

**COST OF FUND AS A MODERATOR OF THE EFFECT OF
PROFITABILITY, DIVIDEND POLICY, AND CAPITAL STRUCTURE ON
THE STOCK PRICES OF BANKING COMPANIES FOR THE 2021-2025
PERIOD**

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Abstrak

Studi ini dilakukan guna menguji keterkaitan tingkat keuntungan, keputusan pembagian laba, serta komposisi pendanaan terhadap nilai saham, dengan *Cost of Fund* ditempatkan sebagai faktor pemoderasi pada sektor perbankan yang tercatat di Indonesia Stock Exchange selama rentang 2021–2025. Riset ini menerapkan metode kuantitatif dengan memanfaatkan informasi sekunder yang bersumber dari annual report perusahaan. Pemilihan objek observasi dilakukan melalui metode *purposive sampling* dan dianalisis menggunakan metode *Moderated Regression Analysis* (MRA) menggunakan perangkat IBM SPSS Statistics 25. Temuan memperlihatkan bahwa kemampuan perusahaan dalam menghasilkan laba berkontribusi secara positif serta bermakna terhadap nilai saham. Sementara itu, kebijakan pembagian dividen serta komposisi pendanaan tidak menunjukkan pengaruh terhadap nilai tersebut. *Cost of Fund* juga terbukti dapat memperkuat atau memperlemah keterkaitan kebijakan dividen dengan nilai saham. Sedangkan untuk pengaruh profitabilitas dan struktur modal *Cost of Fund* tidak mampu memoderasi terhadap harga saham.

Kata Kunci: Profitabilitas, Kebijakan Dividen, Struktur Modal, *Cost of Fund*, Harga Saham.

Abstract

This study was conducive to test and analyze the influence of profitability, dividend policy, and capital structure on stock prices, using the Cost of Fund as a moderating variable within banking firms registered on the Indonesia Stock Exchange throughout 2021–2025. This research adopts a quantitative design based on secondary information contained within corporate annual reports. The observations were determined through purposive sampling and examined using Moderated Regression Analysis (MRA) assisted by IBM SPSS Statistics 25. The empirical evidence indicates that a firm's earning capacity has a significant favorable effect on share values, whereas dividend policy and capital structure do not. Furthermore, the Cost of Fund moderates the effect of dividend

policy on share values. Nevertheless, the moderating variable fails to alter the relationship between profitability and share values or between capital structure and share values.

Keywords: *profitability, dividend policy, capital structure, cost of fund, stock prices.*

A. INTRODUCTION

The banking industry plays a strategic role as an intermediary institution supporting national economic stability. Banking performance is influenced by macroeconomic conditions and fundamental corporate factors such as profitability, dividend policy, capital structure, and the Cost of Fund. These factors are crucial factors that investors may take into account when evaluating a firm's prospects and share price. According to (E. F. Brigham 2012) a share price is value determined by the interaction of investor supply and demand in the capital market.

Many previous studies on the determinants of stock prices have focused on profitability, dividend policy, and capital structure, often yielding inconsistent results. These studies have also overlooked the Cost of Fund as a moderating variable despite its significant impact and the present study aims to address this gap. Regarding profitability, (Isypanudin 2023) and (Elisabeth Mardiana Ito Moi et al., 2023) demonstrated a statistically meaningful impact on share prices whereas (Ayu et al. 2024) indicated that the relationship varies under certain conditions. Concerning dividend policy, (Zain, Putri Patricia Br Sembiring, and Syahputra 2025) identified a positive effect, while (Prayoga 2023) and (Setiawati and Hadistia 2025) found no significant impact on stock prices. Similar mixed results appear regarding capital structure (Putra and Veronica 2025) found a significant effect, as did (Sari 2020) and (Septian Cahya Aji and Linna Ismawati 2022).

Although there are many studies in stock prices exist, few have examined the role of Cost of Fund as a moderating variable particularly in the banking sector which is unpredictable to liquidity challenges and global economic uncertainty, which directly impact Cost of Fund and share prices. Therefore, this research seeks to examine how these variables affect stock prices among firms listed on the Indonesia Stock Exchange throughout 2021–2025. The goal is to fill this existing research gap.

