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**| RESEARCH ARTICLE**

## **The Impact of Financial Technology, Intellectual Capital and Board of Commissioners on Banking Financial Performance**

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**| ABSTRACT**

The purpose of this study was to provide empirical evidence regarding the impact of the existence of financial technology, intellectual capital, and the board of commissioners on the financial performance of banks in Indonesia. The method used is quantitative research with secondary data taken from the annual report at idx and the availability of banking fintech applications on google playstore with data collection techniques using purposive sampling. Analysis of the data used is multiple linear regression on SmartPLS4. The population in this study are banking companies that publish annual reports from 2019 to 2021. The results of this study indicate that intellectual capital and independent commissioners have a positive and significant effect on banking financial performance, while financial technology has an insignificant but not significant effect on banking financial performance.

**| KEYWORDS**

Financial Technology, Intellectual Capital, Board of Commissioners, Banking Performance

**| ARTICLE INFORMATION**

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### **1. Introduction**

In the industrial era 4.0, the development of science and technology is currently very fast. This development allows humans to easily and quickly access information sources anywhere and anytime via the internet. Strengthening technology infrastructure also brings us to a new era, the era of digitalization. With digitalization, almost all the data we need is on the internet, so we can do all activities quickly, accurately, and easily (Iskandar & Istianingsih, 2020). One of the technological development that is currently popular in Indonesia is a financial technology (FinTech).

Financial technology is an innovation presented by companies in the financial services sector that utilizes the use of technology and has an impact on monetary stability, financial systems, and/or efficiency and reliability in payments. Fintech has a promising business model because it utilizes applications or websites that can be accessed online so that there is more flexibility, security, and time efficiency. At first, Indonesian fintech only moved in two verticals, namely digital payments (e-money) and online loans (peer to peer lending). Now it has grown to include aggregators, innovative credit scoring, financial planning, equity crowdfunding, and project financing. Currently, fintech has a legal umbrella, namely the Financial Services Authority Regulation (POJK) number 13/POJK.02/2018 concerning Digital Financial Innovation in the Financial Services Sector. Meanwhile, Bank Indonesia also issued regulation No.18/40/PBI/2016 regarding the emergence of payment transaction processes. This regulation regulates the payment of e-commerce transactions so that they become more secure and efficient.

According to the report below, Indonesia's fintech startup landscape is dominated by online lending companies, which account for half of all fintech startups in the country. Online lending was followed by payments with 73 companies (23%), blockchain and

cryptocurrency with 26 companies (8%), and investment/personal finance with 24 companies (7%). Other segments represented include insurance (15 companies), crowdfunding (9 companies), point-of-sale (POS) services (7 companies), and financial comparison (7 companies).

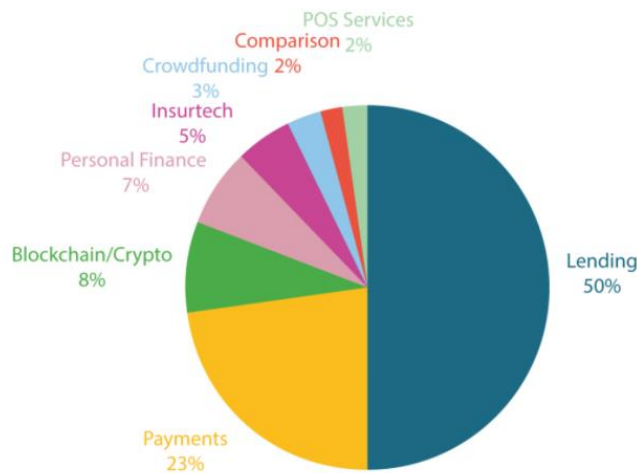


Figure 1. Lanskap Startup Fintech  
Source: Fintech News Singapore (2020)

This was also followed by the development of data on the value of fintech transactions in Indonesia from 2017 to predictions for 2023 from Statista (2020), which continues to increase every year.

