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Impact of Exchange Rate, Inflation, BI Rate, and Liquidity on Dividend Policywith Company Value Moderation

[1]Steven Andreas Gunawan, [2*]Masno Marjohan
Master of Management, Pamulang University, South Tangerang, Banten, Indonesia
dosen00124@unpam.ac.id

Abstract

This research examines the influence of the Exchange Rate, Inflation, BI Rate, and Liquidity on Dividend Policy with Company Value as a moderating variable for companies in the LQ 45 index on the Indonesian Stock Exchange from 2018 to 2022. A sample of 7 banking companies was selected. Data analysis used Panel Data Regression with the Fixed Effect Model. The results show that Exchange Rate has no influence on Dividend Policy, while Inflation, BI Rate, and Liquidity each significantly negatively affect it. Simultaneously, these variables significantly influence the dividend policy. The coefficient of determination is 0.981308, indicating that 98.13% of the dividend policy is influenced by the independent variables. Company Value was found to moderate the relationship between Inflation, BI Rate, and Liquidity with Dividend Policy, but not for the Exchange Rate.

Keywords: Exchange Rate, Inflation, BI Rate, Liquidity, Dividend Policy, Company Value.

INTRODUCTION

The era of globalization has pushed the world into rapid technological and information developments, as well as in the economic sector. Globalization also has a fairly broad impact on investment and funding, both short-term and long-term funding. Investment is not only limited to the domestic environment but also to the scope between countries and can influence each other. The purpose of investment and funding activities is to improve the economic welfare of a country. Investment and funding can make it easier for companies to obtain additional sources of capital for the company's operational activities. The increase in capital sources obtained by the company will create stability in the business cycle that the company wants to achieve. However, the global economy and Indonesia in 2020 had a tremendous impact due to the Covid 19 pandemic. This pandemic has distributed business across industries, so that the global economy contracted with negative growth of 4.3% and Indonesia's GDP contracted by 2.1% (www.idx.co.id).

Investors who expect unequal returns generally want relatively stable dividend stocks, because the availability of dividend payments can increase investor confidence in the company, thereby reducing investor uncertainty in investing their funds in the company.

One of the considerations in making an investment is the profit prospects of the sector or index listed on the Indonesia Stock Exchange. The LQ45 Index is an index listed on the Indonesia Stock Exchange that has its own appeal for investors. The LQ45 Index is 45 issuers with high liquidity that are selected through several selection criteria. In addition to assessing the liquidity of the issuer selection, the issuers also consider market capitalization. Thus, it can be interpreted that companies

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listed on the LQ45 Index are companies with high trading volumes and the high trading transactions cause stock prices to also increase and ultimately provide profits (capital gains) to investors. However, what happened in January 2020 was that the group of 45 leading stocks or the LQ45 Index moved down 2.12 points (0.24%) to 884.35 points.

Dividend policy has a very large influence on investors and companies. Therefore, a profitable company is a company that is able to pay dividends. The amount of dividends paid by the company depends on the company's dividend policy, so that the considerations made by management are very important for investors to invest in a company. Management considers factors that can affect the dividend policy set by the company (Silaban, 2016). In addition, the value of the company also plays a very important role for investors in making decisions. In this study, the value of the company is proxied by Price To Book Value (PBV).

However, the Exchange Rate is one of the factors that influence the IHSG in Indonesia. The stability of the exchange rate movement is very important for the capital market. The exchange rate shows the price or value of a country's currency expressed in the value of another country's currency. The foreign exchange rate can also be defined as the amount of domestic currency needed, namely the amount of rupiah needed to obtain a unit of foreign currency (Sukirno, 2016).

BI Rate is the policy interest rate of Bank Indonesia which reflects the monetary policy stance set by Bank Indonesia (BI). BI Rate is announced to the public so that the public knows or can use it as a reference in taking steps in the economic sector. (Raharjo and Elida, 2015).

