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Capital structure, company liquidity, and company size on company value mediated by credit risk

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credit risk
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firm value

ABSTRACT

This study uses quantitative secondary data to determine the effect of capital structure, company liquidity and company size on company value with credit risk as a mediation variable. The researcher used quantitative approach with descriptive quantitative design. The population of this study is banking companies listed on the Indonesia Stock Exchange in the period 2010-2020 totaling 29 banking companies. The data used is a panel data regression method using the eviews version 10 application. Sample selection using full sampling. The results obtained show that (1) Capital structure has a positive effect on company value, (2) Liquidity does not affect company value, (3) Company size does not affect company value, (4) Credit risk does not affect company value, (5) Capital structure has a negative effect on credit risk, (6) Liquidity does not affect credit risk, (7) Company size has a positive effect on credit risk, (8) Credit risk is not proven as an intervening variable in banking companies in Indonesia.

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INTRODUCTION

The sustainability of the banking business can be seen from the value of companies that have long-term and short-term goals. The short term of the company is to obtain maximum profit by using existing resources, while the long term is done to maximize the value of the company to provide welfare for shareholders. Maximizing the value of the company means maximizing the present value of all profits that investors will receive in the future (Sudana, 2015). Every decision making on company regulations must consider all environmental aspects both micro and macroeconomic. Company value is defined as investor perception associated with stock price. Company value reflects the company's financial performance that can affect investors. Maximizing the value of the company, as well as maximizing shareholder prosperity which is the main goal of the company. Stock market prices on the Indonesia Stock Exchange (IDX) show data on the movement of all stocks in the form of graphs, namely JCI charts. The following is the percentage of JCI annual average movement of all stocks on the stock exchange for the 2017-2020 period:

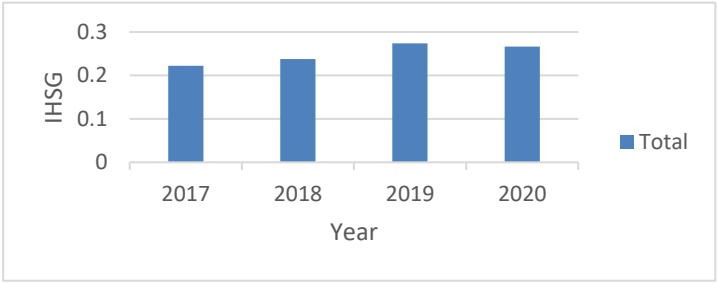


Figure 1. JCI of Indonesian Banking Listed on IDX for the 2017-2020 Period
Source: Processed data

Looking at the picture, there is an increase every year but has decreased on average in 2020. The decline in the average JCI in 2020 was caused by the emergence of Covid-19 at the end of 2019 and throughout 2020. The stock price is indicated by the market capitalization value. Stock prices can reflect the financial performance of a company because it is formed from investor demand and supply for the stock. Investors need comprehensive information about a company to minimize the risks that will be accepted before making investment decisions. Investors can also consider stock trading volume in making investment decisions. Increased risk will affect the value of the company. The higher the risk that occurs, the lower the quality of the company's value because it allows the achievement of lower profits.

There are several factors that affect the value of a company including capital structure, liquidity, and company size (Sembiring & Trisnawati, 2019). The phenomenon of capital structure plays an important role in the sustainability of the company because the optimal capital structure makes the company competitive in the long run. Funding sources to strengthen the capital structure must be studied in depth to find out how influential it is likely to be in the future. The capital structure is a mixture of long-term debt and equity in order to fund its investments (operating asset) (Raharjaputra, 2011). In the era of the industrial revolution 4.0, the digital world such as the development of high digitalization and e-commerce Increasingly, the company requires very large funds to meet all operational needs funded from the capital structure. Capital structure cannot be separated from the problem of funding needs or company capital. Capital structure can affect the value of a company by looking at the relationship between the use of debt and equity through its cost of capital.

