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REINFORCING INDONESIAN BANKS' EARNINGS STABILITY: A GCG-MODERATED ANALYSIS OF RISK PROFILE, BANK DIGITALIZATION, AND FINTECH P2P LENDING

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Abstract

Crowdfunding has grown rapidly in Indonesia. Fintech P2P lending, as a form of crowdfunding, has influenced bank revenues by reducing operational costs and increasing profit margins, so the presence of fintech P2P lending brings risks that banks need to anticipate. This research aims to analyze the influence of risk profiles, bank digitalization, and fintech P2P lending on bank revenues in Indonesia, with good corporate governance (GCG) as a moderating variable. This quantitative research uses an explanatory approach. The sample for this research is 40 Conventional Commercial Banks listed on the Indonesia Stock Exchange. Data was collected through documentation methods from audited published bank reports. Data analysis was carried out using the SmartPLS method. The results found that Risk Profile had a significant negative effect on Earnings, while Bank Digitalization and Fintech P2P Lending had a positive but not significant effect on Earnings, and Good Corporate Governance moderated the influence of Risk Profile on Earnings, but Good Corporate Governance did not moderate the influence of Bank Digitalization and Fintech P2P Lending towards Earnings.

Keywords: Risk Profile, Bank Digitalization, Fintech P2P Lending, Earnings, Good Corporate Governance, Bank.

BACKGROUND

One of the interesting phenomena in the world of finance in Indonesia is the increasing public interest in crowdfunding, which is a way of collecting funds from many people via online platforms to support a project or business. Crowdfunding has various models, such as donations, gifts, loans and shares. The most developed model in Indonesia is donation and financing.

According to Statista data, the crowdfunding market in Indonesia reached 13.95 million US dollars in 2017, and is expected to continue to grow to reach 25.9 million US dollars in 2023. The donation model is usually used to fund social, humanitarian or creative projects, while the financing model is usually used to fund startups or micro, small and medium enterprises (MSMEs).

One of the factors driving the growth of crowdfunding in Indonesia is the development of digital technology which makes access and transactions between givers and recipients of funds easier. Apart from that, crowdfunding also provides benefits for both parties. For funders, crowdfunding provides an opportunity to participate in projects or ventures that align with their interests or values. For recipients of funds, crowdfunding provides an alternative source of financing that is more flexible and inclusive than traditional financial institutions.

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However, crowdfunding also has challenges and risks that you need to be aware of. One of them is regulations that are not yet fully mature and comprehensive. In Indonesia, the Financial Services Authority (OJK) only issued regulations regarding share-based crowdfunding or securities crowdfunding (SCF) in 2020. This regulation regulates the requirements and obligations for SCF platforms, fund givers and recipients, as well as limits and protection for retail investors. Meanwhile, other crowdfunding models still do not have clear and integrated regulations.

Apart from that, crowdfunding is also vulnerable to fraud or default which can harm the giver or recipient of funds. Therefore, it is important for crowdfunding actors to carry out due diligence and transparency in every process and activity. Apart from that, there is also a need for education and financial literacy for the public so they can understand and use crowdfunding wisely and responsibly.

Crowdfunding is a financial innovation that has the potential to have a positive impact on the Indonesian economy and development. However, to achieve this potential, cooperation and synergy are needed between all stakeholders, including the government, regulators, platforms, donors and recipients of funds, and the wider community.

Research (Tang, 2019) shows that P2P fintech lending is a substitute for bank lending in terms of serving infra-marginal bank borrowers but complements bank lending with respect to small loans. These results indicate that credit expansion resulting from fintech P2P lending is likely to only occur among debtors who already have access to bank credit. These results indicate that fintech P2P lending for banks in China is more of a complement than a substitute.

Fintech P2P lending has become a financial institution that can influence earnings and company value. This is because it has almost the same operations as a bank, namely collecting funds from investors and distributing funds in the form of loans to the public.

