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The Effect of Cash Ratio, DER, and ROA on Dividend Policy: Moderation of Company Size (*Study on Banking Sub-Sector Companies Listed on the Indonesia Stock Exchange*)

Pengaruh Rasio Kas, DER, dan ROA terhadap Kebijakan Dividen: Moderasi Ukuran Perusahaan (Studi pada Perusahaan Sub-Sektor Perbankan yang Terdaftar di Bursa Efek Indonesia)

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Abstract

The development of the banking subsector in Indonesia is very rapid. This study was conducted to analyze the effect of liquidity, DER, and ROA on dividend policy and the moderation of company size. Quantitative methods were used with a sample of 12 banking subsectors. The sampling technique used a purposive sampling method. The data analysis method is descriptive statistics and uses the classical assumption test, multiple linear regression analysis, hypothesis testing, and MRA test using the SPSS program version 22. The results of the analysis prove that cash position and ROA do not affect dividend policy, while DER does affect dividend policy. Company size is obtained to moderate the effect of ROA and cash position on dividend policy; on the other hand, it is proven that company size does not moderate DER on dividend policy.

Keywords: Cash Ratio, Debt to Equity Ratio, Dividend Policy, Firm Size, Return on Assets.

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Abstrak

Perkembangan subsektor perbankan di Indonesia sangat pesat. Penelitian ini dilakukan untuk menganalisis pengaruh likuiditas, DER, dan ROA terhadap kebijakan dividen dan moderasi ukuran perusahaan. Metode kuantitatif digunakan dengan sampel 12 subsektor perbankan. Teknik pengambilan sampel menggunakan metode purposive sampling. Metode analisis data adalah statistik deskriptif dan menggunakan uji asumsi klasik, uji heteroskedastisitas, analisis regresi linier berganda, pengujian hipotesis, dan uji MRA menggunakan program SPSS versi 22. Hasil analisis membuktikan bahwa posisi kas dan ROA tidak berpengaruh terhadap kebijakan dividen, sementara DER berpengaruh terhadap kebijakan dividen. Ukuran perusahaan diperoleh mampu memoderasi pengaruh ROA dan posisi kas terhadap kebijakan dividen; di sisi lain, terbukti ukuran perusahaan tidak memoderasi DER terhadap kebijakan dividen.

Kata kunci: *Cash Ratio, Debt to Equity Ratio, Kebijakan Dividen, Ukuran Perusahaan, Return on Assets.*

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INTRODUCTION

The development and progress in the banking subsector is very rapid, as evidenced by the large number of banks operating in Indonesia. Banking plays a crucial role in the economy, enabling banks to expand their businesses. Banks obtain funds from external parties to generate more money and then channel these funds into productive business sectors to achieve economic development targets and attract investors (Kalesan *et al*., 2020). Investors invest or allocate funds and resources currently created with the aim of obtaining future profits in the form of increased stock prices or dividends (Yolanda & Juwita, 2022). From these profits, companies can distribute dividends to shareholders or investors to boost company growth and ensure its survival (Pangestytyca *et al*., 2022). Dividends are a portion of profits paid by a company to shareholders and represent a portion of the income expected by shareholders in the form of shares, cash, or other assets (Welas & Nugroho, 2019).

Dividend policy is the decision whether a company will distribute profits in the form of dividends or retain them as retained earnings (Dewi *et al*., 2022). Dividend policy is reflected in the Dividend Payout Ratio (DPR), where the DPR's value will influence investor investment decisions (Agustina, 2020). The DPR will determine the proportion of dividends to be paid to shareholders and the amount of retained earnings for the benefit of the company's future growth (Tiurma & Widjaja, 2020). As is known, state-owned banks have announced cash dividends for the 2023 fiscal year (Aprilia, 2024). PT. Bank Rakyar Indonesia (BBRI) distributed 80 percent of its net profit, or IDR 48.1 trillion, as dividends for the 2023 fiscal year. Although the amount increased from the 2022 fiscal year dividend of IDR 43.4 trillion, DPR in 2023 decreased compared to the 2022 net profit of 85 percent. In contrast to BBRI, PT. Bank Negara Indonesia (Persero) Tbk. (BBNI) decided to distribute dividends amounting to 50 percent of its net profit for the 2023 fiscal year, which amounted to IDR 10.45 trillion, which is an increase from BNI's DPR last year of 40 percent. Meanwhile, PT. Bank Mandiri (Persero) Tbk. (BMRI) agreed to distribute 60 percent of its profit for the 2023 fiscal year, or IDR 1.45 trillion. This dividend payout ratio has been consistent at 60 percent since 2019.

