Financial Technology in Moderating Influence Firm Size, Risk-Based Capital, Current Ratio, and Premium Growth Ratio to Financial Performance (Study on Sharia Insurance Companies in Indonesia in the period 2017-2021)

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ABSTRACT
This research aims to determine whether Financial Technology influences Firm Size, Risk-Based Capital, Current Ratio, and Premium Growth Ratio on Financial Performance in Islamic Insurance Companies in Indonesia. The sample used in this study was 39 Islamic insurance companies registered in the AASI for the 2017-2021 period. The data analysis technique used is panel data regression. The results of the appropriate analysis used in this study are the Random Effect Model (REM). The results of this study indicate that firm size, risk-based capital, and premium growth ratios do not significantly affect ROA. In contrast, the current ratio has a significant effect on ROA. Financial Technology can moderate the effect of firm size and current ratio on ROA, while financial technology cannot average risk-based capital and premium growth ratios.

Keywords: financial technology, firm size, risk based capital, current ratio, premium growth ratio, financial performance

INTRODUCTION
Historically, the establishment of Islamic insurance in Indonesia three years before the formation of Tafakul Indonesia and grew after the inauguration of Bank Muamalat in 1991 (Puspitasari, 2015). The development of sharia insurance in recent years in Indonesia has been quite good (Munawaroh & Mukhhidad, 2019). Sharia insurance is developing positively because most of Indonesia's population is 87% Muslim (Hakim & Asiyah, 2020). Therefore Islamic insurance has good potential to improve the economy in this country, especially the Islamic economy.

Source: Financial Services Authority 2022 Quarter II

Figure 1
Sharia General Insurance Performance Quarter II
Yulia Widayati dan Titis Miranti, Financial Technology in Moderating Influence Firm Size, Risk-Based Capital, Current Ratio, and Premium Growth Ratio to Financial Performance (Study on Sharia Insurance Companies in Indonesia in the period 2017-2021)

The table above shows developments in the value of Assets, Gross Contribution, Investment, GDP, Population, Penetration, and Density. This shows an increasing trend in Sharia General Insurance Performance in the second quarter. However, it can also be found that there is a decrease in Gross Claims and also Investment Returns. From the table above, it can be seen that there is an increase in the Gross Contribution and Gross Claim accounts. Meanwhile, accounts such as Assets, Investments, and Investment Results decreased. So there is a downward trend in the Performance of Sharia Reinsurance in the second quarter. So from the two tables above, there is an increasing trend in the Performance of Sharia General Insurance, while in the Performance of Sharia Reinsurance, there is a decreasing trend. To assist in developing Islamic insurance companies, every company must strive to improve every financial performance. Amani & Sukmaningrum (2019) Explain that company growth and development can measure and assess all success in achieving profits by analyzing and evaluating financial reports.

![Table showing financial performance](image)

**Figure 2**
Quarterly Sharia Reinsurance Performance II

As explained in the Global Islamic Economy Indicator Report 2020/2021, it is known that Islamic financial assets globally have shown a positive upward trend in the last five years. In fact, until 2019, Islamic financial assets had reached USD 2.88 trillion and are projected to continue to increase to USD 3.69 trillion in 2024. However, the Covid pandemic has impacted Islamic insurance, from decreasing assets to increasing gross contributions. This impact is not only due to Covid but other factors such as conventional insurance, governance structures, and many more (Alsakinah & Fasa, 2022). Islamic insurance, as one of the pillars of the economy, requires good financial performance (Hasanatina et al., 2021). Financial Performance stability will impact the company in utilizing its resources. The company is said to be healthy if it can maintain and maintain financial performance (Almajali et al., 2012). Therefore, it is essential to maintain financial performance in insurance for the company's sustainability to maintain it well.

