Influence of Intellectual Capital Disclosure Against the Cost of Equity in Islamic Banking

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ABSTRACT

Introduction – Banking is a company in the financial sector which prioritizes more intensive knowledge and communication technology. So that in carrying out its activities rely more on intellectual capital compared to physical assets in companies such as the manufacturing sector.

Purpose – The purpose of this study is to determine the effect of intellectual capital disclosure in which there are variables of human capital, structural capital, and relational capital on the cost of equity in Islamic banking.

Methodology/Approach – The population determined in the study includes all Islamic banking companies registered with Bank Indonesia for the 2017-2019 period. The technique used for sampling in this research is purposive sampling technique. The types of data used in this study are earnings per share (EPS), book value per share (BVPS), stock prices and company disclosures regarding intellectual capital contained in the annual reports of Islamic banking. Data collection techniques were carried out using the documentation method. The data analysis technique used multiple regression analysis using a statistical tool in the form of SPSS version 25.

Finding – The results of the study stated that human capital had no effect on the cost of equity, while structural capital and relational capital had an effect on the cost of equity.

Originality/ Value/ Implication – This study uses the Islamic banking sector because it has a high level of intellectual capital influence.

Keywords: Intellectual Capital, Cost Of Equity, Earnings Per Share, Book Value Per Share, Stock Price.

INTRODUCTION

In Indonesia, the phenomenon of intellectual capital began to develop, especially after the emergence of PSAK (Guidelines for Financial Accounting Standards) No.19 (revised 2000) regarding intangible assets. Although it is not explicitly stated as intellectual capital, it has received attention, because intellectual capital is included in identifiable non-monetary assets, does not have a physical form and is owned for use in producing or delivering goods or services, rented out to other parties, or for other purposes. administrative (Kurniasih, 2012).

Intellectual capital is part of intangible assets according to PSAK 19. However, PSAK 19 does not regulate the identification and measurement of intellectual capital. However, the main definition of intellectual capital used by one company cannot be generalized to other companies, because intellectual capital is closely related to the industry and services provided by the company (Ifonie, 2012).

The criteria for meeting the definition of an intangible asset include identifiability, control over resources and the existence of future economic benefits. In PSAK No. 19 stated that intellectual capital is part of intangible assets, but some intangible assets such as goodwill and trademarks generated from within the company should not be recognized as intangible assets. Therefore, disclosure of information regarding intellectual capital is voluntary considering PSAK 19 has not regulated intellectual capital, both identification and measurement (Muhibbai & Basri, 2017).

According to Muhibbai & Basri (2017) Intellectual capital disclosure consists of three categories, namely human capital, structural capital, and relational capital. Human capital consists of knowledge, professional skills, experience, and innovation of employees in an organization. Structural capital consists of structures and processes that employees develop and use to be productive, effective, and innovative. Meanwhile, relational capital is all resources related to the company's external relations with customers, suppliers, partners, and the government.

In general, companies in Indonesia still tend to use traditional/conventional accounting practices (accounting practices based on natural resources, financial resources, and other physical assets) in building their businesses, so that the resulting products still lack technology content. This conventional based practice does not reveal the identification and measurement of these intangible assets in organizations, especially knowledge-based organizations (Wulandari & Prastiwi, 2014).

Widarjo et al., (2019) defines the cost of equity capital as the costs incurred to finance sources of financing (source of financing). The cost of capital is calculated on the basis of long-term sources of funds available to the company, namely: (1) long-term debt, (2) preferred stock, (3) common stock, (4) retained earnings. The cost of long-term debt is the current after-tax cost of debt to obtain long-term funds through loans. The cost of preferred stock is the annual preferred stock dividend divided by the proceeds from the sale of preferred

stock. The cost of common stock capital is the rate used by investors to discount dividends that are expected to be received in the future, which is often referred to as the cost of equity capital or cost of equity capital.

Research Muhibbai & Basri (2017) on the French SBF 120 Stock Market Index (stock with the largest market capitalization in France) in 2009 proves that intellectual capital disclosure has a negative effect on the company's overall cost of equity. Research result Widarjo et al., (2020) proves that voluntary disclosure has a negative effect on the cost of equity in companies whose shares are not liquid on the Indonesia Stock Exchange. In other words, information or disclosure can increase market liquidity and lower the cost of equity.