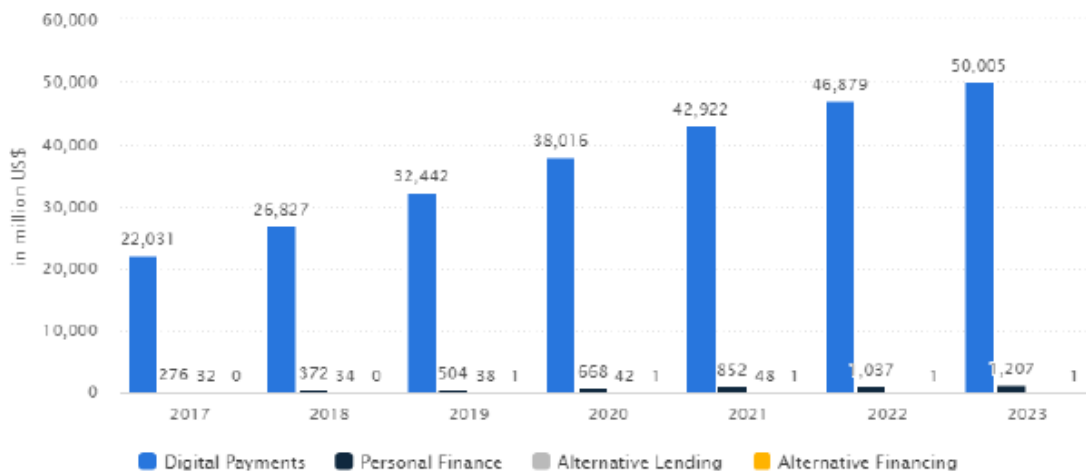


Figure 2. Development Of Fintech Transaction Value Data  
Source: Statista (2020)

In addition to fintech, which is growing rapidly at this time, intellectual capital has also experienced development, which is marked by the number of companies in Indonesia using knowledge-based strategies, and one of them is in the banking sector; Because every country must be ready to face the presence of the World Trade Organization (WTO) at the global level and the ASEAN Free Trade Area (AFTA) at the regional level (Pernamasari & Sugiyanto, 2021). Intellectual capital is a part of intangible assets that can be used by companies to create a competitive advantage (Febriany, 2020). Intellectual capital is included in the category of non-capital assets (equity) on the balance sheet. Intellectual capital can encourage the company's financial performance because it can generate added value as capital to compete with its competitors (Fatimah & Wahyuni, 2020). In the banking world, intellectual capital is very important. This is because the banking sector relies on trust in managing funds, both owner funds, and public funds. Banking companies need professional and skilled personnel who have good moral integrity and are trustworthy. Banks are expected to obtain strong intellectual capital in anticipating future competition for human resources which are superior, creative, and have a far-sighted vision.

In addition to financial technology and intellectual capital, which continues to develop, the existence of an independent board of commissioners can encourage the improvement of banking financial performance. According to Boedex (2010) in (Intia & Azizah,

2021), the independent board of commissioners is a member of the board of commissioners who is not affiliated with the board of directors, other members of the board of commissioners, and controlling shareholders, and is free from business relationships or other relationships that may affect their ability to act independently or act solely in the interests of the company. The relationship between independent commissioners and banking performance is supported by the perspective that an independent commissioner is expected to provide an objective and independent supervisory function to the company (Sembiring & Saragih, 2019).