In addition to paying attention to the capital structure, companies must look at the liquidity side that will have an impact on the value of the company. Because, liquidity is defined as the ability of a company to pay its overdue debts or as the company's ability to meet its financial obligations that must be paid immediately (Kasmir, 2013). Liquidity is the speed with which the asset can be converted into cash without loss of value (Titman et al., 2014). The speed at which assets can be converted into cash without losing value. Liquidity ratio be “measures of the ability of a firm to pay its bills in a timely manner when they come due”. Liquidity management is a fairly complex problem in bank operational activities, because the funds managed from banks are funds obtained from the public that can be withdrawn at any time. The increase in the amount of funds deposited by the public proves the growth of deposits that will affect the level of adequacy of banks in redistributing their funds in the form of credit. This third party fund is the most important source of funds for the bank's operational activities. These funds can be used to be placed in income-generating posts, one of which is credit.

In 2020, the growth of third-party funds in the type of term deposits in the banking sector increased by 2.8 million billion, a decrease in previous years. Overall, the type of third-party funds available in banks has increased until 2020. In 2020, various sources of financing are predicted to improve in line with the prospect of increasing economic growth, including credit growth and deposit growth in the range of 10-12% and 8-10%, respectively. Deposit growth is also not strong, although slightly increased from October 2019 growth of 6.29% (YoY) to 6.72% (YoY) in November 2019. Taking into account these dynamics, bank credit growth in 2019 was 6.08% while deposit growth was 6.54%. Therefore, the company must maintain liquidity in lending to the total funds received at a safe level (Bank Indonesia stipulation of 80-110%). The level of liquidity of a bank has a significant influence on the size of bank profits. If the company does not pay attention to liquidity, the company will face insolvency or bankruptcy problems.

The growth of a bank's deposits is also related to the size of the company which will affect the value of the company. Company size (firm size) is considered capable of influencing the value of the company, because the larger the size or scale of the company, the easier it will be for the company to obtain funding sources (Novari & Lestari, 2016). The size of the company is measured by the company's total assets obtained by the company's financial statements. The size of the company can determine the level of investor confidence. The larger the company, the more it is known by the public, which means it is easier to get information to increase the value of the company. The size of the company can be grouped based on criteria made by the Financial Services Authority.

Banking grouping from Commercial Banks Business Group (BUKU) into Bank Group Based on Core Capital or KBMI. This is officially regulated by the Financial Services Authority (OJK) in POJK number 12/POJK.03/2021 concerning Commercial Banks. In the regulation, it is stated that the KBMI grouping is divided into 4 groups, namely KBMI 1 for banks with core capital up to Rp 6 trillion, KBMI 2 for banks with core capital of more than Rp 6 trillion to Rp 14 trillion, KBMI 3 is banks with core capital of Rp 14 trillion to Rp 70 trillion and KBMI 4 banks with core capital of more than Rp 70 trillion.

Previous research revealed that the capital structure proxied by Debt to Equity Ratio has no effect on the company's value variables (I. G. H. Putra et al., 2021). Meanwhile, Debt to Equity Ratio Significantly positive effect on the value of the company (Hutabarat et al., 2018). The higher debt to equity ratio The higher the effect on the value of the company and the use of debt that is too high will endanger the company. However, another research stated that the DER ratio is negatively and insignificantly related to the company value proxied

by PBV in banking industry companies listed on the IDX (Lubis et al., 2017). Then, the results of previous studies that use liquidity variables as factors that affect company value can be seen that LDR is positively and insignificantly related to the value of PBV companies (Lubis et al., 2017). Meanwhile, another research says LDR is not significant to the value of the company (Anwar A, 2018). Non Performing Loan negative and significant effect on the value of the company proxied by Price to Book Value, because NPLs at state-owned banks (Bank Persero) are still relatively low due to poor credit quality (Maimunah & Fahtiani, 2019). Credit quality that is not good will pose a risk in the form of difficulty in returning credit by debtors. Previous research also stated that "Non Performing Loan negatively affect Price to Book Value" (Saraswati et al., 2018).