According to Kasmir (2018) there are several financial ratios that can analyze a company's financial statements, namely Liquidity Ratio, Solvency Ratio, Activity Ratio and Profitability Ratio. The liquidity ratio describes a company's ability to pay short-term debts. In this study, only the Loan To Deposit Ratio ratio was used. The Loan To Deposit Ratio is closely related to the problem of the company's ability to meet its financial obligations that must be met. The company's liquidity risk, however, the main cause of a company being unable to meet its obligations lies in the negligence of the company's management in carrying out its obligations. This problem is quite a serious problem if this happens continuously without being realized, then the company could go bankrupt.

Dividend policy in this study is measured by the dividend payout ratio (DPR), the dividend payout ratio is the percentage comparison of dividends per share with earnings per share. Dividends are the distribution of company profits to shareholders equally and are distributed in the form of money (dividend cash) or shares (dividend stock), the amount of which will be determined based on the General Meeting of Shareholders (GMS). Higher dividend distribution will increase stock prices. This phenomenon is in line with the findings of Frank and Goyal (2013) which state that companies that distribute dividends are considered good by the market, conversely companies that do not distribute are considered bad. Thus, stock prices increase when there is an increase in dividends.

The following is data on Exchange Rates, Inflation, BI Rate, Loan To Deposit Ratio (LDR) and Price To Book Value (PBV) for the period 2018 – 2022:

Table 1. Data on Exchange Rates, Inflation, Bi Rate, Loan To Deposit

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Ratio (LDR) and Price To Book Value (PBV) for the Period 2018 – 2022

Year	Exchange rate	Inflation	BI Rate	LDR	PBV
2018	13,548	3.61	0.4	77.66%	5,903,125
2019	14,481	3.13	0.6	82.97%	436,375
2020	13,901	2.72	0.5	82.02%	4,036,875
2021	14.105	1.68	0.4	87.05%	316,875
2022	14,269	2.74	0.38	85.86%	3,091,875

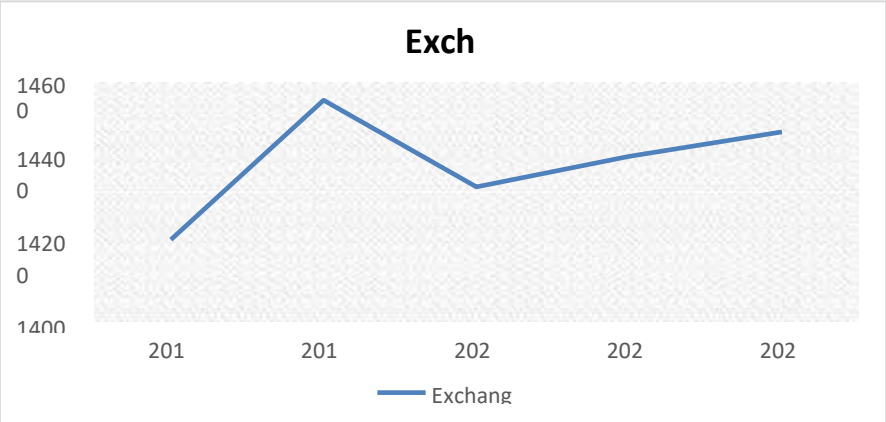
Source: processed data, 2023

Based on the table above, it can be seen and used as a reference in making stock investment decisions by investors. Where this ratio shows how much the market appreciates the book value of the company's shares, from several companies it is known that the PBV with a minimum or lowest value in 2021 was 316,785 and the highest value was 5,903,125.

The exchange rate conditions in Indonesia can be seen in the table and image above, where the exchange rate from 2018-2019 experienced a significant increase. In 2019-2020, it decreased again and increased again in 2021 and 2022. The next influence on the company's value is inflation. According to Fahmi (2012: 67), inflation is an event that describes a situation and condition where the price of goods increases and the value of the currency weakens. High inflation will have an impact on the spike in the company's capital costs. Can cause stock prices in the capital market to decline significantly.

