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THE INFLUENCE OF DIGITAL TRANSFORMATION ON COMPANY VALUE (CASE STUDY OF DIGITAL BANKS LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE PERIOD 2018-2023)

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Abstraction

This study aims to analyze the effect of digital transformation on the value of digital bank companies measured using Tobin's Q by considering various financial factors such as profitability level (EPS), liquidity (Current Ratio), leverage (DER), dividend policy (DPR), and company size (total assets) in line with the increase and decrease in financial performance and stock prices of digital banks in Indonesia. The research method uses secondary data obtained from the annual reports of digital banks listed on the Indonesia Stock Exchange during the period 2018 to 2023 and data analysis using multiple linear regression with EViews software. The results of the study show that digital transformation, leverage (DER), company size (Total Assets) have a significant effect on company value, conversely, profitability level (EPS), liquidity (CR) and dividend policy (DPR) do not show a significant effect on company value. This study concludes that digital transformation, leverage, and company size remain determinants in influencing the value of digital bank companies. These findings provide insights for digital banking companies to continue to focus on digital transformation as a primary strategy in increasing competitiveness and company value, as well as providing recommendations for investors to be selective in choosing banks with a healthy capital structure and optimal asset management.

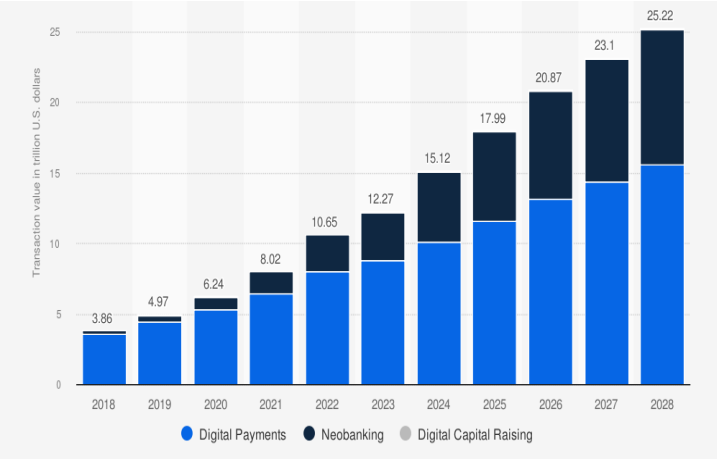
Keywords: ***Digital Transformation, Corporate Value, Digital Bank, Financial Performance***

INTRODUCTION

In the era of the industrial revolution 4.0 and towards the era of industry 5.0, digital transformation has become one of the main pillars in changing the way companies operate and compete in the global market. The development of technologies such as artificial intelligence, big data, the Internet of Things (IoT) and cloud computing have drastically changed the business and financial landscape. In line with the development of these technologies, companies are required not only to adopt technology as a tool but also to make it the core of their long-term business strategy. This cannot be separated from the role ofcompanies are required to maintain a balance between profit motives and social interests so that the company's growth can run well (prudent and govern) and sustainably (sustainability) (Elkington, 1997). Likewise with banks as a commercial entity.

The banking industry, which is one of the sectors most affected by the digitalization current, is not free from this influence.one of the general concepts related to banking business activities is banks follow the trade where the bank's business will adjust to the existing economic potential. When there is a business opportunity, there is potential that can be utilized by the bank as an intermediary institution. This can be seen from the business segmentation that is the focus of the bank, for example, the large corporate sector, medium-scale large companies (large commercial), and medium and small businesses (small and medium business). The choice of segment will be adjusted to the Bank's vision and mission which are outlined in more detail through short-term strategies and planning (Business Plan) as well as medium and long-term strategies and planning (Corporate Plan). There are several banks that focus on only one segment, but there are also banks that choose several segments with the dominance of each segment adjusted to the bank's capabilities and risk appetite.

The rapid development of information technology in recent times has had a significant impact on human behavior, including in the implementation of economic activities. Customer financial transaction behavior patterns have changed significantly in line with advances in information technology.



Picture Error! No text of specified style in document.**. Number of Transactions in the World Fintech Industry in 2018 - 2023**

Source: Statista (2023)

Globally, the transaction value of neobanks or digital banks has experienced a significant spike from only around 0.23 trillion US dollars in 2017 to 4.96 trillion US dollars in 2023. It is projected that this figure will continue to increase to reach 10.44 trillion US dollars in 2028 (Statista, 2024a). The spike in transaction value shows that digital transformation in the banking sector is not just a momentary trend, but has become a major strategy in redefining the relationship between financial institutions and their consumers.

The same trend is also happening in Indonesia. The penetration rate of digital banking services continues to increase from only 5.16% in 2014 to 24.63% in 2021 and is expected to reach 51.17% in 2029 (Statista, 2024b).

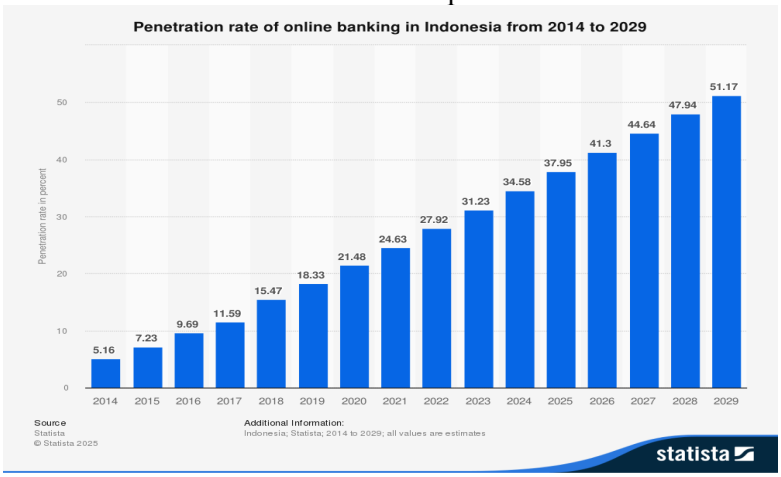


Figure 2. Online Banking Penetration in Indonesia 2014 - 2029

Source: Statista (2024)