Several previous researchers, such as research by Stephanie & Ruslim (2021), Fadila & Novianti (2017), and William & Colline (2022), showed that risk-based capital has a significant positive effect on financial performance. However, in Pramestika (2019), Risk-Based Capital does not affect financial performance. Furthermore, the liquidity variable in research from Stephanie & Ruslim (2021) shows that liquidity affects financial performance. Whereas Djamaluddin (Djamaluddin et al., 2019), Hidayati & Baehaqi (2018), and Rafi & Syaichu (2019), liquidity has no significant effect on financial performance. William & Colline (2022) Premium Growth Ratio positively affect financial performance. However, Stephanie & Ruslim (2021), Fadila & Novianti (2017), and Rafi & Syaichu (2019) Premium Growth Ratio have no positive effect on financial performance. For this reason, this research aims to determine whether financial technology can moderate the effect of firm size, risk-based capital, current ratio, and premium growth ratio.

**Literature Review**
**Financial Technology**

Financial Technology, or Fintech, refers to innovation in financial services using technological sophistication in today's modern era. This was stated by (Chrimastianto, 2017). FinTech sharia is a service and a financial solution used by technology companies or fintech start-ups based on Islamic laws (Syariah) (Komala & Lestari, 2020) So in practice Fintech, sharia must comply with economic principles in the teachings of Islam, which are also regulated in the DSN-MUI fatwa, namely fatwa No: 117/DSN-MUI/II/2018 concerning Information Technology-Based Financing
Services Based on Sharia Principles of the Indonesian Indonesian Ulema Council (2018). Ln measures Fintech [non-interest operating costs] (Uddin et al., 2020).

Firm Size
Brigham & Houston (2010:4) and Agnewiranti (2020) said that firm size or company size could be interpreted as the size of the company seen in equity, sales, and asset values that act as context variables that regulate the demands for services or products produced by a company (Muharramah et al., 2021).

Risk-Based Capital
According to Denovis (2022) and Sensi (2006), risk-based capital is a way to measure the soundness of an insurance company in terms of solvency to ensure insurance obligations with the Ratio of Working Capital to the risk borne. Based on the Regulation of the Minister of Finance of the Republic of Indonesia Number 53/PMK.010/2012, it says that the target level of solvency that an insurance company must have is a minimum of 120% of the minimum risk-based Capital (Supriyono, 2019)

Current Ratio
Current ratio according to Asmirantho (2013), Kasmir (2016), and Permatasari & Yuniarti (2021), current ratio, namely a ratio of liquidity ratios which has the aim of knowing the extent to which a company can pay short-term obligations which are approaching maturity using assets smoothly (Salsabila & Miranti, 2021)

Premium Growth Ratio
According to (Agustin et al ., 2018) premium growth ratio represents an increase and decrease in the volume of net premiums, which indicates a lack of stability in the level of activity of insurance companies. When premium growth is high, profitability rises, so if profitability rises, the company's quality will be good, and the source of investment will be even more significant (Fadila & Novianti, 2017).

Financial Performance
Financial performance describes the company's success in achieving activities aimed at complying with financial implementation regulations (Dewantara et al ., 2019) (Bahril & Maulayati, 2020). In sharia insurance, it can usually be presented in proxies, not premium earned, underwriting profit, annual turnover, return on investment, return on assets, and return on equity (Greene & Segal, 2004). Therefore the financial performance used in this study is the return on assets (ROA). Because ROA can evaluate how well a company uses the funds provided (Astuti et al., 2021).

METHODS
This study uses Tambunan's secondary, panel, and quantitative data Tambunan (2021). This data can be accessed through the website of each sharia insurance company registered with the Indonesian Sharia Insurance Association (AASI) for the 2017-2021 period. Current research uses a purposive sampling method. The population used is all sharia insurance companies registered with AASI, while the sampling criteria are: 1. Listings in the 2017-2021 research period; 2. Have financial reports; 3. There is a ratio needed in research. So that there are 39 companies taken in this study. The method used is multiple linear analysis, model feasibility test (F test), hypothesis test (t-test), and coefficient of determination test.
Table 1
Sample Selection Results

