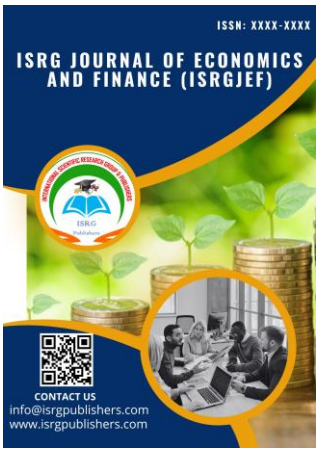
ISRG JOURNAL OF ECONOMICS AND FINANCE (ISRGJEF)

ISRG PUBLISHERS
Abbreviated Key Title: ISRG J Econ Fin.
ISSN: 3048-6998 (Online)
Journal homepage: https://isrgpublishers.com/isrgjef-2/
Volume – 2 Issue -1 (January- February) 2025
Frequency: Bimonthly



THE EFFECT OF FINANCIAL PERFORMANCE ON STOCK PRICES IN STATE-OWNED BANKING COMPANIES LISTED ON THE INDONESIA STOCK EXCHANGE FOR THE PERIOD 2016-2023

Salim[1*], Burhanudin[2]

[1, 2] Faculty of Economics and Business, University of Mataram

| **Received:** 29.01.2025 | **Accepted:** 02.02.2025 | **Published:** 06.02.2025

***Corresponding author:** Salim

Faculty of Economics and Business, University of Mataram

Abstract

This study aims to analyze the influence of financial performance on stock prices in state-owned banking companies listed on the Indonesia Stock Exchange (IDX) for the 2016-2023 period. The variables studied include Non-Performing Loan (NPL), Loan to Deposit Ratio (LDR), Corporate Governance Perception Index (CGPI), Return on Assets (ROA), and Capital Adequacy Ratio (CAR) as independent variables, with stock price as the dependent variable. The research uses a quantitative approach with multiple linear regression analysis. Secondary data was taken from the financial statements of four state-owned banks: Bank Mandiri, Bank Rakyat Indonesia, Bank Negara Indonesia, and Bank Tabungan Negara. Classical assumption tests are performed to ensure the validity of the model. The results show that NPL, LDR and CAR have a negative and insignificant effect on stock prices, while ROA and CGPI have a significant positive effect on stock prices.

Key Words: NPL, LDR, CGPI, ROA, CAR, Stock Price

INTRODUCTION

Background

Substantially every company is established with the same goal of achieving maximum profits, increasing the company's prosperity which is reflected in the value of its shares. In achieving these goals, the company has different emphasis or ways from other companies. Company management has an important role in achieving the company's goals and determining appropriate

policies for the company. Prospective investors make investments by looking at the company's condition through the stock price. The price of shares owned by a company is high, the value of the company is high and investors will be interested in investing. The goal of investment is to get a more decent life in the future, reduce inflationary pressures and the urge to save taxes. Thus, the value of the company has an effect on the high and low prosperity of shareholders. Stock prices are formed by the demand and supply of stock prices. The demand and supply occur due to many factors, both specific to the stock and other factors. Factors that affect stock prices include Internal Factors (Micro Environment) and external factors (Macro Environment).

To determine the value of a stock, it is necessary to conduct fundamental analysis to find out the basic characteristics and operational characteristics of a public company. In fundamental analysis, the basis for estimating the *intrinsic value of* an *effect* (in this case stocks) are fundamental factors such as financial performance, other important information regarding the prospects for business and macroeconomic development, as well as news in other fields such as politics, social, culture and so on that are considered necessary, all within the past 5 years and in the future.

In macro fundamental analysis or economic analysis , there are several elements of consideration that are aspects of the analysis, such as monetary and fiscal policy, government policy, inflation, gross domestic product growth, unemployment rate, interest rate, and rupiah exchange rate (Tandelilin, 1998). Meanwhile, in industry analysis, it is an important stage for investors to help identify investment opportunities in industries that have risk and return characteristics that are favorable for investors.

In this case, banking is one of the industries that plays an important role in the development of the national economy. Regarding bank health, Bank Indonesia is the authorized institution in supervising bank health. There are several methods that can be used in assessing the health of banks. Based on Bank Indonesia Circular Letter No. 30/3/UPPB dated April 30, 1997, the assessment of bank health can be measured by the CAMEL method which stands for *Capital*, *Asset*, *Management*, *Earning*, and *Liquidity* (Liquidity), Subsequently, Bank Indonesia issued Bank Indonesia Regulation No.6/10/PBI of 2004 which is an improvement of the previous method, namely CAMEL by adding one factor, namely *Sensitivity to Market Risk* so that this method is called CAMELS. The rapid development of national banking has made Bank Indonesia change the way to assess the health level of banks based on Bank Indonesia Circular Letter No. 13/24/DPNB dated October 25, 2011. Banks are required to conduct periodic *self-assessments* of their health levels and take effective corrective steps using assessments of factors including *risk profile*, *good corporate governance* (GCG), *earnings*, and *capital* (capital) which is abbreviated as RGEC. The Bank's financial performance indicators used in the RGEC approach consist of NPL, LDR, GCG, ROA, and CAR.

