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The Moderating Effect of Capital Adequacy Ratio on Profitability and Asset Size in Macroeconomic Dynamics on Dividend Policy of Regional Development Banks in Indonesia

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ABSTRACT: This research aims to examine the influence of Capital Adequacy Ratio, Return on Equity, Asset Size, Last Year's Dividend Payout Ratio, Central Bank Interest Rate, and Gross Regional Domestic Product Growth on Dividend Payout Ratio, with Capital Adequacy Ratio as a moderator on the influence of Return on Equity and Asset Size. The study employs a quantitative methodology in the form of a data panel regression approach facilitated by EViews 13 software to analyze data from 23 Regional Development Banks in Indonesia over the period from 2015 to 2024. The study reveals that the Dividend Payout Ratio of Regional Development Banks is influenced by several variables, including Capital Adequacy Ratio, Return on Equity (either directly or moderated by Capital Adequacy Ratio), Asset Size moderated by Capital Adequacy Ratio, Last Year's Dividend Payout Ratio, and Central Bank Interest Rates. Conversely, Asset Size and Gross Regional Domestic Product Growth do not have a significant influence on the Dividend Payout Ratio of Regional Development Banks. Among the influential variables, Return on Equity moderated by Capital Adequacy Ratio, Asset Size moderated by Capital Adequacy Ratio, Last Year's Dividend Payout Ratio, and Central Bank Interest Rate have a positive influence on the Dividend Payout Ratio, while the Capital Adequacy Ratio and Return on Equity influence the Dividend Payout Ratio in a negative direction.

Keywords: Regional Development Banks, Dividend Policy, Capital Adequacy Ratio, Profitability, Asset Size

I. Introduction

The role of banking is crucial for driving economic growth and stabilizing the economy. Banks function as intermediaries, providing services for collecting funds from the public and channeling those funds back to those in need, both for productive and consumptive purposes. One type of bank in Indonesia is the Regional Development Bank (RDBs), which is primarily owned by provincial and district/city governments within specific provinces. These banks are officially classified as Regionally-Owned Enterprises, reflecting their unique structure and purpose. Established under the regulatory framework provided by Law of the Republic of Indonesia Number 13 of 1962, which outlines the Basic Provisions for Regional Development Banks, these institutions are designed with the essential goal of providing financing for regional development initiatives within the broader context of national development objectives. Regional Development Banks play a strategic position in both the smooth progress of development efforts and the overall economic stability of the regions they serve. Therefore, the proper management of Regional Development Banks constitutes a joint obligation between regulators and local governments to maintain their health and ensure they can contribute optimally to both regional and national economic development.

In addition to its intermediary function, the existence of Regional Development Banks in Indonesia can fill the gap in financing potential in regions that other banks have not or cannot. With regional government ownership of Regional Development Banks, it can practically enhance the role of Regional Development Banks as strategic partners of the government and instruments for accelerating regional development. Regional Development Banks are considered to have an understanding of the potential, cultural, and sociological conditions of the region, which provides a comparative advantage in managing risk and thus enabling them to carry out the task of accelerating regional development. Regional Development Banks can also synergize with their shareholders, the regional government, to provide funding to Civil Servants in the region, which generally constitutes the largest type of loan in the Regional Development Bank's loan portfolio. Loan distribution to Civil Servants has historically generated strong profitability due to the source of payment coming from employee salaries.

One of the significant impacts of regional government ownership in Regional Development Banks is the receipt of dividends, which serve as a vital source of funding for regional government initiatives, reflected in

the Regional Original Revenue (PAD) as a source of funding for regional government work programs. However, a Regional Development Bank's dividend policy must be thoughtfully formulated, taking into account the bank's operational capabilities and supporting the implementation of sound, competitive business activities and management, while adhering to prudential principles and risk management. This policy should not only promote competitive business practices but also align with the principles of prudent financial management and robust risk management.

According to d'Udekem (2021) bank managers must address multifaceted considerations when establishing payout policies. In addition to the incentives derived from prioritizing shareholder interests, managers must also consider the interests of their bank's depositors and creditors, and comply with regulatory regulations that establish a minimum threshold in the form of shareholder equity that the bank must hold. Based on Financial Services Authority Regulation of the Republic of Indonesia Number 17 of 2023, which outlines the Implementation of Governance for Commercial Banks, dividend distributions must be determined with reference to both external and internal factors, and calculated on the basis of the bank's reasonable profitability.
Across all development banks in Indonesia, total dividend payments have consistently increased each year, despite a decline in total net profit during 2019, 2023, and 2024. This trend has led to a significant rise in the Dividend Payout Ratio (DPR), as illustrated in the following figure :

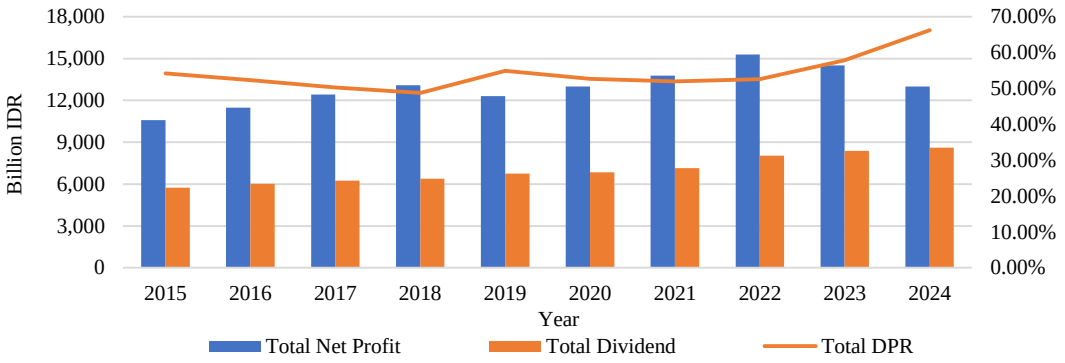

Figure 1. Historical Total Dividends of Regional Development Banks in Indonesia
Sources: Annual Report of each Regional Development Bank, processed by author (2026)

Based on the Indonesian Banking Statistics Report for March 2025 published by the Financial Services Authority (OJK), the total assets of Regional Development Banks (RDBs) nationwide reached IDR 1,021,878 billion in December 2024, equivalent to 8.03% of the overall assets of Indonesian Commercial Banks. In contrast, the total net profit of RDBs for the year 2024 was IDR 255,200 million, which accounts for only 5.09% of the total net profit of Commercial Banks in the country. Satyagraha et al. (2022) stated that the low market share of Regional Development Banks (RDBs) indicates that they are relatively uncompetitive compared to the performance of national banks in general. The challenges that banks face arise not only from interbank competition but also from the rise of new economic business models, particularly in the realm of Financial Technology (Fintech). The advancement of digital technology today has also had a positive impact on the Indonesian economy (Kartawinata et al., 2024). One notable example is peer-to-peer (P2P) lending, which aims to eliminate banks as intermediaries between investors and individuals seeking capital (Akbar, A. et al., 2022). In this model, lenders benefit from lower interest rates, while investors can expect higher returns.
Nevertheless, as a regional financial institution, RDBs play a very strategic role in the regional economy, particularly in driving the regional economy by offering financial products and services that are specifically designed to suit the unique socio-economic characteristics of each region in which they operate. To optimally contribute to the economy, financial institutions need to prioritize making their services and products more affordable in order to attract a larger customer base. Research conducted by Kartawinata et al. (2021) found that limited purchasing power can cause potential customers feel about using services and products they find appealing. This reflects the room for improvement for RDBs to be able to compete and generate better profitability, thus providing better benefits for shareholders and the regional economy.