The research results of Li et al., (2017) and Panglipursari (2022) show that there is a positive relationship between funding growth or Fintech deals and share returns (decrease in share value) at the same time from old retail banks. Yeo & Jun (2020) show that P2P Fintech lending platforms only operate in the low credit market segment, while banks operate in both low and high credit segments. For the case of low credit segmentation, it was found that, when the risk of bank bankruptcy increases, the liquidity risk of P2P fintechs will decrease to such an extent that their overall risk also decreases. Meanwhile, the research results of Ng et al. (2020) shows that in countries with a higher volume of P2P Fintech loans, there is a decrease in the volume of bank loans. But the positive relationship is stronger for banks with greater exposure to the consumer loan market and for banks whose consumer borrowers are already more leveraged.

Banking, as an industry that operates in the financial services sector, plays an important factor in encouraging and spurring national economic development. Therefore, banks which initially only digitized their services through ATM and m-banking channels, are now starting to expand into e-banking.

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Sheng's research results (2020); and Stefanovic, Barjaktarovic & Bataev (2021), show that internet finance has a positive impact on profitability. Likewise, Misati et al. (2020) concluded that digital financial services have a positive effect on large banks and medium banks but have a negative and significant effect on small banks. Different opinions are shown by the research results of Rozhkova & Olentsova (2020); Origin (2022) and Niemand et al. (2021) who did not find a significant relationship between bank digitalization and bank profitability.

This research places GCG as a moderator variable to determine the ability to moderate the relationship between the independent variable and the intervening variable and the dependent variable. We have not found previous research results that show the effect of bank digitalization and fintech P2P lending on earnings which is moderated by GCG.

Using a banking financial management theory approach (Hempel, 1994; Rivai et al., 2013; and Fahmi, 2015); Signaling Theory (Spence, 1978; Gumanti, 2009); Agency Theory (Jensen & Meckling, 1976); and Stakeholder Theory, this research aims to test and analyze a conceptual framework model regarding the influence of Risk Profile, Bank Digitalization, and Fintech P2P Lending on Earnings with Good Corporate Governance as the moderating variable.

The novelty in this research is the use of the Good Corporate Governance variable as a moderating variable in a research conceptual framework model.

Theoretical Foundation

Earnings

Earnings are income or net profit value from a company's activities in a certain time period. According to (Rivai et al., 2013), earnings are used to determine the level of efficiency and quality of bank income correctly and accurately. Earnings or profit assessment is an assessment of the bank's condition and ability to support operational activities and capital.

According to Rivai et al. (2013), a quantitative and qualitative assessment approach to profitability or earnings factors is carried out, among other things, by assessing Return on Total Assets (ROA), Return on Equity and Net Interest Margin (NIM).

Good Corporate Governance

The role of GCG in banking is very important because banks have different characteristics from other types of financial companies. Banks have higher risks and hold a large responsibility in maintaining public trust in the banking system. Therefore, banks are obliged to implement GCG principles in all their business activities at all levels or levels of the organization.

Bank Indonesia (BI) on January 30 2006 issued Bank Indonesia Regulation (PBI) No. 8/4/PBI/2006 concerning the implementation of GCG for Commercial Banks and Bank Indonesia Regulation Number 8/14/PBI/2006 dated 5 October 2006 concerning Amendments to Bank Indonesia Regulation Number 8/4/PBI/2006 concerning the Implementation of Good Corporate Governance for Banks General. The implementation of the GCG principles as referred to in paragraph 1 must be realized in at least 7 (seven) things: the implementation of GCG principles in the bank includes the implementation of the duties and responsibilities of

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the board of commissioners and directors, the completeness and implementation of the duties of the committees and work units that carry out the bank's internal control function, implementation of the compliance function, internal auditors and external auditors, implementation of risk management, including the internal control system, provision of funds to related parties and provision of large funds, bank strategic plans, and transparency of the bank's financial and non-financial conditions. By implementing GCG, banks can protect the interests of stakeholders and increase compliance with applicable laws and regulations and generally accepted ethical values.

Risk Profile

According to Fahmi (2015), banking is a financial institution that is most vulnerable to risk, especially risks related to money. Therefore, the risk profile has an important role in helping banks identify inherent risks and the quality of risk management implementation in bank operational activities.