Financial performance is something that investors use to see and assess the company's performance and prospects in the future. In addition, financial performance appraisals are carried out so that the public and customers are confident and believe that the company has good credibility. As for internal parties, financial performance, as reflected in financial statements, can be used for decision-making and to determine the financial condition (Saragih & Sihombing, 2021). There are various measurements of banking financial performance, including CAR (Capital Adequate Ratio), indicating the minimum capital ratio owned by the bank, and ROA (Return On Assets), indicating the bank's ability to generate profits from the use of all its assets. The ratio of how much operational costs are incurred by banks to obtain operating income, NIM (Net Interest Margin), shows the amount of interest income earned by banks from managing their productive assets. Productive assets are assets that are able to generate interest income (Mar'atushsholihah & Karyani, 2021). The relationship between financial technology, intellectual capital, and independent commissioners can improve banking financial performance because there are elements of services provided by the banking sector both in terms of facilities and resources owned and the existence of supervisors from independent parties as a counterweight to the strength of the management (especially the CEO) in management of the company through its monitoring function.

## **2. Literature Review**

### **A. Financial Intermediation Theory and Technology Adoption Model (TAM)**

The theory of financial intermediation was founded by Gurley and Shaw in 1960 (Kemboi, 2018). It is based on agency theory and information asymmetry. This theory explains the importance of financial intermediaries in the economy. Financial intermediation in the banking industry is defined as the process by which banks take depositors' money from those who are in surplus and lend it to borrowers who are in deficit. Banks have an important role in the economy, namely to facilitate the payment process, achieve financial stability, and as an implementer of monetary policy, banks must remain stable.

In addition, the successful application of technology cannot be separated from the behavioral aspect of the technology user. This behavior is reflected in aspects of the Technology Acceptance Model (TAM) developed (Davis, Bagozzi, & Warshaw, 1989). The TAM concept was developed to see the effect of the perceived ease of use variable (perceived ease of use), perceived usefulness (perception of usefulness), and perceived credibility variable (user attitude) on behavior intention (interest to use information technology).

This theory is relevant to this study because financial technology facilitates service delivery and bank operations. The Bank utilizes financial technology to improve efficiency in its operations. Financial technology eliminates information asymmetry by providing data analysis software. Financial technology has also led to increased trust and confidence by banks and their clients due to transparency and the free flow of information. It also improves cost reduction and customer retention and provides a competitive advantage for banks.

### **B. Legitimacy Theory**

Legitimacy Theory (Dowling & Pfeffer, 1975) states that an organization can do three things to be legitimate. First, organizations can adapt their outputs, objectives, and operating methods to fit the prevailing definition of legitimacy. Second, organizations can try, through communication, to change the definition of social legitimacy so that it fits the current practices, outputs, and values of the organization. Finally, organizations can try again through communication to become identified with symbols, values, or institutions that have a strong basis of social legitimacy.

According to the view of legitimacy theory, companies will be encouraged to show their IC capacity in financial statements to gain legitimacy from the public for their intellectual property. This recognition of public legitimacy is important for companies to maintain their existence in the corporate social environment (Ulum, 2017:41).

### **C. Agency Theory**

Agency theory describes the relationship between shareholders as principals and management as agents. In the agency theory concept, management as an agent should uphold the interests of shareholders, but it is possible that management only cares about its own interests to maximize utility. Management can take actions that do not benefit the company, such as abuse of authority and embezzlement of resources which in the long run can harm the interests of the company. This difference in interests between owners and managers is called the agency problem (Jensen & Meckling, 1976).

One way to suppress or reduce agency costs is to have a clear organizational structure so as to create an efficient system to regulate the cooperative relationship between agents and principals. One of them is the existence of an independent commissioner as a supervisor (controlling) for the actions taken by management so that they run as they should.

#### ***D. Financial Technology***

According to Bank Indonesia, Fintech is the result of collaboration between financial services and technology that makes business activities modern and practical where previously, transactions for loans and payments were made directly, but with the existence of fintech, everything can be done anytime and anywhere without having to come directly. Fintech is a modern platform in digital technology that aims to be a liaison in safe and practical finance (Aaron et al., 2017: 3)

#### ***E. Intellectual Capital***

The International Federation of Accountants (IFAC) (Lutfillah & Sukmana, 2018) defines "intellectual capital as a synonym for intellectual property, intellectual assets, and knowledge assets. This capital can be interpreted as knowledge-based shares/capital owned by the company. IFAC also estimates that currently, the value of the company is determined more by the management of intellectual capital, no longer by fixed assets." Thus, Intellectual capital is included in the category of assets, not capital in the balance sheet.

