

ANALYSIS OF CASH RATIO (CR), DEBT TO EQUITY RATIO (DER), AND RETURN ON EQUITY (ROE) ON ECONOMIC VALUE ADDED (EVA) IN DIGITAL BANKS

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ABSTRACT

This study evaluates the performance of digital banks in Indonesia during 2020-2023 as a real form of digitalization, focusing on the effect of Cash Ratio, Debt to Equity Ratio, and Return on Equity on Economic Value Added (EVA) in digital banks. The research method used is quantitative method with descriptive and verification approaches. The data source used is secondary data with purposive sampling and the companies selected from the criteria are 7 digital bank companies for 4 periods, so that the sample used in this study is 28 samples. The data used in this study are secondary data in the form of annual reports going public on the bank company website. The analysis technique used in this research is regression with panel data using the Eviews program. The results of this study indicate that the significance value of the cash ratio t test $T \text{ count } -0.910149 < T \text{ table } 2.05553$, and a sig value of $0.3718 > 0.05$ means that the Cash Ratio has no effect on Economic Value Added in 7 digital bank companies. The significance value of the Debt to Equity Ratio T test shows the value of $T \text{ count } -2.272184 > T \text{ table } 2.05553$, and the sig value of $0.0323 < 0.05$. The significance value of the Return on Equity T test shows the value of $T \text{ count } -0.608342 < T \text{ table } 2.05553$, and the sig value of $0.35487 > 0.05$ means that Return on Equity has no effect on Economic Value Added in 7 digital bank companies in Indonesia.

KEYWORDS

Cash Ratio, Debt To Equity Ratio, Return On Equity, Economic Value Added, Bank Digital



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How to cite:

E-ISSN:

Published by:

Sevina Hanisa Anindya et al. (2024). Analysis Of Cash Ratio (CR), Debt To Equity Ratio (DER), And Return On Equity (ROE) On Economic Value Added (EVA) In Digital Banks. *Journal Eduvest*. 4 (8): 6615-6628

2775-3727

<https://greenpublisher.id/>

INTRODUCTION

The phenomenon of digital banking has surged since the COVID-19 pandemic began in 2020. Social restrictions and health concerns have made digital services a necessity. Nowadays, the use of digital banks is proven to improve the financial performance of banks. Therefore, this study aims to understand more about the performance of digital banks in Indonesia during the period 2020-2023 as a tangible form of digitalization.

According to an IDN report, three Indonesian digital banks, namely PT Bank Jago Tbk, PT Bank Neo Commerce Tbk, and Jenius, made it to Forbes' list of the 20 best banks by 2022 (Source: [IDNtimes](#)). There is also a report stating that the performance of digital banks in the first two months of 2024 skyrocketed, with BCA Digital's performance being the most prominent. (Quoted from [keuangan.kontan.id](#) on April 09, 2024).

This research will analyze the seven digital banks with the largest assets in Indonesia that have gone public, based on data from Bisnis Finansial as follows:

Daftar 7 Bank Digital dengan Aset Terbesar di Indonesia:

No	Nama Bank	Aset 2023	Aset 2022	yoy
1	SeaBank	Rp28,23 triliun	Rp28,26 triliun	-0,13
2	Bank Jago	Rp21,29 triliun	Rp16,96 triliun	25,52%
3	BNC	Rp18,16 triliun	Rp19,69 triliun	-7,74%
4	Hibank	Rp14,59 triliun	Rp11,58 triliun	25,96%
5	BCA Digital	Rp13,5 triliun	Rp11,05 triliun	22,18%
6	Allo Bank	Rp12,75 triliun	Rp11,05 triliun	15,29%
7	Bank Raya	Rp12,44 triliun	Rp13,89 triliun	-10,49%

Sumber: Laporan keuangan

Figure 1: List of 7 Digital Banks with the Largest Assets in Indonesia

Source : www.finansialbisnis.com (March, 2024)

Digital banks differ from commercial banks in terms of their operational model, target market, and use of technology. They tend to operate online, target young tech-savvy customers, and rely on advanced technology for efficiency and customer service.

