The Effect of Marketing Activities on Profitability With Others Comprehensive Income as Moderation: Evidence from Southeast Asia

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ABSTRACT

This research aims to examine the moderating role of others comprehensive income in the influence of marketing activities on the profitability of financial sector companies in the Southeast Asia region. Research on profitability determination has been widely conducted, but testing the moderating role of Others Comprehensive Income (OCI) in the influence of marketing activities on profitability in financial sector companies has not been widely conducted. This is important because financial sector companies have large financial assets. The source of funding comes from funding funds that are inseparable from marketing activities. Ownership of large financial assets has an impact on the presentation of other comprehensive income (OCI), especially the type of unrealized earnings from adjustment financial assets available for sale (AFS). Observation data of 612 from the financial statements of a sample of 153 financial sector companies in 2020 - 2023 in five Southeast Asian countries, namely Indonesia, Thailand, Malaysia, Singapore, and the Philippines. Data analysis using Moderated Regression Analysis and showing the results that the existence of OCI in financial sector companies is proven to strengthen the positive influence of marketing activities on profitability. The originality of this study is to test the moderating role of OCI in the influence of marketing activities on profitability. Large OCI AFS ownership in financial sector companies is important information for investors regarding future profitability, because AFS will be realized in the near future, and its realization will certainly affect net income.

1.Introduction

Research examining the relationship between marketing activities and profitability has produced consistent findings in various countries, including in financial sector companies. Marketing and financial management researchers agree that marketing activities have a significant positive effect on profitability levels. However, studies in this area are still interesting to study, because in addition to the unique characteristics of the financial sector which is sensitive to macroeconomic conditions, there is also tight business competition that requires precise marketing strategies and operational cost efficiency, including marketing. A study conducted by Chen (2020) using data from banking reports issued by the Federal Reserve, the central bank of the United States, showed that marketing activities have a positive effect on bank profitability. Marketing activities are measured by advertising and marketing expenses, and profitability is measured by Return On Assets (ROA). Likewise, a study in India by Sujata et al., (2016) succeeded in proving that the higher the advertising and promotion expenses, the greater the net sales and profitability of the current period. A study by Morgan et al., (2019) in 114 companies across industries in the United States succeeded in proving that marketing activities consisting of market sensing, brand management, and customer relationship management (CRM) have a significant effect on profit growth. Financial product innovation has an impact on customer satisfaction and loyalty, customer satisfaction and loyalty have an impact on the profitability of financial sector entities (Kumar et al., 2019).

Regarding the relationship between macroeconomic conditions and banking profitability, Saif-Alyousfi (2022) in his study of 47 countries in Asia found evidence that in countries with advanced and stable economies, marketing activities run effectively and have profitable profitability levels, and conversely in countries facing economic turmoil, marketing activities do not have a significant impact on profitability. In this study, macroeconomic conditions were measured by the level of gross domestic product, inflation rate, and interest rates. One form of marketing activity is a marketing channel strategy. A study by Lee et al., 2020) in Taiwan found evidence that choosing the right and fast marketing channels to customers has a major impact on the company's profitability achievements. Khan & Ali (2020) in their study in Pakistan concluded that there is a strong positive relationship between advertising and promotional expenses and profitability. Large promotional expenses are incurred to introduce products and build brand image. The higher the level of promotional expense efficiency, the higher the profitability (Rahman et al., 2020).

The position of this research develops Chen (2020), Lee et al., (2020), Khan & Ali (2020), Rahman et al., (2020) and Saif-Alyousfi (2022). The position of development as an originality in this study is to test the role of moderation of other comprehensive income (OCI) in the influence of marketing activities on profitability in financial sector companies in Southeast Asia. Why this test is important to do as a reason to place OCI as a moderation is because: 1) the number of financial assets in financial sector companies is very large, and these assets in the presentation of financial statements are adjusted from their recorded value or acquisition value to fair value (the adjustment difference is called OCI), so that the potential for future profitability from the realization of these assets is also large, especially financial sector companies that invest their funding funds in productive assets in the form of financial assets in the category available for sale (OCI-AFS). 2) The acquisition of funding funds invested in productive assets and their realization in the form of capital gains that have an impact on profitability, cannot be separated from marketing activities. The more intensive the marketing activities, the greater the funding funds collected, the greater the profitability (Saif-Alyousfi, 2022). The greater the funding funds collected, the greater the productive assets, the greater the OCI-AFS and the impact on profitability. Studies that examine the moderating role of OCI in the influence of marketing activities on profitability are still not widely conducted.