As reported on cnbcindonesia.com by (Aprilia, 2024), the Financial Services Authority (OJK) has issued regulations on the distribution of banking dividends in Financial Services Authority Regulation (POJK) Number 17 of 2023 concerning the implementation of commercial bank governance (POJK Governance) in September 2023. This regulation was created with the aim of prioritizing bank profits to strengthen bank capital and for investment needs to strengthen competitiveness. This research will focus on banking sub-sector companies listed on the Indonesia Stock Exchange (IDX). The banking industry plays a crucial role because banks drive a country's economy. Banking can be considered the core of the financial sector due to its role in economic activity through credit activities and various needs across various economic and trade sectors (Salama *et al*., 2019). The reason why this study chose the banking subsector as its subject is because banks not only have good financial performance and the potential to increase their profitability to maintain their sustainability, but also because banking stocks are known to be resilient and have historically performed well.

Furthermore, previous studies have yielded inconsistent results, such as those conducted by Melina *et al*. (2022), Welas & Nugroho (2019), Hardi & Andestiana (2019), Nurulrahmatiah *et al*. (2023), and Pattiruhu & Paais (2020), which necessitate further research. The novelty of this study lies in the integration of several relevant variables, which will provide a greater likelihood of capturing actual conditions. Therefore, this study attempts to combine several relevant variables and uses the liquidity ratio, represented by the cash ratio, the leverage ratio, represented by the Debt-to-

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Equity Ratio, and the profitability ratio, represented by Return on Assets, as independent variables. Meanwhile, dividend policy is the dependent variable, and there is a moderating variable, namely company size, which can strengthen or weaken the independent and dependent variables. This study also incorporates theories related to dividend policy and differs from previous studies, in which the selected companies in the banking sub-sector listed on the Indonesia Stock Exchange, with the most recent research period being three years, from 2021 to 2023.

Based on the research gap in the research results and the phenomena that occur, there is a discrepancy between the theory and the research results that underlie this research, so the authors conducted a re-research that aims to test and find out how the Cash Ratio (CR), Debt to Equity Ratio (DER), and Return On Assets (ROA) variables influence dividend policy moderated by company size in banking sub-sector companies.

LITERATURE REVIEW

In banking sub-sector companies listed on the Indonesia Stock Exchange, one factor influencing dividend policy is cash position. A company with a strong cash position has a greater ability to pay dividends. This is because internal cash can be controlled by management, thus directly influencing dividend policy (Welas & Nugroho, 2019). The size of the cash position indicates how well a company manages its internal funds. In other words, if a company does not have an adequate cash position, it cannot pay dividends to its investors. This reasoning is based on research findings obtained Melina *et al*. (2022) and Noviandari & Negoro (2021), which prove that cash position has a significant influence on dividend policy. Based on this rationale, the following first hypothesis can be formulated:

H1: Cash ratio has a significant effect on dividend policy.

Another factor that can influence dividend policy is the Debt-to-Equity Ratio (DER). DER is used to assess a company's debt and equity by comparing total debt to total equity. DER can therefore be used to measure the proportion of debt to equity (Nugraha *et al*., 2021). In general, investors tend to be cautious in selecting companies with a high DER because the use of high debt carries a high risk to invested funds and will ultimately impact dividend distribution (Harahap *et al*., 2021). This thinking is also based on research by Nurulrahmatiah *et al*. (2023) which states that DER has a significant influence on dividend distribution policy. Based on this thinking, the following hypothesis is proposed:

H2: DER has a significant effect on dividend policy.

