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Financing Policy, Liquidity Policy, Operational Policy and Financial Performance: Empirical Study on BPRS using Independent Commissioners as Moderating Variables

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Abstract

This study aims to analyze the effect of financing policy, liquidity policy, and operational policy on the financial performance of Sharia Rural Banks (BPRS) with independent commissioners as moderating variables. This study was conducted at BPRS located in the working area of the Financial Services Authority (OJK) Jabodebek and Banten Province. The data used are secondary data obtained from the BPRS financial reports for 2020–2023. The analysis method used is moderation regression analysis with the Partial Least Squares (PLS) approach. The results of the study show that financing policy, liquidity policy, and operational policy have a significant effect on BPRS financial performance. Independent commissioners are proven to moderate the relationship between financing policy and financial performance as well as the relationship between operational policy and financial performance. However, independent commissioner moderation is not significant in the relationship between liquidity policy and financial performance. This finding indicates the importance of the existence of independent commissioners in improving supervision and good corporate governance in BPRS. This study is expected to provide practical contributions to BPRS managers and policy makers in developing strategies to improve financial performance through optimizing internal policies and the role of independent commissioners. In addition, this study also adds to the literature related to the role of independent commissioners in the Islamic banking sector in Indonesia.

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1. Introduction

Islamic financial institutions are developed to enhance and perfect Islamic principles, sharia law, and traditions in financial and banking operations and related companies. Islamic banks are financial entities that operate based on sharia principles. Islamic banks are categorized into three groups based on their nature: Islamic Commercial Banks (BUS), Islamic Business Units (UUS), and Islamic People's Financing Banks (BPRS).

BPRS have clear objectives, both in the short and long term. To achieve these objectives, it is important for BPRS to manage the bank effectively and uphold the trust of customers and investors who deposit their funds. This can be achieved by consistently monitoring and optimizing financial performance.(Wardoyo et al., 2022).

Financial performance is an important issue to study because by looking at the assessment of a company's financial performance, its liquidity becomes transparent, its solvency can be seen, its profitability becomes more detailed and its stability can be known.(Saputra, 2023). BPRS business has shown consistent expansion since the pandemic, with projections indicating that BPRS will achieve much faster growth in 2022 compared to the average annual growth rate in the last 5 years. Specifically, growth in assets, financing, and third party funds is estimated at 12.19%, 12.13%, and 13.28%, respectively. BPRS profitability has also increased compared to the previous year, reflected in ROA which increased by +18 bps (yoy) to 1.92%(Financial Services Authority, 2022).

Based on the 2023 Sharia Banking Statistics data (Financial Services Authority, 2023), the average NPF level of BPRS in the OJK Jabodebek and Banten Office working areas was 9.6%, higher than the national NPF average in 2023 of 6.49%, indicating the need for a more effective financing strategy. In addition, in the Jabodebek and Banten areas, there are 55 BPR/BPRS that have not met the minimum core capital requirement of IDR 6 billion as mandated by the OJK. Several BPRS have taken steps such as increasing capital deposits from shareholders, seeking strategic investors, or merging with other BPRS to meet this requirement. In the first semester of 2024, BPRS recorded asset growth of 6.19%, Third Party Funds (DPK) of 7.01%, and credit distribution of 6.96% on an annual basis. This shows positive performance despite the challenge of meeting the minimum core capital. The capital adequacy ratio (CAR) of BPR/BPRS is at 28.11%, reflecting sufficient capital resilience to support industry consolidation. This is in line with the single presence policy stipulated in POJK Number 7 of 2024(Financial Services Authority, 2024).

Several studies show that “financial performance is influenced by several factors, including capital structure, company size and total asset turnover.(Yuliana & Listari, 2021), Current Ratio, Debt Equity Ratio, and Net Profit Margin(Gunawan et al., 2020), CAR, firm debt, sales growth, liquidity and company size (Arvielda & Sha, 2021), NIM, BOPO and company size (Nurrahman & Rosidi, 2020), Competitive Advantage and company size (Mayaza & Susilowati, 2021). In addition to these factors, financial performance can also be influenced by other factors including financing policy, liquidity policy and operational policy. Therefore, the research focuses on these three factors.

