

CHAPTER 5

CONCLUSION AND SUGGESTION

5.1 Conclusions

This research aims to empirically test and analyze the effect of AI-related term disclosure (categories 1, 2, and 3), both in aggregate and partially, on the financial performance of banks as reflected in ROA, P/E, and their total operating expenses. The sample used in this study consists of bank companies listed on the Indonesia Stock Exchange (IDX) from 2020-2022. Based on the conducted research, the following conclusions are drawn:

1. AI-related terms disclosure in bank companies listed on IDX in 2020-2022 in aggregate (a combination of AI-related terms disclosure categories 1, 2, and 3) has a significant effect on financial performance as reflected in ROA, P/E, and banks' total operating expenses. This indicates that more AI-related terms disclosure will affect the company's financial performance.
2. The AI-related terms disclosure category 1 and 2 (AIDTC and AIAPS) have no significant effect on Return on Assets (ROA). In the other hand, AI-related terms disclosure category 3 (AICCT) has significant effect.

From this conclusion, the following conclusions branch out:

- 2.1 Digital awareness, transformation, and capabilities disclosure (AIDTC) have no significant effect on ROA. This represents that more or less digital awareness, transformation, and capabilities disclosure will not affect the company's ROA.

2.2 AI application, product, service, and process disclosure (AIAPS) have no significant effect on ROA. This represents that more or less AI application, product, service, and process disclosure will not affect the company's ROA.

2.3 AI information challenges and cyber security threats disclosure (AICCT) have significant and positive effect on ROA. This indicates that the more digital awareness, transformation, and capabilities disclosure, the more the ROA will increase.

3. The disclosure of AI-related terms in categories 1 and 2 (AIDTC and AIAPS) do not exert a notable influence on the Price-to-Earning Ratio (PER). Conversely, AI-related terms in category 3 (AICCT) exhibit a significant impact. Consequently, the subsequent conclusions can be derived from this observation:

3.1 Digital awareness, transformation, and capabilities disclosure (AIDTC) have no significant effect on PER. This signifies that an increase or decrease in the disclosure of digital awareness, transformation, and capabilities will have no impact on the company's Price-to-Earnings Ratio (PER).

3.2 AI application, product, service, and process disclosure (AIAPS) have no significant effect on PER. This signifies that an increase or decrease in the disclosure of AI application, product, service, and process will have no impact on the company's Price-to-Earnings Ratio (PER).

3.3 AI information challenges and cyber security threats disclosure (AICCT) have significant and negative effect on PER. This indicates the presence of an inverse relationship. Therefore, the more AI information challenges and cyber security disclosure, the lower the PER will be.

4. The AI-related terms disclosure category 1 (AIDTC) has no significant effect on Banks' Total Operating Expense (TEXP). In the other hand, AI-related terms disclosure category 2 and 3 (AIAPS and AICCT) have significant effect. From this conclusion, the following conclusions branch out:

4.1 Digital awareness, transformation, and capabilities disclosure (AIDTC) have no significant effect on banks' total operating expense. This represents that more or less digital awareness, transformation, and capabilities disclosure will not affect the company's ROA.

4.2 AI application, product, service, and process disclosure (AIAPS) have significant and positive effect on banks' total operating expense. This indicates that the more AI application, product, service, and process disclosure, the more banks' total operating expenses will increase.

4.3 AI information challenges and cyber security threats disclosure (AICCT) have significant and positive effect on banks' total operating expense. This indicates that the more AI information

challenges and cyber security threats disclosure, the more banks' total operating expenses will increase.

5.2 Research Limitations

The research has been conducted with utmost care and adherence to scientific standards. Nevertheless, it is essential to acknowledge certain constraints that can serve as valuable pointers for future investigations. The following are some of the study's limitations:

1. Disclosure of Artificial Intelligence (AI) is still voluntary, so the results of this study related to company compliance in disclosing AI cannot be generalized.
2. The low level of coefficient of determination (R-squared), on average, of 23%, indicates that the independent variables can only explain about 23% of the variation in the dependent variable. The remaining significant variation, at 77%, is due to other factors not included in the model. This constraint indicates the need for caution in generalizing the results of this study to a broader population. It encourages further research to identify additional factors that contribute to the success of AI implications, adoption, and disclosure such as company culture, employee skills, leadership and governance.

5.3 Suggestions

Based on these limitations of the research mentioned above, the suggestions that the researcher can propose are as follows:

1. Future researchers are advised to consider more firm characteristics and control for other factors that drive successful AI implementation and

disclosure, such as corporate governance and ownership structure. The benefits of AI implementation can also be evaluated at the business unit or process level, not just at the bank's overall performance level. Future research can explore business unit performance in more detail.

2. Banks are advised to disclose information related to AI implementation to improve their financial performance. This will build stakeholder trust and attract AI-savvy investors.
3. Stakeholders are advised that, in the future, they can pay more attention to non-financial information in the form of Artificial Intelligence (AI) disclosure when determining investment decisions in the company.
4. The government may consider enacting policies or regulations that encourage companies to be more proactive in disclosing information about the use of AI technology. This can increase transparency and provide stakeholders, including investors, a clearer view of how AI technology contributes to company performance.

