INTERNATIONAL JOURNAL OF RESEARCH AND INNOVATION IN SOCIAL SCIENCE (IJRISS)
ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume X Issue VI June 2026

The Influence of Regional Original Revenue, General Allocation Funds, and Regional Expenditure on the Level of Regional Financial Independence (Case Study of Districts and Cities in Banten Province 2019-2023)

Aghna Rizqillah, Eddy Winarso*

Accounting Department, Faculty of Economics & Business, Jenderal Achmad Yani University

***Corresponding Author**

DOI: https://doi.org/10.47772/IJRISS.2026.100600613

Received: 24 May 2026; Accepted: 30 May 2026; Published: 30 June 2026

ABSTRACT

This study aims to analyze the influence of Regional Original Revenue (PAD), General Allocation Fund (DAU), and Regional Expenditure on the level of regional financial independence in regencies and cities in Banten Province in 2019–2023. The study is based on the theory of fiscal decentralization and agency theory that explains the relationship between the central government and regional governments in public financial management. The research method used is a quantitative method with a descriptive approach. The data used are secondary data obtained from the Budget Realization Report (LRA) from the Directorate General of Fiscal Balance (DJPK) website. The research sample consisted of 8 regencies/cities over five years of observation, resulting in 40 populations and 120 valid data. The data analysis technique used was panel data regression with the help of e-views 12 *software*. The results of the study indicate that Regional Original Revenue has a significant positive effect on the level of regional financial independence, General Allocation Fund has a significant negative effect, and Regional Expenditure has a significant negative effect. Simultaneously, Regional Original Revenue, General Allocation Fund, and Regional Expenditure have a significant negative effect on the level of regional financial independence. This study concludes that increasing Regional Original Income and productive spending management are important factors in increasing regional financial independence.

Keywords: Regional Original Income, General Allocation Fund, Regional Expenditure, Regional Financial Independence, Fiscal Decentralization.

INTRODUCTION

The enactment of Law No. 22 of 1999 concerning Regional Government signifies that the Republic of Indonesia, as a Unitary State, adheres to the principle of decentralization in the administration of government by providing opportunities and flexibility to regions to implement Regional Autonomy.

The implementation of regional autonomy is expected to increase Regional Independence and reduce dependence on the central government, both in development funding and regional financial management (Insani & Hendaris, 2025). Regions designated as autonomous are required to pursue public interests by involving community participation, based on the principles of transparency, and being accountable to the community (Fitriani & Hendaris, 2023).

There are obstacles to the implementation of regional autonomy, namely fiscal inequality between regions. Regional governments receive assistance (transfers) from the central government, one of which is general allocation funds. However, in reality, regional governments are still not fully independent from the central government in managing regional affairs. This is reflected in their greater dependence on general allocation funds compared to regional revenues to finance regional expenditures (Yulkhaq & Amiranto, 2024).

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume X Issue VI June 2026

In this context, regional financial independence is a significant benchmark indicating the extent to which a region can finance its government activities without relying entirely on financial support from the central government (Maharani & Haryanto, 2025). Regional independence has various levels, and at each level, there are different relationship patterns. The levels of regional financial independence and their relationship patterns can be seen in Table 1 below.

Table 1. Relationship Patterns and Criteria for Regional Financial Independence Levels

Financial Capability	Independence Ratio	Relationship Patterns
Very Low	0-25%	Instructive
Low	> 25-50%	Consultative
Currently	> 50-75%	Participatory
Tall	> 75-100%	Delegative

Source: Halim, 2004, in Febrianti & Fidiana (2025)

The regional independence ratio reflects the extent of community participation in paying taxes and levies, which are sources of regional original revenue (Permatasari & Trisnaningsih, 2022). An increase in this ratio indicates a decreasing dependence on central government assistance or transfer funds, while a decrease in the ratio reflects an increasing dependence on central government assistance or transfer funds. (Manurung & Hendaris, 2026)

The financial independence of a region can be measured by the amount of Regional Original Income received by each Regency or City Government. If the Regional Original Income received is greater than the financial assistance provided by the Central Government, the Regency or City Government can be considered independent (Marsudi & Widjaja, 2019) in Bella et al., 2022.

Table 2. Level of Regional Financial Independence in Regencies and Cities in Banten Province 2019-2023

No.	Regency/City	Financial Independence				
		2019	2020	2021	2022	2023
1.	Lebak Regency	15.52%	19.28%	18.76%	19.53%	19.40%
2.	Pandeglang Regency	10.08%	9.19%	9.04%	9.22%	9.84%
3.	Serang Regency	32.40%	35.09%	35.70%	36.02%	35.88%
4.	Tangerang Regency	104.88%	104.26%	96.60%	116.28%	122.30%
5.	Cilegon City	58.06%	71.62%	56.74%	71.47%	64.98%
6.	Tangerang City	96.25%	92.04%	85.72%	88.97%	106.59%
7.	Serang City	17.66%	18.02%	17.51%	22.81%	21.79%
8.	South Tangerang City	118.36%	117.73%	99.73%	116.39%	110.66%

Source: Budget Realization Report for Regency and City of Banten Province (data processed in 2026)

Table 2 shows that the level of financial independence of districts/cities in Banten Province in 2019-2023 tended to be uneven, with significant differences between regions with high levels of independence and regions with low levels of independence. In 2023, Lebak Regency, Pandeglang Regency, Serang Regency, Tangerang Regency, and Tangerang City showed an increase in the level of regional financial independence compared to 2022. On the other hand, Pandeglang Regency recorded the lowest level of fiscal independence among all districts/cities in

Banten Province in 2021, with a ratio of 7.70%. In addition, several other regions, such as Lebak Regency (12.50%) and Serang City (14.06%), also showed very low levels of financial independence, indicating a high dependence on transfer funds from the central and provincial governments.

The decline in regional financial independence seen in several regencies and cities indicates an imbalance in the composition of regional revenues. This is due to the increasing proportion of transfer funds received from the central or provincial governments, without a significant increase in Regional Original Income (ROI). If the contribution of Regional Original Income is smaller than the income from transfers, the fiscal independence ratio will certainly decrease, indicating the extent to which regions rely on transfer funds from the central government to support government and development activities (Rahmawati & Hendaris, 2025).

The existence of transfer funds or assistance provided by the central government, such as the General Allocation Fund, can make local governments highly dependent. In the implementation of regional autonomy, the General Allocation Fund has the characteristics of *a grant block*, meaning that funds are allocated to regions according to their priorities and needs. This means that funds are allocated to regions to improve public services (Pramesti & Mildawati, 2025).

The increased independence ratio is expected to increase the budget available as a source of financing or regional spending for development. With substantial regional spending, local governments can use these funds to purchase facilities and infrastructure, as well as make investments aimed at improving public services through direct and indirect spending (Bosso et al., 2021). This high total spending further degrades regional financial performance, as more expenditures are routine, rather than capital and infrastructure expenditures that could improve public services (Saputri & Kurnia, 2020). Previous studies have revealed mixed findings regarding the relationship between Regional Original Income, General Allocation Fund, and Regional Expenditure on the level of regional financial independence. For example, Maharani & Haryanto, 2025; Rahmawati & Hendaris (2025), and Bella et al (2022) showed that regional original income has a positive effect on the level of regional financial independence, while Putri & Mulyandani (2025), Kusmila (2023), and Farrakhy & Dewi (2025) showed that Regional Original Income does not have a significant effect on the level of regional financial independence.

Similar inconsistencies are also found in studies on general allocation funds (Putri & Mulyandani, 2025; Musfirati & Sugiyanto, 2021; and Riyadi, 2022), which show that General Allocation Funds have a significant effect on the level of regional financial independence, while (Pramesti & Mildawati, 2025; Umasangadji, 2025, and Febrianti & Fidiana, 2025) found the opposite. Furthermore, there are inconsistencies in studies on regional expenditure (Febrianti & Fidiyana, 2025; Amanda & Praptoyo, 2023; Saputri & Kurnia, 2020), which concluded that Regional Expenditure does not have a significant effect on the level of regional financial independence, while Angraini & Hidayat (2023), and Anynda & Hermanto (2020) found the opposite.

From the various conclusions regarding Regional Original Income, General Allocation Fund, and Regional Expenditure that influence the Level of Regional Financial Independence, the researcher is interested in further examining whether Regional Original Income, General Allocation Fund, and Regional Expenditure have a significant influence on the Level of Regional Financial Independence in districts/cities in Banten Province in 2019-2023 Partially and simultaneously. Therefore, the author conducted research with a different Title and Subject with the Title "**The Influence of Regional Original Income (PAD), General Allocation Fund (DAU) and Regional Expenditure on the Level of Regional Financial Independence (Case Study in Districts/Cities in Banten Province for the 2019-2023 Period).**"

Problem identification in this research is as follows:

1. How Regional Original Income, General Allocation Fund, Regional Expenditure, and Level of Financial Independence in Regencies/Cities in Banten Province in 2019 – 2023?

2. How does Local Original Income affect the Level of Financial Independence in Regencies/Cities in Banten Province in 2019 – 2023?

3. How the General Allocation Fund affects the Level of Financial Independence in Regencies/Cities in Banten Province in 2019 - 2023.

4. How Regional Expenditure Affects the Level of Financial Independence in Regencies/Cities in Banten Province in 2019 - 2023.
5. How Regional Original Income, General Allocation Funds, and Regional Expenditures simultaneously influence the Level of Financial Independence in Regencies/Cities in Banten Province in 2019 - 2023.

LITERATURE REVIEW

Fiscal Decentralization Theory

Decentralization theory emphasizes that fiscal decentralization allows regions to manage their own resources to increase efficiency and independence. In Law No. 32 of 2004, Article 1, Paragraph 7 concerning Regional Government, decentralization is defined as the transfer of government authority by the central government to autonomous regions to regulate and manage government affairs within the Unitary State of the Republic of Indonesia. Fiscal decentralization is the delegation of responsibility and the distribution of power and authority for decision-making in the fiscal sector, covering both revenue and expenditure aspects.

If fiscal decentralization is effective, regions should be able to finance their needs through Regional Original Revenue (ROV) without relying on central transfers such as the General Allocation Fund (DAU). Increased Regional Original Revenue reflects greater regional financial independence, while high dependence on the General Allocation Fund indicates a low level of regional fiscal independence.