II. Literature Review

Signaling Theory

Signaling Theory was first introduced by Spence (1973) in his study, "Job Market Signaling," which explains how information providers attempt to convey signals that describe a company's condition in a way that is beneficial to the recipient of that information Focused on decision-making and communication, Signaling Theory describes a situation in which a signaler sends observable signals that communicate credible information that is not directly observable (Connelly et al., 2024).

For a company, the decision to pay dividends to shareholders can act as a signal of good health or positive prospects (d'Udekem, 2021). According to Tran, D. V. (2021), dividend policy is recognized in the literature as a way to convey private information previously unknown to outsiders, as a costly signal aimed at altering market perceptions, or as a mechanism to mitigate conflict arising from incomplete contracts. Dividend announcements are a signal representing company performance and are considered more sensitive than earnings information (Tinungki et al., 2022).

Agency Theory

Jensen and Meckling (1976) explain in their agency theory that an agency relationship occurs when a principal hires an agent to provide a service and grants that agent decision-making authority. This theory assumes that individuals are primarily motivated by their own interests, which can lead to conflicting needs between the principal and the agent (Suharti, S. & Murwaningsari, E., 2024). Dividends can help in reducing information asymmetry, minimizing agency conflicts, and ensuring stricter oversight from external professionals (Haq et al., 2024). Furthermore, bank managers can maintain high dividend payouts to help mitigate agency conflicts with shareholders (d'Udekem, 2021).

Regional Development Banks

Regional Development Banks (RDBs) are expected to support the regional economy by achieving optimal performance. The soundness of commercial bank performance is regulated in the Financial Services Authority Circular Letter (2017), concerning the Assessment of Commercial Bank Soundness, with the assessment encompassing risk profile, governance, earnings, and capital.

To link banking with economic development, the government established Regional Development Banks (RDBs) to support equitable development across all regions in Indonesia. By granting authority to district and city governments, as the highest authority in the regions and shareholders of RDBs, these banks are strategically positioned to act as partners to local governments and to drive accelerated regional development. Regional Development Banks (RDBs) possess an understanding of local wisdom, potential, cultural, and sociological conditions within their respective regions, creating a comparative advantage for regional champions. According to Berly et al., (2022) RDBs play a role in reducing fundraising challenges in districts by redistributing third-party funds (DPK) from cities into loans within the districts. In these districts, consumer loans increase household purchasing power, while productive loans in cities contribute to the accumulation of physical capital, ultimately promoting economic growth with a higher multiplier effect.

Capital Adequacy Ratio

The capital adequacy ratio (CAR) reflects a bank's capacity to finance business expansion while serving as a safeguard against potential operational risk losses. According to the Financial Services Authority Circular Letter (2017), concerning the Assessment of Commercial Bank Soundness, Capital Adequacy Ratio (CAR), is calculated using the following formula:

$$CAR = \frac{Capital}{Risk - Weighted\ Assets}\ x\ 100\%$$

Based on (Otoritas Jasa Keuangan, 2016), concerning the Minimum Capital Adequacy Requirement for Commercial Banks, the minimum Capital Adequacy Ratio (CAR) is set at 8% for banks classified as Rank 1 and at least 11% for those classified as Rank 5. As noted by Wika et al. (2017), Banking companies tend to retain existing profits to first meet the capital adequacy requirements set by the regulator. Hendrawan et al. (2023) explain that capital buffers serve a dual purpose: they act as a safety net against potential losses while simultaneously encouraging increased financial stability and enhancing shareholder engagement. However, the benefits of having capital buffers can come with drawbacks, including lower returns on assets and returns on equity.

Return on Equity

Profitability for company management is a benchmark for the success of the company they lead, while for capital owners, it is used as a means to assess how efficiently the company utilizes its capital to generate profits. Disrupted bank profitability can lead to several issues, including reduced lending and increased risk-taking, which ultimately result in systemic instability (Koukouridis, 2025). Concerning the practice of dividend distribution, profitability is one of the primary indicators used to evaluate the fairness of dividend distribution, particularly within the banking industry. A widely used ratio for measuring profitability is Return on Equity (ROE), which assesses a bank's ability to generate profits relative to its equity. Return on Equity (ROE) is calculated using the following formula:

$$ROE = \frac{Profit\ before\ Tax}{Average\ Equity}\ x\ 100\%$$

Banks Asset Size

Banks are required to manage their assets based on prudent principles. Consequently, the Board of Directors is responsible for assessing, monitoring, and taking necessary actions to ensure that the bank's assets remain in good condition. Satyagraha et al. (2022) highlight that the company size significantly influences the reduction of profit inefficiency. This is primarily due to the close relationship between company size and third-party funds, given that most Regional Development Banks (RDBs) rely on local government funds, which are typically placed in low-cost fund accounts.

Central Bank Interest Rate

As mandated by Law Number 4 from the Republic of Indonesia (2023) concerning the Development and Strengthening of the Financial Sector, Bank Indonesia's objectives are to achieve rupiah stability, ensure the payment system remains stable, and support the overall stability of the financial system to foster sustainable economic growth. To accomplish these objectives, Bank Indonesia is responsible for establishing and implementing monetary and macroprudential policies, alongside regulating and guaranteeing the efficient functioning of the payment system. In formulating and executing monetary policy, Bank Indonesia possesses the authority to regulate interest rates. The interest rate policy of Bank Indonesia constitutes a key determinant of banking sector profitability. According to Raftis et al. (2024), an increase in the central bank's policy rate amplifies the likelihood of credit defaults, whereas sustained reductions in interest rates encourage higher private sector borrowing, greater leverage in the banking system, and the development of speculative bubbles in asset markets. Research by Whited et al. (2021) also suggests that the interaction between interest rates and bank market power creates risk-taking motives for banks, whereby when interest rates are low, more than 10% of new loans exceed the optimal amount.

The Central Bank Interest Rate (BIrate) in this study is calculated using a weighted average based on the number of days (d) that each interest rate (ir) is effective, as follows:

$$BIrate = \frac{\sum_{i=1}^{n} d_1 ir_1}{\sum_{i=1}^{n} d_1}$$

According to Nurfadillah et al. (2023), interest rate policy has a significant positive impact on bank profitability because when interest rate policy changes, banks have the opportunity to adjust the interest rates on loans and deposits provided to customers, thus having a positive impact. Furthermore, research conducted by Ayomi et al. (2021) found that banks change their lending strategies in response to changes in monetary policy. When it comes to raising or lowering lending rates, state-owned banks are more sensitive than private banks, international banks, or joint venture banks.

