



**ACCOUNTING DEPARTMENT
FACULTY OF ECONOMICS
ANDALAS UNIVERSITY**

THESIS

**IMPACT OF GOVERNANCE STRUCTURE, BLOCKHOLDER, COMPANY AGE, AND
TECHNOLOGY COST ON THE IMPLEMENTATION OF INTERNET FINANCIAL
REPORTING**

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PADANG

2023

ACCOUNTING DEPARTMENT
FACULTY OF ECONOMICS AND BUSINESS
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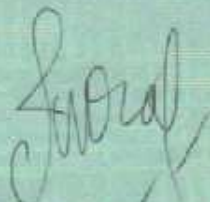
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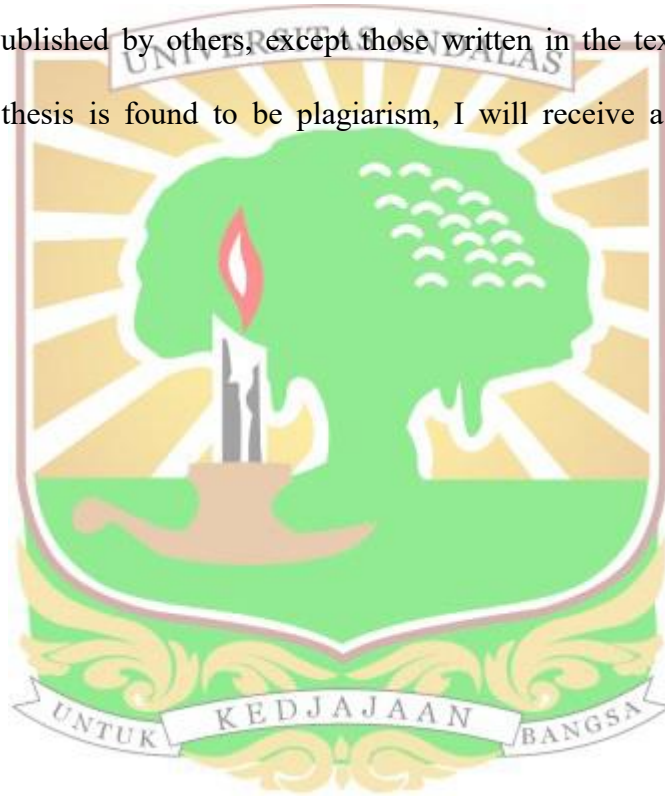


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LETTER OF STATEMENT

I am who undersign this letter hereby declare that the thesis entitled: **“Impact of Governance Structure, Blockholder, Company Age, and Technology Cost on the Implementation of Internet Financial Reporting”**, is the result of my own work to obtain an academic degree in college and performed with the best of my knowledge, there is no work or opinions written or published by others, except those written in the text and mentioned in the bibliography. If this thesis is found to be plagiarism, I will receive a sanction for the title I achieved.



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IMPACT OF GOVERNANCE STRUCTURE, BLOCKHOLDER, COMPANY AGE, AND TECHNOLOGY COST ON THE IMPLEMENTATION OF INTERNET FINANCIAL REPORTING

Thesis by: Vania Azalia Calista

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ABSTRACT

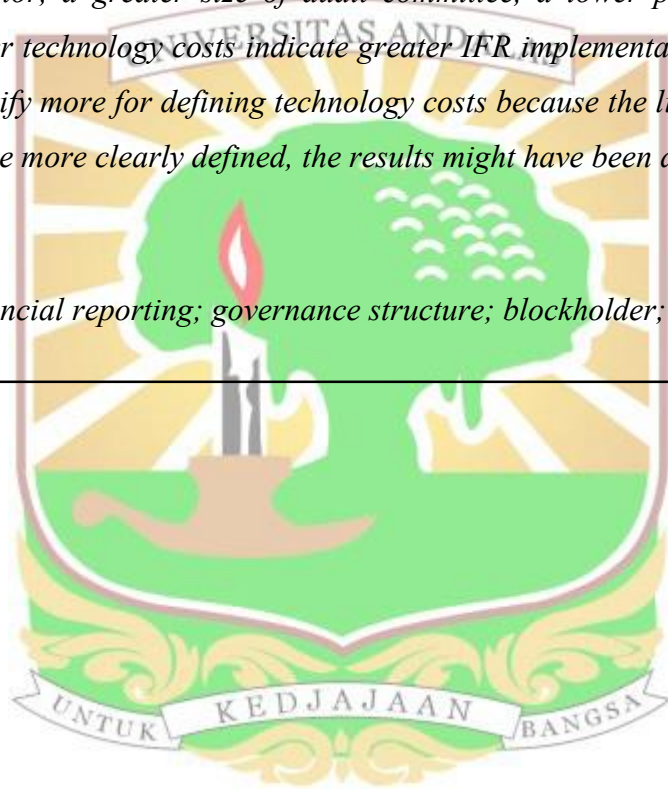
This study identifies the relationship between governance structure, blockholder, company age, and technology costs with transparency of disclosure as measured by the level of the internet financial reporting index (IFR). Disclosing company financial information on the internet can reduce information asymmetry between the company and external parties. By using the WayBack Machine, this study assesses the internet financial reporting index on company websites for the past six years. This study used 30 samples of banks listed on the Indonesian stock exchange. The findings show that a greater size of director, a greater size of audit committee, a lower percentage of blockholder ownership, and a higher technology costs indicate greater IFR implementation. The findings suggest future research to identify more for defining technology costs because the literature is limited. If only the technology cost were more clearly defined, the results might have been different or even stronger.

Keywords: *internet financial reporting; governance structure; blockholder; age; technology cost.*



ABSTRACT

This study identifies the relationship between governance structure, blockholder, company age, and technology costs with transparency of disclosure as measured by the level of the internet financial reporting index (IFR). Disclosing company financial information on the internet can reduce information asymmetry between the company and external parties. By using the WayBack Machine, this study assesses the internet financial reporting index on company websites for the past six years. This study used 30 samples of banks listed on the Indonesian stock exchange. The findings show that a greater size of director, a greater size of audit committee, a lower percentage of blockholder ownership, and a higher technology costs indicate greater IFR implementation. The findings suggest future research to identify more for defining technology costs because the literature is limited. If only the technology cost were more clearly defined, the results might have been different or even stronger.

Keywords: *internet financial reporting; governance structure; blockholder; age; technology cost.*



This thesis had already been examined on February 6th, 2023 and was approved by thesis advisor and examiner.

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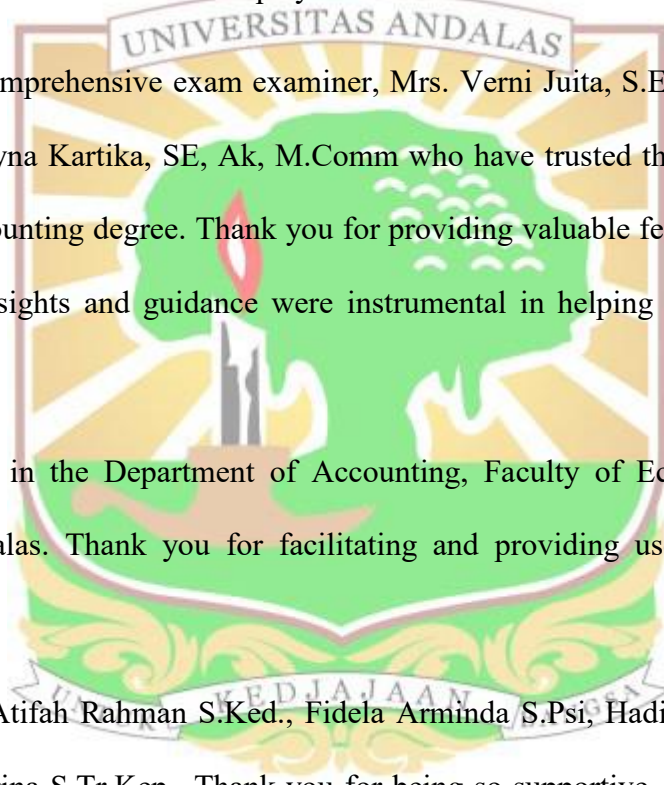
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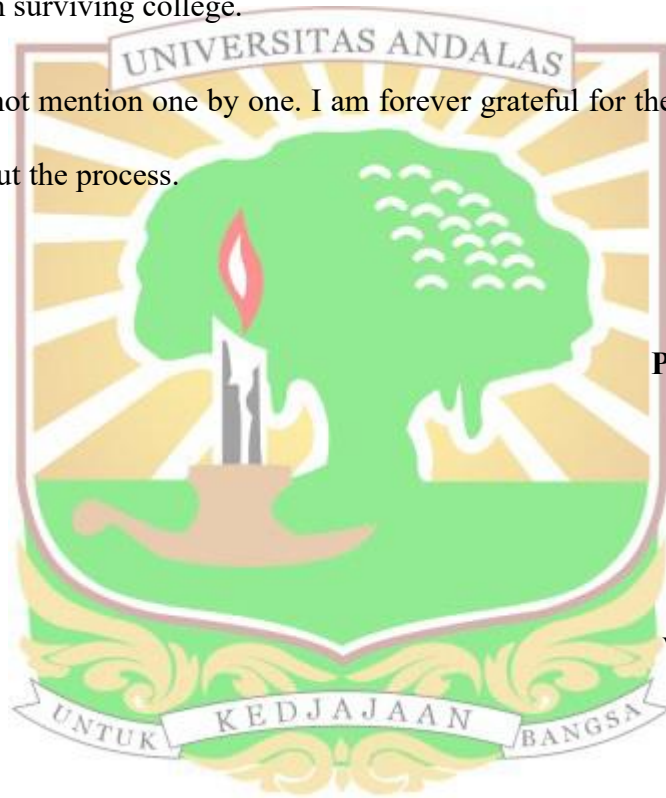
Praise my gratitude for the presence of Allah SWT because of His grace, I have completed my thesis with the title **“Impact of Governance Structure, Blockholder, Company Age, and Technology Cost on the Implementation of Internet Financial Reporting”** which is one of the requirements for completing undergraduate studies in the Department of Accounting, Faculty of Economics, Andalas University. The author realizes that many parties are involved and contribute in providing advice, motivation, guidance, as well as prayers and encouragement in the preparation of the thesis during the lectures in the Department of Accounting Department, Faculty of Economics and Business, Andalas University as well as during the author's life journey. Therefore, on this occasion, the author would like to express my gratitude to:

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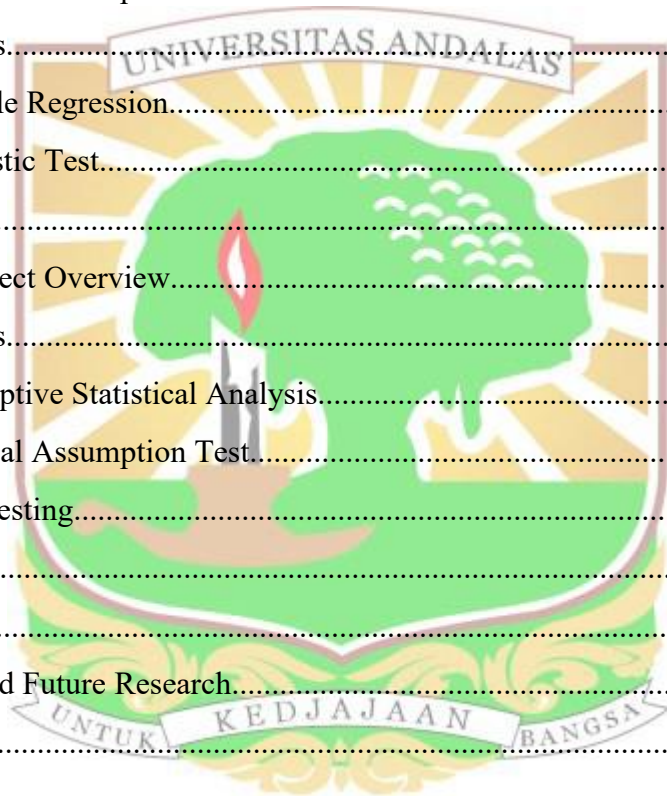
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CHAPTER I

INTRODUCTION

1.1 Background of Study

From time-to-time technological progress continues to develop, starting from the era of agricultural technology, the era of industrial technology, the era of information technology, and the era of communication technology (Cash et al., 1992). Technological advancements, digitalization, and the development of the internet affect all areas of life. This is used very intelligently by corporations through internet reporting (ECLAC, 2021). The internet is seen as one of the important media for reporting company information, so that information about company performance can be accessed by all stakeholders globally, better and faster (Ashbaugh et al., 1999). Internet reporting plays an important role in the economic and business world, especially in attracting consumers and investors to be more interested in the company (Momany et al., 2014).

The development of internet reporting was in large part driven by advances in technology and the increasing demand for company information to be made available online. Internet reporting refers to the practice of companies providing financial and other information on their websites or other online platforms (Ashbaugh et al., 1999). This can include a wide range of information, from basic financial statements to more detailed disclosures about a company's operations, strategy, and risks. In the mid-1990s, an ever-increasing number of companies had World Wide Web (Web) sites on the Internet. In addition to sales and customer service materials, a growing percentage of those companies place business reporting information on their sites, including financial data. Even a cursory review of these Web sites reveals a vast diversity in content and presentation of corporate information via the Internet for investors and other stakeholders (IASC, 1999).

The growing demand from investors and other stakeholders for more accessible and transparent financial information has driven companies to develop more sophisticated and user-friendly internet financial reporting tools and platforms (Apostolou, 2000). As more companies began to provide financial information online, regulators and standard setters developed guidance and standards to ensure the accuracy and reliability of this information. At first, financial disclosures on corporate websites are mainly voluntary and unregulated (Prentice et al., 2001). Companies are under no obligation to maintain a website. If they do, the site content is largely discretionary. As more companies began to provide financial information online, regulators and standard setters developed guidance and standards to ensure the accountability and reliability of this information. From the mid-1990s until the early 2000s, the International Accounting Standards Board (IASB), the US Securities and Exchange Commission (SEC), and the Financial Accounting Standards Board (FASB) recognized the potential of the internet for financial reporting. They began developing guidance and standards to support this new medium (Bushman & Landsman, 2010).