The risk profile assessment includes all risks inherent in the bank's business activities, both those that can be quantified and those that cannot, which have the potential to affect the bank's financial position. According to Bank Indonesia Regulation Number 13/1/PBI/2011 Article 7, risk profile is an assessment of the inherent risk and quality of the implementation of risk management in bank operations which is carried out on 8 risks, namely: credit risk, market risk, liquidity risk , operational risk, legal risk, strategic risk, compliance risk and reputation risk. By assessing the level of inherent risk for each type of risk, banks can identify risks that need to be avoided or managed properly. Thus, the risk profile can help banks make better decisions and reduce the risk of losses that may occur (Aydemir & Guloglu, 2017).

Risk profile is closely related to earnings in banking. According to Aydemir & Guloglu (2017), the influence of risk profile on a company's earnings varies depending on various factors, such as the type of risk in question, the level of risk taken, and how much risk can be avoided or managed. In this case, the risk profile has an important role in helping banks identify inherent risks and the quality of risk management implementation in bank operational activities (Fahmi, 2015). Abbas, Iqbal & Aziz (2019) show that the risk profile indicated by credit risk in developed countries in Asia as well as developed countries such as America shows a negative and significant influence on bank profitability conditions.

Bank's Digitalization

Digitalization has brought major changes in the banking industry. In particular, banking digitalization has enabled financial institutions to provide banking services more efficiently and comprehensively to their customers. Through the adoption of digital technology, banks can offer a variety of services, such as online banking, digital payments, and cashless transactions, all of which provide convenience for customers. Additionally, digitalization also enables banks to optimize their internal processes, such as risk management, claims processing and data analysis, which in turn improves operational efficiency.

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Banking digitalization is closely related to financial institution earnings. The adoption of digital technology in banking operations can bring significant financial benefits. According to the LaBerge et al (2020) report, banking digitalization is able to increase revenue through increasing market penetration and product cross-selling, while also creating operational cost savings of 20-40%. In addition, according to research by Deloitte (2019), the implementation of digital technology allows banks to create new business models and increase operational efficiency, which in turn has a positive impact on earnings. Overall, banking digitalization not only affects the cost structure, but also directly contributes to increasing financial institutions' revenues.

Fintech P2P Lending

Fintech P2P Lending is a financial service model that allows individuals or businesses to borrow and provide loans through digital platforms without the intermediary of traditional banks. The similarity between Fintech P2P Lending and banks lies in providing financial services, but the approach is different. Fintech P2P Lending uses technology to connect borrowers directly with lenders, while conventional banks operate through a network of branch offices with more vetting and approval processes.

The presence of Fintech P2P Lending has had a significant impact on the unbankable community. According to a report by the Financial Services Authority (OJK), Fintech P2P Lending has increased access to capital for individuals and small and medium businesses who previously had difficulty getting loans from banks, thus having a positive impact on economic growth at the micro level (OJK, 2020). The impact is also felt by the banking industry, where the presence of Fintech P2P Lending encourages traditional banks to innovate in their services and operational processes in order to remain competitive. In addition, the adoption of this technology also creates new challenges in terms of consumer regulation and protection which requires close collaboration between supervisory institutions and industry players (OJK, 2020). Thus, Fintech P2P Lending not only expands financial access, but also brings changes to the procedures and dynamics of the banking industry. The presence of Fintech P2P Lending has a direct influence on earnings in the financial industry. Through fintech, because transactions can occur without traditional bank intermediaries, operational costs can be reduced, which in turn has the potential to increase overall profit margins (Yulianto et al., 2018).

RESEARCH METHODS

The research method used in this study is quantitative research with an ex post facto approach (Sugiyono, 2016) which utilizes secondary data and measurements adapted to regulatory provisions or based on assessments and evaluations oriented to competitive conditions. This research uses an explanatory approach (Silalahi, 2015), which focuses on explaining the relationships between the variables studied, whether causal relationships, correlational relationships, or differences between groups. This research aims to examine the influence of Risk Profile, Bank Digitalization, and Fintech peer to peer (P2P) lending on Earnings with Good Corporate Governance as a moderating variable.

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The population of this research is Conventional Commercial Banks listed on the Indonesia Stock Exchange, with a total of 43 banks. For sample selection, a purposive sampling technique was used with criteria including conventional commercial banks registered on the IDX for the 2017-2021 period which routinely publish financial reports and have complete data in accordance with the required information. The total data processed was 200 data based on fiscal year financial reports from 40 banks.