The data of this study are secondary data in the form of financial reports of financial sector companies in 2020-2023 listed on five capital markets in five Southeast Asian countries, namely Indonesia (IDX), Thailand (SET), Malaysia (MYX), Singapore (SGX), and the Philippines (PSE). The population of financial companies in the five countries is 182 companies, a sample of 153 companies and observation data n: 612. Hypothesis testing with Moderated Regression Analysis. The results of the hypothesis testing show that: 1) marketing activities have a positive effect on profitability, and 2) OCI strengthens the positive effect of marketing activities on profitability. The results of this study are useful for adding to the academic literature in the fields of marketing management and financial accounting, in the form of empirical evidence that OCI, although an ephemeral income, contributes to strengthening the effect of marketing activities on profitability, in financial sector companies that have productive assets in the form of financial assets in the category available for sale. Benefits for marketing managers, can make ownership of financial assets a focal point of promotion in attracting customers, because it has an impact on profitability which leads to the company's ability to meet customer return expectations in the future. Likewise for investors, so as not to only focus on net profit, but also on financial assets in the category available for sale (OCI-AFS), because it also has an impact on profitability and fulfillment of future investment return expectations.

2. Literature Review

Marketing activities are not just synonyms for selling and promotion-related expenses, but more than that, marketing activities are the implementation of strategies to achieve the company's philosophical and economic goals (Yorke, 1984). Marketing activities must lead to the company's economic goals, namely achieving net profit (Njegomir, 2019). Marketing activities play an important role in the operational business of banks and other financial institutions amidst increasingly fierce competition and uncertainty in today's business environment. Bank marketing activities have an impact on obtaining savings, credit or financing, and other banking service products (Chen, 2020). How important is marketing activity in optimizing profit and company goals, even low-quality products (ugly products) will be accepted by the market and support profitability if marketed properly and intensively (Qi et al., 2022). Choosing the right target market has a positive effect on company profits (Lessmann et al., 2021). Marketing activities in the short term affect net profit and in the long term affect company value (Bendle & Wang, 2017). Effective and efficient marketing communications in the form of the right channels and tools have been shown to increase sales and financial performance (Falat & Holubcik, 2017). In the era of digitalization, marketing strategies that utilize big data technology are very important. Grandhi et al., (2021) in their study in the United Arab Emirates found evidence that data-driven marketing (DDM) has a significant positive effect on profitability and has been shown to increase the effectiveness and efficiency of the company's marketing burden. Likewise, the results of a study in the United States by Sklenarz et al., (2024), found evidence that digitally transformed and consumer-oriented marketing activities have a significant impact on the profitability of financial sector entities. Companies that implement green marketing in their activities, not only achieve profitability, but also have a positive impact on society and the environment (Tzanidis et al., 2024). Loan Deposit Ratio has positive effect to ROA in Indonesian Commercial Banking (Runtunuwu & Hussin, 2024). A study by Leelavathy & Kamali (2024) in India showed that companies that carry out sustainable marketing, increase their profitability, because they are able to increase consumer trust and credibility for the company's concern for the environment and social welfare.

H_1: Marketing activities have a positive effect on profitability.

Fair value accounting (OCI and representative value) and the concept of all inclusive income recognition (OCI presented in the income statement) improve the quality of financial statements (value relevance), and the quality of financial statements (value relevance) reduces agency problems. Agency problems are information asymmetry and conflicts of interest between fund owners and managers that have the potential to reduce the quality and value relevance of financial reporting (Jensen & Meckling, 1976). Transparency in the presentation of profits from actual realized income and unrealized income (OCI) contributes to weakening agency problems (Kusuma & Athori, 2023a).

