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Asset Management and Third-Party Funds on Firm Value with Profitability as an Intermediate Variable in the Financial Industry on the Indonesia Stock Exchange

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ABSTRACT

Research is a type of qualitative research with a descriptive approach to test asset management and third-party funds against company value with profitability as an intermediate variable in the Financial Industry listed on the Indonesia Stock Exchange for the period 2017-2021. With a population of 49 banks listed on the IDX and a sample used as many as 26 banks with a total observation of 130 units according to the purposive sampling method with sampling criteria, namely the company did not experience losses for five consecutive years or during the study period. The results of the analysis show that directly the management of assets and third-party funds has a significant effect on profitability. For indirect influences, profitability cannot mediate asset management against company value, while profitability is able to mediate third-party funds against company value in the financial industry on the Indonesia Stock Exchange.

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Introduction

The financial industry is a company that provides financial services to customers and retailers, including investment fund companies, banks and insurance. The financial industry is inseparable from economic development, especially the banking sector, where the last five years have had a varied impact both during the Covid-19 pandemic and before the pandemic took place. Economic growth in 2017 of 3.7% slowed down in 2018 by 3.6% due to current economic pressures such as the escalation of the trade war between the US and China, the increase in US benchmark interest rates and fluctuations in commodity prices until 2019 decreased by 2.9% which had an impact on decreasing global trade volume in this case manufacturing production and investment. In 2020, growth was corrected by -2.19%, influenced by the increasing number of Covid-19 cases and the increasing level of mobility and the implementation of restrictions on community activities (PPKM) which had an impact on weakening consumption and investment. Indonesia's economic growth improved further in 2021, increasing by 5.02% in line with the surge in Covid-19 cases and rising energy and food commodity prices which positively impacted the balance of payments, (Banking Industry 2017-2021).

Macro-wise, Indosesia's financial condition is still categorized as good, especially in the banking sector in which asset growth has fluctuated over the last five years where assets in 2017 amounted to 9.64%, decreased in 2018 by 9.18% until 2019 reached 5.95%, slowing asset growth occurred in the BPD and non-foreign exchange BUSN groups triggered by tighter competition for third-party funds amid an increasing trend in interest rates where major banks still control banking assets. In 2020 there was an increase of 6.92% until 2021 an increase of 10.13%, this increase had an impact on increasing third-party funds where the public or customers had started activities with the relaxation of PPKM regulations which had an impact on consumption and investment in the community better so that bank profits also fluctuated over the last five years, namely in 2017 by 2.45%, up 2.55% in 2018 and down 2.47% in 2019 to 2020 by 1.59% until 2021 up by 1.85%.

The above phenomenon illustrates that the financial industry, especially the banking sector, is very good, but the value of companies reflected in banking stocks is still less desirable so that banking stock prices are still around 8,000 and below and some banks are acquired with other companies or merge with other banks to increase company value so that the bank's capital becomes stronger. Company value is one of the important concepts for investors, as it is an indicator for the market in valuing the company as a whole which is reflected in the stock price. One of the banks acquired with other companies as reported on the Allo Bank page where Bank Harda Internasional (BHI) was officially acquired by PT. Mega Corpora in June 2021 with the name changed to PT. Bank Allo Indonesia, Tbk.

This shows that asset management is very necessary in managing a business such as a bank whose type of business is fairly unique because money is a business product in the banking sector. Asset management is a science and art to guide wealth management which includes the process of planning asset needs, obtaining, inventorying, conducting legal audits, assessing, operating, maintaining, updating or eliminating to transfer assets effectively and efficiently, Gima Sugiama (2013: 15). In addition to assets that must be managed properly, third-party funds which are sources of banking funding need to be managed professionally so that bank activities can increase bank profits, because profitability is the ability of banks to profit from bank activities, namely collecting funds from the public and redistributing them in the form of credit so that profits increase.