The data collection process in this research uses the documentation method, with the data collected being secondary data originating from audited Bank Publication Reports, obtained from Media Publications, the Indonesian Stock Exchange, the Indonesian Banking Directory, and the Financial Services Authority. The research instrument used in this research is a data table containing ratio data to measure the variables studied. The data analysis technique used is Smart PLS, an application used to carry out structural equation model (SEM) calculations (Santoso, 2018). All decisions in validity and reliability tests are measured according to the Hair *et al* (2017) statement that accepted values should be ≥ 0.5

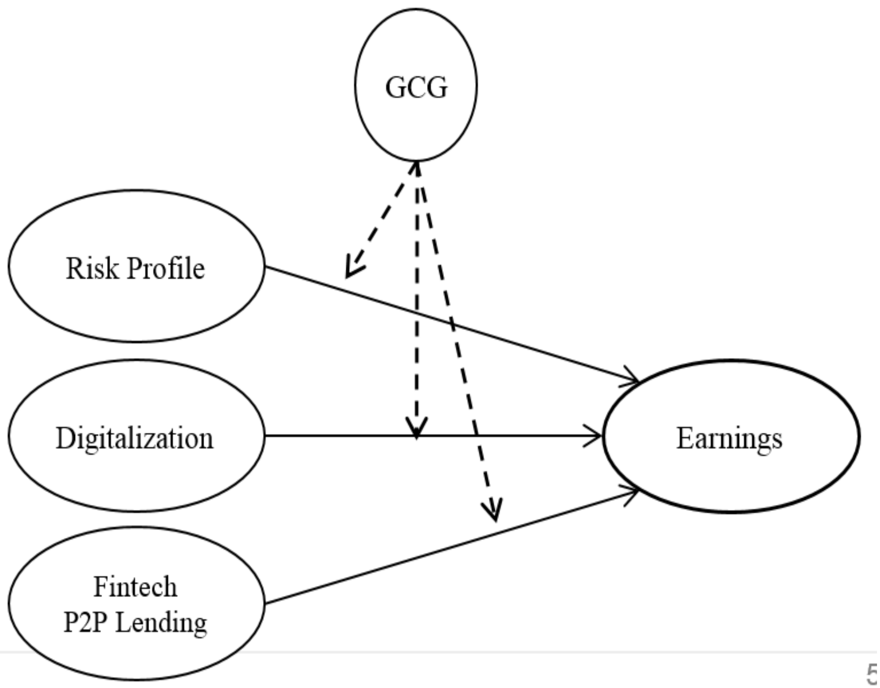

Figure 1: Conceptual framework

H1: There is a significant influence of risk profile on earnings in open conventional commercial banks in Indonesia for the 2017-2021 period.

H2: There is a significant influence of bank digitalization on earnings in open conventional commercial banks in Indonesia for the 2017-2021 period.

H3: There is a significant influence of fintech P2P Lending on earnings at open conventional commercial banks in Indonesia for the 2017-2021 period.

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H4: There is a significant influence of risk profile on earnings which is moderated by GCG in open conventional commercial banks in Indonesia for the 2017-2021 period.

H5: There is a significant influence of bank digitalization on earnings which is moderated by GCG in open conventional commercial banks in Indonesia for the 2017-2021 period.

H6: There is a significant influence of Fintech P2P Lending on earnings moderated by GCG in open conventional commercial banks in Indonesia for the 2017-2021 period.

DISCUSSION

Risk Profile of Banks in Indonesia

Based on the results of research data processing, during 2017-2021 the average NPL value of Conventional Commercial Banks going public during 2017-2021 was no more than 5%. This condition shows that the company can still be considered healthy in terms of bad credit, as shown in table 5.1 and figure 5.4. The COVID-19 pandemic reduced macroeconomic activity and people's income, causing the highest NPL value in 2020 at 3.94%. Banks even adopted a credit restructuring policy by extending credit terms and reducing interest rates for debtors.