BPRS performance can be affected by financing policies that are proxied by net performing financing. Banks bear risks in providing financing, therefore strong financing risk management procedures are needed. Non-Performing Finance (NPF) is an assessment tool used to evaluate BPRS financing strategies. This specifically focuses on evaluating the performance of productive assets, especially related to problematic financing. The higher the net performing financing ratio, the lower the quality of the financing policy set by the BPRS. Various studies examining the impact of financing policies (NPF) on financial performance show varying and contradictory findings. For example, research,Yusuf, (2017)and Khasanah et al, (2022) concluded that NPF has a significant positive effect on financial performance.Suwarno & Muthohar (2018)States that NPF has a positive but insignificant effect on financial performance. However, other studies show that NPF has a negative and significant effect on financial performance,The Greatest Showman (2018); (Fachri & Mahfudz Mahfudz, 2021) (2020);Hellen et al. (2019); Karim & Hanafia (2020); (Moorcy

et al., 2020);Rahmawati et al. (2021) AndGunawan et al. (2020), Wahab (2015), Suwarno & Muthohar (2018) Warsa and Mustanda (2016), Holly Najoan (2016), Saraswati (2017), Dewi (2017), Kwee Kim Peong (2018), Caesar (2020) and Hanifa (2019). Meanwhile, Roy & Ibrahim (2022) found that NPF simultaneously and partially had no significant effect on ROA.

In addition to financing policies, an important policy that must be considered by BPRS is liquidity policy. Liquidity policy is needed to mitigate liquidity risk, namely the potential loss that may arise if the bank is unable to meet its obligations in a timely manner. This includes financing its own assets and supporting the expansion of its asset base, while avoiding excessive costs or losses that exceed the bank's capacity (Rustam, 2018). Liquidity policy in this study will be proxied by the financing to deposit ratio (FDR). The FDR ratio is a ratio that describes the bank's ability to repay its withdrawals against the financing provided as a source of liquidity.(Kasmir, 2018). Several studies related to the influence of liquidity policy (FDR) on financial performance also show inconsistent and conflicting results. For example, research Darsita (2020);Fachri & Mahfudz Mahfudz (2021);(Yuliana & Listari, 2021);Joseph (2017), Khasanah et al (2022) concluded that FDR has a positive and significant effect on financial performance. However, the results of the study by Widyaningrum & Septiarini (2015),Lemiyana & Litriani (2016); Mirawati et al (2021) and Tho'in (2022) proved that FDR has a positive and insignificant effect on financial performance. Other findings such as research by Aninda & Diansyah (2019); Karim & Hanafia, (2020); Gusmawanti, et al (2020) stated that FDR has a negative and insignificant effect on financial performance. The results of research by Caesar & Isbanah (2020);(Rahmawati et al., 2021);Rifai & Suyono (2019);The Greatest Showman (2020); Irawan et al (2019) proved that the FDR variable has no effect on financial performance.

In agency theory, the relationship between the owner (principal) and management (agent) often presents a conflict of interest. This conflict arises due to differences in objectives, where management may not always act in the best interests of the owner. In this context, the Independent Commissioner plays a central role as a monitoring mechanism to ensure that management acts in accordance with the interests of the owner. The Independent Commissioner is tasked with overseeing management policies and actions, ensuring that all decisions are made in accordance with the principles of good corporate governance. Islamic Rural Banks (BPRS) have unique characteristics compared to conventional banks, such as a smaller business scale, compliance with sharia principles, and a focus on local communities.

This presents a special challenge for governance, where the role of the Independent Commissioner is very relevant to managing credit and operational risks. Given that the main focus of BPRS is financing for small and medium communities, the Independent Commissioner plays a role in ensuring that risk management is carried out properly to avoid problematic loans. With this role, the Independent Commissioner not only helps reduce conflicts of interest, but also encourages the sustainability of BPRS as a credible and accountable Islamic financial institution.

The next policy that BPRS needs to pay attention to in improving its financial performance is operational policy. BPRS must establish and implement policies and processes to effectively handle operational risk. Operational risk refers to the potential for financial loss due to inadequate or dysfunctional internal procedures, human error, or system failure in banking operations. Operational risk is a multifaceted problem that banks want to address by providing optimal customer service while increasing operational efficiency. A commonly used operational policy indicator is BOPO (ratio of operating costs to operating income) (Dendawijaya, 2019). Several studies related to the influence of operational policies (BOPO) on financial performance show inconsistent and conflicting results. Research by Ramadhani (2018), Syachreza & Gusliana (2020);Intia & Azizah (2021);Darsita (2020); Hellen et al., (2019); Khasanah, et al (2022); Gusmawanti, et al (2020) found that BOPO had a negative and significant effect on financial performance. Meanwhile, research by Miranda et al (2021);Fachri & Mahfudz Mahfudz (2021)mconcluded that the BOPO variable has a negative but insignificant effect on financial

performance. This finding is not in line with the findings of Das et al. (2020);Gunawan et al. (2020); Rohimah (2021) and Siagian, et al (2021) stated that there was no effect of BOPO on financial performance. Other studies, for example Muliawati (2015) andJoseph (2017)prove thatBOPO has a positive effect on ROA.