Looking at the characteristics of digital banks, the financial performance of digital banks focuses on value creation through Value Based Management (VBM). According to Namira (2021), VBM uses analytical tools and processes to focus the company on the goal of creating value for shareholders. With VBM, companies not only generate large profits but also provide added value to shareholders and other stakeholders. Company performance in the VBM concept can be measured by several tools, including Economic Value Added (EVA) and Cash Value Added (CVA).

This study will use the Economic Value Added (EVA) method to measure financial performance by measuring the added value generated after deducting the cost of capital. The bank's financial performance will be analyzed using liquidity, solvency, and profitability ratios to provide a comprehensive picture over the 2020-2023 period. According to Brigham and Houston (2019), these ratios are important because they provide information about the bank's ability to meet short-term obligations, long-term financial health, and profit-making ability.

By using EVA and financial ratio analysis, this research will provide a comprehensive picture of the bank's performance over the 2020-2023 period. This research will also help understand how digital banks adapt and evolve amidst dynamic changes in the business environment, especially during the COVID-19 pandemic era and beyond.

Overview

Management

Management is working with people to achieve organizational goals by implementing the functions of planning (planning), organizing (organizing), arranging personnel or staffing (staffing), directing and leading (leading), and supervising (controlling) (Afandi, 2018: 1).

Financial Management

Irfani (2020: 11) states that "financial management is defined as a company's financial management activities related to efforts to find and use funds efficiently and effectively to realize common goals." Financial management explains several decisions that must be made, namely investment decisions, funding decisions or decisions to fulfill funding needs, and dividend policy decisions (Musthafa, 2017: 3).

Financial Performance

Good company financial performance is the implementation of applicable rules that have been carried out properly and correctly. Fahmi (2018: 142) explains that financial performance "is an analysis conducted to see the extent to which a company has carried out using the rules of financial implementation properly and correctly."

Digital Banks

Digital banks are banking institutions that operate online and offer banking services through digital platforms, such as mobile applications and websites, without requiring the physical presence of bank branches. According to Wahyudi (2023), digital banks utilize information technology to provide services that are faster, more efficient, and easily accessible to customers. Digital banks aim to increase the comfort and convenience of customers in accessing banking services, especially in today's digital era.

Economic Value Added

Economic Value Added (EVA) is a financial performance measure that shows the economic value added generated by the company after deducting the cost of capital. EVA provides an overview of how well the company is creating value for its shareholders. According to Eugene F. Brigham and Joel F. Houston (2018: 98), "Economic Value Added (EVA) is the excess of net operating profit after tax (NOPAT) over the cost of capital". According to Irfani (2020: 226) the EVA calculation formula is:

$$\text{EVA} = \text{NOPAT} - \text{Capital Charge}$$

Cash Ratio

Cash Ratio is a liquidity ratio that measures a company's ability to meet its short-term obligations with available cash and cash equivalents. This ratio is considered more conservative because it only considers the most liquid assets. Ross, Westerfield, and Jordan (2018), Cash Ratio is important because it provides a direct view of how well banks can cope with urgent liquidity needs without the need to sell other assets (Flip Finance). Kasmir (2021: 138), "Cash Ratio is a ratio that is usually used as a measuring tool for how much cash is currently available for the need to pay debts."

$$\frac{\text{Cash} + \text{Cash Equivalents}}{\text{Current Liabilities}} \times 100\%$$