Intellectual Capital can be divided into three main categories, namely: 1) human capital, Edvinsson (1997) defines human capital as a combination of knowledge, skills, innovation, and individual employee abilities to be able to complete their tasks well. Meanwhile, Drapper (1998) defines human capital as the accumulation of investment value in training, competence, and the future of employees. 2) structural capital, the ability of the organization or company to fulfill the company's routine processes and structures that support employees' efforts to produce optimal intellectual performance and overall business performance. For example, the company's operational system, organizational culture, manufacturing process, and management philosophy (Sawarjuwono & Kadir, 2003), 3) relational capital; Drapper (1998) defines relational capital as the value of the customer base, customer relationships, and potential customers. Relational capital includes knowledge embedded in all organizational relationships from customers, competition, suppliers, trade associations, and government (Bontis, William Chua Chong, & Richardson, 2000)

#### ***F. Board of Commissioners***

The board of commissioners is an organ (part) of the company's organizational structure that functions to carry out monitoring and provide advice to the directors in carrying out their duties in the company. Independent Commissioners are members of the Board of Commissioners who are not affiliated with the Board of Directors, other members of the Board of Commissioners, and controlling shareholders and are free from business relationships or other relationships that may affect their ability to act independently. The existence of independent commissioners will encourage and create a more independent, objective climate and increase fairness as one of the main principles in paying attention to the interests of minority shareholders and other stakeholders.

#### ***G. Financial Performance***

Financial performance is the process of evaluating the operating and financial characteristics of an organization from its financial statements to determine the performance and efficiency of the organization's management by referring to its financial reports and records.

The banking financial performance used in this study is BOPO (Operational Cost of Operational Income) because it wants to see a comparison of operating costs with operating income. The smaller the BOPO ratio indicates that the bank is more efficient in issuing operational costs.

#### ***H. Hypothesis development***

##### ***1). The Effect of Financial Technology on Banking Financial Performance***

Financial Technology is a financial technology that refers to new solutions that demonstrate innovation in the development of applications, products, or business models in the financial services industry that use technology. Bank Indonesia defines Financial Technology (FinTech) as the result of a combination of financial services and technology that ultimately changes the business model from conventional to moderate, which initially pays face-to-face and carries a certain amount of cash, and can now make transactions by making payments that can be made in just seconds. In relation to signal theory, companies providing financial statement information that reflects the company's performance is a signal that the company has carried out its operations efficiently and effectively. Good signals will also be responded to well by outside parties, so banks must be able to continue to give good signals to customers and the public so that customers gain a sense of trust and security guarantees related to funds that have been deposited and transactions made at the bank concerned, especially those related to financial services provided through technology (financial technology). With the existence of FinTech, it can minimize the operational costs incurred by banks

in obtaining profits because they have used technology to carry out all their transactions so that they can affect Operational Expenses on Operating Income. Innovations that occur in banking through the fintech phenomenon are not a distraction but an opportunity to develop fintech services and improve banking financial performance. This result is in line with research conducted by (Lestari, Siregar, & Ayla, 2021) and (Kristianti & Tulenan, 2021), which state that the use of financial technology has a significant influence on the performance of companies proxied with BOPO.

## **2). The Influence of Intellectual Capital on Banking Financial Performance**

The International Federation of Accountants (IFAC) (Lutfillah & Sukmana, 2018) defines "intellectual capital as a synonym for intellectual property, intellectual assets, and knowledge assets. This capital can be interpreted as knowledge-based shares/capital owned by the company

According to (Dowling & Pfeffer, 1975), legitimacy theory explains that "organizations can adjust outputs, objectives, and operating methods to fit the prevailing definition of legitimacy and organizations can try, through communication, to change the definition of social legitimacy so that in accordance with practice, output, and current organizational values. Legitimacy involves a change in the organization's mission or the use of symbols to identify the organization with legitimate social institutions or practices."