Banking companies in Indonesia include persero banks, national private commercial banks with foreign exchange, non-foreign exchange national private commercial banks, regional development banks, mixed banks and foreign banks. The bank studied in this study is a state-owned bank (Persero). The reason for choosing a state-owned bank is because state-owned banks have a higher level of customer trust than private banks in Indonesia. State-owned banks are also banks that manage state assets. This is evident from the ownership of shares, which shows that the number of shares owned by the state is greater than that of the public. In addition, state-owned banks consisting of Bank Mandiri, Bank Negara Indonesia, Bank Rakyat Indonesia and Bank Tabungan Negara have high total assets, funds and third-party loans. Given the important role of banks in Indonesia, banks need to improve their performance in order to create healthy banking.

Research Questions

What is the effect *of Non-Performing Loan* (NPL), *Loan to Deposite Ratio* (LDR), *Corporate Governance Perception Index* (CGPI), *Return On Assets* (ROA) and *Capital Adequacy Ratio* (CAR) on the share price of state-owned banking listed on the Indonesia Stock Exchange (IDX) for the period 2016 – 2023?.

Research Objectives

To analyze the influence of *Non-Performing Loans* (NPL), *Loan to Deposite Ratio* (LDR), *Corporate Governance Perception Index* (CGPI), *Return On Assets* (ROA) and *Capital Adequacy Ratio* (CAR) on the share price of SOE Banking listed on the Indonesia Stock Exchange (IDX) for the period 2016 – 2023.

LITERATURE REVIEW

Agency Theory

There are many ways to understand corporate governance, but the closest path is to understand agency theory first. Husnan (1999) as quoted by Suta (2005) said that the problem of corporate governance can be traced from the development of agency theory, which is a theory that tries to explain how parties involved in the company such as managers/managers, company owners, and creditors will behave based on different interests.

Capital Markets

The capital market is a type of market where investors sell or buy stock securities or bonds. The benefits of the capital market are Providing a source of financing (long-term) for the business world while allowing the optimal allocation of funds, Alternative Investment that provides potential profits with risks that can be taken into account through openness, liquidity, and investment diversification. Providing the opportunity to have a healthy company and have prospects, openness and professionalism, creating a healthy business climate. Creating attractive professional jobs. Providing access to social control and providing leading indicators for the country's economic trends.

Stock

A stock is a securities issued by a company in the form of a limited liability company (issuer) that states that the owner of the shares is also a partial owner of the company. The stock price is the value of a stock that reflects the wealth of the company to issue shares, where changes or fluctuations are largely determined by supply and demand in the stock market (Husnan, 2001). According to Jogiyanto (2003), there are two types of analysis to determine the value of a stock, namely Fundamental Analysis and Technical Analysis. There are several factors that affect stock price movements, including Internal Factors (Micro Environment) and External Factors (Macro Environment).

Banking

Banking is a financial institution that plays a very vital role in international business activities as well as in the national economy. Banks according to their type are divided into two, namely commercial banks and people's credit banks (BPR). Based on their business activities, banks can be converted into two types, namely conventional banks and Islamic banks. Islamic bank activities are

banks that carry out their commercial activities based on sharia principles.

Financial Performance

Banking Financial Performance is a description of the bank's financial condition in a certain period, both regarding the aspects of fund collection and fund distribution, which is usually measured by indicators of capital adequacy, liquidity, and profitability (Jumingan, 2006:239). Generally, the method used to view the financial performance of banks is to use an assessment of the health level of banks. Bank Indonesia as the Central Bank of Indonesia has established a policy regarding the health level of commercial banks using the RGEC (Risk Profile, Good Corporate Governance, Earning, and Capital) method. The implementation of this method is contained in SE BI number 13/24 /DPNP dated October 25, 2011 concerning Assessment of the Health Level of Commercial Banks. RGEC is a benchmark for the object of bank inspection carried out by bank supervisors. The activity of analyzing the ratio will produce a good picture of the bad state or financial position of a bank (Almilia and Herdiningtyas, 2005).

RGEC is a method of assessing bank health established by the Financial Services Authority (OJK) in Indonesia. RGEC consists of four main factors:

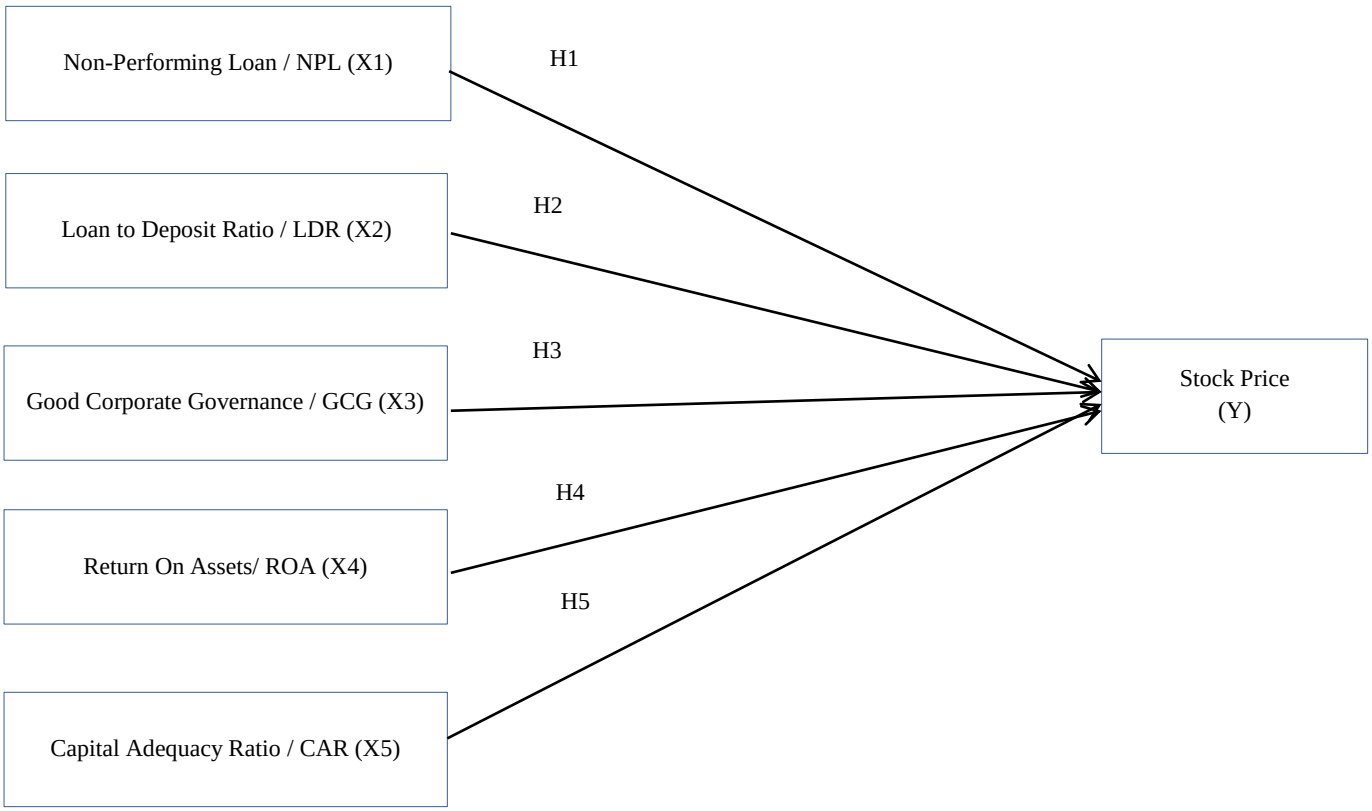
1. *Risk Profile* to measure the level of risk faced by banks, especially credit, market, liquidity, and operational risks. Key indicators: Non-Performing Loan (NPL), Loan to Deposit Ratio (LDR), market risk (Net Open Position (NOP) / Net Foreign Exchange Position) and operational risk (Operating Cost to Operating Income (BOPO) Ratio).
2. *Good Corporate Governance* (GCG) to assess banks' compliance with the principles of transparency, accountability, responsibility, independence, and fairness. GCG is measured based on the results of self-assessment and audits from regulators.
3. *Earnings* (Rentability) to assess the bank's ability to generate profits. Key indicators: Return on Assets (ROA), Return on Equity (ROE), and Net Interest Margin (NIM).
4. *Capital* to measure the adequacy of capital to cover risk. Key indicator: Capital Adequacy Ratio (CAR) which shows how strong a bank's capital is in the face of financial risk

Previous research

Based on the research of Penpramestianti, Suryandari, and Putra in 2019 on the Influence of Financial Performance on Stock Prices in Banking Companies Listed on the Indonesia Stock Exchange in 2016-2018 with the results of the CAR research having a positive effect on stock prices, NPLs having a negative effect on stock prices, BOPO having no effect on stock prices, DER having no effect on stock prices, and EPS having a positive effect on stock prices.

Based on Mely Marlina's research 2022 The Effect of Financial Performance on Stock Prices in Banking Sector Companies Listed on the Indonesia Stock Exchange 2018-2020 The results of this study show that EPS has a positive and significant effect on the Stock Prices of Banking Sector Companies. ROE has a negative and insignificant effect on the Stock Price of Banking Sector Companies. ROA has a significant effect on the Stock Price of Banking Sector Companies.

Conceptual Framework



DOI: 10.5281/zenodo.14824274

Hypothesis formulation

Based on the formulation of the problem, previous research, and the theoretical basis that has been presented, the hypotheses that can be proposed are:

Non-Performing Loans (NPLs) are related to non-performing loans, where not all banks have customers who are diligent in paying their credit, but there are also customers who are late in paying their loans not only for a month or two months but for months. The results of research conducted by Pramestianti, Suryandari, and Putra (2019) stated that *Non-Performing Loans* (NPLs) have a negative effect on stock prices.

> H1 : *Non-Performing Loans* (NPLs) have a negative effect on stock prices in state-owned banking companies listed on the Indonesia Stock Exchange

Loan to Deposit Ratio (LDR) is the ratio between the total amount of credit provided by the bank and the funds received by the bank. If the credit given to customers increases, the LDR generated will also increase. However, if the LDR value is too low, it is a sign that the bank's liquidity is sufficient, but the income may be lower because the bank's income comes from lending (Editorial Board, 2017). The results of research conducted by Rosita, (2019) stated that LDR has a positive effect on stock prices.