In the banking industry, intellectual capital is very important. According to Wulandari & Prastiwi (2014) this is because the banking sector relies on trust in managing company funds, both owner funds and public funds. The high public trust in a bank can also increase the number and third parties that can affect the smooth operation of the bank.

Banking is a company in the financial sector which prioritizes more intensive knowledge and communication technology. So that in carrying out its activities rely more on intellectual capital compared to physical assets in companies such as the manufacturing sector. Banking is a sector that has high intellectual capital incentives (Heryana et al., 2020).

Islamic banking has increasingly received attention after several economic crises that occurred in 1998 and 2009 whose effects were almost evenly felt by the world's countries. Conventional banks experienced a greater negative impact than the Islamic banking sector due to the global economic crisis. This is because the profit sharing principle set by Islamic banks makes investments made by Islamic banks less risky than conventional banks (Ifonie, 2012).

Intellectual capital is the foundation for companies to be superior and competitive. The company's advantages will automatically create company value. In Islamic banking, intellectual capital is useful for improving the financial performance of Islamic banking. By increasing the efficiency of Capital Employed Efficiency (CEE), Human Capital Efficiency (HCE), and Structural Capital Efficiency (SCE) it is expected to increase the company's ability to improve financial performance (Subaida et al., 2018).

So research on the disclosure of intellectual capital is very interesting to do in Indonesia. The reason is because in Indonesia there are no standard guidelines for measuring intellectual capital itself. Where disclosure of intellectual capital is a new thing that has not been widely applied by companies in Indonesia (Ningsih & Ariani, 2016).

With the increasing excellence of Islamic banking in Indonesia, it is hoped that intellectual capital in banking will also be of higher quality. In 2021, the Financial Services Authority officially issued a permit for the merger of three state-owned Islamic banks. The three banks, namely PT. BRI Syariah Bank, PT. BNI Syariah, and PT. Bank Mandiri Syariah. PT. Bank BRI Syariah became the recipient bank for the merger. After the merger process is effective, the merged bank has a new name, namely PT. Indonesian Islamic Bank. The bank merger is believed to be able to attract more people to use Islamic banking services because it implements services and products that are in accordance with Islamic law.

This development is of course observed by the government by issuing various special regulations regarding sharia, especially regarding the Islamic banking system, because in addition to providing a sense of security to its customers, this is also of course expected to advance the Islamic banking financial system. With the enactment of Law no. 21 of 2008 concerning Islamic Banking, which was issued on July 16, 2008, the development of the national Islamic banking industry has an adequate legal basis and will encourage even faster growth.

This study uses the Islamic banking sector because it has a high level of intellectual capital influence. Septiani & Taqwa (2019) stated that the banking industry is one of the most intellectual capital intensive sectors and from an overall intellectual aspect, employees in the banking sector are more homogeneous compared to other economic sectors. The choice of Islamic banking is also due to the development of Islamic banking based on Islamic principles in Indonesia, which is currently experiencing rapid progress. Islamic banking in Indonesia requires the right strategy in communicating Islamic banking products and services to the public. Based on the above problems, the researchers are interested in conducting research with the title "The Effect of Intellectual Capital Dislosure on the Cost of Equity in Islamic Banking".

LITERATURE REVIEW

a. *Agency Theory*

The use of Agency Theory is very appropriate for this research. This is because the research to be carried out is related to the performance of the shareholders (principal) and the manager (agent) so that the researcher uses this theory. To minimize agency costs, shareholders must supervise managers to make wider disclosures, disclosure will increase in proportion to the number of external shareholders (Septiani & Taqwa, 2019).

b. *Signalling Theory*

Signaling theory states that companies will try to signal positive information to investors through an annual reporting mechanism (Stephanus, 2018). Disclosure of intellectual capital in the annual report, ideally can be an effective means of showing the company's quality signals. In addition to being an effective means of signaling the quality of the

company, disclosure of intellectual capital can also reduce the information gap between what is desired by stakeholders and what is disclosed by the company.

c. Cost of Equity

Ningsih & Ariani (2016) defines the cost of equity capital as the total cost incurred to finance the source of financing. The cost of capital capital is calculated using long-term sources of funds, namely: (1) long-term debt, (2) preferred stock, (3) common stock, (4) retained earnings.