Dividend policy can also be influenced by Return on Assets (ROA). ROA is used to measure how effectively a company can generate profits from its assets (Oktaviarni *et al*., 2019). The higher a company's ROA, the higher the level of profit achieved by the company in terms of its assets (Febriyanti & Melzatia, 2024). Profitability will indicate the amount of profit a company earns on each investment made by investors (Meidawati *et al*., 2020). This thinking is in line with the argument put forward by Wijayantini *et al*. (2019), namely that profitability (ROA) has a significant positive influence on dividend policy, because if the level of profit generated by a company, the dividend paid will also be high. For this reason, the third hypothesis is raised as follows:

H3: ROA has a significant effect on dividend policy.

Company size can be defined as the size of a company, as measured by its equity value, firm value, or total asset value (Azizah *et al*., 2020). Company size can determine the amount of dividends

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paid, as larger companies tend to generate higher profits (Dewi *et al*., 2022). In other words, investors are more interested in investing in large-scale companies because large companies are more likely to operate healthily (Irawan & Kusuma, 2019). Companies with a high cash ratio are more likely to pay higher dividends. Meanwhile, companies with a low cash ratio are less likely to pay dividends or even no dividends at all (Simanjuntak & Bukit, 2019). Previous research by Noviandari & Negoro (2021) indicates that company size moderates the cash position's impact on dividend policy. Based on the analysis of these arguments, the fourth hypothesis proposed in this study is:

H4: Company size is able to moderate cash ratio on dividend policy.

Companies with low debt ratios tend to pay higher dividends, and vice versa (Triono & Artati, 2019). Therefore, only large companies tend to be able to repay debt without affecting dividend payments, while small companies can reduce dividend payments because increasing corporate debt can impact the company's external costs. Large companies tend to have substantial assets and can repay debt without affecting dividend payments. On the other hand, small companies have relatively difficulty repaying debt, resulting in reduced dividend payments (Irawati *et al*., 2021). Previous research by Noviandari & Negoro (2021) found that company size can moderate DER on dividend policy. Based on the results of a review of several theories and previous empirical results, the following research hypothesis is proposed:

H5: Company size is able to moderate the relationship between DER and dividend policy.

Company size indicates the number of assets a company owns. The larger the company, the greater the assets. Furthermore, the greater the funding required for operational activities, and vice versa (Harahap *et al*., 2021). Large companies have a large number of assets, so if they are able to utilize good asset management, the company can generate significant profits and increase the amount of dividends paid (Meidawati *et al*., 2020). Previous research by Noviandari & Negoro (2021) found that company size can moderate ROA in dividend policy. Based on the results of this review, the sixth research hypothesis is formulated as follows:

H6: Company size is able to moderate the relationship between ROA and dividend policy.

METHOD

This research employed quantitative methods to test existing theories and hypotheses raised in the study. Secondary data was obtained through documentation, in the form of financial reports from the banking subsector. The total population was 47 companies in the banking subsector listed on the Indonesia Stock Exchange for the 2021-2023 period. Purposive sampling was used to select research subjects based on criteria determined by the researchers with specific considerations (Irawan & Kusuma, 2019).

Those included in the purposive sampling criteria were 12 banking subsectors listed on the Indonesia Stock Exchange that actively distributed dividends and actively published periodic and complete financial reports during 2021-2023. The research data was accessed through the official website of the Indonesia Stock Exchange. The selected companies include Bank Central Asia Tbk., Bank Mestika Dharma Tbk., Bank Negara Indonesia (Persero) Tbk., Bank Rakyat Indonesia (Persero) Tbk., Bank Danamon Indonesia Tbk., Bank Pembangunan Daerah Jawa Barat dan Banten Tbk., Bank Pembangunan Daerah Jawa Timur Tbk., Bank CIMB Niaga Tbk., Bank Maybank Indonesia Tbk., Bank BTPN Syariah Tbk., Bank Mega Tbk., and Bank Woori Saudara Indonesia 1906 Tbk.