The growth of online penetration above shows that Indonesian people are increasingly accustomed to using digital banking services in their financial activities. Supported by the expansion of internet access and advances in financial technology, Indonesian banking continues to expand its digital capabilities as part of a national-scale strategy. In line with the growth of digitalization in Indonesia, the Financial Services Authority (OJK) issued POJK No. 12/POJK.03/2019 concerning the Provision of Digital Banking Services by Commercial Banks. The regulation aims to provide legal certainty, increase the efficiency of digital-based services, and ensure that digital transformation is carried out safely, transparently, and responsibly (Andrew & Murwaningsari et al., 2024). POJK No. 12 of 2019 stipulates that digital services must include aspects of opening online accounts, automatic transactions, and submitting banking products without the physical presence of customers. In addition, digitalization indicators are also explained through four dimensions such as the use of video banking, fingerprint scanners, e-KTP reader machines, and automatic card printing machines connected to an internal monitoring system. With the presence of this regulation, OJK encourages digital transformation as part of modern and globally competitive bank governance (Andrew & Murwaningsari et al., 2024).

In Indonesia itself, the digital transformation phenomenon has changed several banks from conventional banks to digital banks, causing massive news coverage.both in conventional media and on social media, has driven up its share price on the stock exchange.

Picture 1. Digital Bank Stock Prices in Indonesia
Source: IDNFinancial (2025)

Bank Jago, Bank Aladin Syariah and Bank Neo Commerce which transformed into digital banking recorded a significant increase in stock prices since conducting an Initial Public Offering (IPO). Bank Jago (ARTO) which has transformed into a digital bank since 2018 has experienced an extraordinary surge in stock prices. After conducting an IPO in 2021, Bank Jago's stock price jumped from IDR 7,000 per share to IDR 17,000 in mid-2021, recording an increase of 142% in just a few months, this reflects that reflects market confidence in the digitalization strategy implemented by the bank which facilitates access to online banking services through mobile applications and collaboration with Gojek has a higher company value in the eyes of investors (Frensidy Budy, 2021). In addition, Bank Aladin Syariah (BANK) and Bank Neo Commerce (BBYB) also showed a similar phenomenon with stock prices that jumped significantly after they transformed into digital banks. Bank Aladin experienced a very rapid increase in stock prices, from IDR 130 to IDR 3,000 per share in early 2021, which occurred after Bank Aladin adopted a sharia digital banking model that provides easy access for customers through a digital platform that is completely application-based. Meanwhile, Bank Neo Commerce showed a significant increase in stock prices, from IDR 500 to IDR 2,700 at the end of 2021, recording an increase of around 440% since their IPO, illustrating the great growth potential in the digital banking sector, especially among retail customers and the younger generation who are more accustomed to technology-based services (Asykarulloh et al., 2023).

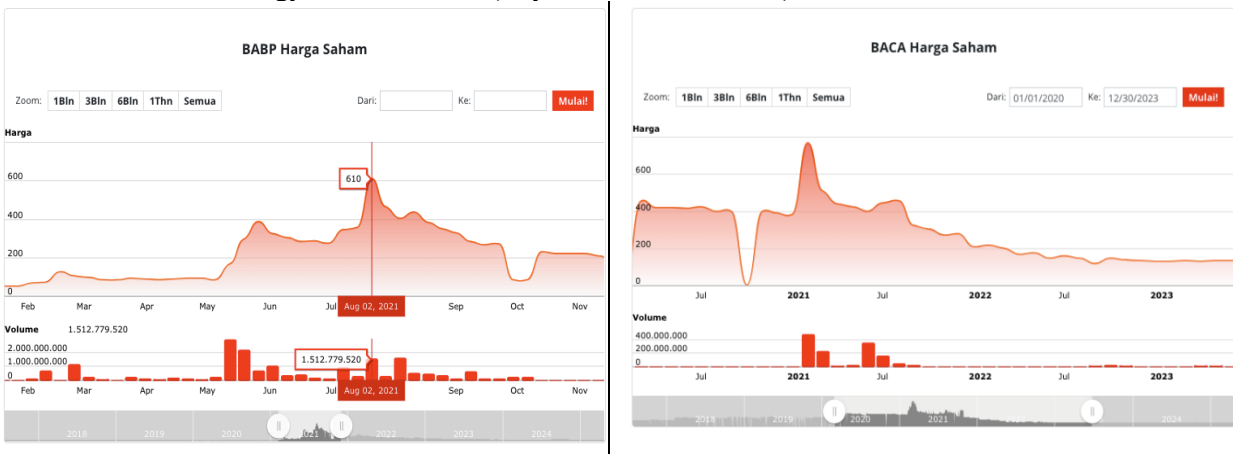


Figure 4. Decline in Digital Bank Stock Prices in Indonesia
Source: IDNFinancial (2025)

Although there has been a significant increase in prices for banks that are undergoing digital transformation, not all banks are experiencing the same trend, which indicates that there is***gap phenomenon***. For example, Bank MNC Internasional (BABP) and Bank Capital Indonesia (BACA) showed fluctuations in stock prices, even though they have adopted digital technology in their operations. Bank Capital Indonesia experienced a decline in stock prices of around 43% from their IPO stock price, while Bank MNC Internasional experienced a decline even though they

had made efforts to carry out digital transformation. The decline in stock prices after the IPO above shows that banking digitalization is not the only factor that determines the increase in stock prices. External factors such as market sentiment, macroeconomic conditions, and operational risks associated with digital transformation also play an important role in influencing the performance of digital bank stocks (Frensidy Budy, 2021).

