

## GENERAL MANAGEMENT

# Intellectual Capital and Financial Performance of Indonesian Banks

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### Abstract

*This study aims to test the effects of intellectual capital on the financial performance of Indonesian banks. We measure intellectual capital with the Modified Value Added Capital (MVAIC) as a further development of the VAICTM model. Further, we use the CAMEL ratios as the proxies of banks' financial performance. Our sample is 34 Indonesian banks that are listed at the Indonesian Stock Exchange with the observation period of five years. Using the panel data regression, this study reveals that intellectual capital affects banks' financial performance (capital, asset quality, management, and earnings), but not for liquidity performance.*

**Keywords:** *intellectual capital; performance; CAMEL; banks.*