Judging from operational risk, operational costs compared to operational income received by banks are not yet efficient. The BOPO ratio from 2017 to 2021 averaged 95.99%, with fluctuations increasing every year, as shown in figure 5.6. This means that in terms of operational costs compared to operational income, banks are inefficient. Even in 2020-2021, the BOPO value exceeds 100%. The operational costs incurred are more than the operational income earned by the bank. Banks have to finance their operations at high costs. This condition for investors is a signal that in terms of operational risk, the bank's condition is not healthy. A high level of BOPO can reduce a company's profitability and reduce investor confidence in future profit prospects. Therefore, companies with high BOPO tend to have lower PER.

Based on the description above, it can be concluded that the rise and fall of the BOPO value is mainly seen in the bank's ability to place bank funds that provide high profits, interest rates on loans and other productive assets that are higher than interest costs (savings interest), innovation in bank digitalization, and providing convenience. in banking services.

Thus, it can be concluded that the risk profile of Conventional Commercial Banks going public during 2017-2021 shows a general signal that they face credit risks that are still relatively safe, but face inefficient operational risks.

The results of the hypothesis test show that the original sample value is -0.577 and the P-value is 0.000. From these two values, it can be concluded that Risk Profile has a significant negative effect on Earnings.

Commercial bank risk profile refers to the level of risk faced by commercial banks in carrying out their operations, such as credit risk, market risk, operational risk, and so on. When commercial bank risks increase, it means that commercial banks face higher risks in running their business. This then has an impact on commercial bank profits, because commercial banks have to take more careful and conservative actions in providing credit or making investments,

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so that the potential income of commercial banks can be reduced. In addition, commercial banks must also increase reserves to cover the greater risks they face, which in turn can reduce earnings.

Case study, when a commercial bank provides credit with a higher risk, such as providing credit to debtors who do not have a good credit history or who are experiencing financial difficulties, the commercial bank may need to set a higher interest rate as compensation for the risk. However, higher interest rates can cause debtors to be reluctant to take out credit or choose to look for alternative sources of funding, which can ultimately reduce commercial banks' income.

Commercial banks, in some cases may also have to pay fines or incur losses due to operational errors or changes in market conditions, which can also affect commercial banks' revenues.

However, even though the Risk Profile of commercial banks increases and commercial bank profits decrease, the conservative actions taken by commercial banks to manage risks can provide long-term benefits for commercial banks, such as reducing the risk of large losses or avoiding regulatory problems. So, even though commercial bank earnings are declining at that time, the steps taken to manage risk can help commercial banks achieve long-term success.

The results of this research support previous research that has been conducted, including by Abbas, Iqbal & Aziz, (2019) that credit risk has a negative influence on bank profitability; (Muriithi & Waweru, 2017) liquidity risk has a negative effect on financial performance; (Salhuteru & Wattimena, 2015) LDR has a significant negative effect on profits; Ariyani (2019) risk profile has a significant effect on profitability; (Mardiana, et al., 2018) operating efficiency (BOPO) has a negative and significant effect on return on assets (ROA).

Bank Digitalization

The most recorded banking delivery channels are owned by BCA bank with 25 types of delivery channel facilities, followed by Bank BNI 46, BRI, BTN and finally Bank Mandiri. On average, the number of delivery channels used by conventional commercial banks going public in Indonesia during 2017-2021. There was an increase in the number of delivery channels from 2017 to 2021, although the increase was not that big. Conventional Commercial Banks going public still need to add innovation in developing the number of delivery channels to provide convenience for consumers in receiving services from the Bank.

The results of the hypothesis test show that the original sample value is 0.038 and the P-value is 0.715. From these two values, it can be concluded that Bank Digitalization has a positive but not significant effect on Earnings.

The results of the hypothesis test show that bank digitalization, which is proxied by the number of delivery channels used by banks, does not have a significant effect on commercial bank earnings. This result can be interpreted as the fact that the more Bank Digitalization channels used by commercial banks has no effect on their profits. This result is possible because the number of delivery channels used by open conventional commercial banks on average over 5 years has been relatively slow, from 6 types in 2017 to 9 types in 2021. According to the annual report data of each bank, BCA bank in 2021 has the most delivery channel facilities, namely

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25 facilities, followed by Bank BNI 46 (18 facilities), BRI (17 facilities), BTN (14 facilities), and finally Bank Mandiri (13 facilities).