Digital transformation in the banking industry has become a key strategy to increase efficiency, expand service reach, and strengthen competitiveness. Several digital banks in Indonesia that have adopted technologies such as mobile banking, big data analytics, and cloud computing have shown significant growth in company value, reflected in increasing stock prices and market capitalization. This is supported by the findings of Linawati et al. (2024) and Andrew & Murwaningsari (2024) which state that digitalization increases information transparency, reduces information asymmetry, and encourages investor confidence in the company's growth prospects.

However, empirical reality shows that not all digital banks experience the same positive trend. For example, Bank Capital Indonesia (BACA) experienced a 43% decline in stock prices from the IPO price, while Bank MNC Internasional (BABP) also showed a decline in stock prices despite having undergone digital transformation. This fact shows a gap between theoretical expectations and actual results in the field, indicating that digital transformation does not necessarily automatically increase the value of the company.

This phenomenon confirms that digital transformation is not the only determinant of company value, and that other factors such as profitability (EPS), liquidity (Current Ratio), capital structure (DER), dividend policy (DPR), and company size (Total Assets) also influence market perceptions of company performance and prospects. In addition, external dynamics such as market sentiment, macroeconomic conditions, and operational risks that accompany the digital transformation process cannot be ignored (Frensidy Budy, 2021). Thus, there is still a research gap that needs to be explored empirically, especially in comprehensively explaining how digital transformation and other financial factors affect the value of digital bank companies listed on the Indonesia Stock Exchange. This study is important and relevant to provide evidence-based insight to industry players, regulators, and investors in assessing the success of digital transformation in terms of overall company value creation.

This research is also to fill**research gap**in literaturethat there is still a contradiction in the influence between digital transformation, profitability (EPS), liquidity (Current Ratio), capital structure (DER), dividend policy (DPR), and company size (Total Assets) on Company Value, presented as follows.

Table 1.*Research Gap*

Title	Objective	Variables	Academic Gap
Sagitasari et al., 2020 - Factors Affecting the Value of Banking Companies	Examining the factors that influence the value of banking companies.	Profitability, Leverage, Dividend Policy, Risk Management (ERM), Firm Value (Tobin's Q, Stock Price)	Does not examine digital banking and the impact of digital transformation on company value, and does not connect with finance.
Moridu et al., 2020 - The Influence of Digital Banking on the Value of Banking Companies	Analyzing the influence of digital banking on company value.	Digital Banking (Adoption of Digital Services), Company Values	Does not investigate the relationship between digital banking and other financial factors such as profitability and leverage.
Andrew & Murwaningsari et al., 2024 - Does Digital Banking Affect the Value of Banking Companies?	Testing whether digital banking has an impact on the value of bank companies.	Digital Banking, Prudence Accounting, Information Asymmetry, Firm Value	It does not discuss the relationship between digital banking and corporate finance, as well as the impact of digital banking on long-term performance.
Zhang & Wang et al., 2024 - A Systematic Literature Review from Corporate Finance	Provides a systematic review of the impact of digital transformation on enterprise value.	Digital Transformation, Investment, Financing, Company Value	There is a lack of research examining the long-term impact of digital transformation on firm value in developing countries.
Online Information on Digitalization Processes and Its	Examining the effect of digitalization	Digitalisation Information,	Does not discuss the influence of digital banking on company value,

Title	Objective	Variables	Academic Gap
Impact on Firm Value	disclosure on firm value.	Digitalisation Disclosure, Corporate Values	focuses more on the disclosure of digital information.
Nugraha, 2021 - The Impact of Digitalization on Company Value	Analyzing the relationship between digitalization and firm value in the Indonesian banking sector.	Digitalization, Corporate Values	Not finding a significant relationship between digitalization and firm value, due to the lack of proper digitalization measurement.

Source: Previous research, processed

The research gap table above shows the limitations in understanding the influence of digital transformation on company value, especially in the banking sector of developing countries. Studies such as Sagitasari et al. (2020) and Moridu et al. (2020) only focus on financial factors such as profitability, leverage, and dividend policy without considering digitalization. Meanwhile, Andrew & Murwaningsari (2024) studied digital banking but have not comprehensively examined its impact on company value. Zhang & Wang et al. (2024) found that research on the influence of digital transformation on company value in developing countries is still minimal. Nugraha's research (2021) even showed no significant relationship between digitalization and company value. In addition, Lisnawati et al. (2024) and Sari & Yanto (2025) highlighted the influence of digital intellectual capital and digital banking on financial performance and investor perceptions, but have not linked it directly to company value. Therefore, there is still an empirical gap regarding the integration of digitalization and financial indicators in influencing the value of digital bank companies, especially in the Indonesian context.

This study has novelty because it specifically analyzes simultaneously the influence of digital transformation and financial indicators (profitability, liquidity, leverage, dividend policy, and company size) on the value of digital bank companies listed on the Indonesia Stock Exchange during the period 2018–2023. Unlike previous studies that only focus on financial aspects or partial digitalization, this study integrates a comprehensive technological and financial approach in the context of digital banks in developing countries. In addition, this study uses Tobin's Q as an indicator of company value that reflects market perceptions of long-term growth potential and performance, thus providing theoretical and practical contributions to the digital banking literature, especially in the banking sector in Indonesia.

FORMULATION OF THE PROBLEM

Although digital transformation in banking is believed to increase company value, there is still uncertainty regarding the relationship between digital banking and company value, especially when associated with financial factors such as profitability, liquidity, leverage, and dividend policy. Some digital banks have shown an increase in stock prices, but not all have experienced a similar trend, indicating the role of other factors that have not been fully studied. Previous studies have not comprehensively explored how banking digitalization, especially in digital banks in Indonesia, affects company value. Therefore, this study aims to fill this gap by examining the influence of digital transformation and financial variables on the company value of digital banks in Indonesia. Based on this, the research questions are as follows.

1. How does Digital Transformation affect the value of digital bank companies as measured by Tobin's Q?
2. How does earning per share affect the value of digital bank companies as measured by Tobin's Q?
3. How does the level of liquidity affect the value of digital bank companies as measured by Tobin's Q?
4. How does the leverage level affect the value of digital bank companies as measured by Tobin's Q?
5. How does dividend policy affect the value of digital bank companies as measured by Tobin's Q?
6. How do total assets affect the value of digital bank companies as measured by Tobin's Q?