Table 2. Exchange Rates 2018-2022

Year	Exchange Rate
2018	13,548
2019	14,481
2020	13,901
2021	14.105



Source:*www.bi.go.id*

Figure 1. Exchange Rate Chart 2018-2022

The exchange rate conditions in Indonesia can be seen in the table and image

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above, where the exchange rate from 2018-2019 experienced a significant increase. In 2019-2020, it decreased again and increased again in 2021 and 2022. The next influence on the company's value is inflation. According to Fahmi (2012: 67), inflation is an event that describes a situation and condition where the price of goods increases and the value of the currency weakens. High inflation will have an impact on the spike in the company's capital costs. Can cause stock prices in the capital market to decline significantly.

Table 3. Inflation 2018-2022

No	Year	Inflation Rate
1	2018	3.61
2	2019	3.13
3	2020	2.72
4	2021	1.68
5	2022	2.74

Source: processed data

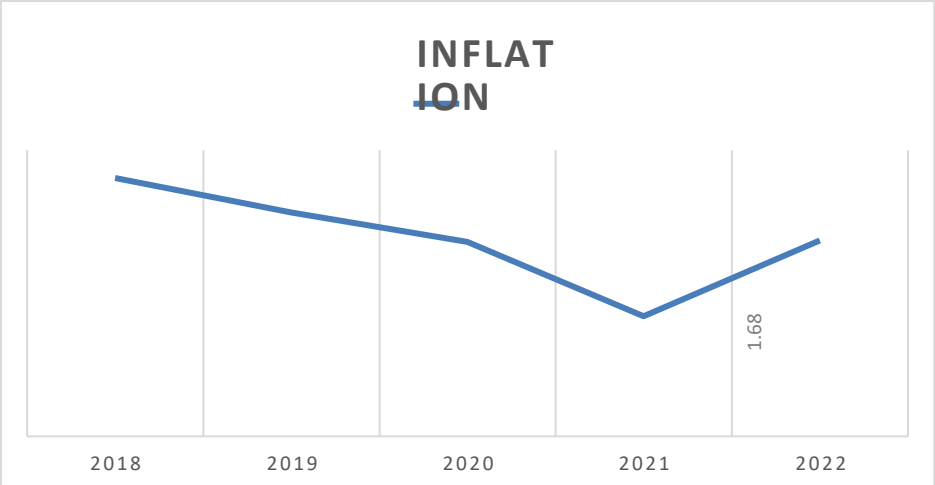

Figure 2. Inflation Chart 2018-2022

From the table and graph 1.2, it can be seen that since 2018 to 2021, inflation in the research period tends to experience fluctuating movements or up and down movements but tends to decrease. Based on the data obtained, we can observe that from year to year inflation has increased from 2016 to 2017, after which inflation tends to decrease.

BI Rate is the policy interest rate of Bank Indonesia which reflects the monetary policy stance set by Bank Indonesia (BI). BI Rate is announced to the public so that the public knows or can use it as a reference in taking steps in the economic sector. (Raharjo and Elida, 2015). The following are the BI Rate conditions from 2018-2022 as follows:

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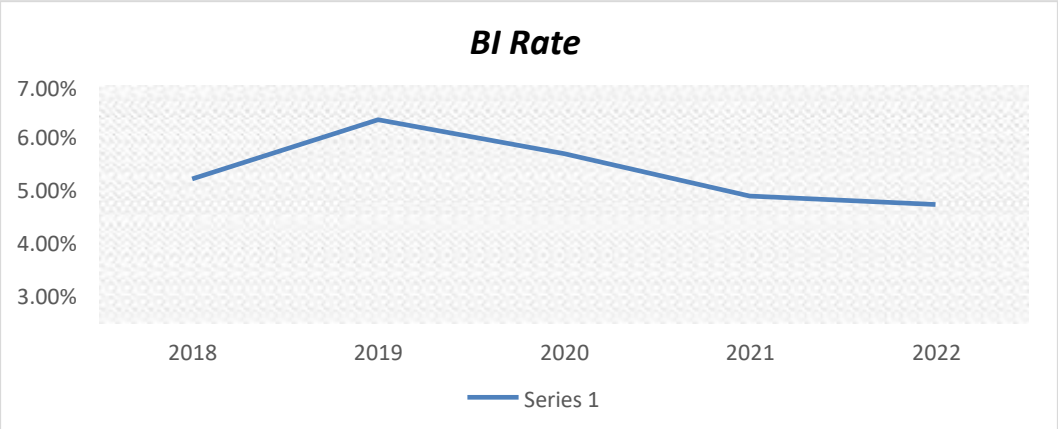