The obligation for BPRS to have an Independent Commissioner is regulated in the Financial Services Authority Regulation Number 24/POJK.03/2018 of the Republic of Indonesia concerning the Implementation of Governance for Sharia Rural Banks. Independent Commissioners are expected to improve the balance in the implementation of supervision and ultimately maximize the implementation of governance in BPRS. For BPRS that have a core capital of at least IDR 50,000,000,000.00 (fifty billion rupiah) are required to have an Independent Commissioner. An Independent Commissioner is a member of the Board of Commissioners who does not have any financial, management, ownership, or family relationship with members of the Board of Directors, other Commissioners, or controlling shareholders.

They also do not have any financial or ownership ties with BPRS that could jeopardize their ability to act independently. In BPRS, Independent Commissioners have dual roles including as Chair of the Audit Committee, Chair of the Risk Monitoring Committee, and Chair of the Remuneration and Nomination Committee. The existence of Independent Commissioners is intended to encourage the creation of a better working climate and environment and to place fairness and equality among various interests, including the interests of minority shareholders and other stakeholders.(Financial Services Authority, 2022)."

The development of Islamic People's Financing Banks in Indonesia has increased in accordance with customer needs and demands. Data shows that from 2019 to 2023 the number of Islamic People's Financing Banks (continues to grow. BPRS is currently spread across almost all provinces in Indonesia. This significant number will be a challenge and opportunity for Islamic People's Financing Banks (BPRS) to be able to serve customers from micro businesses. By looking at this data, it is interesting to examine the financial performance of Islamic People's Financing Banks (BPRS) in Indonesia. The following is the average data on the financial performance of Islamic People's Financing Banks (BPRS) in the last five years:

Table 1. Financial Performance of Islamic Commercial Banks (In %)

Year	ROA	NPF	FDR	BOPO
2020	1.40	3.13	76.36	85.55
2021	1.55	2.59	70.12	84.33
2022	2.00	2.35	75.19	77.28
2023	1.88	2.10	79.06	78.31
2024	1.90	2.05	80.59	78.45

From table 1.2, it can be seen that the ROA, NPF, FDR and BOPO ratios at Sharia Rural Banks have fluctuated. Based on the theoretical explanation and facts in the field, it shows a gap between theory and facts, namely the efficiency of BPRS as seen from the fluctuating BOPO ratio from 2019 to 2024, indicating that BPRS has not been effective and efficient in managing its funds, meaning that the costs incurred are quite large compared to the profits obtained.

Furthermore, this research will be conducted at BPRS in the working area of the OJK Jabodebek Office and Banten Province with a sample of 24 BPRSwith a period of 5 years so that the total data observed was 120.

2. Methods

The type of data in this study is secondary data obtained indirectly from the research website or data that is already available in the company, such as financial reports. (Arikunto, 2018).Secondary data was obtained using documentation techniques, namely by looking at

documents that had occurred (financial reports) of BPRS at the Financial Services Authority. In this study, data was obtained from https://www.ojk.go.id.

The research was also conducted using literature studies, namely by reading, studying literature and publications related to the research. PopulationThis research is the wholeBPRSin the working area of the OJK Jabodebek Office and Banten Provincetotaling 24 BPRS. The OJK Jabodebek and Banten working areas were chosen because they have a significant number of BPRS and face major challenges in managing financing and liquidity compared to other areas. The sampling technique used by researchers in this study is purposive sampling.

To facilitate the analysis and assessment, various data are needed from both internal and external sources. Data and information in this study were obtained through the use of a documentation approach for data collection. The documentation approach involves collecting data by examining relevant papers and records regarding the subject being studied. (Arikunto, 2018).According to (Ghozali 2016) states that: "Descriptive statistics is the process of collecting and summarizing data, as well as efforts to describe various important characteristics of the organized data. Descriptive statistics provide an overview or description of data seen from the average value (mean), standard deviation, variance, maximum, minimum.