LITERATURE REVIEW

Relationship Between Variables and Hypothesis Development

The Impact of Digital Transformation on Company Value

Digital transformation enables banks to improve operational efficiency, reduce costs, accelerate services, and improve service quality through the use of technologies such as cloud computing, big data, and artificial intelligence. Banks that successfully implement digital transformation tend to have higher competitiveness and better investor perceptions of their growth prospects (Andrew & Murwaningsari, 2024; Zhang & Wang, 2024). Integrated digitalization in business processes can increase the value of the company as reflected in the increase in stock prices and market capitalization.

H1: Digital transformation has a positive and significant impact on the company value of digital banks.

The Influence of Earning Per Share on Company Value

Earning per share (EPS) is a key indicator that reflects the profitability and profits that can be enjoyed by shareholders. The higher the EPS, the more likely investors are to view the company as a profitable entity, thus increasing demand for the company's shares and impacting the increase in stock prices and company value (Sari & Yanto, 2025; Habib, 2023).

H2: Earning per share has a positive and significant influence on the company value of digital banks.

The Influence of Debt to Equity Ratio on Company Value

Debt to Equity Ratio (DER) shows the company's capital structure between debt and equity. A high DER indicates a dependence on debt, which can increase the company's financial risk. In the context of digital banks, high leverage can have a negative impact on investor perception, due to the risk of inability to manage debt amidst large digitalization expenditures (Moridu et al., 2020; Bai et al., 2022).

H3: Debt to equity ratio has a negative and significant effect on the company value of digital banks.

The Influence of Current Ratio on Company Value

Current Ratio reflects the company's ability to meet short-term obligations. Digital banks with high liquidity are considered healthier and more stable by investors, because they are able to withstand short-term financial pressures. This has an impact on increasing market confidence and driving company value (Zhang & Wang et al., 2024; Sindhu et al., 2024).

H4: Current ratio has a positive and significant influence on the value of digital bank companies.

The Effect of Dividend Payout Ratio on Company Value

Dividend payout ratio describes the proportion of net profit distributed to shareholders. Companies that consistently distribute dividends are often considered stable and profitable by investors, which can increase stock prices and company value. However, there must be a balance between dividend payments and investment in digital transformation (Andrew & Murwaningsari, 2024; Sadiq & Gebba, 2022).

H5: Dividend payout ratio has a positive and significant influence on the value of digital bank companies.

The Influence of Total Assets on Company Value

Total assets reflect the size of the company. The greater the assets owned, the greater the company's capability to invest in digital infrastructure, human resources, and complex information systems. Company size is often positively correlated with company value due to the perception of higher stability and growth capacity (Gopal & Schnabl, 2020; Ceylan et al., 2017; Ferilli et al., 2024).

H6: Total assets have a significant influence on the value of digital bank companies.

THEORETICAL FRAMEWORK OF THOUGHT

Based on several references from the literature review, the following is the research framework below.

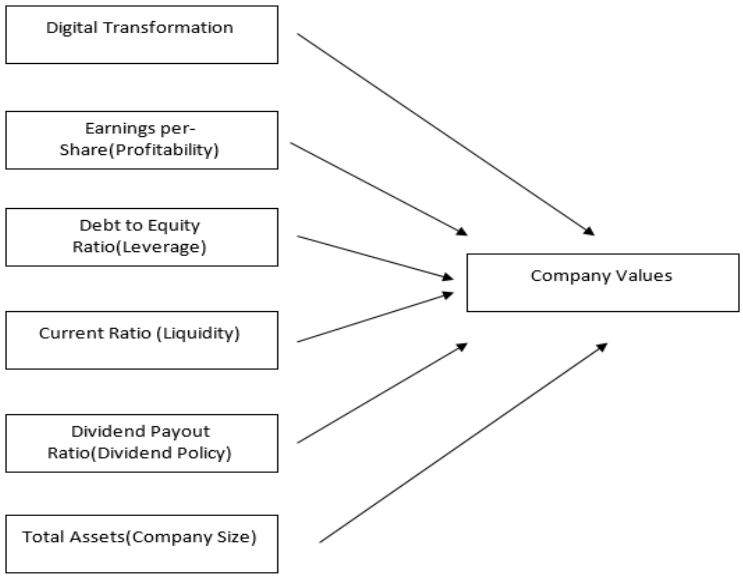


Figure 5. Framework of Thought

RESEARCH METHODS

Types and Sources of Research Data

This research is a quantitative research using secondary data sourced from data and publications from the Financial Services Authority, Financial Reports that have been published by the Bank on its official website and the Indonesia Stock Exchange (BEI). for data positions from 2018 to 2023.

Population and Sample

Population is the entire set of individuals or important objects of a measurement and is obtained from all individuals or objects of the research itself (Lind et al., 2014). The research population is General Banks in 2023 registered with the OJK and Bank Indonesia totaling 106 banks.

A sample is a portion or element of a population of a study (Lind et al., 2014). In this study, a sample selection technique was used with the purposive sampling method using the following selection criteria:

1. General Banks registered and supervised by OJK.
2. General Banks that are included in the Digital Bank category are:Digital Bank as a bank withIndonesian legal entities that use electronic channels in providing and running their business activities without a physical office except for the head office or using a physical office on a limited basis. Included in this research are banks that declare themselves as Digital Banks.
3. Commercial Banks that meet the criteria in numbers 1 and 2 above that have complete published financial reports for the years 2018 to 2023 as available on the bank's website or the IDX.

Method of collecting data

The methods used in data collection are documentation and literature study methods. The documentation method is carried out with the consideration that secondary data can be obtained through the Indonesia Stock Exchange website and the company's official website. Meanwhile, the literature study method is carried out by reviewing relevant theories and literature obtained through journals, articles and related books.