In this study, the Ohlson Model method will be used, this model is basically used to estimate the value of the company based on the book value of equity plus the cash value of abnormal earnings (Caisari & Herawaty, 2019). The cost of equity is calculated based on the discount rate used by investors to assess future cash flows. The cost of capital is related to the company's level of risk, namely the variation of returns. This variation in yield is measured by earnings per share.

d. Intellectual Capital Disclosure

Intellectual capital is a very important knowledge resource that is able to create added value for the company which will provide future benefits as seen from the company's performance. Intellectual Capital consists of three main elements, namely (Meirina M & Butar Butar, 2019):

1) Human Capital

   Human Capital is an intangible asset owned by a company in the form of intellectual abilities, creativity and innovations owned by its employees.

2) Structural Capital or Organizational Capital (Organizational Capital) Structural Capital is the ability of an organization or company to fulfill the company's routine processes and structures that support employees' efforts to produce optimal intellectual performance and overall business performance, for example the company's operational systems, manufacturing processes, organizational culture, management philosophy and all forms that the company has.

3) Relational Capital or Customer Capital Relational Capital is a harmonious relationship/association network owned by the company and its partners, both from reliable and quality suppliers, from loyal customers and satisfied with the services of the company concerned, comes from the company's relationship with the government and with the surrounding community.

METHOD

Types of research

This type of research is quantitative research with secondary data as a data source (Sugiyono, 2017).

Population and Sample

The population in this study is Islamic banking registered with Bank Indonesia (BI) in 2017-2019. The total population in this study were 12 Islamic Commercial Banks. In this study, the sample was taken using purposive sampling. Based on the sample selection method used, a sample of 12 Islamic Commercial Banks was obtained. Because this research was conducted in two periods, 36 observational data were obtained from the annual report.

The criteria for Islamic banking that are used as samples in this study are:

1. Including Sharia Commercial Banks registered with Bank Indonesia during the 2017-2019 period

2. Reporting the annual financial condition to Bank Indonesia

3. Publish the annual report and financial reports for the period 2017-2019 on the official website of each Islamic Commercial Bank.

The financial condition reported to Bank Indonesia is presented in rupiah and all the data needed in this study are available in full.

Table 1. Sample Selection Criteria

No.	Information	Amount
01.00	Sharia Commercial Banks registered with Bank Indonesia during the 2017-2019 Period	12
02.00	Islamic Commercial Banks that report their annual financial condition to Bank Indonesia during the 2017-2019 research period	12
	Number of Islamic Banking Companies	12
	Research Year	3 Year
	Number of Samples	36

The data of Islamic Commercial Banks that are sampled in this study are:

Table 2. Sharia Commercial Banks Registered with Bank Indonesia

No.	Code Bank	Name of Sharia Commercial Bank
01.00	BBMI	PT Bank Muamalat Indonesia
02.00	BBSM	PT Bank Syariah Mandiri
03.00	BNIS	PT Bank BNI Syariah
04.00	BRIS	PT Bank BRI Syariah
05.00	BBMS	PT Bank Syariah Mega Indonesia
06.00	BPDS	PT Bank Panin Dubai Syariah
07.00	BCAS	PT Bank BCA Syariah
08.00	BMBS	PT Bank Maybank Syariah Indonesia
09.00	BJBS	PT Bank Jabar Banten Syariah
10.00	BTPN	PT Bank Tabungan Pensiunan Nasional Syariah
11.00	BBVS	PT Bank Victoria Syariah
12.00	BBSB	PT Bank Syariah Bukopin

Data Analysis Techniques

Statistical methods used to analyze data and test hypotheses were using descriptive statistics, classical assumption tests and hypothesis testing using Microsoft Excel 2007 software and SPSS (Statistical Package for Social Sciences) version 25, where the analysis techniques performed were as follows:

a. Descriptive Statistical Analysis

Descriptive statistical analysis was used in this study to determine the level of disclosure of each component of intellectual capital in the annual report of Islamic banking companies registered with Bank Indonesia.

b. Classic Assumption Test

1. Normality Test

Normality test conducted by researchers using the Kolmogorov-Smirnov test. If the probability > 0.05 then the distribution of this regression model is normal. If probability < 0.05 then the distribution of this regression model is not normal.