The book *Intellectual Capital: Measurement Models, Disclosure Framework & Organizational Performance* (Ulum, 2017:40) explains that "The theory of legitimacy is closely related to IC reporting and is also closely related to the use of content analysis methods as a measure of the reporting. Companies tend to report IC if they have a special need to do so. This may happen if the company is not able to legitimize its status based on tangible assets, which are generally known as symbols of the company's success. Companies can be said to have knowledge, abilities, and unique values and solutions that can later affect competitive advantage and increase profitability and market value. Intellectual capital itself is one of the drivers of the value of the company and has an influence on financial success (Petty & Guthrie in Putra, 2012) (Marzoeki, 2018).

This is in line with research conducted by (Febriany, 2020) and (Saragih & Sihombing, 2021), which state that intellectual capital has a significant effect on banking financial performance.

## **3). Influence of the Board of Commissioners on Banking Financial Performance**

According to agency theory, the greater the number of independent commissioners owned by the company, the better in carrying out their duties as supervisors against the opportunistic actions of the board of directors. An independent commissioner has a role as an intermediary in the event of a dispute between internal managers and oversees management policies so that they are precise in making decisions. With the implementation of the role of independent commissioners independently, it can improve the financial performance of banks, in this case, the operational efficiency of banks. Research conducted by (Hendratni, Nawasiah, & Indriati, 2018) and (Intia & Azizah, 2021) states that independent commissioners have an effect on banking financial performance.

## **3. Methodology**

### **3.1 Types of Research**

The type of research used is causal research, which explains the effect of an independent variable on the dependent variable. The independent variables in this study include financial technology and intellectual capital, while the dependent variable is the financial performance of the banking sector, which is proxied by operating expenses for operating income (BOPO).

### **3.2 Definition and Operationalization of Variables**

#### **A. Dependent Variable**

The dependent variable (Y) is a variable that can be influenced by other variables. The dependent variable used in this study is the Financial Performance of the Bank by using the Operational Income Operating Cost (BOPO) proxy. Banking financial performance in terms of operational costs is calculated using BOPO, as follows (Destania & Puspitasari, 2021)

$$\text{BOPO} = \text{Operating Expenses} / \text{Operating Income}$$

Operational costs can be calculated based on the sum of the total bank interest expense and total other operating expenses. Meanwhile, operating income is calculated from total bank interest income and total other operating income.

#### **B. Independent Variable**

##### **1). Financial Technology**

Fintech measurements in this study include the use of mobile banking, internet banking, and SMS banking. The dummy variable will be used to measure the use of fintech facilities, namely banks that have used fintech facilities. If using three fintech services, such as SMS banking, mobile banking, internet banking, and so on, it is given a value of 3, and the addition of 4 is adjusted to the

fintech facilities used. Data on fintech services used by banks are obtained from the Playstore/Appstore (Sutarti, Syakhroza, Diyanty, & Dewo, 2019)

2). Intellectual Capital

a. Human Capital Efficiency (HCE)

HCE is the company's ability to generate added value for every rupiah spent on human capital. This model begins by placing the VA calculation as the starting point, namely:

$$VA = OUT - IN$$

OUT is total sales and other income, and IN is selling expenses and other expenses except for employee expenses. HCE is used to indicate how much VA can be generated with funds spent on labor. The formula to calculate it is (Ulum, 2017):

$$HCE = \frac{VA}{HC}$$

Information:

HCE = Human Capital Efficiency (Ratio from VA to HC)

VA = Value Added

HC = Human Capital (Total salaries and wages; employee expenses)

b. Structural Capital Efficiency (SCE)

