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Assessing the Moderating Effect of Bank Size on the Interaction between Bank Health Level and Company Value in Digital Banks

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Abstract

Purpose: This study aims to analyze the effect of bank health level using the RGEC method on company value with bank size as a moderating variable in digital banks registered with the OJK Republic Indonesia in 2021-2023.
Methodology: The population of this study was 15 companies. The sampling technique used purposive sampling for 7 companies. The data analysis method used Moderating Structural Equation Modelling (MSEM) with Smart-PLS 4.
Finding: The results of the study show that bank health level and bank size affects the company value. Bank size can strengthen the influence of bank health level on the company value.
Implication: This study provides insight to digital banks in Indonesia where it is necessary to pay attention to bank health level factors that can affect company value as a reflection of investor assessments in making investment decisions. Such as risk profile, GCG, and earnings factors which play a very important role in describing the health condition of a bank. The other side, companies must be able to optimize the use of bank capital for productive activities that can generate profits. Bank size is also considered by investors so it affects the company value.
Originality: the originality of this study is in the innovative methodological approach and relevant practical implications. This study uses bank size as a moderating variable. Analysis with a moderation effect is used to test whether the moderating variable can strengthen or weaken the influence between the exogenous variables and the endogenous variable.
Keywords: Bank Health Level, Company Value, Firm Size, RGEC

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1. Introduction

Indonesia is ranked first as the country that recorded the fastest growth in adopting the digital economy. The assessment is carried out through 3 pillars, namely the availability and speed of downloads, the reach of digital data per user and the digital value of use in digital payments. Some of these things can be seen from the use of applications by individuals, businesses, and governments. Indonesia scored 99%, followed by India 90%, China 45% and Russia 44%. The digital economy in Indonesia will continue to grow, especially in e-commerce and ride-hailing, as well as digital payments (Aprilia, 2021). The digital economy in Indonesia is projected to reach a valuation of USD 146 billion by the end of 2025 (Prasidya & Dewi, 2023).

The growth of the digital economy in Indonesia from various business sectors is strengthened by the existence of financial technology and the digital economy which have an impact on the performance of the financial services sector, so that financial services are easier (Ratnawati & Susilowati, 2022). The digitalization of the banking sector is strengthened by the trend of all-digital consumption, allowing banks to optimize performance, reduce operational costs, provide higher levels of service, and provide convenience for customers (Bangun & Listorini, 2017). Financial technology in digital banking enables personalized banking services, effective investment and credit decision-making, and increased information security (Melnychenko et al., 2020). The increasing number of commercial banks in Indonesia encourages each bank to increase its efficiency and banking health (Kholiavko & Kozlianchenko, 2021). Increasingly tight banking competition requires banks to have high corporate value for the image or perception of each stakeholder.

Otoritas Jasa Keuangan (the Financial Services Authority) Regulation (POJK) No. 12/POJK.03/2021 defines a digital bank as a bank that has the function of providing and carrying out banking business activities through electronic channels without a physical office other than the head office or using limited physical offices. Bank Indonesia projects that digital banks will continue to grow, followed by growth in the capital market world. The share price of digital banks has increased as seen from the capitalization value of Bank Jago in 2021 which has reached IDR 209 trillion, surpassing the market capitalization of Bank BNI, BTN, CIMB Niaga, and Bank Danamon. In the first quarter of 2021, the share price of Bank Aladin increased from IDR 130 per share to IDR 3,000 per share. The share price of Bank Jago Tbk. increased in mid-2021 from IDR 7,000 to IDR 17,000 per share. Bank Neo Commerce also recorded an increase in stock prices in mid-2021 from IDR 500 to IDR 2,700 per share until the end of 2021 (Asykarulloh et al., 2023). Stock prices can reflect the value of the company (Song, 2022; Tanheitafino et al., 2023). Measuring the value of the company can be done through several methods such as the price-to-earnings ratio, the price-to-book value ratio or the dividend discount model (Song, 2022). POJK No. 12/POJK.03/2021 also regulates the implementation of digital banking services. In order for digital banks to facilitate sufficient capital to customers, banks must be stable and financially healthy. A good bank health condition can attract public interest and trust to invest (Apriyanti et al., 2023). The health level of a bank can be measured using the RGEC method in accordance with BI Regulation No. 13/1/PBI/2011. The assessment of the RGEC method includes the Risk Profile, Good Corporate Governance (GCG), Earnings, and Capital factors. Research by Melinda et al. (2023) shows that the results of 6 digital banks that have been registered on the IDX from 2021 - 2022 all have a composite value at rank 2 (PK-2) which means that all digital banks are in a healthy condition when reviewed using the RGEC method.

