

Factors Affecting Timeliness of Financial Reporting in Banks Listed on the Indonesia Stock Exchange

Risky Amelia ^{1*}, Muryani Aarsal ², Chairul Ihsan Burhanuddin ³

¹⁻³ Universitas Muhammadiyah Makassar, Indonesia
email : riskyamelia2402@gmail.com

* Corresponding Author : Risky Amelia

Abstract: This study aims to analyze the effect of gearing ratio, profitability, company age, company size, and ownership structure on the timeliness of financial reporting in banking companies listed on the Indonesia Stock Exchange (IDX) for the period 2021–2023. Timeliness of financial reporting is very important because it can affect investor decision making and market perception of company performance. This study uses a quantitative approach with the logistic regression analysis method. The sample consisted of 23 banking companies selected based on purposive sampling techniques and met the criteria for three years of observation, resulting in 69 observations. The results of the study showed that simultaneously the five independent variables affected the timeliness of financial reporting with a contribution of 50.9%. Partially, gearing ratio, company age, and ownership structure were shown to have a significant effect, while profitability and company size did not show a significant effect. This finding implies that the aspects of leverage, company maturity, and transparency of public ownership play an important role in increasing compliance with timely financial reporting.

Keywords: company age, company size, gearing ratio, ownership structure, profitability, timeliness of financial reporting.

1. INTRODUCTION

Timeliness of financial reporting is an important characteristic in presenting relevant financial statements. The Basic Framework for the Preparation and Presentation of Financial Statements (KDPPLK) emphasizes that accounting information must be presented on time so as not to lose its predictive value (IAI, 2019). This is also supported by Lady Lestari (2022), who emphasized that late reporting will reduce the relevance of the information and can interfere with the decision-making process by report users.

The obligation to report financial reports on time has been legally stipulated through the Decree of the Chairman of BAPEPAM Number 36/PM/2003, which requires the submission of audited financial statements no later than 120 days after the end of the financial year. However, in practice, there are still many companies that experience delays, raising questions about the factors that influence the timeliness of reporting.

Several variables have been tested in previous studies, such as gearing ratio, profitability, company age, and company size. However, the results of this study are still inconsistent:

Gearing Ratio:

Rahardjo et al. (2020) showed a negative and significant effect of gearing ratio on reporting timeliness. However, there are still few other studies that re-test this comprehensively, so replication is needed to strengthen empirical evidence.

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Profitability:

Found to have a significant effect on reporting timeliness (Ekky Sanjaya & Ni Gusti, 2016; Dewi & Made, 2014; Calen, 2012). However, different findings were conveyed by Sekiantono & Elvi (2021) who stated that profitability did not have a significant effect. This indicates an empirical gap.

Company Age:

Wulandari (2018) showed that company age affects reporting timeliness. On the other hand, this variable has not been widely tested in the context of going public, so further study is needed.

Company Size:

Research by Sanjaya & Ni Gusti (2016) and Calen (2012) found a significant effect, but Budiyanto & Elma (2015) and Dewi & Made (2014) did not find a significant relationship. This indicates a difference in results that requires further evidence.

Ownership Structure:

This factor has not been analyzed explicitly in previous studies, creating a variable gap that is interesting to study further. Several studies such as Handayani (2020) have begun to explore the effect of ownership structure on financial reporting, but are still limited.

In addition, a temporal gap also arises because most previous studies used data before 2020, even though the dynamics of public company financial reporting are very likely to change along with technological developments and regulations that continue to be updated.

Therefore, this study is important to re-examine the consistency of the effect of gearing ratio, profitability, company age, company size, and adding ownership structure as a new variable, using the latest data from public companies listed on the Indonesia Stock Exchange (IDX). This is expected to contribute to answering the inconsistency of previous results and enrich the literature on the determinants of the timeliness of financial reporting.

2. RESEARCH METHODS

This research uses quantitative research methods. Quantitative research methods can be interpreted as research on data or numbers that can be calculated and measured in number to be processed using statistical methods. The data used in this study are secondary data, namely data obtained from publications or reports of an institution. Data collection in this study was carried out using the documentation method. The documentation method in this study was carried out by downloading financial report data from banking sector companies on the Indonesia Stock Exchange from the official website www.idx.co.id.

Data Analysis**1. Descriptive Statistics**

According to (Utami & Yennisa, 2017) Descriptive statistics is an analysis that provides an overview of the frequency distribution of research variables as seen from the maximum,

minimum, average and standard deviation values. This test provides an overview of the distribution and behavior of data in the sample.

2. Logistic Regression Testing Analysis

Logistic regression is a regression model that has been modified, so that its characteristics are not the same as simple or multiple regression models. Therefore, the determination of its statistical significance is different. Hypothesis testing is carried out multivariately using logistic regression. Logistic regression is used to test whether the variables of gearing ratio, profitability, company age, and company size affect the timeliness of the company's financial reporting.

