

# Gold Price Dynamics and Earnings Performance in a Non-Bank Gold-Backed Finance Firm

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ARTICLE INFO	ABSTRACT
<b>Keywords:</b> gold price; earnings performance; profit achievement  <b>Received:</b> 20 Apr 2025 <b>Accepted:</b> 25 Jun 2025 <b>Published:</b> 30 Jun 2025	<p>This study examines whether benchmark gold prices affect profit achievement in a state-owned pawn and gold-financing company. Using branch-level financial statements for 2020–2024, we estimate a single-factor ordinary least squares model to test the association between gold price movements and profitability. The results show a positive and statistically significant relationship, indicating that higher gold prices are associated with improved profits—consistent with collateral value uplift, trading spreads, and product demand dynamics in gold-backed lending. Managerially, the findings suggest the need for agile pricing policies, transparent customer communication on gold price pass-through, and strengthened risk management to handle volatility. The study contributes firm-level evidence on price–profit linkages in gold-backed retail finance. Limitations include a single-firm, single-factor design; future research should incorporate cost structures, fee income, macroeconomic controls, and asymmetric/lagged effects to better map the transmission from commodity prices to financial performance.</p>

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## 1. INTRODUCTION

Gold has historically been regarded as both a valuable asset and a symbol of wealth and economic resilience. Its price dynamics are shaped by multiple factors such as global macroeconomic conditions, geopolitical developments, and investor behavior (Albaity et al., 2023; Bossman et al., 2023). For financial institutions and companies operating within the gold sector (Fanning, 2016), a clear understanding of how gold price fluctuations relate to financial performance is critical in supporting strategic decision-making and long-term planning (Greiner et al., 2014).

The volatility of gold prices continues to attract considerable attention from investors, economists, and financial analysts (O'Connor et al., 2015; Yousef & Shehadeh, 2020; Isma et al., 2025). Such fluctuations can significantly affect financial institutions, especially those whose business activities are closely tied to the gold market (Schmidbauer & Rösch, 2018; Su et al., 2022; Kemalasari et al., 2025). PT Pegadaian (Persero) Maros Branch operates in a financial environment heavily influenced by movements in the gold market. Therefore, understanding the relationship between gold price changes and profit realization is essential for the institution to effectively manage risks, optimize revenue sources, and maintain competitiveness.

PT Pegadaian (Persero) is a state-owned enterprise in Indonesia offering various financial services, particularly those involving gold-based collateral and lending. As a major player in the national gold-related financial market, PT Pegadaian is directly exposed to fluctuations in gold prices, which affect both the valuation of gold collateral and the profitability of lending products backed by gold. Assessing



the linkage between gold price movements and profit achievement is therefore fundamental for evaluating the financial performance of PT Pegadaian (Persero) Maros Branch and for gaining deeper insight into gold market dynamics in South Sulawesi.

South Sulawesi—where PT Pegadaian (Persero) Maros Branch operates—is recognized for its substantial mineral potential, including gold. The dynamics of the gold market in this region, shaped by interactions between local supply–demand conditions and global market movements, have the potential to influence the profitability of the branch. Conducting research in this specific setting offers valuable insight into the operational realities and financial challenges faced by gold-linked financial institutions in South Sulawesi. It also enriches the broader understanding of how regional characteristics may moderate the impact of gold price fluctuations on financial performance.

The primary objective of this study is to analyze the effect of gold price volatility on the profit achievement of PT Pegadaian (Persero) Maros Branch. By examining historical trends in gold prices alongside key financial indicators, this research aims to uncover the extent to which movements in gold prices correspond with profitability outcomes. The findings are expected to provide empirical evidence that strengthens existing scholarship regarding the influence of the gold market on the financial performance of gold-based financial institutions.

To address the research objective, this study adopts a quantitative empirical approach. Data will be sourced from the financial statements of PT Pegadaian (Persero) Maros Branch and from reputable gold price databases. Profit achievement will be measured through financial performance metrics such as net income, return on assets (ROA), and return on equity (ROE). Regression analysis and other relevant statistical techniques will be employed to assess the relationship between gold price fluctuations and the financial outcomes of the branch.

The results of this study are expected to provide important insights not only for PT Pegadaian (Persero) Maros Branch but also for policymakers and regulators in the financial sector. Given the strategic role of gold in Indonesia's economy, understanding how gold price movements affect the financial performance of institutions involved in gold-based lending can help inform policy development and regulatory oversight aimed at maintaining market stability. Furthermore, the findings will contribute to a deeper understanding of gold market dynamics and their broader implications for financial institutions operating in gold-dependent environments.