Source:*www.bi.go.id*

Figure 3 BI Rate Graph 2018-2022

The graph above shows that the BI Rate fluctuates where conditions change every year (up/down). The causes of the rise and fall of the BI Rate are due to several factors, such as politics, inflation, purchasing power levels and the lowest conditions in 2020 to 2021, most likely due to the Covid 19 pandemic that emerged in that year, thus affecting the BI Rate.

Research on the effect of Exchange Rate, BI Rate, Inflation and Loan to Deposit Ratio on Dividend Policy with Firm Value as a moderating variable has been widely conducted by previous researchers. However, most of these studies are still limited to a certain time period, for example the period before the COVID-19 pandemic. This study aims to analyze the effect of these variables on dividend policy in the pre- and post-COVID-19 pandemic periods, namely 2018-2022. In the post-COVID-19 pandemic period, Indonesia's economic conditions experienced various changes, such as the weakening of the rupiah exchange rate (Exchange Rate), increasing BI rate, and decreasing inflation. These changes can affect the company's decision in determining its dividend policy. Therefore, this study is important to conduct to determine the effect of these variables on dividend policy in different economic conditions. In addition, this study also uses a moderating variable, namely firm value. Firm value is one of the factors that can influence a company's decision in determining dividend policy. This study aims to test whether firm value can moderate the relationship between independent variables and dependent variables.

RESEARCH METHODS

This study uses a descriptive quantitative approach to analyze the effect of Exchange Rate, Inflation, BI Rate, and Liquidity on Dividend Policy, with Firm Value as a moderating variable. The analysis method used is panel data regression, which combines cross-section and time series data. Testing is carried out using the Chow test, Hausman test, and Lagrange Multiplier test to determine the most appropriate regression model. After the best model is determined, a t-test is carried out to test the effect of each independent variable on the dependent variable partially, and an F-test to test the simultaneous effect of these variables. Classical assumption tests, such as normality, multicollinearity, autocorrelation, and heteroscedasticity tests, are also

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carried out to ensure the validity of the model. Data processing is carried out using EViews 12 software for multiple linear regression analysis. (Priadana et al, 2021).

RESEARCH RESULT

1. Hypothesis Testing with Panel Data Regression Analysis

a. Partial Test (t-test)

1) The Effect of Exchange Rate (X1) on Dividend Policy (Y)

Table 4. The Effect of Exchange Rate (X1) on Dividend Policy (Y)

Dependent Variable: DIV_Y				
Method: Panel Least Squares				
Date: 03/19/24 Time: 13:45				
Sample: 2018 2022				
Periods included: 5				
Cross-sections included: 7				
Total panel (balanced) observations: 35				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.715028	1.377609	1.244931	0.2219
Course_X1	-1.929340	2.509363	-0.768856	0.4474
R-squared	0.017598	Mean dependent variable		0.680571
Adjusted R-squared	-0.012172	SD dependent var		1.740180
SE of regression	1.750739	Akaike information criterion		4.013398
Sum squared residual	101.1479	Black criterion		4.102275
Log likelihood	-68.23447	Hannan-Quinn critter.		4.044078
F-statistic	0.591140	Durbin-Watson stat		1.261369
Prob(F-statistic)	0.447447			