Bank size is considered to be able to increase the value of the company where the larger the size or scale of the company or bank, the easier it will be to obtain funding sources both internally and externally (Maheswari & Suryanawa, 2016). Firm size has a good influence on the value of the company in the banking sub-sector (Cahyani et al., 2023). Several digital banks recorded significant asset growth from year to year (year-on-year). This asset growth occurred in line with the increase in bank credit distribution and the growth of thirdparty funds (Putri & Suryono, 2017). Based on the Indonesian Banking Statistics released by the OJK, total banking assets in Indonesia as of August 2023 reached IDR 11,049.41 trillion, growing 6.32% annually (year-on-year/yoy) from the previous IDR 10,393.09 trillion. Firm size can use several proxies such as total assets, total sales and market capitalization, where each proxy has different implications and impacts the empirical results in research on financial institutions (Dang et al., 2013).

Research conducted by Maheswari and Suryanawa (2016) shows that the level of bank health does not affect the value of the company, while the size of the bank affects the value of the company. Research by Aprilia and Hapsari (2021), Febrin and Sulhan (2022) and Apriyanti et al. (2023) shows that the level of bank health affects the value of the company. Based on the description above, it can be concluded that the value of the company is greatly influenced by the level of bank health and the size of the bank, as well as the inconsistency of the results of previous studies, so this study is important to analyze the effect of the level

of bank health on the value of the company with bank size as a moderating variable in digital banks registered with the OJK in 2021-2023.

2. Literature Review

2.1. Company value

Company value is defined as investor perception of a company's success as reflected in the stock price which is an investment decision on funding and asset management (Zhou et al., 2022). Investor confidence in the company's financial performance and future company prospects can be built through value creation for the company (Santo & Hivianto, 2023). Stock prices that tend to increase indicate increasing market confidence in the company's prospects in the future. Company value is measured by price to book value (PBV). Formula:

PBV = Current Stock Price / Book value per Share

2.2. Bank Health Level

Bank Indonesia through the regulation stated in Bank Indonesia Regulation Number 13/1/PBI/2011 requires every bank to periodically conduct an independent assessment (self-assessment) with a risk approach at the individual and consolidated levels. The Bank Health Level assessment uses the RGEC method (risk profile, good corporate governance, earnings, and capital).

The assessment of bank health levels consists of (1) risk profile assessment, namely risk assessment consisting of credit, market, operational, liquidity, legal, strategic, compliance, and reputation risks and the quality of bank risk management implementation, (2) assessment of Good Corporate Governance (GCG) factors carried out using GCG principles including transparency, accountability, responsibility, independence, and fairness, (3) assessment of profitability factors carried out by assessing performance, resources, sustainability, and profit management from both quantitative and qualitative aspects, and (4) assessment of capital factors carried out by assessing the level of capital adequacy with the bank's risk profile and capital management because the higher the bank's risk, the greater the capital that must be provided to anticipate the risk (Riadi et al., 2016). The following is a description of each ratio of RGEC:

a. Non-Performing Loan (NPL) is credit with substandard, doubtful, and bad quality (Yam, 2023). Bank Indonesia provides a healthy bank category limit with a maximum NPL of 5%. Formula (Kasmir, 2012):
   NPL=(Number of Non-Performing Loans)/(Number of Loans) x100%
b. Loan to deposit ratio (LDR) is a ratio that functions to measure the difference between the composition of the amount of credit given, the amount of public funds and equity used (Kasmir, 2012). Formula:
   LDR=(Amount of Credit)/(Amount of third party funds) x100%
c. Good Corporate Governance (GCG). GCG rating is calculated based on various criteria through self-assessment of the implementation of bank governance which will later produce a composite value based on BI Regulation No. 13/1/PBI/2011.
d. Earnings are measured by Return to Asset (ROA) is a ratio to measure the ability of bank management to generate profits (Kasmir, 2012). Formula:
   ROA=(Profit Before Tax)/(Total Asset) x100%
e. Net Interest Margin (NIM) is the level of bank effectiveness between net interest income compared to average productive assets (Kasmir, 2012). Formula:
   NIM=(Net Interest Income)/(Average Productive Assets) x100%
f. Capital Adequacy Ratio (CAR) is a capital adequacy ratio that can indicate whether the banking party is able to provide sufficient funds and banking management is able to identify, measure, observe, and control risks that arise and can affect the amount of bank capital (Kasmir, 2012). Formula:
   CAR=(Bank Capital)/ATMR x100%

2.3. Bank Size

According to Dang et al. (2013), firm size can be measured by various proxies such as total assets, total sales, and market capitalization. Large-scale companies are considered more capable of developing their business better through capital that will be easier to obtain both from credit from banks and from the capital market. Thus, large companies will have more attraction for creditors, investors, or the government (Panjaitan & Muslih, 2019). Bank size is measured by the natural logarithm of total assets with the following formula:

Bank Size = Ln. Total Asset

2.4. Conceptual Framework and Hypothesis

The conceptual framework in this study is as follows:

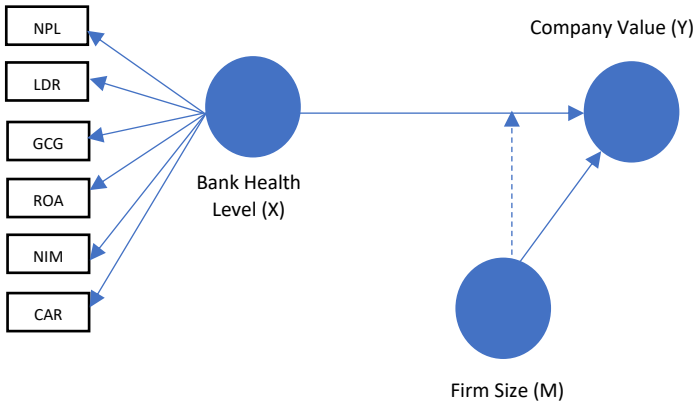

Figure 1. Research Analysis Model using SEM-PLS
Source: Researcher Development (2024)

From the conceptual framework above, it can be seen that the exogenous variable (X) is the Bank Health Level, the endogenous variable (Y) is the Company value, and the moderating variable (M) is the bank's size. The hypotheses developed from the conceptual framework are as follows:

a. The effect of the bank health level on the company value.
   Each bank is required to conduct an independent assessment of the bank's health level based on Bank Indonesia Regulation Number 13/1/PBI/2011. A healthy bank can provide more trust to investors in its ability to manage finances, so that the company value can be increased. The Bank's Health Level affects the Company value (Apriyanti et al., 2023; Febrin & Sulhan, 2022; Marsella & Pangestuti, 2023). Thus, the hypotheses developed are as follows:
   H1: The bank's health level affects the company value.
b. The effect of bank size on the Company value.
   The larger the firm size or bank size, the easier it will be for the bank to obtain funding both internally and externally (Maheswari & Suryanawa, 2016). Bank size has a good influence on the value of a company in the banking sub-sector (Cahyani et al., 2023). Firm size affects the value of the company (Husna & Satria, 2019; Suhardi, 2021). The hypothesis developed is as follows:
   H2: Bank size affects the company value.
c. The influence of bank size as a moderating variable between the influence of bank health level on company value.
   The level of bank health with the RGEC method considers various aspects of bank health assessment with an approach based on financial risk and the company's good corporate governance (GCG). A healthy bank is more attractive to investors where it is considered a bank that is able to manage its finances and has good business management. Large-scale companies tend to get public attention compared to small-scale companies (Laila & Purnamasari, 2022). Banks with large assets are seen as banks with stable financial conditions and are more competitive in the market. Based on this

explanation, it is predicted that bank size can strengthen or weaken the influence of bank health levels on company value. Thus, the hypothesis proposed is as follows:
H3: Bank size can moderate the effect of bank health level on company value.

