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The Impact of the Covid-19 Pandemic and Financial Technology Adoption on Financial Performance Moderating by Capital Adequacy

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ABSTRACT

The research objective was to determine the impact of the Covid-19 Pandemic and Fintech Adoption on Company Performance and Capital adequacy as a Moderating Variable in Indonesian Government Banking. This type of research is quantitative. Objects of Government Commercial Banks registered on the Indonesian Stock Exchange (IDX) in the 2012-2021 period. The data analysis method uses the panel data regression analysis method with the ordinary least squares (OLS) approach or the common effect model, fixed effect model, and random effect model. Data processing using the MS.Exel 2010 statistical software assistance application program includes the creation of tables and graphs for descriptive analysis with statistical processing with EVIEWS version 10. The results show that Fintech Adoption (FTA) partially has a negative and significant effect on Financial Performance, the Covid-19 Pandemic 19 (COV) partially Has negative and not significant effect on Financial Performance, Covid-19 Pandemic, and Financial Technology Adoption Simultaneously Has a Positive and Significant Effect on Financial Performance, Capital Adequacy (CAR) moderates between Financial Technology Adoption (FTA) and Financial Performance, Capital Adequacy (CAR) moderated between the Covid-19 Pandemic (COV) and Financial Performance in Indonesian Government Banking

INTRODUCTION

The Covid – 19 pandemic that has occurred globally, including in Indonesia, has had a serious impact on various sectors, especially the economic and financial sectors. The impact experienced by the economic and financial sector is the decline in the condition of banking financial performance due to bad loans. Bad credit occurs as a result of government policies that implement social distancing. This policy resulted in the community losing part or all of their income (Fauziyah 2021). This condition will bring banks to face bad credit problems which in turn will bring banks to face credit risk.

According to Hanung Herlianto, Executive Director of Banking Research and Regulation of the Financial Services Authority (OJK) quoted from Aldin (2020) stated that bank credit risk ratios in October 2020 experienced an increase of 0.36% to 23.89%, compared to the previous month's 23, 53%. On the other hand, Hanung also said that lending was still sluggish. In October 2020, credit contracted by 0.47% to IDR 5,480 trillion. According to Dewi, Herawati et al. (2015) if these risks are not addressed immediately and take place

massively, it will have an impact on bank profitability. Based on data obtained from OJK, bank profitability has decreased significantly, from 2.57% in March 2020 to 1.6% in January 2021.

However, despite these worrying conditions, and through the application of financial technology by banks such as mobile banking, internet banking, and phone banking, banks can take advantage of the opportunities in the midst of Covid - 19 to boost the profitability ratio. This increase indicates that during the Covid-19 pandemic, a lot of people accessed banking through digital banking services provided by banks. This condition apart from providing convenience for the community, on the other hand also provides benefits for the bank.

Below is a graph of the growth in transaction volume through e-banking for the period March 2020 to April 2021:
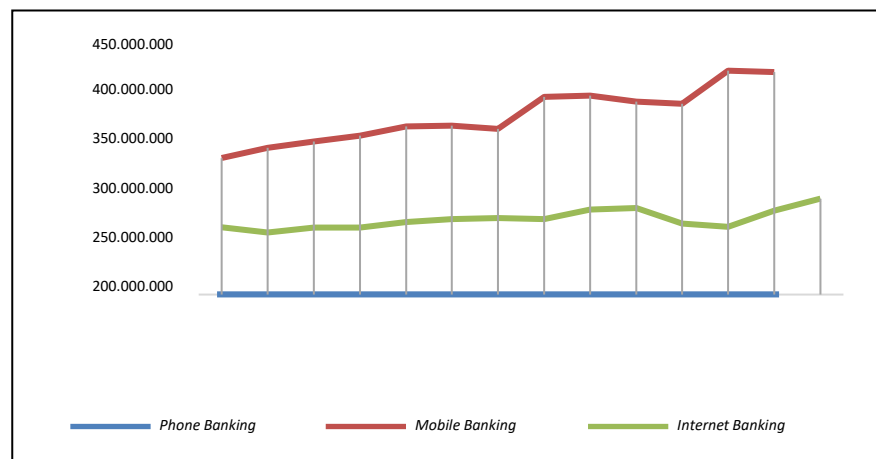
Source: BI (2021)

Figure 1. Transaction Volume Growth Through E-Banking

Based on figure 1, it shows an increase in the volume of transactions using electronic banking. The most significant increase in transaction volume was dominated by the use of mobile banking applications, while the volume of transactions with internet banking and phone banking tended to be constant, however, internet banking showed an increase from February to April 2021.

