



## The Influence of the Board of Directors, Audit Committee, and Bank Size on Financial Performance with Leverage as a Moderating Variable

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**Abstract.** *The impact of the audit committee, board of directors, and bank size on the return on assets (ROA) of banks listed on the Indonesian stock exchange between 2020 and 2024 is examined in this study. As a moderating variable, the leverage ratio is investigated. Purposive sampling and a quantitative technique were used to choose 27 businesses. Simple regression analysis and moderated regression analysis (MRA) in SPSS 26 were used for the analysis. The findings indicate that whereas audit committee size has a negative, but not statistically significant, link with ROA, board size has a substantial positive correlation with ROA. Larger banks are not always more lucrative since there is a strong negative correlation between bank size and ROA. The moderation analysis's findings imply that the leverage ratio has a stronger impact on debt-intensive companies and magnifies the favorable correlation between board size and ROA. Additionally, the debt ratio was discovered to be an independent moderating factor between bank size and ROA as well as between the audit committee and ROA.*

**Keywords:** Bank Size; Board of Directors; Audit Committee; Leverage; ROA.

### 1. INTRODUCTION

The primary objective of banks, as financial institutions, is to attract public funds through time deposits, checking accounts, and savings accounts before disbursing them as loans or other credit. Banks rely heavily on public trust as they are financial entities. Bank operations are supported by customer trust, which is crucial for efficient banking operations. A bank's financial performance is ultimately influenced by these efficient operations (Ahmad et al., 2024). Open and honest disclosure of financial information is necessary because it serves as the basis for strategic decision-making and assesses the bank's efficiency in managing assets. Therefore, financial performance reports not only reflect the company's current condition but also serve as a means to assess the effectiveness, success, and sustainability of banking activities as a business. One common phenomenon in the corporate world, particularly in banking, is managerial fraud. This fraud typically involves attempts to improve the image of financial performance by misleadingly manipulating financial reports. This practice not only harms stakeholders but also erodes public trust in the company's integrity (Yuliatini et al., 2024). The financial performance ratios are presented in Table 1.

**Table 1.** Financial Performance Ratios of the Indonesian Banking Industry in 2020 – 2024.

Ratio	2020	2021	2022	2023	2024
Return on Assets	1.89%	2.70%	2.92%	2.74%	2.69%

Source: Indonesia Stock Exchange, 2025

Table 1 shows that Return on The banking Return on Assets (ROA) was only 1.89% in 2020, rising sharply in 2021 and 2022 to 2.70% and 2.92%, respectively. However, it declined in 2023 and 2024 to 2.74% and 2.69%, respectively. This fluctuating trend indicates that asset profitability in generating profit is unstable. In theory, an increase in ROA means a company is reducing asset waste in generating net income, while a decrease in ROA indicates a decrease in asset management efficiency (Oktaviah, 2023) . This ROA problem is often related to an imbalance in the product marketing strategies offered by banks. Some financial products are continuously promoted with unrealistic timeframes that threaten to make them outdated or worthless to customers. On the other hand, customers demand flexible products that suit their financial situation and have realistic timeframes (Rosi, 2025). This misalignment can contribute to a decline in asset profitability in favorable situations, making it an indicator of annual ROA volatility.

In addition, audit committees have an impact on financial results. In addition to strengthening financial reporting controls, efficient audit committees reduce the likelihood of information asymmetry . However, the effectiveness of audit committees can be compromised if their members include directors with prior working relationships with the company or auditor, known as "grey" directors . This condition can reduce objectivity in audits and decision-making. In fact, several studies have shown that audit committees that are too crowded or dominated by non-independent members reduce the quality of financial reports. On the other hand, a leaner and independent-based audit committee structure will be more successful in maintaining the integrity of financial reports (Erawati & Kurniati, 2023) .