The problem that occurs in the financial industry, especially the banking sector, is that banking stocks are still less attractive to potential investors so that income from securities is minimal compared to raising third-party funds in the form of current accounts, savings and time deposits, but if not managed effectively and efficiently, the bank will experience a lack of capital or may experience a financial crisis to bankruptcy according to *the trade of theory* states that the higher the debt, the higher the possibility of bankruptcy and the higher the debt, the greater the interest to be paid, (Mamduh, 2018: 309). Based on the description above, the purpose of the study is (1) to determine the direct influence of asset management and third-party funds on profitability, (2) to determine the direct influence of third-party asset and fund management on company value, (3) to determine the effect of profitability on company value, and (4) to determine the effect of asset management and third-party funds on company value through profitability.

Research Method

This research is a descriptive research with a quantitative approach. The data used in this study is secondary data, namely bank financial statements, with a sampling technique namely *purposive sampling. Purposive sampling technique* is a technique of determining samples with certain considerations (Sugiyono, 2015:141) so that the sample used meets the criteria, namely being listed on the Indonesia Stock Exchange, for 5 (five) years the research period did not experience losses, so that the number of samples of 26 banks with a total observation of 130 units.

Table 1. Research Sample Data

No	Company Name	Bank Code
1	BANK CAPITAL INDONESIA TBK.	BACA
2	BANK CENTRAL ASIA TBK.	BBCA
3	PT. BANK MESTIKA DHARMA TBK.	BBMD
4	BANK NEGARA INDONESIA TBK.	BBNI
5	BANK RAKYAT INDONESIA (PERSERO) TBK.	BBRI
6	BANK TABUNGAN NEGARA (PERSERO) TBK.	BBTN
7	BANK DANAMON INDONESIA TBK.	BDMN
8	PT. BANK GANESHA TBK.	BGTG
9	PT. BANK INA PERDANA TBK.	BINA
10	BANK PEMBANGUNAN DAERAH JAWA BARAT DAN BANTEN TBK.	BJBR
11	BANK PEMBANGUNAN DAERAH JAWA TIMUR TBK.	BJTM
12	PT. BANK MASPION INDONESIA TBK.	BMAS

13	BANK MANDIRI (PERSERO) TBK.	BMRI
14	BANK BUMI ARTA TBK.	BNBA
15	BANK CIMB NIAGA TBK.	BNGA
16	PT. BANK MAYBANK INDONESIA TBK.	BNII
17	PT. BANK PERMATA TBK.	BNLI
18	BANK SINARMAS TBK.	BSIM
19	BANK TABUNGAN PENSIUNAN NASIONAL TBK.	BTPN
20	BANK MAYAPADA INTERNATIONAL TBK.	MAYA
21	PT. BANK CHINA CONSTRUCTION BANK INDONESIA TBK.	MCOR
22	BANK MEGA TBK.	MEGA
23	BANK OCBC NISP TBK	NISP
24	PT. BANK NATIONALNOBU TBK.	NOBU
25	BANK PAN INDONESIA TBK.	PNBN
26	PT. BANK WOORI SAUDARA INDONESIA 1906 TBK.	SDRA

Source : Processed Data, 2022

The analysis used in this study is path analysis. Path analysis is used to analyze the relationship between variables which aims to determine the direct or indirect influence of a set of independent variables (exogenous) on the dependent variable (endogenous). The analysis tool used in this study is AMOS-SEM.

Research Results

Descriptive analysis aligns research variables by focusing on actual problems and phenomena that now occur in the form of numbers that have meaning.