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The operational definitions of each analyzed variable are as follows. Cash Ratio is an important variable considered in dividend policy by management, with the formula being cash and cash equivalents divided by current liabilities (Al-Qori *et al*., 2019). The debt-to-equity ratio (DER) functions to determine the amount of funds provided by creditors or borrowers to company owners, with the formula being total liabilities divided by total equity (Harahap *et al*., 2021). Return on Assets (ROA) is a ratio used to measure a company's ability to generate profits, with the formula being profit after tax divided by total assets (Kresna & Ardini, 2020). The dividend payout ratio (DPR) is a decision about whether the profits generated by the company will be distributed to shareholders as dividends or will be retained as profits to finance future investments (Hardi & Andestiana, 2019), with the formula being dividends per share divided by earnings per share. Company size is a variable that influences business risk and can be measured using total assets, sales, and equity (Meidawati *et al*., 2020). Company size is LN total assets.

Data analysis techniques used classical assumption tests, heteroscedasticity tests, multiple linear regression tests, hypothesis testing, and moderated regression analysis tests. The data processing process uses the assistance of SPSS software version 22 with the aim of analyzing and testing the hypothesis model statistically (Ghozali, 2016).

RESULTS

Research data is declared to meet the normality test if the significance value is greater than 0.05 (Nurulrahmatiah *et al*., 2023). Table 1 shows that the Asymp. Sig. (2-tailed) value obtained is 0.185. This means that the results of the normality assumption test indicate that the data are normally distributed because the significance value of 0.185 is greater than 0.05.

Next, a multicollinearity test was conducted, with the criterion that if the tolerance value exceeds 0.10, it means there is no multicollinearity in the regression model (Ghozali, 2016). Based on Table 2, it can be seen that all variables obtained a tolerance value greater than 0.10 and a VIF less than 10.00. Thus, it is stated that all variables are free from multicollinearity or there are no symptoms of multicollinearity in this research model.

The criteria for testing the heteroscedasticity assumption are that if the significance value is greater than 0.05, it means there is no heteroscedasticity in the regression model, conversely, if the significance value is less than 0.05, it means there is heteroscedasticity (Ghozali, 2016). The results in Table 3 show that each variable obtained a Sig. value exceeding 0.05, which means these variables do not show symptoms of heteroscedasticity.

A multiple linear regression test was then run. The criteria used were: if the beta or regression coefficient is positive, it means that every increase in the independent variable increases the dependent variable; conversely, if the beta is negative, it means that every increase in the independent variable decreases the dependent variable (Nurulrahmatiah *et al*., 2023). Based on the results of the multiple linear regression analysis in Table 4, it was found that the cash position variable (X1 = -0.004) has a negative beta value, which means that every increase in the value of the cash position reduces the amount of the company's dividend policy. Other results show that the beta for the DER variable (X2 = 0.040) or ROA (X3 = 4.439) is positive, which means that if either DER or ROA increases in value, assuming that the other independent variables do not change, then the company's dividend policy will also increase in value.

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Table 1. Results of Normality Test with Kolmogorov-Smirnov

		Unstandardized Residual
N		36
Normal Parameters	Mean	.0000000
	Std. Deviation	.17064263
Most Extreme Differences	Absolute	.123
	Positive	.123
	Negative	-.067
Test Statistic		.123
Asymp. Sig. (2-tailed)		.185

Source: Secondary data (processed), 2025.

Table 2. Results of Multicollinearity Test

	Collinearity Statistics	
	Tolerance	VIF
Cash Position	.795	1.257
DER	.512	1.954
ROA	.564	1.773
Company Size	.945	1.058

Source: Secondary data (processed), 2025.