Referring to the results of previous studies that are less conclusive, this study aims to test whether Capital Structure, Liquidity, and company size have a direct effect on the value of banking companies listed on the Indonesia Stock Exchange and test whether Capital Structure, Liquidity, and company size affect the value of companies with credit risk as a mediating variable in banking studies in Indonesia listed on the Indonesia Stock Exchange with using the period 2010-2020. This research can be used as a reference and expansion of research to determine the performance of companies in similar or unsimilar industries with different periods.

METHOD

The researcher used quantitative approach with descriptive quantitative design. The population in this study is 29 banking companies listed on the Indonesia Stock Exchange in the period 2010-2020 listed in 2010 (before 2010). Researchers use full sampling, because the number of population members is very small.

In this study, data collection techniques were carried out with library research to obtain detailed information. The data source in this study uses secondary data that is quantitative. This secondary data is such as evidence, records, historical reports compiled in the form of financial statements. The source of this data obtained on the internet site, namely www.idx.co.id and the website of each bank registered on the IDX for the period 2010-2020 is then processed. The data analysis techniques used in this study used descriptive analysis and verifiative analysis. The data was obtained using the help of Microsoft Excel 2019 and Eviews version 10.0 programs.

RESULTS AND DISCUSSION

Table 1. Test Results of Each Variable

No	Variable	Unstandardized	Std. Error	Sig < 0.05
1	Z to Y	-0.017	0.022	No Sig.
2	X1 ke Y	0.26	0.078	Say.
3	X2 ke Y	-0.219	0.131	No Sig.
4	X3 ke Y	-2.858	1.518	No Sig.
5	X1 To Z	-0.438	2.768	Say.
6	X2 to Z	-0.339	0.083	No Sig.
7	X3 Slot Z	3.992	1.572	Say.
8	X1 to Z to Y			No Sig.
9	X2 to Z to Y			No Sig.
10	X3 to Z to Y			No Sig.
***ket: x = independent variable, y = dependent variable, z = intervening variable**				

From table 25, it shows that the variables that experience significant are only variables X1 (capital structure) to Y (company value), X1 (capital structure) to Z (credit risk), and X3 (company size) to Z (credit risk). For variables that indicate insignificance are variables Z (credit risk) against Y (company size), X2 (liquidity) against Y (company value), X3 (company size) against Y (company value), X2 (liquidity) against Z (credit risk), X1 (capital structure) against Y (company value) through Z (credit risk), X2 (liquidity) against Y (company value) through Z (credit risk), in X3 (company size) against Y (company value) through Z (risk credit). From the test results of each variable, the regression results of panel data are concluded as follows:

Table 2. Panel Data Regression Results

No	Information	Hypothesis	Result	Conclusion
1	Independent variable (X1) against dependent variable (Y)	the effect of Capital Structure on Company Value	This result can be seen from the probability value t calculate < α = 5%.	The results showed that capital structure had a significant positive effect on the value of the company.

2	Independent variable (X2) against dependent variable (Y)	The Effect of Liquidity on Company Value	This result can be seen from the probability value t calculate > α = 5%.	The results showed that liquidity did not significantly affect the value of the company
3	Independent variable (X3) against dependent variable (Y)	The Effect of Company Size on Company Value	This result can be seen from the probability value t calculate > α = 5%.	The results showed that the size of the company did not have a significant effect on the value of the company.
4	Intervening variable (Z) against dependent variable (Y)	The Effect of Credit Risk on Company Value	This result can be seen from the probability value t calculate < α = 5%.	The results showed that credit risk did not have a significant effect on the value of the company.
5	independent variable (X1) against intervening variable (Z)	The effect of Capital Structure on Credit Risk	This result can be seen from the probability value t calculate < α = 5%.	The results showed that capital structure had a significant negative effect on credit risk.
6	independent variable (X2) against intervening variable (Z)	The effect of Liquidity on Credit Risk	This result can be seen from the probability value t calculate > α = 5%.	The results showed that liquidity did not significantly affect credit risk.
7	independent variable (X3) against intervening variable (Z)	The effect of company size on credit risk	This result can be seen from the probability value t calculate < α = 5%.	The results showed that the size of the company had a significant positive effect on credit risk.
8	Independent variable (X1) against dependent variable (Y) through intervening variable (Z)	Credit risk mediates the effect of capital structure on the value of banking companies in Indonesia for the period 2010-2020.	This is evidenced by the Sobel Test which shows the result of p-value > α = 5%.	The results showed that credit risk was unable to mediate the influence of the modall structure on the nilali of banking companies in Indonesia for the 2010-2020 period.
9	independent variable (X2) against dependent variable (Y) through intervening variable (Z)	Credit risk mediates the effect of corporate liquidity on the value of banking companies in Indonesia for the period 2010-2020.	This is evidenced by the Sobel Test which shows the result of p-value > α = 5%.	The results showed that credit risk was unable to mediate the effect of liquidity on the value of banking companies in Indonesia for the period 2010-2020.
10	independent variable (X3) to dependent variable (Y) through intervening variable (Z)	Credit risk mediates the effect of company size on the value of banking companies in Indonesia for the period 2010-2020.	This is evidenced by the Sobel Test which shows the result of p-value > α = 5%.	The results showed that credit risk was unable to mediate the effect of company size on the value of banking companies in Indonesia for the 2010-2020 period.