(Source: data processed using eviews 9)

The table above shows the t-count of the Exchange Rate (X1) of -0.768856. While the t-table with α = 5% and df = (nk) = 35–3 = 32, then the t-table (0.05; 32) = -2.03452 (two-way test). So that the t-count < t-table (- 0.768856 < -2.03693) then H0 is accepted and H1 is rejected. With a significance (prob) of 0.4474 > 0.05 so that it can be said that partially the Exchange Rate variable (X1) does not have a significant effect on Dividend Policy (Y) With R2 of 0.017598 which means that the percentage of the influence of the Exchange Rate variable (X1) on Dividend Policy (Y) is 1.75% the remaining 98.25% is influenced by other factors outside the regression model or outside this study. The regression equation between the exchange rate (X1) and dividend policy (Y) is Y = 0.768856 – 1.929340X1

2) The Effect of Inflation (X2) on Dividend Policy (Y)

Table 5. The Effect of Inflation (X2) on Dividend Policy (Y)

Dependent Variable: DIV_Y				
Method: Panel Least Squares				
Date: 03/19/24 Time: 13:48				
Sample: 2018 2022				
Periods included: 5				
Cross-sections included: 7				
Total panel (balanced) observations: 35				
Variable	Coefficient	Std. Error	t-Statistic	Prob.

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C	0.397558	0.045590	8.720239	0.0000
Inflation_X2	-0.086921	0.002305	-37.70618	0.0000
R-squared	0.977316	Mean dependent variable		0.680571
Adjusted R-squared	0.976628	SD dependent var		1.740180
SE of regression	0.266035	Akaike information criterion		0.245067
Sum squared residual	2.335561	Black criterion		0.333944
Log likelihood	-2.288670	Hannan-Quinn critter.		0.275747
F-statistic	1421.756	Durbin-Watson stat		1.568088
Prob(F-statistic)	0.000000			

(Source: data processed using eviews 9)

The table above shows the t-count of Inflation (X2) of -37.70618. While the t-table with α = 5% and df = (nk) = 35–3 = 32, then the t-table (0.05; 32) = -2.03693 (two-way test). So that the t-count > t-table (- 37.70618 > -2.03693) then H0 is rejected and H1 is accepted. With a significance (prob) of 0.0000 < 0.05, it can be said that partially the Inflation variable (X2) has a significant negative effect on

Dividend Policy (Y). With R2 of 0.977316, which means that the percentage of the influence of the Inflation variable (X2) on Dividend Policy is 97.7%, the remaining 2.3% is influenced by other factors outside the regression model. The regression equation between Inflation (X2) and Dividend Policy (Y) is Y = 0.397558 – 0.086921X2

3) The Influence of BI Rate (X3) on Dividend Policy (Y)

Table 6
The Influence of BI Rate (X3) on Dividend Policy (Y)

Dependent Variable: DIV_Y				
Method: Panel Least Squares				
Date: 03/19/24 Time: 13:48				
Sample: 2018 2022				
Periods included: 5				
Cross-sections included: 7				
Total panel (balanced) observations: 35				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.397882	0.045568	8.731533	0.0000
BI*Rate*_X3	-0.145280	0.003851	-37.72347	0.0000
R-squared	0.977336	Mean dependent variable		0.680571
Adjusted R-squared	0.976649	SD dependent var		1.740180
SE of regression	0.265916	Akaike information criterion		0.244171
Sum squared residual	2.333469	Black criterion		0.333048
Log likelihood	-2.272990	Hannan-Quinn critter.		0.274851
F-statistic	1423.060	Durbin-Watson stat		1.568840
Prob(F-statistic)	0.000000			

(Source: Data processed using eviews 9)

The table above shows the t-count of BI Rate of -37.72347. While the t-table with α = 5% and df = (nk) = 35–3 = 32, then the t-table (0.05; 32) = -2.03693 (two-way test). So the t-count > t-table (- 37.72347 > -2.03693) then H0rejected and H1accepted. With