Table 3. Results of Heteroscedascticity Test

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.750	.378		1.983	.056
Cash Position	.001	.004	.048	.273	.787
DER	.000	.010	.008	.034	.973
ROA	1.961	1.419	.292	1.382	.177
Company Size	-.020	.011	-.312	-1.917	.065

Source: Secondary data (processed), 2025.

Table 4. Results of Multiple Linear Regression Test

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.096	.137		.699	.489
Cash Position	-.004	.007	-.092	-.519	.607
DER	.040	.017	.521	2.368	.024
ROA	4.439	2.363	.392	1.878	.069

Source: Secondary data (processed), 2025.

The next step is to conduct an F-test or simultaneous test, with the stipulation that if the Sig. F value is less than 0.05, it is stated that there is a significant simultaneous influence of all analyzed independent variables on the dependent variable (Oktaviarni *et al*., 2019). The results in Table 5 show

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a Sig. F value of 0.078 or more than 0.05, so it can be stated that there is no simultaneous influence of cash position, DER, and ROA on dividend policy.

A t-test or partial test was also performed, with the stipulation that if the Sig. t value is less than 0.05, it is stated that there is a significant partial influence of an independent variable analyzed on the dependent variable (Oktaviarni *et al*., 2019). The results in Table 6 show that only the DER variable (X2) has a Sig. t value of 0.024 or less than 0.05, so it can be stated that there is a significant partial influence of DER on dividend policy or that the second hypothesis (H2) can be proven. Meanwhile, Table 6 also shows that the cash position variable (X1) has a Sig. t value of 0.607, as well as the ROA variable which has a Sig. t of 0.069, which is greater than 0.05 so it is stated that these two independent variables do not have a significant partial influence on dividend policy or that the first hypothesis (H1) and the third hypothesis (H3) cannot be proven statistically.

The coefficient of determination aims to show the magnitude of the contribution of the independent variables included in the analysis model to the variations that occur in the independent variables (Ghozali, 2016). Based on the analysis results in Table 7, the coefficient of determination (R-Square) is 0.189. This result shows the influence or contribution of cash position, DER and ROA to variations in dividend policy is 18.9 percent; while the remaining 81.1 percent is influenced by other factors not examined in this research model.

Table 5. Results of F-test

	Sum of Squares	df	Mean Square	F	Sig.
Regression	.243	3	.081	2.484	.078
Residual	1.045	32	.033		
Total	1.289	35			

Source: Secondary data (processed), 2025.

Table 6. Results of t-test

	t	Sig.
(Constant)	.699	.489
Cash Position	-.519	.607
DER	2.368	.024
ROA	1.878	.069

Source: Secondary data (processed), 2025.

Table 7. Results of Coefficient of Determination (R-Square)

R	R Square	Adjusted R Square	Std. Error of the Estimate
.435[a]	.189	.113	.18072

Source: Secondary data (processed), 2025.

Table 8. Results of MRA Test

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
Cash Position* Company Size	.005	.002	4.942	2.184	.037
DER*Company Size	-.002	.013	-.720	-.128	.899
ROA*Company Size	5.902	1.886	16.235	3.130	.044

Source: Secondary data (processed), 2025.

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Table 8 shows that the first MRA variable has a beta value of 0.005, indicating a positive regression coefficient for the first moderation path. This result indicates that company size positively moderates the relationship between cash position and dividend policy; or that an increase in company size reduces the negative effect of cash position on dividend policy. In other words, company size strengthens the influence of cash position on dividend policy. The second moderation analysis showed a beta of -0.002, or a negative value. This result indicates that company size negatively moderates the effect of DER on dividend policy; or, as company size increases, the positive effect of DER on dividend policy decreases. In other words, company size weakens the effect of DER on dividend policy. The results of the third moderation analysis showed a result of 5.902, or a positive moderation regression coefficient. This result indicates that company size can positively moderate the relationship between ROA and dividend policy; or that if company size increases, the negative effect of ROA on dividend policy is reduced. In other words, company size can strengthen the effect of ROA on dividend policy.