Debt To Equity Ratio

Kasmir (2021:159) "Debt to equity ratio is a measuring tool used as a tool to calculate debt to equity." Debt to Equity Ratio (DER) is one of the important indicators for measuring bank financial performance. DER shows the proportion of debt to equity owned by the bank. This ratio gives an idea of the extent to which the company uses debt to fund its assets compared to using equity:

$$\frac{\text{Total Liabilities}}{\text{Total Equity}} \times 100\%$$

Return On Equity

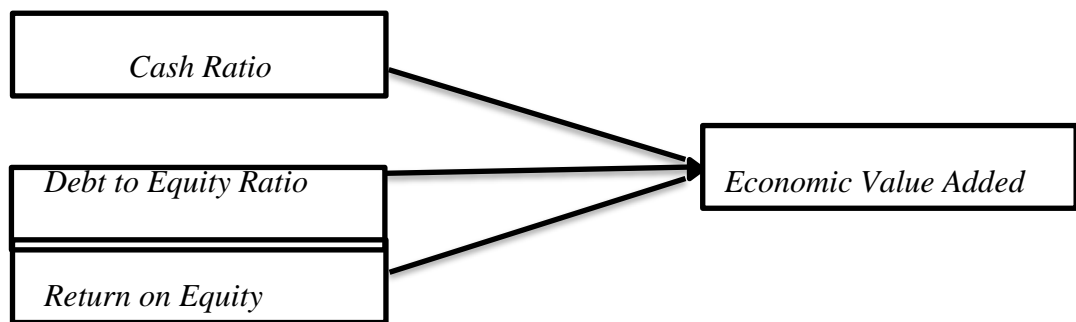
Return on Equity (ROE) is an important indicator in assessing a bank's financial performance because it shows how effective the bank is in generating profits from the equity invested by shareholders.

Kasmir (2021: 206) "Return on Equity (ROE) is a ratio that shows the company's ability to generate net profit after tax from shareholders' equity used in the company."

$$\frac{\text{Net Profit}}{\text{Total Equity}} \times 100\%$$

Research Paradigm

The research paradigm used will evaluate the relationship between several financial performance indicators, namely Cash Ratio (CR), Debt to Equity Ratio (DER), Return on Equity (ROE), to Economic Value Added (EVA) in digital banks in Indonesia.



RESEARCH METHOD

The method used in this research is quantitative research method using descriptive and comparative approaches. Sugiyono (2019: 17), "Quantitative research is a research method for examining a certain population or sample, with the aim of testing a predetermined hypothesis."

Sugiyono (2017: 19), "Descriptive method is a method used to describe the state or value of one or more variables independently." Sugiyono (2019: 11): "The verification research method is a study aimed at testing theories and trying to produce scientific methods, namely the status of the hypothesis in the form of conclusions, whether a hypothesis is accepted or rejected. The verification method used in this study is to produce a conclusion whether there is an effect of the independent variable on the dependent."

Data Source

This study uses secondary data, namely data obtained from studies that have been conducted previously, including sources such as reports, books, journals, and others. The quantitative data in this study were obtained from the financial statements of digital bank sector companies from 2020 to 2023. The data source used is obtained from the Go-Public Report website of each Bank using the independent variable and the dependent variable, namely Cash Ratio (X1), Debt to Equity Ratio (X2), Return on Equity (X3) and the dependent variable is Economic Value Added (Y).

Population

Sugiyono (2018: 80), "Population is a generalization area consisting of subjects / objects that have certain qualities and characteristics set by researchers to study and then draw conclusions." The population used for this research is Digital

Bank companies in Indonesia during the period 2020 to 2023, totaling 18 Indonesian digital bank companies.

Sample

Sugiyono (2018: 81), "Samples are part of the number and characteristics of the population." Sampling technique is a sampling technique. Sampling in this study was carried out by purposive sampling, which is sampling using certain considerations in accordance with the desired criteria to determine the number of samples to be studied (Sugiyono, 2018: 138). The sample selection criteria for Digital Bank Companies in Indonesia, based on purposive sampling are:

1. Indonesian Digital Banks that are complete in publishing financial reports during the research period (2020-2023).
2. Banks must generate profits during the study period (2020-2023).
3. From a total of 18 existing digital bank companies, 7 companies with the largest assets that have gone public were selected based on data from Bisnis Finansial. During the 4-year research period (2020-2023), covering 112 sample data.

