

## **ABSTRACT**

*This study aims to analyze the effect of digital transformation on the value of digital bank companies as measured using Tobin's Q by considering various financial factors such as profitability (EPS), liquidity (Current Ratio), leverage (DER), dividend policy (DPR), and company size (total assets) in line with the increase and decrease in financial performance and stock prices in digital banks in Indonesia. The research method uses secondary data obtained from the annual reports of digital banks listed on the Indonesia Stock Exchange during the period 2018 to 2023 and data analysis using multiple linear regression with EViews software. The results showed that digital transformation, leverage (DER), company size (Total Assets) had a significant effect on firm value on the contrary, the level of profitability (EPS), liquidity (CR) and dividend policy (DPR) did not show a significant effect on firm value. This study concludes that digital transformation, leverage, and firm size remain determinants in influencing the firm value of digital banks. The findings provide insights for digital banking companies to continue focusing on digital transformation as a key strategy in improving competitiveness and firm value, and provide recommendations for investors to be selective in choosing banks with healthy capital structures and optimal asset management.*

***Keywords: Digital Transformation, Enterprise Value, Digital Bank, Financial Performance***