Table 2. Descriptive Statistical Results of Research Variables

	Asset Management		Third-party Funds		Profitability		Company Value	
	KA	*PA*	*Pdpk*	*LDR*	*ROA*	*ROE*	*TnQ*	*PER*
Mean	0.1256	0.8041	0.1252	0.8344	0.0119	0.0765	1.0686	0.5623
Standard Error	0.0124	0.0146	0.0136	0.0198	0.0007	0.0043	0.0178	0.1020
Median	0.1023	0.8521	0.0943	0.8397	0.0114	0.0721	0.9945	0.1797
Standard Deviation	0.1417	0.1664	0.1546	0.2254	0.0080	0.0495	0.2026	1.1635
Sample Variance	0.0201	0.0277	0.0239	0.0508	0.0001	0.0025	0.0410	1.3538
Kurtosis	7.7828	-0.2124	4.7025	2.3459	-0.3845	-0.7182	18.9957	22.8168
Skewness	2.3661	-0.2167	1.8177	0.4743	0.5521	0.3832	3.4160	4.4703
Range	0.8962	0.8070	0.9208	1.4760	0.0323	0.2082	1.6453	8.0907
Minimum	-0.1039	0.4280	-0.1459	0.1235	0.0002	0.0011	0.8533	0.0563
Maximum	0.7923	1.2350	0.7749	1.5996	0.0325	0.2094	2.4985	8.1470
Sum	16.3314	104.5378	16.2733	108.4728	1.5477	9.9469	138.9125	73.1042
Count	130	130	130	130	130	130	130	130

Source: Processed Data, 2022

a) Asset management variables using productive asset quality (KA) and asset growth (PA) measurement tools can be seen that the mean or average value of

KA is 0.1256, the lowest KA (minimum) 0.1039, the highest KA (maximum) 0.7923. while the mean value of PA is 0.8041, the lowest PA is 0.4280, the highest PA is 1.2350, From the table above it can also be seen that the standard deviation of KA is 0.1417 greater than the mean value which means that the distribution of data shows a deviation due to variations in data and the standard deviation of PA 0.1664 is smaller than the average value indicating that the *distribution* of data is good, so that the two indicators of asset management variables (MA) can be concluded that the data on this variable is quite good or it can be said that the average value (mean) is good for describing asset management data in financial industry companies for the 2017-2021 period.

b) The variable of third-party funds using the third-party fund growth measurement tool (Pdpk) *loan to funding ratio (LFR)* can be seen that the mean or average value of Pdpk is 0.1252, the lowest GDP (minimum) -0.1459, and the highest (maximum) 0.7749. while the mean value of LFR is 0.8344, the lowest LFR is 0.1235, the highest LFR is 1.5996. From the table above, it can also be seen that the standard deviation of Pdpk is 0.1252 greater than the mean value, which means that the distribution of data shows a deviation due to data variations and the standard deviation of LFR 0.8344 is smaller than the mean value which indicates that the distribution of data is good, so that in both indicators of the variable third-party funds (DPK) it can be concluded that the data on this variable is quite good or it can be said that the average value (mean) is good for describes data on third-party funds in financial industry companies for the 2017-2021 period.

c) Profitability variables using the measurement tools Return *on Assets (ROA) and* Return om Equity *(ROE) can be seen that the mean or average value of ROA is 0.0119, the lowest ROA* (minimum) is 0.0002, and the highest (maximum) is 0.0325. while the mean ROE value is 0.0765, the lowest ROE is 0.0011, the highest ROE is 0.2094. From the table above, it can also be seen that the standard deviation of ROA is 0.0080 and the standard deviation of ROE is 0.0495 where the value is smaller than the mean value in both indicators of profitability variables, thus it can be concluded that the data on this variable is quite good or it can be said that the average value (mean) is good for describing profitability data in financial industry companies for the 2017-2021 period.

d) The variable value of the company using *Tobin's Q (*TnQ) and Price Earning Ratio *(PER) measuring instruments can be seen that the mean or average value of TnQ is 1.0686, the lowest (minimum) TnQ is 0.8533, and* the highest (maximum) is 2.4985. while the mean value of PER is 0.5623, the lowest PER is 0.0563, the highest PER is 8.1470. From the table above, it can also be seen that the standard deviation of TnQ is 0.2026 which is smaller than the mean value, meaning that the distribution of data does not deviate or it can be said that the data is good and the standard deviation of PER is 1.1635 which is greater than the average value, meaning that the distribution of data varies greatly or some data has deviations, so that the two indicators of the company value variable (NP) can be concluded that the data on this variable is quite good or it can be said that the average value (mean) in financial industry companies for the period 2017-2021.