Apart from the lack of many types of bank digitalization facilities, this could also be due to several factors, namely 1) High investment in financial technology can result in significant additional costs, which can affect commercial bank profits in the short term; 2) maintenance costs - not only hardware maintenance costs, but also expensive IT experts whose job is to maintain data security from outside parties; and 3) the digitalization of banks triggers tighter competition from other competitors, which ultimately requires greater marketing costs which can affect commercial banks' profit margins and ultimately affect profits.

Furthermore, El Chaarani & El Abiad (2018) in their research results concluded that investment in internet banking and ATMs had a positive effect on bank performance (ROA, ROE), but mobile banking or investment in computer software did not have a significant impact on the performance of the banking sector. Lebanon. This is because first, the perceived risk is high in mobile banking and confidentiality is low. Second, low knowledge about various services in mobile banking.

The results of this research support previous research, including (Niemand et al., 2021) that a high level of bank digitalization does not affect profitability; Mustapha (2018) shows that ATM operations hinder bank performance, with a negative impact on banks in Negeria; Zhou et al. (2021) the financial performance of companies with large assets does not improve just because of digitalization.

Fintech P2P Lending

These results show that, in the case of Indonesia, especially for conventional commercial banks that have gone public, the existence of fintech P2P lending has not significantly influenced company profits. This can be explained as follows: 1) the existence of fintech P2P lending financial institutions in Indonesia is still relatively new compared to the existence of existing conventional banks. So that commercial banks are relatively more established than P2P lending fintech institutions; 2) Conventional commercial banks that go public have a larger scale and wider customer base than P2P lending fintechs. Even though P2P lending fintechs are developing rapidly, they still have a relatively small market share compared to conventional banks. Therefore, the growth of fintech P2P lending may not have a direct impact on the profitability of established banks; 3) P2P loan portfolios may have different characteristics than bank loans. For example, fintech P2P lending can offer loans to market segments that are underserved by banks or have a higher credit risk. This can affect loan performance and profits generated by fintech P2P lending, but may not have a direct impact on bank profits; 4) Banks and fintech lending companies have business models that can complement each other. Banks can use Fintech Lending platforms or technology to speed up risk assessment, loans or loan portfolios. This collaboration for banks can reduce operational costs, increase efficiency and generate higher profits from loans. The growth of fintech lending can offer banks the opportunity to develop their business and increase profits and 5) The rapid and innovative growth of fintech lending can encourage banks to adapt and innovate in their operations. Banks

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can use the same technology or develop similar services to remain competitive and meet the needs of increasingly digital customers. In this case, the growth of fintech lending actually encourages banks to increase efficiency, expand services, and overall increase revenue and profits.

The existence of fintech P2P lending, from the results of this research, still has no direct effect on company profits. Banks need to anticipate developments in both the number of borrower customers and lenders who are willing to provide funds to be channeled through fintech P2P lending.

Adopting stakeholder theory from the opinion of Donaldson & Preston (1995). One aspect that needs to be considered is the instrumental aspect. This aspect is used to identify the relationship or lack of relationship between stakeholder management and the achievement of traditional business goals (e.g. profitability, growth). Bank management must be able to anticipate the existence of the fintech P2P lending industry which continues to develop and change over time, and its impact on bank profits which can change along with development, according to market context, business strategy, level of competition and developing regulations.

Earnings

Based on the results of the descriptive analysis, the Earnings indicator is shown by the ROA and ROE values, several banks experienced minus values on average over 5 years. ROA describes the level of profit achieved by the bank in terms of asset use. The greater the ROA, the greater the level of profit achieved and the better the bank's position in terms of asset use. Based on the opinion of (Rivai et al., 2013), it is possible that banks that have a minus ROA value mean they have problems related to the use of assets, for example loans or investments that experience credit or income returns that are not as desired. It could also possibly be caused by high depreciation of assets, thereby reducing income, high operational costs and high interest expenses.

The results of the descriptive analysis of ROE values during 2017-2021 for Conventional Commercial Banks going public, show that in the ROE position in 2017-2021, several banks experienced minus or negative ROE values. A negative ROE indicates that the bank experienced a net loss so that the bank faces a negative shareholder equity value position. A negative ROE value can be caused by the low or limited value of capital owned by the Company, the large number of problematic assets, limited liquidity of banks disbursing new credit and the increasing interest burden faced by banks (Rivai et al., 2013).