SCE is used to measure the amount of SC needed to generate one rupiah of VA and is an indication of how successful SC is in value creation. The formula to calculate it is (Ulum, 2017) :

$$SCE = \frac{SC}{VA}$$

Information:

SCE = Structural Capital Efficiency (Ratio from VA to SC)

SC = Structural Capital (VA-HC)

VA = Value Added

c. Relational Capital Efficiency (RCE)

RCE is a good relationship between the company and different external stakeholders, including elements such as customers, business collaboration, franchise agreements, and so on. RCE is used to see how much value added is generated by the company for every one rupiah invested in marketing costs. RC is proxied by marketing costs. RCE is calculated by the following formula (Ulum, 2017:125):

$$RCE = \frac{RC}{VA}$$

Information :

RCE = Relational Capital Efficiency

VA = Value Added

RC = Relational Capital (Marketing costs)

d. Capital Employed Efficiency (CEE)

CEE is an indicator of the efficiency of the value added capital used. CEE shows how much value added the company generates from the capital used. The efficiency of the capital used can be obtained in the following way (Ulum, 2017:121):

$$CEE = \frac{VA}{CE}$$

Information :

CEE = Capital Employed Efficiency

VA = Value Added

CE = Capital Employed (Total assets)

As a whole, MVAIC is formulated as follows:

$$\text{MVAIC} = \text{ICE} + \text{CEE}$$

$$\text{ICE} = \text{HCE} + \text{SCE} + \text{RCE}$$

According to Ulum (2008) (Ulum, 2017: 136), the results of the VAIC calculation can be ranked based on the score they have. With the following categories:

- a. Top performers – VAIC score above 3.00
- b. Good performers – VAIC score between 2.0 to 2.99
- c. Common performers – VAIC score between 1.5 to 1.99
- d. Bad performers – VAIC score below 1.5

3). Independent Commissioner

Independent commissioners are members of the board of commissioners who come from outside the company's shareholders. The proportion of independent commissioners is measured by the percentage of the number of independent commissioners divided by the number of members of the board of commissioners (Sekaredi, 2011) (Sembiring & Saragih, 2019)

$$\text{Commissioner Independent} = \frac{\text{number of independent commissioners}}{\text{number of commissioners}} \times 100\%$$

**3.3 Population and Sample**

The population of this study is conventional banking companies listed on the Indonesia Stock Exchange. The sample used in this study is conventional banking companies listed on the Indonesia Stock Exchange from 2019 - 2021. The reason for choosing banking companies in this study is because fintech is a form of technological innovation from services provided combined with the field of financial services, while intellectual capital is an intangible asset owned by the company, especially banking, to add value (value added). The sampling method used is purposive sampling, namely sampling based on criteria

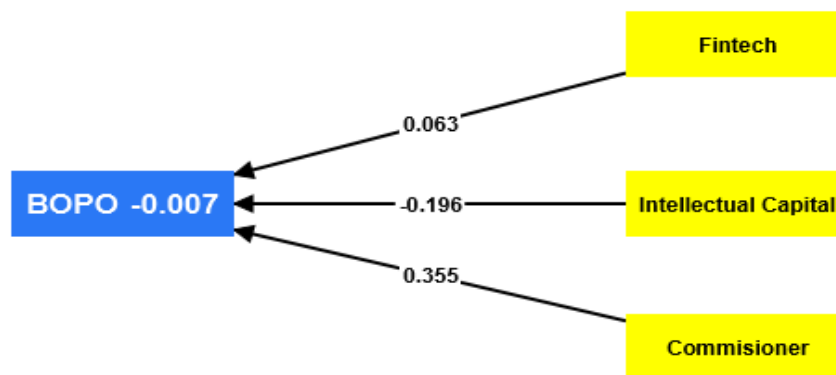
**3.4 Analysis Method**

The analytical method used is a quantitative method, namely the approach to data processing through statistical or mathematical methods collected from secondary data. The data analysis method in this study uses the SmartPLS Professional version 4.0 software which is run on computer media. PLS (Partial Least Square) is a variant-based structural equation analysis (SEM) that can simultaneously test the measurement model as well as test the structural model.