Furthermore, this study can serve as an important reference for scholars and researchers examining the linkage between gold prices and financial performance. By focusing on the case of PT Pegadaian (Persero) Maros Branch, the research provides insight into the micro-level impact of gold price fluctuations on institutional operations. Future studies may extend this work by exploring broader implications across different regions or by comparing institutional responses in various gold-dependent financial environments.

The findings of this research are expected to yield meaningful implications for PT Pegadaian (Persero) Maros Branch as well as the wider financial industry. A deeper understanding of how gold price movements influence profit achievement can assist the branch in formulating more robust risk-management strategies, improving the efficiency of gold-based lending products, and making more accurate decisions related to collateral valuation. Beyond institutional benefits, the results also enrich industry knowledge and may serve as a foundation for further inquiry into the influence of gold prices on the performance of financial institutions.

It is crucial to acknowledge that this study concentrates specifically on the operational context of PT Pegadaian (Persero) Maros Branch in South Sulawesi. Consequently, the findings may not be fully generalizable to other branches or financial institutions located in different regions or countries. Nevertheless, the insights derived from this research remain valuable and can act as a comparative reference for studies conducted in similar gold-related financial sectors.



Overall, this study aims to examine the influence of gold price fluctuations on profit achievement at PT Pegadaian (Persero) Maros Branch in South Sulawesi. By analyzing the relationship between changes in gold prices and key financial performance indicators, the research provides meaningful insights for branch management, industry practitioners, and researchers seeking to understand how developments in the gold market shape the profitability of financial institutions.

## 2. METHOD

### 2.1 Population and Sample

The population in this study consists of the financial statement data of PT Pegadaian (Persero) Maros Branch, South Sulawesi. The sample used in this research comprises financial data specifically related to gold prices and profit-loss figures for a five-year period. These data sets cover the years 2020–2024 and were obtained directly from the financial records of PT Pegadaian (Persero) Maros Branch, South Sulawesi.

### 2.2 Data Collection Technique

In conducting this research, the authors carried out data collection techniques in the following ways: 1) Documentation, namely research conducted by collecting documents at PT. Pegadaian (Persero) Maros Branch South Sulawesi. 2) Interview, which is research conducted by asking questions to sources who have in-depth knowledge of the variables and research locations. This activity is carried out directly by meeting face to face with the sources.

### 2.3 Analysis Method

The data collected will be analyzed using induction statistical analysis in the form of:

#### Simple Linear Regression Analysis

Simple Linear Regression Analysis, namely the linear relationship between one independent variable (X) and the dependent variable (Y). this analysis is to determine the direction of the relationship between the independent variable and the dependent variable whether positive or negative and to predict the value of the dependent variable if the value of the independent variable increases or decreases. The data used is usually interval or ratio scale.

$$Y = a + bX + e$$

Description:

Y = Gold Profit

X = Gold Price

a = Constant Value

b = Regression coefficient

e = Standard error

#### Determination Coefficient Analysis (Determination)

Determination Coefficient Analysis (Determination) Is an analysis used to measure the strength or not of the influence of the price of gold on the achievement of profit at PT Pegadaian (Persero) Maros Branch, South Sulawesi. Description: In SPSS Ver.22 r = Correlation Coefficient. n = Sample Size. x = Free Variable (gold price). y = Bound Variable (Profit achievement)

## 3. RESULTS AND DISCUSSION

### 3.1 Simple Regression Analysis

Simple regression analysis is an analysis used to determine the nature of the relationship between selling price (X1) and profit achievement with the following equation form:

$$Y = a + bX + e$$

$$Y = 1.355 + 0.885 + 1.8620$$

Which is:

Y = Profit achievement

a = Constant

b = Regression coefficient

X = Gold price

E = error / Confounding variables

**Table 1.** Simple Regression Test Result

Model	Unstandardized	Standardized	t	Sig
Coefficients	Coefficients			
(Constant)	1,355			
Harga Emas	540	523	5,965	.003
Dependent Variabel : Pencapaian Profit Laba				

Source: Data processed, 2025

$$Y = 2.707 + 0.869$$

The constant value of 1.355 states that if there is no gold price variable, the achievement of profit will still produce a value of 1.669 or in other words, if the gold price variable is equal to 0, the achievement of profit will still produce 1.355.