3. Methodology

The type of research is quantitative research. The object of this research is a digital bank that has an official business license and has been registered with the OJK for the period 2021 - 2023. The population is 15 digital banking companies. The sampling technique uses purposive sampling. The sampling criteria are: 1) digital banking companies that publish financial reports consecutively from 2021-2023; and 2) digital banking companies that issue shares. Furthermore, a sample of 7 digital banking companies was obtained. The data source is secondary data obtained from the annual reports of digital banks from 2021-2023.

The data analysis method uses SEM based on variance, namely Partial Least Square (PLS) with a moderation effect/Moderating Structural Equation Modelling (MSEM). The hypothesis will be analyzed using SmartPLS 4.0. The research model uses the Inner Model (structural model). Tests on the structural model are carried out to test the relationship between latent constructs. Some tests for the structural model are: Multicollinearity Test, R-square, Q-square on endogenous constructs. Estimate for Path Coefficients, is the value of the path coefficient or the magnitude of the relationship or influence of latent constructs carried out using the bootstrapping procedure. This study aims to determine the effect of bank health levels on company value and to identify the effect of bank size whether it strengthens or weakens the bank's health level in influencing the increase or decrease in company value.

4. Results and Discussion

4.1. Results

Descriptive Statistics

The sample in this study consisted of 7 digital banking companies registered with the OJK for the period 2021 - 2023. The digital banking companies that were the samples in this study were as follows:

Table 1. Digital Bank Data that has Official Permission

No.	Name of Digital Bank	Name of Company
1	Bank Jago	PT. Bank Jago, Tbk.
2	Neo Bank	PT Neo Commerce, Tbk.
3	Allo Bank	PT Allo Bank Indonesia, Tbk.
4	Jenius	PT. Bank BTPN, Tbk.
5	Bank Raya	PT. Bank Raya Indonesia, Tbk.
6	Motion Bank	PT. Bank MNC Internasional, Tbk.
7	Nyala	PT. Bank OCBC NISP, Tbk.

Source: Data Processed (2024)

Based on table 2 above, it can be seen that there are 6 indicators of the exogenous variable of Bank Health Level, namely NPL, LDR, GCG, ROA, NIM, and CAR. Indicators of bank health level, namely Non-Performing Loan (NPL), Loan to Deposit Ratio (LDR), Good Corporate Governance (GCG), Net Interest Margin (NIM), and Capital Adequacy Ratio (CAR) in descriptive statistics have a standard deviation value less than the average value, meaning that the average value of NPL, LDR, GCG, NIM, and CAR of digital banks that are the research samples have a small level of deviation, where the smaller the level of deviation, the smaller the data variation. Meanwhile, Return to Asset (ROA) has a standard deviation value greater than the average value, meaning that the average value of ROA in the sample has large fluctuations. Then there is an endogenous variable of company value in descriptive statistics showing a standard deviation value greater than the average value, which means

that the average value of the digital bank company value that is the sample has a large data fluctuation. And the moderating variable of bank size in the descriptive statistics table above is known to have a standard deviation value smaller than the average value, meaning that the average value of bank size has a small deviation, which means that data fluctuation is also small.

Table 2. Descriptive Statistics

Name	No	Type	Missing	Mean	Median	Scale min	Scale max	Observed min	Observed max	Standard deviation
NPL	1	MET	0	3.174	2.904	0.008	9.805	0.008	9.805	2.431
LDR	2	MET	0	95.355	84.209	52.625	163.188	52.625	163.188	29.021
GCG	3	MET	0	1.986	2.000	1.000	3.000	1.000	3.000	0.417
ROA	4	MET	0	-0.459	0.914	-19.561	4.732	-19.561	4.732	5.123
NIM	5	MET	0	7.774	6.072	3.585	17.323	3.585	17.323	4.385
CAR	6	MET	0	47.305	32.303	21.442	169.918	21.442	169.918	34.097
Company Value	7	MET	0	16.705	6.938	0.278	71.169	0.278	71.169	24.767
Bank Size	8	MET	0	31.049	30.462	29.168	33.152	29.168	33.152	1.274