In the United States, the SEC began exploring the internet's use for financial reporting in 1995. It adopted rule changes to encourage companies to provide information to investors via the internet. The SEC issued interpretive guidance in 1998 and 1999 on using the internet and other electronic media for financial reporting. This guidance provided recommendations on how to use the internet to distribute financial information, such as earnings releases, financial statements, and other financial reports. This was then welcomed by the Financial Accounting Standards Board (FASB), a US-based organization responsible for developing accounting standards for US companies. In 2000, the FASB published a statement of financial accounting standards (SFAS) called "Electronic Distribution of Business Reporting Information." This statement provides guidance on using the internet and other electronic media to distribute financial information. The

SFAS included recommendations on ensuring the accuracy and completeness of financial information disseminated over the internet, as well as maintaining the security and integrity of this information. The development of rules regarding internet financial reporting is also supported by the IASB (2000). Through the document "Improving Business Reporting - A Customer Focus," IASB discusses recommendations on how to use the internet to disclose financial reporting.

Constitutionally in Indonesia, regulations related to financial reporting through the internet in Indonesia have been regulated by Indonesia Financial Services Authority Regulation (OJK) No. 29/POJK.04/2016. This regulation stated in Chapter IV Article 15 that the Annual Report must be published (Mandatory) on the Issuer's or Public Company's Website on the same date as the submission of the Annual Report to the Financial Services Authority. Regulations related to procedures for submitting financial reports electronically by issuers or public companies are also regulated in this Financial Services Authority Regulation No. 7 /POJK.04/2018 concerning submission of reports through the electronic reporting system of issuers or public companies.

Even though financial reporting via the internet is mandatory for public companies in Indonesia according to OJK regulations, and public companies registered on IDX have tried to implement it according to the rules, their levels of implementing IFR are different. According to research conducted by Hayati & Suprayogi (2018), the difference in the level of IFR implementation in Indonesia is caused by significant differences in terms of the components of the IFR index. Regarding the language used, several banks do not use English or other languages on their website. This will make it difficult for users of financial statements from other countries to see the company's condition. Press releases are also one of the reasons for the significant differences in IFR quality in the four countries. News updates in Indonesian public companies

have varying consistency. Some have updated news within the last week, and some have updated news for more than one month. Even though there are differences in the level of IFR implementation in Indonesia, the quality of Indonesian companies' IFR shows a higher value than Malaysia, Iran, and Sudan (Hayati & Suprayogi, 2018). The results of this study are also supported by Handayani & Almilia (2013), who found that the average total internet financial reporting index on company websites in Indonesia is greater than the total internet financial reporting index on manufacturing company websites in Malaysia. The higher level of the internet financial reporting index for companies in Indonesia is presumably due to awareness of corporate governance over the importance of implementing internet financial reporting to support more transparent disclosure to company stakeholders.

Corporate governance refers to the system of rules, practices, and processes by which a company is directed and controlled (Cadbury, 1992). It encompasses the relationships among a company's management, board of directors, shareholders, and other stakeholders and sets the framework for its decision-making. Good corporate governance practices help to promote transparency, accountability, and ethical behavior, and they help to reduce the risk of fraud, mismanagement, and other types of corporate misconduct (Eisenhardt & Bourgeois, 1988). It also helps to build trust and confidence among investors, employees, customers, or other stakeholders. Corporate governance can also enhance the company's reputation and long-term growth (OECD, 1999). Corporate governance involves a range of practices and structures designed to ensure that the company is well-managed and operates in the best interests of its stakeholders. Leblanc (2018) discussed the key elements of a governance structure. The elements included the board which is responsible for setting the direction of the company and ensuring that management is executing the strategy effectively, the committees to assist the board in fulfilling its duties and responsibilities, the management which is responsible for running the company and

implementing the strategy set by the board, the shareholders who own the company and have the right to vote on major decisions such as electing directors also approving major transactions, and regulators or other external stakeholders who may have a significant impact on the company's governance structure and operations. The decision on how well the implementation level is thought to be influenced by the board of commissioners, directors, and audit committee. Considering the functions of the board of commissioners, directors and audit committee for oversight and control (IAASB, 2015). The board of commissioners, directors, and audit committee oversees the financial reporting process and ensures that it is accurate and complete. They may review financial statements and other disclosures, discuss accounting policies and practices with management, and engage external auditors to provide independent assurance. A strong governance structure can ensure that these oversight and control mechanisms are effective (OECD, 2015).

An effective corporate governance can ensure that the company's financial information is accurate, complete, and timely, and that it is presented in a transparent and accessible manner to stakeholders (IIRC, 2013). On the other hand, weak governance can lead to inaccurate or misleading financial reporting, damaging the company's reputation and undermining investor confidence. There has been a growing body of research examining the impact of internet financial reporting on corporate governance. For example, a study by Hussainey & Al-Najjar (2011) found that companies that use the internet to disclose financial information are more likely to have better corporate governance practices, such as higher board independence and stronger audit committees. Another study by Yassin (2017) found that internet financial reporting positively influences the quality of corporate governance in Jordanian firms. However, there are also concerns that the use of technology in financial reporting could lead to information overload and a decrease in the quality and relevance of financial information (Ormin & Jerry, 2016). Therefore,

there is a need for further research to understand the relationship between internet financial reporting. There have been several research studies examining the relationship between corporate governance and internet financial reporting in Indonesia. A study from Basuki et al. (2017) found a positive relationship between corporate governance and internet financial reporting in Indonesian listed companies. The study found that companies with better corporate governance structures, as measured by the number of independent directors and board size, were more likely to provide more comprehensive internet financial reporting. Another study researched by Ardiyanto & Mulyadi (2019) found that companies with better corporate governance structures, as measured by the presence of independent directors, the separation of the roles of CEO and Chairman, and the frequency of board meetings, were more likely to adopt internet financial reporting. Overall, these studies suggest that there is a positive relationship between corporate governance and internet financial reporting in Indonesia, and that companies with better corporate governance structures are more likely to adopt more comprehensive and transparent internet financial reporting practices.

Furthermore, apart from the government structure, Urban (2015) found that blockholders with long-term investment horizons can incentivize firms to provide high-quality financial information to reduce information asymmetry and enhance transparency, which can ultimately benefit both the firm and its shareholders. Another study about blockholders by Chou (2011) found that firms with high levels of block ownership may provide more voluntary disclosures, particularly related to forward-looking information and risk factors. Blockholders are the shareholders who hold more than 5% of the company's total outstanding shares (Holderness & Sheehan, 1988). Blockholders may influence the company's management and board of directors, affecting the quality, timing, and transparency of the company's internet financial reporting.

Companies need to consider the potential influence of blockholders in implementing internet financial reporting.

Apart from the governance structure and blockholders, company age is also expected to have a significant influence on internet financial reporting. The company age is the length of time by the company, starting from its establishment until an unlimited time that shows how long the company is able to survive (Penrose, 1959). Research by Hsu et al. (2013) finds that older companies tend to have longer financial reporting histories, which can provide a richer source of data for analysis. Older companies most likely have more established and mature reporting systems, which can lead to higher-quality financial reporting (Al-Shammari, 2007). However, older companies may also have more complex reporting structures and may use older reporting technologies, which can limit the availability of data for analysis.

In addition, apart from the governance structure, blockholder, and company age, Dastgir & Dajani (2017) found that companies with higher technology costs were more likely to adopt internet financial reporting, and that internet financial reporting was positively associated with firm size and financial performance. However, they also noted that regulatory and cultural factors may influence companies' decisions to adopt internet financial reporting. Technology cost refers to the expenses associated with implementing and maintaining technological infrastructure and tools, such as software, hardware, and IT services (Bhardwaj et al., 2010). In the context of business, technology cost can include the cost of developing and maintaining websites, customer relationship management (CRM) systems, and other digital platforms. Although there is a connection between the technology cost and internet financial reporting, the exact nature of the connection may differ depending on the nation, industry, and business size.

Above other sectors that are widely highlighted, used, and have an interest in the public are the financial sector, especially banking industry. Apart from being a public company, banks

also collect a lot of funds from the public. Hence, even though the public individually does not have a direct interest in the internet reporting banking industry, they still have concerns and importance related to this industry.

Based on all the previous explanations and discussions, this study chose to research "Impact of Governance Structure, Blockholder, Company Age, and Technology Cost on the Implementation of Internet Financial Reporting" for public bank companies listed on idx in 2016-2021.

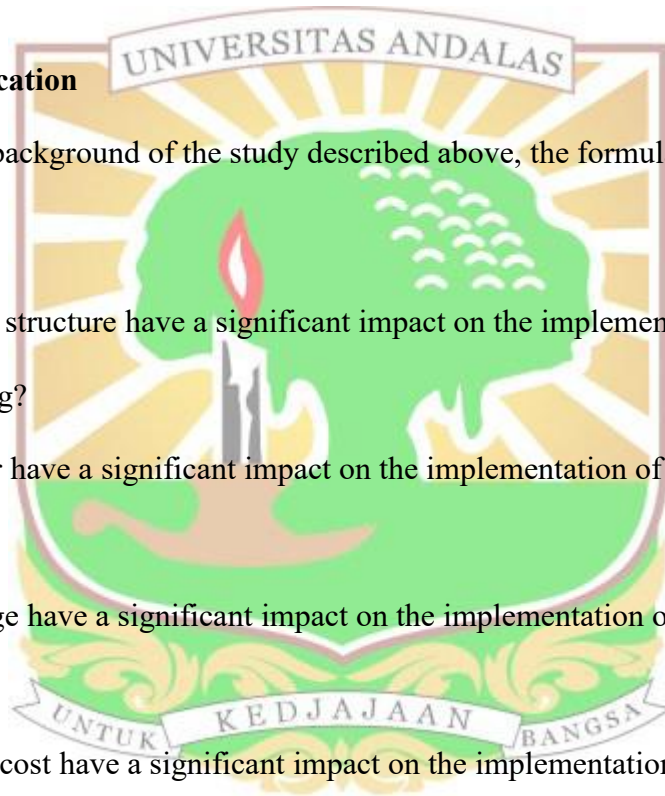
1.2 Problem Identification

Based on the background of the study described above, the formulation of the problem can be concluded as:

1. Does governance structure have a significant impact on the implementation of internet financial reporting?
2. Does blockholder have a significant impact on the implementation of internet financial reporting?
3. Does company age have a significant impact on the implementation of internet financial reporting?
4. Does technology cost have a significant impact on the implementation of internet financial reporting?

1.3 Research Objectives

1. To determine the impact of governance structure on the implementation of internet financial reporting.
2. To determine the impact of blockholder on the implementation of internet financial reporting.



3. To determine the impact of company age on the implementation of internet financial reporting.
4. To determine the impact of technology cost on the implementation of internet financial reporting.

1.4 Research Benefits

1. Provide additional empirical evidence about the impact of governance structure on internet financial reporting.
2. Provide additional empirical evidence about the impact of blockholder on internet financial reporting.
3. Provide additional empirical evidence about the impact of company age on internet financial reporting.
4. Provide additional empirical evidence about the impact of technology costs on internet financial reporting.

1.5 Writing Systematic

Writing systematic is a descriptive description of the things to be written. The research consists of several chapters. To give an overview in the preparation of writing this research, the authors make systematic writing which will then be described in five chapters as follows:

CHAPTER I: INTRODUCTION

This chapter describes the background of the problem, problem formulation, research objectives, research contributions, and systematic in the preparation of research writing. This chapter is an initial description of what the researcher do in this research.

CHAPTER II: LITERATURE REVIEW

This chapter describes theories or scientific findings from scientific books, journals, and research results that are related to the problems or research questions used as the basis for the theoretical reference used in the analysis of this research.

CHAPTER III: RESEARCH METHODOLOGY

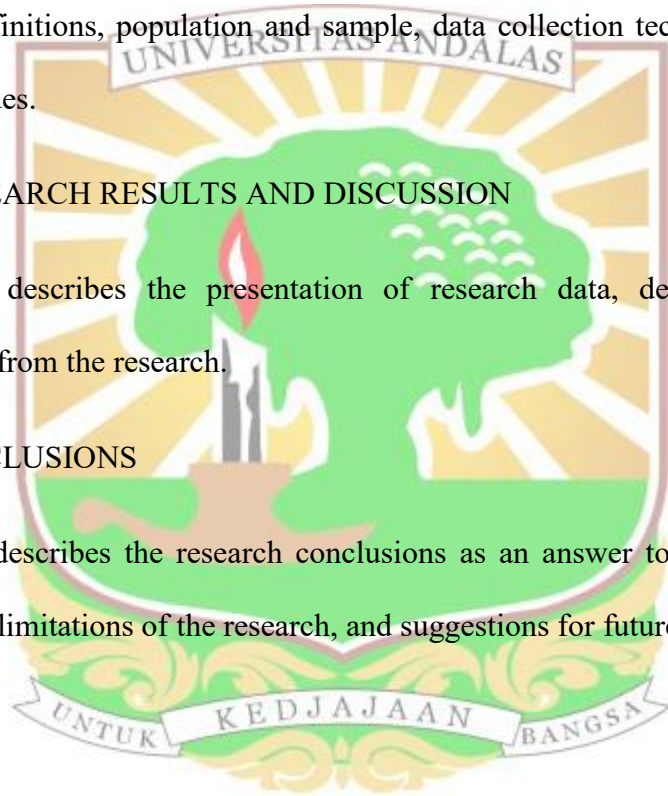
This chapter describes the type of research, research location, research focus, operational and measurement definitions, population and sample, data collection techniques, and the last is data analysis techniques.

CHAPTER IV: RESEARCH RESULTS AND DISCUSSION

This chapter describes the presentation of research data, descriptive analysis, and interpretation of data from the research.

CHAPTER V: CONCLUSIONS

This chapter describes the research conclusions as an answer to the formulation of the problems related, the limitations of the research, and suggestions for future research.