Gross Regional Domestic Product

One key indicator for assessing the economic conditions of a region over a specific period is the Gross Regional Domestic Product (GRDP) data. As defined by the Central Statistics Agency (2025), Gross Regional Domestic Product (GRDP) represents the added value created by all business units within a specific region, or the total net value of final goods and services produced by all economic units. Gross Regional Domestic Product (GRDP) can be calculated based on current prices and on a constant price basis. GRDP at current prices measures the added value of goods and services calculated based on prices prevailing in each year, while GRDP at constant prices measures the added value of goods and services calculated based on prices prevailing in a particular year as a basis. In calculating GRDP at current prices in 2015 and 2024, the Central Statistics Agency uses the base year of 2010. The focus of this study is on Gross Regional Domestic Product Growth (GRDPg), which involves calculating GRDP growth at constant prices as follows:

$$GRDPg = \frac{GRDP_t - GRDP_i}{GRDP_i} \; x \; 100\%$$

Gross Regional Domestic Product (GRDP) is a key indicator of a region's economic health, significantly impacting company profitability. An increase in GRDP, reflecting strong economic growth, can increase demand for products and services. Conversely, during an economic downturn, declining GRDP is frequently associated with diminished aggregate demand for goods and services.

Dividend Policy

According to Halawa et al. (2024), dividend policy refers to the decision regarding how much of the current profit will be distributed as dividends rather than retained for reinvestment in the company. The company's ability to increase value while improving shareholder welfare is reflected in the increase in dividends paid to shareholders (Saksono et al., 2024). Based on the Regulation of the Financial Services Authority of the Republic of Indonesia Number 17 of 2023 concerning the Implementation of Governance for Commercial Banks, in determining the distribution of dividends to shareholders, banks are required to base their decisions on

various external and internal considerations, and dividend calculations must fairly reflect the bank's profitability performance. One key indicator used to measure the level of dividend payments relative to net profit is known as the Dividend Payout Ratio (DPR), which can be calculated using the following formula:

$$DPR = \frac{Dividend}{Net\ Income\ After\ Tax}\ x\ 100\%$$

In research conducted by Tran, D. V. (2021), it was found that dividend payments reduce bank risk compared to banks that do not pay dividends. However, among banks that pay dividends, excessive dividends increase bank risk. Therefore, dividend policy plays a crucial role in corporate finance because it functions as a dual-edged mechanism: although dividend payments provide returns to shareholders, they simultaneously diminish the firm's internal capital resources (Das Mohapatra, D. & Panda, P., 2022). According to Tinungki et al. (2022), to maintain a positive signal to shareholders, the optimal dividend level in the current period should be higher than the previous period or at least at the same level as the previous period. Banks with higher dividend payments are associated with greater earnings persistence and cash flow predictability, a reduced likelihood of meeting or exceeding the previous year's earnings, and fewer abnormal loan loss provisions to increase earnings (Haq et al., 2024). Regarding dividends paid by Regional Development Banks (RDBs), the funds disbursed by these banks will enhance the availability of funding for regional governments, facilitating increased government spending in those areas. Increasing government spending represents an appropriate step to enhance the quality of facilities and infrastructure, thereby fostering export growth and supporting greater openness to foreign trade and investment (Hidayat et al., 2024).

The Influence of Capital Adequacy Ratio on Dividend Payout Ratio

Based on research conducted by Tritanti, A. & Fitriati, I.R. (2022), the Capital Adequacy Ratio has a significant positive influence on dividend policy, indicating that the higher a bank's capital adequacy, the higher the dividend distribution. However, a study by Silalahi et al. (2021) found that the Capital Adequacy Ratio does not significantly influence dividend policy, as each bank has a standard capital adequacy ratio. In Indonesia, the minimum CAR is set by Bank Indonesia, so banks cannot exceed or fall below the minimum. Inadequate CARs can disrupt banking stability, while exceeding CARs can lead to suboptimal performance. Additionally, research by Setiawan et al. (2024) indicates that while the Capital Adequacy Ratio (CAR) does not significantly impact the propensity to pay dividends, it does have a significant positive impact on the Dividend Payout Ratio (DPR). These results suggest that banks exhibiting higher Capital Adequacy Ratios (CARs) are inclined to distribute larger dividends. On the basis of this reasoning, the following hypothesis is proposed :

H_1 : The Capital Adequacy Ratio has a positive influence on the Dividend Payout Ratio (DPR) of Regional Development Banks in Indonesia.

The Influence of Return on Equity on Dividend Payout Ratio

Research conducted by Wika et al. (2017) indicates that the independent variable, profitability (ROA), has a significant and positive influence on the dividend payout ratio (DPR); the higher the profit generated, the greater the company's probability of distributing dividends. Similarly, Anwar, R. & Kumar, S. (2022) found that dividend yield is directly related to company profitability. This is consistent with the research conducted by Romus et al. (2020), which also shows that company performance has a positive influence on dividend policy. To ensure that shareholders receive substantial dividends, management will strive to maximize profits to increase dividend payment capacity. Moreover, Santosa et al. (2023) also affirm that profitability has a significant positive influence on dividend policy. Even during times of crisis, the Indonesian banking sector maintained positive profitability, in line with a positive dividend policy. Additionally, Kumar, A. & Sinha, P. (2024) show that profitability, measured by ROA, has a positive influence on the likelihood of dividend payments. Sbai et al. (2024) and Tinungki et al. (2022) similarly report that profitability has a strong and positive influence on dividend policy. While Setiawan et al. (2024) suggest that a higher ROA corresponds to a higher dividend ratio, but profitability does not significantly affect the likelihood of paying dividends. This indicates that banks with a higher ROA may be less likely to distribute dividends than those with a lower ROA. Conversely, research conducted by Tritanti, A. & Fitriati, I. R. (2022) suggests that profitability has a significant negative influence on dividend policy, indicating that the amount of profit earned by banks is not necessarily used to pay dividends to shareholders. In another study, Sofyan, M. (2023) also revealed that Return on Assets has no significant partial influence on a bank's Dividend Payout Ratio. Based on these arguments, a hypothesis is proposed:

H_2 : Return on Equity (ROE) has a positive influence on the Dividend Payout Ratio (DPR) of Regional Development Banks in Indonesia.

H_3 : Return on Equity (ROE) moderated by the Capital Adequacy Ratio (CAR) has a positive influence on the Dividend Payout Ratio (DPR) of Regional Development Banks in Indonesia.

The Influence of Banks' Asset Size on Dividend Payout Ratio

Research conducted by Prakoso, S.W.R. & Muchtar, S. (2023) indicates that bank size has a positive and significant influence on the Dividend Payout Ratio (DPR). This is because larger banks are projected as a positive signal to investors, indicating financial stability and the ability to generate greater profits from existing resources. This is also in line with research conducted by Sbai et al. (2024), which states a positive relationship between banking performance and dividend payments. Tinungki et al. (2022) further support this by showing that company size has a positive influence on dividend policy. This indicates that the larger the company, the less vulnerable it is to business risks, which in turn supports its profitability. This also implies that a larger company size has greater access to external capital and lower costs. This phenomenon supports the company's positive influence on dividend policy. In another study, Sofyan, M. (2023) revealed that bank size has a partial positive and significant influence on the bank's Dividend Payout Ratio.

