Southeast Asia Journal of Graduate of Islamic Business and Economics
(SAJGIBE)
Vol. 4 No. 2 September 2025

FACTORS AFFECTING DIVIDEND POLICY ARE INFLUENCED BY PROFITABILITY, LIQUIDITY, AND LEVERAGE USING GCG AS A MODERATING VARIABLE IN THE FINANCIAL SECTOR IN INDONESIA

Akhmad Ravi Eka Baharsyah[1], Hartono[2], Yuliasnita Verlandes[3]
[1,2,3]Universitas Islam Majapahit, Indonesia
Coresponden E-Mail; akhravieka@gmail.com

ABSTRACT

This study investigates the effect of profitability, liquidity, and leverage on dividend policy in the Indonesian banking sector, with Good Corporate Governance (GCG) as a moderating variable. Employing a quantitative approach, the research utilizes multiple linear regression and Moderated Regression Analysis (MRA) on secondary data derived from the annual financial reports of ten banks with the highest dividend ratios listed on the Indonesia Stock Exchange (IDX) during 2023–2024. The findings indicate that profitability, liquidity, and leverage do not have a significant influence on dividend policy. Moreover, GCG does not exhibit a moderating effect on the relationship between the independent variables and dividend policy. These results highlight that dividend policy in Indonesian banks is more strongly determined by industrial regulations, expansion strategies, and macroeconomic conditions rather than internal financial indicators. The study contributes to the literature by providing empirical evidence from the banking sector in emerging markets and offers practical insights for policymakers, investors, and corporate managers in formulating dividend distribution strategies.

Keywords: Dividend policy; profitability; liquidity; leverage; Good Corporate Governance; Indonesian Banking Sector

A. INTRODUCTION

In the world of business and finance, dividend policy is a strategic decision that not only reflects the distribution of profits to shareholders, but also serves as an important indicator for investors in assessing the stability and prospects of a company. In the Indonesian financial sector, particularly banking, dividend policy has become increasingly complex due to the influence of strict regulations from the Financial Services Authority (OJK) and Bank Indonesia (BI), as well as fluctuating macroeconomic dynamics. An interesting phenomenon has emerged as several large banks continue to distribute large dividends despite facing global and domestic pressures. This raises an important question: are internal financial indicators such as profitability, liquidity, and leverage still relevant in determining dividend policy, or are external factors and corporate governance (GCG) more dominant?

The urgency of this research lies in the need for a deeper understanding of the determinants of dividend policy in the Indonesian financial sector, given the strategic role of this sector in the national economy and the high expectations of investors regarding corporate transparency and accountability. To address these issues, this study aims to analyze the influence of profitability, liquidity, and leverage on dividend policy, as well as to examine the role of GCG as a moderating variable ( ) in strengthening or weakening the relationship between these three financial factors and dividend policy.

The problem-solving plan was carried out using a quantitative approach with multiple linear regression and Moderated Regression Analysis (MRA) methods, using secondary data from the annual financial reports of 10 banks with the highest dividend ratios listed on the Indonesia Stock Exchange (IDX) during the 2023–2024 period. The independent variables are measured by Return on Assets (ROA), Liquidity Coverage Ratio (LCR), and Debt to Equity Ratio (DER), while GCG is measured by the proportion of independent commissioners.

Theoretically, this study is based on several main foundations, including the Bird in the Hand Theory, which states that investors prefer current dividends over future capital gains; Signaling Theory, which positions dividends as a positive signal regarding a company's prospects; Agency Cost Theory, which explains the role of GCG in reducing conflicts of interest between management and shareholders; and Pecking Order Theory and Trade-Off Theory, which explain companies' preferences in funding structures and profit distribution. Stakeholder Theory and the Resource-Based View approach are also used to broaden the understanding of how dividend policy is influenced by stakeholder interests and the Company's internal capabilities.