According to Sujarweni (2015:29) descriptive statistics in research basically aims to describe or provide an overview of the research object through sample or population data. Descriptive statistics is also the process of transforming research data into tabulations so that it is easy to understand and interpret.

3. Results and Discussion

Hypothesis Testing t-Test (Partial)

The t-statistic test basically shows how far the influence of one independent variable individually in explaining the variation of the dependent variable (Imam Ghozali, 2005). The t-test is used to test the partial influence between the independent variable and the dependent variable with α = 5%. If the significance level of t is greater than α = 0.05 then H0 is accepted and Ha is rejected. Conversely, if the significance level is less than or equal to α = 0.05 then H0 is rejected and Ha is accepted.

Table 2. T-test

Model		t	Sig.
1	(Constant)	48,938	0,000
	Credit Policy	3,394	0.001
	Liquidity Policy	0.032	0.975
	Operational Policy	-42,031	0,000
	MxX1	-2,175	0.032
	MxX2	0.307	0.759
	MxX3	0.465	0.643

Source: Processed Data (2024)

a. Hypothesis 1

H0: β1 = 0,Credit policy does not have a negative impact on financial performance.

H1: β1 ≠ 0,Credit policy has a negative impact on financial performance.

In Table 4.11 the Sig. column for the variableCredit PolicyThe significance value is 0.001, because the significance value is below 0.05, it can be said to be significant so that H0 is accepted and H1 is rejected, thus indicating thatCredit Policyhas a positive and significant influence onFinancial Performance at BPRS in the working area of the OJK Jabodebek Office and Banten Province. credit policies implemented by BPRS have a significant impact on their financial performance. The right policies can increase revenue, improve profitability ratios, and maintain financial health through careful risk management. Therefore, developing strategic and effective credit policies is a key factor in the operational success of BPRS.

b. Hypothesis 2

H0 : β2 = 0,Liquidity policy does not have a positive effect on financial performance.

H2 : β2 ≠ 0,Liquidity policy has a positive impact on financial performance.

In Table 4.11, the Sig. column for the Liquidity Policy variable The significance value is 0.975, because the significance value is above 0.05, it can be said to be insignificant so that H0 is accepted and H2 is rejected, thus indicating a Liquidity Policy. has a positive but not significant influence onFinancial Performance at BPRS in the working area of the OJK Jabodebek Office and Banten Province. The effect is not significant, this means that although there is a relationship between liquidity policy and financial performance, this relationship is not strong enough or consistent enough to be proven statistically. This could be due to several factors, such as small sample size, other variables that affect financial performance, and others. Although liquidity policy has a positive effect, other more dominant factors or variables that have not been considered in the analysis could explain why the effect is not statistically significant.

c. Hypothesis 3

H0 : β3 = 0,Operational policies do not have a negative impact on financial performance.

H3 : β3 ≠ 0,Operational policies have a negative impact on financial performance

In Table 4.11, the Sig. column for the Operational Policy variable shows a significance value of 0.000, because the significance value is below 0.05, it can be said to be significant so that H0 is rejected and H3 is accepted, thus indicating that Operational Policy has a negative and significant influence onFinancial Performance at BPRS in the working area of the OJK Jabodebek Office and Banten Province. Operational Policy has a negative and significant influence on Financial Performance can be interpreted as a finding that illustrates that the operational policies implemented by companies or organizations actually have a negative impact on their financial performance. Overall, operational policies that are not adjusted to market conditions or are inefficient can be at great risk in affecting financial performance.BPRSnegatively.

d. Hypothesis 4

H0 : β4 = 0, There is noThe negative influence of financing policies on financial performance is weaker when BPRS has a higher proportion.High independent commissioner.

H4 : β4 ≠ 0,There is a negative influence of financing policies on financial performance which is getting weaker when BPRS has a high proportion of independent commissioners.