Normality Test

The Normality Test in SEM analysis is intended to determine whether or not the research distribution of each variable is normal. Normality evaluation is carried out using critical ration skewness value*, the data is said to be normally distributed if* the critical ratio skewness value *is below the absolute price of 2.58* (Ghozali, 2016),

Table 3

Hasil Uji Normalitas Variabel Assessment of normality (Group number 1)

Variable	min	max	skew	c.r.	kurtosis	c.r.
Y.2	5,628	1244,186	5,075	23,623	29,615	68,926
Y.1	0,853	2,499	3,376	15,716	-18,227	-42,421
Z.2	0,001	0,209	0,379	1,763	0,737	1,714
Z.1	0,000	0,033	0,546	2,540	0,416	0,967
X2.2	0,111	1,600	0,474	2,207	1,725	4,014
X2.1	-0,146	0,775	1,797	8,363	-4,478	-10,421
X1.2	0,428	1,235	-0,214	-0,997	-0,25	-0,582
X_1.1	-0,104	0,792	2,339	10,886	-7,441	-17,318
Multivariate					2,097	4,879

Source: processed data, 2022

The results of the normality test show that the research data of the variables Asset Management, Third-party Funds, Company Value and Profitability have been normally distributed because the univariate c.r skewness value of all variables has been in the interval 2.097 < z < 2.58, as well as the multivariate c.r value of 4.879 shows that the multivariate c.r has been in the interval 4.879 < z < 8.00, This shows that the data to be analyzed have been normally distributed both univariately and multivariately.

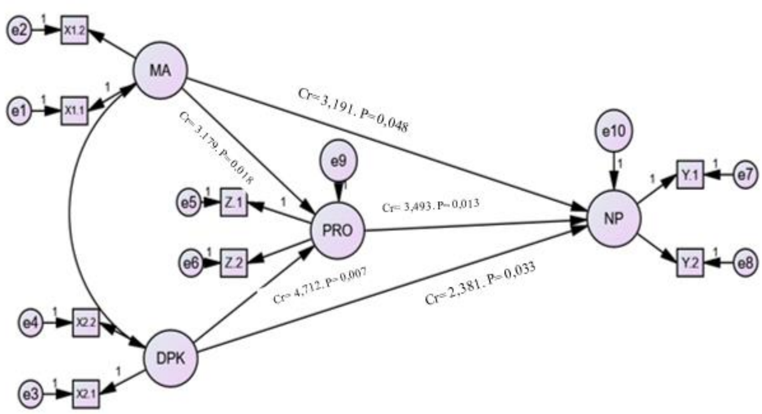

Figure 1. Amos Output Results

Chi-square =,000, Degrees of freedom = 14 Probability level cannot be computed

Goodness dness fit of criteria as follows:

a) *Chi-square* (x^2) or often called kai-squared is the most important conformity test tool. The purpose of this Chi-square test is very sensitive to the size of the sample used. The lower the chi-square value the better, in the picture you can see the number Chi-square = 0.000. So it can be said that the model in figure 4.2 above is good and satisfactory, because in the chi-square difference test, x^2 = 0.000 means there is really no difference, H0 is accepted, Ferdinand (2014: 67).

b) GFI (*Goodness of Fit Index*), is a non-statistical measure that has a range of values between 0 to 1.0 and in figure 4.2 above shows = 1,000, high values in this index indicate (*perfect fit)* or very good model, Ferdinand (2014: 69).

Path Analysis

Path analysis is a technique to analyze causal relationships that occur in multiple regression if the independent variable affects the variable, depending not only directly but also indirectly (Robert D. Rutherford in Sarwono, 2007).