RESULT AND DISCUSSION

Descriptive Statistics

Table 1. Descriptive Statistics

	EVA	CR	DER	ROE
Mean	36.70357	25.21429	289.7500	-2.976429
Median	13.29950	18.50000	260.5000	0.935000
Maximum	506.0560	167.0000	645.0000	14.80000
Minimum	-657.0000	2.000000	45.00000	-45.00000
Std. Dev.	198.5380	30.12118	185.2239	13.03510
Skewness	-0.856973	3.902304	0.429285	-1.773544
Kurtosis	7.450747	18.93803	2.025645	5.857230
Jarque-Bera	26.53788	367.4214	1.967595	24.20320
Probability	0.000002	0.000000	0.373889	0.000006
Sum	1027.700	706.0000	8113.000	-83.34000
Sum Sq. Dev.	1064268.	24496.71	926313.3	4587.676
Observations	28	28	28	28

Source: *Output EViews 12 (2024)*

Based on Table 1, the results of the descriptive statistical test on 7 digital bank companies in Indonesia for the period 2020 to 2023 show that Economic Value Added has a minimum value of -657,000 and a maximum value of 506,0560, with an average of 36,70357 and a standard deviation of 198,5380. Cash Ratio has a minimum value of 2,00000 and a maximum of 167,000 with an average value of 25,21429 and a standard deviation of 30,12118. Debt to Equity Ratio has a minimum value of 45.0000 and a maximum of 645.0000, with an average value of 289.7500 and a standard deviation of 185.2239. Return on Equity has a minimum value of -45.0000 and a maximum of 14.80000, with an average of -2.9764 and a standard deviation of 13.03510.

Selection of Regression Model Technique

Decision	Result	Testing
Uji Chow	Prob.>0,5	CEM
	Prob.<0,5	FEM
Uji Hausman	Prob.>0,5	REM
	Prob.<0,5	FEM
Uji Legrange Multiplier	Prob.>0,5	CEM
	Prob.<0,5	REM

(Savitri et al., 2021:97-98)

Uji Chow

The chow test is used to choose whether to use the Common Effect Model (CEM) or the Fixed Effect Model (FEM). The chow test results are as follows:

Table 2. Uji Chow

Redundant Fixed Effects Tests			
Equation: Untitled			
Test cross-section fixed effects			
Effects Test	Statistic	d.f.	Prob.
Cross-section F	0.476910	(6,18)	0.8167
Cross-section Chi-square	4.130885	6	0.6590

Source: *Output EViews 12* (2024)

The test results show the Cross-section Chi-square probability value of 0.6590 > 0.05, it can be concluded that the Common Effect Model (CEM) model is selected or more appropriate than the Fixed Effect Model (FEM) model. For the next estimation test, the Hausman test will be carried out.

Hausman Test

The Hausman test is used to select a model that is more appropriate to use using the Random Effect Model (REM) or Fixed Effect Model (FEM). The results of the Hausman test are as follows:

Tabel 3. Hasil Uji Hausman

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	1.233310	3	0.7450

Source: *Output EViews 12* (2024)

The probability test results show that the random cross-section significance of 0.7450 is greater than 0.05, which means that the Random Effect Model (REM) model is chosen or more appropriate than the Fixed Effect Model (FEM) model. For the next estimation test, the Lagrange Multiplier test will be conducted.

Lagrange Multiplier Test

The Lagrange Multiplier test is used to select the model used whether it is better to use the Random Effect Model (REM) or the Common Effect Model (CEM). The Lagrange Multiplier Test results are as follows:

Table 4. Lagrange Multiplier Test

Lagrange Multiplier Tests for Random Effects			
Null hypotheses: No effects			
Alternative hypotheses: Two-sided (Breusch-Pagan) and one-sided (all others) alternatives			
	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	1.188187 (0.2757)	0.030474 (0.8614)	1.218661 (0.2696)
Honda	-1.090040 (0.8622)	0.174569 (0.4307)	-0.647336 (0.7413)
King-Wu	-1.090040 (0.8622)	0.174569 (0.4307)	-0.486800 (0.6868)
Standardized Honda	-0.688736 (0.7545)	0.497882 (0.3093)	-3.325580 (0.9996)
Standardized King-Wu	-0.688736 (0.7545)	0.497882 (0.3093)	-2.978097 (0.9985)
Gourieroux, et al.	--	--	0.030474 (0.6769)