**4. Results and Discussion**

**4.1 Results**

1) Evaluation of Measurement Model



The loading factor describes how much the indicators relate to each construct. The path diagram above shows that all indicators have a loading factor of 1,000, which means that all indicators are valid because the loading factor value meets the criteria; namely, the construct loading factor must be above 0.70. These results indicate that there is a good relationship between the indicators and each construct.

The second check of convergent validity is to look at the value of Cronbach's alpha and composite reliability. The results are as follows:

**Table 1. Construct Reliability and Validity**

	<b>Cronbach's Alpha</b>	<b>Rho_A</b>	<b>Composite Reliability</b>	<b>Average Variance Extracted (AVE)</b>
<b>Fintech</b>	1.000	1.000	1.000	1.000
<b>Intellectual Capital</b>	1.000	1.000	1.000	1.000
<b>Commissioner</b>	1.000	1.000	1.000	1.000
<b>BOPO</b>	1.000	1.000	1.000	1.000

Cronbach's alpha and composite reliability values above 0.7 indicate high reliability of the measuring instrument, which means that the gauges of each construct are highly correlated. The third check of convergent validity is to look at the AVE value. AVE values above 0.5 are highly recommended. From the table above, all constructs are 1 or above 0.

2) Evaluation of Structural Model

After the examination of the measurement, the model is fulfilled; the next step is to examine the structural model. This examination includes the significance of the path relationship and the value of R Square (R2) to see the results of the evaluation of the structural model. The value of R2 aims to determine how much the independent variable affects the dependent variable. The value of R2 can be seen in Table 2

**Table 2. R-Square**  
**R Square      R Square Adjusted**

<b>BOPO</b>	0.142	0.119
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The value of R Square (R2) of 0.142 means that the variability of the Banking Financial Performance construct as proxied by BOPO can be explained by the construct of the amount of financial technology, intellectual capital, and the board of commissioners of 14.2%. While 85.8% is explained by other variables not included in this study.

3) Hypothesis Test Results

**Table 3. Value Path Coefficient (Mean, STDEV, T-Values, P-Values)**

	<b>Unstandardized coefficients</b>	<b>Standardized coefficients</b>	<b>SE</b>	<b>T value</b>	<b>P value</b>	<b>Conclusion</b>
Fintech -> BOPO	6.946	0.063	5.790	1.200	<b>0.233</b>	Rejected
Intellectual Capital -> BOPO	-1.911	-0.196	0.923	2.070	<b>0.041</b>	Accepted
Commissioner -> BOPO	1.385	0.355	0.279	4.968	<b>0.000</b>	Accepted

Based on the table above, the results can be used to answer the hypothesis in this study. Hypothesis testing in this study was carried out by looking at the T-Statistic value and the P-Value value with a T value > 1.96 and a P value < 0.05. In the table above, the financial technology variable has a significant but not significant effect, while the intellectual capital variable and the independent board of commissioners have a significant positive effect. The conclusion from the hypothesis test results that the intellectual capital variable and the independent board of commissioners are accepted by the hypothesis

**4.2 Discussion**

1) The Effect of Financial Technology on Banking Financial Performance Proxied by Operational Costs of Operating Income (BOPO)  
 Financial technology has a significant but insignificant effect on banking financial performance. In relation to signal theory, companies providing financial statement information that reflects the company's performance is a signal that the company has carried out its operations efficiently and effectively. Good signals will also be responded to well by outside parties, so banks must be able to continue to give good signals to customers and the public so that customers gain a sense of trust and security guarantees related to funds that have been deposited and transactions made at the bank concerned, especially those related to financial services provided through technology (financial technology)