2. Multicollinearity Test

To detect the presence or absence of multicollinearity problems in this regression model, it can be seen through the tolerance value and VIF (Variance Inflation Factor) on the SPSS output. if the VIF value is around 1 and the tolerance value is close to 1, it can be concluded that there is no multicollinearity problem (Sugiyono, 2015).

3. Heteroscedasticity Test

The method used by researchers to determine the existence of heteroscedasticity problems is the Spearman correlation method. Spearman correlation says that the disturbance variable depends on the independent variable in the model. If the value of the significance level on the results of the Spearman correlation test is below 0.05, then in the regression model there is no heteroscedasticity problem (Widarjono, 2015). And vice versa, if the value of the significance level on the results of the Spearman correlation test is above 0.05, then in the regression model there is a heteroscedasticity problem (Hermawan & Amirullah, 2016).

4. Autocorrelation Test

The basis for making a decision whether there is a correlation using the Durbin-Watson method is as follows:

Table 3. Durbin-Watson Autocorrelation Criteria

Jika	Hasil
$0 < d < dL$	Autokorelasi positif
$dL < d < dU$	Ragu-ragu
$dU < d < 4 - dU$	Tidak ada autokorelasi
$4 - dU < d < 4 - dL$	Ragu – ragu
$4 - dL < d < 4$	Autokorelasi Negatif

c. Statistical Equation Analysis of Multiple Linear Regression

Multiple regression analysis is used to determine how much influence the independent variable has on the dependent variable. The statistical equation model in this study is as follows:

$$COE = α + β1HC + β2SC + β3RC + e$$

Information:
COE = *Cost of Equity*
α = Konstanta
β1 – β3 = Koefisien Regression
HC = *Human Capital*
SC = *Structural Capital*
RC = *Relational Capital*

d. Hypothesis test

1. Coefficient of Determination Test (R2)

The coefficient of determination (R^2) is used to measure how well the regression model's ability to explain the variation of the dependent variable Y is explained by the independent variable (Wahidmurni, 2017).

2. Individual Parameter Significance Test (Statistical Test t)

Individual parameter significance test is used to show whether one independent variable individually affects

the dependent variable (Tatang et al., 2018). The test is carried out with a significance level 0,05 (α = 5%).

RESULTS AND DISCUSSION

1. Descriptive Statistical Analysis

Table 4. Descriptive Statistical Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
COE	36	-1.64	07.55	13.433	239.110
HCD	36	.31	01.00	.7498	.17120
SCD	36	.42	.75	.6200	.08084
RCD	36	.25	.87	.7025	.13786
Valid N (listwise)	36				

Source: SPSS V.25 data processing results

a. Human Capital

The results of the statistical test in table 4.2 show that the human capital variable from the amount of data (N) is 36 and has a minimum value of 0.31, namely PT. Panin Dubai Sharia Bank (2017). For the maximum value of 1.00, namely PT. Bank BNI Syariah (2019), PT. Bukopin Syariah Bank (2019), and PT. Bukopin Sharia Bank (2018). The average for human capital is 0.7498 which is greater than the standard deviation of 0.17120. So it can be said that the distribution of data from the variables is evenly distributed, which means that the difference from one another is not too high.

b. Structural Capital

The results of the statistical test in table 4.2 show that the structural capital variable from the amount of data (N) is 36 and has a minimum value of 0.42, namely PT. Panin Dubai Sharia (2017). For the maximum value of 0.75, namely PT. Bukopin Sharia Bank (2019). The average for structural capital is 0.6200, which is greater than the standard deviation of 0.08084. So it can be said that the distribution of data from the variables is evenly distributed, which means that the difference from one another is not too high.

c. Relational Capital

The statistical test results in table 4.2 show that the relational capital variable from the amount of data (N) is 36 and has a minimum value of 0.25, namely PT. Panin Dubai Sharia (2017). For the maximum value of 0.87, namely PT. Bukopin Sharia Bank (2019). The average for relational capital is 0.2724, which is greater than the standard deviation of 0.10066. So it can be said that the distribution of data from the variables is evenly distributed, which means that the difference from one another is not too high.

d. Cost of Equity

The statistical test results in table 4.2 show that the variable cost of equity from the amount of data (N) is 36 and has a minimum value of -1.64, namely PT. Panin

Dubai Sharia Bank (2017). For the maximum value of 7.55, namely PT. Bukopin Sharia Bank (2019). The average cost of equity is 1.3433 which is smaller than the standard deviation of 2.39110. So it can be said that the distribution of data from the variables is uneven, which means that the difference from one another is not too high.