Agency Theory

This theory explains the relationship between *the principal*, the party granting the authority, and *the agent*, the party receiving the authority. This relationship arises when *the principal gives the agent* responsibility for managing resources, with the expectation that *the agent will act in the principal's* best interests (Falia et al., 2025).

In its application in the public sector, agency theory demonstrates the relationship between the central government as *the principal*, delegating power to regional governments as *agents*. Regional governments have a moral responsibility for the delegation of authority granted by the central government to regional governments. This responsibility can be seen in the budget planning process. Regional governments submit budget proposals to the central government, which can then implement them once they have been approved (Alfansa & Wibowo, 2022).

Regional Revenue and Expenditure Budget (APBD)

According to the Directorate General of Fiscal Balance (DJPK), the Regional Budget (APBD) is a regional government's annual financial plan, established by regional regulations. The APBD serves as a means of communication between the regional government and its citizens regarding allocation priorities, established after coordination with the legislative body, the Regional People's Representative Council (DPRD).

Furthermore, the Regional Budget (APBD) is an important tool for local governments to improve their capacity and efficiency. The primary function of the APBD is to prevent waste and irregularities in the implementation of regional activities. The APBD is prepared as a reference for managing state revenue and expenditure at the regional level to support the implementation of regional autonomy and promote public welfare (Amanda & Praptoyo, 2023). The APBD consists of three main components: regional revenue, regional expenditure, and regional financing. Regional revenue consists of Regional Original Revenue (PAD), Balancing Funds, and Other Legitimate Regional Revenue.

Budget Realization Report (LRA)

Referring to PP No. 71 of 2010 concerning Government Accounting Standards, LRA is defined as a report that presents an overview of the sources, allocations, and use of financial resources managed by the central/regional government, which describes the comparison between the budget and its realization in one reporting period.

Information in the LRA consists of 3 items, namely regional income items consisting of Regional Original Income (PAD), Transfer Income, and Other Legitimate Regional Original Income, regional expenditure items consisting of operational expenditure, capital expenditure, unexpected expenditure, and transfer expenditure, and regional financing items consisting of financing receipts and financing expenditures. The objectives of the LRA are divided into two, namely standard objectives and reporting objectives.

Regional Original Income (PAD)

Based on Law No. 1 of 2022, Article 1 Paragraph 20 concerning Financial Relations between the Central Government and Regional Governments, regional original income (PAD) is regional income obtained from regional taxes, regional levies, the results of managing separated regional assets, and other legitimate regional original income in accordance with laws and regulations. Regional Original Income plays an important role in increasing regional fiscal independence. Regional Original Income allows regional governments to finance development and public services without relying on central funds. The greater the Regional Original Income, the stronger the region's ability to manage development and improve community welfare independently.

In this study, the effectiveness ratio of Regional Original Income was used, which can be calculated using the following formula:

Effectiveness of Regional Original Income = $\frac{Realization\ of\ Regional\ Original\ Income}{Regional\ Original\ Revenue\ Budget}\ X\ 100\%$

Source: Pardede (2024)

General Allocation Fund

According to PP No. 12 of 2019 Article 1 Paragraph 11, it explains that the general allocation fund (DAU) is a fund sourced from APBN revenues allocated to equalize the financial capacity between regions to fund regional needs in the context of implementing decentralization.

The General Allocation Fund is allocated to provinces and districts/cities. The total amount of the General Allocation Fund is set at a minimum of 26% (twenty-six percent) of Net Domestic Revenue. The proportion of the General Allocation Fund between provinces and districts/cities is calculated from the comparison between the weight of government affairs that fall under the authority of the province and district/city (PP Number 55 of 2005 concerning Balancing Funds). To determine the percentage of the General Allocation Fund, it can be calculated using the following method:

General Allocation Fund Ratio = $\frac{Realization\ of\ General\ Allocation\ Funds}{Total\ Regional\ Income}$X 100%

Source: Muchtar *et al* (2023)

Regional Expenditures

According to PP Number 71 of 2010 concerning Government Accounting Standards, it states that (regional) expenditure is all expenditure from the Regional General Cash Account and Expenditure Treasurer, which reduces the Excess Budget Balance in the relevant budget year period for which the government will not receive repayment.

There are several ways to calculate the regional spending ratio, one of which can be calculated using the regional spending efficiency ratio, which can be calculated using the formula:

$$\frac{Realization\ of\ Regional\ Expenditure}{Total\ Regional\ Expenditure\ Budget}\ X\ 100\%$$

Source: Basri (2020)

Level of Regional Financial Independence

Regional financial independence is defined as the ability of a local government to independently finance government activities, development, and services to the community, which have paid taxes and levies as a source of necessary regional revenue (Sopiyan & Handoyo, 2024).

This level of independence is a key indicator of the effectiveness of fiscal decentralization and the sustainability of regional finances, as regions with a greater proportion of original revenue tend to have greater fiscal flexibility and stability. Therefore, the greater a region's ability to finance its needs from its own revenue sources, the higher its level of financial independence. Financial independence can be calculated using the independence ratio, which can be calculated using the following formula:

$$\text{Independence Ratio} = \frac{\textit{Regional Original Income}}{\textit{Central Assistance + Loans}} \text{x } 100\%$$

Source: Pramesti & Mildawati (2025)

Previous Research

A previous study on Regional Original Income on the Level of Regional Financial Independence by Pramesti & Mildawati (2025) conducted in all regencies/cities in East Java Province in 2019-2023 concluded that Regional Original Income has a positive effect on regional financial independence. The greater the regional original income obtained by a region, the greater its ability to meet its needs independently without relying on the central government. This shows the importance of optimizing regional revenue from taxes and levies to strengthen regional fiscal autonomy. However, research by Kusmila (2023) conducted in Kerinci Regency in 2014-2020 concluded that Regional Original Income did not have a significant effect on the level of regional financial independence.

A previous study on the General Allocation Fund's Impact on Regional Financial Independence conducted by Putri & Mulyandani (2025) in the Bandung Regency Government from 2019 to 2023 concluded that the General Allocation Fund had an impact on the level of Regional Financial Independence (KKD). However, research conducted by Fitriyani & Suwarno (2021) in all regencies/cities in Central Java province from 2016 to 2018 concluded that the General Allocation Fund had a significant negative relationship with the level of regional financial independence. This means that the greater the General Allocation Fund provided by the government to a region, the lower the level of regional financial independence.

A previous study on Regional Expenditure on Regional Financial Performance conducted by Saputri & Kurnia (2020) in all regencies/cities in East Java Province from 2015-2017 concluded that Regional Expenditure negatively impacts the Level of Regional Financial Independence. This means that the increasing allocation of regional expenditure that is not balanced by an increase in local revenue, the region's level of independence decreases. This is in contrast to research conducted by Permatasari & Trisnaningsih (2022) conducted in all regencies and cities in East Java Province from 2014-2018. Which found that Regional Expenditure positively impacts regional financial performance. The influence of regional expenditure management on the level of regional financial independence indicates that the more effective the local government is in controlling expenditures, the more it can have a positive impact on the level of regional financial independence.

Thinking Framework & Hypothesis Development

Framework

A conceptual framework was developed to illustrate the relationships between the variables studied through visual representation. In this study, the dependent and independent variables are part of the analysis of the relationships between the variables.

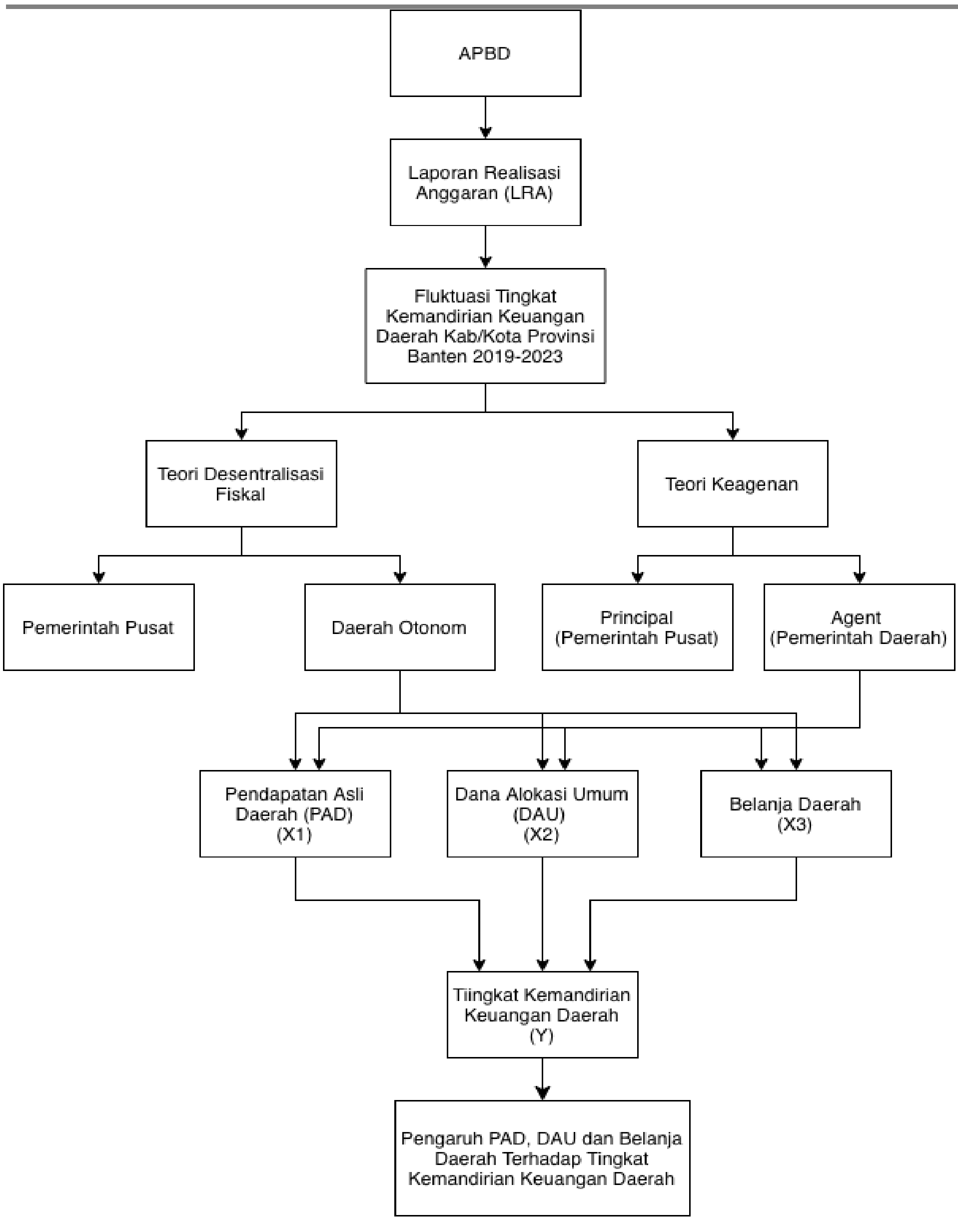


Figure 1: Framework of Thought

Hypothesis Development

The Influence of Regional Original Income on the Level of Regional Financial Independence

Regional Original Income (PAD) is the income earned by each region. Sources of Regional Original Income include taxes, levies, proceeds from the management of separated regional assets, and other legitimate regional income. In the theory of fiscal decentralization, Regional Original Income indicates the extent to which a region is able to generate its own income. The higher the Regional Original Income, the greater the level of financial independence of a region, as it is less dependent on assistance or *transfers* from the central government.