Based on this theoretical framework, the hypotheses proposed in this study are: (1) profitability has a significant effect on dividend policy; (2) liquidity has a significant effect on dividend policy; (3) leverage has a significant effect on dividend policy; (4) GCG strengthens the relationship between profitability and dividend policy; (5) GCG strengthens the relationship between liquidity and dividend policy; and (6) GCG strengthens the relationship between leverage and dividend policy. This study is expected to provide empirical contributions to companies, investors, regulators, and academics in understanding the dynamics of dividend policy in the Indonesian financial sector.

Dividend policy is one of the important decisions in corporate financial management that reflects the balance between profit distribution to shareholders and the company's internal needs for expansion or capital strengthening. In this context, various financial theories have been developed to explain the determinants of dividend policy, including profitability, liquidity, leverage, and corporate governance. One of the classic theories underlying investor preference for dividends is the Bird in the Hand Theory proposed by Gordon and Lintner (1963). This theory states that investors value dividends received today more than capital gains in the future because dividends are considered more certain. In practice, companies with high profitability tend to distribute larger dividends as a form of guaranteed return to investors.

In addition, Signaling Theory (Bhattacharya, 1979) explains that dividend policy can be used as a positive signal by management to the market. Companies that consistently distribute dividends are considered to have good financial prospects, thereby increasing investor confidence. In the Indonesian financial sector, large banks such as BRI and BBCA often use dividend policy as a market communication strategy to demonstrate stability and solid financial performance. Agency Cost Theory (Jensen &

Meckling, 1976) is also relevant in explaining the relationship between management and shareholders in the context of dividend policy. Conflicts of interest can arise when managers have control over financial decisions, including profit distribution. In this situation, the implementation of Good Corporate Governance (GCG) acts as a supervisory mechanism to reduce information asymmetry and ensure that dividend decisions reflect the interests of shareholders.

In terms of funding structure, the Pecking Order Theory (Myers & Majluf, 1984) states that companies prefer internal funding over external funding. Therefore, companies with high leverage tend to withhold dividend payments to reduce their dependence on debt and maintain financial stability. This theory explains why companies with conservative capital structures are more flexible in setting dividend policies. The Trade-Off Theory (Kraus & Litzenberger, 1973) adds that companies must balance the tax benefits of debt with the risk of bankruptcy. In this context, leverage becomes an important factor in determining dividend policy, as companies must consider their ability to pay debt before distributing profits to shareholders.

In addition to the financial approach, Stakeholder Theory (Freeman, 1984) emphasizes the importance of considering the interests of all parties involved in the company, including shareholders, employees, regulators, and the community. A responsible dividend policy reflects the company's commitment to sustainability and balancing stakeholder interests. Complementing this, the Resource-Based View approach (Wernerfelt, 1984; Barney, 1991) states that a company's competitive advantage comes from unique and difficult-to-imitate internal resources. In the context of dividend policy, companies with good governance systems and strong managerial capabilities tend to be more consistent and transparent in their profit distribution. Various previous studies also support the relevance of these theories. A study by Alamsyah & Amri (2024) shows that GCG plays a role in improving the financial performance of Islamic banks, while Margaret & Daljono (2023) found that the board of directors and institutional ownership have a significant effect on Return on Assets (ROA). Research by Kosasih et al. (2021) and Junli et al. (2022) also confirmed that profitability and leverage have an influence on dividend policy in the Indonesian banking sector.

Thus, this literature review provides a strong theoretical basis for analyzing the influence of profitability, liquidity, and leverage on dividend policy ( ), as well as the moderating role of GCG in strengthening this relationship. The theories used not only explain internal financial mechanisms but also broaden the perspective on corporate governance and sustainability in the context of a strictly regulated financial industry.

B. METHOD

This study uses a quantitative approach with a causal associative method, which aims to analyze the relationship between profitability, liquidity, and leverage on dividend policy, as well as to test the role of Good Corporate Governance (GCG) as a moderating variable. The design of this activity focuses on testing hypotheses through statistical analysis, using numerical data obtained from the annual financial reports of

companies in the financial sector. The scope of this study is limited to companies in the banking sector listed on the Indonesia Stock Exchange (IDX), focusing on 10 banks with the highest dividend ratios during the 2023–2024 period. The selection of objects was done using purposive sampling, considering the consistency of financial reporting, the availability of dividend data, and information related to corporate governance.