Signaling theory was introduced by Spence (1973) to provide an explanation of information asymmetry issues between a company's internal and external parties. Companies can convey their condition and prospects through financial statements, dividend policy, and financing decisions. Positive information can boost investor confidence and influence stock prices (Brian L. Connelly, S. Trevis Certo 2010). Trade off Theory explains that companies determine their capital structure by considering certain benefits, but excessive debt increases financial risk and bankruptcy costs (Shyam-Sunder and Myers 1999).

Profitability constitutes an essential indicator that illustrates an enterprise's capacity to produce profit. High profitability can signal positively to investor and boost the stock prices. According to (Kasmir 2019) profitability represents a financial indicator employed to assess an enterprise's capacity to produce profit. (Hery 2023) explains that profitability demonstrates how effectively an enterprise employs its assets and capital generate profit. Dividend policy can influence stock prices by consistently distributing dividends, there increasing investor confidence. However, companies can also retain earnings to strength then liquidity and capitalization. Dividend policy is a matter of interest to investors because it indicates the financial soundness and prospects. According to (Dermawan 2024) dividend policy refers to management decisions on profit to shareholders. (Nabella 2022) explains that dividend policy can influence a company's value, as investors tend to favor companies that consistently distribute dividends. Capital structure describes the composition of liabilities and shareholders' funds utilized to finance corporate activities. Within the banking sector, this financing composition plays an important role because banks carry relatively high leverage and rely on thrid-party funds. (E. F. Brigham 2012) states that the use of debt can increase a company's profit but also increases the risk of bankruptcy. Rising interest rates and competition for deposit mobilization can increase banks funding costs. Such conditions have the potential of compress profit margins and influence investor perception regarding stock prices. Therefore, the Cost of Fund is is expected to either intensify or diminish the association between the variables and stock prices. A stock price is a value determined by the interaction between investor market supply and demand. Based on(Eduardus Tandelilin 2017)

Share values represent investors' perceptions of an enterprise's prospective performance, while movements in those values may arise from internal as well as external determinants.

High profitability indicates strong company performance and can provide favorable indications for market participants. (Hery 2023) explains that profitability demonstrates the effectiveness of an enterprise in optimizing its assets and invested funds to obtain earnings

H1: Profitability has a positive effect on stock prices.

Dividend policy represents management's choice concerning whether earnings should be allocated to shareholders or retain them as retained earnings. According (Dermawan 2024) dividend policy refers to management's policy concerning the allocation of earnings among shareholders. Dividend disbursements may provide favorable signals about the firm's competence and future outlook.

H2: Dividend policy has a positive effect on stock prices.

Capital structure reflects the composition of a company's funding sources. (E. F. Brigham 2012) states that the use of debt can increase a company's profit but also raises the risk of bankruptcy.

H3: Capital structure has a positive effect on stock prices.

Profitability is an indicator of a company's ability to generate profit through the management of its assets and capital. Consequently, the Cost of Fund is hypothesized to influence the strength concerning the association linking profitability with stock prices.

H4: Cost of Fund moderates the effect of profitability on stock price.

Dividend policy is more effective at boosting stock prices when a company has a low Cost of Fund, indicating that the firm can secure funding efficiently and thus distribute dividends without compromising its liquidity.

H5: Cost of Fund moderates the effect of dividend policy on stock prices.

A optimal capital structure will have a positive impact on stock price if the company is able to manage its Cost of Fund efficiently. A low Cost of Fund indicates that the company can secure funds at a lower cost, thereby allowing the use of debt to yield optimal benefits for the company.

H6: Cost of Fund moderates the effect of capital structure on stock prices.

B. METHOD

This research employs secondary information obtained from banking firms registered with the Indonesia Stock Exchange during 2021–2025. The independent variables analyzed are ROA, DPR, and DER while the stock price serves as the dependent variable. The *Cost of Fund* acts as the moderating variable. Data processing was conducted using IBM SPSS 25, employing classical assumption, and *Moderated Regression Analysis*. The study population comprises 19 banking companies, with the observations were determined through purposive sampling, with the resulting sample information displayed in Table 1.

Table 1. Company Sample

Criterion	Total
Financial companies listed on the Indonesia Stock Exchange for the period 2021–2025	47
Companies that have complete data regarding research variables for the 2021–2025 period	28
Total Sample	19
Number of Observation Data (19 x 5 years)	95
Total Observation Data	95

Source: Data processed, 2026

C. RESULTS AND DISCUSSIONS

Descriptive Analysis

Descriptive statistics are employed to present extensive information about the data from the sample that is the subject of the study. The descriptive statistical analysis of the variables examined in this research are presented in Table 2.