Research evidence from various countries shows that OCI has a positive effect on ROA, including J. Lee et al., (2020) in Korea, Rahayu & Kusuma (2020) in ASEAN, Shi et al., (2017) in the United States, Veltri & Ferraro (2018) in Italy, and Kusuma (2021) in Indonesia. Group OCI that will not be reclassified to net income will affect retained earnings in equity. Its presentation in retained earnings brings OCI's ability to influence the company's value (Kusuma & Athori, 2023b);(Kusuma, 2023c). Group OCI that will be reclassified to net income has been shown to improve the quality of profit information (Kusuma et al., 2022). However, its high subjectivity, both in determining its value (OCI hierarchy level 3)(Kusuma et al., 2025), and the flexibility in determining the time and amount of realization, can be used as a place to carry out earnings management (Kusuma, 2024), income smoothing (Kusuma, 2023a), and tax avoidance (Kusuma & Rahayu, 2022). During Covid-19, OCI is still relevant to user needs, its high sensitivity to fundamental macroeconomic indicators is the cause (Kusuma & Saputra, 2022). The strong reaction to macroeconomic changes also causes the OCI persistence rate to be

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lower when compared to net income (Kusuma, 2023b). Kusuma & Kusumaningarti, (2023) modified the Profit Content Theory (Ball & Brown, 1968) and called it the Comprehensive Earnings Response Coefficient (C-ERC). C-ERC is a coefficient that shows how much the market reacts to Total Comprehensive Income (TCI) information. TCI is a combination of net income and OCI, and it is proven that TCI and OCI have information content, as indicated by changes in stock prices around the date of publication of the financial statements, as well as attributable profits (Kusuma, 2016)(Kusuma & Agustin, 2024).

The policy of presenting comprehensive income attributable to shareholders strengthens the predictive power of OCI for future comprehensive income (Kusuma, Zuhroh, et al., 2021). OCI and TCI can be used to predict financial distress (Kusuma, 2024), predict dividends (Kusuma & Agustin, 2023), predict cash flow (Kusuma, 2020), predict financial performance by modifying ROA (Kusuma, 2021a), ROE (Kusuma, Assih, et al., 2021), NPM (Murdiyanto & Kusuma, 2022). The emergence of OCI in the financial statements adds to the auditor's work in assessing the fairness of its presentation. Audit procedures are needed to ensure whether OCI is presented fairly, especially the hierarchy levels 2 and 3, and whether the classification of OCI items in the "to be reclassified" and "not to be reclassified" groups(Agustin & Kusuma, 2024). This additional audit procedure affects the external auditor's fee (Kusuma & Luayyi, 2024).

The financial sector company market (service users) decides to buy products because of the motivation of high expectations of returns that will be received in the future (Kusuma, 2017). Insurance product customers decide to "buy" insurance products, motivated by the expectation of income they will receive in the future. Deposit product customers decide to "buy" deposit products, also motivated by the expectation of interest income they will receive in the future. The public's decision to buy financial sector company products cannot be separated from the role of marketing activities. Marketing activities create customer loyalty (Andriana, 2023) and customer loyalty affects the profitability of financial sector companies (Rachmawati et al., 2017). The more financial sector products purchased by the public, the greater the funds (liabilities) owned by the entity. As an intermediary institution, these funds will then be invested by financial sector companies in productive financial assets, in order to obtain investment returns in the future.

Net income (ROA_t)

Realized productive assets

Marketing activities → incoming funding funds → invested in productive assets:

Unrealized productive assets

Reclassification of OCI

Net Income (ROA_{t+1})

Figure 1. Logical thinking on the relationship between marketing activities, reclassified OCI and ROA

Source: Lessmann et al., (2021), Kusuma (2021a), Kusuma (2021b)

