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# The Influence of PSAK 71 Implementation on Firm Value with Investor Confidence as a Moderating Variable

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***Abstract*—** This study aims to analyze the influence of the implementation of the Indonesian Financial Accounting Standards Statement (PSAK) 71 on firm value, with investor confidence as a moderating variable. The research focuses on banking companies listed on the Indonesia Stock Exchange (IDX) during the 2020–2023 period. A quantitative approach with a causal-comparative research design was employed. The data were analyzed using SPSS version 25.The results indicate that the Allowance for Impairment Losses (CKPN), as a representation of PSAK 71 implementation, has a significant effect on firm value. This is evidenced by a significance value of 0.000 and a t-statistic of -17.685, which exceeds the critical t-value, thereby supporting the first hypothesis. However, investor confidence does not moderate the relationship between CKPN and firm value, as demonstrated by a t-statistic of -0.435, which is below the critical t-value, and a significance level above 0.05. These findings suggest that although CKPN influences market perceptions of risk and corporate valuation, investor confidence is not yet strong enough to mitigate this effect. This study contributes to the understanding of the dynamics surrounding the application of PSAK 71 and market perceptions of financial stability in the banking sector.

***Keywords*—** PSAK 71, Allowance for Impairment Losses, Firm Value, Investor Confidence, Banking Sector.

## I. INTRODUCTION

Changes in accounting regulations have far-reaching impacts on financial reporting and corporate management strategies, particularly in the banking sector, which heavily relies on transparency, accountability, and public trust. The implementation of accounting standards not only influences the policies related to financial recording and reporting but also affects risk management strategies and investor perceptions of a firm's performance (Dewi & Supriyadi, 2020; Prasetyo & Haryanto, 2021). One of the most significant regulatory changes in recent years is the implementation of the Indonesian Financial Accounting Standards Statement (PSAK) 71 on Financial Instruments. This standard, adapted from the International Financial Reporting Standard (IFRS) 9, came into effect in Indonesia on January 1, 2020 (Ikatan Akuntan Indonesia, 2020).

PSAK 71 introduces a fundamental shift in the provisioning for credit losses by replacing the incurred loss model of previous standards with the expected credit loss (ECL) model. Under the former model, loss provisioning was only required when there was objective evidence of a decline in the value of financial assets. In contrast, the new model mandates that banks establish provisions proactively based on forward-looking estimates of potential credit risk (Dewi & Putra, 2021). This implementation encourages banks to be more anticipatory in recognizing credit losses, thereby enhancing the resilience of the banking system against unexpected credit risks.

While the primary goal of PSAK 71 is to improve the quality of financial reporting and credit risk management, its implementation has significant consequences for banks' financial statements—particularly through increased provisioning costs. This increase in provisions may reduce net income, weaken core capital, and potentially influence banks' lending strategies (Gunawan & Setiawan, 2022; Trisnawati & Setyawan, 2021). In the short term, banks with higher-risk credit portfolios are likely to face greater financial pressure, as they are required to allocate more substantial reserves than those with lower-risk portfolios.

The impact of PSAK 71 also extends to firm value, which reflects market expectations regarding a company's performance and prospects. Firm value can be measured

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using various indicators such as Price to Book Value (PBV), Tobin's Q, and Market Capitalization—all of which are highly dependent on investor perceptions of a firm's long-term stability and profitability (Saputra et al., 2021; Oktaviani & Nurfadilah, 2020). When banks' net income is suppressed due to rising provisioning expenses, the resulting lower stock prices and weaker financial ratios may diminish the attractiveness of banking investments, particularly for investors who are sensitive to earnings volatility.

Investor confidence serves as a critical moderating factor in the relationship between PSAK 71 implementation and firm value. Investors with high confidence in the transparency and risk management strategies of banks are generally more tolerant of regulatory changes that affect short-term earnings. They understand that increased provisioning is part of a long-term risk mitigation strategy that can strengthen financial stability (Wijaya & Prasetyo, 2023). Conversely, in situations where investor confidence is low, stock price volatility may intensify, as investors tend to react negatively to reduced earnings and weakened financial ratios resulting from PSAK 71 implementation (Rahmawati et al., 2022).