CHAPTER 2

LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Agency Theory

The agency theory was discussed by Jensen & Meckling (1976), who define agency theory as a contract of one or more persons (principal) engage another person (agent) to perform some service on their behalf, which involves delegating some decision-making authority to the agent. Agency theory is the theoretical basis that underlies business practices that are used as guidelines for running a business in a company. Agency theory is rooted in economic synergy, decision theory, sociology, and organizational theory. The main principle of this theory is that there is a working relationship between the party who gives the authority (principal), namely the investor, and the party who receives the command (agent), namely the manager, in the form of the same work contract.

According to Jensen & Meckling (1976) Agency conflict will arise because of differences in interests, so each party tries to increase profits for themselves. If the parties involved act in their interests, this would lead to a conflict between the principal and the agent. Agency theory illustrates that conflicts that occur will cause agency costs which, in the end, there will be an incentive or cost that must be borne. Agency theory assumes that a principal wants the maximum and immediate return on the investment they have invested, one of which is reflected by an increase in the dividend portion of each share owned by the company.

Agents will want their interests to be accommodated by the principal by providing fair and maximum compensation or bonuses and incentives for the company's performance. The principal commonly assesses the agent's performance by using subjective evaluation. Subjective evaluation is typically used to assess the agent's performance because it is a more flexible and balanced assessment method for complex jobs. Closely tying the agent's compensation to the

benefits obtained for the principal will help reduce agency conflict. When the agent is considered to have good performance and success, it deserves higher incentives.

Stakeholders rely on the financial report to make decisions, either to invest or for creditors to approve loans. In this case, transparency is demanded by the stakeholders, which, sometimes, is not fulfilled by the company's management. Financial report disclosure is needed in the company to reduce the information asymmetry among the stakeholders. According to the agency theory, companies should increase disclosure in order to reduce conflicts between shareholders and management. In addition, companies wishing to enhance their firm value may do so by increased disclosure (Lobo & Zhou, 2001)

2.2 Financial Reporting

2.2.1 Definition of Financial Report (Financial Statement)

Based on the International Accounting Standard (IAS), financial report is a structured representation of the financial position and financial performance of an entity. The published financial report must be prepared based on the applicable accounting standards so that it can be compared with the financial reports of the previous period or compared with the financial reports of other entities. The financial reports describe all financial transactions on an entity, both internal and external.

According to the Statement of Financial Accounting Concepts No. 8 September 2010 issued by Financial Accounting Standards Board (FASB), there are some characteristics of financial reports. First, relevant, financial reports can influence user decisions by evaluating past or present events that can predict the future and confirm or correct the evaluation results and information presented in a timely and complete manner. Next, reliable, financial reports will be easy to understand and can be checked, which can evaluate the events that will be faced later. In addition, financial reports are reliable in that the information contained is free from misleading and material errors, presents every fact, and can be verified. Another characteristic is

comparability, which means information in the financial reports can be compared with previous periods or the financial statements of other reporting entities. This aims to identify trends in financial position and performance and evaluate the relative financial position and changes in financial position. Understandably, the information presented in the financial statements can be understood by users and expressed in forms and terms that are adjusted to the limits of understanding of the users.

2.2.2 Purpose of Financial Report

The purpose of financial report is to provide information about the company's financial position, performance, and cash flows that are useful for most users of the report in order to show management's accountability for the use of the resources entrusted to them and make economic decisions. Those decisions involve buying, selling, or holding equity and debt instruments and providing or settling loans and other forms of credit (Statement of Financial Accounting Concepts No. 8 September 2010).

2.2.3 Financial Report Disclosure

Disclosure of financial report is the submission of information about financial information of a company within a company in financial report, which will usually be presented on annual basis. The company's disclosures are aimed at meeting the information needs of stakeholders.

According to IAS 1 (2007), the information can be presented in financial report as:

1. Assets
2. Liabilities
3. Equity
4. Income and expenses, including gains and losses
5. Contributions by and distributions to owners in their capacity as owners
6. Cash flows

(S. et al., 1992) divides the level of disclosure into three regulatory-dependent disclosure concepts that are considered the most desirable. The three concepts of the disclosure in the financial statements are as follows:

1. Adequate Disclosure, which is sufficient disclosure is interpreted as the minimum disclosure stated by applicable regulations, where the figures presented can be interpreted correctly by investors.
2. Fair Disclosure, which is fair disclosure which indirectly constitutes an ethical objective in order to provide equal treatment to all report users by providing appropriate information to potential readers.
3. Full Disclosure, namely full disclosure that implements the presentation of all relevant information. This disclosure is often considered excessive. Because too much information will be harmful so that the presentation of the information will not be displayed in detail and combine significant information and make the report difficult to interpret.

2.2.4 Financial Reporting

Financial reporting is the process of preparing and presenting financial statements that communicate the financial performance, position, and cash flows of an organization to external users (IASB, 2018). Financial reporting is subject to various accounting standards and regulations, such as Generally Accepted Accounting Principles (GAAP) in the United States and International Financial Reporting Standards (IFRS) globally. These standards ensure that financial statements are prepared consistently and provide relevant and reliable information to users. The primary objective of financial reporting is to provide relevant and reliable financial information to stakeholders, such as investors, creditors, analysts, and regulators, to make informed decisions about the organization. There are several types of financial reporting that organizations use to

communicate their financial performance and position to stakeholders. Here are some of the most common types of financial reporting (FASB, 2021):

1. **Financial Statements:** Financial statements are the most common type of financial reporting. They include the balance sheet, income statement, statement of cash flows, and statement of changes in equity. These statements provide a snapshot of an organization's financial performance and position over a specific period.
2. **Management Discussion and Analysis (MD&A):** The MD&A is a narrative section of the financial report that provides a more detailed explanation of an organization's financial performance and position. It is usually included in the annual report and provides management's perspective on the financial results and any significant events that occurred during the reporting period.
3. **Annual Reports:** Annual reports are comprehensive reports that provide a detailed overview of an organization's operations and financial performance over the past year. They typically include financial statements, management discussion and analysis, and other information about the organization's products, services, and operations.

The development of the internet has brought about significant changes in financial reporting. With the advent of online financial reporting, companies can now publish their financial reports on their websites, making it easier for stakeholders to access and review financial information (Anandarajan et al., 2004). Here are some of the key ways that financial reporting has developed to internet financial reporting (Allam & Lymer, 2003):

1. **Electronic Filing:** The first step in the development of internet financial reporting was the introduction of electronic filing systems, which allowed organizations to submit their financial reports electronically to regulators and other stakeholders. This eliminated the need

for paper-based filing systems and made it easier for stakeholders to access financial reports online.

2. **Standardized Formats:** To further improve the accessibility and comparability of financial reports online, standardized reporting formats have been developed.
3. **Interactive Features:** With the development of internet financial reporting, financial reports have become more interactive and user-friendly. This has been achieved through the use of hyperlinks, drill-down menus, and other features that allow stakeholders to navigate through financial reports and access additional information as needed.
4. **Real-Time Reporting:** Internet financial reporting has made it possible for organizations to provide real-time financial information to stakeholders. This has been made possible through the use of cloud-based reporting systems and other technology that allows financial data to be updated in real-time and accessed by stakeholders from anywhere in the world.
5. **Data Analytics:** Internet financial reporting has also made it easier for organizations to analyze their financial data and identify trends and patterns. This has been made possible through the use of data analytics tools and other technology that allow financial data to be analyzed in real-time.

2.3 Internet Financial Reporting (IFR)

IFR is the distribution of company financial and performance information using internet technology (FASB, 2000). Business Reporting Research Project: Electronic Distribution of Business Information. Financial Accounting Standards Board, Norwalk, CT. IFR is considered more effective and efficient in disseminating company financial information because its coverage is comprehensive, faster, and more cost-effective. Companies do not need to print the financial report and distribute it manually to interested parties. According to Shepherd (2001), internet financial reporting has some benefits, such as saving the cost of printing, making the information available to a broader audience, providing immediate updates, and enabling quick retrieval of

information. The Steering Committee of the Business Reporting Research Project (FASB, 2000) provides several corporate motives for presenting information via the internet:

1. Reduced printing costs and posting of annual reports.
2. More complete access than a traditional practice.
3. Provide up-to-date information.
4. Speeding up the time in the distribution of information.
5. Establishing communication with previously unidentified consumers.
6. Adding to conventional disclosure practices.
7. Increase the amount and data disclosed.
8. Improve access to potential investors.

Based on research by Almilia (2010), it is necessary to observe the company's website for more than one period to get a more reliable conclusion because the company's website was observed in the previous study for only one period. The author uses innovation in the form of using a WayBack Machine to be able to access the company's website over several periods. The WayBack Machine offers a valuable large-scale data source to analyze web information over time (Arora et al., 2016). It is hoped that the results of the implementation of internet financial reporting can be more trustworthy.

IFR is measured using an index consisting of four components developed by Cheng et al. (2000). IFR measurement is carried out by analyzing the company's website, giving a score for each item of information disclosed on the company's website, and adding up the score for each component. According to Handayani and Almilia (2013), IFR Index considered to be high if the

company's website utilizes technology properly and reports all financial information. The IFR index components developed by Cheng et al. (2000) consist of:

1. Content

In this component, the assessment includes availability of financial report, financial report notes, quarterly reports, auditor reports, directors' reports, shareholder information, company information, and corporate social responsibility information. This component weighs 40 percent of the index score with the maximum total score of 53. The content file formats uploaded on the company's website are portable document format (PDF) and hypertext markup language (HTML). Reports uploaded in HTML format get two points, and if in PDF format gets one point. Scores are higher on files with HTML format because their use will make it easier for users to speed up the process of accessing financial information.

2. Timeliness

In the process of presenting information, especially financial information, timeliness in reporting is quite important. Reporting information in a timely manner will facilitate investors and shareholders in making decisions. It is important to know the extent to which internet financial reporting (IFR) within the company can provide real and timely information on the website in press releases, stock quotes, latest unaudited quarterly reports, vision or foresight statements, and graphs of expected profits. The timeliness is weighted 20 percent and the maximum score that can be obtained is 15. When a company can use its website to present information in a timely manner, the index will result in higher value.

3. Technology

This component relates to the use of technology used by the company in financial reporting through the company's website. The elements considered in the use of technology by the company's Internet Financial Reporting (IFR) are the plug-in download, online feedback, the use of presentation slides, the use of multimedia technologies such as audio and video clips, analysis tools, and the use of sophisticated reporting. This component is weighted 20 percent with the maximum score that can be obtained is 20.

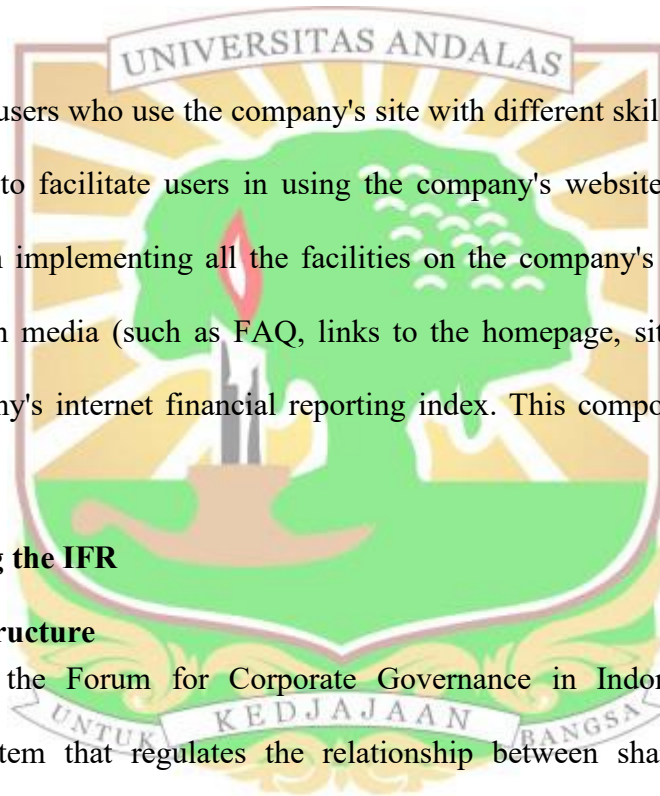
4. User Support

Many users who use the company's site with different skills. Therefore, companies must be able to facilitate users in using the company's website. The more optimal the company is in implementing all the facilities on the company's website, such as search and navigation media (such as FAQ, links to the homepage, site map, site search), the higher company's internet financial reporting index. This component is weighted of 20 percent.

2.4 Factors Affecting the IFR

2.4.1 Governance Structure

According to the Forum for Corporate Governance in Indonesia (FCGI) corporate governance is a system that regulates the relationship between shareholders, management, creditors, the government, employees, and other stakeholders so that the company has added value, or in other words the system that controls the company. Within a company, the main organ consists of the general meetings of shareholders, the board of commissioners, and the directors, who have an essential role in the effective implementation of activities. The organs in a company must be able to carry out their functions following the applicable provisions on the principle that each organ has transparency, accountability, responsibility, independence, and fairness in carrying out its duties, functions, and responsibilities for the benefit of the company.



A system of working mechanisms is needed to achieve good corporate governance for the company. The mechanism of corporate governance is a rule of the game, procedures, and relationships that must be clear between all parties involved in making decisions and properly overseeing these decisions (Walsh & Seward, 1990). The mechanism is divided into two major groups, namely internal and external. Internal mechanisms control the company with internal structures and processes. The external mechanism controls the company and market processes. This study measures the governance structure through the internal mechanism of corporate governance through the board of commissioners, directors, and audit committee.

1. Board of Commissioners

The Forum for Corporate Governance in Indonesia (2001) explains that the board of commissioners plays a crucial role in the company, especially in implementing GCG. The board of commissioners responsible for supervising the policies and management of the company carried out by the board of directors and providing advice to management for the benefit of the company. The board of commissioners has the authority to temporarily suspend members of the board of directors by stating the reasons. The board of commissioners may also take actions to manage the company under certain conditions for a certain period. In carrying out its duties and responsibilities, the board of commissioners is assisted by a supporting committee, the audit committee, which is the company's supporting organ.