Financial assets are valued at fair value. Valuation at fair value causes a difference with the recorded value and/or acquisition value. This difference is called other comprehensive income (OCI). There are types of financial assets that have a short ownership period, less than one year from the balance sheet date. This type of financial asset is quickly sold when the market price is favorable. The purpose of having this type of financial asset is to obtain capital gain, which is the difference between the selling price and the acquisition price. In its presentation in the financial statements, this asset is presented in the "financial assets available for sale" item. Because of its short ownership period, there is a plan to sell it in less than one year, so there will be real income realized from the sale of this asset. This real income is part of net income. However, when the asset has not been sold, the difference between the fair value and the recorded value on the date of presentation of the financial statements is presented as OCI, especially in the "OCI to be reclassified to net income" group. The diction "will be reclassified to net income" means that OCI in the current period will change to net income in the following period because the financial asset is sold. This type of asset, in the current period the difference between the fair value and its recorded value, is still unrealized earnings and is presented as an OCI item. However, in the next period, it has become actual realized income. Meanwhile, for other types of assets that are not planned to be sold in the next period, the difference between the fair value and the recorded value and/or the acquisition value is also presented as OCI, but in the group "OCI that will not be reclassified to net income".

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The diction "will not be reclassified to net income", means that OCI in the current period will not change to net income in the next period, because the asset is not sold.

Thus, the more active the marketing activity, the greater the products sold (Kombih & Suhardianto, 2017), so that the greater the funds from outside, the higher the company's ability to invest it in productive assets in the form of ownership of financial assets. The higher the ownership of financial assets in the available-for-sale category with a short ownership period, supported by conducive macroeconomic conditions that impact the fair value of financial assets (Kusuma & Saputra, 2022), the higher the "OCI to be reclassified to net income". The higher the "OCI to be reclassified to net income" in the current period, the higher the net income in the following period.

H_2: OCI strengthens the positive influence of marketing activities on profitability.

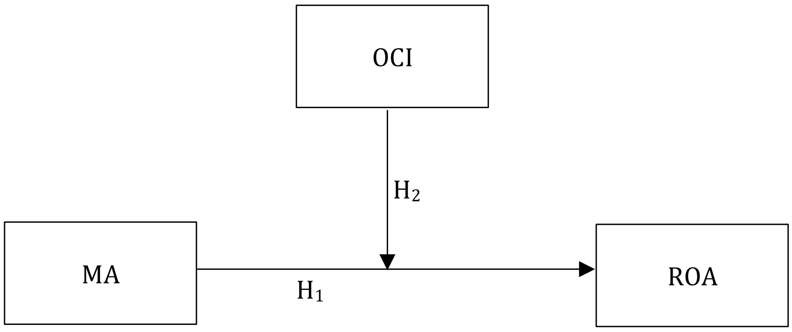

Figure 2. Conceptual framework of the research.
Source: Shi et al., (2017); Chen, (2020); J. Lee et al., (2020); Lessmann et al., (2021); Kusuma, (2021a), Kusuma, (2021b)

3. Research Method

This type of research is a quantitative method, especially testing the causal hypothesis. The research data is secondary data in the form of financial reports of financial sector companies in 2020 - 2023 listed on five capital markets in five ASEAN countries, namely the Indonesia Stock Exchange (IDX), Stock Exchange of Thailand (SET), Bursa Malaysia (MYX), Singapore Stock Exchange (SGX), and Philippine Stock Exchange (PSE). The reason for choosing this period is how the devastating Covid-19 pandemic has had an impact on the financial sector in the Southeast Asia region, most of which are emerging markets, and how the financial sector, through marketing activities and ownership of unrealized earnings (OCI) financial assets, is able to survive and recover in the next post-pandemic period. The population of financial companies in the five countries is 182 companies, the selected sample is 153 companies, and the number of observation data for company i period t is 612, with the following details:

Table 1. Research Sample

	Indonesia	Thailand	Malaysia	Singapore	Philippines	Total
Financial sector company 2020 – 2023	43	40	38	32	29	182
Reduced: No report AFS	(5)	(8)	(4)	(7)	(5)	(29)
Total sample	38	32	34	25	24	153

	Indonesia	Thailand	Malaysia	Singapore	Philippines	Total
Observation data (153 x 4 years)			612			

Source : Investment gallery Uniska Kediri, East Java (2024)