Table 4. Path Analysis Test Results

			Estimate	S.E.	C.R.	P	Label
PRO	<---	MA	0,013	0,074	3,179	0,018	par_1
PRO	<---	DPK	0,016	0,086	4,712	0,007	par_2
NP	<---	PRO	5,478	2,198	3,493	0,013	par_3
NP	<---	MA	0,167	1,874	3,191	0,048	par_4
NP	<---	DPK	0,180	0,473	2,381	0,033	par_5

Source: Data processed, 2022

a) Direct effect of third-party asset and fund management on profitability
Based on the results of AMOS output in table 4 that asset management to profitability obtained a path coefficient value of 3.179 with a P value of 0.017 or P < 0.05. Thus, asset management has a positive and significant effect on profitability, meaning that every additional asset management of IDR 1 will be followed by a decrease in profitability of IDR 3,179; while third-party funds on profitability also show the value of this path coefficient is 4.712 with a P value of 0.007 or P < 0.05, thus third-party funds have a positive and significant effect on profitability meaning that every third-party fund of IDR 1 will be followed by an increase in profitability of IDR 4.712, so the first hypothesis states that asset management and third-party funds have a significant direct effect on Profitability is proven.

b) Direct influence of third-party asset and fund management on company value
Based on the results of AMOS output in table 4 of asset management to company value, a path coefficient value of 3.191 was obtained with a P value of 0.048 or P < 0.05. Thus, asset management has a positive and significant effect on company value, meaning that every increase in asset management of Rp.1, - will be followed by an increase in company value (NP) of Rp. 3,191; while third-party funds to the company's value based on the results of AMOS output in table 4 obtained a path coefficient value of 2.381 with a P value of 0.033 or P < 0.05. Thus, third-party funds have a

positive and significant effect on company value, meaning that every increase in third-party funds of IDR 1 will be followed by a decrease in company value (NP) of IDR 2,381, so that the second hypothesis, asset management and third-party funds have a significant effect on company value (NP) is proven.

c) The direct effect of profitability on the value of the company
From the results of the amos output figure 1 or table 4 shows the value of the coefficient on this path is 3.493 with a P value of 0.013 or P < 0.05, thus profitability has a positive and significant effect on the value of the company. This means that every increase in profitability of Rp 1, - will increase the value of the company by Rp 3,493, - So that the third hypothesis, profitability has a significant effect directly on the value of the company is proven.

d) Indirect Influence by Using Sobel Test

1. The effect of asset management variables (X1) on company value (Y) mediated Profitability (Z)

$$z = \frac{ab}{\sqrt{(b^2 SE_a^2) + (a^2 SE_b^2)}}$$

$$z = \frac{(0{,}115)(-0{,}849)}{\sqrt{((-0{,}849)^2(0{,}300)^2) + ((0{,}115)^2(0{,}125)^2)}}$$

$$z = \frac{-0{,}098}{\sqrt{0{,}064872 + 0{,}000207}}$$

$$z = -1{,}500$$

Based on the results of the calculation of the sobel test above obtained), then H$z_{count}(-1{,}500) < z_{table}(2{,}000_0$ is accepted which means that the profitability variability (Z) is not able to mediate the relationship of the influence of asset management (X1) on the value of the company (Y). In other words, asset management (X1) has no indirect influence on Company Value (Y) through profitability (Z).

2. Effect of Third-Party Funds (X2) on Company Value (Y) through Profitability (Z)

$$z = \frac{ab}{\sqrt{(b^2 SE_a^2) + (a^2 SE_b^2)}}$$

$$z = \frac{(-0{,}341)(-0{,}849)}{\sqrt{((-0{,}849)^2(0{,}126)^2) + ((-0{,}341)^2(0{,}125)^2)}}$$

$$z = \frac{0{,}289509}{\sqrt{0{,}011443 + 0{,}001817}}$$

$$z = \frac{0{,}289509}{0{,}115152}$$

$$z = 2{,}514147$$

Based on the results of the calculation of the sobel test above, it was obtained $z_{count}(2{,}514147) > z_{table}(2{,}000)$, then H0 is rejected, which means that the Z variable is able to mediate the relationship of X2's influence on Y. In other words, Third-party Funds (X2) have a direct influence on the Company's Value (Y) through profitability (Z).