Furthermore, bank size is another factor influencing financial performance. According to Ananta et al. (2025) , size is a key factor that differentiates small and large companies. Differences in size can influence management policies, such as cash holdings. Bank size is a key driver of the influence of board of directors attributes on financial results. In banking, larger bank size is typically accompanied by greater access to resources, including capital, professional networks, and managerial skills. Large banks have access to international expertise, strategic relationships with policymakers, and adequate financial resources. Conversely, smaller banks have fewer and more flexible organizational structures.

In addition to the variables mentioned above, there is also a moderating variable used in this study, namely leverage . Leverage is used to measure the level of debt in a company and can help management and investors in analyzing and understanding a company's capital structure (Al-Faruqi, 2020) . The relationship between business size, financial performance, and good corporate governance (GCG) can be moderated by the leverage ratio . Effectively

implementing GCG principles allows companies to manage their debt wisely, indicating that leverage will have a positive impact on financial performance, especially among large companies with relatively higher debt-to-shareholder equity ratios. In other words, with strong GCG practices, companies are better able to reduce the risk of debt-related problems while simultaneously benefiting from leverage. which can increase profitability (Sari, 2025) .

Considering the aforementioned, banks' return on equity (ROA) reflects changes in their financial performance. ROA shows that asset management effectiveness has not yet been maximized. The main factor affecting a company's financial performance is its strategic choices, which are impacted by the size of the bank, the audit committee, and the management board. This study examines how the size of the bank, the audit committee, and the supervisory board affect the financial performance of banks that are listed between 2020 -2024 on the Indonesia Stock Exchange. Additionally, it looks at how leverage functions as a moderator in the connection between these variables and financial success.

## 2. LITERATURE REVIEW

### Return on Assets (ROA)

Profitability is the most significant measure of a bank's performance among several financial indicators used to evaluate a company's financial health. Return on Assets (ROA) is a common measure of profitability. This measure shows how profitable it is for a business to use all of its resources ( Hermawan & Toni, 2021). The following formula can be used to determine ROA:

$$\text{Return on Assets} = \frac{\text{Profit After Tax}}{\text{Total Assets}} \times 100\%$$

### Board of Directors

One of the most important organizations is the Supervisory Board, which has full control and accountability over business operations. As stated in the articles of association, the Supervisory Board must always prioritize the interests of the company in accordance with the company's vision, mission, and objectives (Mukhibbatul Hanik & Jatmikowati, 2025). The following formula is used to calculate the size of the board of directors:

$$\text{Board of Directors} = \text{Number of Members of the Board of Directors}$$

## **Audit Committee**

Rivandi & Putra (2021) explain that the audit committee is under the coordination of the board of commissioners and has the important responsibility of overseeing the internal control system and monitoring the effectiveness of the company's operational activities. The following is the formula used to calculate the audit committee

$$\text{Audit Committee} = \text{Number of Audit Committee Members}$$

## **Bank Size**

Based on a number of metrics, including market capitalization, company equity, and logarithmic scale, bank size is a variable that helps distinguish between different business sizes. Company equity is the main metric used to measure it. Larger companies are indicated by higher company equity (Jannah & Priyanto, 2023). The tools for measuring bank size are as follows:

$$\text{Bank Size} = \text{Ln} (\text{Total Assets})$$

## **Leverage**

Leverage relative to equity, which indicates how much a business relies on debt financing, is the most important component of a company's success. According to (Al-Faruqi, 2020), leverage to equity is an analytical tool that helps investors and management understand a company's capital structure. Because their financing needs are largely met by equity rather than debt, companies with lower leverage to equity are considered more resilient. This indicates increased business stability and reduced financial risk (Sumardi & Suharyono, 2020). This implies that leverage can be calculated using the following formula:

$$\text{Debt to Asset Ratio} = \frac{\text{Total Assets}}{\text{Total Debt}}$$

The formulation of the research hypothesis is grounded in relevant theoretical frameworks and earlier studies.

H1: Board size has a positive effect on Return on Assets (ROA).

H2: The Audit Committee has a positive effect on Return on Assets (ROA).

H3: Bank size has a positive effect on Return on Assets (ROA).