Although several studies have examined the impact of PSAK 71 on the financial performance of banks (Saputra et al., 2021; Gunawan & Setiawan, 2022), there remains limited research specifically exploring the role of investor confidence as a moderating variable in the relationship between PSAK 71 implementation and firm value (Siregar & Utama, 2022). Most existing studies focus only on the direct effects of PSAK 71 on profitability and credit loss provisioning, without considering investor perception as a key determinant of capital market reactions.

Furthermore, the majority of previous research remains oriented toward short-term financial impacts, while studies on the long-term implications for firm value and investment appeal in the banking sector remain scarce (Agustina & Herlina, 2022). This study aims to fill that research gap by examining how investor confidence moderates the relationship between PSAK 71 implementation and firm value.

The novelty of this study lies in the use of post-implementation data from Indonesian banks, enabling a more updated and relevant analysis of current financial market conditions. Consequently, the study not only provides empirical insights into the effects of accounting policies on the banking sector but also offers strategic implications for regulators, investors, and bank management in enhancing transparency and managing market confidence amidst evolving regulatory frameworks (Kusumawati & Nugroho, 2021).

This research holds significant value, both academically and practically. From an academic standpoint, it contributes theoretically by explaining the role of investor confidence as a moderating variable in the relationship between PSAK 71 implementation and firm value. By investigating the impact of PSAK 71 on firm value within the context of Indonesian banking, this study enriches the academic discourse on the effectiveness of accounting standards in enhancing financial transparency and stability. From a practical perspective, the findings may assist bank management in formulating more effective financial communication strategies to investors in order to mitigate the negative consequences of accounting regulation changes (Utami & Fauzi, 2021). A deeper understanding of investor responses to PSAK 71 enables banks to develop more robust risk management policies and strengthen investor relations strategies.

For investors and capital market participants, this study can serve as a reference for assessing the financial stability of banks following the implementation of PSAK 71. Additionally, the research offers insights for regulators and market stakeholders on how transparency and provisioning policies influence firm value and investor sentiment. The findings also have implications for regulatory authorities such as the Financial Services Authority (OJK) and Bank Indonesia (BI), as they evaluate the effectiveness of PSAK 71 in the banking sector. The results may inform policy decisions aimed at supporting banks in managing increased credit provisioning without undermining market confidence (OJK, 2020; BI, 2021).

In conclusion, this study contributes not only to the academic literature but also holds substantial practical relevance for various stakeholders, including academics, banking management, investors, and regulators.

## II. Literature Review

### *A. Signaling Theory*

Signaling theory posits that the information disclosed by a company to the market can influence investors' perceptions (Spence, 1973). The implementation of PSAK 71, which increases credit loss reserves, may be interpreted by investors as a signal of heightened risk, potentially diminishing their confidence in the bank's financial stability. Conversely, firms with effective financial communication strategies may convey a positive signal, suggesting that increased provisioning is a prudent form of risk management, thereby preserving or even enhancing firm value.

### *B. Agency Theory*

Agency theory explains the relationship between management (agents) and shareholders (principals), wherein there is potential for conflicts of interest due to information asymmetry (Jensen & Meckling, 1976). In the context of PSAK 71, investors may question whether high provisioning policies are genuinely based on risk management practices or are merely strategies for earnings management. Therefore, investor trust becomes a critical factor in determining how the market responds to such regulatory changes.

### *C. Firm Value*

Firm value reflects the market's expectations regarding a business entity's performance and can be measured using indicators such as Price to Book Value (PBV), Tobin's Q, and Market Capitalization (Gunawan & Setiawan, 2022). Several factors influence firm value, including

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profitability, credit loss provisioning policies, and the level of transparency in financial reporting. The implementation of PSAK 71, which leads to increased reserves, may suppress short-term earnings. However, in the long run, it can enhance investor trust if accompanied by sound risk management practices.

