

ABSTRACT

This study is conducted to analyse the relationship between the components of intellectual capital, namely, Structural Capital Efficiency (SCE), Human Capital Efficiency (HCE), Relational Capital Efficiency (RCE), and Capital Employed Efficiency (CEE) and performance of Indonesian banking firms from 2018 – 2022 that will be proxied by Loan to Deposit Ratio (LDR). This study will discuss the phenomena of a significant discrepancy between the proportion of credit demand and third party funds intake such as savings accounts, checking accounts, and deposits.

The population of this study consists of banking firms that are listed on the Indonesia Stock Exchange from 2018 – 2022. The selection of samples will utilize the purposive sampling method which resulted in 34 firms in a 5 year period. Intellectual capital shall be measured using the Modified Value Added Intellectual Capital (MVAIC) model and the hypotheses testing will utilize multiple linear regression.

The result of this study showed that all components of intellectual capital are positively related with banking firm performance. However, Structural Capital Efficiency (SCE) had failed to demonstrate a significant relation. Based on this result, company investment towards intellectual capital will result to the increased performance of banking firms

Keywords: Intellectual Capital, firm performance, Loan to Deposit Ratio (LDR), banking firms