The main material in this study is secondary data in the form of annual financial reports, which include information on net income, total assets, high-quality liquid assets (HQLA), total net cash outflow, debt, equity, cash dividends, and the structure of the board of commissioners. The main tool used for analysis is IBM SPSS Statistics software version 22, which allows for multiple linear regression and Moderated Regression Analysis (MRA) data processing. This research was conducted through desk research, with data analysis carried out in the academic environment of Majapahit Islamic University, Mojokerto. Data collection techniques were carried out through documentation, namely by accessing company annual reports from the official website of the Indonesia Stock Exchange (www.idx.co.id), as well as other supporting sources such as the OJK and reliable financial publications.

The operational definitions of the variables in this study are as follows: Dependent variable: Dividend policy, measured by the Dividend Payout Ratio (DPR), which is the percentage of net income distributed to shareholders.

Independent variables:

1. Profitability, measured by Return on Assets (ROA).
2. Liquidity, measured by the Liquidity Coverage Ratio (LCR).
3. Leverage, measured by the Debt to Equity Ratio (DER).

Moderating variable: Good Corporate Governance (GCG), measured by the proportion of independent commissioners to the total number of company commissioners. The data analysis techniques used include descriptive statistics to describe the characteristics of the data, classical assumption tests (normality, multicollinearity, heteroscedasticity, and autocorrelation) to ensure the validity of the regression model, and hypothesis testing to measure the effect of each independent variable on dividend policy. Furthermore, Moderated Regression Analysis (MRA) was used to test whether GCG strengthens or weakens the relationship between financial variables and dividend policy. Through this approach, the study is expected to provide objective, accurate, and relevant results in explaining the dynamics of dividend policy in the Indonesian financial sector.

C. RESULTS AND DISCUSSION

This study uses secondary data from 10 banks with the highest dividend ratios in Indonesia during the 2023–2024 period. The variables analyzed include profitability (ROA), liquidity (LCR), leverage (DER), and dividend policy (DPR), with Good Corporate Governance (GCG) as a moderating variable.

Table 1. Profitability (ROA), Liquidity (LCR), Leverage (DER), and Dividend Policy (DPR), with Good Corporate Governance (GCG) as a moderating variable.

No	Kode	Emiten	ROA (%)		LCR (%)		DER		DPR (%)		GCG (%)
			2024	2023	2024	2023	2024	2023	2024	2023	
1.	BBRI	PT Bank Rakyat Indonesia (Persero) Tbk	3,04	3,08	124,75	121,54	5,17	5,21	91,97	78,71	50
2.	MEGA	PT Bank Mega Tbk	1,95	2,66	123,89	121,92	5,37	5,07	93,40	80,81	40
3.	BBCA	PT Bank Central Asia Tbk	3,78	3,46	129,71	123,44	4,48	4,77	62,37	53,84	44
4.	BMRI	PT Bank Mandiri (Persero) Tbk	2,52	2,76	124,75	121,54	5,93	5,78	54,01	55,01	33
5.	BJTM	PT Bank Pembangunan Daerah Jawa Timur Tbk	1,10	1,42	125,70	119,79	6,06	7,35	63,03	55,55	38
6.	BBNI	PT Bank Negara Indonesia (Persero) Tbk	1,92	1,94	121,66	121,27	5,76	6,02	48,25	34,70	50
7.	BNGA	PT Bank CIMB Niaga Tbk	1,92	1,96	121,10	120,15	5,77	5,78	45,02	43,84	50
8.	BTPS	PT Bank BTPN Syariah Tbk	4,88	5,04	133,79	131,16	1,38	1,45	49,50	50,01	33
9.	BJBR	PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk	0,66	0,89	125,36	124,45	9,68	10,59	68,72	65,43	50
10.	BNII	PT Bank Maybank Indonesia Tbk	0,61	1,06	120,70	121,07	5,32	4,58	67,32	33,39	40

