption.

B. Multicollinearity test

Multicollinearity test is conducted to show the relationship between two or more variables in a multiple regression model. Multicollinearity testing in this study uses the value Tolerance Value (TF) and Variance Inflation Factor(VIF). The provisions in the multicollinearity test are that if the significance value Tolerance≥ 0.10 and Variance Inflation Factor (VIF)) ≤ 10 then shows that the data does not experience multicollinearity. The results of the multicollinearity test in this study are in the following table:

TABLE 4. Multicollinearity Test Results

		/Colinearity Statistics/	
		/Tolerance/	VIF
1	(Variabel)		
	Profitability	0,704	1.421
	Company Size	0,691	1.446
	Liquidity	0,668	1.496
	Cost of Fund	0,619	1.616

a. Dependent Variable Company Value

Source : Data processed with SPSS 26, 2025

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In the output of the VIF value of each variable, profitability, company size, liquidity, and cost of funds less than 10 and the value tolerance each variable of profitability, company size, liquidity and cost of funds greater than 0.10, it can be concluded that the data passes the multicollinearity test or the data does not experience multicollinearity.

C. Heteroscedasticity Test

The heteroscedasticity test is conducted to test whether there is inequality in residual variance for the linear regression model. The heteroscedasticity test used in this study is through the test Glacier. Decision making provisions in the test Glacier .that is, if the significance value > 0.05 then there is no heteroscedasticity and vice versa if the significance value < 0.05 then there is heteroscedasticity. The results of the heteroscedasticity test in this study are in the table:

TABLE 5. Heteroscedasticity Test Results

Model		Sig
1	(Variable)	0,282
	Profitability	0,833
	Company Size	0,775
	Liquidity	0,761
	Cost of Fund	0,740

Dependent Variabel : Company Value

Source : Data processed with SPSS 26, 2025

The results of the heteroscedasticity test in the table above show that each independent variable in this study, namely Profitability, Company Size, Liquidity and Cost of Fund has a significance value greater than 0.05 so that the regression model in this study is free from inequality of variance from one residual to another observation or there is no heteroscedasticity.

D. Autocorrelation Test

The autocorrelation test is used to test whether in the regression model linear there is a correlation between the disturbance errors in period t-1 (previous). The autocorrelation test aims to determine the correlation of variables in the prediction model with changes in time. The autocorrelation test in this study uses the test Durbin Watson (DW). Decision-making provisions in the test Durbin Watson (DW) namely if the value Durbin Watson(DW) is between -2 and +2 then there is no autocorrelation, vice versa if the value Durbin Watson (DW) below -2 and above +2 then there is autocorrelation. The results of the autocorrelation test in this study are in the table:

TABLE 6. Autocorrelation Test Results

Model	Durbin-Waston
1	1.653

a.Predictors (Variable), *Cost of Fund*, Profitability, Company Size, Likuidity

b.Dependent Variable : PBV

Source : Data processed with SPSS 26, 2025

The results of the autocorrelation test in the table above show that the value Durbin Watson(DW) in this research model is 1.65. This indicates that the value of 1. 65 falls within the range of -2 and +2, which means that the regression model does not suffer from autocorrelation or that there is no relationship between the disturbance error in period t and the disturbance in period t-1.

4. Hypothesis Testing

A. Linear Regression Analysis

TABLE 7. Linear Regression Analysis Test, F Test, t Test.

		Unstanddardized Cofficients		
Model		B	t	Sig
1	(Variable)	3.000	1.918	0,057
	Profitability	27.791	3.357	0,001
	Company Size	-.057	-1.178	0,241
	Likuidity	-1.116	-4.086	0,000
	Cost of Fund	7.164	2.557	0,012
		F		Sig
1	Regression	7.871		0,000
		R square	Adjusted R square	
1		0,206	0,180	

a. Dependent Variable : Company Value

Source : Data processed with SPSS 26, 2025

Firm Value = 3.00 + 27.79 P + (-0.06) UP + (-1.11) L + 7.16 COF + 1.56 e

Based on the regression equation that has been described, it can be explained as follows:

1) Constant The constant value (α) of 3.00 indicates that if the variables, Profitability, Company Size, Liquidity, and Cost of funds has a fixed value of 0 (zero) then the company value has a value of 3.00

2) Profitability Variable Regression Coefficient The regression coefficient value of the profitability variable is proxied at 27.79, which can be interpreted that if profitability increases, the company value also increases and vice versa (there is a positive influence).