### *D. PSAK 71*

PSAK 71 on Financial Instruments came into effect in Indonesia on January 1, 2020, introducing a fundamental shift in credit loss provisioning through the adoption of the Expected Credit Loss (ECL) model. This standard replaced the previous Incurred Loss Model, which only recognized credit losses after objective evidence of asset impairment was identified. Under the ECL model, banks are required to establish Allowances for Impairment Losses (Cadangan Kerugian Penurunan Nilai or CKPN) based on the estimated potential risks before default occurs (Dewan Standar Akuntansi Keuangan IAI, 2017).

PSAK 71 categorizes CKPN measurement into three stages. The first stage, 12-Month Expected Credit Loss, estimates provisions for financial assets that have not experienced a significant increase in credit risk since initial recognition. If a substantial increase in credit risk is observed, the asset is reclassified into Stage 2 (Lifetime Expected Credit Loss – Significant Increase in Credit Risk), in which provisions are based on expected losses over the asset's entire life. For assets that are confirmed to be credit-impaired, they fall under Stage 3 (Lifetime Expected Credit Loss – Credit Impaired), requiring banks to account for the full expected loss over the remaining life of the asset (IAI, 2017).

The implementation of PSAK 71 significantly affects financial reporting, particularly through the increase in CKPN, which can suppress net income in the short term. However, CKPN also serves as a key indicator of a bank's prudence in managing credit risk. In empirical studies, CKPN is often measured as a ratio of total loans (CKPN to total loans) or as a ratio to total banking assets. A substantial increase in CKPN due to PSAK 71 adoption may affect various financial indicators, including profitability and firm value, which in turn could influence investor perceptions and confidence in a bank's financial stability (Sari & Haryanto, 2021; Wahyuni & Daryanto, 2022).

### *E. Investor Trust*

Investor trust plays a crucial role in shaping the relationship between accounting changes and firm value. Investors who have high confidence in a firm's transparency are more likely to maintain their investment, even amid policy changes that reduce short-term earnings (Wijaya & Prasetyo, 2023). Conversely, low investor confidence may heighten stock price volatility due to negative reactions to financial reports showing reduced profits and increased provisioning expenses (Rahmawati et al., 2022). Thus, investor trust can act as a moderating variable in the relationship between PSAK 71 implementation and firm value, determining whether the regulatory impact is perceived positively or negatively by the market.

## III. METHODS

This study employs a quantitative approach using a causal-comparative method, aiming to examine the impact of PSAK 71 implementation on firm value and the moderating role of investor confidence. The quantitative approach is chosen because this research involves the measurement of variables through numerical data and statistical analysis. The population in this study comprises banking companies listed on the Indonesia Stock Exchange (IDX) during the period 2019–2023. A purposive sampling technique is employed to select the sample based on specific criteria, including: banks that were listed on the IDX before and after the implementation of PSAK 71, those that have complete annual financial statements throughout the research period, those that disclose information related to Allowance for Impairment Losses (CKPN) and firm value indicators in their financial statements, and those that were not delisted during the observation period.

The data used in this study are secondary data obtained from the banks' annual financial reports available on the official website of the Indonesia Stock Exchange (www.idx.co.id), company annual reports, and publications from the Financial Services Authority (OJK). The variables used in this study consist of an independent variable, namely the implementation of PSAK 71, which is measured by the ratio of CKPN to total credit (CKPN/Total Credit); a dependent variable, namely firm value, measured using Tobin's Q; and a moderating variable, investor confidence, measured using the Price to Earnings (P/E) ratio.

The data analysis technique employed in this study is moderated regression analysis (MRA) using a multiple regression model to test the effect of PSAK 71 on firm value and the moderating role of investor confidence. Classical assumption tests, including tests for normality, multicollinearity, heteroscedasticity, and autocorrelation, are conducted to ensure the validity of the regression model used. Data processing is carried out using SPSS version 25 software. Hypothesis testing is conducted by assessing the regression coefficient (β), the significance level (p-value < 0.05), and the Adjusted $R^2$ to evaluate the strength of relationships between variables. The moderating effect is tested by examining the interaction between PSAK 71 and investor confidence in the regression model to determine the extent to which investor confidence strengthens or weakens the effect of PSAK 71 on the firm value of banking companies.