2. Directors

The director¹ acts as a bridge between shareholders as company owners and management as the party carrying out company activities (Lukviarman, 2016). Members

¹ According to Indonesia's Company Law, Indonesia adheres to a two-tier system, which separates the supervisory and management functions into two bodies at different levels in the corporate structure. The two tier system consists of directors (Management) and board of commissioners (Supervisory). The board of commissioners is one level higher than the directors because the function of the board of commissioners is to supervise the management.

of the directors are appointed and dismissed by the general meeting of shareholders. The accountability of the directors to the general meeting of shareholders is a manifestation of corporate management accountability in the context of implementing GCG principles.

The composition and amount of the directors will need to be adapted to the company's specific circumstances. It will primarily be determined by the company's activities, employee size, level of development, and other characteristics (IFC, 2018). According to Gandía (2008), the size of the directors increases disclosure because a higher level of disclosure gives a positive impression as it is of the board members' decision. Refers to research by Yap et al. (2011), internet financial reporting is also related to the size of the directors. Nonetheless, a larger of directors may have poorer communication and incur additional costs due to inefficiencies in decision-making. As a result, a larger board size may reduce control and monitoring capabilities.

3. Audit committee

The fundamental and essential role of the audit committee is to act as a bridge between the public accounting firm as the company's independent auditor and the board of commissioners (Lukviarman, 2016). The board of commissioners forms the audit committee so the audit committee is responsible to the board of commissioners. The audit committee is also described as a monitoring mechanism that can enhance the audit function for corporate external reporting. Company boards often give responsibility to the audit committee for financial reporting errors so that financial reports can be relevant and reliable.

Internet financial reporting can disclose more broadly to increase transparency and reduce information asymmetry between internal and external parties of the company. The openness and transparency are fundamental principles in the capital market. If investors do not believe in the level of disclosure, capital will flow elsewhere (Kelton & Yang, 2008). Therefore the governance

structure must ensure timely and accurate disclosure of any issues related to the company. Currently, the authorities must try to encourage companies to use the internet as a means of disseminating and disclosing information to improve the quality of good corporate governance. More transparent disclosures can encourage stronger governance (Ajinkya et al., 2005)

Companies that have good governance may increase shareholders value. A research by Darmawati et al. (2005) found that good governance influences the company's operational performance and stock returns. This findings are also in line with a research by (Klapper & Love, 2002), who also found that good governance is positively correlated with market valuation and operating performance. According to Hadiprajitno & Basuki (2013), the application of a good corporate governance structure is the foundation for the formation of a system, structure, and corporate culture. A good corporate governance structure is also expected to build a reliable internal control and risk management system. The implementation of good corporate governance is believed to be able to strengthen the company's competitive position on an ongoing basis, manage resources and risks more efficiently and effectively, increase corporate value and investor confidence.

2.4.2 Blockholder

According to Thomsen et al. (2006) blockholder is defined as shareholders who own at least 5% of a company's common shares. The share ownership structure describes the parties who own shares of a company. This means that each party can be said to be the holder of power over the company based on the number of shares owned. Based on the research of Fanani & Hendrick (2015) blockholder is able to reduce agency conflicts between shareholders and management because it will provide convenience for the shareholders in supervising the management because shareholders can use their power to oversee the management of the company. This is because blockholders have the urge to use their voting power, so they can enjoy

company income or profits that are not distributed to minority shareholders. Some indicators for blockholders are as follows:

1. Share ownership of more than 5%
2. Shares are owned by employees, directors or family members
3. Shares owned by bank
4. Shares are owned by another company (unless the company is under mortgaged status).

Aspects that motivate the existence of blockholder ownership are the shared benefits of control and private benefits of control. According to the research finding of Jaya et al. (2016) shared benefit of control arises because large blockholder ownership will provide convenience in carrying out management supervision that comes from the amount of voting power to participate in decision making and its influence on the welfare of blockholders. Meanwhile, private benefit of control arises because blockholders have the urge to use their voting power, so they can enjoy company benefits that are not distributed to minority shareholders. Empirical support for the existence of shared benefits comes from several sources, namely:

1. Blockholders or the members are usually positioned as directors or staff who are used to influence management decisions directly.
2. There is evidence of block form associated with increasing abnormal stock prices.
3. Evidence that trading on large blocks is associated with increased abnormal stock prices.

While large shareholders have the potential to increase manager oversight, large shareholders actually represent their own goals or interests, thus greatly influencing the funding decisions that the company will take. It can be said that the greater the blockholder ownership, the greater the incentive to use voting power in the company's funding decisions. Agency theory explains that in determining company funding, shareholders prefer to finance the company with debt, because their rights to the company will not be reduced. Therefore, the greater the blockholder ownership will encourage companies to be more daring to take loans in determining funding decisions.

Based on the research finding of Lestari (2014) the smaller the blockholder ownership, the greater the use of debt because debt can be used to supervise managers to act according to company goals and of course used to reduce agency costs. Concentrated blockholder ownership will make it easier for shareholders to make decisions to incur debt. Concentrated ownership companies are companies controlled by shareholders with the largest ownership of the total outstanding shares (Atmaja et al., 2011). The smaller blockholder ownership will encourage companies to prefer to use debt in funding decisions. In addition to reducing agency costs, the use of debt can also provide higher income on shares due to a tax protection policy on loan interest.

2.4.3 Company Age

Age in a company is part of the documentation that shows what the company is and will achieve. The age of the company will show how the company started to carry out operational activities so that it can maintain the company's going concern or maintain its existence in the business. Perseroan Terbatas (PT) has an indefinite life, according to the assumption of business continuity or going concern. This means that the age of the company shows the company's ability to maintain its business continuity. The age of the company is the service life of a company which shows that the company still exists, is able to compete in the business world and is able to maintain its business continuity and is part of the documentation that shows the purpose of the company (Sukamulja, 2019).

The company age is how long a company is able to survive, compete, and take business opportunities that exist in the economy. Small companies that have a relatively young age will use smaller debt compared to using equity as a source of funds. This is because relatively young companies do not have or still have little access to funds from outside or from investors because investors consider relatively young companies do not have experience in running a company and managing cash flows. Older companies will use smaller debt because older large companies are

considered capable of managing cash flow better than younger companies. Companies that are relatively old will tend not to choose financing that comes from debt. This is because companies that are relatively old have experience in conducting business activities and have also been able to manage their cash flow well.

The age of the company can provide supporting benefits for the existence of the company itself. The benefits that will be provided by the age of the company are as follows:

1. The age of the company can determine the level of convenience of the company in obtaining funds from the capital market. Small companies generally lack access to organized capital markets, both for bonds and stocks. Even if they have access, the launch costs of selling a small number of securities can be a drag. If securities issuance is feasible, small company securities may be less marketable and therefore require pricing in such a way that investors obtain yields that provide significantly higher returns.
2. The age of the company can determine the bargaining power of financial contracts. A relatively long company age will be able to help the company itself to be able to compete with other companies, besides that the company can also increase its relationships with other companies. Because as we know that the age of the company is the same as a lot of experience which is certainly owned by the company itself.
3. There is a possibility that the effect of scale in costs and returns makes larger companies able to earn more profits. Another influence that can affect the age of the company is the scale and cost of returns from the company itself, where what we often encounter is that companies do not have special staff, do not use financial plans and do not develop their accounting system into a management system.

Company age indicators are any characteristics, sizes or characteristics that can indicate or indicate the existence of the age of the company itself. Company age, measured based on the difference between the date of the observation period and the date of establishment of the

company listed on the Indonesia Stock Exchange. The age of the company is indicated by how long the company can survive, the more complete the information that has been obtained by the public about the company and the items disclosed by the company are increasing with the increasing age of the company and existing experience. Companies that have been established for a long time, investors as investors are more confident than companies that have just been established because companies that have been around for a long time are assumed to generate higher profits than new companies.

It can be interpreted that older companies have wider information and are more experienced in the disclosure of financial statements, so that companies can still exist and can still compete with companies that are still young. Where, a large asset tangibility indicates that the company has large physical assets, large physical assets have been managed efficiently so as to increase greater profits and will have a positive impact on the value of the company. The asset structure must be planned properly by the financial manager because with good planning it will increase the value of the company itself (R. Setiawan & Harmasanto, 2019).

2.4.4 Technology Cost

Technology is a tool used by people to help find the information they want, technology will make it easier for someone to access the things they need. Technology will make it easier to get a variety of information which will make it easier to access at an adjusted speed, where social media in technology will play a role in it. In addition, technology is also referred to as a means used to provide goods needed for the survival and comfort of human life. Technology plays an important role in the life of every individual. Whether we realize it or not, technology is increasingly attached to one's life.

Technology has developed from time to time, where the technology itself will be supported by various infrastructures consisting of hardware, software, and information

technology services. Technology services are utilized in human life in multiple aspects. Technology will help humans to create, change, store, communicate and disseminate information. Therefore, the existence of information technology will make it easier for humans to get information quickly and precisely.

The cost of technology is a cost that must be incurred in order to enjoy the various advantages that technology itself will provide, as we know that in the life we go through we cannot escape the word expenses or costs that must be borne as well as the use of technology. The cost of technology will be diplomatic that will be felt by technology users, where on the one hand it will increase the use of technology or reduce the use of technology. However, until now the use of technology is the use that reaches the highest number because humans cannot be separated from the technology itself (Sudrajat & Rudianto, 2019).

2.5 Hypothesis Development

2.5.1 Governance Structure and Internet Financial Reporting Implementation

The board of commissioners, directors, and audit committee oversees the financial reporting process and ensures that it is accurate and complete. They may review financial statements and other disclosures, discuss accounting policies and practices with management, and engage external auditors to provide independent assurance. A strong governance structure can ensure that these oversight and control mechanisms are effective (OECD, 2015).

Rahadhian & Septiani (2014) have researched purpose to analyze the effect of corporate governance mechanisms on the level of disclosure of internet corporate reporting in manufacturing sector companies listed on the Indonesia Stock Exchange. The dependent variable in this study is the level of disclosure of internet corporate reporting which is measured using 49 items of Internet Disclosure Index (IDI). The results of this study indicate that the variable

number of independent commissioners has a significant positive effect on the level of disclosure of internet corporate reporting.

A research done by Ardillah & Carolin (2022) indicates that the board of commissioners has a positive impact on internet financial reporting. With a larger number of board members with varying knowledge and experience, members of the board of commissioners will be able to minimize management's opportunistic behavior, even provide intense pressure and encourage management to realize information disclosure. Because the board of commissioners can form an audit committee that is considered more expert in overseeing the company's financial or non financial reporting, the board of commissioners' supervisory function is not always related to company disclosures. The more commissioners on the board, the broader the perspective brought to the board discussion.

H1a: Board of commissioner size impacts the implementation of internet financial reporting.

According to Bin-Ghanem & Ariff (2016), the role of the directors effective controlling and monitoring functions has a positive impact on the use of the internet as a medium for disclosure in GCC countries. Given the major challenges confronting the financial companies (Chahine, 2007) internet reporting emerges as an effective method of marketing a company to shareholders and investors (Dolinšek et al., 2014). Internet financial reporting serves a tool that can help businesses expand their operations and raise capital on a global scale. This is also supported by the findings of Michelon & Parbonetti (2012) stating that a larger number of boards in a company will increase the company's disclosure because the level of independence of supervision of the company will be better. A larger director member size means more experience and better advice for the management.

H1b: Director size impacts the implementation of internet financial reporting.

According to Raghunandan & Rama (2007), the size of the audit committee increases the number of meetings. This increase in meeting frequency is argued to provide more effective

monitoring, thereby increasing the adoption of internet financial reporting. This study supports the findings of Kelton & Yang (2008), who discovered that firms with a higher percentage of audit committee members who are financial experts are more likely to engage in IFR.

H1c: Audit committee size impacts the implementation of internet financial reporting.

2.5.2 Blockholder and Internet Financial Reporting Implementation

Blockholders may influence the company's management and board of directors, affecting the quality, timing, and transparency of the company's internet financial reporting. Companies need to consider the potential influence of blockholders in implementing internet financial reporting. Research by Anom & Safii (2017) find out that blockholders have large voting power in determining company policies and strategies, including policies on the use of profits that have been achieved by the company. Widyasari & Kurniawan (2020) through their research found that shareholders can be categorized as blockholders if they have company shares above 5%. Ownership above 5% has voting power or investment power either directly or indirectly to be able to sell its securities. However, this can be carried out optimally if the company is able to manage the required technology. So it can be determined that blockholder ownership significantly affects the implementation of internet financial reporting. This finding is also supported by Abdillah (2015) which states that blockholder ownership has a significant influence on the implementation of internet financial reporting.

H2: Blockholder ownership impacts the implementation of internet financial reporting.

2.5.3 Company Age and Internet Financial Reporting Implementation

Older companies tend to have more established and mature reporting systems, which can lead to higher quality financial reporting. Research conducted by Ahmy (2022) conducted to analyze the effect of company age on the quality of internet financial reporting. The results showed that the age of the company have a positive effect on the implementation of the quality of

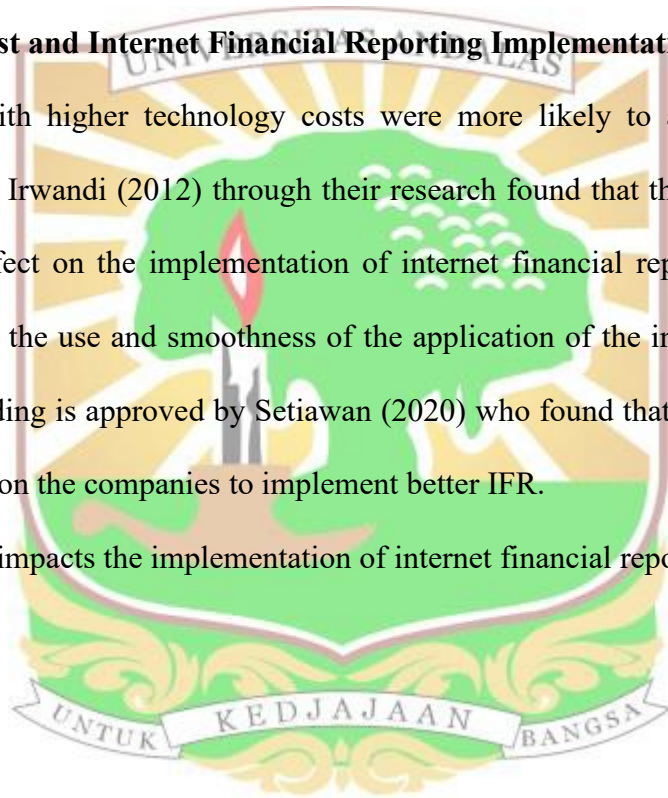
internet financial reporting. Company age is an experience that can be used as a strategy to improve the performance of the company itself, with the application of the internet in carrying out its operational activities it will help companies to increase their existence. So that the age of the company has a significant effect on the implementation of internet financial reporting. Then this finding is also supported by Krismiaji & Grediani (2019) which shows that the age of the company has a significant effect on the implementation of internet financial reporting.