The research variables are marketing activity as an independent variable, OCI, especially the item of profit or loss from the adjustment of the fair value of financial assets in the available-for-sale category presented in the OCI group that will be reclassified to net income as a moderating variable, company size, year and type of industry as control variables, and profitability as the dependent variable. The measurement of each variable is explained in the following table:

Table 2. Research and Measurement Variables

Variable	Notation	Measurement	Reference
Independent Variable:			
Marketing Activity	$MA_{i,t}$	$\frac{Advertising\ \&\ Marketing\ Expense_{i,t}}{Total\ Assets_{i,t}}$	Chen (2020) Kim dan Joo (2013)
Moderating Variable:			Shi et al., (2017)
Others Comprehensive Income	$OCI_{i,t}$	$\frac{Reclassification\ of\ OCI_{i,t}}{Total\ Assets_{i,t}}$	Lee-Joonil et al., (2020) Banks et al., (2018)
Control Variable:			
Company Size	$SIZE_{i,t}$	$Log\ N\ Total\ Assets_{i,t}$	Shi et al., (2017)
Type of Industry	$INDUSTRY$	$Multiple\ Dummys\ Variable$ $for\ financial\ sub\ sectors$	Kusuma (2021)
Period	$YEAR$	$Multiple\ Dummys\ Variable$ $for\ year\ of\ reseach\ period$	Kusuma (2021)
Dependent Variable:			
Profitability	$ROA_{i,t}$	$\frac{Net\ Income_{i,t}}{Total\ Assets_{i,t}}$	Chen (2020)

Data analysis technique with Moderated Regression Analysis. For hypothesis testing, a research model was built as follows:

$$ROA_{i,t} = \alpha_0 + \beta_1 MA_{i,t} + \beta_2 SIZE_{i,t} + INDUSTRY + YEAR + \varepsilon_{i,t} \quad (1)$$

$$ROA_{i,t} = \alpha_0 + \beta_1 MA_{i,t} + \beta_2 OCI_{i,t} + \beta_3 (MA * OCI)_{i,t} + \beta_4 SIZE_{i,t} + INDUSTRY + YEAR + \varepsilon_{i,t} \quad (2)$$

Where,

$ROA_{i,t}$	:	Net income to total assets company i period t.
α_0	:	Constanta.
β_{1-4}	:	Coeffisient.
$MA_{i,t}$	:	Advertising and marketing expenses to total assets company i period t.
$OCI_{i,t}$	:	Unrealized earnings for adjustment of financial assets available for sales (OCI-AFS) to total assets company i period t.
$SIZE_{i,t}$	:	Log N of total assets company i period t.
$INDUSTRY$	:	Dummy variable based from type industry of financial sub sector.
$YEAR$	:	Dummy variable based from research period.
$\varepsilon_{i,t}$	:	Error.

Hypothesis 1, which assumes that marketing activities of financial sector companies have a positive effect on profitability, is accepted if the $MA_{i,t}$ coefficient in model 1 is significant at the 5% level and has a positive sign. Hypothesis 2, which assumes that OCI strengthens the positive effect of marketing activities on profitability, is accepted if the $MA_{i,t}$ coefficient in model 2 is greater than $MA_{i,t}$ in model 1 and is significant at the 5% level with a positive sign.

4. Results and Discussion

Results

This research aims to examine the moderating role of others comprehensive income in the influence of marketing activities on the profitability of financial sector companies in the Southeast Asia region. Before the hypothesis is tested, descriptive statistical testing, correlation analysis, prerequisite analysis tests are carried out. Hypothesis testing with Moderated Regression Analysis. The data in this research is panel data in the form of financial reports of 153 financial sector companies in Southeast Asia (cross section) during the 2020-2023 period (time series), panel data regression estimates using the Common Effect Model, Fixed Effect Model and Random Effect Model.

Table 3 below presents descriptive statistics ad correlation analysis results. Marketing activity has a mean of 0.0097. OCI has a mean of 0.011, and company size has a mean of 12.0881. The mean ROA of 0.0477 indicates that the average return on assets on net income of financial sector companies in Southeast Asia is 4.77% per year. The correlation coefficient between marketing activity and OCI is 0.0432 and with ROA is 0.0611 indicating a strong correlation, the more active the marketing action is carried out, the greater the ownership of productive assets, the greater the OCI, and the greater the ROA.