Research by Maharani & Haryanto (2025), Rahmawati & Hendaris (2025), and Nirmala & Hendaris (2026) regarding the relationship between Regional Original Income and Regional Independence shows that Regional Original Income has a positive effect on the level of regional financial independence.

H_1: Regional Original Income Has a Positive Influence on Regional Financial Independence

The Influence of General Allocation Funds on the Level of Regional Financial Independence

According to fiscal decentralization theory, overly dominant transfers can lead to *fiscal dependency*, a condition where local governments are less motivated to tap into their potential for local revenue. Agency theory suggests that local governments, as agents, may become less motivated to increase local revenue if their fiscal needs are met through central transfers.

According to Pramesti & Mildawati (2025), Umaya Umasangadji (2025), and Febrianti & Fidiana (2025), the General Allocation Fund (DFA) has no significant effect on the level of regional financial independence. This indicates that the greater the general allocation fund a region receives, the lower its financial performance.

H_2: General Allocation Fund (DAU) has a negative influence on the level of regional financial independence.

The Influence of Regional Spending on the Level of Regional Financial Independence

In the context of financial independence, increased regional spending that is not matched by an increase in Regional Original Revenue will reduce the regional financial independence ratio. This is because financing for large expenditures often relies on transfers from the central government, thus increasing regional fiscal dependence. Furthermore, the majority of regional spending is still dominated by employee expenditures (indirect spending), which are consumptive in nature and do not directly increase regional revenue capacity. Therefore, the greater the regional spending without a corresponding increase in independent revenue, the lower the level of regional financial independence tends to be.

Based on research by Febrianti and Fidiyana (2025), regional spending negatively influence regional financial performance. This finding aligns with research by Amanda & Praptoyo (2023), which found that regional spending negatively impacts regional financial performance, as measured by the independence ratio. This means that higher regional spending allocations lead to lower regional financial performance.

H_3: Regional Expenditure Has a Negative Influence on the Level of Regional Financial Independence.

The Influence of Regional Original Income, General Allocation Funds, and Regional Expenditures on the Level of Regional Financial Independence

The level of regional financial independence indicates the ability of a local government to finance government and development activities without relying on transfers from the central government. Locally Generated Revenue (PAD) is a key indicator reflecting a region's ability to harness local economic potential. The greater the contribution of Locally Generated Revenue, the greater the region's financial independence. On the other hand, the General Allocation Fund (DAU) is a transfer from the central government to reduce the fiscal gap. A large proportion of the General Allocation Fund can indicate dependency and reduce financial independence.

A study by Indriani et al (2023) the Influence of Regional Original Income, General Allocation Funds, and Capital Expenditures on Regional Financial Independence of Brebes Regency concluded. Simultaneously, Regional Original Income, General Allocation Funds, and Capital Expenditures have a significant influence on the level of Financial Independence of the Brebes Regency Regional Government for the period 2018-2022. Bella et al (2022) found that Regional Original Income, General Allocation Funds, and Capital Expenditures have a positive and significant influence on the Level of Financial Independence. This is in line with the findings of Nainggolan et al. (2023), who found that Regional Financial Independence is simultaneously influenced by the variables of Regional Original Income, Regional Retribution, Capital Expenditures, and General Allocation Funds.

H_4: Regional Original Income, General Allocation Funds, and Regional Expenditures Simultaneously Have a Significant Influence on the Level of Regional Financial Independence.

RESEARCH METHODS

This research is a quantitative the data source used is secondary data in the form of Regional Revenue and Expenditure Budget Realization Reports of the Regency/City Governments of Banten Province from 2019-2023. The data collection technique is documentation. The population of this study is all Regency/City Governments of Banten Province with regional revenue and expenditure budget realization reports (APBD) from 2019-2023. The sampling technique uses a census/total sampling technique. Data analysis uses descriptive statistical analysis, classical assumption tests, multiple linear regression analysis, and hypothesis testing. Data processing is assisted

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume X Issue VI June 2026

by Eviews- *software* version 12, to facilitate data processing. Multiple linear regression analysis as an analysis model with an equation model, can be formulated as follows:

$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e$

Information:

Y = Level of Regional Financial Independence

α= Constant

β_1, β_2, β_3 = Regression coefficients

X_1 = Regional Original Income

X_2 = General Allocation Fund

X_3 = Regional Expenditure

e = *Error* (interfering factor)

Table 3. Operational Variables

Variables	**Basic Research Concepts**	**Indicator**	**Scale**
Regional Original Income (PAD) (X_1)	Regional Original Income is regional income obtained from regional taxes, regional levies, results of managing separated regional assets, and other legitimate regional original income in accordance with statutory regulations (Law No. 1 of 2022, Article 1 Paragraph 20).	$\frac{Realization\ of\ Regional\ Ori}{Regional\ Original\ Reven}$ X 100% Source: Pardede (2024)	Ratio
General Allocation Fund (DAU) (X_2)	The General Allocation Fund is a fund sourced from the State Budget (APBN) allocated with the aim of equalizing financial capacity between regions to fund regional needs in the context of implementing decentralization. (PP No. 12 of 2019 Article 1 Paragraph 11).	$\frac{Realization\ of\ General\ Allocation\ F}{Total\ Regional\ Income}$ X 100% Source: Muchtar *et al*. (2023)	Ratio
Regional Spending (X_3)	Regional expenditure is all expenditure from the Regional General Cash Account and Expenditure Treasurer that reduces the Excess Budget Balance in the relevant budget year period for which the government will not receive repayment. (PP Number 71 of 2010)	$\frac{Realization\ of\ Regional\ Expenditur}{Total\ Regional\ Expenditure\ Budge}$ X 100% Source: Dasmar *et al*. 2020	Ratio
Regional Financial Independence (Y)	Regional financial independence is defined as the ability of a local government to independently finance government activities, development, and services to the community, which have paid taxes and levies as a source of necessary regional revenue (Sopiyan & Handoyo, 2024).	$\frac{Regional\ Original\ Income}{Central\ Assistance + Loans}$ x 100% Source: Pramesti & Mildawati (2025)	Ratio

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume X Issue VI June 2026

RESULTS AND DISCUSSION

Regional Original Income (PAD) in the City/Regency Government of Banten Province 2019-2023

The following are the calculation results that show the effectiveness of Regional Original Income in districts/cities in Banten Province in 2019-2023.

Table 4. Effectiveness of Regional Original Income in Regencies/Cities in Banten Province 2019-2023

No.	Regency/City	Regional Original Income					Average	Max	Min
		2019	2020	2021	2022	2023			
1.	Lebak Regency	106.73%	98.08%	96.19%	102.14%	104.90%	101.61%	106.73%	96.19%
2.	Pandeglang Regency	101.37%	78.54%	79.49%	66.11%	84.92%	82.09%	101.37%	66.11%
3.	Serang Regency	95.86%	88.33%	99.85%	92.52%	97.44%	94.80%	99.85%	88.33%
4.	Tangerang Regency	121.91%	89.40%	115.02%	141.89%	129.87%	119.62%	141.89%	89.40%
5.	Cilegon City	90.51%	98.67%	85.80%	92.69%	80.17%	89.57%	98.67%	80.17%
6.	Tangerang City	101.55%	69.35%	88.16%	87.34%	98.99%	89.08%	101.55%	69.35%
7.	Serang City	110.39%	89.77%	105.09%	88.80%	82.13%	95.24%	110.39%	82.13%
8.	South Tangerang City	112.26%	76.93%	113.19%	122.54%	110.84%	107.15%	122.54%	76.93%
Average		105.07%	86.13%	97.85%	99.25%	98.66%	97.39%	141.89%	66.11%
Maximum		121.91%	98.67%	115.02%	141.89%	129.87%			
Minimum		90.51%	69.35%	79.49%	66.11%	80.17%			

Source: Directorate General of Fiscal Balance (processed data, 2026)

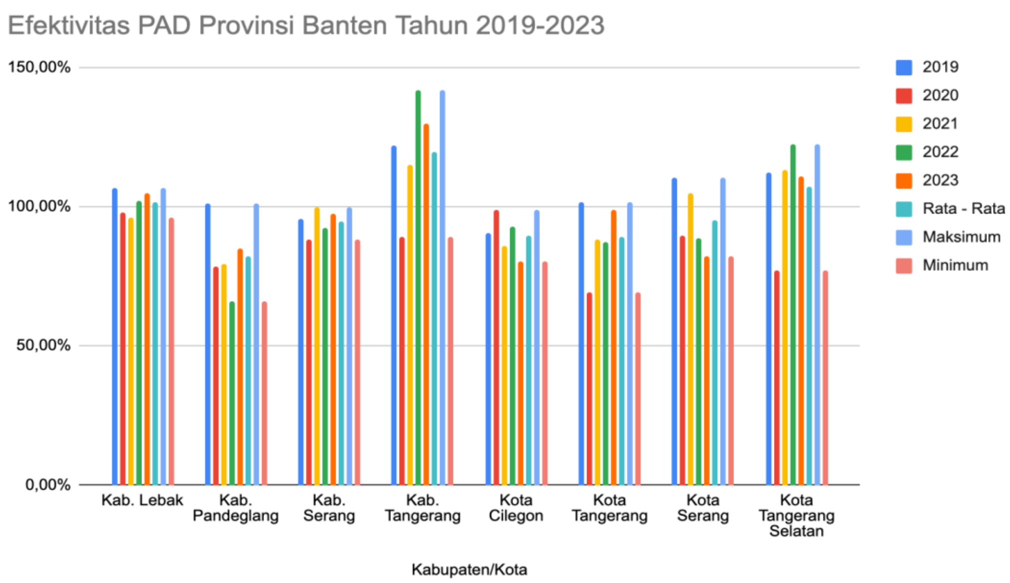


Figure 2: Regional Original Income of Banten Province 2019-2023

Source: Directorate General of Fiscal Balance (processed data, 2026)

Based on Table 4 and Figure 2, it can be interpreted that for the last five years, the average Regional Original Income of Banten Province in 2019-2023 was 97.39%, this value indicates that the effectiveness criteria for Regional Original Income are at an effective level, which means that regional performance in Regencies and Cities in Banten Province in 2019-2023 is good in managing finances.