Discussion

Management of Assets and Third-Party Funds Against Profitability

a) The Effect of Asset Management on Profitability

The results showed that asset management variables have a positive and significant effect on profitability, meaning that the more effective the management of productive assets, the more capital income and bank asset income will increase, so that in managing credit, which is part of productive assets, it will increase profits in the special banking financial industry on the Indonesia Stock Exchange. The *anticipated income theory* states that bank liquidity can be planned if the loan repayment schedule is based on the *future income* of the borrowers. This theory recognizes that loans are not always *self-liquidating*. This theory uses the fact that bank liquidity is affected by loan deadlines. The bank cannot guarantee its liquidity if these loan installments cannot be paid on time so that the bank's liquidity needs will not be met. The results of this study are in line with Prasnanugraha (2007) and Satria (2016) stating that asset quality variables have a positive effect on profitability. The loss of the bank's opportunity to make a profit will directly affect the profit that will be received by the bank concerned

b) The Effect of Third-Party Funds on Profitability

Based on the results of the study, it shows that third-party fund variables have a positive and significant effect on profitability, meaning that the greater the customer funds collected by the bank, the higher the bank's business performance in obtaining profits or profits in the financial industry, especially the banking sector on the Indonesia Stock Exchange. Third-party funds in the form of savings, deposits and current accounts are expected to maintain the bank's credibility as an intermediary institution in managing deposits from customers or the public. Third-party funds have greater opportunities and opportunities to earn higher income. Such as the results of research conducted by Firmansyah (2013) and Parenrengi and Hendratni (2018) Third-party funds positively affect profitability and Pradana, Diana, and Rofiq (2022) that third-party funds have a significant effect on profitability means that the greater the third-party funds (DPK) raised, the more profitability the bank will increase.

Management of Assets and Third-Party Funds Against Company Value

a) The effect of asset management on company value

The results showed that asset management variables have a significant effect on company value, meaning that asset management is able to affect company value in forming an ideal stock price where investors are interested in investing in the bank so that the company's value is also high. According *to Shiftability theory* that bank liquidity can be maintained if the wealth held can be shifted into other forms of wealth such as focusing on sources of liquidity from loans to securities so that the value of the company reflected in the stock price can be formed through investor demand. This research is in line with Karim & Alam, (2013) and Rasjid, Nurdin, & Kasim (2021) that there is a positive correlation with asset management and each dependent variable (Tobin's Q). Thus, it can be said the more operating income a bank can generate to cover investments in assets, the more beneficial it is for the bank in all perspectives. Putri, Rikumahu, & Aminah, (2018) and Adnyana & Badjra, (2014) states that a company that is able to generate optimal revenue with efficient use of assets will be able to minimize its capital costs so that the company will have the ability to increase its revenue level in the future.

b) The effect of third-party funds on the value of the company

The results showed that the variable of third-party funds has a significant positive effect on the value of the company, meaning that an increase in third-party funds will increase bank interest income and signal investors to invest so that the value of the company or stock price also increases in the financial industry specifically for the banking sector on the Indonesia Stock Exchange. In *liability management* theory that banks need to manage the passiva side of a bank's balance sheet so that passiva can be converted into liquid income. Third-party funds are passiva accounts, where the increase in third-party funds is likened to the bank's debt to the public is very high so that the bank needs to manage well the funds from the community even though these funds increase income for the bank through interest income and non-interest income but the bank's obligations must be met where the customer or depositor will suddenly withdraw the funds deposited by the customer and also pay interest on deposits Every month, banks are required to pay by considering all operational aspects as seen from the *loan to funding ratio* (LFR). Too high LFR will weaken the bank's liquidity but low LFR indicates that too many non-potential funds are stored in the bank so that the bank's income is ineffective or does not increase but liquidity is maintained. This research is in line with Karolina (2020) which states that third-party funds affect the value of the company because if third-party funds are managed properly, the bank's income will increase along with the increase in company value which is reflected in the increase in the share price of a bank. As per research Akhtar *et al*., (2016) Declaring debt positively affects the value of the company mainly due to the tax shield. Murni & Sabijono, (2018) states that LDR has an effect on increasing the value of the company.