In Table 4.11, the Sig. column for the Independent Commissioner variable moderates the influence of Credit Policy on Financial Performance. The significance value is 0.032, because the significance value is below 0.05, it can be said to be significant so that H0 is rejected and H4 is accepted, thus indicating thatthatIndependent Commissioners are able to significantly moderate the influence of Credit Policy on Financial Performanceat BPRS in the working area of the OJK Jabodebek Office and Banten Province. Independent Commissioners can function as moderators who direct credit policies to avoid excessive risk, which can have a negative impact on the company's financial performance. If the role of independent commissioners is effective, they can help companies manage risks related to credit policies, which in turn will improve the company's financial performance. Conversely, if their role is less than optimal, the credit policies

implemented can increase risks for the company, such as increasing the level of bad debts that can reduce profits and cause cash flow problems.

e. Hypothesis 5

H0 : β5 = 0, There is noThe positive influence of liquidity policy on financial performance is stronger when BPRS has a high proportion of Independent Commissioners.

H5 : β5 ≠ 0,There is a positive influence of liquidity policy on financial performance which is stronger when BPRS has a high proportion of Independent Commissioners.

In Table 4.11, the Sig. column for the Independent Commissioner variable moderates the effect of Liquidity Policy on Financial Performance. The significance value is 0.759, because the significance value is above 0.05, it can be said to be insignificant so that H0 is accepted and H5 is rejected, thus indicating thatthatIndependent Commissioners are unable to significantly moderate the influence of Liquidity Policy on Financial Performanceat BPRS in the working area of the OJK Jabodebek Office and Banten Province.

f. Hypothesis 6

H0 : β6 = 0, There is noThe negative influence of operational policies on financial performance is weaker when BPRS has a high proportion of independent commissioners.

H6 : β6 ≠ 0,There is a negative influence of operational policies on financial performance which is getting weaker when BPRS has a high proportion of independent commissioners.

F Test (Simultaneous Test)

The F test aims to see whether all independent variables included in the model have a simultaneous influence on the dependent variable.

Table 3. F Test

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	229,697	6	38,283	381,236	,000b
	Residual	8,636	86	,100		
	Total	238,333	92			

a. Dependent Variable: Financial Performance

b. Predictors: (Constant), X3xM, Credit Policy, Liquidity Policy, Operational Policy, X1xM, X2xM

Source: Processed Data (2024)

From the table above, the significance value is obtained = 0.004, Because the significance value <α or 0.000 <0.05 then the hypothesis is accepted. This shows that Credit Policy, Liquidity Policy, Operational Policy, and Independent Commissioners have a significant effect simultaneously on Financial Performance at BPRS in the working area of the OJK Jabodebek Office and Banten Province.

4. Discussion

The Influence of Credit Policy on Financial Performance.

The first hypothesis states thatCredit policy has a negative effect on financial performance. The results of testing the Credit Policy variable on Financial Performance partially show that Credit Policy has a positive and significant effect on Financial Performance at BPRS in the working area of the OJK Jabodebek Office and Banten Province. Thus, it can be concluded that H1 is rejected. The lower the non-performing financing ratio, the higher the quality of financing, thereby reducing the quantity of non-performing financing, which has an impact on high bank performance. Low NPF reduces costs, which may lead to profits for the bank. The lower this percentage, the better the quality of bank credit, so that it can reduce the number of non-performing loans and make the bank profitable in its operational activities, thus having an impact on increasing the financial performance (ROA) of a bank.

Agency theory explains the relationship between owners (principals) and managers (agents) in an organization. Owners want to maximize the value of the firm, while managers may have different incentives, such as prioritizing their own self-interest or maximizing their own compensation. When managers are not properly supervised or do not have incentives that align with the interests of the owners, managers may make decisions that are detrimental to the firm, including in financial management. Problematic financing refers to a situation in which a firm has difficulty paying its financial obligations, such as debt or interest. This may indicate that managers have failed to plan or manage the firm's finances effectively.

Problematic financing can be caused by poor decision-making, lack of oversight from outside parties (such as shareholders or regulators), or failure to implement sound managerial policies. Overall, these negative findings support the argument that in the context of agency theory, inadequate supervision of managers can lead to poor financial management, which in turn increases the risk of problem financing and increases the firm's credit risk.

The Influence of Liquidity Policy on Financial Performance.

The second hypothesis states thatLiquidity policy has a positive effect on financial performance. The results of testing the Liquidity Policy variable on Financial Performance partially show that Liquidity Policy has a positive but insignificant effect on Financial Performance at BPRS in the working area of the OJK Jabodebek Office and Banten Province. Thus, it can be concluded that H2 is rejected. The financing that is distributed will guarantee the bank's profit level. If the bank is unable to allocate financing efficiently even though it has collected large amounts of funds from the public, this can result in financial losses for the bank. The lower the FDR, the lower the bank's effectiveness in distributing credit. If the FDR of most banks is lower than the 100% benchmark set by Bank Indonesia. Assuming the bank is able to allocate its credit appropriately, the bank's profit will increase. When income increases, Return On Assets (ROA) also increases because profit is a fundamental factor in determining financial success (ROA).