The multivariate testing model in this study uses logistic regression which is carried out with the help of SPSS. According to (Singgih Santoso, 2001:173) testing analysis with logistic regression needs to pay attention to the following:

a. Assessing the Feasibility of the Regression Model (Goodness of Fit)

The first analysis conducted is to assess the feasibility of the logistic regression model to be used. Testing the feasibility of the logistic regression model is carried out using the Goodness of fit test which is measured by the Chi-Square value at the bottom of the Hosmer and Lemeshow test. Note the output from Hosmer and Lemeshow with the hypothesis:

H₀: The hypothesized model fits the data

H_a: The hypothesized model does not fit the data

Basis for decision making:

Note the value of the goodness of fit test which is measured by the chi square value at the bottom of the Hosmer and Lemeshow test:

1. If the probability > 0.05 then H₀ is accepted
2. If the probability < 0.05 then H₀ is rejected

b. Assessing the Overall Model (overall model fit)

The next step is to test the overall regression model (overall model fit). The test is carried out by comparing the value between -2 Log Likelihood (-2LL) at the beginning (Block Number = 0) with the value of -2 Log Likelihood (-2LL) at the end (Block Number = 1).

The reduction in the value between the initial -2LL and the -2LL value in the next step indicates that the hypothesized model fits the data (Lady Lestari, 2022). Log Likelihood in logistic regression is similar to the concept of "sum of squared errors" in the regression model so that a decrease in Log Likelihood indicates a good regression model.

c. Testing the Determination Coefficient (R²)

The coefficient of determination is used to determine how much the variability of the independent variables is able to clarify the variability of the dependent variable. The coefficient of determination in logistic regression can be seen in the Nagelkerke R square value. The Nagelkerke R square value can be interpreted like the Nagelkerke R square value in multiple

linear regression. This value is obtained by dividing the Cox & Snell R Square value by its maximum value.

3. RESULTS AND DISCUSSION

Origin and Development of the Vedic Number System

Table 1. Statistical Description

Statistics						
	GEAR- ING	ROA	AGE	SIZE	OWN	Y
N	69	69	69	69	69	69
	0	0	0	0	0	0
Nilai	7.4700	.0165	10.6812	13.3102	.2183	.7826
Ten- gah						
Std. Devi- asi	6.57663	.01866	7.29523	.74840	.12723	.41549
Mini- mal	-31.53	-.08	1.00	12.03	.02	.00
Maksimal	16.52	.06	27.00	14.60	.58	1.00

Table 1 shows the calculation results of gearing ratio, profitability, company age, company size, and Ownership Structure on the Timeliness of financial reporting of banking companies. Descriptive statistics of research variables in banking companies that are samples in this study can be explained as follows. the average value of gearing ratio 7.4700, standard deviation 6.57663, maximum value 16.52, minimum value -31.53. the average value of profitability 0.0165, standard deviation 0.01866, maximum value 0.06, minimum value -0.08. the average value of company age 10.6812, standard deviation 7.29523, maximum value 27.00, minimum value 1.00. the average value of company size 13.3102, standard deviation 0.74840, maximum value 14.60, minimum value 12.03. average value of ownership structure 0.2183, standard deviation 0.12723, maximum value 0.58, minimum value 0.58

Table 2. Statistical Description

		Fre- quency	Per- cent	Valid Per- cent	Cumula- tive Per- cent
Valid	0	15	21.7	21.7	21.7
	1	54	78.3	78.3	100.0
	To- tal	69	100.0	100.0	

Companies that experienced timely financial reporting were 54 companies or around 78.3%, while companies that did not experience timely financial reporting were 15 companies or around 21.7%.

Data Analysis Results

Table 3. Hosmer and Lemeshow's test

Hosmer and Lemeshow Test

Step	Chi-square	df	Sig.
1	2,836	8	.944

Dari tabel diperoleh nilai sig = 0,944 $\geq$ 5% , maka H0 diterima. Artinya model yang dihipotesiskan fit dengan data. Dengan kata lain variabel X1,X2, dan X3,X4,X5 dapat digunakan untuk memprediksi kisaran peluang Y.

Table 4. Model fit

Iteration History^{a,b,c,d}

Iteration		-2 Log likeli- hood	Coefficients					
			Con- stant	gear- ing	ROA	AGE	SIZE	OWN
Step 1	1	56,937	.285	-.066	-2,431	.072	-.017	3,836
	2	48,407	-.056	-.167	-7,053	.110	.029	7,211
	3	45,039	-.886	-.293	- 13,560	.132	.151	10,199

	4	44,597	-1,117	-.353	-	.150	.193	11,704
					17,121			
	5	44,587	-1,102	-.363	-	.155	.197	11,950
					17,879			
	6	44,587	-1,101	-.363	-	.155	.197	11,956
					17,906			
	7	44,587	-1,101	-.363	-	.155	.197	11,956
					17,906			

a. Method: Enter

b. Constant is included in the model.

c. Initial -2 Log Likelihood: 72.255

d. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.