Profitability to Company Value

The results of this study show that the variable profitability has a positive and significant effect on the value of the company, meaning that the higher the level of profitability of the company, the value of the company also increases, which is reflected in the bank's stock price also increases, as well as better customer confidence and reflects the performance of the financial industry on the Indonesia Stock Exchange is quite promising. High profitability determines the dividends that will be distributed to shareholders and which will be distributed as retained earnings. It also determines the welfare of the shareholders which is the main goal of the company. *Signaling* theory is a theory that looks at signs about the conditions that describe a company so as to attract investors to increase demand for shares. Profit information is a signal that can be used by managers in reducing information *asymmetry* where increased profits will help the company to gain a reputation for reliability of the capital market and money market, so that investors and other stakeholders believe in the company's prospects in the future. This research is in line with Pangulu (2014) and Sri Hermuningsih, (2013) who stated that the profitability of banking companies affects the value of the company because the company is able to generate profits for shareholders with its own capital. The higher the profitability value, the higher the company's ability to generate profits for the company and will make the company's value increase.

Management of Assets and Third-Party Funds Against Company Value with Profitability as an Intermediate Variable

a) The indirect influence of asset management on company value through profitability

Based on the results of the analysis of the effect of mediation using *the sobel test* on profitability in mediating the relationship between asset management and company value, it was concluded that the resulting mediation coefficient is not significant, meaning that profitability is a factor that has not been able to mediate the relationship between asset management and company value. Investment theory states that optimal investment of money will get results and added value, so that in allocating assets, both real assets and non-real assets, it is necessary to consider the risks that will occur so that funds that have been invested in portfolios (securities) both long-term, medium-term and short-term will get *a return* expected. So banks that manage their assets by placing some productive assets in companies with good credibility in order to increase bank income so that the value of the company also increases which is reflected in the stock price that is in great demand by investors or potential investors.

b) The indirect influence of third-party funds on the value of the company through profitability

Based on the results of the analysis of the effect of mediation using *the sobel test*, stated that profitability in mediating the relationship between third-party funds and company value, it was concluded that the resulting mediation coefficient is significant, which means profitability is a factor that is able to mediate the relationship between third-party funds and company value. The higher the public interest in storing their funds in the bank, the greater the chance of the bank obtaining third-party funds in the form of savings deposits, deposits and current accounts to be processed into the main source of bank funds. In carrying out the bank's intermediation function, third-party funds are the source of bank income by channeling credit to customers at an interest rate higher than the deposit interest given to the public or customers to obtain higher profits so that the bank is able to pay maturing debts and distribute dividends to shareholders and this is a signal for investors to invest their funds in the bank so that The value of the company has also increased, which is reflected in the stock price which is in great demand by investors and prospective investors. *The trade-off theory* says that increased debt will increase the value of the company.

Conclusion

The management of assets and third-party funds has a direct and significant effect on profitability in the financial industry on the Indonesia Stock Exchange. Asset management and third-party funds have a significant effect on the value of companies in the financial industry on the Indonesia Stock Exchange. Profitability has a significant effect on the value of the company, meaning that the higher the level of profitability of the company, the value of the company also increases, which is reflected in the bank's stock price also increases. Asset management does not have a significant effect on the value of the company through profitability, so profitability is a factor that has not been able to mediate the relationship between asset management and company value, while third-party funds have a significant effect on the value of the company through profitability which can be seen from the resulting mediation coefficient where profitability become a factor that is able to mediate the relationship between third-party funds and company value.

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