Setiawan et al. (2024) also found that bank size does impact the Dividend Payout Ratio; this suggests that larger banks are significantly more likely to pay higher dividends than smaller banks. However, they also indicated that bank size does not significantly impact the propensity to pay dividends; this suggests that among these large banks, some may still be seeking expansion; therefore, dividend payments vary. Furthermore, Setiawan et al. (2024) found that while bank asset growth does not significantly impact the DPR, it has a significant negative impact on the propensity to pay dividends, implying that banks experiencing higher growth are less likely to pay dividends compared to those with lower growth. In contrast, Tritanti, A. & Fitriati, I.R. (2022), reveal that company size has a significant negative influence on dividend policy. This proves that large company size, as seen from high asset ownership, has no influence on the company's dividend distribution decisions. A similar finding was stated by Santosa et al. (2023), who reported that bank size is associated with a reduction in dividend policy. Based on these arguments, a hypothesis is proposed:

H_4 : Bank Asset Size (Asize) has a positive influence on the Dividend Payout Ratio (DPR) of Regional Development Banks in Indonesia.

H_5 : Bank Asset Size (Asize) moderated by the Capital Adequacy Ratio (CAR) has a positive influence on the Dividend Payout Ratio (DPR) of Regional Development Banks in Indonesia.

The Influence of Last Year's Dividend Payout Ratio on Dividend Payout Ratio

According to research conducted by Kumar, A. & Sinha, P. (2024), past dividend payouts exert a positive effect on the propensity for future payments. Santosa et al. (2023) also found that previous year dividends have a significant positive impact on dividend policy. Dividends should be set positively compared to the previous year, even during a crisis (Santosa et al., 2023). Similarly, Tinungki et al. (2022) found that previous year dividends have been shown to have a positive impact on dividend policy, demonstrating the relevance of the dividend signaling theory, which states that companies send positive signals to the market based on their performance. Based on these arguments, a hypothesis is proposed:

H_6 : Last Year's Dividend Payout Ratio (DPR-1) has a positive influence on the Dividend Payout Ratio (DPR) of Regional Development Banks in Indonesia.

The Influence of Central Bank Interest Rate on Dividend Payout Ratio

Central bank interest rates are a macroeconomic aspect that can influence the performance of Regional Development Banks. When interest rates rise, banks can raise lending rates to maintain their Net Interest Margin (NIM), as rising interest rates can also increase the cost of funds, credit risk, and capital pressures. Therefore, the influence of interest rates on the Dividend Payout Ratio (DPR) can be positive or negative depending on the cost of funds structure, bank pricing power, economic conditions, and prudential policies in each country.

Acharya, V. V., & Plantin, G. (2023) studied a model in which low monetary policy interest rates reduce corporate borrowing costs and may stimulate productive investment; however, low interest rates also encourage firms to take on more leverage, thereby amplifying equity payouts. While such leveraged payouts benefit shareholders, leverage also imposes social costs, reducing productivity and discouraging investment. According to research conducted by Sarakiri, J. A. (2021), monetary policy interest rates exhibit a significant relationship with the dividend payout ratio, whereby higher policy rates are associated with decreases in the dividend payout ratio. Tight monetary policy elevates the cost of funds and information disparity in the credit market, leading bank managers to reduce their dividend payout ratios. This finding contrasts with research by Romus et al. (2020), which found that the Central Bank Interest Rate had no significant influence on dividend policy. Based on these arguments, a hypothesis is proposed:

H_7 : The Central Bank Interest Rate (BIrate) has a negative influence on the Dividend Payout Ratio (DPR) of Regional Development Banks in Indonesia.

The Influence of Gross Regional Domestic Product Growth on Dividend Payout Ratio

Based on research conducted by Romus et al. (2020), GDP growth rates have a positive influence on dividend policy. As GDP increases, consumer purchasing power improves, which signals potential growth in corporate revenues. This finding is supported by Kumar, A. & Sinha, P. (2024), who found that macroeconomic indicators, such as GDP growth rates, positively impact dividend policy.

In contrast, Santosa et al. (2023) reported that banks tended to distribute higher dividends during the pandemic-induced crisis, as reflected by GDP growth; this suggests that GDP growth negatively impacts dividend policy. This finding aligns with research conducted by Tinungki et al. (2022), which states that GDP has a negative influence on dividends. Evidence indicates that during the COVID-19 crisis, companies continued to distribute dividends and even increased them. Therefore, corporate dividend policy provides a positive signal amidst sluggish capital market performance during the crisis. Based on these arguments, a hypothesis is proposed:

H_8 : Gross Regional Domestic Product (GRDPg) growth has a positive influence on the Dividend Payout Ratio (DPR) of Regional Development Banks in Indonesia.

The Influence of CAR, ROE, Asize, DPR-1, Birate, and GRDPg simultaneously on Dividend Payout Ratio

Based on the background that has been presented, a hypothesis is proposed:

H_9 : Capital Adequacy Ratio (CAR), Return on Equity (ROE), Asset Size (Asize), Last Year's Dividend Payout Ratio (DPR-1), Central Bank Interest Rate (BIrate), and Gross Regional Domestic Product (GRDPg) growth simultaneously have a significant influence on the Dividend Payout Ratio (DPR) of Regional Development Banks in Indonesia.

Framework

In accordance with the research objectives and the findings of literature from previous studies, a conceptual framework for this research has been developed, as illustrated in the following figure:

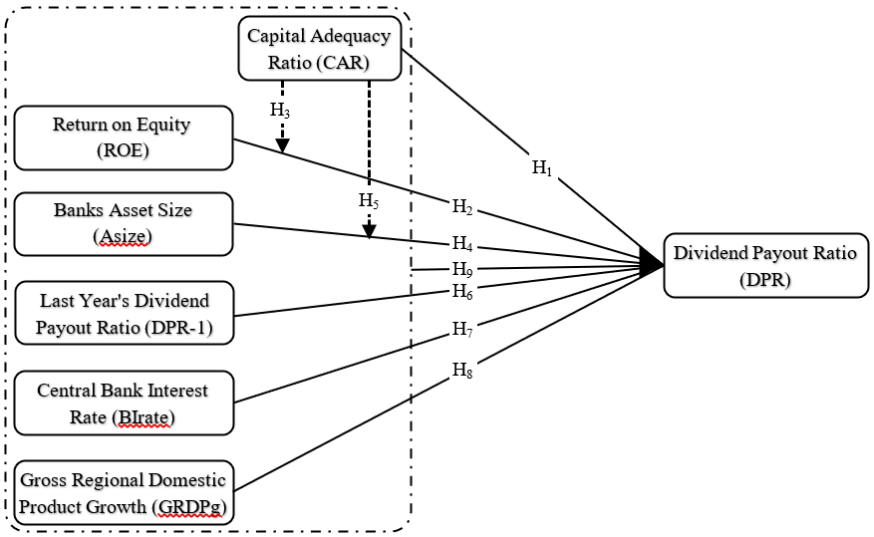

Figure 2. Framework of Research
Sources : Processed by author (2026)

III. METHODOLOGY

Research Design

The research method employed in this study was quantitative. Quantitative research methods are grounded in positivism and focus on specific populations or samples. Data collection utilizes research instruments for quantitative analysis to test predefined hypotheses. According to Indrawati (2015), quantitative research methods are defined as research methods that attempt to accurately measure behavior, knowledge, opinions, or attitudes.