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume X Issue VI June 2026

There are 2 (two) regencies and 3 (three) cities whose percentage of Regional Original Income effectiveness is below average, namely Pandeglang Regency, Serang Regency, Cilegon City, Tangerang City, and Serang City. Meanwhile, there are 2 (two) regencies and 1 (one) city whose percentage of Regional Original Income effectiveness is above average, namely Lebak Regency, Tangerang Regency, and South Tangerang City.

The data on the average value of the effectiveness of the original regional income above, if depicted in the form of a line graph, is as follows:

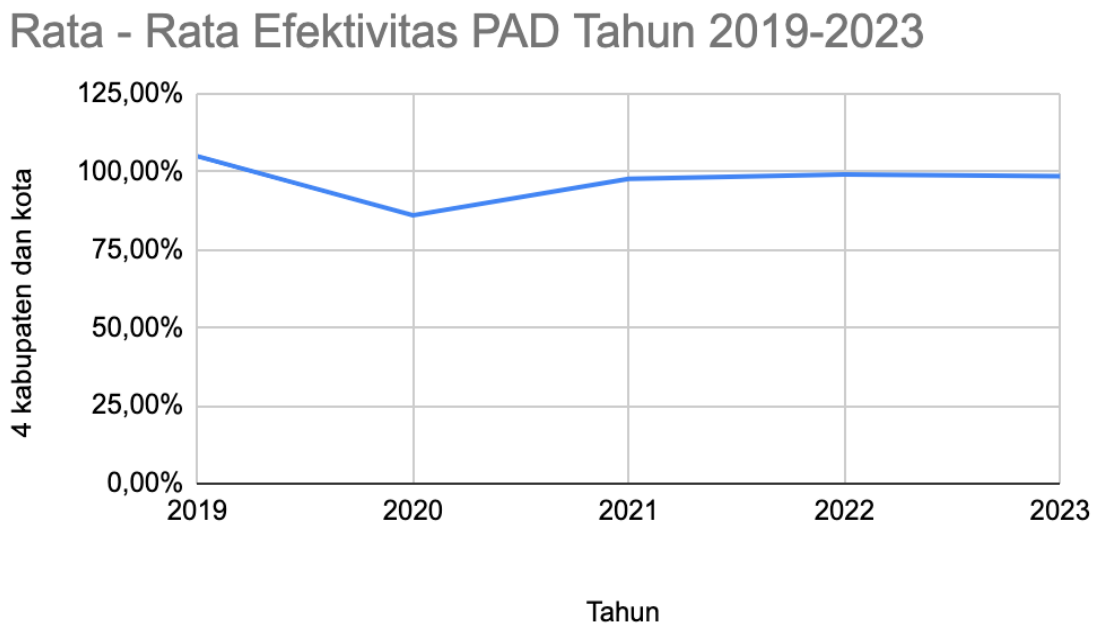


Figure 3: Diagram of Average Effectiveness of Local Original Income

Source: Directorate General of Fiscal Balance (data processed 2026)

Based on the graph in Figure 3, it is known that there was a decrease in the average value of the effectiveness of local revenue from 2019 to 2020, while in 2019, 2021, 2022, and 2023, the average value of the effectiveness of local revenue experienced a significant increase. This indicates that the regencies and cities in Banten Province in the period 2019 to 2023 have made maximum efforts each year to collect the realization of local revenue, so that the value of the effectiveness of local revenue continues to show an increase from year to year.

General Allocation Fund (DAU) for the City/Regency Government of Banten Province for 2019-2023

The following are the calculation results that show the effectiveness of Regional Original Income in districts/cities in Banten Province in 2019-2023.

Table 5. General Allocation Funds in Regencies/Cities in Banten Province 2019-2023

No.	Regency/City	General Allocation Fund					Average	Max	Min
		2019	2020	2021	2022	2023			
1.	Lebak Regency	42.41%	39.83%	38.32%	38.32%	39.85%	39.75%	42.41%	38.32%
2.	Pandeglang Regency	46.02%	45.30%	43.60%	44.11%	46.02%	45.01%	46.02%	43.60%
3.	Serang Regency	37.24%	36.04%	32.51%	33.01%	32.83%	34.33%	37.24%	32.51%
4.	Tangerang Regency	21.07%	20.96%	18.09%	16.36%	15.37%	18.37%	21.07%	15.37%
5.	Cilegon City	36.59%	33.93%	32.82%	32.39%	32.97%	33.74%	36.59%	32.39%

No.	Regency/City	General Allocation Fund					Average	Max	Min
		2019	2020	2021	2022	2023			
6.	Tangerang City	22.56%	23.10%	19.63%	19.37%	19.05%	20.74%	23.10%	19.05%
7.	Serang City	50.53%	48.50%	41.23%	43.45%	41.65%	45.07%	50.53%	41.23%
8.	South Tangerang City	18.95%	18.57%	15.52%	14.72%	14.36%	16.43%	18.95%	14.36%
Average		34.42%	33.28%	30.21%	30.22%	30.26%	31.68%	50.53%	14.36%
Maximum		50.53%	48.50%	43.60%	44.11%	46.02%			
Minimum		18.95%	18.57%	15.52%	14.72%	14.36%			

Source: Directorate General of Fiscal Balance (data processed 2026)

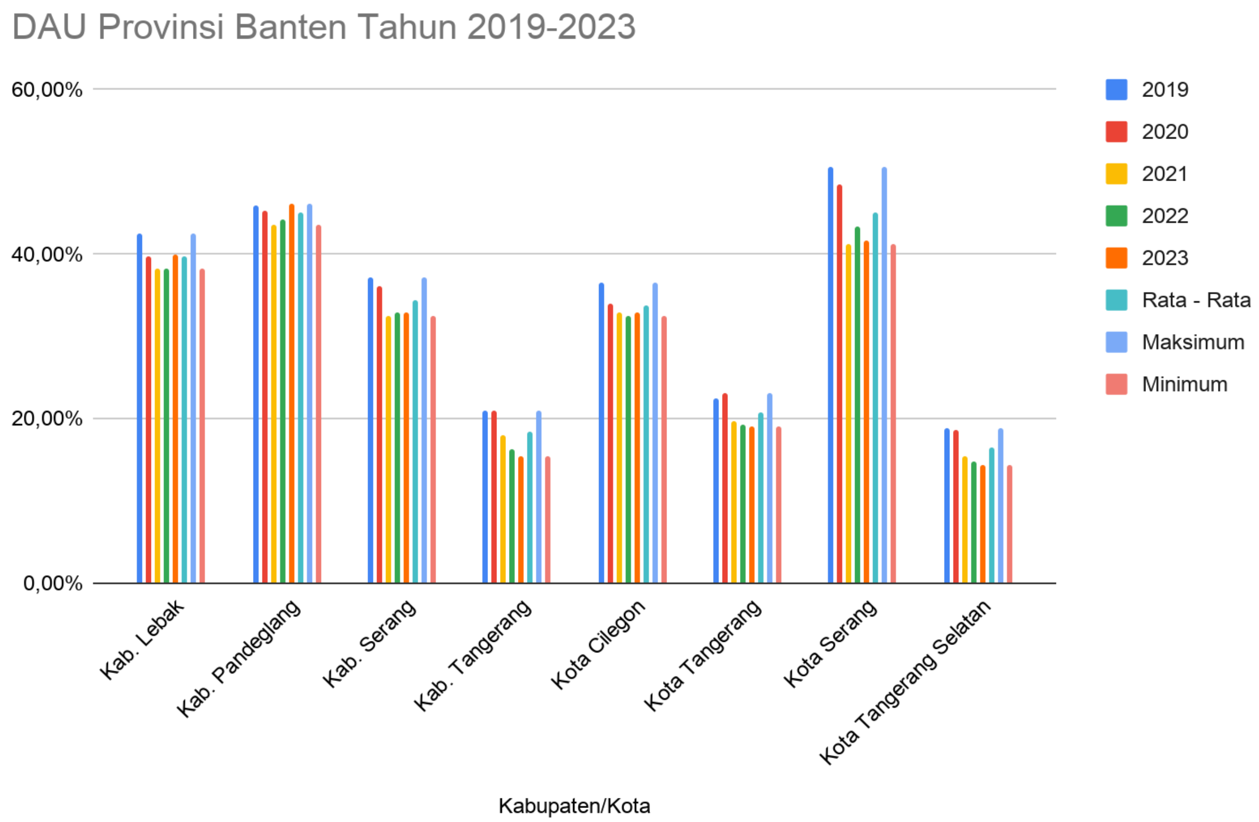


Figure 4. Ratio of General Allocation Funds of Banten Province 2019-2023

Source: Directorate General of Fiscal Balance (processed data, 2026)

Based on Table 5 and Figure 4, it can be seen that the regencies and cities in Banten Province in 2019-2023 had an average general allocation fund ratio of 31.68%, which means that each regency and city in Banten Province had regional income that was greater than the general allocation fund. This indicates that fiscal independence was good because the proportion of regional original income was greater.

There is 1 (one) Regency and 2 (two) Cities in Banten Province in 2019-2023 whose General Allocation Fund ratio is below average, namely Tangerang Regency, Tangerang City, and South Tangerang City. This means that these regencies and cities indicate better fiscal independence because the proportion of local revenue is greater. Meanwhile, there are 3 (three) Regencies and 2 (two) Cities in Banten Province in 2019-2023 whose General Allocation Fund ratio is above average, namely Lebak Regency, Pandeglang Regency, Serang Regency, Cilegon City, and Serang City. This shows that these regencies and cities are not yet independent enough and still have a dependence on the General Allocation Fund.