Table 3. Descriptive Statistics ad Correlation Analysis Results

Variable	Mean	Min	Max	SD
Panel A : Descriptive Statistics Results				
$MA_{i,t}$	0.0097	0.0004	0.0143	7.0476
$OCI_{i,t}$	0.0011	−0.0031	0.0057	6.2842
$SIZE_{i,t}$	12.0881	6.0714	21.8213	11.6173
$INDUSTRY$	0.5411	0.000	1.000	4.1381
$YEAR$	0.5148	0.000	1.000	4.5920
$ROA_{i,t}$	0.0477	−0.0082	0.0692	6.3059

Panel B : Correlation Analysis Results

	$MA_{i,t}$	$OCI_{i,t}$	$SIZE_{i,t}$	$ROA_{i,t}$
$MA_{i,t}$	1.000	-	-	-
$OCI_{i,t}$	0.0432**	1.000	-	-
$SIZE_{i,t}$	−0.0002	0.0169*	1.000	-
$ROA_{i,t}$	0.0611***	0.0408**	0.0278**	1.000

Notes : ***, **, * Level Significant of Pearson Correlation Coefficient 1%, 5%, and 10%.

Source : Results of data processing by statistical applications.

Table 4 below presents the results of moderated regression analysis. The adjusted R^2 value shows that the variation of ROA can be explained by the variation of marketing activity by 34.02% in model 1 and by the variation of marketing activity and OCI by 45.27% in model 2. The $MA_{i,t}$ coefficient in model 1 is 0.0647 (12.0771)** significant at the 5% level and positive, thus H1 is accepted, the marketing activities of financial sector companies in Southeast Asia have a positive effect on profitability. The $MA_{i,t}$ coefficient in model 2 is 0.0708 (14.1682)** greater than the $MA_{i,t}$ in model 1 of 0.0647 (12.0771)**, thus H2 is accepted, OCI strengthens the positive influence of marketing activities on profitability.

Table 4. Results of Moderated Regression Analysis

Variable	(1)	(2)
$Constant$	0.02471 (8.0114)*	0.04871 (10.4781)*
$MA_{i,t}$	0.0647 (12.0771)**	0.0708 (14.1682)**
$OCI_{i,t}$	-	0.0548 (11.7823)**
$MA_{i,t}*OCI_{i,t}$	-	0.0201 (10.0923)*
$SIZE_{i,t}$	0.0291 (6.2247)**	0.0385 (8.2276)*
$INDUSTRY$	YES	YES
$YEAR$	YES	YES
$F - Statistics$	18.0114***	22.4661***
$Adjusted\ R^2$	0.3402	0.45277

Notes : ***, **, * Level Significant of Regression Coefficient 1%, 5%, and 10%.

Source : Results of data processing by statistical applications.

Table 5 below presents the results of the Common Effect Model, Fixed Effect Model and Random Effect Model tests.

Table 5. Result Test of Common Effect Model, Fixed Efect Model and Random Effect Model

Variable	Common Effect Model			Fixed Efect Model			Random Effect Model		
	Coeficient	t-Statistc	Prob.	Coeficient	t-Statistc	Prob.	Coeficient	t-Statistc	Prob.
$Constant$	0.0247	8.0114	0.000	0.0487	10.4781	0.057	0.0453	10.4772	0.059
$MA_{i,t}$	0.0647	12.0771	0.011	0.0708	14.1682	0.025	0.0716	14.1649	0.032
$OCI_{i,t}$	0.0548	11.7823	0.024	0.0548	11.7823	0.014	0.0587	11.7836	0.009
$MA_{i,t}*OCI_{i,t}$	0.0201	10.0923	0.052	0.0201	10.0923	0.060	0.0272	10.0917	0.057
$SIZE_{i,t}$	0.0291	6.2247	0.026	0.0385	8.2276	0.055	0.0316	8.2293	0.051
$INDUSTRY$	0.0347	7.3658	0.000	0.0352	7.3447	0.000	0.0428	7.3447	0.000
$YEAR$	0.0411	8.3571	0.000	0.0477	9.0335	0.000	0.0503	9.0335	0.000

Source : Results of data processing by statistical applications.

