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THE INFLUENCE OF INTERNAL AND EXTERNAL FACTORS OF RED PLANT BANKING COMPANIES ON SHARE PRICES FOR THE 2010 – 2019 PERIOD

Enny Istanti
Faculty of Economics and Business, Bhayangkara University Surabaya
E-mail:ennyistanti@ubhara.ac.id

Abstract: *Bank Indonesia stated that the global economy continues to experience a decline in line with the impact of the crisis in developed countries which has begun to be felt by emerging market countries. Ratio) to stock prices and how much influence external factors (Inflation & Interest Rates) have on stock prices. The research method used in this research is to use the Multiple Linear Regression Analysis approach. The conclusion obtained in this study is that the Return on Assets and Capital Adequacy Ratio partially have a significant influence on the stock price of Government Banking, while the Loan to Deposit Ratio, inflation and interest rates partially have no significant effect on the share price of Government Banking. Loan to Deposit Ratio, Return On Assets, Capital Adequacy Ratio, inflation and interest rates together have a significant influence on the stock price of Red Plate Banking. The variable that has a significant dominant influence on the stock price of Red Plate Banking is Return On Assets, with an influence value of 47.06%.*

Keywords: *Loan to Deposit Ratio, Return On Assets, Capital Adequacy Ratio, Inflation,Interest Rates and Stock Prices*

1. Introduction

Economic development is generally carried out by developing countries with the aim of creating economic development that can be enjoyed by the community.(Istanti et al., 2021). In the era of globalization, business competition will look increasingly tight as well as in the banking world (Istanti, 2021). Bank Indonesia stated that the global economy continued to experience a decline in line with the impact of the crisis in developed countries which was starting to be felt by emerging market countries. In 2012, the global economy grew slower to 3.2%, lower than 2011's 3.9%. The deteriorating economic growth in developed countries was mainly due to the economic performance of countries in the European region, which were still faced with debt problems, fiscal contraction, limited monetary policy space, sharply rising unemployment rates, the fragility of the financial sector, and declining market confidence. All of these problems formed a vicious circle which caused the slow recovery of the European crisis.

Performance can be a benchmark in the company to assess its employees in carrying out their duties and responsibilities properly and correctly.(Enny Istanti1, Bramastyo Kusumo Negoro2, 2021). The company's internal factors that affect stock prices can be seen through the financial statements. There are many ways that can be used to analyze the company's performance, one way is to use financial ratio analysis because financial ratio analysis evaluates the performance achieved by the company's management in the past and is for consideration in preparing the company's plans for the future.(Sudjana, 2012).

Internal factors can affect the ability of banks to achieve their long-term goals in increasing stock prices, this can be seen from their financial performance. The bank's financial

performance is one of the factors considered by investors in investing. Several financial ratios that can be used as indicators in measuring bank financial performance are the ratio of liquidity, profitability, and solvency. For investors, the company's performance will be seen in terms of profitability because the stability of stock prices is very dependent on the level of profits and dividends in the future (Agus, 2011). The liquidity ratio analyzes the bank's ability to meet its short-term obligations, one of which is the Loan to Deposit Ratio. Bank profitability ratio is a tool to analyze the level of business efficiency and profitability achieved by the bank concerned, one of the ratios is Return On Assets. And the solvency ratio describes the bank's ability to meet its long-term obligations, one of the ratios is the Capital Adequacy Ratio (Dendawijaya, 2019).

Not only internal factors, macroeconomic conditions as external factors can also affect stock performance and prices. Movements of macroeconomic factors can be used to predict stock price movements, but each researcher uses different macroeconomic factors because there is no consensus on which macroeconomic factors affect stock prices. Many researchers believe that several macroeconomic variables, such as high interest rates, high inflation rates and high exchange rate fluctuations cause companies to experience financial difficulties which can reduce their financial performance, resulting in a decrease in company shares.

Inflation is a process of increasing general prices of goods continuously (Nopirin, 2012). The high rate of inflation will push up the price of raw materials and increase the company's operating costs, causing the selling price of goods to increase and reducing people's purchasing power. This has an impact on the decline in company sales, so that the company's profits and financial performance have decreased.