The MRA analysis results also include partial test results for each moderation path. The decision-making criterion is that if the p-value is less than 0.05, the moderation hypothesis is accepted or proven (Ghozali, 2016). Table 8 shows the value of Sig. t for the interaction between cash position and company size is 0.037, or less than 0.05. This results indicate that the fourth hypothesis (H4), which states that company size can moderate the effect of cash position on dividend policy, has been statistically proven. The partial test results for the third moderation path show a Sig. t value for the interaction between ROA and company size of 0.044, or less than 0.05. This result also indicates that the sixth hypothesis (H6) which states company size is able to moderate the effect of ROA on dividend policy has been proven. However, the partial test results for the second moderation path show a Sig. t value for the interaction between DER and company size of 0.899, or greater than 0.05. This result indicates that the fifth hypothesis (H5) cannot be proven, or that company size is unable to moderate the effect of DER on dividend policy.

Discussion

The results of the initial analysis indicate that the first hypothesis of this study cannot be proven, meaning that cash position partially has a negative and insignificant effect on dividend policy. Therefore, the higher the amount of cash a company has, the lower the dividend payment will be. This finding aligns with the findings of research by Vidia & Darmayanti (2016) which found that cash position has a negative and insignificant effect on dividend policy. However, this differs from the results of research by Melina *et al*. (2022) and Agustina (2020), which found that the cash ratio had no effect on dividend policy. Based on agency theory, bank shareholders will object because management has set too low standards in loan approvals, resulting in shareholders bearing too great a risk of default (Tjhoa, 2020). The first result of this study indicates that short-term liabilities of banking sub-sector companies from 2021-2023 are greater than the cash available in the company, so the company may tend to use cash as reserves to pay its short-term liabilities. Companies can implement strategies that focus on using cash for operational needs, expansion, and long-term investment. Companies are also considered necessary to build investor confidence regarding the use of cash for long-term growth, and always conduct regular evaluations.

The results of the second analysis in this study indicate that the hypothesis can be proven, namely that DER has a partial positive and significant influence on dividend policy. This result states that the higher the DER, or the company's obligation to finance, the greater the company's ability to

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pay dividends to shareholders. This research finding aligns with the empirical results obtained by Hardi & Andestiana (2019), but does not align with the findings of Nurulrahmatiah *et al*. (2023) and Kresna & Ardini (2020), which stated that DER has no significant influence on dividend policy. Based on the "bird in the hand" theory, shareholders are seen as preferring the safe, current dividend yield with a low level of risk over capital gains with uncertain returns (Yolanda & Juwita, 2022). Higher dividend payments can also increase a company's opportunity to raise capital from external sources, one of which is debt. Based on this research, companies can implement strategies to continue attracting investors by optimizing the use of debt for productive investments that can increase profitability. Companies also consistently hedge interest rate risk to avoid fluctuations in debt costs that could disrupt dividend allocation. Think of solvency ratios as the Interest Coverage Ratio (ARR) to ensure a company's ability to pay debt interest and dividends.

Based on the results of testing the third hypothesis, ROA was partially proven to have no significant effect on dividend policy. This finding aligns with the research findings of Nuraeni & Pratiwi (2022) that ROA has no partial effect on DPR. However, it disagrees with the empirical results obtained by Wijayantini et al. (2019) and Maula & Yuniati (2019), which showed ROA has a significant effect on dividend policy. Based on agency theory, managers' decisions regarding dividend distribution tend to be detrimental to shareholders (Tjhoa, 2020). This is because if a company earns a profit but faces uncertain conditions, it must withhold dividend distribution. The consequences of this action can increase costs for the company and reduce the level of returns earned by its shareholders. Companies therefore need to ensure good cash management so they can continue to meet short-term obligations without sacrificing investment needs. The results of this study indicate that ROA has no effect on dividend policy, allowing companies to focus on long-term growth while maintaining efficient cash management, transparent communication with shareholders, and adapting dividend policy to the company's life cycle phase.