2. Classical Assumption Test Results

a. Normality Test

Table 5. Kolmogorov-Smirnov Normality Test Results

N		36
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1.78273253
Most Extreme Differences	Absolute	.096
	Positive	.096
	Negative	-.074
Test Statistic		.096
Asymp. Sig. (2-tailed)		.200[c,d]

Source: SPSS V.25 data processing results

Based on table 5 above, the asymp value is obtained. Sig. (2-tailed) of 0.200 indicates that the significant level is greater than 0.05 so that it can be concluded that the data is normally distributed.

b. Multicollinearity Test

Table 6. Multicollinearity Test Results

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1 (Constant)	-17.792	4.179		-4.258	.000		
HCD	-.585	1.935	-.042	-.302	.764	.905	1.105
SCD	62.981	17.343	2.129	3.631	.001	.117	9.791
RCD	27.719	10.146	1.598	2.732	.010	.113	9.700

Based on table 6. above, it can be seen that the results of the multicollinearity test show that there is no independent variable that has a tolerance value of less than 0.10 which means there is no correlation between the independent variables. The value of the variance inflation factor (VIF) also shows that there is no independent variable that has a VIF value of more than 10. So it can be concluded that there is no multicollinearity among the independent variables.

c. Heteroscedasticity Test

Table 7. Heteroscedasticity Test Results

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-5.985	2.037		-2.938	.006
	HCD	.190	.943	.030	.201	.842
	SCD	22.805	8.456	1.729	2.697	.071
	RCD	9.804	4.947	1.267	1.982	.116

Based on table 7. above, it can be seen that the results of the heteroscedasticity test show that there is no independent variable that has a significant value of less than 0.05 which means that there is homoscedasticity.

d. Autocorrelation Test

In the results of the autocorrelation test, the Durbin-Watson statistic was 1.417. Based on the Durbin-Watson table using = 5%, the sum of n = 36 and k = 3, the values of dU = 1.6539 and dL = 1.2953 are obtained. Then the value of dU < d < (4-dL) is 1.6539 < 1.717 < 2.7047.

3. Results of the Statistical Equation of Multiple Linear Regression

Table 8. Results of Statistical Equation Analysis of Multiple Linear Regression

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-17.792	4.179		-4.258	.000
	HCD	-.585	1.935	-.042	-.302	.764
	SCD	62.981	17.343	2.129	3.631	.001
	RCD	27.719	10.146	1.598	2.732	.010

From the data above, the regression equation can be made as follows:

YCOE = –17,792 – 0,585HC + 62,981 – 27,719RC + e

The multiple linear regression coefficients above can be interpreted as follows:

1) The constant of –17.792 states that if the independent variable is declared constant or does not exist, then the Cost of Equity that occurs is –17.792.
2) Human Capital (HC) regression coefficient of -0.585 states that for every increase of one unit of HC, it will reduce the Cost of Equity by 0.585.
3) Structural Capital (SC) regression coefficient of 62,981 states that every increase of one SC unit, it will increase the Cost of Equity by 62,981.
4) Relational Capital (RC) regression coefficient of 27.719 states that for every increase of one RC unit, it will increase the Cost of Equity by 27.719.

4. Hypothesis Test Results

1) Coefficient of Determination Test (R2)

Table 9. Results of the Coefficient of Determination

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.666[a]	.444	.392	186.443

Based on table 9 above, the level of the coefficient of determination contained in the R Square column has a value of 0.444 or 44.4% and the Adjusted R Square column has a value of 0.392 or 39.2%, because what is used is the Adjusted R Square value, then the variable The variable or component of intellectual capital is only able to explain the cost of equity of 39.2%, while the remaining 60.8% is explained by other variables not explained in this study.