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a valuesignificance (prob) 0.0000 < 0.05 so it can be said that partially the BI Rate variable (X3) has a significant negative effect on Dividend Policy (Y). With R2 of 0.977336, it means that the percentage of the influence of the BI Rate variable (X3) on Dividend Policy is 97.7%, the remaining 2.3% is influenced by other factors outside the regression model. The regression equation between BI Rate (X3) and Dividend Policy (Y) is Y = 0.397882 – 0.145280X3

4) The Influence of LDR (X4) on Dividend Policy (Y)

Table 7
The Influence of LDR (X4) on Dividend Policy (Y)

Dependent Variable: DIV_Y				
Method: Panel Least Squares				
Date: 03/19/24 Time: 13:48				
Sample: 2018 2022				
Periods included: 5				
Cross-sections included: 7				
Total panel (balanced) observations: 35				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.397882	0.045568	8.731533	0.0000
LDR_X4	-0.045799	0.020249	-2.261835	0.0317
R-squared	0.977336	Mean dependent variable		0.680571
Adjusted R-squared	0.976649	SD dependent var		1.740180
SE of regression	0.265916	Akaike information criterion		0.244171
Sum squared residual	2.333469	Black criterion		0.333048
Log likelihood	-2.272990	Hannan-Quinn critter.		0.274851
F-statistic	1423.060	Durbin-Watson stat		1.568840
Prob(F-statistic)	0.000000			

(Source: Data processed using eviews 9)

b. F-Test (Simultaneous Test)

The F test is used to determine whether independent variables simultaneously or together affect the dependent variable. And to determine whether the regression model can be used to predict the dependent variable or not.

Table 8. F Test

Dependent Variable: DIV_Y			
Method: Panel Least Squares			
Date: 03/19/24 Time: 13:23			
Sample: 2018 2022			
Periods included: 5			
Cross-sections included: 7			
Total panel (balanced) observations: 35			
R-squared	0.981308	Mean dependent variable	0.680571
Adjusted R-squared	0.979499	SD dependent var	1.740180
SE of regression	0.249161	Akaike information criterion	0.165778
Sum squared residual	1.924521	Black criterion	0.343532

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Log likelihood	1.098890	Hannan-Quinn critter.	0.227138
F-statistic	542.4885	Durbin-Watson stat	1.605585
Prob(F-statistic)	0.000000		

(Source: Data processed using eviews 9)

Referring to the table above, the probability value (F-statistic) is 0.000000 < significance level 0.05 so that H0rejected and H1accepted,means that variables X1, X2, X3 and X4 have a significant effect on Y simultaneously. Then the F-count value (F-statistic) is 542.4885. The F-table value with α = 5% (0.05) and df (k-1) = (4-1) = 3 and df2 (nk) = 35-3 = 32 shows the number 3.29. Thus the F-count value (542.4885) >
F-table value (3.29), so H0 is rejected and H1 is accepted, meaning that the Exchange Rate (X1), Inflation (X2), BI Rate (X3) and LDR (X4) have a significant effect on Dividend Policy (Y) simultaneously.

c. Coefficient of Determination

The determinant coefficient in panel data regression is used to determine the percentage of simultaneous influence of independent variables on the dependent variable. Based on the results of the analysis, the magnitude of the R Squared (R2) figure for Exchange Rate (X1), Inflation (X2), BI Rate (X3) and LDR (X4) on Dividend Policy (Y) is 0.981308. This shows that the percentage of influence of independent variables on the dependent variable is 98.13%. This means that the ability of independent variables to explain the variation of the dependent variable is 98.13%, the remaining 1.87% is explained by other variables outside the variables studied. While the magnitude of the R Squared figure for the Current Ratio (Y) variable on Price to Book Value
(Z) is 0.280613. This shows that the percentage of the influence of the independent variable on the dependent variable is 28.06%. While the remaining 71.4% is influenced by other factors outside the regression model.