H3: Company age impacts the implementation of internet financial reporting.

2.5.4 Technology Cost and Internet Financial Reporting Implementation

Companies with higher technology costs were more likely to adopt internet financial reporting. Prasetya & Irwandi (2012) through their research found that the use of the technology have a significant effect on the implementation of internet financial reporting. The technology will greatly help how the use and smoothness of the application of the internet is increasing day by day. Then this finding is approved by Setiawan (2020) who found that the level of technology has a positive impact on the companies to implement better IFR.

H4: Technology cost impacts the implementation of internet financial reporting.



CHAPTER III

RESEARCH METHOD

3.1 Research Design

This study uses a quantitative approach. The quantitative approach is an approach that uses data in the form of numbers using statistical techniques and hypothesis testing to measure and analyze the relationships between variables (Sekaran & Bougie, 2016). In this study, testing was carried out using secondary data, where the data was obtained through third parties. The data were obtained from the annual reports of banks listed on the IDX for 2016-2021, which are documented on www.idx.co.id and the bank website to analyze the influence of the governance structure, blockholder, company age, and technology cost factors on internet financial reporting of banking companies in Indonesia.

3.2 Population and Sample

The population in this study are all banking companies listed on the Indonesia Stock Exchange (IDX) in 2016-2021. The sample used in this study are 30 banking companies. The sampling technique is purposive sampling. Purposive sampling is a sampling technique with that refers to specific sample which can provide the desired information, either because it is the only ones who have it or they conform to some criteria set by the researcher (Sekaran & Bougie, 2016). The reason for using this purposive sampling technique is because it is suitable for use for quantitative research. The sample used if it meets the following criteria:

1. Banks listed on the Indonesia Stock Exchange in the period 2016-2021.
2. Banks that have an active or accessible official website and are not under repair during the research.
3. Banks that have the financial report provided on the bank's website.
4. The financial reports have complete data required.

3.3 Research Variables and Operational Definitions

3.3.1 Independent Variable

An independent variable is one that affects the dependent variable, either positively or negatively, according to Sekaran & Bougie (2016). The independent variables of this research are governance structure, blockholder ownership, company age, and technology cost.

1. Governance Structure

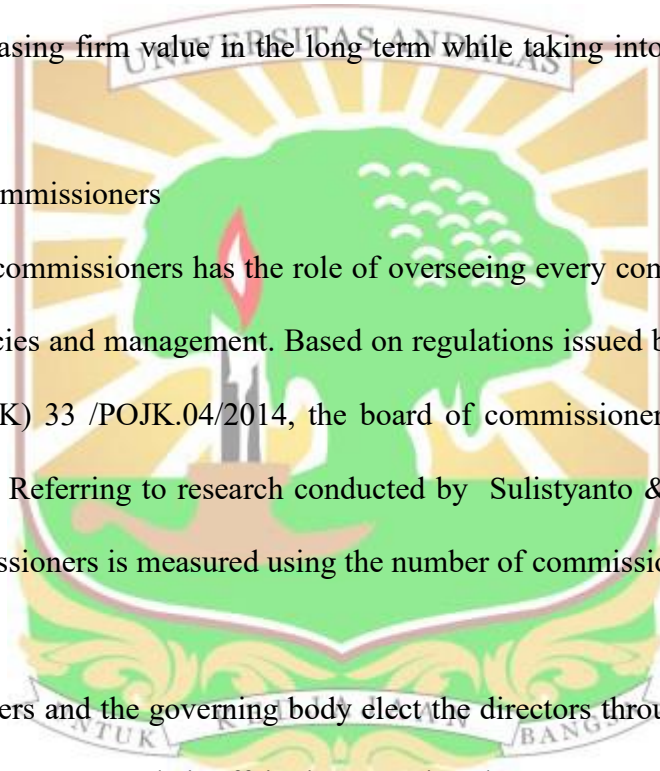
Governance structure is a process and structure applied in running a company with the primary goal of increasing firm value in the long term while taking into account the interests of other stakeholders.

1. Board of commissioners

The board of commissioners has the role of overseeing every company activity, including company policies and management. Based on regulations issued by the Financial Services Authority (OJK) 33 /POJK.04/2014, the board of commissioners consists of more than two members. Referring to research conducted by Sulistyanto & Nugrahanti (2013), the size of commissioners is measured using the number of commissioners in the company.

2. Directors

The shareholders and the governing body elect the directors through a general meeting of shareholders to represent their affairs in managing the company. Based on the regulations issued by the Financial Services Authority (OJK) 33 /POJK.04/2014, the directors consists of at least two members. Referring to research conducted by Hezadeen et al. (2016), the size of directors is measured using the total number of directors in the company.



3. Audit committee

The audit committee is in charged to assist the board of commissioners in supervising the company. Regulation issued by the Financial Services Authority (OJK) No. 55/POJK.04/2015 stipulates that a company must have a minimum member of three audit committees. Referring to research conducted by Kurniawan & Mutmainah (2020), the size of audit committees measured using the total number of audit committees in the company.

2. Blockholder

Blockholder is one of the company's ownership structures, where blockholders are shareholders who own at least 5% of the company's total shares (Thomsen et al., 2006). Referring to Brigham et al. (2011), the proportion of blockholder measured by:

$$\text{Blockholder Ownership} = \frac{\text{Shares owned by blockholders}}{\text{Number of shares outstanding}}$$

3. Company Age

Company age is a period for a company that is expressed in years. The company age is the length of time by the company, starting from its establishment until an unlimited time (Bestivano, 2013). Company age shows how long the company is able to survive. The longer the company age, the more information the public has obtained about the company. Referring to research conducted by Singh & Whittington (1975), the company age measured by:

$$\text{Company Age} = \text{Current Year} - \text{Established Year}$$

4. Technology Cost

Technology costs are part of operating costs. The technology costs are all operational costs of utilizing technology used to support company activities in order to achieve optimal company goals that can be included as operating expenses in the company's financial report.

According to Deller et al. (2014) the technology cost measured by:

$$\text{Technology Cost: } \frac{\text{Total Technology Cost}}{\text{Total Operating Cost}}$$

3.3.2 Dependent Variable

A dependent variable can never exist without an independent variable beforehand. The dependent variable will change as the independent variable changes. The internet financial reporting (IFR) is the dependent variable. IFR is a way for companies to inform internet-based financial statements. The IFR examined in this study from bank company websites used the WayBack Machine for six year period, 2016-2021. The WayBack Machine offers a valuable large-scale data source to analyze web information over time. The main procedure is to pinpoint the last date in each period captured by the WayBack machine.

IFR is measured using the disclosure index obtained through the index score variable on the IFR (Prasetya & Irwandi, 2012). This index is used to assess disclosure through IFR practices that consist of four components (Cheng et al., 2000), namely the content (40%), timeliness (20%), technology (20%), and user support (20%).

3.4 Research Analysis Method

3.4.1 Descriptive Statistics Analysis

Descriptive statistics analysis is the activities of collecting, structuring, summarizing, and presenting data to be easily understood by users. This analysis provide a description of data from the mean, standard deviation, maximum, and minimum (Sekaran & Bougie, 2016). Descriptive statistics analysis is very useful for providing basic information about variables in a data set and highlighting potential relationships between variables.

3.4.2 Classical Assumption Test

A classical assumption test is used to ensure that the regression model obtained is the best in terms of estimation accuracy, unbiased, and consistency. Classical assumption test is a prerequisite in regression analysis. The classic assumption test consists of normality, multicollinearity, autocorrelation, and heteroscedasticity tests.

1. Normality Test

A normality test was conducted to determine whether the regression model, the independent variable and the dependent variable had a normal distribution. This test is needed to carry out the f-test and t-test, which assumes that the residual values follow a normal distribution. In this study, the normality test used the kolmogorov-smirnov z test. According to Sekaran and Bougie (2016) the basis for decision making can be made based on probability (significant assumptions), including:

1. Significant value more than 0.05, data is normally distributed.
2. Significant value less than 0.05, data is not normally distributed.

2. Multicollinearity Test

The multicollinearity test was used to test whether the regression model found a correlation between the independent variables. A good regression model should not have a correlation between the independent variables. To detect the presence or absence of multicollinearity in the regression model is to look at the value of tolerance and variance inflation factor (VIF). A common cutoff value is a tolerance value of 0.10, which corresponds to a VIF of 10 (Sekaran and Bougie, 2016).

1. Tolerance value less than 0.10 and VIF value more than 10, there is multicollinearity.
2. Tolerance value more than 0.10 and VIF value less than 10, there is no multicollinearity.

3. Heteroscedasticity Test

A heteroscedasticity test carried out to test whether there was an inequality of variance from the residuals of one observation to another observation in the regression model. If the residual variance from one observation to another observation remains, it is called homoscedasticity and if it is different it is called heteroscedasticity. A good regression model is the one with homoscedasticity. The way to detect the presence or absence of heteroscedasticity is to do the glejser test. The glejser test is designed to test whether the regression residual in absolute value is correlated with some other variables (Glejser, 1969).

1. Significant value more than 0.05, there is no heteroscedasticity problem.
2. Significant value less than 0.05, there is heteroscedasticity problem.

4. Autocorrelation Test

The autocorrelation test is a statistical analysis conducted to determine whether there is a correlation of variables in the prediction model with changes in time. A regression model can be said to be valid when it is free from autocorrelation. Autocorrelation tests can arise due to sequential observations over time and are related to each other (Sekaran & Bougie, 2016). This problem occurs because the residuals are not independent from one observation to another. The autocorrelation test aims to test whether, in a linear regression model, there is a correlation between the confounding error in period t and the error in period $t-1$ (previous). If there is a correlation, it is called an autocorrelation problem. Detecting the presence or absence of autocorrelation in the regression model can be done with the Durbin Watson test (DW test). The decision-making of whether there is autocorrelation is as follows:

1. If the value of DW is less than (DL) or greater than $(4-DL)$, then the null hypothesis is rejected, which means there is autocorrelation.

2. If the value of DW lies between (DU) and (4-DU), then the null hypothesis is accepted, which means there is no autocorrelation.
3. If the DW value lies between (DL) and (DU) or between (4-DU) and (4-DL), it does not produce a definite conclusion.

3.5 Data Analysis

3.5.1 Multiple Regression

This study uses multiple regression analysis tools. Multiple regression analysis was conducted to test the effect of several independent variables on the dependent variable. The multiple regression equation in this study is as follows:

$$IFR_{i,t} = \alpha + \beta_1 (BOC)_{i,t} + \beta_2 (DIR)_{i,t} + \beta_3 (AUC)_{i,t} + \beta_4 (BLH)_{i,t} + \beta_5 (AGE)_{i,t} + \beta_6 (TEC)_{i,t}$$

Explanation:

IFR = Internet financial reporting index of firm *i* in year *t*

BOC = Board of commissioner size *i* in year *t* (Governance structure)

DIR = Director size *i* in year *t* (Governance structure)

AUC = Audit committee size *i* in year *t* (Governance structure)

BLH = Blockholder ownership *i* in year *t*

AGE = Company age *i* in year *t*

TEC = Technology cost *i* in year *t*

ϵ = Error or residual

3.5.2 T-statistic Test

The t-statistic test is used to test the effect of each independent variable on the dependent variable (Sekaran & Bougie, 2016). The calculated t value is used to test whether an independent variable significantly affects the dependent variable. The t-test can be done by comparing the t_{count} with the t_{table} . The t_{table} is obtained with $df = \alpha, (n-k)$ where α is the significant level used, n is

the number of observations (sample size), and k is the number of independent variables. If the $t_{\text{count}} > t_{\text{table}}$ or if the t_{count} is smaller than the t_{table} and the significance value is <0.05 , then the independent variable partially affects the dependent variable. The t-test is done by looking at the significance value on the results of the regression calculation, the decision is:

1. Significant value of t is less than 0.05, it means that the hypothesis is accepted so that the independent variable has a statistically significant impact on the dependent variable.
2. Significant value of t greater than 0.05, it means that the hypothesis is rejected so that the independent variable has no significant impact on the dependent variable.



CHAPTER IV

RESEARCH RESULTS AND DISCUSSION

4.1 Research Object Overview

The sample used in this study is the bank companies listed on the Indonesia Stock Exchange (IDX) in 2016-2021. The research period used is from 2016 to 2021. The sample selection method used is purposive sampling. The number of samples obtained from this technique is 43 banks. The criteria and number of banks that meet these criteria are as follows:

Table 4.1
Research Sample

No.	Sample Selection Criteria	Total Bank
1.	Banks listed on the Indonesia Stock Exchange in the period 2016-2021.	43
2.	Banks that were operated after 2015.	(8)
3.	Banks do not disclose the 2016-2021 financial report on the website.	(1)
4.	Banks that do not provide required complete data.	(4)
Total Sample Based on the Criteria		30
Research Period (30 x 6 Years)		180

Table 4.1 describes the sample selection procedure using the purposive sampling method. The number of bank companies listed on the Indonesia Stock Exchange during the observation period was 43. After the selection, it was found that eight companies were established after 2015, and one bank company did not disclose the 2016-2021 financial statements on the website. While the other four companies do not have complete data and information for data analysis purposes. The observation period of each bank is six years, so the total sample in this study is 180.