## IV. RESULTS AND DISCUSSION

### *A. Description of Research Object*

The population in this study consists of banking companies listed on the Indonesia Stock Exchange (IDX) during the period 2020–2023. The number of banking companies listed on the IDX during 2020–2023 is 188.

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Based on the sample selection criteria applied through purposive sampling, using predefined criteria, the final number of samples obtained is 164.

*B. Descriptive Statistical Test*

Descriptive statistical analysis provides an overview or description of data as seen from the minimum value, maximum value, mean, and standard deviation of each research variable. The results of the descriptive statistical analysis using SPSS version 25 for the variables in this study Table 1 shows:

Table 1. Results of Descriptive Statistical Test

**Descriptive Statistics**

| | N | Min | Max | Mean | Std. Dev |
|---|---|---|---|---|---|
| Firm Value | 164 | -0.5687 | 0.6562 | 0.023293 | 0.1773402 |
| CKPN | 164 | -6.3843 | 3.0863 | 0.045846 | 1.9651557 |
| Investor Confidence | 164 | -0.4659 | 5.1155 | 2.652819 | 1.0873979 |
| Valid N (listwise) | 164 | | | | |

Table 1 shows the calculation of the Firm Value variable (Y) in this study was obtained using Tobin's Q proxy. The results of the descriptive statistical analysis of the firm value variable show a minimum value of -0.5687, while the maximum value is 0.6562. The mean firm value is 0.023293, with a standard deviation of 0.1773402.

The calculation of the CKPN variable (X) in this study uses the result of total allowance for impairment losses divided by total assets. The descriptive statistical analysis of the CKPN variable shows a minimum value of -6.3843 and a maximum value of 3.0863. The mean value is 0.045846 with a standard deviation of 1.9651557.

The calculation of the Investor Confidence variable (Z) in this study uses the result of the share price per unit divided by earnings per share (EPS). The descriptive statistical analysis of this variable shows a minimum value of -0.4659, a maximum value of 5.1155, a mean of 2.652819, and a standard deviation of 1.0873979.

*C. Classical Assumption Tests*

Before testing the hypothesis, the researcher conducted tests for classical assumption violations, including normality, multicollinearity, and heteroscedasticity tests.

*1) Normality Test*

The normality test aims to determine whether the data used are normally distributed. The t-test and F-test assume that residuals follow a normal distribution. If this assumption is violated, the statistical test becomes invalid for small sample sizes (Ghozali, 2016).

One method to test normality is the Kolmogorov-Smirnov (K-S) test. If analyzed using a graph, and the data spreads around the diagonal line and follows both directions of the diagonal, then the regression model meets the normality assumption. The decision rules for the Kolmogorov-Smirnov test are:

If the Asymp. Sig > 0.05, the data are normally distributed.

If the Asymp. Sig < 0.05, the data are not normally distributed.

From 47 companies selected, there are 188 samples over the 4-year observation period. Several extreme data points were found, leading to the use of outlier detection in the sample. According to Ghozali (2011), an outlier is a case or data point with unique characteristics that significantly differ from other observations, appearing as extreme values either for a single variable or a combination. Detection of outliers is done by converting data into standardized scores or z-scores (Ghozali, 2011).

After conducting the normality test using the Kolmogorov-Smirnov (K-S) test and finding data that were not normally distributed, trimming (removal) of outliers was carried out. Outliers were identified using the univariate method by examining each data point individually and removing extreme values, i.e., if the absolute value of the studentized residual is greater than 3 (Hair et al., 1995).

Univariate outlier testing was conducted for each indicator variable using SPSS v25. Observations with z-scores $\leqslant$ -3.00 or $\geqslant$ 3.00 were categorized as outliers (Ferdinand, 2002). After removing outliers, a second normality test was conducted, which showed the data to be normally distributed. After trimming, 164 research samples were used for further analysis in SPSS. The results of the normality test are shown in table 2:

Table 2. Normality Test Results
One-Sample Kolmogorov-Smirnov Test

| | | Unstandardized Residual |
|---|---|---|
| N | | 164 |
| Normal Parameters[a,b] | Mean | 0.0000000 |
| | Std. Deviation | 0.09800153 |
| Most Extreme Differences | Absolute | 0.066 |
| | Positive | 0.052 |
| | Negative | -0.066 |
| Test Statistic | | 0.066 |
| Asymp. Sig. (2-tailed) | | .078[c] |
| a. Test distribution is Normal. | | |
| b. Calculated from data. | | |
| c. Lilliefors Significance Correction. | | |

Based on Table 2, the Asymp. Sig (2-tailed) value is 0.078, indicating a significance level above 0.05 (0.078 > 0.050). This means the data used in this study are normally distributed.