According to Rauf, Qiang et al. (2018) states that there is a significant influence between Internet banking on ROA and ROE. In addition, research conducted by Prastika (2019) shows that the adoption of FinTech affects increasing operating income so as to increase bank profitability. Furthermore, Le, Mai, et al. (2021) in their research stated that FinTech innovation had a positive impact on the financial performance of banks in Vietnam. On the other hand, Sinambela and Rohani (2017) and Imamah and Safira (2021) state that FinTech adoption has no significant effect on bank financial performance. In addition, Sutarti, Syakhroza et al. (2019) stated that the number of adoptions of e-banking technology innovation types harmed bank performance.

Based on the background and some of the literature reviews, this study aims to examine whether the adoption of FinTech in banking services can boost banking financial performance during the period before and during the Covid-19 pandemic.

In connection with this problem phenomenon, the researcher suspects that it is necessary to further examine the causal relationship between the facts of the problem phenomenon so that the researcher is interested in conducting further research which is outlined under the title "The Impact of the Covid-19 Pandemic and Fintech Adoption on Company Performance and Capital Adequacy as a Moderating Variables in Indonesian Government Banking.

Formulation of the problem
1. What is the effect of Financial Technology Adoption (mobile banking, internet banking and phone banking, etc.) on Financial Performance in Indonesian Government Banking?
2. What is the effect of the Covid – 19 Pandemic on Financial Performance in Indonesian Government Banking?
3. What is the simultaneous effect of the Covid-19 Pandemic and Financial Technology Adoption on Financial Performance in Indonesian Government Banking?
4. Does Capital Adequacy Ratio moderates between Financial Technology Adoption (mobile banking, internet banking and phone banking, etc.) and Financial Performance in Indonesian Government Banking?
5. Does Capital Adequacy Ratio moderates between the Covid-19 Pandemic and Financial Performance in Indonesian Government Banking?

LITERATURE REVIEW

Financial Technology Adoption (mobile banking, internet banking and phone banking etc.) on Financial Performance in Indonesian Government Banking

According to research conducted by Imamah and Safira (2021) states that mobile banking has a positive influence on banking financial performance. Mary and Isola (2019) also revealed that the mobile banking variable as one of the independent variables in their research shows that mobile banking has a positive and significant influence on the financial performance of banks recorded in Kenya. Besides that in Pakistan, according to Rauf, Qiang et al. (2019) in their research found that Internet banking showed positive and significant results on the financial performance of banks in Pakistan. Likewise with the research conducted by Akhisar, Tunay et al. (2019) stated that internet banking has a significant and positive effect on banking financial performance in both developed and developing countries.
FinTech adoption will be more profitable and more efficient from an operational standpoint than banks that do not adopt FinTech. Because banks that provide FinTech adoption will have better asset quality in managing costs for buildings and equipment (Tyas and Purwanti 2020)
Based on the explanation described above, the hypothesis can be formulated as follows:
H_1: FinTech Adoption (mobile banking, internet banking, and phone banking etc.) has a positive and significant effect on Financial Performance in Indonesian Government Banking

The Covid–19 Pandemic on Financial Performance in Indonesian Government Banking
The existence of Covid - 19 also put pressure on the banking sector, the impact of which was bad credit. Bad credit will bring the bank to face credit risk due to the debtor's inability to fulfill obligations to pay credit to the bank (Hasibuan 2017). So, if these risks are not immediately addressed and take place massively, it will have an impact on the soundness of the bank / bank profitability. Because one of the factors that affect the level of bank profitability is the value of bad loans / NPL (Non Performing Loan) of a bank. Problem loans or bad loans will have an impact on bank profitability ratios (Bidari 2020). According to research conducted by Dewi, Herawati et al. (2020) shows that there is a strong and negative correlation between bad loans or NPL and ROA as a profitability ratio.
However, other studies state that the existence of the co-19 pandemic has had a positive influence on financial technology applied by banks through a financial application. In their research, Fu and Mishra (2022) stated that the Covid-19 pandemic caused a significant increase in the download rate of financial applications provided by banks. This condition interprets that banks can take advantage of financial technology developments during the Covid-19 pandemic by offering technology-based products because during the Covid-19 pandemic, the download rate of these applications will increase which will ultimately have a positive effect. on increasing bank profitability.

Based on the description that has been described above, the hypothesis can be formulated as follows:
H_2: The Covid – 19 pandemic has had a positive and significant effect on Financial Performance in Indonesian Government Banking

Capital Adequacy Ratio Moderates Financial Technology Adoption (mobile banking, internet banking and phone banking etc.) on Financial Performance in Indonesian Government Banking

According to research conducted by Imamah and Safira (2021) states that mobile banking has a positive influence on banking financial performance. Mary and Isola (2019) also revealed that the mobile banking variable as one of the independent variables in their research shows that mobile banking has a positive and significant influence on the financial performance of banks recorded in Kenya. Besides that in Pakistan, according to Rauf, Qiang et al. (2019) in their research found that Internet banking showed positive and significant results on the financial performance of banks in Pakistan. Likewise with the research conducted by Akhisar, Tunay et al. (2010) stated that internet banking has a significant and positive effect on banking financial performance in both developed and developing countries.