The data on the average value of the General Allocation Fund ratio above, if depicted in the form of a line graph, is as follows:

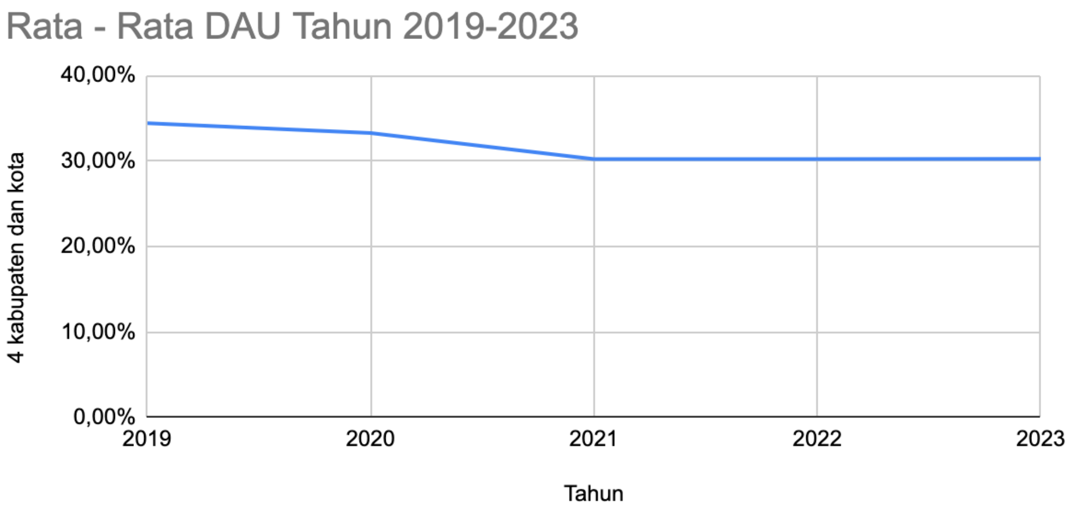


Figure 5. Diagram of Average General Allocation Funds

Source: Directorate General of Fiscal Balance (data processed 2026)

Figure 5 shows that the average General Allocation Fund (DAU) across all regencies and cities in Banten Province during the 2019–2023 period was below 50%. This indicates the low level of dependence of local governments on transfer funds from the central government and reflects the region's ability to optimize its own revenue sources. Therefore, this revenue structure demonstrates a relatively good level of regional financial independence.

Regional Expenditure in the City/Regency Government of Banten Province 2019-2023

The following is a table showing the results of regional expenditure calculations in regencies and cities in Banten Province for 2019-2023.

Table 6. Regional Expenditure in Regencies/Cities in Banten Province 2019-2023.

No.	Regency/City	Regional Expenditure					Average	Max	Min
		2019	2020	2021	2022	2023			
1.	Lebak Regency	99.24%	90.10%	97.45%	95.96%	104.32%	97.42%	104.32%	90.10%
2.	Pandeglang Regency	97.86%	89.78%	97.48%	94.66%	99.11%	95.78%	99.11%	89.78%
3.	Serang Regency	99.95%	97.30%	99.76%	95.32%	97.86%	98.04%	99.95%	95.32%
4.	Tangerang Regency	102.09%	86.37%	100.67%	111.62%	110.88%	102.33%	111.62%	86.37%
5.	Cilegon City	91.26%	76.88%	82.05%	87.85%	86.32%	84.87%	91.26%	76.88%
6.	Tangerang City	89.12%	68.05%	90.22%	89.32%	92.24%	85.79%	92.24%	68.05%
7.	Serang City	105.88%	92.77%	118.38%	99.31%	101.37%	103.54%	118.38%	92.77%
8.	South Tangerang City	96.56%	77.30%	98.41%	105.91%	102.64%	96.16%	105.91%	77.30%
Average		97.74%	84.82%	98.05%	97.49%	99.34%	95.49%	118.38%	68.05%
Maximum		105.88%	97.30%	118.38%	111.62%	110.88%			
Minimum		89.12%	68.05%	82.05%	87.85%	86.32%			

Source: Directorate General of Fiscal Balance (data processed 2026)

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume X Issue VI June 2026

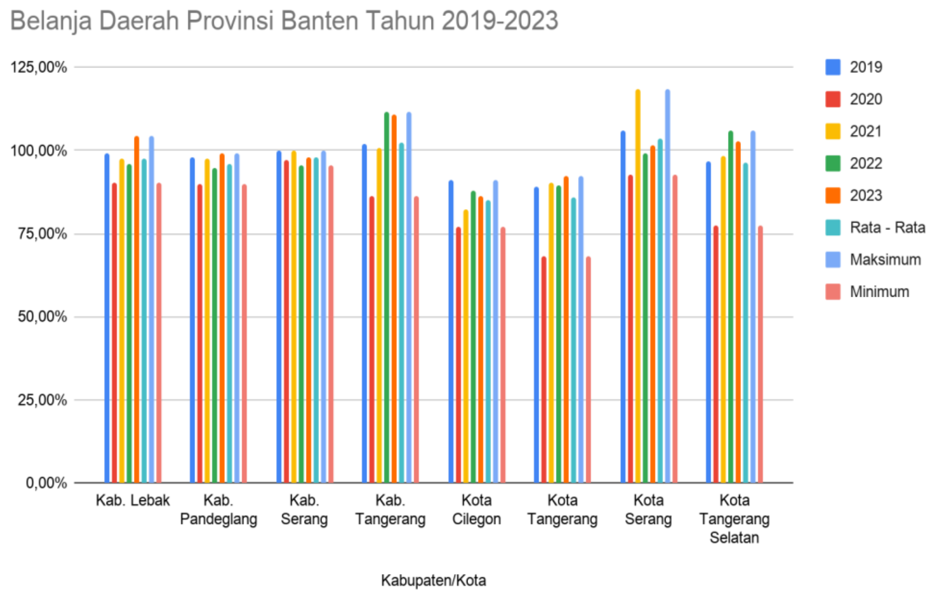


Figure 6. Regional Expenditure of Banten Province 2019-2023

Source: Directorate General of Fiscal Balance (processed data, 2026)

Based on Table 6 and Figure 6, it can be seen that the regencies and cities in Banten Province in 2019-2023 had an average regional expenditure of 95.49%, this Figure almost shows optimal efficiency, where the entire budget was realized exactly according to plan.

There are 2 (two) cities in Banten Province in 2019-2023 whose regional spending ratio is below average, namely Cilegon City and Tangerang City. This can be interpreted, that the realization of regional spending is not in accordance with the regional spending budget. Meanwhile, there are 4 (four) regencies and 2 (two) cities whose regional spending ratio is above average, namely Lebak Regency, Pandeglang Regency, Serang Regency, Tangerang Regency, Serang City, and South Tangerang City. This can be interpreted, that almost all budgets are realized according to plan.

There is one regency and one city with a regional spending ratio exceeding 100%, namely Tangerang Regency and Serang City, which have regional spending percentages of 102.33% and 103.54%, respectively. This indicates that spending exceeds the budget (inefficient). This is because the regency and city governments have higher regional spending realizations compared to their regional spending budgets.

The data on the average value of regional spending above, if depicted in the form of a line graph, is as follows:

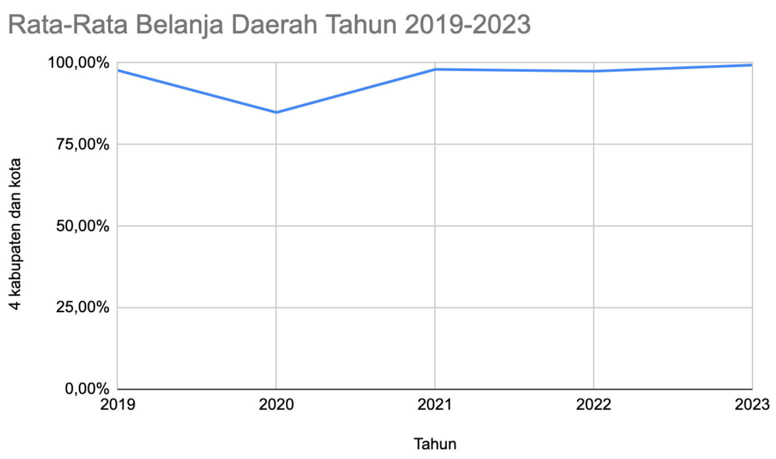


Figure 7. Diagram of Average Regional Spending

Source: Directorate General of Fiscal Balance (data processed 2026)

Based on the graph in Figure 7, it is known that the average value of regional spending decreased in 2020 but increased in 2021, then starting in 2021-2023, the straight line remained at 100% for 3 consecutive years, this 100% ratio indicates optimal efficiency, where the entire budget was realized exactly according to plan.

Level of Regional Financial Independence in City/Regency Governments of Banten Province 2019-2023

The following is a calculation table showing the condition of the Regional Financial Independence Level in Regencies/Cities in Banten Province in 2019-2023.

Table 7. Level of Financial Independence in Regencies/Cities in Banten Province 2019-2023

No.	Regency/City	Level of Regional Financial Independence					Average	Max	Min
		2019	2020	2021	2022	2023			
1.	Lebak Regency	15.52%	19.28%	18.76%	19.53%	19.40%	18.50%	19.53%	15.52%
2.	Pandeglang Regency	10.08%	9.19%	9.04%	9.22%	9.84%	9.47%	10.08%	9.04%
3.	Serang Regency	32.40%	35.09%	35.70%	36.02%	35.88%	35.02%	36.02%	32.40%
4.	Tangerang Regency	104.88%	104.26%	96.60%	116.28%	122.30%	108.86%	122.30%	96.60%
5.	Cilegon City	58.06%	71.62%	56.74%	71.47%	64.98%	64.57%	71.62%	56.74%
6.	Tangerang City	96.25%	92.04%	85.72%	88.97%	106.59%	93.92%	106.59%	85.72%
7.	Serang City	17.66%	18.02%	17.51%	22.81%	21.79%	19.56%	22.81%	17.51%
8.	South Tangerang City	118.36%	117.73%	99.73%	116.39%	110.66%	112.57%	118.36%	99.73%
Average		56.65%	58.41%	52.48%	60.09%	61.43%	57.81%	122.30%	9.04%
Maximum		118.36%	117.73%	99.73%	116.39%	122.30%			
Minimum		10.08%	9.19%	9.04%	9.22%	9.84%			

Source: Directorate General of Fiscal Balance (processed data, 2026).

