

## ABSTRACT

*This research aims to estimate and analyze the Value Added Intellectual Coefficient (VAIC<sup>TM</sup>) for measuring the value based performance of the Indonesian Banking Sector for three years, at 2006-2008 period, and prove that the value added (VA) is predominantly determined by human capital (HC) and employed capital (CE.)*

*The population in this research are all of Indonesian banking sector listed in Bank Indonesia at 2006-2008. The samples of this research are banking sector listed in Bank Indonesia at 2006-2008 and report their financial position to Bank Indonesia. The samples are collected using purposive sampling method and resulted 86 banking sector become the samples. Data analysis is using descriptive analysis and OLS (Ordinary Least Square) regression analysis.*

*The result of this research shows that overall performance in Indonesian banking sector at 2006-2008 is experiencing a declining trend and into the category's top performers with (VAIC<sup>TM</sup>) score is 4,15 at 2006; 3,57 at 2007; and 3,27 at 2008. Besides, it has to be proven that the value added (VA) is predominantly determined by human capital (HC) and capital employed (CE).*

*Keywords: human capital, intellectual capital, business performance, banking sector, Value Added Intellectual Coefficient (VAIC<sup>TM</sup>)*