The Effect of Capital Structure on Company Value

Based on the results of regression panel data in this study shows that capital structure measured by Debt to Equity Ratio (DER) has a positive effect on company value as measured by Price to Book Value (PBV). Data on total long-term debt taken in bank financial statements such as total data on deposits, current accounts, savings, time deposits, liabilities, while equity data used such as total of total share capital, paid-up capital, down payments, fixed asset revaluation surplus, and realized losses.

This research is in accordance with the Trade-off theory theorem which explains that the position of capital structure has not reached the optimal point. If there is an increase in debt, it will increase the value of the company and vice versa. The profit obtained from the increase in debt is still greater than the costs incurred, meaning that the use of debt increases the value of the company. Debt additions occur annually (see appendix 6) in all subjects of this study. The increase in debt is followed by an increase in the number of shares in circulation (plate 7). In 2018, BBKP company had debt of 152,442,167 (in millions), an increase in 2019 of 688,489,442 (in millions), followed by circulating share prices in 2018 and 2019 (attach 7). This proves that the increase in capital structure then the value of the company increases.

The results of this study are in line with others who said the capital structure has a positive effect on the value of the company, because the use of debt will increase the value of the company (M, 2019). The capital structure affects the value of the company, because capital structure decisions have various implications (Antwi et al., 2012). Companies are advised to compare the marginal benefits of using long-term debt with the marginal costs of long-term debt before concluding to use it to finance their operations. Long-term debt has as much a positive impact on a company's value as does equity capital. This research is also supported by (Reschiwati et al., 2020) Said capital structure has a positive effect on company value, because there is a positive relationship between capital structure and company value assuming the value of the company to debt will increase with increasing debt levels.

The capital structure has a positive effect on the value of the company, because the increase in debt committed by the company to expand the business will increase the company's stock price (Rizki et al., 2018). Purwanti (2020) also agreed with the capital structure affects the value of the company, because companies with a large scale of business acceleration will need a large source of funding, so they need additional sources of funds from external parties. Companies with a positive level of business development or companies running on target in the long term will provide large profits to investors. This will have an impact on increasing the value of the company.

The Effect of Liquidity on Company Value

Based on the results of research on the panel data regression model, it shows that the effect of liquidity proxied by the Loan to Deposit Ratio (LDR) has no effect on company value as measured by Price to Book Value (PBV). In this study, the data used on the amount of credit is data in the bank's financial statements such as the total net of working capital loans, current account loans, import export loans, investment loans, motor vehicle loans, home ownership loans. For the total third party funds used, the total of third party funds consisting of customer deposits (related parties and third parties).

The results of this study do not support the hypothesis, because the very high liquidity ratio is less effective due to the large number of loans disbursed by the company and the existence of bad loans caused by the impact of the pandemic in 2019 and 2020 so that it will reduce the quality of the company's value (see data attach 1 number of loans and attach 2 non-performing loans). The number of loans throughout 2010 to 2020 increased relatively annually. Judging from the research data in the LDR sub-table, the LDR value of banking companies is relatively up and down.