The fourth analysis found that company size moderates and strengthens the influence of cash position on dividend policy, consistent with research by Noviandari & Negoro (2021). Based on these findings, the recommended strategy is to utilize a larger and more stable cash position for dividends, thus facilitating market access and increasing communication intensity with investors. This strategy is also implemented to increase profitability and manage cash flow more effectively to support dividend payments. Companies should also ensure that their DER is at an optimal level and is used for profitable long-term investments. Efforts to adjust dividend payments to their financial condition and investment needs, supported by continuous monitoring of the impact of DER on company value, are also necessary for companies to implement, including adjustments to their debt and dividend policies.

The subsequent analysis found evidence that company size is incapable of moderating the effect of debt-to-equity ratio (DER) on dividend policy. This finding aligns with research by Noviandari & Negoro (2021), which found that company size is unable to moderate the effect of debt-to-equity ratio (DER) on dividend policy. These results indicate that increasing debt impacts the amount of profit available to shareholders. Although a company's size is significant and its prospects for obtaining loans are considered good, company management should prioritize investment funding with internal funds, allowing the company to prioritize paying its obligations over distributing dividends to shareholders. Companies are advised to develop strategies that increase profitability and manage cash flow more effectively to support dividend payments. Furthermore, companies must ensure that their DER is at an optimal level and is used for profitable long-term investments. Companies can also

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adjust their dividend payments to reflect their financial condition and investment needs, while continuously monitoring the impact of DER toward company value, which can be adjusted according to debt and dividend policies.

The final analysis successfully validated the sixth hypothesis, namely that company size moderates and strengthens the effect of ROA on dividend policy. This means that the larger the company, the greater the cash availability, resulting in higher dividends paid to shareholders. These findings align with research by Setyaningsih *et al*. (2021). Larger companies are considered more stable, capable of generating profits and maintaining positive cash flow compared to smaller companies. Therefore, companies wishing to distribute large dividends must increase their profitability as their size increases. Based on this research, one recommended strategy for companies is maximizing profits and leveraging their size advantage to provide attractive dividends to investors, while maintaining a reputation as a consistent dividend payer. Furthermore, companies can use financial reports and communications to convey confidence that dividends realistically reflect the company's performance and capacity.

CONCLUSION

Based on the results of the analysis and discussion, it appears that cash position has a negative and insignificant influence on dividend policy, DER has a positive and significant influence on dividend policy, ROA does not have a significant influence on dividend policy, company size is able to moderate and strengthen the influence of cash position on dividend policy, company size is not able and weakens the influence of DER on dividend policy, and company size is able to moderate and strengthen the influence of ROA on dividend policy in banking sector subsidiaries listed on the Indonesia Stock Exchange.

This study provides useful managerial implications for the banking subsector. The findings suggest that DER significantly influences dividend policy, encouraging banks to seek financing options that enhance the company's ability to pay dividends to shareholders. Furthermore, higher dividend payments can also increase the company's ability to raise capital from external sources, including debt. The banking subsector is expected to maintain a high cash ratio to meet dividend payments to shareholders and further enhance shareholder confidence in the company. Furthermore, the banking subsector is advised to be more prudent and productive in its use of debt to avoid impacting the net profit received by shareholders. Companies with a high ROA can indicate better company performance, which can increase returns on investment and increase dividend income.

A limitation of this study is the use of secondary data, which prevents researchers from controlling and monitoring potential errors in calculations. This study is also limited to variables used and considered relevant to influence dividend policy. Therefore, further research can add other relevant variables such as profitability, liquidity, solvency, activity, and investment ratios, supported by theories from previous studies, to obtain more accurate and in-depth results. Furthermore, the population and sample studied are limited and only focused on the banking sub-sector. Therefore, further research can cover a wider range of sectors listed on the Indonesia Stock Exchange.

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