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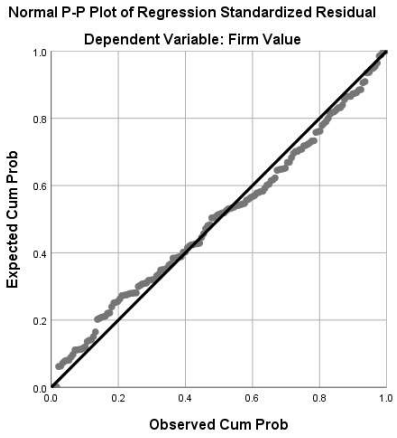


Figure 2. Normal Probability Plot

Based on Figure 2, the data points appear to be distributed around and along the diagonal line, indicating that the data are normally distributed and that the assumption of normality is satisfied.

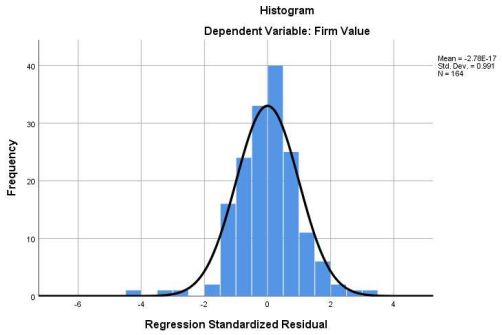


Figure 3. Histogram of Normality Test

The histogram shown in Figure 3 displays a bell-shaped curve without skewness. This confirms that the data follow a normal distribution.

*2) Multicollinearity Test*

The multicollinearity test aims to determine whether the regression model has multicollinearity, i.e., a correlation between independent variables. A good regression model should not have correlations between independent variables (Ghozali, 2016). Multicollinearity is assessed using the Variance Inflation Factor (VIF) and tolerance values. If VIF < 10 and tolerance > 0.1, the model is considered free from multicollinearity.

Table 3. Multicollinearity Test Results

| | Collinearity Statistics | |
|---|---|---|
| | **Tolerance** | **VIF** |
| CKPN | 1,021 | ,895 |
| Investor Confidence | 1,125 | ,899 |

*Source: Secondary data processed using SPSS 25 (2025)*

Based on Table 3, all tolerance values are > 1 and VIF values are < 1. Thus, no multicollinearity exists among the independent variables.

*3) Heteroscedasticity Test*

This test checks whether there is a variance difference in residuals across observations. A good regression model is homoscedastic (i.e., no heteroscedasticity). Heteroscedasticity is tested using a scatterplot of the predicted values (ZPRED) versus residuals (SPRESID). If no clear pattern is visible and the points are scattered around zero, heteroscedasticity is not present.

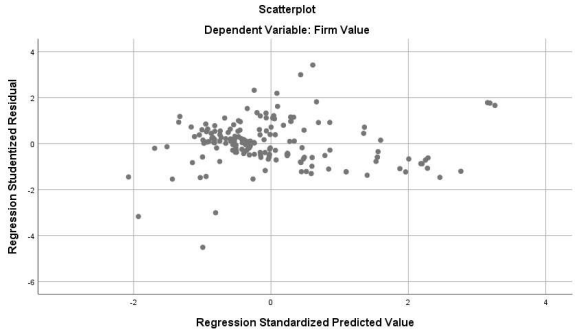


Figure 4. Heteroscedasticity Test Plot

Based on Figure 4, there is no clear pattern among the residuals, and the points are randomly distributed above and below zero. This indicates that heteroscedasticity is not present in the model.