2. Moderation Variables

Table 9
Variable Moderation Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.675541	9.839616	-4.751752	0.0000
Rate*PBV	-5.266633	7.708493	-0.683225	0.4971
Inflation*PBV	1.056168	0.026314	40.13778	0.0000
BI*Rate*PBV	0.000914	0.000282	3.237367	0.0020
LDR*PBV	-0.047621	0.013083	-3.639925	0.0009
	Effects Specification			
			SD	Rho
Random cross-section			2.573011	0.7611
Idiosyncratic random			1.441694	0.2389
Weighted Statistics				
Root MSE	1.380969	R-squared		0.964641
Mean dependent variable	4.855629	Adjusted R-squared		0.962902

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SD dependent var	7.401134	SE of regression	1.425528
Sum squared residual	1.239599	F-statistic	554.7141
Durbin-Watson stat	2.064956	Prob(F-statistic)	0.000000

(Source: Data processed using eviews 9)

Based on table 4.22, it can be interpreted as follows:

a. Firm Value is Able to Mediate Exchange Rate on Dividend PolicyThe results of the moderation analysis show the probability value of the interaction between exchange rate and dividend policy of 0.4971, which is greater than 0.05. This means that firm value does not moderate the effect of exchange rate on dividend policy.
b. Firm Value Can Mediate Inflation on Dividend PolicyModeration analysis shows the probability value of interaction between inflation and dividend policy is 0.0000, which is smaller than 0.05. This means that firm value moderates the effect of inflation on dividend policy.
c. Company Value is Able to Mediate BI Rate on Dividend Policy The results of the moderation analysis show the probability value of the interaction between the BI Rate and dividend policy of 0.0020, which is smaller than 0.05. This means that the company value moderates the effect of the BI Rate on dividend policy.
d. Firm Value Can Mediate Loan to Deposit Ratio on Dividend PolicyModeration analysis shows the probability value of interaction between Loan to Deposit Ratio (LDR) and dividend policy is 0.0009, which is smaller than 0.05. This means that firm value moderates the effect of LDR on dividend policy.

The explanation of the research results and discussion can be summarized in the following table:

Table 10
Hypothesis Testing Results

Hypothesis	Effect Hypothesis	β or γ (t-value/α level)	Information
H1: The Effect of Exchange Rate (X1) on Dividend Policy (Y)	-	(-1.929340 /0.4474)	Rejected
H2: The Effect of Inflation (X2) on Dividend Policy (Y)	+	(-0.86921 / 0.0000)	Accepted
H3: The Effect of BI Rate (X3) on Dividend Policy (Y).	+	(-0.145280 / 0.0000)	Accepted
H4: The Effect of LDR (X4) on Dividend Policy (Y).	+	(-0.045799 /0.0317)	Accepted

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H5: The simultaneous influence of exchange rate variables (X1), inflation (X2), BI rate (X3), and LDR (X4) on monetary policy Dividend (Y)	+	(0.000000 / 0.05)	Accepted
H6: Firm Value does not	-	(0.4971 / 0.05)	Rejected
Hypothesis	**Effect Hypothesis**	**β or γ (t-value/α level)**	**Information**
able to moderate the exchange rate on Dividend Policy			
H7: Company Value able to moderate inflation against dividend policy	+	(0.0000 / 0.05)	Accepted
H8: Company Value able to moderate BI Rate on Dividend Policy	+	(0.0020 / 0.05	Accepted
H9: Company Value is able to moderate the Loan To Deposit Ratio against Dividend Policy	+	(0.0020 / 0.05)	Accepted
H10: Impact of Dividend Policy Variable (Y) on Company Value (Z)	+	(0.0009 / 0.05)	Accepted