FinTech adoption will be more profitable and more efficient from an operational standpoint than banks that do not adopt FinTech. Because banks that provide FinTech adoption will have better asset quality in managing costs for buildings and equipment (Tyas and Purwanti 2020).

Based on the explanation described above, the hypothesis can be formulated as follows:

H_3 : Capital Adequacy Ratio (Capital Adequacy Ratio) Moderate between FinTech Adoption (mobile banking, internet banking and phone banking etc.) on Financial Performance in Indonesian Government Banking

Capital Adequacy Ratio (Capital Adequacy Ratio) Moderates the Covid-19 Pandemic on Financial Performance in Indonesian Government Banking

The existence of Covid - 19 also put pressure on the banking sector, the impact of which was bad credit. Bad credit will bring the bank to face credit risk due to the debtor's inability to fulfill obligations to pay credit to the bank (Hasibuan 2019). So, if these risks are not immediately addressed and take place massively, it will have an impact on the soundness of the bank / bank profitability. Because one of the factors that affect the level of bank profitability is the value of bad loans / NPL (Non Performing Loan) of a bank. Problem loans or bad loans will have an impact on bank profitability ratios (Bidari 2020). According to research conducted by Dewi, Herawati et al. (2019) shows that there is a strong and negative correlation between bad loans or NPL and ROA as a profitability ratio.

However, other studies state that the existence of the co-19 pandemic has had a positive influence on financial technology applied by banks through a financial application. In their research, Fu and Mishra (2022) stated that the Covid-19 pandemic caused a significant increase in the download rate of financial applications provided by banks. This condition interprets that banks can take advantage of financial technology developments during the Covid-19 pandemic by offering technology-based products, because during the Covid-19 pandemic, the download rate of these applications will increase, ultimately having a positive effect. on increasing bank profitability.

Based on the description that has been described above, the hypothesis can be formulated as follows:

H_4: Capital Adequacy Ratio (Capital Adequacy Ratio) Moderates Between the Covid – 19 Pandemic on Financial Performance in Indonesian Government Banking
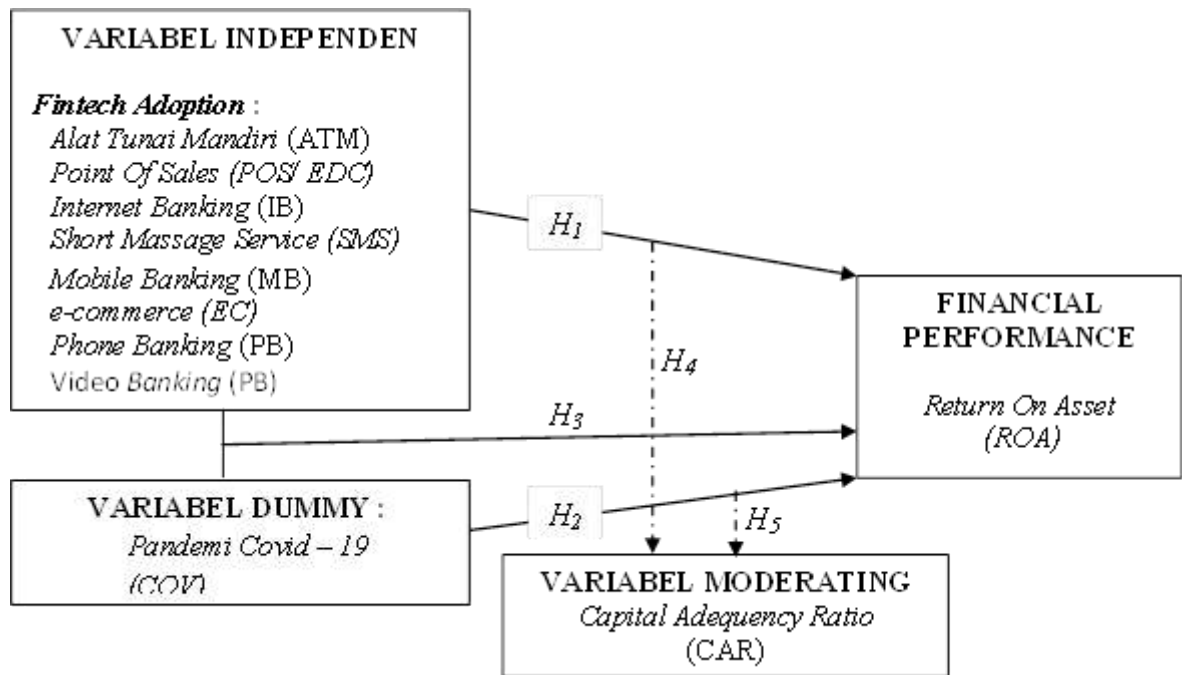
Research Framework

Figure 1. Research Framework

The use of financial technology (FinTech) which makes it easy for customers to carry out financial transaction activities and is driven by the Covid - 19 pandemic has made financial technology increasingly in demand in Indonesia. The application of FinTech is applied in the form of mobile banking, internet banking, and phone banking. So, if these digital transactions continue to increase, it will cause an increase in operating income and be able to increase bank profitability (Prastika 2019).