The type of research conducted was descriptive research. Sugiyono (2017) defines descriptive research methods as an approach aimed at identifying the presence of independent variables, whether singular or multiple, which operate autonomously without involving comparisons or relational analysis. This research also incorporated causal research. Causal studies are useful for testing research hypotheses regarding the relationship between one variable and another (Abdillah, W., 2018). Research using causal studies states that variable X may influence variable Y (Sekaran, U. & Bougie, R., 2016). This statement is also supported by Creswell, J. & Creswell, J. (2018), who state that causality means the researcher expects that variable X can influence variable Y. This study consists of several hypotheses to be tested and to examine the influence between the variables involved.

This type of research is characterized as comparative. Comparative research is conducted with the aim of identifying differences between one group and another (Indrawati, 2015) and is used to determine the level of efficiency among them. Regarding the level of researcher involvement in this study, this study is categorized as non-interventionist, wherein the researcher did not manipulate the data (Indrawati, 2015).

Based on the unit of analysis, this study is categorized under the group analysis unit, focusing specifically on banking sector companies, particularly Regional Development Banks in Indonesia. Even if the data comes from each individual, the research falls under the group analysis unit (Indriantoro, N. & Supomo, B., 2013). The timeframe for this study included both cross-sectional and time series. Sekaran, U. (2011) stated that cross-sectional research is conducted over a specified period with multiple samples, whereas time series research collects data over various periods that are processed.

Variables Operationalization

A variable is an abstract representation of the state of a research object. Effective examination of a variable requires it to be described so that the abstract variable becomes something measurable in a process called variable operationalization (Indrawati, 2015). According to Sugiyono, 2017) a research variable is anything defined by the researcher to be studied to obtain information about it and then draw conclusions. Sekaran, U. & Bougie, R. (2016) explain that variable operationalization is a process carried out to reduce the conceptual abstraction of variables so that they can be measured in a concrete form. Variable operationalization is the process of reducing the variables contained in a research problem to their smallest measurable units, allowing for systematic classification and the acquisition of the data necessary for assessing the research problem (Indrawati, 2015).

Data Population

In Indonesia, there are currently 27 Regional Development Banks (RBDs), but this study focuses on a sample of 23 RBDs that have consistently distributed dividends over a 10-year period from 2015 to 2024. The four banks not included in this sample are PT Bank Pembangunan Daerah Banten Tbk, PT Bank Pembangunan Daerah Kalimantan Tengah, PT Bank Pembangunan Daerah Maluku and North Maluku, and PT Bank Pembangunan Daerah Papua were excluded due to their inconsistent dividend distributions during this timeframe. The population for this study consists of 23 Regional Development Banks (RDBs) in Indonesia, which are presented below:

Table 1. List of Regional Development Banks (RDBs) in Indonesia that are the objects of research

No.	Nama Bank	No.	Nama Bank
1.	PT. Bank Aceh Syariah	13.	PT. BPD Kalimantan Timur dan Kalimantan Utara
2.	PT. Bank DKI	14.	PT. BPD Lampung
3.	PT. Bank Nagari	15.	PT. BPD Nusa Tenggara Barat Syariah
4.	PT. BPD Bali	16.	PT. BPD Nusa Tenggara Timur
5.	PT. BPD Bengkulu	17.	PT. BPD Riau Kepri Syariah
6.	PT. BPD Daerah Istimewa Yogyakarta	18.	PT. BPD Sulawesi Selatan & Sulawesi Barat
7.	PT. BPD Jambi	19.	PT. BPD Sulawesi Tengah
8.	PT. BPD Jawa Barat dan Banten, Tbk.	20.	PT. BPD Sulawesi Tenggara
9.	PT. BPD Jawa Tengah	21.	PT. BPD Sulawesi Utara Gorontalo
10.	PT. BPD Jawa Timur, Tbk.	22.	PT. BPD Sumatera Selatan dan Bangka Belitung
11.	PT. BPD Kalimantan Barat	23.	PT. BPD Sumatera Utara
12.	PT. BPD Kalimantan Selatan		

Sources: www.bi.go.id, processed by author (2026)

Descriptive Statistics

Descriptive statistics is a method of data analysis that focuses on describing and understanding collected data. Descriptive statistics only describe data without making generalizations (Sugiyono, 2017) .Descriptive research aims to present systematic information about the research subject or object.

Determination of Panel Data Regression Estimation Model

Regression analysis is a statistical method used to understand and measure the statistical relationship between one or more independent variables and a dependent variable. This study uses a panel data regression method that combines cross-sectional and time series data. According to Kusumaningtyas et al. (2022), panel data regression may be estimated through three distinct techniques: the Common Effects Model (CEM), the Fixed Effects Model (FEM), and the Random Effects Model (REM). Among these, the most suitable model for the research objective will be selected. To choose the appropriate panel data regression model (CEM, FEM, or REM), three tests can be applied based on the data's characteristics: the F-Test (Chow Test), the Hausman Test, and the Lagrange Multiplier (LM) Test (Napitupulu et al., 2021).

The Chow Test determines whether the Common Effects Model (CEM) or the Fixed Effects Model (FEM) is more suitable for estimating panel data. The Hausman Test assesses whether the Fixed Effects Model (FEM) or the Random Effects Model (REM) is more suitable for estimating panel data. Lastly, the Lagrange Multiplier Test helps to decide whether the Common Effects Model (CEM) or the Random Effects Model (REM) is more suitable for estimating panel data.

Classical Assumption Test

To ensure the robustness of the regression model, the study conducted four classical assumption tests, including the Normality, Multicollinearity, Heteroscedasticity, and Autocorrelation tests. The Normality Test aims to identify whether the residual variables have a normal distribution. The Multicollinearity Test examines if there is a correlation between the independent variables in the regression model. The Heteroscedasticity Test is used to assess whether the residuals of the estimated model exhibit constant variance. Lastly, the Autocorrelation Test serves as a statistical diagnostic designed to identify correlation between variables in the prediction model over time.