2) Partial Significance Test (t Test)

Table 10. Results of Partial Significance Test (t-test)

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-17.792	4.179		-4.258	.000
	HCD	-.585	1.935	-.042	-.302	.764
	SCD	62.981	17.343	2.129	3.631	.001
	RCD	27.719	10.146	1.598	2.732	.010

Based on the results of the partial test in this study, it is presented in table 10, while the value of (a/2=0.025; n=36; k=3) is 2.03693. based on the results of the test and the value of , the relationship of the independent variable partially to the dependent variable in this study is as follows:

Based on table 10 above, the following conclusions can be drawn:
1. Effect of Human Capital disclosure on the Cost of Equity Based on the table t test results obtained a significance value of 0.764 and t count of -0.302. Because the significance value is greater than the specified significance value (0.764 > 0.05) and the t count value is smaller than the t table value (- 0.302 < 2.03693), the hypothesis is rejected. So it can be said that human capital has no significant effect on the cost of equity.

2. Effect of Structural Capital disclosure on Cost of Equity Based on the table of t-test results obtained a significance value of 0.001 and a t-count of 3.631. Because the significance value is smaller than the specified significance value (0.001 < 0.05) and the t count value is greater than the t table value (3.631 > 2.03693), the hypothesis is accepted. So it can be said

that structural capital has a significant effect on the cost of equity.

3. Effect of Relational Capital disclosure on Cost of Equity Based on the table of t test results obtained a significance value of 0.010 and t count of -2.732. Because the significance value is smaller than the specified significance value (0.010 < 0.05) and the t count value is greater than the t table value (2.732 > 2.03693), the hypothesis is accepted. So it can be said that relational capital has a significant effect on the cost of equity.

Discussion

a. Human Capital Disclosure has no effect on the cost of equity

Human capital which partially does not affect the cost of equity is possible because some Islamic banking companies in Indonesia still choose to do more other disclosures that can increase their legitimacy in the eyes of the public. Human capital disclosure is also part of voluntary disclosure where this disclosure is not mandatory, so the extent of the disclosure is still inadequate and does not have a significant impact or influence on the cost of equity. The information submitted by management in the annual report of Islamic banking companies is also not in accordance with the needs of investors so that the level of risk is considered to be still high which results in what the company discloses in the annual report does not have an impact on the cost of equity that must be issued by the company in return for the capital deposited by investors into the company. in a sharia banking company to finance the business activities of a sharia banking company.

Islamic banking companies are companies that have different employee qualifications from other companies, because Islamic banking companies choose to recruit workers who are reliable or experienced, workers who already understand operational problems in Islamic banking, and also understand muamalah law in accordance with sharia. Islam so that Islamic banking companies do not reveal too much about human capital.

It can be said that the more disclosure of human capital does not necessarily have an impact on the cost of equity. The company also believes that investors will be more interested in things that are more profitable for them, for example about how they solve debt problems, network systems, capital structure, awards or achievements obtained by the company, future performance plans, management processes and corporate governance. make companies reduce information that is less capable of attracting or convincing investors. From the explanation above, it

can be said that human capital disclosure has no significant effect on the cost of equity.

b. Structural Capital Disclosure has a significant effect on the cost of equity

Disclosure of structural capital that affects the cost of equity is possible because structural capital disclosure is the disclosure of information submitted by companies in annual reports regarding the ability of Islamic banking companies to support the performance of human resources to produce optimal performance, therefore along with the growing need for performance from the company, the disclosure of structural capital is considered important for investors to disclose more, so as to be able to provide an overview of the company's ability to carry out its operational activities in a productive and sustainable manner.

Disclosures such as capital structure, vision and mission, comprehensive financial performance analysis, ability to pay debts, capital/financing structure and so on contained in structural capital disclosures are felt to be very much needed by investors as a reference for investing their shares in Islamic banking companies, because banking companies Sharia is a company with high risk. From the explanation above, it can be said that the structural capital disclosure has a significant effect on the cost of equity.

c. Relational Capital Disclosure has a significant effect on the cost of equity.

Relational capital is a relationship that exists between the company and external parties as a part that supports the smooth running of business activities and can provide added value for the company. This is done as a form of conveying information to report users that the company's survival is supported by various parties so as to create a mutually beneficial relationship.