The research model also includes data from control variables and dummy variables. The control variables referred to include bank size and total loan. The use of this control variable aims to control the relationship between the independent variable and the dependent variable because the control variable according to theory is thought to influence the dependent variable (Retno and Priantinah 2012) in (Fuadi & Munawar, 2022). In addition, the dummy variable, namely the Covid-19 pandemic, aims to compare conditions before the Covid-19 pandemic and during the Covid-19 pandemic.

The development of profitability that will be focused on in this study is the Return on Assets (ROA) of conventional banking which can be seen through the aggregate financial reports published by the Monetary Services Authority. The results of this analysis can help stakeholders find out how banking profitability has developed after adopting FinTech during the Covid-19 pandemic and before the Covid-19 pandemic.

METHOD

The research type is quantitative approach and the population in this study are Government Commercial Banks registered on the Indonesian Stock Exchange (IDX) in the 2012-2021 period as below:
Bank Negara Indonesia, Bank Mandiri Persero Tbk, Bank Rakyat Indonesia and Bank Tabungan Negara Indonesia. (*Ojk; (2022).*
The data collected from Indonesian Stock Exchange (IDX) in the 2012-2021 period. The data analysis method uses the panel data regression analysis method with the ordinary least squares (OLS) approach or the common effect model, fixed effect model, and random effect model. Data processing using the MS.Exel 2010 statistical software assistance application program includes the creation of tables and graphs for descriptive analysis with statistical processing with Eviews version 10.

This study uses panel balance panel data. The stages or steps are to carry out a quantitative analysis consisting of: Panel data regression model selection, Assumption Test, Estimation of the regression model using panel data and Hypothesis testing

According to Alan Prahutama (2019; 40) Panel data modeling combines the formation of models formed based on time series and based on cross sections:

    a.   Models with time series data

    Yt = α + βXt + ; t = 1,2 .....T; N: the number of time series data

    b.   Models with cross-sectional data

    Yi = α + βXi + ; i = 1,2 .....N; N: the number of cross section data

So that in general the panel data model can be written as follows:

$Yit = α + βXit + εit$; i = 1,2 .....N; and t = 1.2 ......T

  Where :

Y = dependent variable

X = independent variable is time series data

N = the number of dependent variables in cross sectional data

(number of reservations)

T = amount of time

N x T = number of panel data

There are three techniques for regressing panel data according to (Sriyana, 2018), that was the Common Effect or ordinary (Pooled Least Square) PLS approach, the fixed effect approach (Fixed effect model), and the random effect approach (Random effect model).

According to Sriyana, Jaka (2018) the selection of panel data estimation techniques is divided into three. The steps in selecting the panel data model are as follows: Determination of the Estimated Model between the Common Effect Model (CEM) and the Fixed Effect Model (FEM) with the Chow Test, Determination of the Estimation Model between the Common Effect Model (CEM) and the Fixed Effect Model (FEM) with the Hausman Test. To determine whether the FEM estimation model and Lagrange Multiplier Test to choose whether the random effect or common effect model is the most appropriate to use.

After the data is confirmed to be free from classic assumption deviations, it is continued with hypothesis testing, namely individual tests (t test), simultaneous testing (F test), and the coefficient of determination (R^2). The classic assumption test consists of: Normality Test, Heterocedasticity Test, Multi colinearity Test, Auto correlation Test.

Panel Data Regression Analysis Method aims to help researchers who need tools to make projections (forecasting). Multiple regression analysis (multiple regression) is used to distinguish it from the term multivariate multiple regression analysis (MMRA) which is a regression analysis with more than one dependent variable (Gudono, 2018: 139).

RESULT AND DISCUSSION

Table 2 Descriptive Analysis

Analysis of Research Results

Statistical Data Description Analysis

	ROA	CAR	FA	COV
Mean	1.882025	19.20650	5.075000	0.300000
Median	1.899500	19.35000	5.000000	0.000000
Maximum	4.102000	25.28000	8.000000	1.000000
Minimum	0.067000	14.64000	3.000000	0.000000
Std. Dev.	0.901847	2.546843	1.831176	0.464095
Skewness	0.144523	0.110971	0.268793	0.872872

Kurtosis	2.661097	2.466127	1.626742	1.761905
Jarque-Bera	0.330670	0.557131	3.624730	7.634165
Probability	0.847610	0.756869	0.163268	0.021992
Sum	75.28100	768.2600	203.0000	12.00000
Sum Sq. Dev.	31.71980	252.9699	130.7750	8.400000
Observations	40	40	40	40