$H_0 : \beta = 0$ Independent variables can improve the logistic regression model.

$H_1 : \beta \neq 0$ Independent variables cannot improve the logistic regression model.

-2 Log likelihood (Block 0) = L0=72,255

-2 Log likelihood block1 = L1 = 44,58

From the table above, it shows that the value of -2LogL Block Number = 0 is 72.255, then there is a decrease in the value of -2LogL block number = 1 to 44.587, the magnitude of the decrease is $-2\log L = 27.668 > 9.49$ ($X^2 (0.05.5) = 9.49$), so it can be concluded that the independent variable can improve the logistic regression model.

Table 5. Regression Clas

Classification Table^a

Observed			Predicted		
			Y		Percentage Correct
			0	1	
Step 1	Y	0	7	8	46.7
		1	3	51	94.4
	Overall Percentage				84.1

a. The cut value is .500

Sumber: Hasil Olah SPSS

Classification Accuracy Test

From the table above, it is obtained that according to predictions, there are 15 companies that are categorized as not having Timeliness of financial reporting, while the observation results show that 7 companies are categorized as not having Timeliness of financial reporting and the remaining 8 are categorized as having Timeliness of financial reporting. So the classification accuracy = $7/15 = 46.7\%$. According to predictions, there are 54 companies that are categorized as having Timeliness of financial reporting, while the observation results show that 51 companies are categorized as having Timeliness of financial reporting and the remaining 3 are categorized as not having Timeliness of financial reporting. So the classification accuracy is $51/54 = 94.4\%$. Overall, the classification accuracy obtained in this regression model is 84.1%.

Table 6. Cox & Snell's R Square and Nagelkerke R Square tests

Model Summary

	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	44.587 ^a	.330	.509

a. Estimation terminated at iteration number 7 because

Sumber: Hasil Olah SPSS changed by less than .001.

In the table above, the nagelkerke value $R^2 = 0.509 = 50.9\%$ is obtained, this means that the magnitude of the influence of X1, X2, X3 X4 and X5 on Y simultaneously is 50.9%.

Table 7: Parameter Estimation Test and Interpretation

Variables in the Equation

		B	S.E.	Wald	df	Sig.	Exp(B)	95.0% C.I. for EXP(B)	
								Lower	Upper
Step 1 ^a	gear-ing	-.363	.144	6,367	1	.012	.696	.525	.922
	ROA	-.17,906	.26,008	.474	1	.491	.000	.000	2.298E14
	AGE	.155	.079	3,873	1	.049	1,167	1,001	1,362

	SIZE	.197	.606	.105	1	.745	1,217	.371	3,989
	OW	11,956	5,478	4,764	1	.029	1.558E	3,387	7.163E
	N						5		9
	Con- stant	-1,101	7,979	.019	1	.890	.333		

a. Variable(s) entered on step 1: gearing, ROA, AGE, SIZE, OWN

From the table above, the sig value is obtained for each variable:

- gearing ratio = 0.012 below 0.05, it is concluded that the variable has a significant effect.
- profitability = 0.491 above 0.05, it is concluded that the variable does not have a significant effect.
- company age = 0.049 below 0.05, it is concluded that the variable has a significant effect.
- company size = 0.745 above 0.05, it is concluded that the variable does not have a significant effect.
- Ownership Structure = 0.029 below 0.05, it is concluded that the variable has a significant effect.

So the financial ratios that can be used to influence the Timeliness of financial reporting of banking companies in this study that are in accordance with the hypothesis are the gearing ratio, company age and Ownership Structure. From the table above, the following regression equation is obtained:

$$TIME = \frac{e^{-1,101+0,363(\text{gearing})+17,906(\text{ROA}) - 0,155(\text{AGE}) - 0,197(\text{SIZE}) - 11,956(\text{OWN})}}{1 + e^{-1,101+0,363(\text{gearing})+17,906(\text{ROA}) - 0,155(\text{AGE}) - 0,197(\text{SIZE}) - 11,956(\text{OWN})}}$$

The regression equation has the following meaning:

a. Constant = -1.101

If the gearing ratio, profitability, company age, company size and Ownership Structure variables are constant, then the odd of a company's Timeliness of financial reporting is -1.101.

b. Gearing ratio coefficient = -0.363

If the gearing ratio variable increases by 1 unit while the profitability, company age, company size and Ownership Structure variables are constant, then the odd of a company's Timeliness of financial reporting decreases by -17.906.