The regression coefficient value of X of 0.885 states that every 1% increase in the level of gold price value will increase the company's profit profit achievement by 0.885% assuming there are no other variables that influence.

The t-test is used to determine the extent of the influence of the independent variable on the dependent variable and to test the hypothesis proposed whether it is accepted or not. Through the t-test, it can also be known about information about how much influence the independent variable has on purchasing decisions. By using a sample of 60 respondents with  $df = n - k - 1$  or  $df = 60 - 1 - 1 = 60$ , the  $t_{table} = 2.663$  was obtained with a significance level ( $\alpha$ ) of 0.05.

Pada tabel di atas kita melihat  $T_{hitung}$  lebih besar dari pada  $T_{tabel}$  ( $5,965 > 1.67065$ ) yang di artikan variable harga emas mempunyai pengaruh terhadap pencapaian laba profit. Dari hasil output di atas harga emas signifikan terhadap pencapaian laba profit dapat dilihat dari kolom sig. yang melihatkan  $0.003 < 0.05$ .

**Perumusan Hipotesis:**

$H_0: \beta \geq 0$  Diduga variabel harga emas (X) tidak berpengaruh signifikan terhadap variabel pencapaian laba profit (Y)

$H_a: \beta < 0$  Diduga variabel harga emas (X) berpengaruh signifikan terhadap variabel pencapaian laba profit (Y)

Syarat di terimanya hipotesis alternatif ( $H_a$ ) apabila nilai t-hitung > nilai t- tabel dan nilai signifikansinya  $\alpha \leq 0,05$  dan sebaliknya, hipotesis 0 ( $H_0$ ) diterima apabila nilai thitung < nilai t-tabel. Dari hasil uji-t di atas, dapat dilihat bahwa nilai t-hitung > nilai ttabel sehingga hipotesis yang diterima adalah hipotesis alternatif ( $H_a$ ) yaitu “variabel Harag Emas (X) berpengaruh signifikan terhadap variabel Pencapaian Laba Profit (Y)”.

**3.2 Simple Linear Correlation Test (Determination)**

After knowing the correlation coefficient value, then look for the determination (contribution) ( $R = r^2 \times 100\%$ ). The R Square value shows how much the regression model can explain the dependent variable. The following table 2 simple linear correlation (Determination):

**Table 2.** Determination Test Results

Mode	R	R-Square	Adjusted R-Square	Std.Error the Estimate
	885	898	886	1.8620

a. Predictors : (Constant), Harga Emas

b. Dependent Variabel : Pencapaian Laba Profit

Source: Data processed, 2025

From table 2, in the correlation coefficient (R) column, it is found that the result of 0.885 is below 0.800 - 1.000. From these results, it can be interpreted that the relationship between the Gold Price variable (X) and the Profit Profit Achievement variable (Y) has a very strong level of relationship. In the coefficient of determination column (R Square), a value of 0.898 or 89.8% was found, the remaining 10.2% was influenced by other variables not examined in this study.

**3.3 Discussion**

Based on the research findings, it is evident that gold prices influence profit achievement at PT Pegadaian (Persero) Maros Branch, South Sulawesi. This indicates that the selling price of gold contributes significantly to the branch's ability to generate profit. During the 2020–2024 period, gold prices demonstrated an upward trend, reflecting increased market demand. Rising gold prices encourage profit growth because, as noted by Kristhy et al. (2022), customers generally maintain strong expectations for gold as an investment asset, which in turn drives higher levels of investment activity.

The analysis also shows that profit achievement at PT Pegadaian (Persero) Maros Branch reached its highest level in 2021. This performance was supported by substantial gold sales during that year, which contributed to the increase in profit. Although declining gold prices have the potential to impact



gold sales in either a positive or negative direction, the results of this study suggest that changes in gold prices consistently produce positive effects. When gold prices decrease, many customers take advantage of the lower prices to purchase gold and invest in precious metals through PT Pegadaian (Persero) Maros Branch. These findings align with the results of studies by Jain & Biswal (2016) and Dhanabhakym & Monish (2018), who also reported that fluctuations in gold prices generally yield positive market responses. Similarly, when gold prices rise, the number of customers purchasing or investing in gold at the Maros Branch does not decline, thereby maintaining a positive contribution to profit achievement. This conclusion is consistent with Adhianto (2023), who found that increases in gold prices do not diminish the achievement of profit targets.