4.2 Data Analysis

4.2.1. Descriptive Statistical Analysis

The descriptive statistical analysis aims to provide a descriptive review of each variable in this study. The statistics determined from the number of samples, mean, standard deviation, minimum value, and maximum value of each variable. The results of the descriptive analysis can be seen in table 4.2 below:

Table 4.2
Descriptive Statistical Analysis

Descriptive Statistical Analysis					
	N	Min.	Max.	Mean	Std. Dev.
BOC (Governance structure)	136	3	12	5.09	1.949
BOD (Governance structure)	136	3	12	6.86	2.468
AUC (Governance structure)	136	2	6	3.54	.958
BLH	136	.397	.973	.74205	.172214
AGE	136	30	127	53.44	19.853
TEC	136	.012	.239	.09069	.057510
IFR	136	38.500	88.670	75.03206	9.975132
Valid N (listwise)	136				

Table 4.2 shows the analysis results using descriptive statistics on the internet financial reporting (IFR) variable as measured by determining the IFR index of public banks in Indonesia. Table 4.2 indicates a minimum value of 38.50 at Bank Raya Indonesia, because the bank's website in previous years could not be accessed through WayBack Machine. This is likely to occur due to a change in the website domain, or the website is under maintenance. The maximum value of 88.67 comes from Bank Mandiri and Bank KB Bukopin. With a mean of 74.43 and a standard deviation of 12.42, statistically, the mean is greater than the standard deviation of Indonesian public banks during the study period. This represents a gap between the maximum

and minimum values of the internet financial reporting index during the study period due to the variation in the data.

The independent variable board of commissioners is measured by the total of the bank company's board of commissioner members. The board of commissioners indicated a minimum value of 3. The maximum value is 12, belongs to Bank Negara Indonesia. The number of board of commissioner members indicates that public banking companies in Indonesia have already comply with regulations issued by the Financial Services Authority (OJK) 33/POJK.04/2014. It states that the board of commissioners consists of more than two people. The mean value of the board of commissioners is 5.09, while the standard deviation is 1.949. The standard deviation is lower than the variable's mean value, indicating there is no gap between the maximum and minimum value of the board of commissioners during the study period due to less variation in data.

The independent variable director size is measured by the total of the bank company's director members. The directors indicated a minimum value of 3. The maximum value is 17, belongs to OCBC NISP Bank, Bank Maybank Indonesia, and Bank Negara Indonesia. The number of director members indicates that that banking companies in Indonesia have already comply with regulations issued by the Financial Services Authority (OJK) 33/POJK.04/2014, which states that the directors at least consist of two members. The mean value of the director variable is 6.86, while the standard deviation is 2.468. The standard deviation is lower than the variable's mean value, indicating no gap between the maximum and minimum value of the directors during the study period due to less variation in data.

The independent variable audit committee is measured by the total of the bank company's audit committee members. The audit committee indicated a minimum value of 2 from Bank Panin Dubai Syariah, Allo Bank Indonesia, Bank Rakyat Indonesia, Bank Mandiri, Bank Nobu, Bank Artha Graha Internasional, Bank BTPN, and Bank Neo Commerce. The maximum value is

6 from Bank Rakyat Indonesia, Bank QNB Indonesia, Bank Pan Indonesia, and Bank China Construction Bank Indonesia. The results represent that Indonesian public bank companies have complied with the provisions of financial services authority (OJK) through regulation number 55/PJOK.05/2015 concerning the establishment and guidelines for the implementation of audit committee work in a company consisting of at least three members. The mean value of the audit committee variable is 3.78, while the standard deviation is 1.371. The standard deviation is lower than the variable's mean value, indicating no gap between the maximum and minimum value of the audit committee during the study period due to less variation in data.

The independent variable blockholder is measured with the shares owned by blockholder ownership divided by the number of shares outstanding. The blockholder indicated a minimum value of 0.397 from Bank Capital Indonesia. The maximum value is 0.973, which is from Bank Pan Indonesia, Bank OCBC NISP, Bank Artha Graha Internasional, and Bank Bumi Arta. The mean value of the blockholder variable is 0.74205, while the standard deviation is 0.172214. The standard deviation is lower than the variable's mean value, indicating no gap between the maximum and minimum value of the blockholder during the study period due to less variation in data.

The independent variable company age is measured by the current year minus the company establish year. The company age indicated a minimum value of 30 from Bank Danamon Indonesia, Bank Tabungan Negara, Bank Negara Indonesia, and Allo Bank Indonesia. The maximum value is 127, which is from Bank Rakyat Indonesia. The mean value of the company age variable is 53.44, while the standard deviation is 19.853. The standard deviation is lower than the variable's mean value, indicating no gap between the maximum and minimum value of the company age during the study period due to less variation in data.

The independent variable technology cost is measured with the total technology cost divided by the total operating cost. The technology cost indicated a minimum value of 0.012 from

Bank Rakyat Indonesia. The maximum value is 0.239, which is from Bank Permata. The mean value of the company age variable is 0.9069, while the standard deviation is 0.057510. The standard deviation is lower than the variable's mean value, indicating no gap between the maximum and minimum value of the technology cost during the study period due to less variation in data..

4.2.2 Classical Assumption Test

The classical assumption test is required before performing multiple linear regression analysis. Classical assumption test consisting of a normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test.

Table 4.3
Classical Assumption Test Result

Tests	Conclusion
Normality	This study shows that the residual data are normally distributed. The Kolmogorov-Smirnov test value shows the asymp.sig value (0.067). Which means the value is greater than 0.05. Therefore, it can be concluded that the data is normally distributed.
Multicollinearity	This study shows that all independent variables, namely governance structure, blockholders, company age, and technology costs, have a tolerance value of > 0.1 and a VIF value of < 10 . Therefore, it can be concluded that the regression equation model indicates no multicollinearity between the independent variables.
Heteroscedasticity	This study shows that the results of the autocorrelation test indicates a Durbin-Watson value of 1.976, which lies between -2 to +2, which means there is no deep autocorrelation this research.
Autocorrelation	This study shows that the results of the heteroscedasticity test using the Glejser test on all independent variables, namely governance structure, blockholders, company age, and technology costs show a significance value of > 0.05 . Therefore, it can be concluded that the 32 regression models in this study did not contain heteroscedasticity.

4.3 Hypothesis Testing

Based on the results of the classical assumption test that has been done before, it can be concluded that the regression model meets the requirements of the classical assumption. In this study, the dependent variable is internet financial reporting, while the independent variables are governance structure (board of commissioner, director, and audit committee), blockholder, company age, and technology cost. After doing the classical assumption test, it was found that the data was not normally distributed. It was found that there are 44 outliers after checking the outlier on the descriptive analytics test. An outlier is an observation that deviates so much from other observations as to give rise to suspicions that it was generated by a different mechanism (Hawkins 1980). The outlier data were removed as samples to avoid bias in the research results, so the total final sample is 136. Following are the results of testing the hypothesis using the multiple linear regression method:

Table 4.4
Multiple Linear Regression Analysis

Variables	Unstandardized Coefficients		t	Sig.
	B	Std. Error		
(Constant)	65.502	4.916	13.324	.000
Board of commissioner (Gov. structure)	-.180	.623	-.289	.773
Director (Gov. structure)	1.468	.463	3.173	.002
Audit committee (Gov. structure)	2.003	.706	2.839	.005
Blockholder	-14.169	4.733	-2.993	.003
Company age	-.036	.037	-.986	.325
Technology cost	46.398	9.970	4.654	.000
F	16.904			.000 ^b
R ²	.348			

Based on the table above, the results obtained from testing the multiple linear regression coefficients produce the following model:

$$\text{IFR} = 65.50 - 0.18\text{BOC} + 1.46\text{DIR} + 2.00\text{AUC} - 14.16\text{BLH} - 0.03\text{AGE} + 46.39\text{TEC} + \varepsilon$$

The detail result that we can conclude from the model start from the IFR. It is known that the constant value for IFR is 65.502, which means that if the independent variable is 0, the IFR will have a constant value of 65.502.

The regression coefficient of the board of commissioners variable is -0.180, meaning that if the proportion of the board of commissioners increases by one unit, the IFR will decrease by 0.180, assuming other variables at a fixed value. Table 4.4 shows that the significance value of the board of commissioner variable is 0.773, greater than 0.05 ($0.773 > 0.05$), and the t-count value is -0.289. This shows that the size of the board of commissioners does not affect internet financial reporting.

The regression coefficient of the directors variable is 1,468 meaning that if the proportion of the directors increases by one unit, then the IFR will increase by 1,468 assuming other variables at a fixed value. Table 4.4 shows that the significance value of the directors variable is 0.002, which is less than 0.05 ($0.002 < 0.05$), and the t-count value is 3.173. This shows that the size of the board of directors has a significant positive effect on internet financial reporting.

The regression coefficient of the audit committee variable is 2.003, meaning that if the proportion of audit committees increases by one unit, then the IFR will increase by 2.003 assuming the other variables are at a fixed value. Table 4.4 shows that the significance value of the audit committee variable is 0.005, which is less than 0.05 ($0.005 < 0.05$) and the t-count value is 2.839. This shows that the size of audit committees has a significant positive effect on internet financial reporting.

The regression coefficient of the blockholder variable is -14.169, meaning that if the proportion of blockholder increases by one unit, then the IFR will decrease by 14.169 assuming

the other variables are at a fixed value. Table 4.4 shows that the significance value of the blockholder variable is 0.003, which is less than 0.05 ($0.003 < 0.05$) and the t-count value is -2.993. This shows that the proportion of blockholder has a significant negative effect on internet financial reporting.

The regression coefficient of the company age variable is -0.036, meaning that if the proportion of company age increases by one unit, then the IFR will decrease by 0.036 assuming the other variables at a fixed value. Table 4.4 shows that the significance value of the company age variable is 0.325, which is greater than 0.05 ($0.325 > 0.05$) and the t-count value is -0.986. This shows that the proportion of company age does not affect internet financial reporting.

The regression coefficient of the technology cost variable is 46.398, meaning that if the proportion of technology cost increases by one unit, then the IFR will increase by 46.398 assuming the other variables at a fixed value. Table 4.4 shows that the significance value of the company age variable is 0.000, which is less than 0.05 ($0.000 < 0.05$) and the t-count value is 4.654. This shows that the proportion of technology cost has a significant positive effect on internet financial reporting.

From the table above, it can be seen that the Adjusted R Square is 0.348. This shows the ability of the independent variables, namely governance structure (board of commissioner, director, and audit committee), blockholders, company age, and technology costs, in explaining the dependent variable, namely disclosure of internet reporting, which is 34.8%. In comparison, the remaining 65.2% is explained by variables or other factors not examined in this study. Meanwhile, the correlation coefficient test (R) results are worth 0.608, which means that this value is at intervals that show a strong relationship between the independent and dependent variables.

Based on the 95% confidence level or $\alpha = 0.05$ and degrees of freedom ($df = n - k - 1$), where n is the number of samples and k is the number of independent variables, $df = (136 - 6 - 1 = 129)$.

With $df = 129$, a t_{table} value of 1.6568 is obtained. H_a will be accepted if $t_{count} > t_{table}$ and has a significance value < 0.05 and H_a will be rejected if $t_{count} < t_{table}$ and has a significance value > 0.05 .

H1a: Board of commissioner affects the implementation of internet financial reporting.

Based on the results of the t-statistical test from table 4.4, the board of commissioner has a t_{count} of $-0.289 < 1.99495$, so that t_{count} is not in the influential part with a significance level of $0.773 > 0.05$. These results show that board of commissioner does not affects the implementation of internet financial reporting, so hypothesis (H1a) is rejected.

H1b: Director affects the implementation of internet financial reporting.

Based on the results of the t-statistical test from table 4.4, the directors has a t_{count} of 3.173 > 1.99495 , so that t_{count} is in the influential part with a significance level of $0.002 < 0.05$. These results show that director size significantly affects the implementation of internet financial reporting, so hypothesis (H1b) is accepted.

H1c: Audit committee affects the implementation of internet financial reporting.

Based on the results of the t-statistical test from table 4.4, the audit committee has a t_{count} of $2.839 > 1.99495$, so that t_{count} is in the influential part with a significance level of $0.005 < 0.05$. These results show that audit committee significantly affects the implementation of internet financial reporting, so hypothesis (H1c) is accepted.

H2: Blockholder affects the implementation of internet financial reporting.

Based on the results of the t-statistical test from table 4.4, the blockholder has a t_{count} of $-2.993 < 1.99495$, so that t_{count} is not in the influential part with a significance level of $0.003 < 0.05$. These results show that blockholder significantly affects the implementation of internet financial reporting, so hypothesis (H2) is accepted.

H3: Company age affects the implementation of internet financial reporting.

Based on the results of the t-statistical test from table 4.4, the company age has a t_{count} of $-0.986 < 1.99495$, so that t_{count} is not in the influential part with a significance level of $0.325 > 0.05$.

These results show that company age does not affect the implementation of internet financial reporting, so hypothesis (H3) is rejected.

H4: Technology cost affects the implementation of internet financial reporting.

Based on the results of the t-statistical test from table 4.4, the technology cost has a t_{count} of $4.654 > 1.99495$, so that t_{count} is in the influential part with a significance level of $0.000 < 0.05$.

These results show that technology cost significantly affects the implementation of internet financial reporting, so hypothesis (H4) is accepted.

Table 4.5
Summary of Hypothesis Testing Results

Hypothesis	Statement	Result
H1a	Board of commissioner impacts the implementation of internet financial reporting.	Rejected
H1b	Director impacts the implementation of internet financial reporting.	Accepted
H1c	Audit committee impacts the implementation of internet financial reporting.	Accepted
H2	Blockholder impacts the implementation of internet financial reporting.	Accepted
H3	Company age impacts the implementation of internet financial reporting.	Rejected
H4	Technology cost impacts the implementation of internet financial reporting.	Accepted

4.4 Discussion

Based on the results of the partial significance test (t-test), it is known that director, audit committee, blockholder, and technology cost have a significant effect on the implementation of internet financial reporting. In contrast, the board of commissioner and company age has no significant impact on the implementation of internet financial reporting.