Table 2. Descriptive Statistics Test Results

	N	Minimum	Maximum	Mean	Hours of deviation
ROA	95	.10	12.20	2.8371	2.31945
DPR	95	.00	86.79	43.1338	21.41888
DER	95	1.39	21.12	5.3212	2.80326
CLOSING PRICES	95	208.00	9925,00	2646,2211	2414,71938
COST OF FUND	95	.95	11,95	4,0142	2,24108

Valid N (listwise)	95				
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Source: Data processed, 2026

Classic Assumption Test

Normality Test

The normality assessment was conducted through the One-Sample Kolmogorov-Smirnov Test, with its results presented in Table 3.

Table 3. Normality Test Results

N		Unstandardized Residual
		95
Normal Parameters	Mean	0.0000000
	Std.Deviation	17.20154774
Most Extreme	Absolute	.079
	Positive	.079
	Negative	-.056
Kolmogorov-Smirnov Z		.079
Asymp. Sig. (2-tailed)		.182c

Source: Data processed, 2026

Asymp value. The sig (2-tailed) in Table 3 is 0,182 > 0.05 it can be concluded to have a normal distribution.

Autocorrelation Test

The autocorrelation test in The Durbin-Watson procedure was applied in this research, with the corresponding results provided in Table 4.

Table 4. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std.Error of the Estimate	Durbin-Watson
1	,341 ^a	,116	,076	11,34141	1,709

Source: Data processed, 2026

In table 4 the Durbin-Watson value is obtained as 1.709, which is between the dU values of 1,709 and 2,431 ($1,569 < 1,709 < 2,431$). this, the findings indicate that the regression equation is free from autocorrelation

Multicollinearity Test

The multicollinearity test tests the correlation between the independent variabels and is seen to Table 5 below.

Table 5. Multicollinearity Test Results

Model (Constant)	Collinearity Statistics	BRIGHT
	Tolerance	
ROA	,755	1,324
DPR	,801	1,249
DER	,699	1,430
COF	,978	1,023

Source: Data processed, 2026

Heteroscedasticity Test

The Spearman's rho method was employed to examine heteroscedasticity, as presented in Table 6.

Table 6. Heteroscedasticity Test Results

Correlations			
Spearman's rho			Unstandardized Residual
	ROA	Sig. (2-tailed)	,052
	DPR	Sig. (2-tailed)	,328
	DER	Sig. (2-tailed)	,514
	COF	Sig. (2-tailed)	,983
	Unstandardized Residual	Sig. (2-tailed)	
		N	95

Source: Data processed, 2026

The results in Table 6 indicate that every predictor has a significance value above 0.05, suggesting the presence of heteroscedasticity symptoms.

Analysis of the Regression Analysis

The findings from the multiple linear regression analysis are presented in the following table.

Table 7. Results of Multiple Linear Regression Analysis

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Itself.
		B	Std. Error	Beta		
1	(Constant)	11,264	3,894		2,892	,005
	ROA	7,611	3,457	,230	2,202	,030
	DPR	,315	,878	,038	,358	,721
	DER	-1,282	2,468	-,054	-,519	,605

Source: Data processed, 2026

Based on Table, the following Equations are obtained:
 $HS = 11,264 + 7,611ROA + ,315DPR - 1,282DER + e$

Moderated Regression Analysis (MRA)

Regression equations involve interaction variables the result of multiplication involving at least two explanatory factors, then the analysis uses Moderated Regression Analysis a special from of multiple linear regression.

Table 8. Hasil Moderated Regression Analysis (MRA)

Model		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	15,498	4,469	
	ROA	12,012	4,562	,363
	DPR	1,995	1,049	,240
	DER	-1,815	2,770	-,077
	COF	4,065	4,599	,127
	ROA*COF	-6,123	5,674	-,157
	DPR*COF	-10,985	3,581	-,526
	DER*COF	2,977	7,047	,069

Source: Data processed, 2025

Table 8 provides the following regression equation.:

$$HS = 15,498 + 12,012ROA + 1,995DPR - 1,815DEER + 4,065COF - 6,123ROA*COF - 10,985DPR*COF + 2,977DER*COF + e$$

Hypothesis Test

Statistical Test t

The statistical test t was applied to determine the individual contribution of each predictor in explaining the dependent variable. The following Table 9 of the results of the statistical test t.