When viewed individually, PT Bank Rakyat Indonesia (Persero) Tbk (BBRI) had the highest ROA in 2024 at 3.04%, but its DPR actually decreased from 91.63% (2023) to 78.71% (2024). This indicates that increased profitability is not always accompanied by an increase in dividend policy, supporting the regression results which state that there is no significant effect of ROA on DPR. PT Bank Mega Tbk (MEGA) had the highest LCR in 2024 at 304.75%, but its DPR actually decreased from 90.91% to 81.81%. This reinforces the finding that high liquidity does not necessarily lead to larger dividend distributions.

Meanwhile, PT Bank BTPN Syariah Tbk (BTPS) has the highest DER (10.43 in 2024), but its DPR remains low and stable at 40%. This shows that high leverage is not a major obstacle to dividend policy, contrary to the assumptions of the Pecking Order Theory. In terms of GCG, PT Bank Maybank Indonesia Tbk (BNII) has the highest proportion of independent commissioners (80%), but its DPR is the lowest (33.33%). This reinforces the MRA results that GCG does not significantly moderate the relationship between financial variables and dividend policy.

Overall, the data pattern shows that dividend policy in the Indonesian banking sector does not follow a linear pattern in relation to internal financial indicators. External factors such as business strategy, OJK regulations, and capital market pressures appear to be more dominant in determining the amount of dividends distributed.

Table 2. Descriptive Statistical Test

Descriptive Statistics

	N	Range	Minimum	Maximum	Mean		Std. Deviation	Variance	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
ROA	20	4.47	.57	5.04	2.2990	.28665	1.28193	1.643	.727	.512	.041	.992
LCR	20	244.04	139.21	383.25	204.9820	13.64331	61.01472	3722.796	1.930	.512	3.829	.992
DER	20	10.29	.30	10.59	5.4650	.52483	2.34709	5.509	-.272	.512	2.265	.992
DPR	20	59.65	33.75	93.40	61.1765	3.75111	16.77546	281.416	.360	.512	-.279	.992
GCG	20	25.00	50.00	75.00	59.7430	1.90163	8.50437	72.324	.825	.512	-.365	.992
Valid N (listwise)	20											

The results of the descriptive statistical test show that the average ROA is 2.299%, LCR is 204.98%, DER is 5.465, and DPR is 61.18%. GCG, which is measured by the proportion of independent commissioners, has an average value of 59.74%. These data show that most banks have fairly good profitability and liquidity, but high leverage is a characteristic of the banking sector's capital structure.

Table 3. Normality Test

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
DPR	.156	20	.200*	.964	20	.622

*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

The normality test was performed using the Kolmogorov-Smirnov method. The test results showed a significance value of 0.200 (> 0.05), which means that the residual data is normally distributed. This indicates that the regression model meets the normality assumption. In addition to the Kolmogorov-Smirnov test, normality was also analyzed visually through histograms and residual P-P plots.

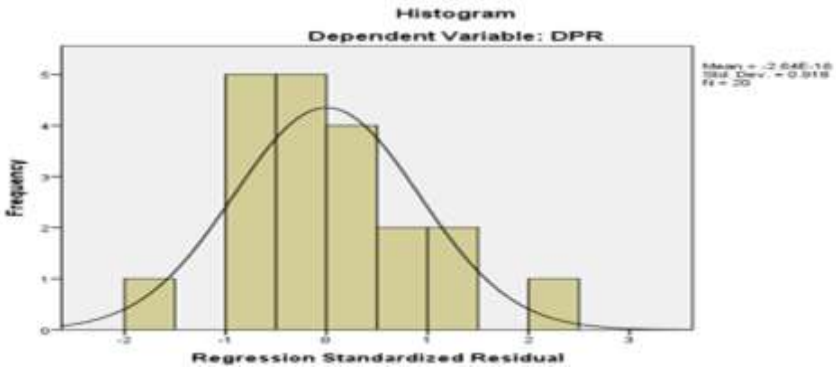

Figure 1. Residual Histogram

Residual Histogram The histogram shows the distribution of residuals forming a bell-shaped curve. Most of the residual values are concentrated around the midpoint (mean = 0),

with a symmetrical spread to the left and right. This indicates that the residual data does not experience extreme deviations and supports the assumption of normality.