The interest rate is the price paid for borrowed capital and dividends and capital gains resulting from equity capital. High interest rates will reduce the interest of investors to invest their funds in the capital market so that trading activity will decrease and the value of the company will decrease. The prevailing interest rate in Indonesia is the Bank Indonesia Interest Rate (BI Rate) which has fluctuated in the last five years. However, after interest rates were controlled by Bank Indonesia, interest rate fluctuations were under control.

Based on the background description, the formulation of the problem in this study can be stated, namely: (1) Do Loan to Deposit Ratio, Return On Assets, Capital Adequacy Ratio, inflation and interest rates partially have a significant influence on the stock price of Red Plate Banking? (2) Do Loan to Deposit Ratio, Return On Assets, Capital Adequacy Ratio, inflation and interest rates simultaneously have a significant influence on the stock price of Red Plate Banking? (3) Which variables among Loan to Deposit Ratio, Return On Assets, Capital Adequacy Ratio, inflation and interest rates have a significant dominant influence on the stock price of Red Plate Banking?

This study aims to analyze the significant effect of Loan to Deposit Ratio, Return On Assets, Capital Adequacy Ratio, inflation and interest rates partially on the stock price of Red Plate Banking. Analyzing the significant effect of Loan to Deposit Ratio, Return On Assets, Capital Adequacy Ratio, inflation and interest rates simultaneously on the stock price of Red Plate Banking. Analyzing which variables between Loan to Deposit Ratio, Return On Assets, Capital Adequacy Ratio, inflation and interest rates have a significant dominant influence on the stock price of Red Plate Banking

2. Theory Study

Internal factors

Internal factors or also called micro fundamental factors are factors that are within the company. The good and bad performance of the company is reflected in financial ratios that are routinely issued by issuers (Samsul, 2016). The internal factors used in this research are Loan to Deposit Ratio, Return On Assets, and Capital Adequacy Ratio which will be described as follows:

Loan To Deposit Ratio(LDR)

Loan To Deposit Ratio (LDR) is a very common technique used to measure a bank's liquidity position or ability. According to (Brigham & Houston, 2014)Dendawijaya, (2019)Loan to Deposit Ratio (LDR) states how far the bank's ability to repay the withdrawal of funds made by depositors by relying on the credit provided as a source of liquidity.

LDR is the ratio between credit and third party funds. The higher this ratio, the lower the liquidity capacity of the bank concerned will be. This is because the amount of funds needed to finance credit is getting bigger Kasmir, (2019a) the lower this ratio, the lower the bank's liquidity capacity. According to (Kasmir, 2019b) The formula for Loan to Deposit Ratio is as follows:

$$LDR = \frac{\text{Total Loans}}{\text{Total Deposito} + \text{Equity}} \; x \; 100\%$$

Total loans are total loans extended to third parties (excluding inter-banks). Third Party Funds include current accounts, savings and time deposits (excluding interbank).

Return on Assets(ROA)

According to Halim, (2018), Return on Assets (ROA) is a profitability ratio that measures the company's ability to generate net income (after tax) based on a certain level of assets. This ratio is very important, considering that adequate profits are needed to maintain the bank's sources of capital. The higher the ROA, the better, because to obtain a large ROA, it is necessary to have quality productive assets and solid management (Abdullah, Fariz., 2019)

ROA measures the overall effectiveness in generating profits through available assets; power to generate profit from invested capital. ROAcalculated using the formula net profit after tax divided by total assets

The greater the ROA value, the better the company's performance, because the rate of return on investment is getting bigger. This value reflects the company's return on all assets (or funding) provided to the company (Wild, John, KR Subramanyam, 2015). ROA formula according to (Kasmir, 2019a) can be written as follows:

$$ROA = \frac{\text{Net Income}}{\text{Total Assets}} \; x \; 100\%$$

Capital Adequacy Ratio(CAR)