Data Analysis Techniques

This study uses panel data regression analysis with the help of EViews 12 software. Panel data is chosen because it is able to combine the advantages of time series and cross-section data, as well as capture heterogeneity between observation units (Gujarati & Porter, 2013). Three main models are compared: Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM). The selection of the best model is done through the Chow Test, Hausman Test, and Lagrange Multiplier Test. If the selected model is CEM or FEM (which uses the OLS method), then a classical assumption test is carried out (normality, autocorrelation, multicollinearity, and heteroscedasticity). In contrast, REM uses the GLS method, so it does not require a classical assumption test (Gujarati & Porter, 2013; Ghozali, 2016). Hypothesis testing is carried out by looking at the p-value (<0.05), to assess the significance of the influence of independent variables on the value of digital bank companies.

RESEARCH RESULTS AND DISCUSSION

Research result

Descriptive Data

Descriptive statistical analysis aims to provide an overview of the characteristics of the variables used in research that focuses on the influence of digital transformation on company value, especially in the banking sector. Descriptive statistics are used to identify patterns, trends, and distributions of data related to various financial indicators such as Tobin's Q, EPS, DER, DPR, CR, and ASSETS.

Table 2.Descriptive Statistics

	TOBIN_S_Q	TRANSFOR...	EPS	DER	DPR	CR	ASET
Mean	5.008533	0.734694	5.477755	4.127857	1.283673	1.517804	16.50972
Median	1.831759	1.000000	1.070000	4.417452	0.000000	1.226375	16.36108
Maximum	35.48076	1.000000	271.0000	9.828643	27.71000	4.040246	19.05853
Minimum	0.351428	0.000000	-277.0000	0.328921	0.000000	1.000000	13.40705
Std. Dev.	8.277902	0.446071	100.8888	2.407895	4.910753	0.654482	1.435948
Skewness	2.628028	-1.063175	0.650157	0.145551	4.251997	2.224000	0.177695
Kurtosis	8.753397	2.130342	5.069869	2.612010	21.03399	7.449863	2.286738
Jarque-Bera	123.9857	10.77525	12.19932	0.480356	811.6495	80.82136	1.296552
Probability	0.000000	0.004573	0.002244	0.786488	0.000000	0.000000	0.522947
Sum	245.4181	36.00000	268.4100	202.2650	62.90000	74.37237	808.9764
Sum Sq. Dev.	3289.136	9.551020	488570.2	278.3020	1157.544	20.56067	98.97346

The results of descriptive statistical analysis show that digital transformation in banks in Indonesia has a significant impact on financial performance, although unevenly. The average Tobin's Q value of 5.00 with a high standard deviation (8.27) reflects great market optimism towards banks that have successfully transformed digitally. The average EPS of 5.48 indicates high potential earnings per share, but performance variation between banks is still large (SD = 100.89). The average DER of 4.13 indicates that leverage is managed differently, with some banks utilizing digitalization for efficiency, while others continue to have high financial risks. The average DPR of 1.24 reflects a varied dividend policy, with some banks choosing to withhold dividends in favor of technology reinvestment. The average CR of 1.52 and low SD (0.66) indicate stable short-term liquidity. The average company size (total assets) of 16.5 reflects the large capacity for technology investment in most banks. Overall, digital transformation contributes positively to bank value and performance, but the results are greatly influenced by the effectiveness of each bank's implementation and management strategies.

Panel Data Regression Model Estimation

Chow Test

The Chow test is conducted to select the best model from the common effect model and the fixed effect model. The following is a table of the results of the Chow test conducted in this study:

Table 3. Chow Test Results

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	0.862666	(8,35)	0.5563
Cross-section Chi-square	8.818507	8	0.3578

Based on the results of the Chow test above, the probability of F is 0.536. This value is greater than the established significance level, which is 0.05, which indicates that the selected model is a common effect model.

Hausman test

The Hausman test was conducted because the results of the Chow test showed that the fixed effect model is a better model than the common effect model in this study. The Hausman test was conducted to select the best model from the fixed effect model and the random effect model. The following is a table of the results of the Hausman test conducted in this study:

TableError! No text of specified style in document.**. Hausman Test Results**

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	5.183642	5	0.3939

** WARNING: estimated cross-section random effects variance is zero.

Based on the test results above, it shows that the probability value is above 0.005 (p value > 0.005) so that the selected model is random effect. The test results show a difference between the chow test and the Hausman test which shows a difference between so that further testing is carried out, namely the Breushch Pagan LM Test.

Breusch Pagan LM Test

The Breusch-Pagan Lagrange Multiplier (LM) test is one of the statistical tests used to determine whether a random effects or fixed effects model is more appropriate in a panel data model. The Breusch Pagan LM test tests for the presence of heteroscedasticity (differences in error term variances) in the model, which can affect the regression results if not properly accounted for. The Breusch-Pagan LM test is used to compare the pooled OLS model with the random effects model. If this test shows significant heteroscedasticity, then the random effects model will be more appropriate, because this model takes into account more individual variation. Conversely, if the results show no heteroscedasticity, then the pooled OLS or fixed effects model is more appropriate.

Table 5. LM Test Results

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.673222 (0.4119)	8.165756 (0.0043)	8.838978 (0.0029)
Honda	-0.820501 (0.7940)	2.857579 (0.0021)	1.440431 (0.0749)
King-Wu	-0.820501 (0.7940)	2.857579 (0.0021)	1.718416 (0.0429)
Standardized Honda	-0.231662 (0.5916)	3.601629 (0.0002)	-0.943029 (0.8272)
Standardized King-Wu	-0.231662 (0.5916)	3.601629 (0.0002)	-0.563702 (0.7135)
Gourieroux, et al.	--	--	8.165756 (0.0063)

Based on the results of the Breusch-Pagan LM test, a p-value of 0.0029 was obtained in the combined cross-section and time test which was smaller than the significance level of 0.05 indicating that the random effects model is more appropriate to use than the fixed model, because there are indications of significant heteroscedasticity influences both from the individual and time sides. Thus, the random effects model was chosen as the most appropriate model for this study.