The results of this study are supported by Olivia Dwi Putri and Gst Bgs Wiksuana research (2021) who said that liquidity does not affect the value of the company, because in general liquidity is not absolute and needs to be considered the characteristics of the company and also cash management. Liquidity cannot be a factor that significantly affects the level of value of a company.

Tahu and Susilo (2017) said that liquidity does not affect the value of the company, because liquidity is not too much of a special concern by external parties of the company in assessing a company and the smaller cash owned that is adjusted to the conditions owned by the company will have an impact on increasing the value of the company. Investors will pay more attention to the existence of cash flow information for report users as a basis for assessing the company's capabilities and investors will assess or evaluate the company's needs as a decision-making process for placement guarantees. Thus, banks are expected to maximize corporate value and maintain liquidity ratios at a healthy level in accordance with established regulations.

The Effect of Company Size on Company Value

Based on the results of regression panel data using the FEM method, it shows that the size of the company has no effect on the value of the company. From the research data taken, the total assets owned by banks always increase every year (attach 8). The total assets used are the total productive and non-productive assets. Increasing total assets in banking companies does not guarantee investors are interested and does not guarantee an increase in company value. Large companies also do not necessarily have a good measure of profit achievement in the future. The large size of the company is not the main factor considered by investors in investment transactions. The larger the size of the company, the greater the use of funds for its operational activities, because one of the sources of money used by the company in its operational activities comes from external debts of the company.

This research is supported by S and Machali (2017) said that the size of the company does not affect the value of the company, because companies with large total assets and lending sources of funds to external parties of the company do not always share profits with shareholders. A company that retains profits rather than distributing them as dividends can affect its stock price and company value. (Afinindy et al., 2021) Agree that the size of the company has no effect on the value of the company, because the increasing size of the company does not always go hand in hand with the increase in the value of the company. The larger the size of the company, the more debt needed from the company's external parties to finance its operational activities. The increasing use of debt for operational activities owned by the company becomes inefficient because the interest cost is greater than the profitability obtained by the company, it can increase risk in the company, as a result of which investor interest and impression to invest decreases.

This research is also in line with Antoro et al. (2020), Prasetya Margono and Gantino (2021), and I. G. H. Putra et al. (2021) stated that there is no influence of the size of the company on the value of the company. The size of the company cannot increase or decrease the value of the company because of the possibility of evaluation from other factors even though the company's sales capacity increases or decreases.

The Effect of Credit Risk on Company Value

The results of regression of this research panel data show that credit risk proxied by non-performing loans (NPL) as a mediating variable (Z) has no effect on company value which is proxied by *Price Book Value* (PBV) as a dependent variable (Y). The NPL used in this study is NPL Gross. Non-performing loans contained in the financial statements are the total total of total loans provided such as bad loans, doubtful loans, loans with special attention and non-current loans.

From the data obtained, credit risk always fluctuates every year, meaning that every year there are non-performing loans and the collectibility of loans given is bad. Banking companies must maintain the performance of the credit quality provided is not bad. A high level of non-performing loans will lower the value of the stock. The stock price is relatively volatile. Some banks have problems disbursing credit. The government's efforts in handling credit are limited by providing sustainable loan interest rate policies, but young companies have a non-income operational strategy in disbursing credit

This research is also in line with research Hanantijo and Respati (2018), who said that there is no effect on credit risk on the value of the company, because every high NPL ratio does not have a positive or negative impact on the value of the company. Banks will be attracted to investors who offer their funds to lend at low interest rates, but do not consider economic conditions. The macroeconomic environment situation leads to non-performing credit. Kurniawan et al. (2015) support this study which states that NPLs have no effect on company value or stock value, because one source of bank income comes from interest or non-interest income. This interest opinion is what causes problem credit, because interest income comes from the lent credit component.

This study agrees with Freddy and Toni's research (2020) which shows that NPLs have no effect on PBV, because investors not only look at the level of credit of banks in analyzing the level of bank health based on credit distribution but look at the evaluation of credit analysis and repair of bad loans. NPL levels tend to end with credit restructuring and selling some assets to become credit collateral. NPL does not have a major influence on stock investment decisions, so PBV does not have an effect.