Source: *Output EViews 12 (2024)*

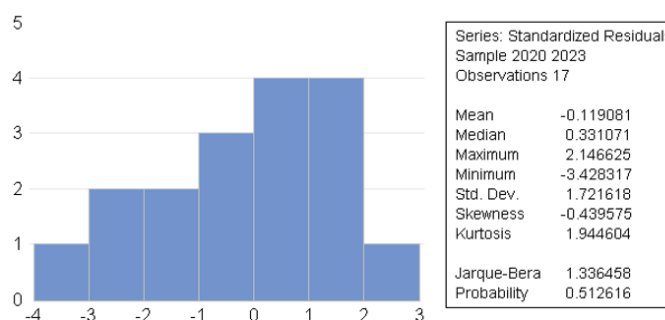
Based on the results of the table above, the probability value of Breusch-pagan is 0.2757 greater than (0.05), so it can be concluded that the Common Effect Model (CEM) is more feasible than the Random Effect Model (REM).

Classical Assumption Test Results

After testing the estimation model above, the results show that the Common Effect Model (CEM) is more appropriate to use in this study. This research stage uses 3 types of classical assumption tests, namely, Normality Test, Multicollinearity Test, and Heteroscedasticity Test.

Normality Test Results

Table 5. Normality Test Results



Analysis Of Cash Ratio (CR), Debt To Equity Ratio (DER), And Return On Equity (ROE) On Economic Value Added (EVA) In Digital Banks

Source: *Output EViews 12 (2024)*

Based on the picture of the normality test results above, the Jarque Bera value is 1.336458 and the probability value is 0.512616 which is above the 5% significance value ($0.512616 > 0.05$), it is estimated that the residual data is normally distributed.

Multicollinearity Test Results

Table 6. Multicollinearity Test Results

	CR	DER	ROE
CR	1.000000	-0.219736	-0.724883
DER	-0.219736	1.000000	0.068036
ROE	-0.724883	0.068036	1.000000

Source: *Output EViews 12 (2024)*

The requirement to test for multicollinearity is to look at the correlation coefficient. If it is above 0.85, there are symptoms of multicollinearity. Based on these results, the correlation coefficient between X1 and X2 is $-0.219736 < 0.85$, the correlation coefficient between X1 and X3 is $-0.724883 < 0.85$, and the correlation coefficient between X2 and X3 is $0.068036 < 0.85$. So it can be concluded that it is free of multicollinearity or passes the multicollinearity test.

Heteroscedasticity Test Results

Table 7. Heteroscedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	118.9268	61.63136	1.929648	0.0656
CR	-0.463351	1.305363	-0.354960	0.7257
DER	0.054833	0.146573	0.374099	0.7116
ROE	1.491766	2.949511	0.505767	0.6176
R-squared	0.065523	Mean dependent var		118.6914
Adjusted R-squared	-0.051286	S.D. dependent var		132.9793
S.E. of regression	136.3467	Akaike info criterion		12.79984
Sum squared resid	446170.1	Schwarz criterion		12.99016
Log likelihood	-175.1978	Hannan-Quinn criter.		12.85802
F-statistic	0.560942	Durbin-Watson stat		1.476234
Prob(F-statistic)	0.645960			

Source: *Output EViews 12 (2024)*

The results of the heteroscedasticity test with the Glejser test above, it can be seen that the probability value of each independent variable has a Prob value. > 0.05 . So it can be concluded that it is free of heteroscedasticity or passes the heteroscedasticity test.