Source : Eviews 10 Analysis Data

Based on the above table 2, indicates that the data is in good condition and ready to be analyzed

Selection of the Panel Data Regression Model for the dependent variable of firm performance proxied by return on assets (ROA)

According to Gujarati and Porter in (Azka, 2019), the method of estimating the random influence panel model The random effect is generalized least square (GLS). Common Effect Panel and Fixed Impact Panel (fixed effect) Ordinary least square (OLS). One of the advantages of the GLS method is not to meet the classical assumptions. The regression model uses random effects. There is no need for classical assumptions. However, when the model is used Regression of common effects or fixed effects requires a classical assumption test. According to Gujarati and Porter are very unlikely to have multicolinearity in data Panel so that the researchers enough to perform autocorrelation tests and heterocedastisity tests.

a. Model Selection Test

1)   Chow Test *(Common Effect vs Fixed Effect)*
if the Prob. Cross-section chi-square <0.05 then we will choose the fixed effect

Table 3 Chow Test Analysis

Effects Test	Statistic	d.f.	Prob.
Cross-section F	29.261828	(3,33)	0.0000

Source : Eviews 10 Analysis Data

Based on the table 3, that the model of analysis will be choose is the fixed effect test

2)   Hausman Test *(Fixed Effect vs Random Effect)*
if the *Hausman test* H1 or *p value* < 0.05 then we will choose the fixed effect

Table 4 Hausman Test Analysis

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	4.552699	3	0.2076

Source :
Eviews 10 Analysis Data

Based on the table 4, that the model of analysis will be choose is the random effect test

3)   Langrage *Multiplier test (Common Effect vs Random Effect)*
if the LM test value is H1 or the Breusch-Pagan p value <0.05 then we will choose the Random effect

Table 5 Lagrange Multiplier Tests for Random Effects

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	37.86500 (0.0000)	0.401456 (0.5263)	38.26645 (0.0000)
Honda	6.153454 (0.0000)	-0.633605 (0.7368)	3.903123 (0.0000)
King-Wu	6.153454 (0.0000)	-0.633605 (0.7368)	5.012245 (0.0000)
Standardized Honda	8.305359 (0.0000)	-0.077453 (0.5309)	2.148735 (0.0158)
Standardized King-Wu	8.305359 (0.0000)	-0.077453 (0.5309)	3.935581 (0.0000)
Gourieroux, et al.*	--	--	37.86500 (0.0000)

Source : Eviews 10 Analysis Data

Based on the table 5, that the model of analysis will be choose is the random effect test

4) Model Conclusion

Table 6 Conclusion of Panel Data Regression Model Testing

No	Method	Testing	Result
1.	*Chow-Test*	*Common Effect* vs *Fixed Effect*	*Fixed Effect*
2.	*Langrage Multiplier*(LM-*test)*	*Common Effect* vs *Random Effect*	*Random Effect*
3.	*Hausman Test*	*Fixed Effect* vs *Random Effect*	*Random Effect*

Source : Analysis Data

Based on the Table 6 it can be concluded that the model Estimation of the analysis is Random Effect Model

Table 7 Hypothesis Random Effect Test

Dependent Variable: ROA

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CAR	0.077720	0.041204	1.886208	0.0674
FA	-0.266653	0.083337	-3.199687	0.0029
COV	-0.248226	0.270219	-0.918612	0.3644
C	1.817035	0.687344	2.643560	0.0121

Effects Specification			
	The	S.D.	Rho
Cross-section random		0.459316	0.4949
Idiosyncratic random		0.464019	0.5051

Weighted Statistics			
R-squared	0.526855	Mean dependent var	0.572726
Adjusted R-squared	0.487426	S.D. dependent var	0.670708
S.E. of regression	0.480189	Sum squared resid	8.300918
F-statistic	13.36221	Durbin-Watson stat	1.551816
Prob(F-statistic)	0.000005		
Unweighted Statistics			
R-squared	0.376785	Mean dependent var	1.882025
Sum squared resid	19.76826	Durbin-Watson stat	0.651625

Source : Eviews 10 Analysis Data

Above table 7 show the Panel Data Recapitulation for Random Effect Models, and below are the test result:

**Tabel 8 Panel Data Recapitulation for Random Effect Test**

No.	Model	Adjusted R-squared	F-statistic	Prob (F-statistic) $\alpha = 0,01$	Probabilitas $\alpha = 0,05$	
1	*Random Effect*	0.526855	13.36221	0.000005	CAR	Not significant
					FA	Significant
					COV	Not significant

Source : Data Analysis

Based on the table 8, shows the effect of the CAR on ROA is not significant, FA on ROA significant and COV on ROA is not significant.