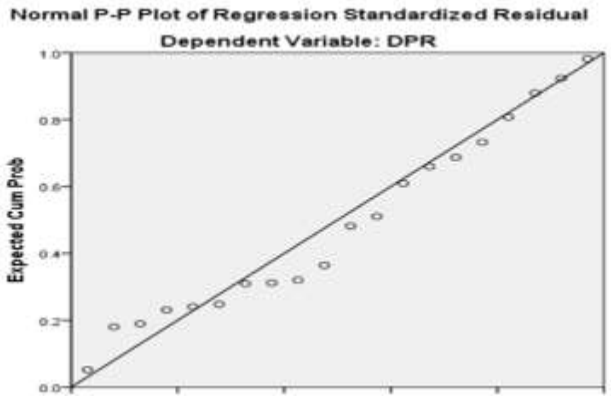

Figure 2. Normal Probability Plot (P-P Plot)

Normal Probability Plot (P-P Plot) The P-P Plot shows residual points scattered close to the diagonal line. The closer the points are to the line, the more normal the residual distribution is. In this model, the deviation of the points from the diagonal line is minimal, so it can be concluded that the residuals follow a normal distribution.

Multicollinearity Test

Table 4. Multicollinearity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	42.172	27.016		1.561	.138					
	ROA	6.665	5.250	.509	1.270	.222	.074	.303	.296	.337	2.964
	LCR	-.073	.066	-.266	-1.106	.285	-.195	-.266	-.258	.935	1.069
	DER	3.422	2.817	.479	1.215	.242	.086	.291	.283	.350	2.861

a. Dependent Variable: DPR

The multicollinearity test was performed by looking at the Variance Inflation Factor (VIF) and Tolerance values. The results show that all variables have VIF values < 10 , and Tolerance values > 0.10, which means that there is no multicollinearity between the independent variables.

Heteroscedasticity Test

Table 5. Heteroscedasticity Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	42.172	27.016		1.561	.138					
	ROA	6.665	5.250	.509	1.270	.222	.074	.303	.296	.337	2.964
	LCR	-.073	.066	-.266	-1.106	.285	-.195	-.266	-.258	.935	1.069
	DER	3.422	2.817	.479	1.215	.242	.086	.291	.283	.350	2.861

a. Dependent Variable: DPR

The heteroscedasticity test was conducted using the Glejser method. The test results showed that the significance value for all independent variables was > 0.05, indicating that there was no heteroscedasticity in the model. Since no variable showed a significance value < 0.05, the regression model did not exhibit heteroscedasticity. This

means that the residual variance is constant (homoscedastic), and the regression model can be interpreted validly without bias due to error fluctuations.

Autocorrelation Test

Table 6. Autocorrelation Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.362[a]	.131	-.032	17.03930	.131	.805	3	16	.509	1.034

a. Predictors: (Constant), DER, LCR, ROA

b. Dependent Variable: DPR

Based on the autocorrelation test results shown by the Durbin-Watson value of 1.034, it can be concluded that there are indications of positive autocorrelation in the regression model with Dividend Payout Ratio (DPR) as the dependent variable. The ideal Durbin-Watson value is around 2.00, which indicates no autocorrelation. However, because the value obtained is close to 1 and below the critical lower limit (around 1.5), statistically this result is significant, meaning that there is sufficient evidence to reject the null hypothesis that the residuals are uncorrelated.