c. Profitability coefficient = -17.906

If the profitability variable increases by 1 unit while the gearing ratio, company age, company size and Ownership Structure variables are constant, then the odd of a company's Timeliness of financial reporting decreases by -17.906.

d. Company age coefficient = 0.155

If the company age variable increases by 1 unit while the gearing ratio, profitability, company size and Ownership Structure variables are constant, then the odds of a company's Timeliness of financial reporting decrease by 0.155.

e. Company size coefficient = 0.197

If the company size variable increases by 1 unit while the gearing ratio, profitability, company age and Ownership Structure variables are constant, then the odds of a company's Timeliness of financial reporting decrease by 0.197.

f. Ownership Structure Coefficient = 11.956

If the company size variable increases by 1 unit while the gearing ratio, profitability, company age and Ownership Structure variables are constant, then the odds of a company's Timeliness of financial reporting decrease by 11.956.

Partial Hypothesis Testing**Table 8. Partial Hypothesis Testing Results**

Variables in the Equation

		B	S. E.	Wald	df	Sig.	Exp(B)	95.0% C.I. for EXP(B)	
								Lower	Upper
Step 1 ^a	gearing	-.363	.144	6,367	1	.012	.696	.525	.922
	ROA	-.17,906	.26,008	.474	1	.491	.000	.000	2.298E14
	AGE	.155	.079	3,873	1	.049	1,167	1,001	1,362
	SIZE	.197	.606	.105	1	.745	1,217	.371	3,989
	OWN	11,956	5,478	4,764	1	.029	1.558E5	3,387	7.163E9
	Constant	-1,101	7,979	.019	1	.890	.333		

a. Variable(s) entered on step 1: gearing, ROA, AGE, SIZE, OWN

From the table above, the sig value is obtained for each variable:

- a) gearing ratio = 0.012 below 0.05 concluded that the variable has a significant effect

- b) profitability = 0.491 above 0.05 concluded that the variable does not have a significant effect.
- c) company age = 0.049 below 0.05 concluded that the variable has a significant effect.
- d) company size = 0.745 above 0.05 concluded that the variable does not have a significant effect.
- e) Ownership Structure = 0.029 below 0.05 concluded that the variable has a significant effect.

So the financial ratios that can be used to influence the timeliness of financial reporting of banking companies in this study that are in accordance with the hypothesis are the gearing ratio, company age and ownership structure.

Discussion

This study shows that there are still a number of banking companies listed on the Indonesia Stock Exchange (IDX) that are not timely in submitting their financial reports. Through analysis using the Eckel Index, it was found that out of 69 banking companies studied, 15 companies were not timely in reporting their financial statements, while 54 other companies were declared timely. This indicates the need for stricter supervision from authorities such as Bapepam to ensure compliance with timely financial reporting.

Timeliness of financial reporting is very important because it affects investor decisions and stock price movements. Companies that submit financial reports on time can take advantage of investment opportunities more optimally.

This study tested five factors that are suspected of influencing the timeliness of reporting, namely: gearing ratio, profitability, company age, company size, and ownership structure. Simultaneously, these five variables have a significant effect on the timeliness of financial reporting with a contribution of 50.9%. However, partially only the gearing ratio, company age, and ownership structure are proven to have a significant effect.

Gearing Ratio (H1)

Significantly influences the timeliness of financial reporting. High gearing ratio reflects high financial risk so that companies tend to delay reporting. Conversely, low gearing ratio encourages companies to be faster in submitting financial reports in order to attract investor interest.

Profitability (H2)

No significant partial effect. Although profitability is an important performance indicator, in the context of this study, company profits do not guarantee that reporting is done on time.

Company Age (H4)

Significant effect. Companies that have been established longer tend to have better experience and reporting systems, so they are better able to prepare financial reports on time.

Company Size (H3)

No significant effect. Large size does not always guarantee fast reporting, it could be due to internal complexity and higher bureaucracy.

Ownership Structure (H5)

Significant effect. Companies with a large proportion of public ownership are more encouraged to submit financial reports on time, due to demands for transparency from the public and public investors.

4. CONCLUSION AND SUGGESTIONS

The conclusions that can be drawn from this study indicate that several factors have a significant influence on the timeliness of financial reporting in banking companies listed on the Indonesia Stock Exchange (IDX) during the 2021–2023 period. The gearing ratio variable is proven to have a significant effect on the timeliness of reporting, where the company's leverage level affects the speed of financial reporting. In addition, the age of the company and ownership structure also show a significant influence, indicating that companies that are more mature and have high public ownership tend to be more timely in submitting financial reports. On the other hand, the profitability and company size variables do not show a significant effect on the timeliness of financial reporting, which means that the amount of profit or the scale of the company does not directly determine the timeliness of financial reporting.

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