*D. Multiple Linear Regression Analysis*

The multiple linear regression equation is used to determine whether the independent variables have an influence on the dependent variable, both partially and simultaneously. In this study, the independent variables are Allowance for Impairment Losses (CKPN) (X) and Investor Confidence Level (Z), while the dependent variable is Firm Value (Y).

Table 5. Results of Multiple Linear Regression Analysis (Equation 1)

**Coefficients[a]**

| Model | Unstandardized Coefficients | | Standardized Coefficients |
|---|---|---|---|
| | B | Std. Error | Beta |
| (Constant) | 0.177 | 0.020 | |
| CKPN | -0.070 | 0.004 | -0.771 |
| Investor Confidence | -0.057 | 0.007 | -0.347 |

a. Dependent Variable: Firm Value

Based on the SPSS output in Table 5, the constant value in the Unstandardized Coefficients (B) column is 0.177. The coefficient for CKPN (X) is -0.070, while the coefficient for Investor Confidence Level (Z) is -0.057. Thus, the multiple linear regression equation (Equation 1) can be written as follows:

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$$\text{Firm Value} = \alpha + \beta_1(\text{CKPN}) + \beta_2(\text{Investor Confidence Level}) + \varepsilon \quad (1)$$

$$\text{Firm Value} = 0.177 - 0.070(\text{CKPN}) - 0.057(\text{Investor Confidence Level}) + \varepsilon$$

*E. Moderated Regression Analysis (MRA)*

Moderated Regression Analysis (MRA) is used to examine whether a moderating variable strengthens or weakens the relationship between independent and dependent variables. The results of the moderation test are shown in table 6:

Table 6. Results of MRA (Equation II)

| Model | Unstandardized Coefficients | | Standardized Coefficients |
|---|---|---|---|
| | B | Std. Error | Beta |
| (Constant) | 0.176 | 0.021 | |
| CKPN | -0.065 | 0.012 | -0.717 |
| Investor Confidence | -0.056 | 0.007 | -0.345 |
| CKPN*Investor Confidence | -0.002 | 0.004 | -0.057 |

Based on the SPSS output in Table 6, the constant value is 0.176. The coefficient for CKPN (X) is -0.065, the coefficient for Investor Confidence Level (Z) is -0.056, and the interaction term (CKPN * Investor Confidence Level) has a coefficient of -0.002. Thus, the regression equation is:

$$\text{Firm Value} = \alpha + \beta_1(\text{CKPN}) + \beta_2(\text{Investor Confidence Level}) + \beta_3(\text{CKPN*Investor Confidence Level}) + \varepsilon \quad (2)$$

$$\text{Firm Value} = 0.176 - 0.065(\text{CKPN}) - 0.056(\text{Investor Confidence Level}) - 0.002(\text{CKPN*Investor Confidence Level}) + \varepsilon$$

*F. Hypothesis Testing*

*1) T-Test Results*

The t-test is used to determine the extent to which an individual independent variable affects the dependent variable, i.e., to test the partial effect. If the significance value is less than 0.05 or the calculated t-value is greater than the critical t-value (t_table), then the alternative hypothesis (Ha) is accepted, indicating that the independent variable has a significant effect on the dependent variable. Conversely, if the significance value is greater than 0.05 or t_calculated < t_table, then Ha is rejected.

Table 7. T-Test Results (Partial Test)

| Coefficients[a] | | |
|---|---|---|
| Model | t | Sig. |
| (Constant) | 8.660 | 0.000 |
| CKPN (X) | -17.685 | 0.000 |

a. Dependent Variable: Y

Based on Table 7, the following conclusion can be drawn:

$H_1$: CKPN has an effect on Firm Value

The CKPN variable has a significance value of 0.000. Since 0.000 < 0.05 and the t-value of -17.685 > t_table (1.975), this indicates that CKPN is statistically significant at the 5% level. Therefore, $H_1$ is accepted, suggesting that CKPN (X) has a partial or individual effect on Firm Value. This confirms that the first hypothesis ($H_1$) — "CKPN has an effect on Firm Value" — is supported.