The Effect of Capital Structure on Credit Risk

Based on the results of this research using regression panel data, it was concluded that capital structure negatively affects credit risk. The capital structure of banking companies is dominated by third party funds from the public or external parties, so that the allocation of credit increases. Increased lending will have an effect on the risk of not being collectible so that many customers will default. In this research object, the decline in capital structure was followed by a decrease in credit risk as in Bank Capital Indonesia Tbk in 2018 the value of DER (11,135) increased in 2019 (11,330) followed by the value of NPL in 2018 (2,954%) increased in 2019 (3,480%).

Tahir et al. (2020) and H. A. Putra (2014) said that capital structure and credit risk are very important in financing decision making. Banks need investors to get sources of funds for their operations and expand their company operations. When the bank has received a certain amount of funds, the funds will be distributed to the public/customers in the form of credit. Credit given to the community will generate credit interest which is used as company profit. The more capital or sources of funds from investors, it will increase the credit risk in the return of funds, so that they are unable to pay debts. A high DER value affects the NPL value because the high cost incurred due to debt or loans will trigger the possibility of circulating the amount of credit to the public and the risk received by banks is higher.

The Effect of Liquidity on Credit Risk

Based on the results of statistical data processing research using panel data regression, it can be concluded that the liquidity proxied by the loan to deposit ratio (LDR) has no effect on the credit risk brokered by NPLs. The research data collected is still within the provisions of the safe liquidity limit set by the government at a maximum of 110%, although there are still banks that exceed the maximum limit of LDR. There are some banks that have high liquidity not followed by high NPLs such as BABP banks in 2010 LDR value reached 83,568% followed by NPL of 4,340%, in 2011 LDR value 82,242% decreased from the previous year but NPL value increased from the previous year of 6,252%. This is due to the high total credit disbursed by banks compared to the inability of customers to repay loans provided and low funds deposited by the community at banks, resulting in increased credit risk. This is what the liquidity ratio does not become a benchmark for high and low NPL values.

This research is in line with Malik (2020), Washeka and Asif (2016), and Mahartha et al. (2020) said that the LDR variable does not affect NPLs in the banking subsector because the high credit disbursed by banks does not affect the NPL ratio because the loans disbursed by banks are more selective so as not to cause credit problems. Investors also consider that the LDR ratio of banking companies that have been listed on the Indonesia stock exchange will be in a safe position, because the LDR ratio is always monitored by the supervisor of the Financial Services Authority (OJK).

The Effect of Company Size on Credit Risk

The results of this study show that the size of the company has a positive effect on credit risk. The results of this study support the concept of "too big too fail" policy, meaning that the larger the company (firm size), it will increase incentives to drive credit risk. The size of the bank is an important factor that affects non-performing loans. Evidenced by research data, the increase in company size in 2018 BBTN companies by 2,566 increased in 2019 by 4,498 then NPL in 2018 by 19,541% increased in 2019 by 19,688%.

The results of this study are in line with Zuhroh (2022) who said that firm size affects credit risk because an increase in company size increases credit risk. The larger the bank, the more transactions it will use to get maximum profit so that the effects obtained by the risks faced increase. In addition, this research is also supported by Hanif (2015) who said the size of the company affects credit risk because the larger the total assets of the bank, the greater the handling of credit risk. When the company has large total assets, the company has the opportunity to process its assets properly as in intangible assets so that they can be used to manage existing risks.

Credit Risk Mediates the Effect of Capital Structure on the Value of Banking Companies in Indonesia 2010-2020

The results show that credit risk is unable to mediate the influence of capital structure on the value of banking companies in Indonesia for the 2010-2020 period because investors will continue to invest their funds and companies will always seek third party funds to improve their operational activities in order to increase company value. As the value of debt increases, the capital structure will benefit shareholders and the value of the company increases.