The first hypothesis for this study is the effect of governance structure (board of commissioner, director, and audit committee) on the implementation of internet financial reporting. A system of working mechanisms is needed to achieve good corporate governance for the company, including the board of commissioner, director, and audit committee. The board of commissioners is responsible for the corporation's long-term success in the interests of shareholders and creditors. This study finds that the board of commissioners does not have a significant effect on the implementation of internet financial reporting. Regardless of the size of the board of commissioners in a company does not encourage management to disclose information strategy more broadly on the company's website. This finding is in line with Jao et al. (2019) and Amalia & Laksito (2013). Strategic information is considered as information that is sufficiently threatening to the company's competitive strategy if it is consumed by the public, especially by competitors. Although on the other hand the disclosure can also increase the value of the company in the eyes of investors, disclosure through the website is not the only medium for companies to promote their superiority. The disclosure of information through the company's website is only seen as voluntary, so encouraging management to disclose the information has not become a top priority for the board of commissioners. The company will only publish critical information that is thought to influence investor perceptions of the company. Because information disclosure can cause harm to some parties, the board of commissioners, which has been effective in supervising and advising the directors, will consider limiting it (Siagian & Ghazali, 2012).

The director affect the implementation of internet financial reporting. This finding is supported by Bin-Ghanem & Ariff (2016). The directors act as the governing body of a company, elected by shareholders to set strategy and supervise the management. This is also in accordance with Michelin & Parbonetti (2012) who find that a larger number of boards in a company will increase the company's financial disclosure because the level of independence of supervision of

the company will be better. The number of boards can maximize the function of the company's accounting and supervisory practices.

The audit committee affect the implementation of internet financial reporting. This finding is supported by Bin-Ghanem & Ariff (2016) and Jao et al. (2019). The audit committee oversees the financial reporting process undertaken by management (agents), thereby increasing the reliability of the company's financial statements. In supervising the company's financial statements, the audit committee will produce financial statements that show the company's fundamental conditions. The audit committee's effectiveness as a corporate governance mechanism can prevent information asymmetry, indicating that the financial statements can be trusted and verified. Using IFR, the audit committee can encourage management to be more open about its financial statements. The audit committee's effectiveness can control management regarding financial reporting quality and the company's internal control system, including information disclosure.

The blockholders significantly affects the implementation of internet financial reporting. This variable is measured by the ratio of number of shares that are more than 5% to the total shares outstanding. The results of this study indicate that the blockholders affects the implementation of internet financial reporting negatively. This shows that a bigger percentage of blockholder ownership will reduce the need for additional monitoring companies in the form of transparency through internet financial reporting because corporate financial reporting via the internet may not be a priority for them. This research is in line with research conducted by Kelton & Yang (2008), which found that block ownership is negatively associated with its internet disclosures, suggesting that the effect of blockholders on IFR is substitutive and that block ownership decreases a management's need for monitoring.

The hypothesis testing of the company age has no significant effect on the implementation of internet financial reporting with a significance value greater than 0.05. This means that the

companies that have been established for a long time or the company that has just been established do not affect the internet financial reporting index. It is because, in Indonesia, disclosure of internet financial reporting is mandatory based on POJK No. 8/PJOK.04/2015 concerning issuer or public company websites so that bank companies listed on the Indonesia Stock Exchange must have disclosed company information through the company's website. Companies that have been established for a long time or are newly established apply technology such as using the internet in their business to attract potential investors and overcome information asymmetry. This study's results align with the results of research by Maulana & Almilia (2018) and Satwika & Sari (2021).

The fourth hypothesis for this study is the effect of technology cost on the implementation of internet financial reporting. The ratio of the cost of technology by the total operating cost measures this variable. The results of this study indicate that the proportion of technology cost affects the implementation of internet financial reporting. The positive result of the t-test shows that a large number of technology costs will increase the implementation of internet financial reporting. Based on the results of the hypothesis testing, it can be concluded that a greater technology cost will make a better IFR implementation. This finding is in line with A. S. Setiawan (2020) who found that the level of technology that is characteristic of a company has a positive impact on companies to implement IFR better. Technology is mostly used as a medium of communication between banking companies and their stakeholders, including investors and customers to reduce information asymmetry. The internet financial reporting is a medium of communication between companies and stakeholders and has the advantage of providing convenience in accessing company information for investors.

CHAPTER V

CONCLUSION

5.1 Conclusion

The research was conducted to obtain information regarding the effect of governance structure, blockholders, company age, and technology costs on implementing internet financial reporting in bank companies listed on the Indonesia Stock Exchange in 2016-2021. The board of commissioners does not impact the implementation of internet financial reporting. This result means that the size of board of commissioner, does not affect the implementation of internet financial reporting. The disclosure of information through the company's website is only seen as voluntary, so encouraging management to disclose the information has not become a top priority for the board of commissioners.

The directors significantly impact the implementation of internet financial reporting. This result means that the greater the number director, the greater the implementation of internet financial reporting. A larger number of directors in a company will increase the company's IFR because the number of directors can maximize the function of the company's accounting practices and supervision. The management is also improving the implementation of IFR in order to be able to attract more shareholders, because company information can be accessed anytime on the website.

The audit committee significantly impact the implementation of internet financial reporting. This result means that the greater the number of audit committee, the greater the implementation of internet financial reporting. By implementing IFR, the audit committee can encourage management to be more open about its financial information. The audit committee's effectiveness can control management internal control system, including information disclosure.

Blockholder have a significant negative impact of the implementation of internet financial reporting. This result means that the greater the number of blockholder ownership, the less the implementation of internet financial reporting. A bigger percentage of blockholder ownership will reduce the need for additional monitoring companies in the form of transparency through internet financial reporting because corporate financial reporting via the internet may not be a priority for them.

Company age does not impact the implementation of internet financial reporting. This result means that the old or new establishment of the company does not affect the implementation of internet financial reporting. In Indonesia, disclosure of internet financial reporting is mandatory based on POJK No. 8/PJOK.04/2015 concerning issuer or public company websites so that bank companies listed on the Indonesia Stock Exchange must have disclosed company information through the company's website.

Technology costs impact the implementation of internet financial reporting. This result means that the greater the technology cost, the greater the implementation of internet financial reporting. Technology is mostly used as a medium of communication between banking companies and their stakeholders, including investors and customers to reduce information asymmetry.

5.2 Limitation and Future Research

This research has limitations that require improvement and development for further researchers to obtain better results regarding the same topic. The tools used to view websites in previous years (WayBack Machine) have limitations for viewing at one specific time. The WayBack Machine does not capture all website features at one time, so it redirects to another time. More accurate tools are needed to be used in future research. The researcher also found difficulties when defining technology cost. Future study can use a finer definition of technology cost since the disclosure on this cost is limited.

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APPENDIX

Appendix 1: List of Research Sample Companies

BBRI	PT BANK RAKYAT INDONESIA (PERSERO) Tbk
BMRI	PT BANK MANDIRI (PERSERO) Tbk
BBNI	PT BANK NEGARA INDONESIA (PERSERO) Tbk
BBTN	PT BANK TABUNGAN NEGARA (PERSERO) Tbk
BDMN	PT BANK DANAMON INDONESIA Tbk
BNLI	PT BANK PERMATA Tbk
BBCA	PT BANK CENTRAL ASIA Tbk
BNII	PT BANK MAYBANK INDONESIA Tbk
PNBN	PT PAN INDONESIA BANK Tbk
BNGA	PT BANK CIMB NIAGA Tbk
NISP	PT BANK OCBC NISP Tbk
INPC	PT BANK ARTHA GRAHA INTERNASIONAL Tbk
BNBA	PT BANK BUMI ARTA Tbk
BCIC	PT BANK JTRUST INDONESIA Tbk
MAYA	PT BANK MAYAPADA INTERNATIONAL Tbk
BSIM	PT BANK SINARMAS Tbk
BMAS	PT BANK MASPION INDONESIA Tbk
BKSW	PT BANK QNB INDONESIA Tbk
SDRA	PT BANK WOORI SAUDARA INDONESIA 1906 Tbk
MEGA	PT BANK MEGA Tbk

BBKP	PT BANK KB BUKOPIN Tbk
BABP	PT BANK MNC INTERNASIONAL Tbk
AGRO	PT BANK RAYA INDONESIA Tbk
MCOR	PT BANK CHINA CONSTRUCTION BANK INDONESIA Tbk
BACA	PT BANK CAPITAL INDONESIA Tbk
BTPN	PT BANK BTPN Tbk
BBYB	PT BANK NEO COMMERCE Tbk
NOBU	PT BANK NATIONALNOBU Tbk
PNBS	PT BANK PANIN DUBAI SYARIAH Tbk
BBHI	PT ALLO BANK INDONESIA ***)



Appendix 2: Internet Financial Reporting Index Items

1. Content

Items	Notes	Max. Score	Multiplier
The number of years is displayed			
Annual report	Score 3 > 2 years Score 2 = 2 years Score 1 = 1 year Score 0 = No report	0-3	0,5
Quarterly report	Score 3 > 2 years Score 2 = 2 years Score 1 = 1 year Score 0 = No report	0-3	0,5
Other financial information			
Stock	Score 1 = Yes	0-1	3
Stock price chart	Score 0 = No	0-1	2
Language			
English	Score 1 = Yes	0-1	2
Other foreign languages	Score 0 = No	0-1	1
Financial information			
Statement of financial information			
PDF	Score 1 = Yes	0-1	1

HTML	Score 0 = No	0-1	2
Income statement			
PDF	Score 1 = Yes	0-1	1
HTML	Score 0 = No	0-1	2
Cash flow statement			
PDF	Score 1 = Yes	0-1	1
HTML	Score 0 = No	0-1	2
Statement of changes in equity			
PDF	Score 1 = Yes	0-1	1
HTML	Score 0 = No	0-1	2
Notes to financial statements			
PDF	Score 1 = Yes	0-1	1
HTML	Score 0 = No	0-1	2
Quarterly disclosure			
PDF	Score 1 = Yes	0-1	1
HTML	Score 0 = No	0-1	2
Financial highlight			
PDF	Score 1 = Yes	0-1	1
HTML	Score 0 = No	0-1	2
Growth rate ratio	Score 1 = Yes	0-1	2
chart	Score 0 = No		
Board report			
PDF	Score 1 = Yes	0-1	1
HTML	Score 0 = No	0-1	2

Auditor report			
PDF	Score 1 = Yes	0-1	1
HTML	Score 0 = No	0-1	2
4.10 Shareholder information			
PDF	Score 1 = Yes	0-1	1
HTML	Score 0 = No	0-1	2
Company information			
Vision and mision			
PDF	Score 1 = Yes	0-1	1
HTML	Score 0 = No	0-1	2
Board of commissioner and director			
PDF	Score 1 = Yes	0-1	1
HTML	Score 0 = No	0-1	2
Direct relationship and contact with investor			
PDF	Score 1 = Yes	0-1	1
HTML	Score 0 = No	0-1	2
Corporate social responsibility			
PDF	Score 1 = Yes	0-1	1
HTML	Score 0 = No	0-1	2

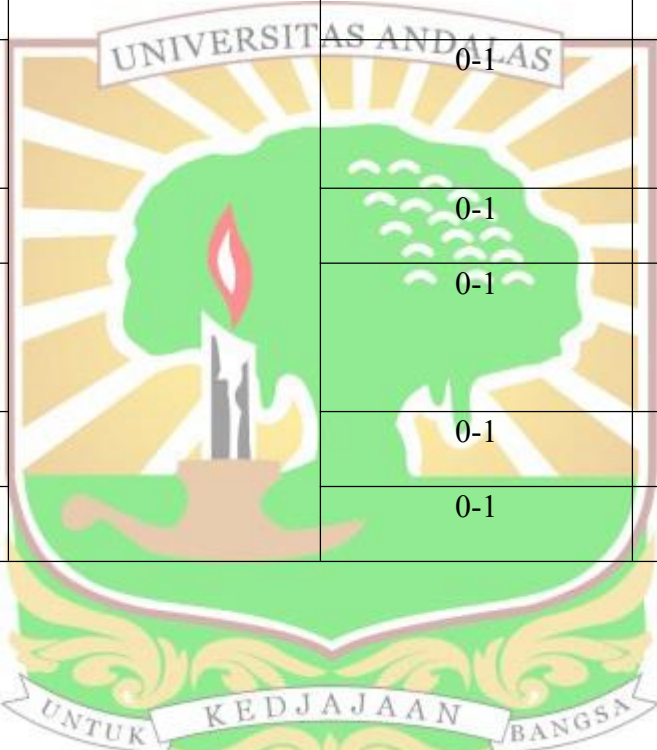
2. Timeliness

Items	Notes	Max. Score	Multiplier
Press conference			
Existence	Score 1 = Yes	0-1	2

	Score 0 = No		
Number of days of last news update	Score 2 if the news update is 1 week Score 1 if the news update lasts more than 1 week Score 0 if the news update is more than 1 month	0-2	1,5
Latest quarterly results and unaudited			
Existence	Score 1 = Yes	0-1	2
With proper disclaimer	Score 0 = No	0-1	1
Stock price			
Existence	Score 1 = Yes Score 0 = No	0-1	2
Update in how many days	2 = updates every day 1 = updates every week 0 = updates > one week	0-1	1
Company vision and mission statement			
Existence	Score 1 = Yes	0-1	2
Proper disclaimer	Score 0 = No	0-1	1

Future profit forecast graph		0-1	1
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3. Technology

Jenis Item	Keterangan	Nilai Maks	Multiplier
Download plug-in on spot	Score 1 = Yes Score 0 = No	0-1	1
Online feedback and support		0-1	2
Presentation slide		0-1	3
Multimedia technology		0-1	4
Analysis tools		0-1	5
Advanced features		0-1	6

4. User support

Jenis Item	Keterangan	Nilai Maks	Multiplier
Help and frequently asked question	Score 1 = Yes Score 0 = No	0-1	3
Link to main page		0-1	1
Link up		0-1	1
Sitemap		Score 1 = Yes	0-1