To address this issue, positive autocorrelation can be corrected using the Cochrane Orcutt method by adding lag variables, such as Unstandardized Residual (LAG(RES_1)), to capture recurring residual patterns and reduce the effect of correlation between residuals. The value 0.420 comes from the coefficient table at the LAG_RES value. As follows:

Table 7. Coefficients at LAG_RES Values

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.629	3.174		-.513	.614
	LAG_RES	.420	.208	.439	2.015	.060

a. Dependent Variable: Unstandardized Residual

Adding lag variables in regression helps control the dependence between observations and improves the accuracy of estimates. The following are the transformation changes using the Cochrane Orchutt method:

Table 8. Model Summary

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.217[a]	.047	-.144	13.01822	1.250

a. Predictors: (Constant), LAG_X3, LAG_X2, LAG_X1

b. Dependent Variable: LAG_Y

Because the DW value is between dL < DW < dU (0.9976 < 1.250 < 1.6763), this condition is classified as being in *the inconclusive* zone. This means that, statistically, it cannot be concluded with certainty whether positive autocorrelation still

occurs or not. However, compared to the results before transformation (which are usually closer to 1), this value shows that the level of positive autocorrelation has decreased, although it cannot be confirmed that it has completely disappeared. To ensure that the autocorrelation test has been resolved, the *Breusch-Godfrey* test is performed as follows:

Table 9. Breusch-Godfrey Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.218	24.024		.425	.677
	ROA	-3.389	4.782	-.296	-.709	.490
	LCR	.026	.060	.107	.433	.672
	DER	-1.744	2.552	-.281	-.683	.506
	LAG_RES	.449	.230	.469	1.954	.071

a. Dependent Variable: Unstandardized Residual

The test results show that the previous residual variable (LAG_RES) has a significance value of 0.071, which is above the threshold of 0.05. This indicates that there is no significant relationship between the current residual and the previous residual, so there is insufficient evidence to state that there is residual autocorrelation in the model. The reason for the insignificance of this autocorrelation can be attributed to the success of the previous transformation process using the Cochrane-Orcutt method, which effectively reduced the serial correlation in the model residuals. From an economic perspective, this also reflects that the dividend distribution pattern in the Indonesian banking sector is not entirely influenced by the residual trends of previous years, as dividend decisions tend to be determined by current profit conditions, compliance with capital regulations, and corporate strategy. In addition, structural stability between periods and internal banking policy discipline also reduce the possibility of a systematic relationship between prediction errors between years.

t-test

Table 10. T-test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	42.172	27.016		1.561	.138					
	ROA	6.665	5.259	.509	1.270	.222	.074	.303	.296	.337	2.964
	LCR	-.073	.066	-.266	-1.106	.285	-.195	-.266	-.258	.935	1.069
	DER	3.422	2.817	.479	1.215	.242	.086	.291	.283	.350	2.861

a. Dependent Variable: DPR

Based on the t-test results shown in the regression table, it is known that no independent variable has a significant partial effect on the Dividend Payout Ratio (DPR). This is indicated by the significance value (Sig.) of each variable, which is all above the threshold of 0.05.

First, the Return on Assets (ROA) variable has a coefficient value of 6.665 with a t-value of 1.270 and a significance of 0.222. Although the direction of the relationship between ROA and DPR is positive, its effect is not statistically significant. This means that an increase in profitability is not necessarily followed by an increase in dividend distribution policy. Second, the Liquidity Coverage Ratio (LCR) variable shows a negative coefficient of -0.073 with a t-value of -0.385 and a significance of 0.285. These results indicate that liquidity levels do not have a significant effect on dividend policy, so companies with high liquidity do not necessarily distribute larger dividends.

Third, the Debt to Equity Ratio (DER) variable has a positive coefficient of 3.262 with a t-value of 1.375 and a significance of 0.242. Although in theory high leverage tends to reduce dividend distribution, the results of this study show a positive relationship, but not a significant one. Thus, the company's capital structure is not statistically proven to affect dividend policy.

Overall, the t-test results show that ROA, LCR, and DER do not have a significant partial effect on the Dividend Payout Ratio. This indicates that dividend policy in banking companies is not entirely determined by internal financial factors, but is likely influenced by external factors such as regulations, managerial strategies, and shareholder expectations.