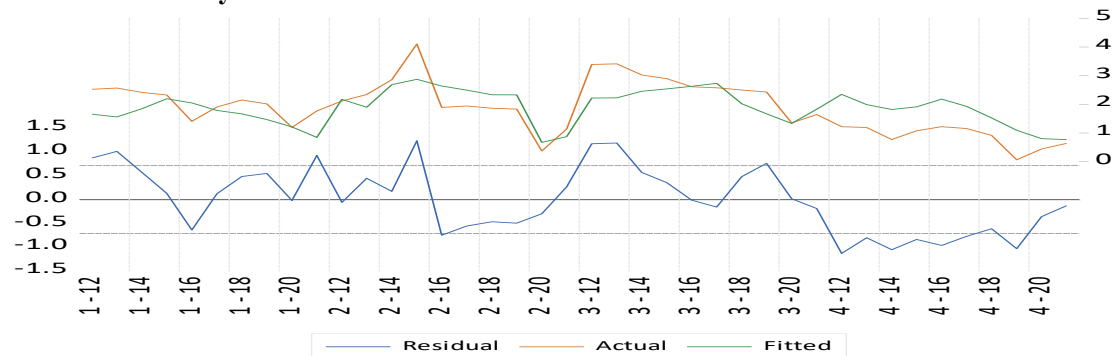## b. Classical Assumption Test

1.Normality test
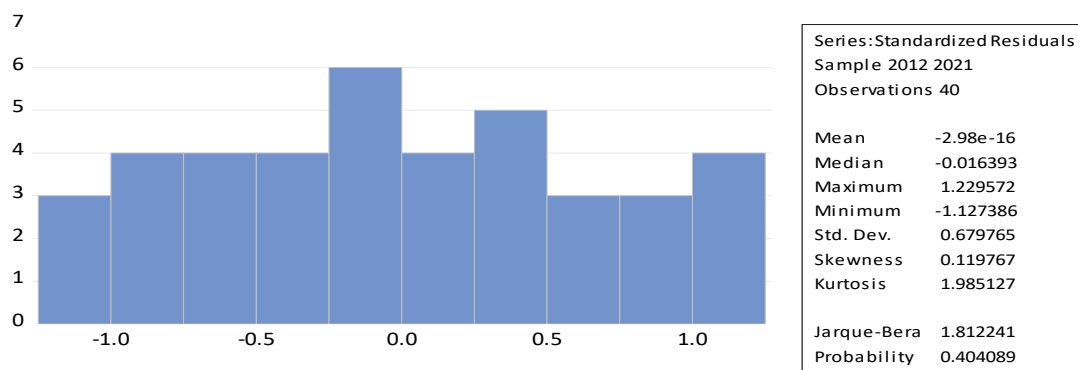
Source : Eviews 10 Analysis Data

Figure 2 Normality Test Result

Based on the figure 2, it can be concluded that the data is normal and ready for the next analysis test

2.Heterocedasticity Test

Figure 3 Heterocedasticity

From the above figure 3 output, it can be seen that there has been a change, where there is a statistically significant independent variable. The changes that occur are the result of the consistency of the error variance which indicates that in the initial model there is no Heterokedasticity.

3.Autokorelasi Test *(Autocorrelation)*

Table 9 Durbin-Watson Test

R-squared	0.526855	Mean dependent var	0.572726
Adjusted R-squared	0.487426	S.D. dependent var	0.670708
S.E. of regression	0.480189	Sum squared resid	8.300918
F-statistic	13.36221	Durbin-Watson stat	1.551816
Prob(F-statistic)	0.000005		

Based on the table 9, it can be seen that the DW-stat value is 1.551816 which is below 2, so it is suspected that there is a positive serial correlation (indicating a correlation) but it is in the range of DW test values (4-dl < DW < 4) with sample = n = 120 and the number of independent variables = k = 3 then dl = 1.6513 and dh = 1.7536. This indicates that the model does not have (positive) autocorrelation problems. However, according to what was said by Gujarati (2003) in Marnindianti Novan (2009), when using the GLS (Generalized Least-square) model in research, the output results have no problems in autocorrelation. In this study, the panel data regression model used was the GLS method, so it can be concluded that the autocorrelation problem has been resolved.

4.Multikolinearity Test *(Multicolinearity)*

Table 10 Multikolinearity Test

	ROA	CAR	FA	COV
ROA	1	0.1183	-0.4865	-0.4710
CAR	0.1183	1	0.517	0.3041
FTA	-0.4865	0.5171	1	0.7573
COV	-0.4710	0.30418	0.7573	1

Source : Eviews 10 data analysis

Based on the above table 10 shows that there is no relationship between the independent variables with a value of more than 0.8. The data is said to be identified as multicollinearity if the correlation coefficient between independent variables is more than one or equal to 0.8 (Gujarati 2003 in Marnindianti Novan, 2019). So it can be concluded that between the independent variables there is multicollinearity. Thus, the panel data in this study are not free from heteroscedasticity, autocorrelation, and multicollinearity problems.