3) Regression Coefficient of Company Size Variable The regression coefficient value of the company size variable is -0.06, which means that if the company size decreases, the company value will also increase and vice versa (there is a negative effect).

4) Regression Coefficient of Liquidity Variable The regression coefficient value of the liquidity variable is -1.11, if there is a negative sign, it can be interpreted that if liquidity decreases, the company value will also increase and vice versa (there is a negative effect).

5) Variable Regression Coefficient Cost Of Fund The value of the regression coefficient of the variable Cost Of Fund of 7.16 can be interpreted that if cost of funds increases, the company's value will also increase and vice versa (there is a positive influence).

B. Simultaneous Test (F Test)

The F test is conducted to determine whether the elements of the independent variables entered into the regression model have a joint influence on the dependent variable or not. The provisions in making the F test decision are that if the F significance value is less than 0.005 then the hypothesis can be accepted and vice versa if the F significance value is greater than 0.05 then the hypothesis is rejected. The results of the F test in this study are in table 4.6. Based on the SPSS output above, it can be seen that the calculated F value is 7.87. From the results of the F test, a significance value of 0.000 is obtained, which is smaller than 0.05 then as the basis for decision making in the F test, it can be concluded that the hypothesis is accepted or in other words the variable Profitability, Company Size, Liquidity and Cost of Funds imultaneously affect Company Values.

C. Partial Test (t-Test)

Partial test (t-test) is conducted with the aim of testing the influence of the independent variable partially on the dependent variable in the study. The provisions in making a t-test decision are that if the t-value of significance is less than 0.05 then the hypothesis can be accepted and vice versa if the t-value of significance is greater than 0.05 then the hypothesis is rejected.

Based on the results of the t-test in table 4.6, the conclusions drawn are as follows:

a. Profitability in table 4.6 with a significance t value of 0.001. This means that profitability has a significant effect on the company's value because the significance t value of the profitability variable is 0.001, which is smaller than 0.005, it can be concluded that H1accepted.

b. Company Size in table 4.6 with a significance t value of 0.241. This means that Company Size does not have a significant effect on Company values because the significance value of the Company Size variable is 0.241, which is greater than 0.05, it is concluded that H2 rejected.

c. Liquidity in table 4.6 with a significance value of 0.000. This means that liquidity has a significant effect on Company Value because the significance t of the liquidity variable is 0.000, which is less than 0.05, it is concluded that H3 accepted.

d. Cost Of Fund in table 4.6 shows a significance t value of 0.012. This means that Cost Of Fund does not have a significant effect on Company Value because the t significance of the variable Cost Of Fund of 0.012, which is less than 0.05, it is concluded that H4 accepted.

D. Test of Determination Coefficient (Adjusted R^2)

Test the coefficient of determination (R^2) is carried out to find out and analyze how far the influence is caused by the independent variable on the dependent variable. . The results of the determination coefficient test (R^2) in this study is found at 4.6. The results of the coefficient of determination test (R^2) in table 4.6 shows that the value adjusted R^2 in the regression model of 0.180 or 18.0%. This means that the independent variables in this study are Profitability, Company Size, Cost Of Fund, and Liquidity can explain the dependent variables of this study.

E. Discussion

1. The Influence of Profitability on Company Value

Based on the research results showing that profitability has a tsignificance value of 0.001, this shows that ROA has a significant effect on the value of banking companies listed on the Indonesia Stock Exchange (IDX) in the 2020-2023 period. A t-significance value of less than 0.05 (p less than 0.05) provides strong evidence that profitability can be used as a relevant indicator in predicting changes in the value of banking companies.

Profitability serves as one of the primary metrics to assess the degree to which a bank is capable of generating profits from its total assets. The greater the profitability value, the more effectively the bank utilizes its assets to produce profits. This efficiency certainly has a positive impact on investor perceptions of the bank's performance, which then affects the stock price and the overall value of the company. In the banking context, profitability is often considered a measure of a bank's success in managing its operations, because it describes the relationship between the profits earned and the resources owned by the bank.