Search	Score 0 = No	0-1	3
Website page design consistency		0-1	2
The number of “clicks” to get financial information	Score 1 if ≤ 2 clicks Score 0 if more than 2 clicks	0-1	4



Appendix 3: Independent variable

Name	Year	BOC	BOD	AUC	BLH	AGE	TEC	IFR
BBRI	2016	5	6	6	0.5675	127	0.0189	87.33
PNBN	2016	8	10	3	0.9729	76	0.171	87
NISP	2016	6	9	5	0.9729	66	0.124	70.17
INPC	2016	8	10	4	0.9729	68	0.1981	76.33
BNBA	2016	5	10	3	0.9729	65	0.0998	80
BCIC	2016	6	4	0.6	62	0.0357	83.67	
MAYA	2016	6	11	5	0.5884	51	0.0893	75
BMAS	2016	9	10	3	0.7418	81	0.0915	84.67
BKSW	2016	7	6	6	0.8932	49	0.0918	74
SDRA	2016	3	3	3	0.4715	55	0.0149	61.33
MEGA	2016	6	7	5	0.8485	33	0.075	86.33
BBKP	2016	5	9	3	0.9692	33	0.0439	50.83
BABP	2016	3	8	3	0.8508	33	0.1007	77.83
AGRO	2016	3	4	4	0.5137	33	0.0278	50
MCOR	2016	6	6	3	0.9091	109	0.1023	51.67
BACA	2016	4	6	5	0.9587	48	0.0826	77.33
BTPN	2016	4	8	3	0.8426	53	0.0686	76.5
BBYB	2016	7	7	5	0.5299	52	0.0625	88.67
NOBU	2016	3	5	4	0.8796	33	0.2016	80.5
PNBS	2016	4	5	2	0.9074	33	0.0267	38.5
BBHI	2016	3	8	2	0.9007	48	0.0789	81.17

BBRI	2017	3	5	3	0.5782	33	0.04	68.67
BMRI	2017	5	7	4	0.594	64	0.047	75
BBNI	2017	4	4	4	0.6854	32	0.0319	79.17
BDMN	2017	3	3	3	0.4394	30	0.0291	72
BNII	2017	8	10	3	0.7548	76	0.152	87
PNBN	2017	8	8	6	0.9136	72	0.097	74
BNGA	2017	6	7	3	0.7808	66	0.133	70.17
NISP	2017	8	9	3	0.5675	68	0.1772	76.33
INPC	2017	5	11	3	0.6	65	0.113	80
BNBA	2017	6	7	3	0.5884	62	0.0305	83.67
BCIC	2017	6	11	4	0.6	51	0.0955	75
BSIM	2017	8	10	3	0.8923	81	0.0931	84.67
BMAS	2017	6	8	5	0.4715	49	0.1317	74
BKSW	2017	3	3	3	0.8485	55	0.0141	61.33
SDRA	2017	6	7	5	0.9148	33	0.0565	86.33
MEGA	2017	6	8	3	0.8508	33	0.0436	50.83
BBKP	2017	3	6	3	0.5354	33	0.1135	77.83
BABP	2017	3	4	4	0.9091	33	0.0266	50
MCOR	2017	4	6	4	0.8372	48	0.0907	77.33
BACA	2017	5	7	3	0.5606	53	0.0529	76.5
BTPN	2017	7	8	5	0.88	52	0.0679	88.67
BBYB	2017	3	4	4	0.9074	33	0.1603	80.5
NOBU	2017	4	5	3	0.9007	33	0.0265	38.5

PNBS	2017	5	8	3	0.5782	48	0.0996	81.17
BBHI	2017	5	7	2	0.6167	64	0.059	75
BBRI	2018	4	3	4	0.9431	32	0.0245	79.17
BBNI	2018	3	3	3	0.4593	50	0.1775	75
BBTN	2018	3	4	3	0.6838	30	0.0258	72
BBCA	2018	9	11	4	0.9093	76	0.1665	87
PNBN	2018	8	9	3	0.5675	66	0.1472	70.17
BNGA	2018	8	4	0.6	68	0.1911	76.33	
NISP	2018	5	12	3	0.5884	65	0.1205	80
BNBA	2018	4	11	3	0.7903	51	0.0907	75
MAYA	2018	8	9	4	0.5494	81	0.1128	84.67
BSIM	2018	7	8	3	0.8485	49	0.107	74
BMAS	2018	3	3	3	0.9148	55	0.0138	61.33
BKSW	2018	4	6	4	0.8508	33	0.0352	86.33
MEGA	2018	3	6	3	0.9091	33	0.1118	77.83
BBKP	2018	7	6	4	0.7824	109	0.0546	51.67
BABP	2018	4	6	4	0.5559	48	0.0816	77.33
AGRO	2018	5	8	3	0.8962	53	0.064	76.5
MCOR	2018	8	8	6	0.9096	52	0.0538	88.67
BACA	2018	3	3	5	0.8763	33	0.2072	80.5
BBYB	2018	4	6	3	0.594	48	0.1003	81.17
NOBU	2018	3	4	3	0.5392	33	0.0344	68.67
PNBS	2018	5	5	2	0.928	64	0.0811	75

BBHI	2018	4	4	4	0.8653	32	0.0263	79.17
BBRI	2019	3	5	2	0.4592	32	0.0124	73.5
BMRI	2019	3	3	2	0.6	50	0.1954	75
BBNI	2019	3	4	3	0.8035	30	0.0753	72
BNLI	2019	8	11	4	0.8007	76	0.147	87
BBCA	2019	6	8	4	0.572	72	0.077	74
BNII	2019	8	10	4	0.6	66	0.1388	70.17
PNBN	2019	8	4	4	0.5884	68	0.1936	76.33
BNGA	2019	5	11	3	0.6	65	0.1373	80
NISP	2019	6	8	3	0.7383	62	0.0259	83.67
INPC	2019	5	11	3	0.892	51	0.0888	75
BNBA	2019	8	11	4	0.5494	67	0.2355	88
BCIC	2019	9	9	4	0.8485	81	0.0875	84.67
MAYA	2019	5	5	3	0.9148	49	0.153	74
BSIM	2019	3	3	5	0.8508	55	0.0132	61.33
BMAS	2019	4	5	4	0.3971	33	0.0349	86.33
SDRA	2019	3	6	3	0.9619	33	0.0957	77.83
MEGA	2019	6	6	3	0.607	109	0.0508	51.67
BBKP	2019	4	6	5	0.9032	48	0.0798	77.33
BABP	2019	5	7	3	0.9248	53	0.0613	76.5
MCOR	2019	3	4	5	0.5802	33	0.2	80.5
BTPN	2019	4	6	3	0.5492	48	0.1079	81.17
BBYB	2019	3	4	3	0.9343	33	0.0373	68.67

NOBU	2019	5	9	2	0.8653	64	0.0976	75
PNBS	2019	4	6	4	0.4572	32	0.0243	79.17
BBHI	2019	3	5	2	0.5988	32	0.021	73.5
BBRI	2020	3	3	2	0.72	50	0.2208	75
BMRI	2020	3	4	3	0.8636	30	0.0933	72
BBNI	2020	12	10	5	0.5675	76	0.1483	87
BDMN	2020	6	8	4	0.6	72	0.0912	74
BNLI	2020	8	10	4	0.5884	66	0.0786	70.17
BBCA	2020	8	9	4	0.6	68	0.1955	76.33
BNII	2020	5	12	3	0.941	65	0.0925	80
PNBN	2020	6	8	3	0.892	62	0.0325	83.67
BNGA	2020	6	10	5	0.5494	51	0.0861	75
INPC	2020	8	10	2	0.9148	81	0.0778	84.67
BNBA	2020	5	5	4	0.8508	49	0.197	74
BCIC	2020	3	3	4	0.3971	55	0.015	61.33
MAYA	2020	4	6	3	0.9091	33	0.0251	86.33
BMAS	2020	3	6	3	0.7934	33	0.083	77.83
BKSW	2020	6	6	3	0.9032	109	0.0513	51.67
SDRA	2020	4	6	5	0.9248	48	0.0808	77.33
MEGA	2020	5	7	3	0.8948	53	0.0739	76.5
BABP	2020	3	5	4	0.5947	33	0.1998	80.5
MCOR	2020	4	6	3	0.9341	48	0.0957	81.17
BACA	2020	3	4	3	0.8653	33	0.0493	68.67

BTPN	2020	5	10	2	0.4252	64	0.1189	75
BBYB	2020	3	3	2	0.9243	32	0.0396	79.17
NOBU	2020	3	4	2	0.6597	32	0.0264	73.5
BBHI	2020	3	3	3	0.9195	30	0.1116	72
BBNI	2021	10	12	5	0.6	76	0.163	87
BBTN	2021	7	9	5	0.5884	72	0.0931	74
BDMN	2021	8	8	5	0.6	66	0.0714	70.17
BNLI	2021	6	7	4	0.9247	68	0.2386	76.33
BNII	2021	7	8	5	0.5494	62	0.0336	83.67
PNBN	2021	6	10	4	0.8485	51	0.0794	75
INPC	2021	5	7	3	0.3971	49	0.1692	74
BNBA	2021	3	4	3	0.9091	55	0.015	61.33
BCIC	2021	5	7	3	0.8669	33	0.0292	86.33
BSIM	2021	3	6	3	0.5813	33	0.0854	77.83
BKSW	2021	6	5	3	0.9248	109	0.0207	51.67
SDRA	2021	3	6	4	0.8948	48	0.0658	77.33
MEGA	2021	5	7	3	0.6409	53	0.0626	76.5
BABP	2021	3	5	4	0.8048	33	0.2129	80.5
MCOR	2021	4	6	3	0.7756	48	0.125	81.17
BACA	2021	3	5	3	0.3965	33	0.0564	68.67
BTPN	2021	5	10	4	0.9243	64	0.1134	75
BBYB	2021	4	6	3	0.7483	32	0.174	79.17
NOBU	2021	3	4	2	0.8832	32	0.0347	73.5

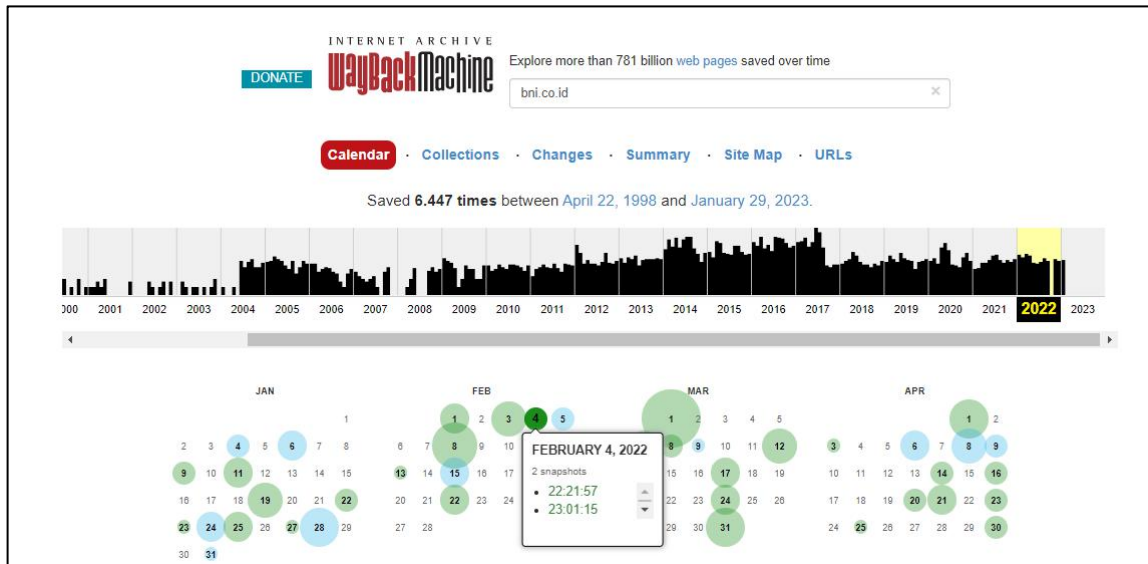
Appendix 4: Dependent variable

Name	IFR Index
PT BANK RAKYAT INDONESIA (PERSERO) Tbk	87.33
PT BANK MANDIRI (PERSERO) Tbk	88.67
PT BANK NEGARA INDONESIA (PERSERO) Tbk	87.00
PT BANK TABUNGAN NEGARA (PERSERO) Tbk	74.00
PT BANK DANAMON INDONESIA Tbk	70.17
PT BANK PERMATA Tbk	76.33
PT BANK CENTRAL ASIA Tbk	80.00
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PT BANK OCBC NISP Tbk	84.67
PT BANK ARTHA GRAHA INTERNASIONAL Tbk	74.00
PT BANK BUMI ARTA Tbk	61.33
PT BANK JTRUST INDONESIA Tbk	86.33
PT BANK MAYAPADA INTERNATIONAL Tbk	50.83
PT BANK SINARMAS Tbk	77.83

PT BANK MASPION INDONESIA Tbk	50.00
PT BANK QNB INDONESIA Tbk	51.67
PT BANK WOORI SAUDARA INDONESIA 1906 Tbk	77.33
PT BANK MEGA Tbk	76.50
PT BANK KB BUKOPIN Tbk	88.67
PT BANK MNC INTERNASIONAL Tbk	80.50
PT BANK RAYA INDONESIA Tbk	38.50
PT BANK CHINA CONSTRUCTION BANK INDONESIA Tbk	81.17
PT BANK CAPITAL INDONESIA Tbk	68.67
PT BANK BTPN Tbk	75.00
PT BANK NEO COMMERCE Tbk	79.17
PT BANK NATIONALNOBU Tbk	73.50
PT BANK PANIN DUBAI SYARIAH Tbk	75.00
PT ALLO BANK INDONESIA ***)	72.00

Appendix 5: WayBack Machine

Picture 1. WayBack Machine Pin-point



Picture 2. Company Website on WayBack Machine

INTERNET ARCHIVE
Wayback Machine
https://www.bni.co.id/id-id/ 2,476 captures
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