c. Panel Data Regression Analysis

1. Hypothesis test

Table 11 Hypothesis Test

Dependent Variable: ROA
Method: Panel EGLS (Period random effects)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
CAR	0.172951	0.048577	3.560363	0.0011
FTA	-0.311774	0.098552	-3.163549	0.0032
COV	-0.272369	0.349363	-0.779616	0.4407
C	0.224202	0.815739	0.274846	0.7850

Effects Specification				
			S.D.	Rho
Period random			0.000000	0.0000
Idiosyncratic random			0.653103	1.0000

Weighted Statistics				
R-squared	0.431864	Mean dependent var		1.882025
Adjusted R-squared	0.384520	S.D. dependent var		0.901847
S.E. of regression	0.707522	Sum squared resid		18.02115
F-statistic	9.121717	Durbin-Watson stat		0.676456
Prob(F-statistic)	0.000126			

Unweighted Statistics			
R-squared	0.431864	Mean dependent var	1.882025
Sum squared resid	18.02115	Durbin-Watson stat	0.676456

Source : Eviews 10 data analysis

Above table 11 show the data is ready for the analysis by panel data random effect model, below is the result of partialy test and simultaneously test:

2. Parsial Test (T Test)

H_1 = Finance Technology Adoption on Financial Performance

FTA   -0.311774   0.098552   -3.163549   0.0032

The result of the T test shows that there is negative and significant effect between Finance Technology Adoption (FTA) on Financial Performance (ROA) with the probability value 0.0032 < 0.005.

H_2 = Covid-19 Pandemic on Financial Performance

| COV | -0.272369 | 0.349363 | -0.779616 | 0.4407 |

The result of the T test shows that there is negative and not significant effect between The Covid-19 Pandemic (COV) on Financial Performance (ROA) with the probability value 0.4407 > 0.005.

3.Simultaneous Test (Test F)

H_3 = Covid-19 Pandemic & Financial Technology Adoption on Financial Performance

Table 12 Simultaneous Test (Test F)

R-squared	0.431864	Mean dependent var	1.882025
Adjusted R-squared	0.384520	S.D. dependent var	0.901847
S.E. of regression	0.707522	Sum squared resid	18.02115
F-statistic	9.121717	Durbin-Watson stat	0.676456
Prob(F-statistic)	0.000126		

Source : Eviews 10 Analysis Data

Based on the table 12, simultaneously test shows The Covid-19 Pandemic and Finance Technology Adoption, have a positive and significant effect on Financial Performance (ROA) with the probability value 0.00012 < 0.005.

4.Moderating Result Analysis (MRA) Test

H_4 = Capital Adequacy (CAR) moderates Financial Technology Adoption (FTA) on Financial Performance (ROA)

MRA Moderating Test (M1)

Interaction variable = dependent variable x moderating variable

Table 13 MRA Test Moderating 1 on ROA

Dependent Variable: ROA
Method: Panel EGLS (Period random effects)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.171208	0.417579	5.199520	0.0000
FTA	-0.337672	0.032251	-10.47005	0.0000
CAR	-0.013582	0.027973	-0.485524	0.6302
M1	0.192222	0.015730	12.22001	0.0000

Effects Specification

	S.D.	Rho
Period random	0.000000	0.0000
Idiosyncratic random	0.314701	1.0000

Weighted Statistics			
R-squared	0.889930	Mean dependent var	1.882025
Adjusted R-squared	0.880758	S.D. dependent var	0.901847
S.E. of regression	0.311421	Sum squared resid	3.491384
F-statistic	97.02199	Durbin-Watson stat	0.711655
Prob(F-statistic)	0.000000		

Unweighted Statistics			
R-squared	0.889930	Mean dependent var	1.882025
Sum squared resid	3.491384	Durbin-Watson stat	0.711655

Source : Eviews 10 Analysis Data

Based on the table 13, show that M1 < 0.05 = Moderate, it can be concluded that Capital Adequacy (CAR) moderates between Financial Technology Adoption (FTA) and Financial Performance (ROA)

H_5 = Capital Adequacy (CAR) moderates between the Covid-19 Pandemic (COV) and Financial Performance (ROA)

MRA Moderating Test (M2)

Table 14 MRA Test Moderating 2 on ROA

Dependent Variable: ROA
Method: Panel EGLS (Cross-section random effects)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	2.339177	0.720807	3.245220	0.0025
COV	-1.635149	0.321536	-5.085429	0.0000
CAR	-0.009760	0.037414	-0.260864	0.7957
M2	**0.593046**	**0.230189**	**2.576343**	**0.0142**

Effects Specification			
		S.D.	Rho
Cross-section random		0.290254	0.2572
Idiosyncratic random		0.493299	0.7428

Weighted Statistics			
R-squared	0.445518	Mean dependent var	0.890958
Adjusted R-squared	0.399311	S.D. dependent var	0.708891
S.E. of regression	0.549420	Sum squared resid	10.86705
F-statistic	9.641817	Durbin-Watson stat	1.049098
Prob(F-statistic)	0.000083		