With the existence of FinTech, it can minimize the operational costs incurred by banks in obtaining profits because they have used technology to carry out all their transactions so that they can affect Operational Expenses on Operating Income. Innovations that occur in banking through the fintech phenomenon are not a distraction but an opportunity to develop fintech services and improve banking financial performance. These results contradict research conducted by (Lestari et al., 2021) and (Kristianti & Tulenan, 2021), which state that the use of financial technology has a significant influence on the performance of companies' proxies with BOPO. This can happen because the existence of fintech services provided by banks to customers has no effect on banking financial performance. There are still many people who have not maximized the use of fintech services that are used by customers for transactions that can be done in seconds and anytime. In addition, the existence of fintech has not been able to minimize operational costs to generate high income where the more sophisticated the technology used, the operational costs related to technology are also high.

2) Influence of Intellectual Capital Affects Banking Financial Performance Proxied by Operational Cost of Operating Income (BOPO)

Intellectual capital has a significant influence on the financial performance of banks. The positive direction that occurs means that the greater the value of intellectual capital generated, the greater the banking financial performance obtained. According to (Dowling & Pfeffer, 1975), legitimacy theory explains that "organizations can adjust outputs, objectives, and operating methods to fit the prevailing definition of legitimacy and organizations can try, through communication, to change the definition of social legitimacy so that in accordance with practice, outputs, and current organizational values. Legitimacy involves a change in the organization's mission or the use of symbols to identify the organization with legitimate social institutions or practices."

This is in line with research conducted by (Febriany, 2020) and (Saragih & Sihombing, 2021), which state that intellectual capital has a significant effect on banking financial performance. Intellectual capital is an intangible asset owned by a company that is sourced from employee competence, organizational structure, and performance owned by banking companies and provides the ability for companies to perform cost efficiently so as to improve the company's financial performance. By utilizing resources Intellectual capital is good and right; it is believed that it will be able to improve banking financial performance (BOPO), in this case, cost efficiency, and increase revenue because it provides added value for the company in the form of competitive advantage from a company.

3) The Influence of the Board of Commissioners Affects the Financial Performance of the Banking Proxy by Operating Costs of Operating Income (BOPO)

The proportion of independent commissioners has a significant influence on banking financial performance. The positive direction that occurs means that the greater the proportion of independent commissioners owned by the company, the greater the resulting banking financial performance. This happens because the role of independent commissioners in carrying out their duties has been effective so that problems related to conflicts of interest can be minimized. The number of independent commissioners who are more in a company will have a high level of supervision and can minimize fraudulent actions committed by the management so that banking performance can be achieved optimally. The results of this study are in line with agency theory; the greater the number of independent commissioners owned by the company, the better in carrying out their duties as supervisors against the opportunistic actions of the board of directors.

The results of this study are in line with research conducted by (Hendratni et al., 2018) and (Intia & Azizah, 2021), which state that independent commissioners have an effect on banking financial performance.

## 5. Conclusion

The financial technology variable has an insignificant but not significant effect on the financial performance of the banking sector, which is proxied by the operational cost of operating income (BOPO). This can happen because the existence of fintech services provided by banks to customers has no effect on the financial performance of banks. There are still many people who have not been maximized in the use of fintech services that are used by customers for transactions that can be done in seconds. Variable intellectual capital and independent board of commissioners have a significant influence on the financial performance of banks. Intellectual capital is an intangible asset owned by a company that is sourced from employee competence, organizational structure, and performance owned by banking companies providing the ability for companies to carry out cost efficiency that can improve the company's financial performance. By utilizing intellectual capital resources properly and correctly, it is believed that it will be able to improve banking financial performance (BOPO), in this case, cost efficiency and increase income. In addition, the role of independent commissioners in carrying out their duties has been effective so that problems related to conflicts of interest can be

minimized. More number of independent commissioners in a company will have a high level of supervision so as to minimize fraudulent actions committed by the management.

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