DISCUSSION

1. **The Effect of Exchange Rate (X1) on Dividend Policy (Y)**
   Based on the analysis results, the exchange rate has a t-value of -1.929340 with a significance of 0.4474, greater than 0.05, indicating that the exchange rate does not have a significant effect on dividend policy. This study is in line with the results of Sriyono's (2017) research, which states that the exchange rate does not affect the dividend payout ratio.
2. **The Effect of Inflation (X2) on Dividend Policy (Y)**
   The analysis shows that the t-value is -0.86921 and the significance is 0.0000, which is less than 0.05, meaning that inflation has a significant effect on dividend policy. This result is in accordance with the findings of Sarah Qonita Lutfiah (2023) which shows that inflation has an effect on dividend policy.
3. **The Influence of BI Rate (X3) on Dividend Policy (Y)**
   The results of the analysis show a t-value of -0.145280 and a significance of 0.0000, which is smaller than 0.05. This shows that the BI Rate has a significant effect on dividend policy, in accordance with the results of Ananto Dwi Antoro's (2018) research on the relationship between the BI Rate and dividend policy.
4. **The Influence of LDR (X4) on Dividend Policy (Y)**

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The analysis shows a t-value of -0.045799 with a significance of 0.0317, which is smaller than 0.05, so it can be concluded that LDR has a significant effect on dividend policy. This result is consistent with Karauan's research (2017) which states that LDR has an effect on the dividend payout ratio in state-owned banks.

5. **The Effect of Exchange Rate, Inflation, BI Rate, and LDR Variables Simultaneously on Dividend Policy (Y)**
   The results of the F-test analysis show a Prob value (F-statistic) of 0.000000 which is smaller than 0.05, indicating that simultaneously the exchange rate, inflation, BI Rate, and LDR have a significant effect on dividend policy. The coefficient of determination (R^2) of 0.981308 indicates that 98.13% of the variation in dividend policy is influenced by these variables.
6. **Company Value Unable to Moderate Exchange Rate on Dividend Policy**
   The results of the moderation analysis show that the probability value of the interaction between exchange rates and dividend policy is 0.4971, which is greater than 0.05, which means that the company value does not moderate the effect of exchange rates on dividend policy.
7. **Corporate Value Moderates Inflation Against Dividend Policy**
   The probability value of the interaction between inflation and dividend policy is 0.0000, which is smaller than 0.05, which means that the firm value is able to moderate the effect of inflation on dividend policy.
8. **Corporate Value Moderates BI Rate on Dividend Policy**
   Moderation analysis shows the probability value of the interaction between the BI Rate and dividend policy is 0.0020, which is smaller than 0.05, indicating that company value moderates the effect of the BI Rate on dividend policy.
9. **Firm Value Moderates LDR on Dividend Policy**
   The results of the analysis show that the probability value of the interaction between LDR and dividend policy is 0.0020, which is smaller than 0.05, which means that the company value moderates the effect of LDR on dividend policy.
10. **Impact of Dividend Policy on Firm Value (Z)**
    The results of the analysis show a t-value of -0.047621 and a significance of 0.0009, which is smaller than 0.05, meaning that dividend policy has a significant negative effect on firm value. This study is consistent with research by Ida Ayu Santi Dharmastri Laksmi (2020), which shows that dividend policy has a negative effect on firm value.

CONCLUSION

Based on the results of the study, it can be concluded that the Exchange Rate does not have a significant effect on Dividend Policy, while Inflation, BI Rate, and Loan to Deposit Ratio (LDR) each have a significant effect with a negative direction on dividend policy. Simultaneously, the four variables have a significant effect on dividend policy, with R Squared of 0.981308, which indicates that 98.13% of the variation in dividend policy is influenced by these variables. In addition, Firm Value is unable to moderate the effect of the Exchange Rate on dividend policy, but can moderate the effect of Inflation, BI Rate, and LDR on dividend policy. This study provides an important picture of how macroeconomic variables can affect the dividend policy of banking companies, with Firm Value playing a role in strengthening the influence of several variables on the policy.

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