Hypothesis Testing

Simultaneous Test (F-Test)

The F test aims to test the simultaneous significance of the independent variables in the model, namely whether variables such as EPS, DER, DPR, and CR jointly affect the company value as measured by Tobin's Q.

Table 6. F-Test Results

R-squared	0.581199	Mean dependent var	0.842541
Adjusted R-squared	0.521370	S.D. dependent var	1.131783
S.E. of regression	0.783002	Sum squared resid	25.74988
F-statistic	9.714387	Durbin-Watson stat	1.310237
Prob(F-statistic)	0.000001		

Based on the results of the F test, the F-statistic value is 9.714387 with a p-value of 0.00 below 0.05 (0.00 <0.05), which shows that the regression model shows that overall it is significant in explaining variations in company value, which means that there is a simultaneous influence of independent variables on company value in digital banks.

Partial Test (t-Test)

The t-test aims to test the individual significance of each independent variable in the regression model. The t-test aims to find out whether each independent variable—such as EPS, DER, DPR, and CR—significantly affects the company value of digital banks.

Table 7. Simultaneous Significance Test (t-Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	7.231406	1.493438	4.842119	0.0000
TRANSFORMASI_DIGITAL	0.735863	0.326905	2.250999	0.0297
EPS	-0.000861	0.001112	-0.774599	0.4429
DER	-0.179427	0.080777	-2.221270	0.0318
CR	-0.158858	0.244871	-0.648739	0.5200
DPR	-0.029065	0.023047	-1.261116	0.2142
ASET	-0.357711	0.100022	-3.576307	0.0009

1. Digital transformation has a positive and significant effect on the value of digital bank companies (Probability 0.029) which shows that the implementation of digitalization has a good impact on company value so that H1 is accepted.
2. Earning per Share (EPS) does not have a significant effect on company value (Probability 0.44) which indicates that although profitability is important, it is not always directly reflected in the company's market value so that H2 is rejected.
3. Debt to Equity Ratio (DER) has a negative and significant effect on company value (Probability 0.0303) indicating that excessive use of debt increases risk and can harm company value in line with capital structure theory which states that high leverage increases financial risk so that H3 is accepted.
4. Current Ratio (CR) does not have a significant effect on company value (Probability 0.52) which indicates that liquidity is important but does not have a large direct impact on market perception of the value of digital bank companies so that H4 is rejected.
5. Dividend Payout Ratio (DPR) does not have a significant effect on firm value (Probability 0.21) which suggests that dividend policy does not always provide a strong positive signal for investors in the context of digital banks, but corporate actions are more appreciated for increasing firm value so that H5 is rejected.
6. Total Assets have a negative and significant effect on company value (Probability 0.00) which indicates that larger digital banks have more assets which are not always related to an increase in company value so that H6 is accepted.

Coefficient of Determination Test

The Coefficient of Determination (R^2) measures how much of the variation in the dependent variable of firm value is explained by the independent variables in the model.

Table 8. Results of Determination Coefficient Testing

R-squared	0.581199	Mean dependent var	0.842541
Adjusted R-squared	0.521370	S.D. dependent var	1.131783
S.E. of regression	0.783002	Sum squared resid	25.74988
F-statistic	9.714387	Durbin-Watson stat	1.310237
Prob(F-statistic)	0.000001		

The test results show an R^2 value of 0.581 indicating that around 58.12% of the variation in the company's value can be explained by a model involving factors such as EPS, DER, DPR, and CR indicating that the model can explain in describing the influence on the company's value and 41.88% of the variation is explained by other variables. Based on the test results above, the adjusted R-squared shows a value of 0.521370 which indicates that the independent variables used in this study are able to explain the dependent variable by 52.12% while the remaining 47.88% is explained by other variables not used in this study.

DISCUSSION OF RESEARCH RESULTS

The Influence of Digital Transformation on Company Value in Digital Banks

Digital transformation refers to the changes that occur when conventional banks switch to digital banks by implementing technology to provide banking services digitally. Digital transformation includes major changes in business models, from physical-based services to services that prioritize digital technology including the development of banking applications, the use of big data for customer analysis, and the automation and digitization of banking services that were previously carried out manually.

Based on the results of the statistical test, digital transformation (the transition from conventional banks to digital banks) has a positive effect on company value, with a probability value of 0.0297 which is smaller than the significance level of 0.05 (0.02 <0.05) which supports the hypothesis that the implementation of digital

transformation in the form of a transition from conventional banks to digital banks has a positive and significant impact on company value so that hypothesis 1 is accepted. The results of this study are in line with research conducted by Santosa & Salma (2022) which shows that banks that have succeeded in transforming their banking business with new technology are often seen as more modern and ready to compete in a very dynamic global market, thus improving the company's image in the eyes of investors who then emphasize that digital banking has a tendency to have competitive advantages in terms of product and service innovation, which directly affects the company's value. In line with the signaling theory put forward by Spence (1973) in Nugraha (2020), companies use certain policies to provide signals to the market, and in this case digital transformation is a positive signal that shows the company's ability to innovate and adapt to technology that reduces uncertainty in the market and increases investor attractiveness.

Digital transformation gives a positive signal to the market because technology is considered a key differentiator in creating competitive advantage. The theory of innovation diffusion states that the adoption of new technologies can accelerate growth and improve company performance in the long term, especially in industries that are highly dependent on technology such as digital banking. Jardak & Hamad (2022) also show that digitalization contributes to reducing information asymmetry and increasing accountability within companies, which strengthens their position in the market. Digital banking transformation then creates added value for companies that are better able to adapt to market changes and new technologies, which supports the company's value in the eyes of investors.