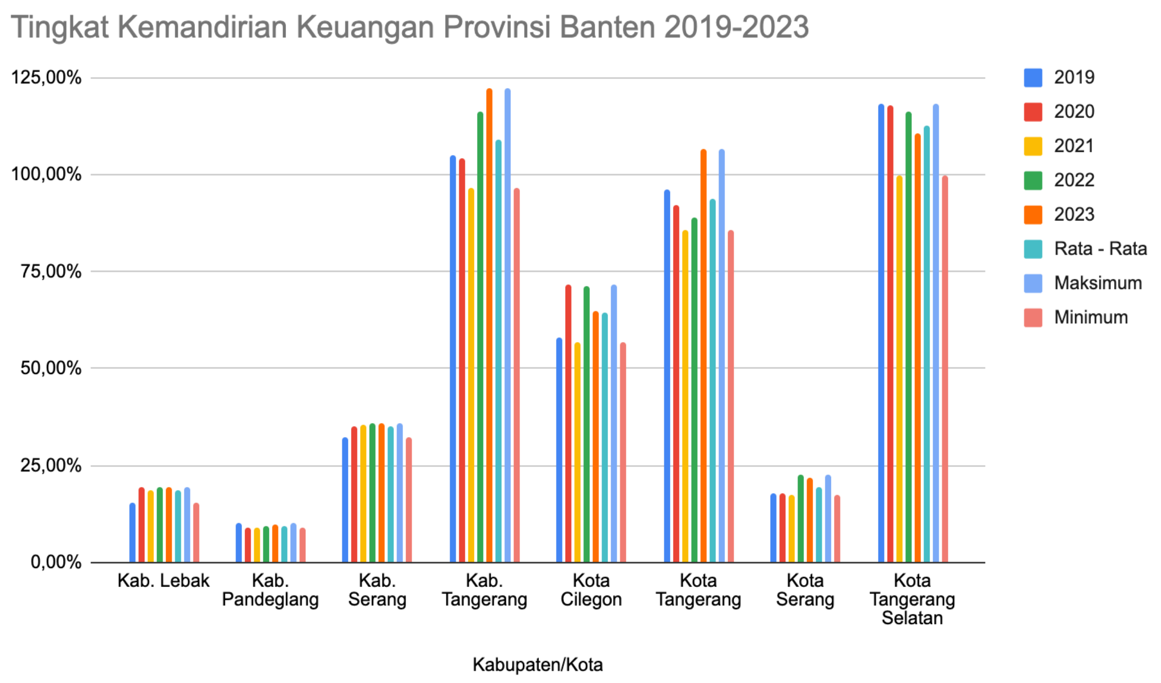


Figure 8. Level of Regional Financial Independence of Banten Province 2019-2023

Source: Directorate General of Fiscal Balance (processed data, 2026)

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume X Issue VI June 2026

Based on Table 7 and Figure 8, it can be seen that the levels of independence of regencies/cities in Banten Province fluctuated between 2019 and 2023, with some regencies/cities having very low and some having high levels of independence. A low level of independence indicates that the regencies/cities are not yet fully independent and are still dependent on transfers from the central and provincial governments.

The average level of financial independence in regencies/cities in Banten Province in 2019-2023 was 57.81%, this figure shows that the level of financial independence is in a participatory relationship pattern, which means that the role of the central government is decreasing, considering that the level of independence concerned is approaching being able to carry out regional economic affairs.

There are 3 (three) Regencies and 1 (one) City that have a level of regional financial independence below average, namely Lebak Regency, Pandeglang Regency, Serang Regency, and Serang City. This shows that the intervention of the central government has begun to decrease, because the regions are considered slightly more capable of carrying out the economy. On the other hand, there are 1 (one) Regency and 3 (three) Cities that have a level of regional financial independence below average, namely Tangerang Regency, Cilegon City, Tangerang City, and South Tangerang City. This means that the role of the central government is decreasing, considering that the level of independence concerned is approaching being able to carry out regional economic affairs.

As for the regencies and cities that have a level of regional financial independence above the average, there is a high one, namely Tangerang Regency, with a percentage of 122.30% in 2023. The percentage of the level of regional financial independence of Tangerang Regency is in a declining pattern. This shows that there is no interference from the central government because the region has been truly able to be independent in carrying out regional autonomy affairs.

Meanwhile, Pandeglang Regency had the lowest level of regional financial independence in 2021, at 9.04%. The relationship pattern in Pandeglang Regency is instructive, indicating a more dominant role for the central government than for regional government independence.

This is because the original regional income owned by Pandeglang Regency is still very low, so it still uses transfer income to manage its government.

The data on the average value of the level of regional financial independence above, if depicted in the form of a line graph, is as follows:

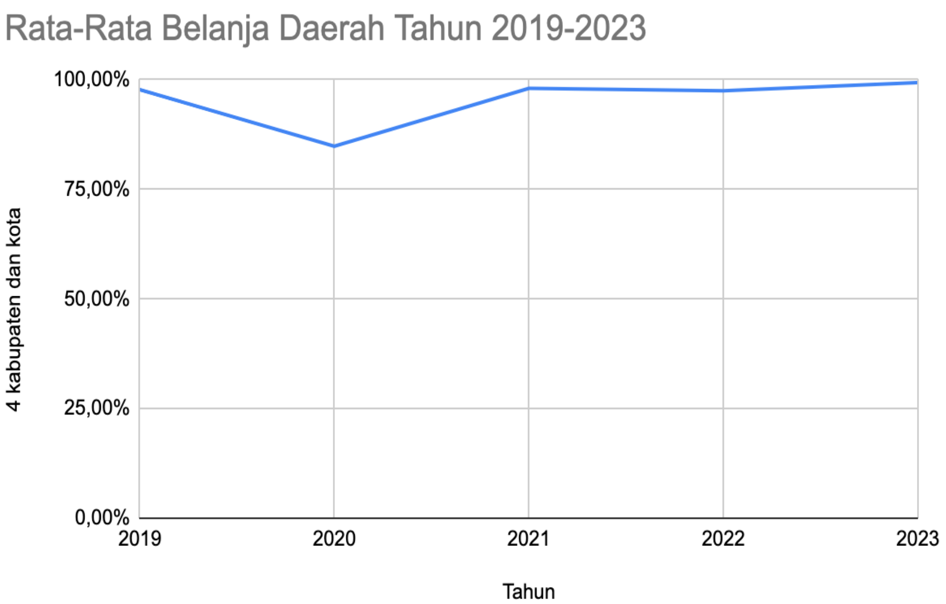


Figure 9. Diagram of Average Level of Regional Financial Independence

Source: Directorate General of Fiscal Balance (processed data, 2026)

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume X Issue VI June 2026

Based on the graph in Figure 8 above, it can be seen that there was a decrease in the average value of the level of regional financial independence from 2020 to 2021, while from 2022 to 2023 the average value of the level of regional financial independence increased. This means that the regencies and cities in Banten Province in 2019-2023 by trying to use their regional original income to finance their government, but the increase in the level of regional financial independence has not reached the percentage of the region being independent and is still at a moderate level and has a participatory relationship pattern, where the regencies and cities in Banten Province are considered almost independent and central government intervention is starting to decrease.

Descriptive Statistical Analysis

According to Sugiyono (2023, p. 206), descriptive statistics refers to a type of statistics used to analyze data by explaining or describing the data obtained without attempting to draw general or generic conclusions. The following are the results of a descriptive statistical analysis using Eviews version 12 *software.*

Table 8. Descriptive Statistical Test

Sample: 2019 2023

	Y	X1	X2	X3
Mean	57.80925	97.39325	31.67875	95.49050
Median	46.38000	96.81500	32.99000	97.37500
Maximum	122.3000	141.8900	50.53000	118.3800
Minimum	9.040000	66.11000	14.36000	68.05000
Std. Dev.	40.91030	15.93974	11.31394	9.640633
Skewness	0.245970	0.524194	-0.146929	-0.419600
Kurtosis	1.430042	3.374690	1.603437	3.922565
Jarque-Bera	4.511291	2.065853	3.394567	2.592305
Probability	0.104806	0.355964	0.183180	0.273582
Sum	2312.370	3895.730	1267.150	3819.620
Sum Sq. Dev.	65272.46	9908.935	4992.201	3624.730
Observations	40	40	40	40

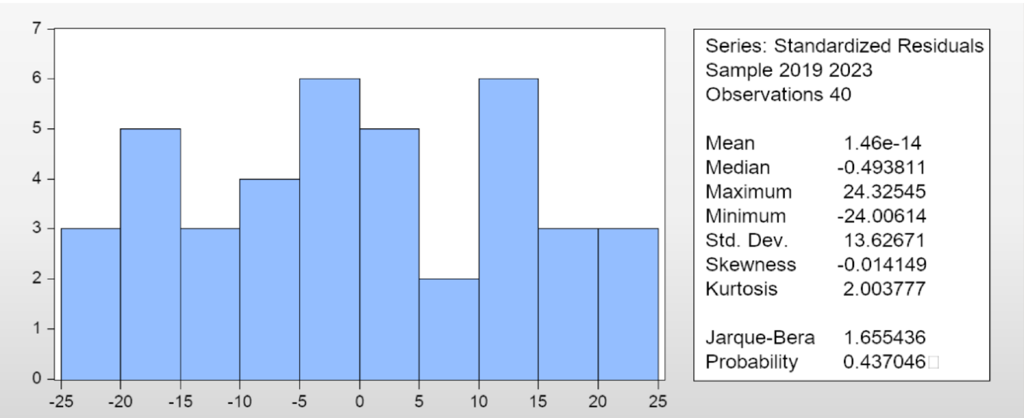
Source: Eviews 12 Output Results (data processed 2026)

Classical Assumption Test

1. Normality Test

According to Ghozali (2018, p. 161), normality testing is conducted to determine whether the interfering variables or residuals in a regression model follow a normal distribution. The following are the results of a descriptive statistical analysis generated using Eviews-12 *software.*

Table 9. Normality Test



Source: Eviews-12 Output Results (data processed 2026)

Based on the results of the normality test in the table above, it can be seen that the Asymp-Sig value is > 0.05, so this research variable is normally distributed.