F-test

Table 11. F test

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	701.498	3	233.833	.805	.509[b]
	Residual	4645.405	16	290.338		
	Total	5346.903	19			

a. Dependent Variable: DPR

The F test was conducted to determine whether the independent variables Return on Assets (ROA), Liquidity Coverage Ratio (LCR), and Debt to Equity Ratio (DER) simultaneously affect the dependent variable, namely Dividend Payout Ratio (DPR). Based on the results of the ANOVA analysis, an F value of 0.805 with a significance of 0.509 was obtained. This significance value is greater than the significance limit of 0.05, so it can be concluded that the regression model is not simultaneously significant. This means that ROA, LCR, and DER together do not have a significant effect on DPR.

Thus, the regression model used in this study has not been able to comprehensively explain the variation in dividend distribution policies. The results of the F-test are consistent with the results of the previous t-test, which also indicate that the internal financial factors tested are not sufficient to explain companies' decisions in determining dividend amounts, and that there are likely other variables outside the model that are more dominant, such as regulatory policies, management strategies, or capital market conditions.

R^2

Table 12.R^2 Test

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.362[a]	.131	-.032	17.03930	.131	.805	3	16	.509	1.034

a. Predictors: (Constant), DER, LCR, ROA

b. Dependent Variable: DPR

The coefficient of determination is used to measure the extent to which the regression model can explain the dependent variable, namely the Dividend Payout Ratio (DPR). Based on the test results, an R Square value of 0.131 and an Adjusted R Square value of -0.012 were obtained. The R Square value of 0.131 indicates that the independent variables Return on Assets (ROA), Liquidity Coverage Ratio (LCR), and Debt to Equity Ratio (DER) can only explain 13.1% of the variation in DPR. Meanwhile, the remaining 86.9% is explained by other factors outside the scope of this study.

Furthermore, the negative Adjusted R Square value (-0.012) indicates that the regression model used is inaccurate or inefficient in explaining the relationship between the variables studied. This is also in line with the F test results, which show that the model is not simultaneously significant. Thus, it can be concluded that ROA, LCR, and DER have a very small contribution in explaining the dividend policy of banking companies. This study opens up opportunities to explore other more relevant variables, such as company size, institutional ownership, OJK regulations, or macroeconomic factors.

MRA Test

Table 13. MRA Test

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	207.710	436.677		.476	.643
	ROA	-14.315	51.965	-1.094	-.275	.788
	LCR	-.612	1.406	-2.227	-.436	.671
	DER	-12.512	24.415	-1.751	-.512	.618
	GCG	-3.085	7.608	-1.564	-.405	.692
	GCG*ROA	.376	.900	1.997	.417	.684
	GCG*LCR	.009	.024	2.154	.379	.711
	GCG*DER	.319	.449	2.421	.711	.491

a. Dependent Variable: DPR

The results of the analysis show that the interaction between Good Corporate Governance (GCG) and each independent variable, Return on Assets (ROA), Liquidity

Coverage Ratio (LCR), and Debt to Equity Ratio (DER), does not have a significant effect on dividend policy (Dividend Payout Ratio/DPR). This is reflected in the significance values of each interaction, which are above the threshold of 0.05, namely ROA (0.684), LCR (0.711), and DER (0.491).

Although the interaction coefficients of GCG*ROA at 0.376 and GCG*DER at 0.319 indicate a positive relationship, and GCG*LCR at 0.009 indicates a very small effect, all three are not statistically strong enough to state that GCG acts as a moderating variable. Thus, it can be concluded that the existence of GCG neither strengthens nor weakens the relationship between profitability, liquidity, and leverage on corporate dividend policy. Because the significance values of the moderating interaction of GCG on ROA, LCR, and DER are all above the threshold of 0.05, statistically it cannot be said that GCG strengthens or weakens the relationship between these variables and dividend policy (DPR). In quantitative research, significance is a key requirement for stating that an effect or relationship is statistically meaningful. Without significance, even if the coefficient direction is positive or negative, we cannot conclude that the effect actually occurs in the population. So, in this context:

a. GCG is not statistically proven to be a moderator.
b. Therefore, the relationship between ROA, LCR, or DER and DPR cannot be said to have a strengthening or weakening effect.