<table>
<thead>
<tr>
<th>Sampling Criteria</th>
<th>Total</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sharia insurance company registered with AASI 2017-2021</td>
<td>54</td>
<td></td>
</tr>
<tr>
<td>Companies that do not report a complete financial report for 2017-2021</td>
<td>(8)</td>
<td></td>
</tr>
<tr>
<td>Companies that do not have the ratio needed by researchers</td>
<td>(7)</td>
<td></td>
</tr>
<tr>
<td>The number of companies that are sampled</td>
<td>39</td>
<td></td>
</tr>
<tr>
<td>Number of companies processed = 39 x 5 years</td>
<td>195</td>
<td></td>
</tr>
</tbody>
</table>

Source: processed data

RESULTS

Table 2
Regression General Model Equations

<table>
<thead>
<tr>
<th>Variable</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>-0.061950</td>
</tr>
<tr>
<td>X1</td>
<td>0.007111</td>
</tr>
<tr>
<td>X2</td>
<td>0.001078</td>
</tr>
<tr>
<td>X3</td>
<td>-0.006638</td>
</tr>
<tr>
<td>X4</td>
<td>0.000948</td>
</tr>
<tr>
<td>X1Z</td>
<td>-0.001088</td>
</tr>
<tr>
<td>X2Z</td>
<td>-0.0001122</td>
</tr>
<tr>
<td>X3Z</td>
<td>0.000901</td>
</tr>
<tr>
<td>X4Z</td>
<td>-0.000129</td>
</tr>
</tbody>
</table>

Source: processed data

Table 2 explains that based on the tests conducted, the researchers used the random effect model as the selected test. So the regression equation is as follows: 
\[ ROA = -0.061950 + 0.007111X1 + 0.001078X2 - 0.006638X3 + 0.000948X4 - 0.001088X1Z - 0.0001122X2Z + 0.000901X3Z - 0.000129X4Z + e. \] 

While Table 3 explains that a simultaneous test (F test) was conducted to determine the effect of firm size, risk-based Capital, Current Ratio, and premium growth ratio on ROA so that the f test can measure the effect of the independent variable on the dependent variable. Table 7 The results of the table data above show that the Prob. 0.00576, which means <0.05. So the independent variables simultaneously affect the dependent variable.

Table 3
F-test

<table>
<thead>
<tr>
<th>F count</th>
<th>Prob Value (sig)</th>
<th>Condition</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.458278</td>
<td>0.000576</td>
<td>&lt;0.05</td>
<td>Eligible Models</td>
</tr>
</tbody>
</table>

Source: processed data

Table 4
T-test Results

<table>
<thead>
<tr>
<th>hypothesis</th>
<th>t count</th>
<th>sig. value</th>
<th>Condition</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1</td>
<td>1.567276</td>
<td>0.1188</td>
<td>&lt;0.05</td>
<td>Rejected</td>
</tr>
<tr>
<td>X2</td>
<td>1.218465</td>
<td>0.2246</td>
<td>&lt;0.05</td>
<td>Rejected</td>
</tr>
<tr>
<td>X3</td>
<td>-2.697973</td>
<td>0.0076</td>
<td>&lt;0.05</td>
<td>Accepted</td>
</tr>
<tr>
<td>X4</td>
<td>0.304828</td>
<td>0.7608</td>
<td>&lt;0.05</td>
<td>Rejected</td>
</tr>
<tr>
<td>X1Z</td>
<td>-2.442187</td>
<td>0.0155</td>
<td>&lt;0.05</td>
<td>Accepted</td>
</tr>
<tr>
<td>X2Z</td>
<td>-1.491103</td>
<td>0.1376</td>
<td>&lt;0.05</td>
<td>Rejected</td>
</tr>
<tr>
<td>X3Z</td>
<td>2.786111</td>
<td>0.0059</td>
<td>&lt;0.05</td>
<td>Accepted</td>
</tr>
<tr>
<td>X4Z</td>
<td>-0.330954</td>
<td>0.7411</td>
<td>&lt;0.05</td>
<td>Rejected</td>
</tr>
</tbody>
</table>

Source: processed data

Table 4 shows that hypotheses 1, 2, 4, 6, and 8 are rejected. It can be stated that X1, X2, X4, X2Z, and X8Z cannot affect financial performance. Moreover, hypotheses 3, 5, and 7 show that X3, X6, and X3Z can affect financial performance. While Table 5 explains that R-squared value is
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0.0144012, or the equivalent of 14.4%, which means that the independent variable affects the dependent variable by 14.4%, and other factors influence the remaining 85.6%.