H4: Leverage can moderate the effect of Board of Directors Size on ROA.

H5: Leverage can moderate the Audit Committee's impact on ROA.

H6: Leverage can moderate Bank Size on ROA.

### 3. RESEARCH METHODOLOGY

The method used in this study is quantitative. Consequently, measurable and statistically evaluable numerical data form the basis of all research. This information is secondary data, which means it is taken from official sources that are accessible to the public, not collected by researchers (Sugiyono, 2023) . Since the information needed for this study, namely annual financial reports, is accessible to the public through the Indonesia Stock Exchange (IDX), secondary data is used. The annual financial reports of banks listed on the IDX for 2020–2024 were included in the data analysis. Important details including liquidity, current assets, short-term liabilities, inventories, and net income are included in these financial reports.

This study focused on banking institutions publicly traded on the Indonesia Stock Exchange between 2020 - 2024, with a total of 39 firms identified as the population. The banking sector was considered appropriate due to its essential contribution to the national financial structure and the consistent availability of transparent financial reports, which facilitate reliable performance evaluation. A purposive sampling technique was applied to determine the research sample. In this approach, only companies that satisfied predetermined requirements aligned with the study's objectives were selected. By applying these specific selection standards, the chosen firms are expected to provide relevant evidence for examining how the board of directors, audit committee, company size, and leverage relate to financial performance. The sampling criteria are presented in Table 2 below.

**Table 2.** Sample Selection Criteria.

No	Sample Criteria	Number of Companies
1	Banks listed on the Indonesia Stock Exchange for the period 2020-2024	39
2	Banks that published complete annual reports on the Indonesia Stock Exchange during the 2020-2024 period.	27
	Number of sample companies	27
	Observation year (Year)	5
	Number of samples during the observation period	135

*Source: idx.co.id (2024)*

Data analysis using descriptive statistics to examine variable characteristics, classical assumption tests for model validity, F and t tests and R<sup>2</sup> for hypotheses, and Moderated Regression Analysis to test Leverage as a moderator of the influence of independent variables on financial performance.

#### 4. RESULT AND DISSCUSION

The descriptive test results in this study are presented in Table 3 below.

**Table 3.** Descriptive Statistics.

	N	Descriptive Statistics		Mean	Std. Deviation
		Min	Maximum		
ROA (Y)	135	-13.71	11.43	1.64	3.15
UDD (X1)	135	2	12	7.39	2.69
Audit Committee (X2)	135	2	9	3.88	1.23
Bank Size (X3)	135	13.85	21.08	17.44	1.76
Leverage (Z)	135	0.001	7.83	1.50	1.18

Source: Processed secondary data, 2025

Table 3 show an average ROA of 1.64 with a range of -13.71 to 11.43 and a standard deviation of 3.15, reflecting fluctuations in bank profitability during the study period ( ). The average size of the board of directors was 7.39 members (min 2, max 12, SD 2.69), while the average size of the audit committee was 3.88 members (min 2, max 9, SD 1.23), indicating that the audit committee was relatively homogeneous. Bank size, measured by the natural logarithm of total assets, averaged 17.44 (min 13.85, max 21.08, SD 1.76), showing differences in assets between banks. Leverage had an average of 1.50 (min 0.001, max 7.83, SD 1.18), indicating considerable variability in the use of debt among the sample banks.

#### Normality Test

Furthermore, the normality test results are presented in Tables 4 and 5 below.

**Table 4.** Normality Test Results Before Outliers.

One-Sample Kolmogorov-Smirnov Test			
			Unstandardized Residual
N			135
Normal Parameters <sup>a, b</sup>	Mean		.000000
	Std. Deviation		3.04572965
Most Extreme Differences	Absolute		.249
	Positive		.215
	Negative		-.249
Test Statistic			.249
Asymp. Sig. (2-tailed)			.000 <sup>c</sup>
Monte Carlo Sig. (2-tailed)	Sig.		.000 <sup>d</sup>
	99% Confidence Interval	Lower Bound	.000
		Upper Bound	.000

a. Test distribution is Normal.  
b. Calculated from data.  
c. Lilliefors Significance Correction.  
d. Based on 10,000 sampled tables with starting seed 1535910591.