Equation Model

The results of the F-test and T-test determine the appropriate panel data regression model, which represents how the independent variables are related to the dependent variable. In this study, the regression model employed is:

$$DPR_{it} = \beta_0 + \beta_1(CAR_{it}) + \beta_2(ROE_{it}) + \beta_3(ROE_{it}\ x\ CAR_{it}) + \beta_4(Asize_{it}) + \beta_5(Asize_{it}\ x\ CAR_{it}) + \beta_6(DPR-1_{it}) + \beta_7(BIrate_{it}) + \beta_8(PDBRg_{it}) + \varepsilon$$

Notes :

DPR_{it}	:	Dividend Payout Ratio (DPR) for unit i at time t
β_0	:	Constant
β_1	:	Capital Adequacy Ratio (CAR) regression coefficient
β_2	:	Regression coefficient for Return on Equity (ROE)
β_3	:	Regression coefficient for Return on Equity (ROE) moderated by Capital Adequacy Ratio (CAR)
β_4	:	Regression coefficient for Bank Asset Size (Asize)
β_5	:	Regression coefficient for Bank Asset Size (Asize) moderated by Capital Adequacy Ratio (CAR)
β_6		Regression coefficient for Dividend Payout Ratio Last Year (DPR-1)
β_7	:	Regression coefficient for Central Bank Interest Rate (BIrate)
β_8	:	Regression coefficient for Gross Regional Domestic Product Growth (GRDPg)
CAR_{it}	:	Capital Adequacy Ratio (CAR) for unit i at time t
ROE_{it}	:	Return on Equity (ROE) for unit i at time t
$Asize_{it}$	:	Bank Asset Size (Asize) for unit i at time t
$DPR\text{-}1_{it}$	:	Last Year's Dividend Payout Ratio (DPR-1) for unit i at time t
$BIrate_{it}$	:	Central Bank Interest Rate (BIrate) variable at unit i at time t
$GRDPg_{it}$	:	Gross Regional Domestic Product Growth (GRDPg) variable at unit i at time t
ε	:	Influence of other factors

IV. RESULTS AND DISCUSSION

Descriptive Statistics

The results of the descriptive statistical analysis test on the variables in this study are shown in the table below.

Table 2. Descriptive Statistics

Variable	CAR	ROE	Asize	DPR-1	BIrate	GRDPg
Mean	23,55%	16,33%	31,06	61,29%	5,21%	4,45%
Median	22,68%	16,23%	20,99	60,00%	5,34%	4,98%
Maximum	45,64%	34,10%	219,96	115,03%	7,53%	21,76%
Minimum	13,79%	4,95%	3,98	30,00%	3,53%	-9,34%
Std. Dev.	5,01%	5,54%	33,05	15,00%	1,13%	3,23%
Observations	230	230	230	230	230	230

Sources: Eviews 13 Software Output Results, processed by author (2026)

The standard deviation of the Capital Adequacy Ratio is low at 5.01% with a minimum at 13,79%, indicating that Regional Development Banks generally maintain adequate capital levels. The Return on Equity also shows a low standard deviation of 5.54%, reflecting narrow variation but typically lower than average. In contrast, the Asset Size variable has a high standard deviation of IDR 33.05 trillion, indicating significant variation among banks. Last Year's Dividend Payout Ratio has a standard deviation of 15.00%, revealing considerable variation due to differing strategies and economic conditions. The Bank Indonesia Rate shows low variability at 1.13%, while Gross Regional Domestic Product growth demonstrates a low standard deviation of 3.23%, signifying small variations across provinces in Indonesia.

Determination of Panel Data Regression Estimation Model

Based on the results of the Chow test, the cross-section Chi-square probability value is 0.0000, which is below the significance level of 0.05 (5%). Therefore, these results indicate that the Fixed Effects Model (FEM)

is more appropriate for this study. However, according to the Hausman test results, the test cannot be conducted because there are variables that do not vary across cross-sections, specifically the Central Bank Interest Rate (BIrate), and there are variables that do not vary over time, namely the Dividend Payout Ratio (DPR). This uniformity occurs because the Bank Indonesia Interest Rate remains the same for each Regional Development Bank (RDBs), and some RDBs have the same DPR level across multiple years. Based on the Lagrange Multiplier results, the Breusch-Pagan (BP) probability value is 0.1495, which is greater than 0.05 (5%). Therefore, these findings suggest that the most appropriate model for this study is the Common Effect Model (CEM).

While the Lagrange Multiplier test indicates that the CEM is more suitable, the Chow test suggests that the FEM is a better choice than the CEM. The FEM exhibited insufficient variation in several independent variables, which aligns with the results of the heteroscedasticity test. In the presence of heteroscedasticity, the regression model requires corrective adjustments to resolve the problem (Basuki, A., 2021). According to (Napitupulu et al., 2021) in the Common Effect or Fixed Effect model, the implications of autocorrelation and heteroscedasticity in panel data can be corrected in various ways, one of which is by changing the model to a cross-section weights model or cross-section SUR. Therefore, the model used in this study is the Fixed Effects Model (FEM) with cross-sectional weights model.

Classical Assumption Test

According to the results of the normality test, the probability value is 0.003264, which is less than 0.05. This indicates that the residuals are not normally distributed. However, the normality test is not a prerequisite for the BLUE (Best Linear Unbiased Estimator) model, and some argue that this requirement is not mandatory (Basuki, A., 2021).

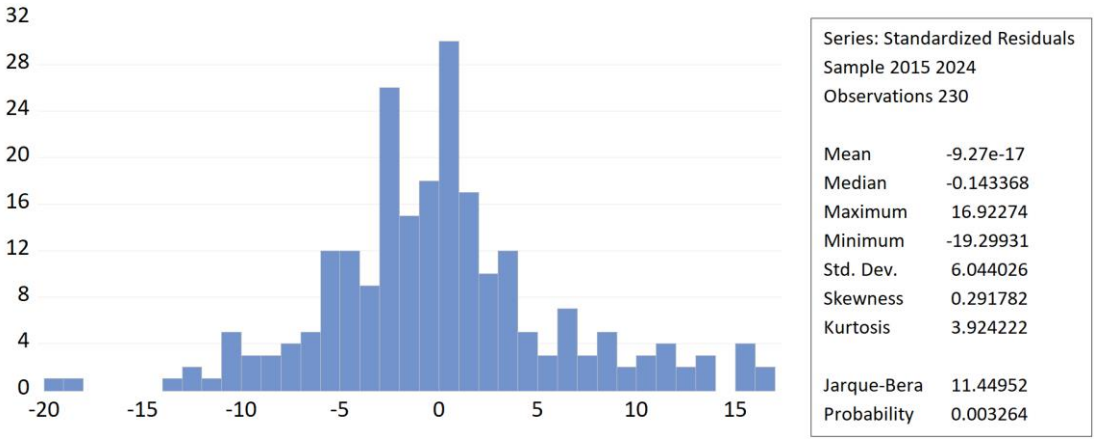

Figure 3. Normality Test Results
Sources: Eviews 13 Software Output Results, processed by author (2026)

According to the multicollinearity test table, the value for the independent variables is less than 0.9. This finding demonstrates that there is no correlation or significant relationship between the variables.

Table 3. Multicollinearity Test Results

	CAR	ROE	Asize	DPR-1	BIrate	PDRBG
CAR	1,00	-0,24	-0,19	-0,09	0,00	0,11
ROE	-0,24	1,00	-0,10	0,06	0,23	0,27
Asize	-0,19	-0,10	1,00	-0,17	-0,08	-0,07
DPR-1	-0,09	0,06	-0,17	1,00	0,08	-0,09
BIrate	0,00	0,23	-0,08	0,08	1,00	0,27
PDRBg	0,11	0,27	-0,07	-0,09	0,27	1,00

Sources: Eviews 13 Software Output Results, processed by author (2026)

According to the heteroscedasticity test results presented in the table, the test value for the variable DPR-1 is 0.0305, which is below the threshold of 0.05. This indicates that the variable exhibits heteroscedasticity. The impact of heteroscedasticity is the inefficiency of the estimation process, while the estimation results remain consistent and unbiased (Napitupulu et al., 2021). In the Common Effect Model or Fixed Effect Model, the implications of heteroscedasticity in panel data can be corrected in various ways, one of which is by changing the model to a cross-section weights model or cross-section SUR.