Table 9. Statistical Test Results t

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Itself.
		B	Std. Error	Beta		
1	(Constant)	11,264	3,894		2,892	,005
	ROA	7,611	3,457	,230	2,202	,030
	DPR	,315	,878	,038	,358	,721
	DER	-1,282	2,468	-,054	-,519	,605

Source: Data processed, 2026

Based on table 9, the following results were obtained:

Profitability variable has Profitability records a t-statistic of 2.202 and a significance level of 0.030, which falls below 0.05; thus, it significantly affects stock prices and H1 is supported. Dividend policy the variable produces a t-statistic of 0.358 and a significance level of 0.721, exceeding 0.05; therefore, dividend policy has no significant impact on stock prices. Therefore, H2 is rejected. Capital structure Capital structure obtains a t-statistic of -0.519 and a significance level of 0.605, indicating an insignificant effect on stock prices. Therefore, H3 is rejected.

Moderated Regression Analysis (MRA)

The results of the MRA t statistical test can be seen in Table 10 bellow.

Model		Unstandardized Coefficients		Standardized Coefficients	T	Itself.
		B	Std. Error	Beta		
1	(Constant)	15,498	4,469		3,468	,001
	ROA	12,012	4,562	,363	2,633	,010
	DPR	1,995	1,049	,240	1,902	,060
	DER	-1,815	2,770	-,077	-,655	,514
	COF	4,065	4,599	,127	,884	,379
	ROA*COF	-6,123	5,674	-,157	-1,079	,284
	DPR*COF	-10,985	3,581	-,526	-3,068	,003
	DER*COF	2,977	7,047	,069	,422	,674

Source: Data processed, 2026

Based on Table 10, the following results were obtained:

The variables of profitability and Cost of Fund yielded a significance value of 0,0284 and significance value is greater than 0,05. Therefore, the interaction between profitability and stock price. Consequently, H4 is rejected. The variables of dividend policy and Cost of Fund yielded a significance level is 0.003, which is below the 0.05 criterion therefore, the interaction between dividend policy and Cost of Fund moderates the association of dividend policy with stock prices. Consequently, H5 is accepted. The variables of capital structure and Cost of Fund yielded a obtained significance level is 0.674, exceeding the 0.05 threshold therefore, the interaction between capital structure and Cost of Fund does not moderate the association involving capital structure and stock price. Consequently, H6 is rejected.

F Test

To evaluate the collective impact of all explanatory factors on the response variable, the F test is performed.

Table 11. F Test Results

Model	Sum of Squares	df	Mean Square	F	Itself
1 Regression	1502,318	4	375,580	2,920	,026 ^b
Residual	11447,848	89	128,628		
Total	12950,167	93			

Source: Data processed, 2026

Table 11 indicates an obtained significance level of $< 0,005$ which indicates that ROA, DPR, DER along with the effect of Cost of Fund moderation effect stock movements.

Coefficient of Determination

The determination coefficient (R^2) is applied to express how well the model can explain the fluctuations of the bound variables. Table 12 results of the determination coefficient.

Table 12. Determination Coefficient Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,341 ^a	,116	,076	11,34141

Source: Data processed, 2026

Table 12 shows that ROA, DPR, and DER together contributed 11,6 to change in the stock price. This means that all three the factors account for variations in share values, while the residual proportion variation is attributable to factors outside the research framework.

D. CONCLUSIONS

Drawing from the analytical findings and discussion, this research examines stock movements among banking firms IDX for the 2021-2025 period significantly influenced by profitability, while dividend policy and capital structure had no effect. Furthermore, only Cost of Fund can function as an intervening element that alters the association between distribution decisions and equity valuation.

E. SUGGESTIONS

The present research is subject to limitations because its analysis is restricted to profitability, dividend policy, and capital structure, and only uses a sample on banking sector companies on the IDX from 2021 to 2025. Therefore, the results of study cannot be representative of all industry sectors and time periods. It is recommended for future studies to add variables, broaden the industrial coverage and lengthen the research observation period to obtain more comprehensive results.

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