Panel Data Regression Test Results

Table 8. Panel data regression test results

```

Estimation Command:
=====
.S(?) EVA C CR DER ROE

Estimation Equation:
=====
EVA = C(1) + C(2)*CR + C(3)*DER + C(4)*ROE

Substituted Coefficients:
=====
EVA = 206.012533534 - 1.66084473167*CR - 0.465566127125*DER - 2.50832050608*ROE
    
```

Source: *Output EViews I2 (2024)*

Based on the table, the panel data analysis equation is obtained as follows:
 Economic Value Added (EVA) = Y = 206.01 - 1.660 * X1 - 0.465 * X2 - 2.508 * X3. The explanation is as follows:

1. The constant value is 206.1 or 206%, meaning that without the CR (X1), DER (X2), and ROE (X3) variables, the EVA (Y) variable will increase by 206%.
2. The beta coefficient value of the CR (X1) variable is -1.660 or -166%, if the value of other variables is constant and the X1 variable increases by 1%, the EVA (Y) variable will decrease by 166%, and vice versa.
3. The beta coefficient value of the DER variable (X2) is -0.465 or -46%, if the value of other variables is constant and the X2 variable increases by 1%, the EVA (Y) variable will increase by 46%. And vice versa.
4. The beta coefficient value of the ROE variable (X3) is -2.508 or -258%, if the value of other variables is constant and the X3 variable increases by 1%, the EVA (Y) variable will increase by 258%. And vice versa.

Hypothesis Testing Results

Partial Test (t Test)

The t test statistics basically show how much influence one independent variable has individually in explaining the dependent variable. In this study, testing was carried out to partially test the Cash Ratio, Debt to Equity Ratio, and Return On Equity variables on Economic Value Added, where the t test results are as follows:

Table 9. Partial Test (t Test)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	206.0125	86.15630	2.391149	0.0250
CR	-1.660845	1.824805	-0.910149	0.3718
DER	-0.465566	0.204898	-2.272184	0.0323
ROE	-2.508321	4.123208	-0.608342	0.5487

Analysis Of Cash Ratio (CR), Debt To Equity Ratio (DER), And Return On Equity (ROE) On Economic Value Added (EVA) In Digital Banks

Source: *Output EViews 12 (2024)*

If the significance value of the T test ≤ 0.05 then H_0 is rejected and H_a is accepted. Table 9 shows the results that:

1. The significance value of the Cash Ratio T test shows the calculated T value of $-0.910149 < T$ table 2.05553, and a sig value of 0.3718 which is greater than 0.05. which means that the Cash Ratio has no effect on Economic Value Added in 7 digital bank companies in Indonesia for the period 2020-2023.
2. The significance value of the Debt to Equity Ratio T test shows the value of T count $-2.272184 > T$ table 2.05553, and a sig value of 0.0323 which is smaller than 0.05. which means that Debt to Equity Ratio has an effect on Economic Value Added in 7 digital bank companies in Indonesia for the 2020-2023 period.
3. The significance value of the Return on Equity T test shows the calculated T value of $-0.608342 < T$ table 2.05553, and a sig value of 0.35487 which is greater than 0.05. which means that Return on Equity has no effect on Economic Value Added in 7 digital bank companies in Indonesia for the 2020-2023 period.

Simultaneous Test (F-Test)

Table 10. Simultaneous Test (F-Test)

R-squared	0.180743	Mean dependent var	36.70357
Adjusted R-squared	0.283364	S.D. dependent var	198.5380
S.E. of regression	190.6031	Akaike info criterion	13.46983
Sum squared resid	871908.8	Schwarz criterion	13.66014
Log likelihood	-184.5776	Hannan-Quinn criter.	13.52801
F-statistic	1.764951	Durbin-Watson stat	1.348349
Prob(F-statistic)	0.180727		

Source: *Output EViews 12 (2024)*

From the F test results, the prob (F-statistic) value is 0.1802727. By using alpha 0.05, it can be explained that because the prob (F-statistic) is greater than 0.05 (5%), it can be concluded that Cash Ratio, Debt to Assets Ratio, and Return on Assets together have no significant effect on Economic Value Added.