Table 4. Heteroscedasticity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-4.221590	8.700979	-0.485186	0.6281
CAR	0.026052	0.295168	0.088263	0.9298
ROE	0.122902	0.326260	0.376699	0.7068
ROECAR	-0.003852	0.012704	-0.303189	0.7621
ASIZE	-0.029451	0.134379	-0.219164	0.8267
ASIZECAR	0.000349	0.005504	0.063326	0.9496
DPR-1	0.094638	0.043435	2.178869	0.0305
BIRATE	0.237387	0.313033	0.758346	0.4491
GRDPG	0.147719	0.125370	1.178262	0.2401

Sources: Eviews 13 Software Output Results, processed by author (2026)

According to the Autocorrelation test, the Durbin Watson value is 2.112945. The number of independent variables in this study is 6 variables, and the number of samples is 23 Banks, so the Dl value is 0.8041, and the Du value is 2.0609. Therefore, the Du value < DW < (4-Dl) or 2.0609 < 2.112945 < 3.1959, so it can be concluded that there is no autocorrelation.

Equation Model

The model used is FEM with cross-section weights, which is processed using EViews 13 software, resulting in the following panel data regression equation:

$$DPR_{it} = 48.62806 - 0.531563\ (CAR_{it}) - 0.832237\ \beta_1(ROE_{it}) + 0.021229\ (ROE_{it}\ x\ CAR_{it}) - 0.161016\ (Asize_{it}) + 0.006734\ (Asize_{it}\ x\ CAR_{it}) + 0.454318\ (DPR - 1_{it}) + 0.627473\ (BIrate_{it}) + 0.076761\ (PDBRg_{it}) + \varepsilon$$

Discussion

The Influence of Capital Adequacy Ratio on Dividend Payout Ratio

The Capital Adequacy Ratio (CAR) interaction shows a negative coefficient of -0.531563 with a probability of 0.0060 (less than 0.05), which does not support H1. This indicates that CAR has a significant negative influence on the Dividend Payout Ratio (DPR). A high CAR indicates that the bank is preparing a larger capital buffer to support potential future growth, which results in lower dividend distributions. By acting as a safeguard against prospective losses, the capital buffer contributes to the reinforcement of financial stability (Hendrawan et al., 2023). The findings presented contradict the research conducted by Tritanti, A. & Fitriati, I.R. (2022), which claims that the CAR has a significant positive influence on dividend policy. Additionally, Setiawan et al. (2024) also found that the CAR significantly affects the DPR. However, these results are inconsistent with the conclusions of Silalahi et al. (2021) who determined that the CAR does not significantly impact dividend policy.

A variable is considered to be quasi-moderation when it serves dual functions (Solimun et al., 2017). In addition to directly affecting the dependent variable, a moderating variable also interacts with the independent variable. Therefore, the role of the Capital Adequacy Ratio (CAR) as a moderating factor in the relationship between Return on Equity (ROE) and Bank Asset Size (Asize) on the Dividend Payout Ratio (DPR) can be classified as quasi-moderation.

The Influence of Return on Equity on Dividend Payout Ratio

Return on Equity (ROE) interaction shows a negative coefficient of -0.832237 with a probability of 0.0008 (less than 0.05), which does not support H2. This indicates that ROE has a significant negative influence on the Dividend Payout Ratio (DPR). A high ROE indicates that the bank has effectively utilized its capital to generate profits, leading to a preference for reinvesting those profits to support long-term growth, which results in lower dividend payments. The findings of this study support those of Tritanti, A. & Fitriati, I.R. (2022), which found that profitability has a significant negative influence on dividend policy. In contrast, these results are inconsistent with the conclusions of Wika et al. (2017), Anwar, R. & Kumar, S. (2022), Romus et al. (2020), Santosa et al. (2023), Kumar, A. & Sinha, P. (2024), Sbai et al. (2024), Tinungki et al. (2022), Setiawan et al. (2024), which found that profitability has a significant positive influence on dividend payout ratio. Furthermore, the results of this study also disagree with those of Sofyan, M. (2023), who stated that profitability has no significant impact on dividend payout ratio.

The Influence of Return on Equity Moderated by Capital Adequacy Ratio on Dividend Payout Ratio

Return on Equity (ROE) moderated by Capital Adequacy Ratio (CAR) interaction shows a positive coefficient of 0.021229 with a probability of 0.0178 (less than 0.05), which supports H3. This indicates that Return on Equity (ROE) has a significant positive influence on the Dividend Payout Ratio (DPR) when moderated by the Capital Adequacy Ratio (CAR). Unlike the influence of ROE on its own, ROE moderated by

CAR reflects a bank's capacity to efficiently employ its capital for profit generation while simultaneously preserving adequate reserves to support future growth. With the moderating effect of the Capital Adequacy Ratio (CAR), the relationship between Return on Equity (ROE) and the Dividend Payout Ratio (DPR) aligns with findings from research conducted by Research by Wika et al. (2017), Anwar, R. & Kumar, S. (2022), Romus et al. (2020), Santosa et al. (2023), Kumar, A. & Sinha, P. (2024), Sbai et al. (2024), Tinungki et al. (2022), and Setiawan et al. (2024) supports this assertion, indicating that profitability has a significant positive influences on Dividend Payout Ratio.

The Influence of Banks' Asset Size on Dividend Payout Ratio

Banks' Asset Size (Asize) interaction shows a negative coefficient of -0.161016 with a probability of 0.0714 (more than 0.05), which does not support H4. This indicates that Banks' Asset Size does not significantly influence the Dividend Payout Ratio (DPR). According to Satyagraha et al. (2022), the size of Regional Development Banks significantly influences the reduction of profit inefficiency. Therefore, despite having substantial assets, banks continue to increase their assets, one strategy being the reduction of their dividend payout ratio. This approach helps them achieve profit efficiency, enabling them to compete more effectively and enhance profitability. The results of this study align with those conducted by Tritanti, A. & Fitriati, I.R. (2022) and Santosa et al. (2023), which stated that company size has a significant negative effect on dividend policy. However, these results are inconsistent with research conducted by Prakoso, S.W.R. & Muchtar, S. (2023), Sbai et al. (2024), Tinungki et al. (2022), Setiawan et al. (2024), and Sofyan, M. (2023), which stated that company size has a significant positive influence on dividend payout ratio.