Table 5

<table>
<thead>
<tr>
<th>Determination Coefficient Test (Adjusted R²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusted R-Square</td>
</tr>
<tr>
<td>0.144012</td>
</tr>
</tbody>
</table>

Source: processed data

Effect of Firm Size on Financial Performance
Adhering to the research results that researchers have carried out shows that firm size does not significantly affect financial performance (ROA). The results of this study support research (Munawaroh & Mukhhidad, 2019).

Effect of Risk-Based Capital (RBC) on Financial Performance
The soundness level of an insurance company seen from the RBC level with an achievement ratio of 120% does not significantly affect ROA. Moreover, these results are supported by research by Permatasari & Yuniarti (2021). The resulting RBC ratio does not affect ROA. This illustrates that RBC’s achievement level is separate from the company’s efficiency in managing assets on debt.

Effect of Current Ratio (CR) on Financial Performance
Insurance company liquidity is a commitment to policyholders to pay current liabilities (debt). The results of this study on liquidity calculated by CR are affecting ROA significantly negatively. Stephanie & Ruslim (2021) also supports research at this stage. CR affects ROA. As for the results, the company can pay its current liabilities.

Effect of Premium Growth Ratio (PGR) on Financial Performance
The size of the premium earned at an insurance company can be calculated using the PGR. This study resulted in no significant positive effect on ROA. So it is the same as research from Stephanie & Ruslim (2021), Fadila & Novianti (2017), and Rafi & Syaichu (2019). PGR does not have a positive effect on ROA. Therefore the company must maintain its financial position in economic and industrial growth.

The influence of Financial Technology in moderating Firm Size on Financial Performance
The results show that FinTech can moderate the effect of firm size on financial performance. So that it can strengthen the influence of Firm Size in improving financial performance, this research is also supported by Muzdalifa et al. (2018). Financial service technology facilities will provide a lot of information exchange, such as financial inclusion. The influence of Financial Technology in moderating Risk-Based Capital (RBC) on Financial Performance.

The influence of Financial Technology in moderating Risk-Based Capital (RBC) on Financial Performance
FinTech in this study results that cannot play a role in the moderating variable on the effect of RBC on financial performance. So that these factors will weaken the influence of RBC on ROA, its position as a predictor makes FinTech unable to support open access to financial information in knowing the financial health condition of an insurance company (Irmawati et al., 2022).

The influence of Financial Technology in moderating the Current Ratio (CR) on Financial Performance
Research between FinTechs in moderating CR to ROA states that it can act as a moderating variable. So that it can strengthen the effect of CR on financial performance in a positive and significant way in the allocation of good funds, the supporters of the research are Wardani & Darmawan (2020) that business actors can apply Fintech, which will increase financial literacy so that it is easy to understand finance.
The influence of Financial Technology in moderating the Premium Growth Ratio (PGR) Ratio to Financial Performance

The research results show that FinTech cannot be a moderating variable in the effect of PGR on ROA. These results can weaken the effect of the PGR variable on ROA. So the understanding that its position as a predictor makes the presence of Fintech not support companies in gaining understanding and knowledge in managing premium growth (Irmawati et al., 2022).

CONCLUSION

Based on research conducted by current researchers on financial technology in moderating influence firm size, risk based capital, current ratio, and premium growth to financial performance (study on sharia insurance companies in Indonesia 2017-2021 period. Then it can be concluded as follows: (1) this research can prove that firm size, RBC, and PGR do not influence financial performance; (2) this research can prove that the CR variable only affects financial performance; (3) this research can prove that two variables can only be moderated by FinTech, viz Firm Size and CR, where the results can strengthen the influence of Firm Size and CR against financial performance. This shows that the research model can be tested using ROA as the dependent variable and FinTech as the moderating variable; and (4) this research can also prove that FinTech cannot moderate the effect of RBC and PGR on financial performance.

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Rafi, M., & Syaichu, M. 2019. Analisis Faktor-Faktor yang Mempengaruhi. 8, 14.