Good Corporate Governance

Based on the bank's governance structure, the number of board of directors has increased from an average of 6 people in 2017-2018, then increased to 7 people during 2019-2021. The number of board of directors is slightly greater than the number of permanent board of commissioners during 2017-2021. This condition is normal, because the board of directors will have direct contact with related parties, and its function is to manage. Meanwhile, the supervisory board places greater emphasis on its supervisory function over all activities carried out by the board

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of directors, including the running of the company's operations.

Government-owned banks, namely Bank BNI, BRI, Mandiri and BTN, have a higher number of Supervisory Boards than most national private banks.

The lowest number of members of the Board of Directors for each bank during the 5 years was owned by Bank Ganesha going public, namely 3 people and the highest number was Bank BRI (Persero) going public, namely 12 people. The number of supervisory boards in government-owned banks is above the average number of supervisors in conventional public banks, which is 7 people. The lowest number of government-owned banks is 10 people (BNI in 2017) and the largest is BRI bank (14 people in 2019).

The average annual value of GCG conditions is seen from the ranking, the number of the Board of Commissioners and the Board of Directors during 2017-2021. Based on the bank's governance structure, the number of board of directors has increased from an average of 6 people in 2017-2018, then increased to 7 people during 2019-2021. The number of board of directors is slightly greater than the number of permanent board of commissioners during 2017-2021. This condition is normal, because the board of directors will have direct contact with related parties, and its function is to manage. Meanwhile, the supervisory board places greater emphasis on its supervisory function over all activities carried out by the board of directors, including the running of the company's operations.

The results of the hypothesis test show that Good Corporate Governance moderates the influence of Risk Profile on Earnings, but Good Corporate Governance does not moderate the influence of Bank Digitalization and Fintech P2P Lending on Earnings.

Previous research shows that Good Corporate Governance (GCG) has a significant positive influence in moderating the relationship between Risk Profile and Earnings of commercial banks. This can be interpreted to mean that the existence of good GCG practices actually strengthens the influence, which contributes to the company's reputation and builds stakeholder trust which in turn can contribute to company revenue growth. Previous studies also support these results, showing that GCG is able to moderate the influence of corporate risk on earnings management (Mardiana et al., 2018; and Ayu et al., 2019).

While research findings show that GCG does not significantly moderate the influence of bank digitalization on commercial bank earnings, it can be explained that bank digitalization, which requires significant investment in technology and digital infrastructure, is not directly influenced by GCG. Although digitalization can provide long-term benefits, such as operational efficiency, GCG does not directly strengthen this influence. Other factors such as banks' ability to adopt digital technology quickly also influence the effect of digitalization on commercial bank earnings.

The study also shows that GCG does not significantly moderate the influence of Fintech P2P Lending on commercial bank earnings. Although GCG can help commercial banks increase efficiency and competitive advantage, strengthen risk management, and increase transparency and accountability, GCG is not able to directly strengthen or weaken the influence of P2P

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lending fintech companies on commercial bank earnings. This research shows that in the era of digitalization, commercial banks must actively implement GCG principles and continuously evaluate the influence of Fintech P2P Lending on their profits.

CONCLUSION

Based on the findings, it can be concluded that the Risk Profile has a significant negative influence on the company's Earnings. Even though Bank Digitalization and Fintech P2P Lending have a positive impact on Earnings, the effect is not statistically significant. Furthermore, Good Corporate Governance plays an important role in moderating the impact of Risk Profile on Earnings, indicating that good corporate governance practices can reduce the negative effect of Risk Profile on company earnings. However, in terms of the influence of Bank Digitalization and Fintech P2P Lending on Earnings, Good Corporate Governance does not have a significant moderating effect.

From these results, it is recommended that companies focus more on risk management to reduce the negative impact of Risk Profile on financial performance. In addition, it is necessary to improve the implementation of Good Corporate Governance practices to ensure that decisions taken are in line with the company's long-term goals. Moreover, even though the influence of Bank Digitalization and Fintech P2P Lending on Earnings is not yet statistically significant, companies still need to continue to pay attention to developments in financial technology to remain competitive in an increasingly digitalized market. In this case, companies can consider investing in financial technology innovations that can increase company competitiveness in this digital era.

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