The Influence of Banks' Asset Size Moderated by Capital Adequacy Ratio on Dividend Payout Ratio

Banks' Asset Size (Asize) moderated by Capital Adequacy Ratio (CAR) interaction shows a positive coefficient of 0.006734 with a probability of 0.0421 (less than 0.05), which supports H5. This indicates that Asset Size has a significant positive influence on the Dividend Payout Ratio (DPR) when moderated by the Capital Adequacy Ratio (CAR). Unlike the influence of Asset Size on its own, Asset Size moderated by CAR reflects the Bank's substantial assets alongside adequate capital adequacy. This allows the bank to maximize its financing portfolio without requiring additional capital from retained earnings, thereby increasing the dividend payout ratio. With the moderating effect of the Capital Adequacy Ratio (CAR), the relationship between Asset Size and the Dividend Payout Ratio (DPR) aligns with findings from research conducted by Prakoso, S.W.R. & Muchtar, S. (2023), Sbai et al. (2024), Tinungki et al. (2022), Setiawan et al. (2024), and Sofyan, M. (2023), which stated that company size has a significant positive influence on dividend payout ratio.

The Influence of Last Year's Dividend Payout Ratio on Dividend Payout Ratio

Last Year's Dividend Payout Ratio (DPR-1) interaction shows a positive coefficient of 0.454318 with a probability of 0.0000 (less than 0.05), which supports H6. This indicates that the Dividend Payout Ratio of the Previous Year has a significant positive influence on the Dividend Payout Ratio (DPR). This is because dividends function as signaling mechanisms that provide credible information that is not directly observable (Connelly et al., 2024), in line with Signaling Theory. Furthermore, according to d'Udekem (2021), bank managers can maintain high dividend payouts to reduce agency conflict with shareholders. Banks tend to maintain dividend stability from year to year to avoid negative investor perceptions that may arise from substantial decreases in dividends. Therefore, dividends distributed in the previous year serve as a reference in determining dividend policy for the current period. The findings of this study align with research conducted by Kumar, A. & Sinha, P. (2024), Santosa et al. (2023), and Tinungki et al. (2022), which found that past dividends have a significant positive influence on dividend policy.

The Influence of Central Bank Interest Rate on Dividend Payout Ratio

Central Bank Interest Rate (BIrate) interaction shows a positive coefficient of 0.627473 with a probability of 0.0019 (less than 0.05), which does not support H7. This indicates that the Central Bank Interest Rate (BIrate) has a significant positive influence on the Dividend Payout Ratio (DPR). This is because state-owned banks are more sensitive to changes in monetary policy (Ayomi et al., 2021). According to Raftis et al. (2024), an increase in the central bank's policy rate amplifies the likelihood of credit defaults, whereas sustained reductions in interest rates encourage higher private sector borrowing, greater leverage in the banking system, and the development of speculative bubbles in asset markets. As a result, when the Bank Indonesia interest rate (BIrate) rises, Regional Development Banks (RDBs) tend to increase their Dividend Payout Ratio (DPR) due to lower credit distribution and a higher risk of loan defaults. Conversely, when the Bank Indonesia interest rate (BIrate) decreases, RDBs tend to increase their Dividend Payout Ratio (DPR) because demand for loans from the private sector rises, requiring them to increase their capital from retained earnings to maintain bank stability. The results of this study are inconsistent with those of Acharya, V. V., & Plantin, G. (2023) and Sarakiri, J. A. (2021), which stated that higher policy rates are associated with decreases in the dividend payout ratio. These results are also inconsistent with the research conducted by Romus et al. (2020), which stated that the BI interest rate has no significant influence on dividend policy.

The Influence of Gross Regional Domestic Product Growth on Dividend Payout Ratio

Gross Regional Domestic Product Growth (GRDPg) interaction shows a positive coefficient of 0.076761 with a probability of 0.3658 (more than 0.05), which does not support H8. This indicates that Gross Regional Domestic Product (GRDPg) growth did not significantly influence the Dividend Payout Ratio (DPR). This lack of impact is attributed to the fact that GRDPg represents the sum of the net value of final goods and services produced by all economic units within a region, which is influenced by all business sectors within the region, including banking. However, GRDPg does not exert a direct influence on the performance of Regional Development Banks (RDBs), as the Bank Indonesia Interest Rate (BIrate) directly impacts the banking industry. This study's findings contradict those of Romus et al. (2020) and Kumar, A. & Sinha, P. (2024), who found that GDP growth positively impacts dividend policy. The results of this study also disagree with those conducted by Santosa et al. (2023) and Tinungki et al. (2022), which stated that GDP growth has a negative influence on dividend policy.

R Square Test (R^2)

The R Square (R^2) test or coefficient of determination shows a coefficient of 0,920147, which supports H9. This indicates that simultaneously, independent variables such as Capital Adequacy Ratio, Return on Equity, Asset Size, Last Year's Dividend Payout Ratio, Central Bank Interest Rates, and Gross Regional Domestic Product Growth are able to explain 92.01% of the dependent variable, which is the Dividend Payout Ratio, while the remaining 7.99% is attributed to other other variables not included in the study. This finding indicates that the independent variables used have been able to describe most of the factors influencing the Dividend Payout Ratio (DPR) at Regional Development Banks (RDBs) in Indonesia.

V. CONCLUSION

Conclusion

The study reveals that the Dividend Payout Ratio of Regional Development Banks is influenced by several variables, including Capital Adequacy Ratio, Return on Equity (either directly or moderated by Capital Adequacy Ratio), Asset Size moderated by Capital Adequacy Ratio, Last Year's Dividend Payout Ratio, and Central Bank Interest Rates. Conversely, Asset Size and Gross Regional Domestic Product Growth do not have a significant influence on the Dividend Payout Ratio of Regional Development Banks. Among the influential variables, Return on Equity moderated by Capital Adequacy Ratio, Asset Size moderated by Capital Adequacy Ratio, Last Year's Dividend Payout Ratio, and Central Bank Interest Rate have a positive influence on the Dividend Payout Ratio, while the Capital Adequacy Ratio and Return on Equity influence the Dividend Payout Ratio in a negative direction.

This research makes an important contribution to understanding the factors influencing the Dividend Payout Ratio of Regional Development Banks (RDBs) in Indonesia. However, there is still room for further research to gain a deeper understanding and develop more specific policy recommendations. One potential future research direction is to further explore the mediating and moderating variables that underlie the relationship between macroeconomic factors, such as central bank interest rates and regional gross domestic product growth, and the dividend policy of Regional Development Banks (RDBs) in Indonesia.

Implication

This study concludes that a balanced approach is essential for managing the business sustainability of banks, considering both internal and external factors that can impact dividend policy. By examining the influence of the Capital Adequacy Ratio, Return on Equity, Asset Size, Last Year's Dividend Payout Ratio, Central Bank Interest Rates, and Gross Regional Domestic Product Growth on the Dividend Payout Ratio of Regional Development Banks, this research aims to assist each bank achieve a balance between meeting the dividend expectations of the Regional Government for funding regional development programs while also maintaining the necessary capital for long-term business sustainability.

Recommendation

This research contributes to understanding the factors that influence the Dividend Payout Ratio of Regional Development Banks (RDBs) in Indonesia. However, there is still an opportunity for further investigation to gain a deeper understanding and develop more specific policy recommendations. One potential direction for future research is to further explore the mediating and moderating variables that affect the relationship between macroeconomic factors, such as central bank interest rates and regional gross domestic product growth to dividend policy of Regional Development Banks (RDBs).

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