The positive effect of profitability on company value is in line with financial theory which states that companies with higher levels of profitability will be more attractive to investors. The benefits obtained from operational efficiency can provide a positive signal about the stability and growth potential of the bank, which in turn increases the value of the company in the eyes of the market. Investors tend to give higher appreciation to companies that can generate good returns from existing assets, because this reflects the management's ability to optimize resources and minimize the risk of loss.

This result is also in line with the findings in previous studies (Khidmat & Rehman, 2014) and (Hasbiah, 2022) which show that profitability has a significant relationship with company value, especially in the banking sector. Therefore, for banking companies listed on the IDX, maintaining a high level of profitability is one of the main strategies in increasing attractiveness in the stock market and increasing the overall value of the company.

2. Company Size to Company Value

Based on the results of this study, company size does not have a significant effect on the value of banking companies listed on the Indonesia Stock Exchange (IDX) in the 2020-2023 period. The t-test results show a significance value of 0.24, which is greater than 0.05, so the hypothesis that company size has an effect on company value is rejected. This indicates that although company size as measured by total assets or market capitalization is often associated with advantages such as economies of scale, access to resources, and risk management capacity, this factor is not significant enough to influence the value of banking companies in Indonesia.

Some explanations may be related to the fact that other factors, such as managerial quality, operational efficiency, and risk management capabilities, are more heavily weighted by the market in assessing a bank’s value. Large banks are not necessarily more efficient or more profitable than smaller, more focused and well-managed banks. In addition, increased operational complexity in large banks can also reduce efficiency, which in turn affects the market’s perception of the firm’s value. In addition, external factors such as economic conditions, regulation, and interest rate policy can have a greater impact on a firm’s value, regardless of the bank’s size.

This result is also in line with previous research by Pratama and Wicaksono (2020) which shows that company size is not always directly related to market value, especially in the banking sector, where other factors such as profitability, liquidity, and funding management are often more determining.

3. Liquidity to Company Value

Based on the results of this study, liquidity has been proven to have a significant effect on the value of banking companies

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listed on the Indonesia Stock Exchange (IDX) in the 2020-2023 period. The significance value of the t-test results obtained was 0.000, which is smaller than 0.05, indicates that Liquidity has a significant influence on company value. Thus, the hypothesis that assumes liquidity has an influence on company value is accepted (H3 is accepted).

Liquidity is a ratio that measures a bank's ability to channel credit compared to the amount of funds collected from customers (deposits). Optimal liquidity indicates that a bank has a balance between liquidity and profitability, which is very important in increasing market confidence and company value. A ratio that is too high may indicate that the bank is too aggressive in providing credit, which can increase credit risk and reduce asset quality. Conversely, a ratio that is too low indicates that the bank is not utilizing enough funding potential to increase profits, which can also be considered negative by the market.

This result is also consistent with previous research by Kristianti & Foeh, (2020) which shows that liquidity has a significant effect on firm value. An optimal Liquidity Ratio is associated with good financial performance and higher firm value, because investors tend to be more interested in banks that have greater earning potential without sacrificing their liquidity. Likewise, research by Agus Ismaya Hasanudin et al., (2022) also confirms that moderate Liquidity contributes to increasing the value of banking companies, because this ratio shows the bank's ability to grow and develop in a controlled manner.

4. Influence Cost of Fund on Company Value

Based on the results of this study, Cost of Fund has a significant effect on the value of banking companies listed on the Indonesia Stock Exchange (IDX) in the 2020-2023 period. The significance value of the t-test results obtained was 0.01, which is smaller than 0.05, indicating that Cost of Fund has a significant influence on the company's value. Thus, the hypothesis that assumes Cost of Fund influences the accepted company value (H4 is accepted).

Cost of Fund refers to the costs incurred by banks to obtain funds, either through deposits Cost of Fund customers or through issuance of debt securities or other market instruments. The level Cost of Fund lower means that banks can obtain funds at a lower cost, which will of course increase profit margins and, ultimately, the value of the company. Conversely, Cost of Fund high indicates that the bank has to pay more to obtain funds, which will reduce the profitability and attractiveness of the company in the eyes of investors.

In the banking context, efficient management of funding costs is essential to ensure that banks can maintain a high level of profitability, especially amidst interest rate fluctuations and uncertain market conditions. Banks that are able to manage Cost of Fund well will be more competitive in providing attractive credit interest rates for customers, while maintaining a healthy profit margin. This has a direct impact on the bank's financial performance and the company's market value, as investors tend to be more interested in companies that can generate profits at a more efficient cost.