2) Interaction Significance Test (Moderated Regression Analysis - MRA)

Moderation testing is conducted using the interaction approach (MRA), where the moderating variable is multiplied with the independent variable to create an interaction term.

Table 8. MRA Test Results

| Coefficients[a] | | |
|---|---|---|
| Model | t | Sig. |
| (Constant) | 8.531 | 0.000 |
| CKPN | -5.425 | 0.000 |
| Investor Confidence | -7.844 | 0.000 |
| CKPN*Investor Confidence | -0.435 | 0.664 |

a. Dependent Variable: Y

From table 8 above obtained from the moderation test, it can be concluded that.

$H_2$: Investor Confidence Level moderates the effect of CKPN on Firm Value

The interaction term (CKPN * Investor Confidence Level) has a t-value of -0.435, which is lower than the t_table value of 1.975. This indicates that the interaction is not statistically significant at the 5% level. Therefore, $H_2$ is rejected, suggesting that the Investor Confidence Level does not moderate the effect of CKPN ($X_1$) on Firm Value. In other words, the second hypothesis ($H_2$) — "Investor Confidence Level moderates the effect of CKPN on Firm Value" — is not supported.

3) Coefficient of Determination ($R^2$) Test Results

The coefficient of determination ($R^2$) is used to assess the extent to which the model explains the variation in the dependent variable. The $R^2$ value ranges between 0 and 1. A small $R^2$ indicates that the independent variables have limited ability to explain the dependent variable.

Table 9. Coefficient of Determination ($R^2$) Test Results

| Model Summary[b] | | | | |
|---|---|---|---|---|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| | .833[a] | 0,695 | 0,689 | 0,0989160 |

a. Predictors: (Constant), CKPN*Investor Confidence, Investor Confidence, CKPN

b. Dependent Variable: Firm Value

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Based on Table 9, the R Square value is 0.695. This indicates that the variables CKPN and Investor Confidence Level together explain 69.5% of the variation in Firm Value.

*G. Discussion*

*1) CKPN Influences Firm Value*

The hypothesis testing reveals that the Allowance for Impairment Losses (CKPN) has a significant effect on firm value, supported by a p-value of 0.000 and t-value of -17.685 > 1.970. Thus, H1 is accepted. This aligns with previous studies indicating that impairment reserves affect investors' perceptions of risk and financial stability, which in turn impact firm valuation (Sari & Haryanto, 2021).

Conservative and standard-compliant CKPN management signals prudent risk management to investors (PSAK 71, 2017). However, excessive CKPN may reflect elevated credit risk, thereby reducing firm value. The negative coefficient indicates that higher CKPN is associated with lower firm value, possibly due to its adverse effect on net income (Husna & Satria, 2020).

*2) Investor Confidence Does Not Moderate the Effect of CKPN on Firm Value*

The interaction test shows that investor confidence does not significantly moderate the relationship between CKPN and firm value (t = -0.435 < 1.970, p > 0.05). Therefore, H2 is rejected. This contrasts with earlier research suggesting that investor confidence enhances the link between financial performance and firm value when financial information is deemed credible (Wahyuni & Daryanto, 2022).

In this study, investor confidence appears insufficient to mitigate the negative effect of CKPN. One possible explanation is that investors may prioritize quantitative metrics like profit, ROA, or cash flow over psychological or perceptual factors such as investor trust (Tandelilin, 2010). Alternatively, the measurement model may not accurately capture investor confidence (Jogiyanto, 2014).

## V. Conclusion

Allowance for Impairment Losses (CKPN) has a significant effect on firm value. This indicates that the level of CKPN set by a company directly influences investor perceptions regarding the firm's risk and financial stability. A high CKPN is viewed as an indication of increasing credit risk, which may reduce net income and, ultimately, lower the firm's market value. These findings are consistent with existing theories and previous research that emphasize the importance of effective risk management in reflecting a company's fundamental value.

The variable Investor Confidence Level does not moderate the relationship between CKPN and firm value. This suggests that in the context of this study, investor perception is not strong enough to alter or weaken the effect of CKPN on firm value. This may be attributed to investors' greater focus on more concrete financial indicators and potential limitations in the measurement of the investor confidence variable.

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