Source: Data Processed (2024)

Structural Model Evaluation

a. Result of Multicollinearity Test

The multicollinearity test aims to test whether the regression model finds a correlation between independent variables. Multicollinearity testing by examining the Variance Inflation Factor (VIF) value, which reflects how much influence multicollinearity has on the regression model. Inner VIF > 5 means multicollinearity occurs (Sarstedt et al., 2021). The following is a table of multicollinearity test results with Smart-PLS.

Table 3. Inner Model Multicollinearity Test

Relationship between variables	VIF
Bank's Health Level -> Company value	1,174
Bank Size -> Company value	1,005
Bank Size x Bank's Health Level -> Company value	1,172

Source: Data Processed (2024)

The test results show that the inner VIF value is <5, which means that there is no multicollinearity between the variables that affect the Company value.

b. Result of Structural Model Testing

The following presents the results of the structural model test (inner model) using Smart-PLS 4.0.

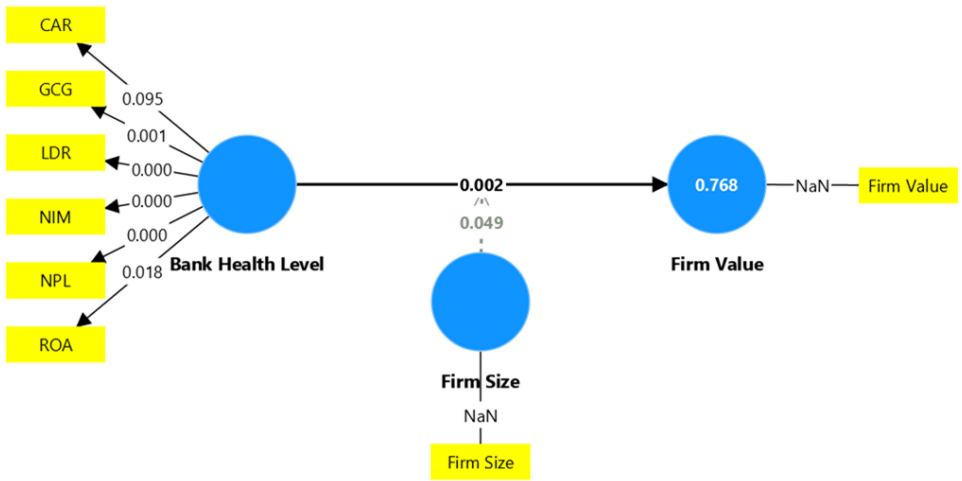

Figure 2. Inner Model
Source: Data Processed (2024)

R-square Test

The structural model test (inner model) aims to determine the relationship between the significant value of the construct and the research model. The structural model is predicted using R-square (R^2) for each exogenous or endogenous variable. If the R-square value is 0.75; 0.50 and 0.25 indicates that the model is considered substantial, moderate and weak (Sarstedt et al., 2021) The results of the R-square test with Smart-PLS are shown in the following table.

Table 4. R-square Test Results

	R-square	R-square adjusted
Company value	0,768	0,727

Source: Data Processed (2024)

The R-square results in the table above show a value of 0.768, which means that the structural model is substantial or strong.

Q-square test

This test is used to assess the level of relevance of the prediction of a construct model. The analysis process uses the Q-square value (Q^2). If Q-square > 0.05, it can be concluded that a construct model is relevant (Hair et al., 2019). This means that the independent latent variables used to predict the dependent variable are correct. The results of the Q-square test can be shown in the following table.

Table 5. Q-square Predict

	Q^2predict
Company value	0,693

Source: Data Processed (2024)

The table above shows the Q-square value (Q^2 predict) for the company value variable of 0.693 > 0.05, which means the model has high accuracy predictions.

Hypothesis Testing

Hypothesis testing is carried out by comparing the t-statistic value with the t-table. The criteria for drawing conclusions if the t-statistic value > t-table and the P-values < 0.05, then the research hypothesis can be supported. The one-tailed t-table value with a 95% confidence level (alpha 5%) is 1.721. The following are the results of the hypothesis test in this study.