Based on the test results in table 5 above, the MRA regression model equation is as follows.

Common Effect Model :

$$ROA_{i,t} = 0.0247 + 0.0647MA_{i,t} + 0.0548OCI_{i,t} + 0.0201(MA * OCI)_{i,t} + 0.0291SIZE_{i,t} + 0.0347INDUSTRY + 0.0411YEAR + \varepsilon_{i,t}$$

Fixed Efect Model :

$$ROA_{i,t} = 0.0487 + 0.0708MA_{i,t} + 0.0548OCI_{i,t} + 0.0201(MA * OCI)_{i,t} + 0.0385SIZE_{i,t} + 0.0352INDUSTRY + 0.0477YEAR + \varepsilon_{i,t}$$

Random Effect Model :

$$ROA_{i,t} = 0.0453 + 0.0716\, MA_{i,t} + 0.0587\, OCI_{i,t} + 0.0272\, (MA * OCI)_{i,t} + 0.0316\, SIZE_{i,t} + 0.0428INDUSTRY + 0.0503YEAR + \varepsilon_{i,t}$$

Discussion

The Influence of Marketing Activities on Profitability

This study has successfully proven that marketing activities have a positive effect on the profitability of financial sector companies. Marketing activities produce outputs in the form of public investment in financial sector company products. Sales of financial sector company products will certainly have an impact on the achievement of financial sector company net profit. Marketing activities have a positive effect on sales, and sales have a positive effect on profitability.The greater the sales of financial sector company products such as savings, deposits, insurance premiums, pension funds, pawnshops and so on, the greater the funding funds collected, which can be allocated by financial sector companies to investments in productive assets, including one of which is financial assets in the available for sale category. The greater the ownership of financial sector companies in the available for sale category of financial assets, the greater the OCI from the adjustment of its fair value. Financial assets in the available for sale category are held in the short term, because the investment orientation is on capital gains. Thus, the large value of the group's OCI to be reclassified to net income (which contains financial assets in the available-for-sale category) strengthens the positive influence of marketing activities on the profitability of financial sector companies, from capital gains that when not yet realized are OCI, and the realization period is not long, in line with the investment age of less than one year on the date of presentation of the financial statements. The results of this study are in line with the evidence provided by (Chen, 2020);(Qi et al., 2022);(Lessmann et al., 2021);(Bendle & Wang, 2017) and(Falat & Holubcik, 2017).

The Moderating Role of OCI in the Influence of Marketing Activities on Profitability

This study has successfully proven that the existence of OCI can strengthen the positive influence of marketing activities on the profitability of financial sector companies. The OCI referred to here is not an aggregate, but an item of "gain (loss) from adjustments to financial assets in the available-for-sale category", which is presented in the income statement in the group "OCI to be reclassified to net income. Financial sector companies have a lot of unrealized income in the form of "gain (loss) from adjustments to financial assets in the available-for-sale category", because they have many financial assets, as productive assets invested from funding funds. In its presentation in the financial position statement, productive assets are presented at fair value, not at acquisition value or recorded value. The difference in the fair value of financial assets on the date of presentation of the financial position statement with the recorded value as OCI and presented in the income statement. Thus, the greater the amount of ownership of financial assets in the available-for-sale category, the greater the OCI that will be reclassified to net income, and have an impact on profitability.