Test Coefficient of Determination

Table 11. Test Coefficient of Determination

R-squared	0.180743	Mean dependent var	36.70357
Adjusted R-squared	0.283364	S.D. dependent var	198.5380
S.E. of regression	190.6031	Akaike info criterion	13.46983
Sum squared resid	871908.8	Schwarz criterion	13.66014
Log likelihood	-184.5776	Hannan-Quinn criter.	13.52801
F-statistic	1.764951	Durbin-Watson stat	1.348349
Prob(F-statistic)	0.180727		

Based on table 11, it can be seen that the Adjusted R-Square value is 0.283364 or 28.33%. This shows that the independent variable affects the dependent variable by 28.33%. While the remaining 71.67% is influenced by other factors.

CONCLUSION

Based on the table (t test) shows that the results of partial testing of the effect of Cash Ratio on Economic Value Added (EVA) show the value of t count < t table ($-0.910149 < 2.05553$), and the sig value $0.3718 > 0.05$ so it can be concluded that H1 is rejected, which means that Cash Ratio has no effect on Economic Value Added (EVA). A high Cash Ratio indicates good liquidity, but does not always increase added value for shareholders. Excessive liquidity can mean banks are not using resources optimally for more profitable investments. A focus on stability and risk mitigation, especially during the pandemic, may also reduce the potential for value addition. Research by Kwaku Appiah-Adu and Martin Blankson (2019), Albert P. Usman and John O. Adeyemi (2020) support that high liquidity is not always positively correlated with increased Economic Value Added (EVA) in digital banks.

Based on the table (t test) shows that the partial test results of the effect of Debt to Equity ratio on Economic Value Added (EVA) show t count > t table ($-2.272184 > 2.05553$), and sig value $0.0323 < 0.05$. So it can be concluded that H1 is accepted, which means Debt to Equity Ratio has an effect on Economic Value Added (EVA). Debt to Equity Ratio (DER) is an important indicator in assessing the company's capital structure, a high DER indicates the use of large debt in financing. Optimal use of debt can increase firm value through financial leverage, increasing ROE if profits exceed debt costs. Debt allows access to external resources without sacrificing equity, for profitable investments, potentially increasing EVA. Tax-deductible debt interest also reduces the total tax burden, increasing the company's net profit and EVA. Research by Indra Cahyadi and Rizki Anwar (2018), Jane Doe and John Smith (2019) supports that the optimal use of DER has a positive effect on EVA in digital bank companies in Indonesia.

Based on the table (t test) shows that the results of partial testing of the effect of Return on Equity on Economic Value Added (EVA) show t count < t table ($-0.608342 < 2.05553$), and sig value $0.35487 > 0.05$ so it can be concluded that H1 is rejected, which means Return on Equity has no effect on Economic Value Added (EVA). ROE measures how effectively the company utilizes shareholders' equity to generate profits, but may not have a significant impact on EVA due to differences in focus and the influence of earnings management practices. In contrast to ROE which assesses net income relative to equity, EVA considers economic value after deducting the cost of capital, which reflects investment risk. Studies, such as the one conducted by John Peterson and Maria Lee ("ROE and EVA: A Comparative Analysis," 2017), reveal that ROE is not always positively correlated with EVA. This research highlights the differences in financial performance measurement and how the cost of capital is not always properly considered in ROE.

Based on the results of the simultaneous F test which shows the results of the Fhitung value < Ftabel ($1.76 < 3.3$) with a Prob (F-statistic) value of 0.1802727 greater than 5% (0.05), namely $0.1802727 < 0.05$, so it can be concluded that the

variables Cash Ratio, Debt to Equity, Return on Equity together have no effect on Economic Value Added. The results of the study are in line with research conducted by Kwaku Appiah-Adu and Martin Blankson ("Liquidity Management and Its Impact on Bank Performance", 2019) highlighting that liquidity management, including financial ratios such as Cash Ratio and Debt to Equity Ratio, does not always have a significant positive impact on bank financial performance, as measured by EVA. This indicates that despite their importance in financial management, these variables do not together significantly increase the economic value added of the company.

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