The Influence of Earning per Share (EPS) on Company Value in Digital Banks

EPS shows the net profit earned by the company per outstanding share which is used by investors to assess the company's financial performance. High EPS is considered an indicator that the company has the ability to generate stable profits, which in turn can increase investor appeal and increase the company's value. The results of the statistical test show that Earning per Share (EPS) does not have a significant effect on the company's value with a probability value of 0.4429 which is greater than the significance level of 0.05 (0.44> 0.05) which means that although EPS can reflect the company's operational performance, in this study there is no sufficient evidence to state that EPS has a direct effect on the company's value in digital banks so that hypothesis 2 (H2) is rejected.

The results of the study are in line with research conducted by Sagitasari et al. (2020) which shows that EPS is indeed related to company value, but the impact of EPS is more often seen in other sectors that are more stable and not related to sectors that are still volatile. Digital banks in Indonesia are still relatively new where earnings per share (EPS) are still low where the average EPS is 5.48 with a median of 1.07 which shows that most banks in the sample have EPS that are lower than the average and give a signal to investors that most digital banks in Indonesia do not have profitable earnings per share which affects investor perceptions of digital banks

EPS as an indicator that measures the level of profitability used to measure company performance, especially for digital banks, which give the perception that there are other factors such as operational efficiency and technology adoption that are more dominant in influencing company value. Santosa & Salma (2022) stated that in digital banks, information related to digitalization and technological innovation often gives a more positive signal to the market than the EPS figure itself. These findings emphasize that although EPS is seen as a good indicator of profitability, digital transformation has a more significant impact on investors' assessment of company value as explained in signaling theory.

From an investor's perspective as explained in the theory of market behavior, they tend to pay more attention to the bank's ability to innovate and adapt to maintain competitiveness in a very dynamic and competitive market compared to the assessment of EPS which only describes short-term performance (Jardak and Hamad, 2020). Penrose in Ningrum (2021) explains that to achieve increased company value, it is necessary to innovate and utilize internal resources while only relying on EPS as an indicator of short-term performance will limit the company's growth potential in the long term. Rothaermel (2015) also emphasizes that technological innovation and adaptability play a greater role in creating long-term competitive advantages.

The Influence of Debt Equity to Ratio (DER) on Company Value in Digital Banks

Debt to Equity Ratio (DER) is a ratio that measures the proportion of a company's debt compared to its equity. In digital banks, DER can have a major impact on company value because excessive debt can increase financial risk, while well-managed debt can increase potential returns to investors. Based on the results of statistical tests, it shows that the debt to equity ratio (DER) has a negative and significant impact on company value with a p-value of 0.03 which is smaller than the significance level of 0.05 (0.003 <0.05) so that the hypothesis proposed that the debt to equity ratio has a negative and significant impact on the value of digital bank companies is proven so that the third hypothesis (H3) is accepted. The results of statistical tests show that digital banks in Indonesia still use excessive debt which tends to be viewed as riskier by investors which causes a decrease in company value. Digital banks in

Indonesia have a debt to equity ratio with an average value of 4.13 with a median of 4.42 which shows that most digital banks in Indonesia have quite high debt fluctuations, causing pessimism in the eyes of investors which affects the decline in company value.

The results of the study are in line with the findings of Jardak & Hamad (2022) who found that the use of debt can increase potential returns, but poor debt management increases financial risk, which reduces investor attractiveness to the company and ultimately reduces the value of the company. Nugraha (2022) added that a healthier capital structure with controlled debt use tends to be preferred by investors because it is more stable and has a lower risk. Excessive use of debt can increase financial risk which can affect company performance. Large debt can increase interest payment obligations and increase the risk of bankruptcy (Ningrum, 2021). Furthermore, investors tend to be more careful in investing in companies with capital structures that rely more on debt, especially in highly dynamic and technology-dependent sectors such as digital banks where market uncertainty can be higher (Santosa & Salma, 2020).

In line with the capital structure theory by Modigliani and Miller in Ningrum (2021) in a perfect market, the company's capital structure does not affect the company's value. However, in reality, the market is not always perfect and excessive use of debt can increase financial risk, especially in sectors that are highly dependent on technology and innovation, such as digital banking. Sagitasari et al. (2020) stated that excessive use of debt can lead to high interest payment obligations and potential bankruptcy risks which in turn can reduce the company's attractiveness in the eyes of investors. Research by Ningrum (2021) also noted that high leverage increases volatility and uncertainty which can lead to a decrease in the company's value in the eyes of the market.

The Influence of Current Ratio on the Value of Digital Bank Companies

Current ratio(CR) is a ratio that measures the company's ability to pay short-term liabilities with its current assets. A high CR indicates that the company has good liquidity and can meet its short-term liabilities, while a low CR can be a signal of liquidity problems that can reduce investor confidence in the company's stability. Based on the results of the statistical test, the Current Ratio (CR) does not have a significant effect on the company's value with a probability value of 0.21 which is greater than the significance level of 0.05 (0.21> 0.05) which proves that the hypothesis proposed, namely that CR has a positive effect on the company's value, is not proven so that the third hypothesis (H3) is rejected.

The results of this study are in line with research conducted by Santosa & Salma (2022) that companies need to maintain healthy liquidity to ensure financial stability. Too many current assets that are not used productively can actually be a bad signal for investors because the company may be less efficient in allocating resources for investment and growth, where the results of descriptive statistics show that the maximum CR value of 4.04 and a minimum of 0.22 indicate that there is a significant variation between digital banks with some banks having very high liquidity and others that are lower. The standard deviation of 1.17 shows that the variation in the Current Ratio between banks is quite large, which means that most banks have a CR that is lower than the average, indicating a liquidity problem in digital banks that can reduce investor confidence in the stability of the company.

Although good liquidity is important for company performance, the ability to innovate and adapt to technology in the digital banking sector is more prioritized by investors in line with research conducted by Jardak & Hamad (2022) that the ability to innovate and adapt to technological changes is more valued by investors. In line with other research conducted by Andrew & Murwaningsari (2024) also shows that in the digital banking sector, investors tend to pay more attention to the bank's ability to develop digital-based products and services rather than just paying attention to short-term liquidity aspects. Digitalization and technological innovation are more important in determining the value of a company compared to the ability to meet short-term obligations.