OCI from “gains (losses) from adjustments to financial assets in the available-for-sale category” according to PSAK No. 68 on the fair value hierarchy, including category level 1, meaning that fair market prices are clearly available in the market. The quoted price is in the form of stock prices from stock securities investments, available on the stock exchange. The presenting entity directly uses the prices available in the market to assess the fair value of financial assets, which affects the value of OCI. This causes the objectivity of OCI assessment for the type of OCI “gains (losses) from adjustments to financial assets in the available-for-sale category” to be high. The presenting entity does not need to look for similar replacement prices, let alone estimate their own prices which have the potential for high management subjectivity. OCI type adjustments to financial assets in the available-for-sale category which are widely owned by financial sector entities and are included in the level 1 category hierarchy, have an impact on the relevance of OCI information for users (Kusuma & Kusumaningarti, 2023), are reacted to by the market (Kusuma & Agustin, 2024), and have high predictive power (Rahayu & Kusuma, 2020).

OCI from “gains (losses) from adjustments to financial assets in the available-for-sale category” affects the profitability of financial sector companies because in the short-term future period or t+1, this OCI has turned into real income that increases net income (and ROA). Financial assets in the available-for-sale category have actually been sold. The difference between the selling price and the recorded value is truly a capital gain, no longer unrealized earnings. If the market price of shares (stock investments in the available-for-sale category) on the date of presentation of the financial statements is higher than the recorded price or acquisition price, then the difference is recorded as OCI (positive). Recognized as income, even though it has not been realized, because the stock investment has not been sold. Conversely, if the market price of shares on the date of presentation of the financial statements is lower than the recorded price or acquisition price, then the difference is recorded as OCI (with a negative sign), reducing total comprehensive income. The results of this study are in line with the findings of Banks et al., (2018) in the Australian market and Kusuma et al., (2025) that OCI has an impact on future net income and comprehensive income.

The theoretical meaning of the findings of this study is that the application of fair value accounting and the concept of all-inclusive income recognition, which gives rise to ephemeral income in the income statement, is not useless or not beneficial to stakeholders. This research proves that OCI, even though it is ephemeral income, especially the type of "adjustment of financial assets in the available-for-sale category", contributes to profitability. Especially in certain types of entities with large financial asset ownership. OCI is relevant to user needs. Optimal marketing activities of financial sector entities have also been shown to increase the relevance of OCI values. This finding refutes the arguments of several researchers who doubt the relevance of OCI values, because its characteristics can obscure other important information in the income statement. OCI, although ephemeral income, is only the difference in adjustments to fair value, and non-cash, does not mean that OCI information is useless. First, look at what OCI is. If OCI is a group category that will be reclassified to net income, then this OCI has an impact on future net income. This means that OCI has a predictive value for the profitability of financial sector companies in the future. In practice, investors should not only focus on current period net income in assessing future cash flow prospects of financial sector companies, but also involve OCI as a group category that will be reclassified. Large ownership of OCI AFS in financial sector companies is a positive signal for investors about future profitability, because AFS will be realized in the near future, and its realization will certainly affect net income.

5. Conclusion

The purpose of this study is to prove: 1) the effect of marketing activities on profitability, and 2) the ability of OCI to strengthen the positive influence of marketing activities on profitability. The data for this study are financial reports of financial sector companies in five Southeast Asian countries, namely Indonesia (IDX), Thailand (SET), Malaysia (MYX), Singapore (SGX), and the Philippines (PSE) in 2020 - 2023. The population is 182 companies, a sample of 153 companies and observation data n: 612. The results of hypothesis testing with Moderated Regression Analysis show that: 1) marketing activities have a positive effect on profitability, and 2) OCI strengthens the positive influence of marketing activities on profitability.

The limitation of this study is that in measuring profitability (ROA), it only uses net income. Recommendations for further researchers, to conduct research that tests the hypothesis of the moderating role of OCI in the influence of marketing activities on profitability, where ROA is measured by involving total comprehensive income (TCI). Does it give the same results as this study, or is it different. The use of TCI in measuring profitability is more relevant for financial sector companies with a large amount of comprehensive income from adjusting financial assets to fair value. Recommendations for marketing managers, to always make funding fund achievements as a promotional target in attracting customers, because it has an impact on the ownership of financial assets which leads to profitability. Recommendations for investors, to also pay attention to the presentation value of financial assets in the available for sale category (OCI-AFS) in reading financial reports before deciding to invest in financial sector companies, because it also has an impact on profitability and the fulfillment of future investment return expectations.

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