2. Multicollinearity Test

The multicollinearity test aims to determine whether data exhibits multicollinearity based on *the Variance Inflation Factor* (VIF) value. Multicollinearity is not considered a serious problem if the VIF is below 10 or the tolerance is above 0.1.

Table 10. Multicollinearity Test

Sample: 1 40
Included observations: 40

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	334.7988	107.1095	NA
X1	0.036534	113.7603	2.895366
X2	0.042113	15.20215	1.681489
X3	0.081972	241.5049	2.376439

Source: Eviews-12 Output Results (data processed 2026)

It can be seen in Table 10 that the Centered VIF value of (X_1) is Regional Original Income, which is 2.89. The VIF value of (X_2) is the General Allocation Fund, which is 1.68. The VIF value of (X_3) is Regional Expenditure, which is 2.37. The VIF value of each variable is not greater than 10, so it can be said that there are no symptoms of multicollinearity.

3. Heteroscedasticity Test

The heteroscedasticity test is used to detect deviations from the classical assumption of heteroscedasticity, namely the existence of unequal variances of residuals across all observers in a regression model. This test uses the Glejser test. The following are the results of the heteroscedasticity test:

Table 11. Heteroscedasticity Test Results

Heteroskedasticity Test: Glejser
Null hypothesis: Homoskedasticity

F-statistic	1.032729	Prob. F(3,36)	0.3897
Obs*R-squared	3.169648	Prob. Chi-Square(3)	0.3662
Scaled explained SS	2.143848	Prob. Chi-Square(3)	0.5431

Source: Eviews-2 Output Results (data processed 2026)

Based on Table 11, the heteroscedasticity test results show a value of 0.36. This result indicates a significance value above 0.05, indicating that the data does not exhibit heteroscedasticity.

4. Autocorrelation Test

The autocorrelation test is used to determine whether or not there is a deviation from the classical assumption of autocorrelation, namely the correlation that occurs between the residuals of one observation and another observation in the regression model.

Table 12. Autocorrelation Test Results

Durbin-Watson stat	2.005847

Source: Eviews-12 Output Results (data processed 2026)

Based on the results of the autocorrelation test using Durbin-Watson in Table 12, the Durbin-Watson value was 2.005. With the number of research data (n) of 40 and the number of independent variables of 3, the DL value was 1.3384 and DU of 1.6589. Therefore, the Durbin-Watson value meets the requirements of $DU < DW < 4 - DU$, so it can be concluded that the regression model does not experience autocorrelation symptoms.

5. Multiple Linear Regression Analysis

Multiple linear regression analysis aims to determine the effect of the independent variable (X) on the dependent variable (Y), whether it shows a unidirectional or inverse relationship. The following are the results of the multiple linear regression analysis using Eviews-12:

Table 13. Results of Multiple Linear Regression Analysis

Variable	Coefficient
C	164.8764
X1	0.432975
X2	-2.404532
X3	-0.765138

Source: Eviews-12 Output Results (data processed 2026)

Based on the results of the multiple linear regression analysis in Table 13, it can be concluded that the multiple linear regression equation is as follows:

$Y = 164{,}876 + 0.043\ X_1 + (-2.404)\ X_2 + (-0.765)\ X_3$

Based on the results of the equation test, the following can be seen:

If Regional Original Income (X_1), General Allocation Fund (X_2), and Regional Expenditure (X_3) increase by one unit, then the Level of Regional Financial Independence (Y) is 161.75 units.

6. Coefficient of Determination Test

A coefficient of determination analysis is performed to determine the model's ability to explain variations in the values of the affected variables. The R^2 value, or coefficient of determination, ranges from 0 to 1.

Table 14. Results of the Determination Coefficient Test

R-squared	0.931041
Adjusted R-squared	0.925295
S.E. of regression	11.18170
Sum squared resid	4501.095
Log likelihood	-151.2215
F-statistic	162.0175
Prob(F-statistic)	0.000000

Source: Eviews-12 Output Results (data processed 2026)

The coefficient of determination yielded an R- *square value* of 0.931041, or 93.1041%. This means that 93.1041% of regional financial independence is explained by variables such as regional original revenue, general allocation funds, and regional expenditures. Meanwhile, other factors, excluding the regression model, explain 6.8959%.

Hypothesis Testing

1. Partial Test (t)

The partial test (t) is useful for measuring the extent to which the variables of Regional Original Income (PAD), General Allocation Fund (DAU), and Regional Expenditure (BD) individually influence the variable of Regional Financial Independence Level (TKKD). If the significance value is <0.05, it means that the variables of Regional Original Income, General Allocation Fund, and Regional Expenditure have a significant effect on the TKKD variable, but if the significance value is >0.05, the variables of Regional Original Income, General Allocation Fund, and Regional Expenditure do not have a significant effect on the TKKD variable. The following are the test results obtained using Eviews-12.

Table 15. T-Test Results

Sample: 2019 2023
Periods included: 5
Cross-sections included: 8
Total panel (balanced) observations: 40
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	164.8764	18.10688	9.105733	0.0000
X1	0.432975	0.122211	3.542835	0.0011
X2	-2.404532	0.296499	-8.109749	0.0000
X3	-0.765138	0.197085	-3.882281	0.0004

Source: Eviews-12 Output Results (data processed 2026)

The partial influence of independent variables on dependent variables is as follows:

1. The results of the t-test on the Regional Original Income variable (X_1) obtained a calculated t of 3.542835 > t table of 2.028094 and a sig value of 0.0011 < 0.05, meaning that the Regional Original Income variable has a significant positive effect on the Level of Regional Financial Independence.

2. The results of the t-test on the General Allocation Fund variable (X_2) obtained a calculated t of -8.109749 > t table of 2.028094 and a sig value of 0.000 < 0.05, meaning that the General Allocation Fund variable has a significant negative effect on the Level of Regional Financial Independence.

3. The results of the t-test on the Regional Expenditure variable (X_3) obtained a calculated t of -3.882281 > t table of 2.028094 and a sig value of 0.0004 < 0.05, meaning that the Regional Expenditure variable has a significant negative effect on the Level of Regional Financial Independence.

2. Simultaneous Test (F)

The F-test aims to determine whether the independent variables simultaneously influence the dependent variable. This influence can be proven by observing and comparing significance values with a sig < 0.05 requirement. This

INTERNATIONAL JOURNAL OF RESEARCH AND INNOVATION IN SOCIAL SCIENCE (IJRISS)
ISSN No. 2454-6186 | DOI: 10.47772/IJRISS | Volume X Issue VI June 2026

means that all Regional Original Revenue, General Allocation Fund, and Regional Expenditure variables can influence the Regional Financial Independence Level variable. The following test results were obtained using Eviews-12 *software.*

Table 16. F Test Results

F-statistic	20.28620
Prob(F-statistic)	0.000000

Source: Eviews-12 Output Results (data processed 2026)

The calculated F value is 20.28620 > F table, which is 2.86627, and the sig value is 0.0000 < 0.05, meaning that the variables of Regional Original Income, General Allocation Fund, Regional Expenditure have a significant positive effect on the Level of Regional Financial Independence.

DISCUSSION

The Influence of Regional Original Income on the Level of Regional Financial Independence

Based on the results of the hypothesis testing (t-test), it was found that partially stated that the variable of Regional Original Income (PAD) has a significant influence on the Level of Regional Financial Independence (TKKD), so that the first hypothesis is accepted. Based on the Budget Realization Report on the DJPK *website* of the Ministry of Finance of the Regency/City Government of Banten Province in 5 (five) years, namely 2019-2023, it shows that the Regional Original Income received by the Regency/City of Banten Province is greater when compared to the receipt of general allocation funds, so Regional Original Income has an influence on TKKD.

The Influence of General Allocation Funds on the Level of Regional Financial Independence

Based on the results of the hypothesis testing (t-test), it was found that partially stated that the General Allocation Fund (DAU) variable did not have a significant influence on the Level of Regional Financial Independence (TKKD), so the second hypothesis was accepted. Based on data from the Budget Realization Report (LRA) in 5 (five) years, namely 2019-2023, it shows that the General Allocation Fund obtained by the Regency/City Government of Banten Province, Bandung, is smaller when compared to the receipt of Regional Original Income as funds originating from each Regency/City of Banten Province.

The Influence of Regional Spending on the Level of Regional Financial Independence

Based on the results of the hypothesis testing (t-test), it was found that partially the Regional Expenditure (BD) variable does not have a significant influence on the Level of Regional Financial Independence (TKKD), so the third hypothesis is accepted. Based on data from the Budget Realization Report (LRA) in 5 (five) years, namely 2019-2023, it shows that

The large amount of regional government spending has not directly increased the region's capacity to finance its governmental needs through Regional Original Income (PAD). This situation occurs because the composition of Regional Expenditure is still dominated by personnel expenditures, which are routine in nature and have little productive impact on increasing regional economic capacity.

The Influence of Regional Original Income, General Allocation Funds, and Regional Expenditures on the Level of Regional Financial Independence

Based on the results of the hypothesis testing (F Test), it was found that simultaneously the variables of Regional Original Income (PAD), General Allocation Fund (DAU), and Regional Expenditure (BD) had a significant influence on the Level of Regional Financial Independence (TKKD), so that the fourth hypothesis was accepted.

CONCLUSION AND SUGGESTIONS

Conclusion

Based on the results of partial descriptive statistical testing using the t-test and simultaneous testing using the F-test, it can be concluded that:

1. Regional Original Income (PAD) influences the Level of Regional Financial Independence (TKKD) in the Regency/City Government of Banten Province in 2019-2023.

2. The General Allocation Fund (DAU) does not affect the Regional Financial Independence Level (TKKD) in the Regency/City Government of Banten Province in 2019-2023.

3. Regional Expenditure (BD) does not affect the Level of Regional Financial Independence (TKKD) in the Regency/City Government of Banten Province in 2019-2023.

4. Regional Original Income (PAD), General Allocation Fund (DAU), and Regional Expenditure (BD) influence the Level of Regional Financial Independence (TKKD) in the Regency/City Government of Banten Province in 2019-2023.

Suggestion

The suggestions that researchers can convey are as follows:

1. The district/city governments of Banten Province are advised to reduce their dependence on the General Allocation Fund (DAU) by increasing regional fiscal capacity to strengthen financial independence. Furthermore, regional governments need to allocate regional spending more effectively and productively, particularly on capital expenditures that have the potential to increase regional revenue. Oversight and efficiency in budget use also need to be improved to ensure targeted regional spending and avoid waste.