Source: SPSS 26 output, data processed by researcher (2026)

From Table 4, it can be understood that the sample size is 135. The mean residual is 0.000 with a standard deviation of 0.000 and 3.046, respectively. This indicates that the mean deviation is close to 0, but the deviation is very large. Then, there is the Kolmogorov-Smirnov test statistic (D), which is 0.249, and the significance value (Asymp. Sig.), which is 0.000. This value is less than 0.05, so it can be stated that there is no normal distribution for the residuals. This finding can also be obtained from other values, namely Monte Carlo Sig. of 0.000. Thus, further action needs to be taken by handling outliers appropriately for a more accurate regression test in order to perform a representative analysis.

**Table 5.** Normality Test Results After Outliers.

<b>One-Sample Kolmogorov-Smirnov Test</b>			
			Unstandardized Residual
N			119
Normal Parameters <sup>a, b</sup>		Mean	.000000
		Std. Deviation	1.07119805
Most	Extreme	Absolute	.092
Differences		Positive	.092
		Negative	-.084
Test Statistic			.092
Asymp. Sig. (2-tailed)			.015 <sup>c</sup>
Monte Carlo Sig. (2-tailed)	Sig.		.249 <sup>d</sup>
	99%	Confidence	Lower Bound .238
	Interval		Upper Bound .260
a. Test distribution is Normal.			
b. Calculated from data.			
c. Lilliefors Significance Correction.			
d. Based on 10,000 sampled tables with starting seed 329836257.			

*Source: SPSS 26 output, data processed by researcher (2026)*

An examination of Table 5 presents the outcomes of the Kolmogorov–Smirnov normality assessment. The Asymp. Sig. (2-tailed) result is recorded at 0.015. In contrast, the Monte Carlo Sig. (2-tailed) reaches 0.249, accompanied by a 99% confidence interval spanning from 0.238 to 0.260. Because the Monte Carlo probability value is above the 0.05 criterion, the residual data after excluding extreme observations can be regarded as normally distributed. This indicates that the procedure of eliminating outliers was effective in enhancing the normality condition of the residuals.

### **Multicollinearity Test**

The results of the classical assumption test for multicollinearity are presented in Table 6 below.

**Table 6.** Multicollinearity Test Results.

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Board Size	.709	1.411
	Audit Committee	.710	1,408
	Bank Size	.994	1.006

a Dependent Variable: ROA (Y)

Source: SPSS 26 output, data processed by researcher (2026)

As presented in Table 6, the multicollinearity assessment indicates that all independent variables meet the required criteria. The variance inflation factor (VIF) values for each variable are below the threshold of 10, while the tolerance values exceed 0.10. Specifically, Board Size records a tolerance value of 0.709 and a VIF of 1.411. The Audit Committee variable shows a tolerance of 0.710 with a VIF of 1.408. Meanwhile, Bank Size has a tolerance value of 0.994 and a VIF of 1.006. Since all variables satisfy these statistical benchmarks, it can be concluded that multicollinearity is not present in the regression model. Therefore, the proposed regression model is considered reliable and suitable for further analysis.

### Heteroscedasticity Test

The results of the classical assumption test for multicollinearity are presented in Table 6 below.

**Table 7.** Heteroscedasticity Test Results.

Model		Coefficients <sup>a</sup>			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	1,856	.680		2,731	.007
	Board of Directors Size	-.038	.028	-.145	-1.367	.174
	Audit Committee	-.101	.059	-.180	-1,697	.092
	Bank Size	-.022	.036	-.054	-.605	.546

a. Dependent Variable: ABS RES1

Source: SPSS 26 output, data processed by researcher (2026)

All independent variables have significance values (Sig.) larger than 0.05, according to the heteroskedasticity test findings displayed in Table 7. The numbers are 0.174 for the supervisory board, 0.092 for the audit committee, and 0.546 for the bank. Because no variable in the regression analysis significantly alters the absolute residual value (ABS\_RES1), these results do not suggest heteroskedasticity. The regression model thus meets the homoskedasticity requirement and is appropriate for additional study.