During the 2020–2024 period, the selling price of gold showed a consistently upward trend, reflecting strengthened market demand. This phenomenon aligns with the views of Rosiyani & Hasyim and Sari & Azzafira (2021), who observed that customer interest in gold continues to rise, thereby stimulating increased investment activity. The continuous rise in gold prices each year has contributed to the profit growth of PT Pegadaian (Persero) Maros Branch. This finding is consistent with Emmrich & McGroarty (2013), who argue that strong customer expectations regarding gold as a valuable and secure asset encourage more frequent transactions and investment decisions.

The study also demonstrates that even when gold prices decline, a considerable number of customers continue to purchase and invest in gold and precious metals at PT Pegadaian (Persero) Maros Branch, South Sulawesi. This behavior indicates sustained trust in gold as a long-term investment instrument despite short-term fluctuations in market prices. These observations support the findings of Purnamasari & Sukmana (2017), who noted that when gold prices rise, customer engagement in gold-related transactions at PT Pegadaian (Persero) remains stable and does not experience a decline. This consistent demand contributes positively to profit achievement over time.

Moreover, the resilience of customer investment behavior in both rising and declining gold price conditions suggests that gold continues to function as a strategic asset within the local financial market (Bekiros et al., 2017; Beckmann et al., 2019; Afshan et al., 2024). For PT Pegadaian (Persero) Maros Branch, this implies that gold-based products remain a reliable source of revenue stability. The branch can leverage this stable demand by strengthening financial literacy initiatives, promoting gold-saving programs, and optimizing gold-based loan products. Such efforts can enhance customer engagement and strengthen the institution's financial performance in the long term (Monferrer et al., 2019; Wongsansukcharoen, 2022; Magableh et al., 2024).

These findings underscore the necessity for PT Pegadaian (Persero) Maros Branch to continuously monitor and evaluate fluctuations in gold prices as part of its strategic decision-making processes. The management should integrate these insights when designing pricing policies, strengthening risk-management frameworks, and identifying potential investment opportunities (Thekdi & Aven, 2016; Nafiu et al., 2015). A clear understanding of how gold price movements influence profit achievement enables the branch to adjust its business strategies proactively and optimize operational activities to support stronger financial outcomes.

This study reaffirms that gold prices exert a significant influence on the profit achievement of PT Pegadaian (Persero) Maros Branch, South Sulawesi. The upward trend in gold selling prices reflects growing market demand, which contributes positively to profit growth (Gasparyniene et al., 2018). Even when prices fluctuate, the consistent increase in customer participation in gold transactions and investments ensures a stable positive effect on profitability. These results offer meaningful guidance for the branch's management, equipping them with the insights needed to navigate gold-market dynamics effectively and make well-informed strategic decisions aimed at optimizing profit achievement.

In summary, the overall findings of this study demonstrate that fluctuations in gold prices, whether upward or downward—continue to shape the financial performance of PT Pegadaian (Persero) Maros



Branch in a consistently positive manner due to the resilient behavior of customers toward gold-based investments. This resilience reinforces the role of gold as a strategic financial asset and highlights the importance of adaptive managerial practices in responding to market dynamics. As the branch moves forward, integrating market intelligence, enhancing product innovation, and strengthening customer engagement will be crucial for sustaining profitability and ensuring long-term competitiveness in the increasingly dynamic gold industry.

#### 4. CONCLUSIONS AND RECOMMENDATIONS

This study was conducted to analyze the influence of gold prices on the profit achievement of PT Pegadaian (Persero) Maros Branch, South Sulawesi, during the 2020–2024 period. The results indicate that gold prices have a significant effect on the branch's profitability, as a large portion of its revenue is generated through gold-related transactions. The statistical tests further show that the gold price variable (X) has a strong partial influence on profit achievement, reflecting the increasing customer demand for gold-based financial services at PT Pegadaian (Persero) Maros Branch.

Based on these findings, several recommendations can be proposed. PT Pegadaian (Persero) Maros Branch is advised to pay greater attention to price-related strategies, ensuring that customers and potential buyers are well informed about gold price fluctuations to support improved profit performance in the future. For future researchers, it is suggested to incorporate additional variables beyond gold prices to obtain a more comprehensive understanding of factors influencing profit achievement. Furthermore, several operational limitations—such as high capital rental costs, strict collateral requirements, and limited credit ceilings—should be considered as areas for improvement to enhance service effectiveness and financial performance.

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