Table 6. Hypothesis Test Results

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV)	P values
Bank's Health Level -> Company value	0,488	0,556	0,165	2,952	0,002
Bank Size -> Company value	0,505	0,436	0,205	2,457	0,007
Bank Size x Bank's Health Level -> Company value	0,347	0,312	0,209	1,656	0,049

Source: Data Processed (2024)

Based on the table above, it can be concluded that:

a. The bank's health level affects the company value with a t-statistic value of 2.952 > 1.721 and a p-value of 0.002 < 0.05.
b. The size of the bank affects the company value with a t-statistic value of 2.457 > 1.721 and a p-value of 0.007 < 0.05.
c. The size of the bank can moderate the effect of the bank's health level on the company value with a t-statistic value of 1.656 > 1.721 and a p-value of 0.049 < 0.05.

4.2. Discussion

a. The Effect of Bank Health Level on Company value

The results of the study indicate that the bank's health level affects the company value. This means that the company value increases directly proportional to the increase in the bank's health level. The assessment of the bank's health level is measured by the RGEC method (Risk profile, Good Corporate Governance, Earnings, and Capital) in accordance with BI Regulation No.13/1/PBI/2011 where 1) risk profile is measured by NPL (Non-Performing Loan) and LDR (Loan to Deposit Ratio). 2) Good Corporate Governance (GCG); calculated based on various criteria through self-assessment of the implementation of bank governance. 3) Earnings; measured by ROA (Return on Asset) and Net Interest Margin (NIM). and 4) Capital; measured by CAR (Capital Adequacy Ratio). Based on the inner model test in Figure 4.1 above, it can be seen that the most dominant factor in the bank's health level that can affect the company value is the risk profile factor indicated by the NPL p-value of 0.000 and the LDR p-value of 0.000, and also the Earnings factor measured by NIM (p-value of 0.000). Digital banks in distributing loans are more careful to minimize risk. This precautionary principle can minimize the number of non-performing loans, so that the NPL ratio obtained is low and can meet the minimum standard of BI which requires the NPL ratio to be below 5%. The results of the study show that the average digital bank is in a healthy condition. With this low NPL ratio, it can increase investor confidence so that it can affect the company value.

In this study, the LDR ratio in digital banks tends to be higher than the LDR ratio permitted by BI, which is 78%, meaning that currently there are still many digital banks that are in fairly healthy, unhealthy and unhealthy conditions. It is known that the source of bank funding is not only from Third Party Funds, but also loans from other banks or securities issued, thus affecting the high LDR ratio. A high LDR ratio indicates a low level of bank liquidity, meaning that the bank will have difficulty meeting its short-term obligations, while if the LDR ratio is too low, it means that the amount of credit distributed by the bank is low, so that the profit generated by the bank will be smaller. The high and low LDR ratios affect investors in making investments, thus affecting the value of the Company. The NIM ratio is a comparison between net interest income compared to the average productive assets of the bank, meaning that NIM shows the bank's profit from lending activities that can generate interest for the bank. In digital banks, the NIM ratio produced almost all shows an NIM ratio > 3, which means that the bank is very healthy. This condition indicates a relatively high profit for the bank, allowing the bank to satisfy investors which can ultimately affect investors in the value of the digital bank company.

Other bank health factors that can affect the company value are the GCG factor with a P-value of 0.001 and the earnings factor measured by ROA (P-value of 0.018). GCG is an important part of the company's operations to ensure that the company has been run based on the principles of transparency, accountability, fairness and integrity. In this study, digital bank GCG uses a composite self-assessment GCG value measurement based on SE BI No.6/23/DPNP in 2004. The results of the study show that most banks are in a healthy condition with a composite value of 2 (NK-2). Digital banks that implement GCG properly will be able to improve bank performance by implementing better decision-making and company operations that can run more effectively and efficiently. The company's ability in corporate governance will affect investors' assessment of the ability of a company or bank to achieve its best performance, thus affecting the company value. The Company's ability to generate profits can be reflected from the ROA ratio. The greater the ROA, the greater the profit generated by the Company, which means the better the company is in managing its assets. The results of the study show that the fluctuating condition of digital bank ROA greatly affects investor interest in investing. When the bank's ROA is low, investor interest in bank shares is also low, and vice versa, so that the condition of the bank's ROA also affects the company value.