## Hypothesis Testing

### F Test

The results of the hypothesis testing from the F test or simultaneous test are presented in Table 8 below.

**Table 8.** Results of the F Test.

Model		ANOVA <sup>a</sup>				
		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	46.329	3	15,443	13,116	.000 <sup>b</sup>
	Residual	135,401	115	1,177		
	Total	181,730	118			

a. Dependent Variable: ROA (Y)  
b. Predictors: (Constant), Bank Size, Audit Committee, Board of Directors Size

*Source: SPSS 26 output, data processed by researcher (2026)*

Table 8 demonstrates that the computed F-test result is 13.116, indicating significance ( $p < 0.05$ ). This implies that return on assets (ROA) is significantly impacted by the factors bank size, audit committee size, and supervisory board size. This study employed a regression analysis model to describe how independent factors affect the banking industry's financial performance. Thus, the size of the bank, audit committee, and supervisory board can all account for variations in ROA.

### t-test

The results of the hypothesis testing from the t-test or partial test are presented in Table 8 below.

**Table 9.** Results of the t-test.

Model		Coefficients <sup>a</sup>			t	Sig.
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	2.283	1.060		2,153	.033
	Board of Directors Size	.215	.044	.470	4,919	.000
	Audit Committee	-.027	.093	-.028	-.289	.773
	Bank Size	-.128	.056	-.186	-2.302	.023

a. Dependent Variable: ROA (Y)

*Source: SPSS 26 output, data processed by researcher (2026)*

The regression equation can be formulated as follows using the findings of the multiple regression analysis shown in Table 9:

$$Y = 2.283 + 0.215X_1 - 0.027X_2 - 0.128X_3 + e$$

The following interpretation of the regression equation is possible:

- The constant (a) of 2.283 shows that the company's return on assets (ROA) is 2.283 when the size of the bank, the audit committee, and the supervisory board are fixed (i.e., zero).

This figure represents the fundamental financial performance of the business, which is unaffected by the study's independent variables.

- b. The regression coefficient for supervisory board size ( $b_1$ ), which is equal to 0.215, shows that the size of the supervisory board has a positive impact on return on assets. This indicates that, under the assumption that all other factors stay the same, ROA will rise by 0.215 for every unit increase in the number of board members. The findings of the t-test indicate a positive regression coefficient with a significance level of  $0.000 < 0.05$ .
- c. The audit committee's regression coefficient ( $b_2$ ) is -0.027, suggesting that the audit committee has a detrimental impact on ROA. This indicates that, on the assumption that all other factors stay the same, every unit increase in the Audit Committee will result in a 0.027 drop in ROA. This impact isn't statistically significant, though. With a significance value of  $0.773 > 0.05$  for the Audit Committee variable, we can say that the Audit Committee has no discernible impact on ROA.
- d. Bank Size has a negative impact on ROA, as indicated by the regression coefficient for Bank Size ( $b_3$ ), which is -0.128. This indicates that, under the assumption that all other factors stay the same, a one unit increase in bank size will result in a 0.128 drop in ROA. The test findings reveal a negative regression coefficient and a significance value of  $0.023 < 0.05$ .

### Determination Coefficient Test

Finally, the results of the hypothesis test for the coefficient of determination are presented in Table 10 below.