2. For future researchers, it is recommended to add other variables that could potentially influence the level of regional financial independence, such as the Special Allocation Fund (DAK), Revenue Sharing Fund (DBH), and other economic factors. Furthermore, the research period could be extended to better describe the long-term state of regional financial independence. The use of a more diverse range of analytical methods, including qualitative approaches, is also recommended for more comprehensive and in-depth research results.

BIBLIOGRAPHY

1. Alfansa, R., & Wibowo, P. (2022). Analysis of the Independence and Effectiveness of Regional Finances of Regencies and Cities in South Sumatra Province Before and After the Covid-19 Pandemic. *Jurnal Aktiva: Riset Akuntansi dan Keuangan*, *4* (3), 150-168.
2. Amanda, CD, & Praptoyo, S. (2023). The Influence of Regional Original Income and Regional Expenditure on Regional Financial Performance. *Journal of Accounting Science and Research (Jira)*, *12* (5).
3. Anynda, NS, & Hermanto, SB (2020). The Influence of Regional Independence Ratio, Effectiveness of Regional Original Revenue, and Regional Expenditure Management on Regional Financial Performance. *Journal of Accounting Science and Research (Jira)*, *9* (10).
4. Basri, YM (2020). The Influence of Regional Wealth, Regional Expenditure, Intergovernmental Revenue, Audit Findings (BPK) on Regional Government Performance (Empirical Study of Regency/City Regional Governments in Riau). *Al-Iqtishad Journal*.
5. Bella, S. (2022). The Influence of Regional Original Income, General Allocation Funds, and Capital Expenditures on the Level of Regional Financial Independence. *Journal of Syntax Transformation*, *3* (05), 675-683.
6. Bosso, E., Diana, F., & Asirah, A. (2021). Analysis of the Development of Regional Financial Capacity in Supporting the Implementation of Regional Autonomy in North Luwu Regency. *Patria Artha Journal*

of Accounting and Financial Reporting, *5* (1), 34-49.

7. Falia, FT, & Masnila, N. (2025). The Influence of Balancing Funds on the Level of Financial Independence of Regencies/Cities in Maluku Province. *Journal of Applied Accounting Research*, *9* (2), 499-514.
8. Farrakhy, SD, & Dewi, SP (2025). The Influence of Regional Original Income, Balancing Funds, Employee Expenditures, and Capital Expenditures on Regional Financial Independence. *Cerdika: Indonesian Scientific Journal*, *5* (10).
9. Febrianti, AA, & Fidiana, F. (2025). The Influence of Regional Original Income, General Allocation Funds, and Regional Expenditures on Regional Independence. *Journal of Accounting Science and Research (Jira)*, *14* (1).
10. Fitriani, Y., & Hendaris, RB (2023). The Influence of General Allocation Funds (DAU) and Special Allocation Funds (DAK) on Regional Expenditures. *Accounting 45*, *4* (1), 151-160.
11. Fitriyani, Eni, & Suwarno, AE (2021, March). The Influence of Pad, DAU, Capital Expenditure, and Employee Expenditure on the Level of Regional Financial Independence. In *National Accounting Seminar and Call for Papers* (Vol. 1, No. 1, pp. 61-69).
12. Ghozali, Imam. (2019). *Multivariate Analysis Application with IBM SPSS 25 Program (9th edition)*. Semarang: Diponegoro University Publishing Agency.
13. Indriani, MP, Wulandari, HK, & Rahmawati, T. (2023). The Influence of Regional Original Income, General Allocation Funds, and Capital Expenditures on the Regional Financial Independence of Brebes Regency (Empirical Study of the Brebes Regency Regional Government for the 2018-2022 Period). *Jacfir: Journal of Accounting and Financial Research*, *1* (4), 50-67.
14. Insani, FA, & Hendaris, R.B (2025). The Effect of Capital Expenditure on Regional Financial Performance with Regional Original Income as a Mediating Variable. *Costing: Journal of Economic, Business, and Accounting*, *8* (2), 1441-1455.
15. Kusmila, Z. (2023). The Influence of Pad, Capital Expenditure on the Level of Regional Financial Independence of Kerinci Regency in 2014-2020. *Tambusai Education Journal*, *7* (2), 9226-9234.
16. Maharani, ZP, & Haryanto, H. (2025). The Influence of Regional Original Income and Transfer Funds on the Level of Regional Financial Independence (Case Study of Regency and City Governments in Central Java 2018-2023). *Diponegoro Journal of Accounting*, *14* (3).
17. Manurung, ST, & Hendaris, R.B (2026). The Influence of Internally Generated Revenue and Capital Expenditure on Regional Financial Independence in Regencies/Cities of North Sumatra Province In 2019-2023. *Majapahit Journal of Islamic Finance and Management*, *6* (1), 1276-1299.
18. Marsudi, AS, & Widjaja, Y. (2019). Industry 4.0. and its Impact on Financial Technology and Workforce Readiness in Indonesia. *Ikra-Ith Ekonomika*, *2* (2), 1–10
19. Muchtar, MF, Abbas, D.S, & Santoso, S.B (2024). The Influence of Regional Taxes, Regional Levies, General Allocation Funds, and Special Allocation Funds on Capital Expenditure Allocation. *Muqaddimah: Journal of Economics, Management, Accounting, and Business*, *2* (1), 21-34.
20. Nainggolan, A., Sidauruk, TD, & Tito, F. (2023). The Influence of Regional Original Income, Regional Retribution, Capital Expenditure, and General Allocation Funds on Regional Financial Independence. *Journal of Liabilities*, *8* (1), 1-10.
21. Nofa, A., & Teguh, H. (2023). The Influence of Regional Original Income and Regional Expenditure on Regional Financial Performance in 19 Regencies and Cities in West Sumatra Province in 2018-2021. *Profit: Journal of Management, Business and Accounting Published: Amni Maritime University Semarang*, *2* (2), 141-163.
22. Pardede, LPN (2024). Analysis of the Pad Effectiveness Ratio and Pad Efficiency Ratio in the Regional Revenue and Expenditure Budget Realization Report (APBD) to Measure the Financial Performance of Kendal Regency. *Scientific Journal of Economics and Management*, *2* (2), 467-473.
23. Government Regulation (PP) Number 12 of 2019, Article 1, Paragraph 11 concerning Regional Financial Management. *Jakarta: Central Government.*
24. Government Regulation (PP) Number 55 of 2005 concerning Balancing Funds. *Jakarta: Central Government.*
25. Government Regulation (PP) Number 71 of 2010 concerning Government Accounting Standards. *Jakarta: Central Government.*
26. Permatasari, DA, & Trisnaningsih, S. (2022). The Influence of Independence, Effectiveness of Regional

Original Revenue, and Regional Expenditure on Regional Financial Performance. *Scientific Journal of Batanghari University*, *Jambi*, *22* (3), 1573-1582.

27. Pramesti, IO, & Mildawati, T. (2025). The Influence of Regional Original Income, Revenue Sharing Funds, and General Allocation Funds on Regional Financial Independence (Case Study of Regencies/Cities in East Java Province). *Journal of Accounting Science and Research (Jira)*, *14* (3).
28. Putri, A., & Mulyandani, VC (2025). The Influence of General Allocation Funds, Local Original Revenue, and Capital Expenditures on Regional Financial Independence in the Bandung Regency Government in 2019-2023. *Indonesian Accounting Research Journal*, *5* (3), 295-309.
29. Putri, RN, & Hendaris, R.B (2026). The Influence of the Effectiveness of Local Revenue and Regional Expenditure Management on Regional Financial Independence with Economic Growth as a Moderating Variable (Study on Regencies/Cities in West Java Province for the 2020-2024 Period). *Al-Kharaj: Journal of Islamic Economics and Business*, *8* (2).
30. Rahmawati, R., & Hendaris, R.B (2025). The Influence of the Effectiveness of Regional Original Income and Regional Expenditure Management on the Level of Regional Financial Independence (Case Study of Regency/City Governments in West Java Province 2019-2023). *Ekonomis: Journal of Economics and Business*, *9* (2), 1126-1135.
31. Riyadi, W. (2022). The Influence of General Allocation Funds, Special Allocation Funds, and Capital Expenditures on the Level of Regional Financial Independence in Regencies/Cities in West Java Province. *J-Aksi: Journal of Accounting and Information Systems*, *3* (1), 298-314.
32. Saputri, SH, & Kurnia, K. (2020). The Influence of Balancing Funds, Regional Expenditures, and Regional Original Income on Regional Financial Performance. *Journal of Accounting Science and Research (Jira)*, *9* (1).
33. Sopian, R., & Handoyo, S. (2024). Analysis of Factors Influencing Regional Financial Independence of Districts/Cities in West Java Province 2018 – 2022. *Musytari: Management, Accounting, and Economic Balance Sheet*, *7(5).*
34. Sugiyanto, HS, & Musfirati, A. (2021). The Influence of General Allocation Funds, Special Allocation Funds, Revenue Sharing Funds, and Special Funds on the Level of Regional Financial Independence. *Substance: Source of Accounting, Auditing, and Vocational Finance Articles*, *5* (1), 20-36.
35. Sugiyono. (2023). *Quantitative & Qualitative Research Methods and R&D*. Yogyakarta: Alfabeta.
36. Umasangadji, U. (2025). Analysis of the Influence of Regional Original Income, General Allocation Funds, and Special Allocation Funds on the Level of Regional Financial Independence. *Scientific Journal of Accounting and Finance (Jiaku)*, *4* (1), 64-71.
37. Law (UU) No. 32 of 2004 Article 1 Paragraph 7 concerning Regional Government. *Jakarta: Central Government.*
38. Law Number 1 of 2022, Article 1 Paragraph 20 concerning Financial Relations between the Central Government and Regional Governments. *Jakarta: Central Government.*
39. Law Number 22 of 1999 concerning Regional Government. *Jakarta: Central Government.*
40. Yulkhaq, MZF, & Amiranto, JB (2024). The Influence of Regional Original Income (PAD), General Allocation Fund (DAU), and Special Allocation Fund (DAK) on the Level of Regional Financial Independence: A Case Study of Regencies/Cities in East Java Province 2018-2022. *Gemah Ripah: Business Journal*, *4* (02), 64-75.