Furthermore, the Bank's Health Level is also measured by the capital ratio, namely CAR. The results of the study show that CAR does not affect the company value with a p-value of 0.095 > 0.05. CAR is a bank's capital adequacy ratio which functions to cover the risk of losses that may occur to the bank's productive assets. The higher the CAR, the better the

bank's ability to bear the risk of credit or other risky productive assets. This study shows that the CAR value of each digital bank is able to be at composite level 1, which means that each digital bank has a high CAR ratio > 12%, which means that the bank is in a very healthy condition. This high CAR ratio does not always reflect the success of the strategy or the overall quality of management. A CAR ratio that is too high can also indicate suboptimal use of capital, not being used for productive activities in order to generate profits or for developing the bank's business strategy. Investors tend to pay attention to the bank's ability to generate profits to maintain the bank's financial stability. The results of this study support research by Febrin and Sulhan (2022), Marsella and Pangestuti (2023), and Apriyanti et al. (2023) which states that the level of bank health affects the company value.

b. Bank size affects the value of the company

The results of the study show that bank size affects the value of the company. Bank size can be seen from the total assets owned by the bank, as well as digital banks. For investors, large banks will have better appeal because they are seen as more stable in finance. The large size of a bank can also influence a bank to be able to generate consistent profits and can be projected to grow more easily. Large banks can also adapt faster and easier to technological advances. This is what will then affect changes in bank stock prices and affect the value of the company. The findings of this study support research from Biswas et al. (2017) which states that there is a positive correlation between bank size and company value and research from Linawati et al. (2022) which states that bank size affects company value. The results of this study support research from Husna and Satria (2019), Suhardi (2021) and Cahyani et al. (2023) which states that bank size affects company value.

c. Bank Size Can Moderate the Effect of Bank Health Level on Company value

The results of the analysis show that bank size can moderate the effect of bank health level on company value. The P-values are positive, meaning that bank size can strengthen the effect of bank health level on company value. Laila and Purnamasari (2022) stated that firm size can moderate the effect of bank health level on stock prices, where changes in stock prices reflect the value of the company. Large-scale companies will get more attention from investors compared to small-scale companies (Laila & Purnamasari, 2022). The size of a bank with large total assets can increase investor assessment of a bank so that it will have an impact on increasing the influence of bank health level on company value. Conversely, if the size of a bank with small total assets can reduce investor assessment of a bank so that it has an impact on reducing the influence of bank health level on company value. Investors will assess a bank by looking at the bank's health level and reinforced by the size of the bank in making decisions to invest.

5. Conclusion

Based on the research results that have been presented previously, the conclusions are the level of bank health affects the company value. The level of bank health measured by the RGEC method that affects the company value is the risk profile factor measured by NPL and LDR, the GCG factor, and the earnings factor measured by NIM and ROA. The capital factor measured by CAR does not affect the company value. The size of the bank affects the company value. A large bank size will provide better attraction to investors because it is seen as more stable in finance. The size of the bank can moderate the influence between the level of bank health on the company value. This means that the size of the bank can strengthen the influence of the level of bank health on the company value. Investors will assess a bank by looking at the level of bank health and reinforced by the size of the bank in making decisions to invest.

Based on the research results, the suggestions that can be conveyed that for banking: banks should always pay attention to the health condition of the bank in accordance with the standards set by Bank Indonesia and report the bank's Health Level self-assessment in a timely manner in accordance with OJK regulations (Financial Services Authority Circular

Letter No. 14/SEOJK.03/2017). For investors: in making investment decisions in digital banks in Indonesia, they should consider the health level of the bank and the size of the bank, because both have been proven to affect company value. For further researchers: further research in adding other variables to test their influence on the company value such as dividend policy factors, earnings per share and the amount of thirdparty funds.

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