The results of the study indicate that liquidity does not have a direct effect on financial performance. There are several reasons that contribute to these results, one of which is the role of efficiency in managing assets and liabilities. This means that even though a company has a good level of liquidity, the success of their financial performance may be more influenced by how assets and liabilities are managed. For example, a company that has efficient asset management, such as in the use of capital or good management of receivables and inventory, can generate higher profits, even though its liquidity is not optimal. Conversely, even though a company has a high level of liquidity, if the management of its assets and liabilities is less efficient, the company's financial performance may not be positively affected. Therefore, the efficiency of asset and liability management can be a key variable that mediates or explains the relationship between liquidity and financial performance. Overall, these insignificant results may indicate that a company's financial performance is not only influenced by liquidity alone, but also by other factors related to the management of the company's resources more comprehensively.

The Influence of Operational Policies on Financial Performance.

The third hypothesis states thatOperational policy has a negative effect on financial performance. The results of testing the variable Operational Policy on Financial Performance partially show that Operational Policy has a negative and significant effect on Financial Performance at BPRS in the working area of the OJK Jabodebek Office and Banten Province. Thus, it can be concluded that H3 is accepted.Operational risk has the potential to cause direct and indirect financial losses, as well as lost opportunities for profit. Calculation of operational risk involves determining the ratio of operating expenses to operating income, sometimes called BOPO (short for "operating expense to operating income ratio"). The lower the BOPO level, the better the performance of the bank's management. This indicates that the bank is showing greater efficiency in utilizing the resources they have to carry out operational tasks, resulting in increased profitability and showing strong financial performance.

Operational policies implemented in an organization or company do not support improved financial performance, or can even harm the company's finances. There are several reasons why operational policies can have a negative impact on financial performance, including: First, Operational policies that are not aligned with the company's financial strategy or goals, such as focusing too much on cost savings without considering quality or innovation, can have a negative impact on revenue and growth. Second, Operational policies that are too rigid and not adaptive to market changes or consumer needs can cause companies to lose opportunities to increase revenue. Third, Operational policies that do not consider risk management properly, for example in making investment decisions or in terms of product quality assurance, can cause significant losses and Fourth, Policies that do not take into account optimal resource allocation (for example, investments that do not generate adequate returns) can reduce profitability.

Independent Commissioners moderate the relationship between the amount of Credit Policy and Financial Performance.

The fourth hypothesis states that there isThe negative influence of financing policies on financial performance is getting weaker when BPRS has a large proportionHigh independent commissioner. The test results show that the Independent Commissioner variable is able to significantly moderate the relationship between Credit Policy and Financial Performance. These results indicate that Independent Commissioners are able to significantly weaken the relationship between Credit Policy and Financial Performance at BPRS in the working area of the OJK Jabodebek Office and Banten Province. Thus it can be concluded that H4 is accepted.

The role of independent commissioners is very important and is a necessity that must be met and carried out so that the survival of a company can run well. The presence of independent commissioners is expected to increase supervision of bank operations so that it can reduce the risks that occur due to company operations.The risks arising from the company's operations providefinancingto customers is tFailure to fulfill customer obligations to the bank causes the bank to suffer losses and reduces financial performance.The role of independent commissioners in carrying out supervision will mitigate the risks arising in connection with bank operations in providing financing so that banks will be able to achieve high financial performance.

Independent commissioners serve to supervise and provide objective opinions on policies taken by the company's board of directors. They are tasked with ensuring that decisions taken not only benefit the management or majority shareholders, but also consider the interests of all stakeholders. In the context of credit policy, independent commissioners can moderate overly aggressive or overly conservative credit policies that can affect the company's financial performance. Independent commissioners can ensure that the credit policies taken by the

company's management are not too high risk, by moderating decisions driven by short-term pressures or personal interests. For example, they can encourage more selective credit policies based on mature risk analysis. Several empirical studies have shown that companies with effective independent commissioners tend to have more stable financial performance, especially in the face of economic fluctuations or external risks. Therefore, independent commissioners serve to reduce the possibility of companies taking high-risk credit policies that can harm long-term performance. Overall, the presence of strong and effective independent commissioners can greatly influence the relationship between credit policy and a company's financial performance, helping the company to grow sustainably without taking excessive risks.