> H2 : *Loan to Deposit Ratio* (LDR) has a positive effect on stock prices in state-owned banking companies listed on the Indonesia Stock Exchange

The Corporate Governance Perception Index (CGPI) is a Ranking Program for Good Corporate Governance (GCG) practices in the Company which has been carried out since 2001 using a thematic approach that adjusts to business developments. This program is an annual program that assesses the implementation of GCG with a span of one full year. *The Indonesian Institute for Corporate Governance* (IICG) as an independent institution that conducts differentiation activities and the development of good corporate governance in Indonesia in collaboration with SWA Magazine as a publication media partner, has consistently conducted research and rankings on the implementation of corporate governance since 2001 in public companies (issuers), state-owned enterprises, banks and other private companies or known as CGPI. The results of the research conducted by Holiawati and Sunardi (2014) stated that CGPI did not have a significant effect on the stock price listed in The Indonesian *Institute for Corporate Governance* (IICG).

> H3: *Corporate Governance Perception Index* (CGPI), has a positive effect on stock prices in state-owned banking companies listed on the Indonesia Stock Exchange.

Return On Assets is a ratio that serves to measure the level of effectiveness of a company in obtaining profits by utilizing its assets (Husna, 2016). The results of research conducted by Charles Davidson (2023) state that ROA has a positive effect on the company's stock price.

> H4: *Return On Asset* (ROA) has a positive effect on the stock price of state-owned banking companies listed on the Indonesia Stock Exchange.

Capital Adequacy Ratio (CAR) is a ratio that shows the extent to which a bank's capital ability is able to absorb the risk of credit failure that may occur so that the higher this ratio number, the healthier the bank is and vice versa (Muljono, 2009). The results of the research conducted by Fahlevi, Asmapane, and Oktavianti, (2018) states that *Capital Audequacy Ratio* (CAR) has a positive effect on the stock price of companies in the banking sector

> H5: *Capital Audequacy Ratio* (CAR) has a positive effect on stock prices in state-owned banking companies listed on the Indonesia Stock Exchange

RESEARCH METHODOLOGY

Type of research, Location and Time of Research.

The type of research used in this study is associative research with causal relationships. The location of this research was carried out on the Indonesia Stock Exchange website which was accessed through www.idx.co.id and the time of this research is from April 2024 to completion.

Population and data collection methods

The population in this study is state-owned banks listed on the Indonesia Stock Exchange (IDX) from 2016 to 2023. The data collection method in this study is the sample survey method. The survey sample method is a method that is carried out on large and small populations, but the data studied is data from samples taken from the population (Sugiyono, 2014:7).

Samples and Sampling Techniques

In this study, sampling was carried out using the purposive sampling method. The purposive sampling method is a technique for determining samples with certain considerations (Sugiyono, 2014:122). The criteria for drawing the sample in this study are state-owned companies in the banking sector that are listed on the Indonesia Stock Exchange until 2023, have IPOs and actively publish financial statements during the research period, actively distribute dividends at least 5 times during the observation period. Meanwhile, the selection of the sample is that of state-owned banking sector companies listed on the Indonesia Stock Exchange in 2023 totaling 5, which have not yet had an Initial Public Offering (IPO) and have not actively published financial statements during the research period (2016-2023) 1, actively distributing dividends at least 5 times during the observation period. The total number of companies that meet the criteria to be used as a sample is 4 companies, namely PT Bank Negara Indonesia (Persero) Tbk, PT Bank Rakyat Indonesia (Persero) Tbk, PT Bank Tabungan Negara (Persero) Tbk, and PT Bank Mandiri (Persero) Tbk.

Data Collection Techniques, Types and Sources of Data

In this research, the data collection technique used is the documentation technique. The type of data used in this study is secondary data, and the data source was obtained from the website of the Indonesia Stock Exchange https://www.idx.co.id during the 2016-2023 period

Research Variables

Based on the variables used in this study, the dependent variable (bound variable) is a variable that is influenced or resulting due to the existence of an independent variable (Sugiono, 2014:39). In this study, the dependent variable is the stock price. Independent variables (independent variables) are variables that affect or are the cause of changes or the emergence of independent variables (Sugiono, 2014:59). In this study, the independent variables are NPL, LDR, CGPI, ROA and CAR.

Variable Operational Definition

The operational definition of variables is to find out the indicators that measure the variables of the research. The variables used to analyze in this study are:

1. *Stock Price*

Stock price as a dependent variable or bound variable (Y). Stock Price is the price that occurs in the transaction of a stock at the end of the year (*closing price*) at the end of December on the IDX which is measured in rupiah (Rp).

2. *Non Performing Loan* (NPL)

Non Performing Loan is a ratio that shows the level of non-performing loans from the total loans disbursed by banks. NPLs are calculated as follows:

$$Non\ Performing\ Loan = \frac{\text{Total Non} - \text{Performing Loan}}{\text{Total Loan}}$$

3. *Loan to Deposite Ratio* (LDR)

Loan to Deposite Ratio is a ratio that measures the level of liquidity of a bank by comparing the total loans disbursed with third-party funds (DPK) that have been successfully collected.

$$Loan\ to\ Deposite = \frac{\text{Total Loan}}{\text{Deposite}} \times 100\%$$

4. *Corporate Governance Perception Index* (CGPI)

The Corporate Governance Perception Index (CGPI) is an index that measures the quality of corporate governance (Good Corporate Governance/GCG) based on perception and independent assessment. This index is often used to assess the transparency, accountability, and compliance of companies, including in the banking sector. The score ranking used is:

Table 2. CGPI Measurement Scale

Trusted Level	Score
Quite Reliable	55 – 69
Trusted	70 – 84
Highly Reliable	85 – 100

5. *Return On Assets* (ROA)

Return on Assets (ROA) is a financial ratio that measures how efficient a bank or company is in generating profits from the total assets owned The formula for calculating ROA is:

$$Return\ On\ Asset = \frac{\text{Earning Aftrer Tax}}{\text{Total Assets}}$$

6. *Capital Adequacy Ratio (CAR)*

Capital Adequacy Ratio (CAR) is a ratio that measures the adequacy of a bank's capital in bearing financial risks and protecting depositors from potential losses The formula for calculating CAR is:

$$Capital\ Adequacy\ Ratio = \frac{\text{Capital}}{\text{Risk Weighted Assets}} \times 100\%$$

Hypothesis Testing Data Analysis Procedure

Classic Assumption Test

a. Normality Test, This study uses the SPSS program to conduct a Normality Test. To find out whether the data used in the regression model is normally distributed or not, it can be done using *Kologrov-simirnov*. If the Sig. value is <0.05, it can be said that there is a normality disorder and if the Sig. value is >0.05, it can be said that the data is normally distributed or the regression model meets the assumption of normality.

b. Multicollinearity test, to find out if the regression model found a correlation between independent variables. To find out if the data used does not occur deviations, multiclonality, it can be tested by tolerance and variance inflation factor (VIF) tests. The cut off value is generally used to indicate the existence of multicollinearity is a tolerance value ≤ 0.10 or equal to the VIF value of ≥ 10 (Ghozali, 2016).

c. The Autocorrelation Test, is used to find out whether in the regression model there is a correlation between the perturbrillator error in the t period and the perturbator error in the previous period. Autocorrelation symptoms can be seen by using the Durbin-Waston test through the DW value obtained which is guided by the dl,du,4-du,4-dl skla.

d. Heteroscedasticity Test, The heteroscedasticity test aims to test whether in the regression model there is a variance inequality from the residual of one observation to another. To find out whether or not heteroscedasticity exists, the glacier test can be taken. The basis for decision-making, if the value of Sig. < is from 0.05, it can be said that heteroscedasticity has occurred and if the value of Sig. > is from 0.05, it can be said that there is no heteroscedasticity.

Multiple Linear Analysis

This analysis is used to measure the strength of the relationship between more than one independent variable and also shows the relationship between the independent variable (NPL, LDR, CGPI, ROA and CAR) and the bound variable (Stock Price).

Model Feasibility Test

a. The Goodness of Fit *test* is a test of compatibility or goodness in accordance with the results of certain observations with the frequency obtained based on the expected value. If the value of Sig. <0.05, seen from the F test, then the variable is suitable or suitable for use.

b. Coefficient of Determination, to measure how far the model is able to explain the variation of dependent variables. *Adjusted R square* is the adjusted *R Square* value, this value is always smaller than *R Square* and this number can have a negative price. According to Santoso (2001).

Hypothesis Test (T Test)

The T test is used to determine the influence of each independent variable, namely NPL, LDR, CGPI, ROA, and CAR on the bound variable, namely stock price. The test was carried out using a test – t with a test rate of α = 5% degree *of freedom.*

RESEARCH RESULTS AND DISCUSSION

Analysis and Research Results

Descriptive Statistical Test

Table 3. Results of Descriptive Statistical Test of Research Variables

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
NPL	32	1,02	4,78	2,89	0,81

LDR	32	77,61	113,50	89,81	7,91
CGPI	32	86,59	95,22	91,26	2,89
ROA	32	0,13	4,03	2,36	1,10
CAR	32	16,80	25,28	20,54	2,01
Stock Price	32	1250,00	6050,00	3549,81	1269,65
Valid N (listwise)	32				

Source: SPSS Output 25, 2024 processed

Based on the results of the study, it shows that the observation of the data used in this study amounted to 32 data obtained from 4 samples of companies. Based on the descriptive statistical analysis in table 4.8 shows that, NPLs have an average value of 2.89 percent, meaning that for every 100 rupiah of credit disbursed there are 2.89 rupiah that are stuck, LDR has an average value of 89.81 percent, meaning that for every 100 rupiah of public funds deposited, banks distribute in the amount of 89.81 rupiah, CGPI has an average value of 91.26 Meaning, The company's governance level was recorded high with a score of 91.26, which means it is very reliable because it is in the range of a score of 85 to 100, ROA has an average value of 2.36 percent, meaning that for every 100 rupiah used by the company, the company generates 2.36 rupiah of net profit, CAR has an average value of 20.54 percent, every 100 rupiah of weighted assets according to the risk owned by the bank, Funded from its own capital of 20.54 rupiah, the Share Price has an average value of Rp.3549.81.

Classical Assumption Test

Table 4. Stock Price Normality Test Results (Y)

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		32
Normal Parameters[a,b]	Mean	,0000000
	Std. Deviation	735,52137739
Most Extreme Differences	Absolute	,116
	Positive	,116
	Negative	-,100
Test Statistic		,116
Asymp. Sig. (2-tailed)		,200[c,d]

a. Test distribution is Normal.

b. Calculated from data.

c. Lilliefors Significance Correction.

d. This is a lower bound of the true significance.