**Table 10.** Results of the Coefficient of Determination Test.

Model	R	Model Summary <sup>b</sup>		
		R Square	Adjusted R-Square	Standard Error of the Estimate
1	.505 <sup>a</sup>	.255	.235	1.08508

a. Predictors: (Constant), Bank Size, Audit Committee, Board Size  
b. Dependent Variable: ROA (Y)

*Source: SPSS 26 output, data processed by researcher (2026)*

Table 10 indicates that the corrected R<sup>2</sup> value is 0.235. Accordingly, factors like board size, audit committee size, and bank size account for 23.5% of the variation in return on equity (ROA). However, additional variables not included by the study model, such the state of the economy, have an impact on the remaining 76.5%. The regression equation offers high explanatory power for banks' financial performance, and the R<sup>2</sup> value of 0.505 indicates that the association between these factors and ROA is rather weak.

## Moderating Test

The results of the moderation test in this study are presented in Table 11 below.

**Table 11.** Moderating Effect Test Results.

Independent Variables	Interaction × Leverage	B (Unstandardized)	Std. Error	Beta	t	Sig.	Moderating Conclusion
Board Size	Yes	0.103	0.047	0.287	2.200	0.030	Significant, Leverage strengthens the effect of UDD on ROA
Audit Committee	Yes	0.106	0.091	0.149	1.161	0.248	Not significant, leverage does not moderate the effect of KA on ROA
Bank size	Yes	0.012	0.023	0	0.517	0.606	Not significant, leverage does not moderate the effect of bank size on ROA

*Source: SPSS 26 output, data processed by researcher (2026)*

Leverage increases the impact of board size on ROA, according to the moderation test results. Board size and leverage have a positive and significant interaction coefficient ( $B = 0.103$ ,  $p = 0.030$ ). Accordingly, when leverage rises, banks with bigger boards typically have greater ROA. However, there is no significant interaction between the audit committee and the leverage ratio ( $B = 0.106$ ,  $p = 0.248$ ). This implies that the impact of the audit committee on return on assets (ROA) is not mitigated by the leverage ratio. This suggests that the leverage ratio has little impact on variations in audit committees. Similarly, bank size alone has a substantial negative impact on return on assets (ROA) ( $B = -0.161$ ,  $p = 0.015$ ), but the leverage ratio has no discernible influence on the moderating effect of bank size on ROA ( $B = 0.012$ ,  $p = 0.606$ ). In general, the leverage ratio only increases the impact of board size on bank profitability; it has no effect on the impacts of audit committee size and bank size on ROA.

### The Effect of Board Size on Return on Assets

It appears that supervisory board size directly affects company financial performance based on an analysis of test findings for the direct association between supervisory board size and return on assets (ROA). The regression analysis results show a favorable impact. The significance threshold of 0.000 is less than 0.05, and the calculated t-value (4.919) is higher than the aggregate t-value (1.981). Therefore, this study concludes that the size of the board of directors significantly benefits ROA. These results are consistent with corporate governance theory, which states that a company's financial performance is enhanced by an efficient board

structure (Paramitha & Suryanawa, 2023) . In addition, our results support previous research on the influence of board size by Jao et al. (2022), Anggreni et al. (2022), Pradipta et al. (2022), and Septiana & Aris (2023), who found that larger boards are associated with better corporate financial performance and that board size has a significant and positive impact on ROA.

### **The Effect of Audit Committees on Return on Assets**

These results are consistent with corporate governance theory, which states that corporate financial performance is enhanced by an efficient board structure. Corporate financial performance can be negatively affected by the audit committee, according to the direct effect of the audit committee on return on assets (ROA) (t-value:  $-0.289 < 1.981$ , significance level:  $0.773 > 0.05$ ). The audit committee has a direct influence coefficient of  $-0.027$  on ROA. These results are consistent with several previous studies by Solikhah (2023), Nurhidayanti et al. (2023), Nanik & Aris (2023), Sari (2025) , which revealed that there is no significant relationship between the size of the audit committee and ROA. The implication of these findings is that although having an audit committee is a fact, company profitability does not always increase directly with its existence if that existence is not followed by effective supervision. The size of the audit committee does not have a significant effect on ROA.