Independent Commissioners moderate the relationship between Liquidity Policy and Financial Performance.

The fifth hypothesis states that there isthe positive influence of liquidity policy on financial performance is stronger when BPRS has a high proportion of Independent Commissioners. The test results show that the Independent Commissioner variable is not able to significantly moderate the relationship between Liquidity Policy and Financial Performance. These results indicate that Independent Commissioners are not able to significantly strengthen the relationship between Liquidity Policy and Financial Performance at BPRS in the working area of the OJK Jabodebek Office and Banten Province. Thus it can be concluded that H5 is rejected.The Independent Board of Commissioners has a moderating role on liquidity, because when liquidity is too high or too low it can have negative consequences for the company and will impact the company's profits. The risks that may occur, ifNodetected and mismanaged, can cause losses to the bank. Bank management and executives from all parties involved, in particular, must have a comprehensive understanding of the potential risks that may occur in banking activities and be aware of the specific conditions under which these risks arise, in order to respond effectively by taking appropriate actions.

Independent Commissioners moderate the relationship between operational policies and Financial Performance.

The sixth hypothesis states thatthere is a negative influence of operational policies on financial performance that is getting weaker when BPRS has a high proportion of independent commissioners. The results of the variable test show that the Independent Commissioner variable is not able to significantly moderate the relationship between Operational Policy and Financial Performance. These results indicate that Independent Commissioners are not able to significantly strengthen the relationship between Operational Policy and Financial Performance at BPRS in the working area of the OJK Jabodebek Office and Banten Province.

Thus, it can be concluded that H6 is rejected. The main responsibility of independent commissioners is to oversee the company's operational policies implemented by the board of directors and provide guidance to ensure that the company's interests are served by creating highly efficient operational policies that maximize financial performance. If operational activities are carried out efficiently (in this scenario, resulting in a low BOPO ratio), bank income will increase. There is a negative correlation between BOPO and financial performance, which indicates that the higher the BOPO level, the lower the level of a bank's financial performance. The low number of BOPO indicates the effectiveness of bank management in covering operational costs efficiently while maximizing income.

5. Conclusion

Based on the results of data analysis on Financing Policy, Liquidity Policy, Operational Policy and Financial Performance: Independent Commissioners as Moderating Variables that have been carried out, the following conclusions can be drawn:

1. Credit Policy has a positive and significant influence on Financial Performance at BPRS in the working area of the OJK Jabodebek Office and Banten Province.It means,Any increase in Credit Policy will increaseFinancial Performance significantly.
2. The results of testing the Liquidity Policy variable on Financial Performance partially show that Liquidity Policy has a positive but insignificant influence on Financial Performance at BPRS in the working area of the OJK Jabodebek Office and Banten Province. It means,Any increase in Liquidity Policy will increaseFinancial Performance but not significant.
3. The results of testing the Operational Policy variable on Financial Performance partially show that Operational Policy has a negative and significant influence on Financial Performance at BPRS in the working area of the OJK Jabodebek Office and Banten Province.It means,Each increase in Operational Policy will decrease the levelFinancial Performance significantly.
4. The test results show that the Independent Commissioner variable is able to significantly moderate the relationship between Credit Policy and Financial Performance. These results indicate that Independent Commissioners are able to significantly weaken the relationship between Credit Policy and Financial Performance at BPRS in the working area of the OJK Jabodebek Office and Banten Province..
5. The test results show that the Independent Commissioner variable is not able to significantly moderate the relationship between Liquidity Policy and Financial Performance. These results indicate that Independent Commissioners are not able to significantly strengthen the relationship between Liquidity Policy and Financial Performance at BPRS in the working area of the OJK Jabodebek Office and Banten Province.
6. The results of the variable testing show that the Independent Commissioner variable is not able to significantly moderate the relationship between Operational Policy and Financial Performance. These results indicate that Independent Commissioners are not able to significantly strengthen the relationship between Operational Policy and Financial Performance at BPRS in the working area of the OJK Jabodebek Office and Banten Province.
7. This conclusion provides a new contribution by showing that Independent Commissioners can strengthen BPRS governance, particularly in improving operational efficiency for better financial performance.

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