Source: SPSS Output 25, 2024 processed

An Asymp. Sig. (2-tailed) value of 0.200 *was obtained*, indicating that the number was greater than 0.05 so that it could be confirmed to be normal.

Table 5. Multicoloniality Test Results

Coefficientsa								
Type		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-7901,255	6952,597		-1,136	,266		
	NPL	-164,735	316,804	-,105	-,520	,607	,318	3,143
	LDR	-15,749	23,887	-,098	-,659	,516	,582	1,717

	CGPI	169,504	65,249	,386	2,598	,015	,586	1,707
	ROA	754,008	308,026	,655	2,448	,021	,181	5,539
	CAR	-190,353	112,536	-,301	-1,691	,103	,407	2,458
a. Dependent Variable: Stock Price								

Source: SPSS Output 25, 2024 processed

The tolerance *value* of NPL was 0.318, LDR was 0.582, CGPI was 0.586, ROA was 0.181 and CAR was 0.407. The *Variance Inflation Factor* (VIF) value of NPL was 3.143, LDR was 1.717, CGPI was 1.707, ROA was 5.539 and CAR was 2.458. So it can be said that there is no multicolorarity between independent variables in the regression model.

Table 6. Heteroskedacity Test Results (Glacier Test)

Coefficientsa						
Type		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	909,143	3599,893		,253	,803
	NPL	-192,609	164,034	-,395	-1,174	,251
	LDR	1,334	12,368	,027	,108	,915
	CGPI	-6,267	33,784	-,046	-,186	,854
	ROA	-151,511	159,489	-,424	-,950	,351
	CAR	52,025	58,269	,266	,893	,380
a. Dependent Variable: Abs_RES						

Source: SPSS Output 25, 2024 processed

The results of the heteroscedasticity test using the Glejser method showed significant values of NPL (X1) 0.251, LDR (X2) 0.915, CGPI (X3) 0.854, ROA (X4) 0.351, and CAR (X5) 0.380 > 0.05 so that it was concluded that in this regression model there was no heroscedasticity

Table 7. Autocorrelation Test Results

Model Summary[b]					
Type	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,815a	,664	,600	803,137	1,425
a. Predictors: (Constant), CAR, NPL, LDR, CGPI, ROA					
b. Variable: Stock Price					

Source: SPSS Output 25, 2024 processed

Dependent on the results of the Stock Price Autocorrelation Test (Y) in table 7, the DW value is 1.425 compared to the dL value of 1.1092 and dU 1.8187 with a value of 4-dU 2.1813 and the 4-dL value of 2.8908, the DW value is in the range of dL<dw<dU so that it can be stated that it does not produce a definite conclusion.

Because the Durbin Watson autocorrelation test does not produce a definite conclusion, another alternative test is needed, namely by conducting a runt test.

From the runt test carried out, the following results were obtained:

Table 8. Autocorrelation Test Results Runs Test

Runs Test	
	Unstandardized Residual
Test Value[a]	49.07067
Cases < Test Value	16
Cases >= Test Value	16
Total Cases	32
Number of Runs	13

Z	-1.258
Asymp. Sig. (2-tailed)	.208
a. Median	

Source: SPSS Output 25, 2024 processed

Based on the spss output above, it is known that Asymp. Sig. (2-tailed) of 0.208 is greater than 0.05, so it can be concluded that there are no autocorrelation symptoms or problems, thus, the autocorrelation problem that cannot be realized with Durbin Watson can be overcome through the run test so that the multiple linear regression analysis can be continued.

Multiple Linear Regression Analysis

Table 9. Multiple Linear Regression Analysis Results

Coefficientsa						
Type		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-7901,255	6952,597		-1,136	,266
	NPL	-164,735	316,804	-,105	-,520	,607
	LDR	-15,749	23,887	-,098	-,659	,516
	CGPI	169,504	65,249	,386	2,598	,015
	ROA	754,008	308,026	,655	2,448	,021
	CAR	-190,353	112,536	-,301	-1,691	,103

a. Dependent Variable: Stock Price

Source: SPSS Output 25, 2024 processed

$$\boldsymbol{Harga\ Saham = -7901,255 - 164,735NPL - 15,749LDR}$$

$$\boldsymbol{+169,504CGPI + 754,008ROA - 190,353CAR}$$

1. α = A constant value of -7901.255 indicates that if all independent variables (NPL, LDR, CGPI, ROA, and CAR) are assumed to have no influence or zero value, then the stock price is estimated to be at a base value of -7901.255.
2. b1 = NPL regression coefficient of -164.735 means that every addition to the NPL variable of 1 percent assuming other variables are considered constant, will reduce the stock price by -164.735 rupiah.
3. b2 = LDR coefficient of -15.749 means that any addition to the LDR variable of 1 percent, assuming other variables are considered constant, will reduce the stock price by -15.749 rupiah.
4. b3 = CGPI coefficient of 169.504 means that any addition to the CGPI variable of 1 unit, assuming the other variables are considered constant, will increase the stock price by 169.504 rupiah.
5. b4 = ROA coefficient of 754.008 means that any addition to the ROA variable of 1 percent, assuming other variables are considered constant, will increase the stock price by 754.008 rupiah
6. b5 = CAR coefficient of -190.353 means that any addition to the CAR variable of 1 percent, assuming other variables are considered constant, will reduce the stock price by -190.353 rupiah.