The Influence of Dividend Payout Ratio on the Value of Digital Bank Companies

Dividend Payout Ratio (DPR) is a ratio that shows the percentage of net profit distributed to shareholders in the form of dividends. DPR is often used by investors to assess a company's dividend policy and financial stability. The results of statistical tests show that the Dividend Payout Ratio (DPR) does not have a significant effect on company value, with a probability value of 0.21 which is greater than the significance level of 0.05 (0.21> 0.05) which indicates that although a good dividend policy is usually considered a sign of a healthy company in this study, dividend policy does not have a significant effect on the value of digital bank companies so that the fifth hypothesis (H5) is rejected.

High dividend policy is often considered as a positive signal for company stability, the digital banking sector relies more on factors related to technological innovation and digital transformation which are more important to investors than the dividend policy distributed. Lintner (1956) in Ningrum (2021) stated that dividends can be used as a signal to inform investors about the stability of the company. However, in the digital banking sector, where

technological transformation plays a very important role in maintaining competitiveness, dividend policy does not provide a signal as strong as investment policy in technology and digitalization. Santosa & Salma (2022) also stated that although high dividends can provide a positive signal to investors in the traditional sector, in digital banking, investment in the development of digital-based products and services is more appreciated by the market.

High dividends can provide a positive signal about the stability of a company's profits, in a very dynamic sector such as digital banking, investment in technology and product innovation is more appreciated by investors than simply distributing profits in the form of dividends in line with the theory of retained earnings in stating that companies that retain profits for reinvestment create more long-term value than companies that distribute most of their profits in the form of dividends. Pratama et al. (2021) revealed that companies with a low dividend policy but reinvest profits for innovation and product development in the digital banking sector tend to have higher company values due to their ability to adapt to market changes and technological needs.

The Influence of Total Assets on the Value of Digital Bank Companies

Total Assets is the total amount of wealth owned by a company, which includes all types of assets used to support operations and achieve its business goals in digital banking, total assets reflect the size and capacity of the company to operate and its competitiveness in the market. Based on the results of the statistical test, Total Assets (ASSETS) have a negative and significant effect on company value, with a probability value of 0.00 which is smaller than the significance level of 0.05 (0.00 <0.05) which means that the size of digital banking companies in Indonesia is still small so that the fifth hypothesis (H5) is accepted.

In a perfect market, company size and total assets do not affect company value because companies will be viewed similarly regardless of how much assets they have. However, in reality, digital banks with larger assets face greater challenges in operational efficiency and innovation. Santosa & Salma (2022) stated that although larger companies have more resources, inefficient asset management or the inability to innovate quickly can make digital banks less competitive, reducing their attractiveness in the eyes of investors and ultimately lowering the company's value.

Leverage and capital structure can play an important role in line with research by Pratama et al. (2021) that companies with larger assets often have more liabilities and burdens to be met, which can increase risk and reduce the company's ability to adapt to rapid changes in the digital industry. Therefore, although large asset size provides stability, the inability to manage assets efficiently and adapt quickly to technological changes can lead to a decrease in the company's value.

CONCLUSION

Based on the research results, it can be concluded that digital transformation from conventional banks to digital banks has a positive and significant impact on company value. This shows that the adoption of digital technology can improve market perception of bank prospects and efficiency, thus impacting on increasing stock prices and market capitalization.

Profitability as measured by earnings per share (EPS) does not have a significant effect on company value. This is due to the low EPS of digital banks in Indonesia, which reflects that even though digitalization is carried out, not all banks are able to generate earnings per share consistently or high enough to attract investors.

The leverage level (debt to equity ratio/DER) has a negative and significant effect on company value. High DER in digital banks is seen as an increase in financial risk, thus reducing investor confidence in the sustainability of the digital bank's business.

Liquidity as measured by the current ratio (CR) does not have a significant effect on the company's value. This is because the high level of liquidity is actually perceived as less than optimal utilization of current assets, as well as the lack of attractiveness of long-term growth in the eyes of investors.

Dividend policy as measured by the dividend payout ratio (DPR) also has no significant effect on company value. The majority of digital banks in Indonesia have not distributed dividends, but have chosen to reinvest profits to strengthen technology systems and digital product development.

Company size measured by total assets actually shows a negative and significant effect on company value. Although digital banks with large assets are generally more stable, inefficient asset management can reduce investor appeal, especially if large assets are not followed by optimal performance.

MANAGERIAL IMPLICATIONS

1. **For digital banking companies:**

   Companies need to continue to strengthen the digital transformation process as a whole, both in terms of products and operations. This step is important to increase efficiency and strengthen competitiveness amidst increasingly competitive industrial competition.

   Digital banking must also pay attention to healthy capital structure management. Excessive use of debt needs to be avoided so as not to cause financial risks that can reduce investor confidence. A balanced capital structure will support business stability and sustainability.

   Companies are advised to prioritize reinvesting profits for technology development and product innovation, rather than distributing large dividends. This strategy will encourage long-term growth and increase the company's value sustainably.

2. **For investors:**

   Investors should pay attention to the extent to which banks have implemented digital transformation. Banks that successfully innovate and adopt technology effectively generally have better growth prospects and resilience in the future.

   In addition, capital structure is also an important consideration. Investors are advised to be more selective in assessing banks with high DER (Debt to Equity Ratio) levels, because this condition can reflect greater financial risk and potential decline in the company's value.

FUTURE RESEARCH AGENDA

Future research can expand the scope of the analysis by considering other factors that have the potential to influence the value of digital companies, such as product innovation policies, risk management strategies, and stock performance in the capital market. In addition, it is also important to consider external variables such as government regulations, macroeconomic conditions, and monetary policies that can have a significant influence on the competitiveness and value of companies in the digital banking sector.

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