D. CONCLUSION

This study concludes that profitability (ROA), liquidity (LCR), and leverage (DER) do not significantly affect dividend policy in Indonesian financial sector companies. In addition, Good Corporate Governance (GCG), as measured by the proportion of independent commissioners, does not act as a moderating variable in strengthening the relationship between these three financial factors and dividend policy. This insignificance is influenced by several main factors, namely: the dominance of industry regulations that emphasize the fulfillment of ratios and financial system stability; long-term corporate strategies that prioritize expansion and capital strengthening over profit distribution; limitations in GCG measurement that only cover one dimension; a small sample size and limited observation period; and the influence of non-financial external factors such as market expectations and GMS decisions that are not covered in the research model.

BIBLIOGRAPHY

Damayanti, C. R., & Palinggi, Y. A. (2023). Factors Affecting Dividend Policy: An Evidence From Indonesian Financial Companies. *Management Analysis Journal*, *12*(1). http://maj.unnes.ac.id

Fernandes, F., Muda, I., & Bukit, R. (2018). Analysis Of Factors Affecting Dividend Policy In Banking Companies Listed In Indonesia Stock Exchange With Managerial Ownership And Independent Commissioners As Moderating Variables. *International Journal of Business and Economic Affairs (IJBEA)*.

Hartono, H., Nersiwad, N., Muslimin, M., Asj'ari, F., & Martins, M. (2024). Risk management analysis and investment strategy on forex online trading. *JPPI (Indonesian Journal of Educational Research)*, *10*(2), 616. https://doi.org/10.29210/020242657

Nur'aini, M. S., & Rohman, A. (2024). Analysis of the Influence of Good Corporate Governance on Financial Performance (Empirical Study of Banking Sector Companies Listed on the Indonesia Stock Exchange in 2021-2023). *Diponegoro Journal of Accounting*, *13*(3), 1–15. http://ejournal-s1.undip.ac.id/index.php/accounting

Financial Services Authority. (2024). *Quarterly Report on Liquidity Coverage Ratio December 2024*.

National Bank Association. (2024). *Evaluation of the Indonesian Economy and Banking Sector in 2023 and Outlook for 2024*. www.perbanas.org

Purba, J. (2018). *Factors Affecting the Dividend Payout Ratio in the Banking Sector Listed on the Indonesia Stock Exchange for the Period 2012-2016* [Thesis]. Pancasila University Jakarta.

Purwanggono, C. J. (2022). Analysis of The Effect of Earnings Management, Financial Ratios, and Governance on Bonds. *Quantitative Economics and Management Studies*, *3*(6), 965–975. https://www.academia.edu/100296957/Analysis_of_The_Effect_Earnings_Management_Financial_Ratios_Governance_On_Bond?form=MG0AV3

Rahman, O. A., Hasanuddin, H., & Abdullah, J. (2022). Analysis of Factors Affecting Dividend Policy. *Gorontalo Accounting Journal*, *5*(2), 120. https://doi.org/10.32662/gaj.v5i2.1949

Suyono, N. A. (2018). Factors Affecting Dividend Payout Ratio (DPR) in Banking Companies on the Indonesia Stock Exchange. *Journal of Economics, Management, Accounting and Technology (JEMATech)*, *1*.

Yolanda, & Juwita, R. (2022). Dividend Policy of Companies in the Banking Sub-sector. *Business and Entrepreneurship Forum - Scientific Journal of Economics and Business*, *Multi Data University Palembang*, *12*, 188–202.

Yuniati, T., & Hartono, H. (2023). The Effect of Intellectual Capital, Firm Size, and Capital Structure on Financial Performance Mediated by Exchange Rate in Personal Care and Household Companies. *Journal of Economics, Finance, and Management Studies*, *6*, 2655–2667. https://doi.org/10.47191/jefms/v6-i6-27