Unweighted Statistics			

R-squared	0.368805	Mean dependent var	1.882025
Sum squared resid	20.02139	Durbin-Watson stat	0.569421

Source : Eviews 10 Analysis Data

Based on the table 14, show that M2 < 0.05 = Moderate, it can be concluded that Capital Adequacy (CAR) moderates between the Covid-19 Pandemic (COV) and Financial Performance (ROA)

5. Determination Coefficient Test (R2)

Table 15 Determination Coefficient Test

R-squared	0.431864	Mean dependent var	1.882025
Adjusted R-squared	0.384520	S.D. dependent var	0.901847
S.E. of regression	0.707522	Sum squared resid	18.02115
F-statistic	9.121717	Durbin-Watson stat	0.676456
Prob(F-statistic)	0.000126		

Source : Eviews 10 Analysis Data

Based on the table 15, shows the determination coefficient of the Confidence Level is 0.431864 (43%) that's mean the remaining 58% is influenced by other factors of this research variable

Discussions

Financial Technology Adoption (FTA) on Financial Performance
Financial Technology Adoption (FTA) partially has a positive and significant effect on Financial Performance in Indonesian Government with probability value 0.0011 < 0.05, This result is in line to the hypothesis and also in line to the previous research by (Fuadi & Munawar, 2022)

The Covid–19 Pandemic on Financial Performance
The Covid-19 Pandemic (COV) partially has no significant and negative effect on Financial Performance in Indonesian Government Banking with probability value 0.4407 > 0.05 it is can be concluded that there is negative and not significant, effect between The Covid-19 Pandemic (COV) on Financial Performance (ROA) This research is not in line to the hypothesis but it is in line to the previous research by (Seto & Septiani , 2021)

Covid-19 Pandemic & Financial Technology Adoption on Company Performance
The Covid-19 Pandemic and Financial Technology Adoption Simultaneously have a positive and significant impact on Financial Performance in the Indonesian Government Banking with probability value 0.000126 > 0.05 this is in line to the hypothesis and also in line to the previous research by (Seto & Septiani , 2021)

Capital Adequacy Ratio Moderates between Financial Technology Adoption (mobile banking, internet banking and phone banking etc.) and Financial Performance
Capital Adequacy Ratio (CAR) moderates between Financial Technology Adoption (FTA) and Financial Performance (ROA) with probability value 0.0000 < 0.05 That's mean the MRA test of Capital Adequacy (CAR) is moderated between Financial Technology Adoption and Financial Performance in Indonesian Government Banking. This result is in line to the hypothesis and also in line to the previous research by (Sarumaha & Maksum , 2021)

Capital Adequacy Ratio (Capital Adequacy Ratio) Moderates the Covid-19 Pandemic on Financial Performance in Indonesian Government Banking

Capital Adequacy (CAR) moderates the Covid-19 Pandemic (COV) on Financial Performance with probability value 0.0000 < 0.05 that's mean the MRA test of Capital Adequacy (CAR) moderates between the Covid-19 Pandemic (COV) and Financial Performance in Indonesian Government Banking. This result is in line to the hypothesis and also in line to the previous research by (Fuadi & Munawar, 2022)

CONCLUSION

This study estimates and analyzes the Impact of the Covid-19 Pandemic and Fin tech Adoption on Company Performance and Capital adequacy as a Moderating Variable in Indonesian Government Banking. More specifically, according to the formulation of the problem, research objectives and research hypotheses, the research conclusions are as: Fin tech Adoption (FA) partially has a positive and significant effect on Financial Performance in Indonesian Government Banking. The Covid-19 Pandemic (COV) partially has no negative effect on Financial Performance in Indonesian Government Banking. The Covid-19 Pandemic and Fin tech Adoption Simultaneously Have a Positive and Significant Impact on Financial Performance in the Indonesian Government Banking. Capital Adequacy (CAR) moderates Fin tech Adoption (FA) on Financial Performance in Indonesian Government Banking. Capital Adequacy (CAR) moderates the Covid-19 Pandemic (COV) on Financial Performance in Indonesian Government Banking

Suggestion

Suggestions in this study are intended for future researchers who are interested in developing this study to provide different variations and better results related to the factors that affect company performance. Some suggestions that can be recommended for managerial and further researchers.

For the Company, to improve Financial Performance in Indonesian Government Banking companies must improve Fin tech Adoption (FA) performance. For Investors, Investors should pay attention to the level of Fin tech Adoption (FA) to improve Financial Performance in Indonesian Government Banking.For Further Researchers, The limitations in this study should be refined and developed by using a larger sample of companies that include all types of companies listed on the Indonesian Stock Exchange. In addition, it is suggested to future researchers expand other financial variables that have a greater influence on company performance

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