Islamic banking companies are included in high profile companies that have visibility from stakeholders, high political risk and face high competition. High profile companies are generally companies that get the spotlight from the public because their operational activities have the potential to intersect with broad interests (stakeholders). For example, the government's political policy in deciding to merge Islamic State-owned banks (BNI Syariah, BRI Syariah and Bank Mandiri Syariah) into Bank Syariah Indonesia. The aim of the government's political policy in combining state-owned Islamic banks is so that the Indonesian people, who are predominantly Muslim, have large and globally competitive Islamic banks, are able to help optimize the potential of the national Islamic economy and

finance, while also strengthening the halal industrial ecosystem.

Companies that are classified as high profile tend to get a lot of attention or attention from the public/customers for the company's activities because they have a high level of competition, a high level of political risk and have a high level of environmental sensitivity. So that Islamic banking companies that are customer-oriented (customers) and have a high level of sensitivity to the community will pay more attention to the disclosure of their relational capital to the public because it can improve the image of Islamic banking companies in the eyes of investors.

Islamic banking companies also have a broad market share coverage, because in Indonesia the majority of the population is Muslim who wants a muamalah system in accordance with Islamic law so that the extent of disclosure of relational capital has an impact on either the rate of return or the cost of equity. From the explanation above, it can be said that the relational capital disclosure has a significant effect on the cost of equity.

4. CONCLUSION, SUGGESTIONS AND LIMITATIONS

Conclusion
1) Based on the test results that intellectual capital as proxied by human capital does not have a significant effect on the cost of equity, then H1 is rejected with the assumption that the amount or extent of disclosure of human capital within the company may not necessarily have an impact on the cost of equity. Companies prefer to carry out many other disclosures that can increase their legitimacy in the eyes of the public. The company also believes that investors will be more interested in things that are more profitable for them, for example about how the company solves debt problems, network systems, capital structure, comprehensive financial analysis, awards or achievements obtained by the company, future performance plans, management processes and corporate governance.
2) Based on the test results that intellectual capital proxied by structural capital has a significant effect on the cost of equity, then H2 is accepted with the assumption that the extent of disclosure of structural capital which reveals about the performance and effectiveness and efficiency of the company's performance is able to affect the cost of equity. This is because the disclosure of structural capital is able to provide an overview of the company's ability to carry out its operational activities in a productive and sustainable manner. Disclosures such as capital structure, vision and mission, comprehensive financial

performance analysis, ability to pay debts, capital/financing structure and so on contained in structural capital disclosures are needed by investors as a reference for investing their shares in the company.
3) Based on the test results that intellectual capital as proxied by relational capital has a significant effect on the cost of equity, then H3 is accepted with the assumption that the wider the disclosure of relational capital which includes relationships to customers (customers), society, and market share, the more impact it will have. on the cost of equity. This is because the disclosure of relational capital can describe the relationship that exists between the company and external parties where the survival of the company is supported by various parties so as to create mutually beneficial relationships.

Suggestion
1. Researchers can consider and look for other independent variables that may have much more influence on the cost of equity, such as company performance, stock prices, information asymmetry and others.
2. Further research needs to consider a wider sample, covering the entire population in the capital market. It is intended that the resulting conclusions have a wider scope as well.
3. Further researchers can also consider the characteristics of the object used in accordance with the research to be studied. In measuring intellectual capital disclosure and cost of equity researchers can use other calculations that are considered more comprehensive to find out the maximum results.
4. Further researchers can also consider the ICD indicators used in accordance with the object of research to be studied. Because each type of company can be a benchmark for ICD, there are several indicators that must be distinguished. For example, the types of food and beverage companies, chemical industry companies, mining companies, banking companies, and other types of companies.

Limitations
1. The researcher only tested and analyzed 3 (three) independent variables which caused the Adjusted R Square to only have a value of 39.2%, while there are many other factors that have a value of 60.8% that affect the cost of equity.
2. There are still some Islamic banking companies that report financial statements in the annual report with low quality, so it is difficult for researchers to clearly see the information provided by Islamic banking companies.
3. Due to voluntary disclosure, so there are several Islamic banking companies that have a score of 0

quite a lot, so the resulting value is small.

4. There are several ICD measurement indices that are not in accordance with the measurement characteristics of Islamic banking companies, so that many and even almost all Islamic banking companies have a score of 0 on certain ICD measurement indexes, for example on indicators of patents, copyrights, trademarks and franchise agreements so that little value is generated.

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