### **The Effect of Bank Size on Return on Assets**

Bank size has a direct impact on ROA, which is proof that it has an effect on corporate financial performance. The unfavorable effect of supervisory board size is confirmed by regression analysis. The estimated t-value ( $-2.302$ ) is less than the table value ( $1.981$ ), according to statistical testing findings, and the significance level ( $0.023$ ) is less than  $0.05$ . Consequently, we may draw the conclusion that ROA is negatively and significantly impacted by bank size. These findings align with those of Suyono et al. (2021) and Ningsih (2023), who found that bank size and firm size had a negative impact on ROA, respectively. This study explains that the larger the company, the greater the difficulty in efficiency and management of company assets, resulting in poor company profitability. Therefore, these results reinforce the finding that an increase in bank size does not always lead to an optimal increase in Return on Assets.

### **The Effect of Board Size on Return on Assets with Leverage as a Moderating Variable**

As demonstrated by the findings of the moderation test, the link between supervisory board size and ROA is influenced by the leverage ratio. The moderated regression test's initial stage of adding the interaction variable produced a positive coefficient of  $0.103$ . With a significance threshold of  $0.030$ , the t-value was less than  $0.05$  and  $2.200$ , larger than  $1.981$ . This demonstrates that the link between return on assets (ROA) and board size is significantly

mediated by the debt-to-equity ratio. According to Buana & Idayati (2021) ., debt financing can be seen as an additional control mechanism that encourages management to improve company performance. According to studies by Sari (2025) and Solikhah (2023), the positive impact of supervisory board size on financial performance is enhanced by debt financing. In this case, debt financing has a positive impact on the effectiveness of supervisory board management in terms of increasing profitability.

### **The Effect of Audit Committees on Return on Assets with Leverage as a Moderating Variable**

The findings of the moderation analysis reveal that the debt-to-equity ratio does not function as a moderating variable in the relationship between the audit committee and return on assets (ROA). In the second stage of the moderation procedure, the interaction term between the audit committee and the debt-to-equity ratio showed a positive coefficient of 0.106. Nevertheless, the t-statistic of 1.161 was lower than the critical value of 1.981, and the significance value of 0.248 exceeded the 0.05 threshold, indicating that the effect is statistically insignificant. These results suggest that audit committees tend to prioritize strengthening internal control systems and improving the credibility of financial reporting rather than focusing on the company's financial policy direction. Thus, leverage does not affect the audit committee's ability to monitor the company's financial performance, whether the level is high or low (Imelda et al., 2025) . This study also supports the research Solikhah (2023) which argues that leverage does not moderate the relationship between the audit committee and financial performance.

### **The Effect of Bank Size on Return on Assets with Leverage as a Moderating Variable**

The results of the moderation analysis indicate that the leverage ratio does not act as a moderating variable in the relationship between bank size and return on equity (ROA). In the third step of the moderation test, the interaction term between the audit committee and the leverage ratio produced a positive coefficient of 0.012. Nevertheless, the t-statistic was 0.517, which is lower than the critical value of 1.981, and the significance value was 0.606, exceeding the 0.05 threshold. On average, larger banks have more assets, a wider operational network, and higher complexity due to their size compared to smaller banks (Bank Indonesia, 2016) . However, leverage does not increase the efficiency of resource (asset) utilization to generate profits. Similarly, leverage can increase debt interest expenses and increase the risk of lender default by increasing the likelihood of borrowers defaulting on their loan payments (Cathcart & Dufour, 2020) .

## 5. CONCLUSION AND SUGGESTION

This study demonstrates that the size of the audit board has a large beneficial influence on the return on assets (ROA) of banks listed on the Indonesia Stock Exchange, whereas bank size has a considerable negative impact on profitability. Although it is little, the audit committee has a detrimental impact. The leverage ratio just makes the effect of the audit board's size on ROA more pronounced. Leverage ratio, however, has little bearing on the link between audit committee size and bank size. These findings confirm that management effectiveness is more dominant than debt ratios in determining bank financial performance. For further research, other moderating variables can be added, the study period or sample can be expanded, and qualitative and quantitative methods can be combined to comprehensively understand the factors that influence bank financial performance.

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