The results of this study are in line with findings in previous studies which show that Cost of Fund has a significant influence on company value. Research by Ambara, (2021) Banks with low funding costs tend to have better financial performance, which in turn increases company value. In addition, research by Dewi Sani et al., (2023) also revealed that the management of Cost of Fund which can effectively strengthen bank competitiveness, because banks can offer products with more attractive interest rates while maintaining financial stability and profitability.

Overall, the results of this study confirm that Cost of Fund is a very important factor in determining the value of a banking company. By maintaining efficient funding costs, banks can increase profitability and provide positive signals to the market, which in turn will increase the overall value of the company. Therefore, bank management needs to focus on strategies to reduce Cost of Fund, such as optimizing funding structures and expanding the customer base to obtain funds at lower costs.

V. Conclusions and Sugestions

A. Conclusion

Based on the research results regarding the influence of profitability, company size, liquidity, and cost of funding against the value of banking companies listed on the Indonesia Stock Exchange (IDX) in the 2020-2023 period, it can be concluded that:

1.Profitability has a significant effect on firm value. The results of the study indicate that profitability has a significant effect on the value of banking firms, with a significance value of 0.00 which is smaller than 0.05. This indicates that banks with a higher level of profitability tend to have a greater firm value, because the bank's ability to generate profits from its assets provides a positive signal to investors (H1 accepted).

2.Company size does not have a significant effect on company value. Based on the results of the t-test which showed a significance value of 0.24, which is greater than 0.05, it can be concluded that company size (either through total assets or market capitalization) does not have a significant direct effect on the value of banking companies. This finding indicates that other factors, such as operational efficiency and risk management, play a greater role in influencing company value than just company size. (H2 rejected).

3.Liquidity has a significant effect on firm value. The results of the study indicate that profitability proxied by liquidity has an effect on firm value with a significance value of 0.00 which is smaller than 0.05. This shows that banks that can channel credit effectively by maintaining a healthy liquidity balance will increase the value of the company, because investors tend to be more interested in banks that have an optimal credit ratio (H3 accepted).

4. Cost of Fund has a significant effect on the company's value. Based on the significance value of the t-test results of 0.01, which is smaller than 0.05, this study found that low funding costs have an impact on company value. Banks that are able to manage funding costs efficiently will increase its profitability and competitiveness, which ultimately increases market perception of the company's value (H4 accepted).

B. Suggestions

Based on the research results regarding the influence of

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profitability, company size, liquidity, andcost of fundson the value of banking companies listed on the Indonesia Stock Exchange (IDX) in the 2020-2023 period, several suggestions that can be given to related parties, be it banking management, investors, or further researchers are as follows:

A. For Banking Management:

1. Given that profitability has been proven to have a significant positive effect on company value, banking management should focus more on efforts to improve operational efficiency and optimize the use of assets to generate profits. Good management of resources and improving the quality of banking products can support these efforts and have a positive impact on company value.

2. Research shows that lower funding costs affect company value. Therefore, bank management should look for ways to reduceCost of funds, such as expanding the customer base to increase low-cost funds (savings and deposits), or utilizing more efficient funding instruments. This strategy will support better cost management and increase the bank's competitiveness.

3. Liquidity ratio remains important to maintain the balance between liquidity and credit expansion. Bank management should continue to monitor and manage liquidity carefully to stay within healthy limits to optimize profits without sacrificing financial stability.

B. For Investors:

Investors should not only rely on company size, but also pay more attention to financial performance, such as profitability ratios and funding cost management, in making investment decisions. Investors should also consider external factors that can affect the value of the company, such as changes in monetary policy, inflation, and other macroeconomic conditions. A good understanding of market dynamics and regulations will help investors make more informed investment decisions.

C. For Further Researchers:

Further research should expand the scope of variables, such as asset quality, credit risk, technological innovation, or market sentiment, which can also affect the value of banking companies. Further research should integrate these factors into the analysis model. This will provide a more holistic perspective in understanding the dynamics of the banking sector.

D. For Regulators and Policy Makers:

The relevant authorities should pay attention to interest rate policies and regulations that affect bank funding costs. Policies that support interest rate stability can help banks manage funding costs more efficiently.

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