Investors not only look at the level of credit of banks in analyzing the level of bank health based on credit distribution but look at the evaluation of credit analysis and repair of bad loans. Investors do not think about credit risk in the company. Several factors that affect the increase in company value include capital structure, debt policy, dividend policy, company size. NPL levels also tend to end with credit restructuring and selling some assets to become credit collateral. NPLs do not have a major influence on stock investment decisions, so PBVs cannot mediate capital structure against share prices. Banks with high credit risk cannot cause financial losses, but will continue to improve capital structure as the company continues to owe debt to external parties in order to maintain the quality of the company and operational activities continue. Credit risk does not mediate the effect of liquidity on the value of banking companies in Indonesia for the period 2010-2020.

Credit Risk Mediates the Effect of Liquidity on the Value of Banking Companies in Indonesia 2010-2020

In this study, credit risk is unable to mediate the effect of liquidity on the value of banking companies in Indonesia for the 2010-2020 period because healthy liquidity will be one of the investors' contributions to assess the company's performance without considering how much the quality of credit risk is. The high credit disbursed by banks does not have an impact on the size of the NPL ratio because banks will be more careful in disbursing credit to the community so as not to occur bad loans. Investors believe that the LDR ratio or liquidity in banking companies listed on the Indonesia Stock Exchange will remain in a safe position according to government policy and certainly always supervised by supervisors.

This study agrees with that of Wijaya and Pakpahan (2020) that credit risk cannot be a mediating factor because investors consider companies with healthy liquidity to be able to meet all working capital needs in

their operational activities, so investors can assess the company has prospects in generating profits. Although the high level of liquidation indicates that the company has capital that will be utilized for processing, it does not have an impact on the value of the company, because investors perceive that the liquidity factor interpretation cannot assess the health of the company, let alone there are several large companies that have risks.

Credit Risk Mediates the Effect of Company Size on the Value of Banking Companies in Indonesia 2010-2020

The results of this study show that credit risk is unable to mediate the effect of company size on the value of banking companies in Indonesia for the period 2010-2020 because companies with large capital or inventory may not be able to pay dividends (retained earnings) because assets accumulate in receivables and inventories.

CONCLUSION

Capital structure measured using Debt to Equity Ratio (DER) has a positive effect on company value as measured by Price to Book Value (PBV) of banks in Indonesia for the period 2010-2020 so that the hypothesis generated by H1 is accepted. Liquidity measured by the Loan to Deposit Ratio (LDR) has no effect on the value of companies measured by the Price to Book Value (PBV) of banks in Indonesia for the period 2010-2020 so that the hypothesis generated by H2 is rejected. Company size does not affect the value of banking companies in Indonesia for the 2010-2020 period so that the hypothesis produced by H3 is rejected. Credit risk proxied by non-performing loans (NPL) as a mediating variable (Z) has no effect on the value of banking companies proxied by Price Book Value (PBV) as a dependent variable (Y) in Indonesia for the 2010-2020 period so that the hypothesis produced by H4 is rejected. Capital structure (independent variable) negatively affects credit risk (intervening variable) for the period 2010-2020 so that the hypothesis produced by H5 is accepted. The liquidity proxied by the loan to deposit ratio (LDR) has no effect on the credit risk brokered by NPLs for the 2010-2020 period, so the hypothesis produced by H6 is rejected. The size of the company has a positive effect on credit risk for the period 2010-2020 so that the hypothesis generated by H7 is accepted. Credit risk was not proven as an intervening variable in banking companies in Indonesia for the period 2010-2020 so the hypothesis generated by H8 was rejected. Credit risk was not proven as an intervening variable in banking companies in Indonesia for the period 2010-2020 so the hypothesis generated by H9 was rejected. Credit risk was not proven as an intervening variable in banking companies in Indonesia for the period 2010-2020 so the hypothesis generated by H10 was rejected.

Brokerage companies in Indonesia are advised to measure the direct influence in determining company value decision making and should use the variables Capital structure on company value, capital structure on credit risk, and company size on credit risk because of the direct influence on the object of banking companies in Indonesia. For investors, in decision making, it is expected to take into account other factors such as investor psychology, fundamental analysis and the company's investment prospects in the future. Researchers can then use more than one intervening variable in examining factors that affect company value such as investment opportunity set (IOS), dividend policy.

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