Model Feasibility Test

Test f (*Goodness of Fit*)

Table 10. Test Results f Stock Price (Y)

ANOVAa						
Type		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	33201982,281	5	6640396,456	10,295	,000B
	Residual	16770742,594	26	645028,561		
	Total	49972724,875	31			
a. Dependent Variable: Stock Price						
b. Predictors: (Constant), CAR, NPL, LDR, CGPI, ROA						

Source: SPSS Output 25, 2024 processed

Based on the outline of Table 4.14, it is known that the significance value for the influence of NPL (X1), LDR (X2), CGPI (X3), ROA(X4) and CAR (X5) on the Stock Price (Y) is 0.000 < 0.05 and the F value is calculated 10.295 > F table 2.59 means that it can be concluded that the model is suitable for use.

Coefficient of Determination (R^2)

Table 11. Test Results of Coefficient of Determination (R2) Stock Price (Y)

Model Summary				
Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,815a	,664	,600	803,137
a. Predictors: (Constant), CAR, NPL, LDR, CGPI, ROA				

Source: SPSS Output 25, 2024 processed

R-Squared of 0.664 or 66.4% shows the ability to explain the influence of dependent variable variation of 66.4%. The remaining 33.6% was explained by other variables outside the study.

Hypothesis Testing (T Test)

Table 12. Results of the Stock Price Regression Test (Y)

Coefficientsa						
Type		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-7901,255	6952,597		-1,136	,266
	NPL	-164,735	316,804	-,105	-,520	,607
	LDR	-15,749	23,887	-,098	-,659	,516
	CGPI	169,504	65,249	,386	2,598	,015
	ROA	754,008	308,026	,655	2,448	,021
	CAR	-190,353	112,536	-,301	-1,691	,103
a. Dependent Variable: Stock Price						

Source: SPSS Output 25, 2024 processed

Analysis and Discussion Analysis and Discussion

The Effect of Non-Perfoming Loans (NPLs) on Stock Prices

The first hypothesis in this study is to test whether *Non-Perfoming Loans* have a negative effect on stock prices. Based on the results of the regression analysis, the Non-Performing Loan (NPL) variable showed a negative and insignificant influence on the stock price. These findings suggest that a high NPL ratio signals bad credit risk to investors, but is not strong enough to significantly influence market decisions. This is in line with the signaling theory, which states that information that reflects risk can give negative signals to investors. However, in the context of this study, the impact was not significant on stock prices. The results of this study are in line with the results of a study conducted by Helena Afriani Situmeang (2021) stating that *Non-Performing Loans* (NPLs) have a negative effect on stock prices. The significant reason for this result is that while NPLs reflect credit risk, investors may prefer to consider other indicators that are more relevant to profitability and liquidity.

The Effect *of Loan to Deposite Ratio* (LDR) on Stock Prices

The second hypothesis in this study is to test whether *the Loan to Deposit Ratio (LDR)* has a negative effect on stock prices. The results of the study show that LDR has a negative and insignificant effect on stock prices. A high LDR indicates liquidity risk because banks have large liabilities to depositors. Based on signal theory, an increase in LDR can give a negative signal if it is considered to exceed the optimal limit of liquidity. The results of this study are in line with previous research by Ninky Martanorika (2018), which stated that LDR can be an indicator of liquidity risk. The reason for the significance of this influence is that investors tend to prioritize other ratios that more directly reflect the profitability of the bank.

The Effect of the Corporate Governance Perception Index (CGPI) on Stock Prices

The third hypothesis in this study is to test whether the *Corporate Governance Perception Index* (CGPI) has a negative effect on stock prices. The test results show that CGPI has a positive and significant influence on stock prices. The index reflects the level of good corporate governance practices, which increases investor confidence in management transparency and accountability. In accordance with signal theory, the implementation of good governance gives a positive signal that the company is able to manage risks well and maintain business sustainability. This finding is in line with a previous study by Khalil & Fuadi (2016), which showed that the implementation of *Good Corporate Governance* (GCG) can increase the value of a company. The significant reason for this result is that companies with high CGPI scores tend to have financial stability and a good reputation in the eyes of the market, thus increasing the attractiveness of their shares.

The Effect *of Return on Asset* (ROA) on Stock Prices

The fourth hypothesis in this study is to test whether *Return on Asset* has a positive effect on stock prices. From the test results, Return *on Asset* (ROA) shows a positive and significant influence on the stock price, which shows that increasing the company's ability to generate profits from its assets can increase the value of shares in the market. In the context of signal theory, a high ROA gives a positive signal about the company's operational efficiency, thus attracting investors. The results of this study are in line with the results of the research of Fahlevi et al. (2018), which revealed that ROA has a positive effect on banking stock prices. A significant reason for this influence is that the high ROA reflects the bank's ability to manage its assets to generate profits, which is a key indicator for investors in assessing a company's profitability.

The Effect of *Capital Adequacy Ratio* (CAR) on Stock Prices

The fifth hypothesis in this study is to test whether the *Capital Adequacy Ratio* has a positive effect on stock prices. The test results show that *the Capital Adequacy Ratio* (CAR) has a negative and insignificant influence on stock prices. Although the CAR reflects the adequacy of capital to bear the risk, these results show that this ratio is not the main focus of investors in investment decision-making. Based on signal theory, a high CAR can provide a positive signal related to the company's financial resilience, but in this context, the impact is not significant on the stock price. This finding is in line with a previous study by Prastyananta et al. (2016), which found that CAR does not always have a significant influence on stock prices. The reason for the significance underlying these findings is that while CARs are important for maintaining bank stability, investors may focus more on ratios directly related to profitability, such as ROA.

CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the results of the research, the following conclusions can be drawn:

1. The result of the first hypothesis is that NPLs have a negative and insignificant influence on the stock price of state-owned banking companies, so the first hypothesis is rejected.
2. The result of the second hypothesis, namely LDR, has a negative and insignificant influence on the stock price of state-owned banking companies, so the second hypothesis is rejected.
3. The result of the third hypothesis, namely CGPI, has a positive and significant influence on the stock price of state-owned banking companies, so the third hypothesis is accepted.
4. The results of the fourth hypothesis of ROA have a positive and significant influence on the stock price of state-owned banking companies, so the fourth hypothesis is accepted.
5. The result of the fifth hypothesis, namely that CAR has a negative and insignificant influence on the stock price of state-owned banking companies, so the fifth hypothesis is rejected.

Suggestion

1. For the researchers, they will then conduct further research by expanding the scope.
2. For management, strengthening good corporate governance practices and transparency in financial and operational management can increase investor confidence and, ultimately, increase the value of shares.
3. For potential investors, it is better to conduct an in-depth analysis of the financial performance, corporate governance, and growth prospects of state-owned banks before making investment decisions.

BIBLIOGRAPHY

1. Agustin, A. L., Darminto., & Handayani, S. R. Analysis of Financial Ratios to Assess the Financial Performance of Companies (Study on Cement Companies Listed on the Indonesia Stock Exchange for the Period 2009-2011). *Journal of Business Administration (JAB), Vol. 2 No. 1.*
2. Ali, M. 2006. *Banking and Business Strategies to Face the Challenges of Business Globalization*. Jakarta: PT. RajaGrafindo Persada.
3. Aryanti, A. and M. Mawardi. 2016. The Effect of ROA, ROE, NPM and CR on Stock Return in Companies Listed in Jakarta Islamic Index (JII). *I-Finance: a Research Journal on* ...Vol. 2, No. 2, pp. 54–71.
4. Indonesia Stock Exchange. Annual Financial Statements 2016, 2017, 2018, 2019, 2020, and 2021. https://www.idx.co.id/, accessed .
5. Fahlevi, R. R., S. Asmapane and B. Oktavianti. 2018. The Effect of Financial Performance on Stock Prices in Banking Companies Listed on the Indonesia Stock Exchange. *Journal of Management and Business*. Vol. 15, No. 1, pp. 39–48.
6. Ghozali, I. 2016. *Application of Multivariate Analysis with SPSS 23 Program*. Semarang: BPFE Diponogoro University.
7. Hasibuan, M. S. P. 2009. *Banking Basics*. Jakarta: Bumi Aksara.
8. Husna, N. 2016. Analysis of the Influence of Financial Performance on Stock Prices in Banking Companies. *Journal of Economic Appreciation*. Vol. 4, No. 2, pp. 151–156.
9. Jogiyanto. 2008. *Portfolio Theory and Investment Analysis*. Keli Edition. Yogyakarta: BPFE.
10. Mahrinasari. 2003. Credit Management at People's Credit Bank in Bandarlampung City. *Economics and Business*. Vol. No.3 vol.
11. Prastyananta, F., M. Saifi and M. G. W. E. NP. 2016. Analysis of the Use of the RGEC (Risk Profile, Good Corporate Governance, Earning, Capital) Method to Determine the Health Level of Banks (Study on Commercial Banks Listed on the IDX for the 2012-2014 Period). *Journal of Business Administration*. Vol. 35, No. 2, pp. 68–76.
12. Riyadi, S. 2015. *Banking Assets And Liability Management.* Jakarta: Publishing Institution, Faculty of Economics, University of Indonesia.
13. Sari, R. N. 2017. The Effect of Profitability and Dividend Policy on the Stock Return of Manufacturing Companies with Company Value as an Intervening Variable for the 2010-2014 Period. *Journal of Education and Economics*. Vol. 6, No. 1, pp. 88–95.
14. Sugiyono. 2014. *Educational Research Methods Quantitative, Qualitative, and R&D Approaches*. Bandung: Alfabeta.
15. Taslim, S. A. and G. S. Manda. 2021. The Effect of Net Interest Margin, Non-Performing Loan, and Capital Adequacy Ratio on Stock Price. *E-Journal of Economics and Business, Udayana University*. Vol. 10, No. 7, p.

612.
16. Tumandung, C., S. Murni and D. Baramuli. 2017. Analysis of the Influence of Financial Performance on Stock Prices in Food and Beverage Companies Listed on the Stock Exchange for the Period 2011 – 2015. *Journal of Research in Economics, Management, Business and Accounting*. Vol. 5, No. 2, pp. 1728–1737.
17. Yudiartini, D. A. S. and I. B. Dharmadiaksa. 2016. BANKING SECTOR ON THE INDONESIA STOCK EXCHANGE Faculty of Economics and Business, Udayana University, Bali, Indonesia Bank is an intermediary institution that acts as an intermediary for Dewa Ayu Sri Yudiartini. The Effect of Financial Ratios on Financial Performance ... pp. 1183–1209.