CapitalAdequacy Ratio(CAR) is a ratio that shows how far all bank assets that contain risk are also financed from the bank's own capital funds, in addition to funds from sources outside the bank. In other words, CAR is a bank's performance ratio to measure the adequacy of capital owned by a bank to support assets that contain or generate risks, for example loans granted.(Dendawijaya, 2019). CAR is used as an indicator of a bank's ability to cover a

decrease in assets due to losses on bank assets using its own capital. The calculation of the Capital Adequacy Ratio is based on the principle that every investment that contains risk must be provided with a percentage of capital.
specific to the number of plantings. Capital Adequacy Ratio (CAR) formula according to Kasmir, (2019a) as follows :

$$CAR = \frac{\text{Modal Sendiri}}{\text{ATMR}} \; x \; 100\%$$

Own capital is the total capital originating from the company (bank) which consists of paid-in capital (share premium), changes in undivided profits and reserves formed by the bank. Meanwhile, RWA is the sum of RWA for balance sheet assets and RWA for administrative assets. RWA for balance sheet assets is obtained by transferring the nominal value of assets with risk weights. RWA for administrative assets is obtained by transferring the nominal value with the risk weight of administrative assets (Manullang, 2016).

External Factors

External factors or macro fundamental factors are factors that are outside the company, but have an influence on the increase or decrease in company performance, either directly or indirectly.(Samsul, 2016). Macro fundamental factors are state fundamental factors, also called company external factors. This factor is very broad in scope, but in stock price analysis commonly used are macroeconomic fundamental factors, which in this study use indicators of inflation and interest rates.(Sudiyatno, 2019).

Inflation Rate

In general, inflation is an increase in prices or can also be interpreted as a decrease in the purchasing power of money.Sukirno, (2019) defines inflation as a process of increasing prices prevailing in an economy. According to Brigham & Houston, (2014), inflation is the tendency of rising prices at a time.

Interest Rate

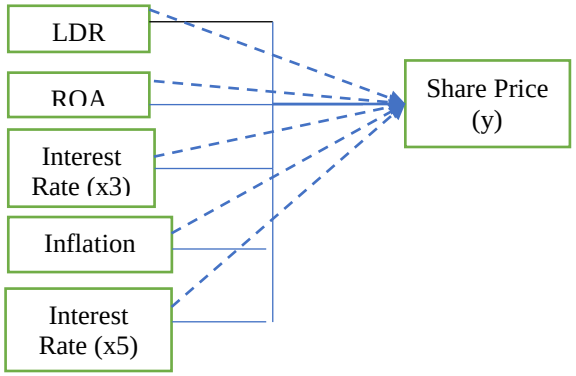
The interest rate is the cost of capital for the company.The interest rate is the interest rate on investment credit and working capital loan interest rate for government commercial banks on average per year charged to the company for the use of working capital funds in the form of short-term debt and investment funds in the form of long-term debt at the end of the year.

Meanwhile, according to Brigham & Houston, (2014), interest rate is the price to be paid on borrowed capital and dividends and capital gains resulting from equity capital.

Stock price

Shareis one of the securities traded on the IDX in addition to bonds and certificates. According to Baridwan, (2015)Shares are a deposit of a sum of money from the owner as proof of ownership which is submitted to the parties who manage the capital deposit, and have rights according to the type of shares owned. Shares as a unit of ownership in a company. Shareholders of a company also own part of the company.

Conceptual framework



Source: Researcher (2022)

Figure 1
conceptual framework

Hypothesis

Based on the background and research objectives, the following hypothesis is formulated:

H1 : *Loan to Deposit Ratio*, Return on Assets, Capital Adequacy Ratio, inflation and interest rates partially have a significant influence on the stock price of Red Plate Banking.

H2 : *Loan to Deposit Ratio*, Return on Assets, Capital Adequacy Ratio, inflation and interest rates simultaneously have a significant influence on the stock price of Red Plate Banking.

H3 : ROAhas a significant dominant influence on the stock price of Red Plate Banking.

3. Research methods

Research Population and Sample

The population in this study were all Red Plate Banking Groups during the 2010 - 2019 period. The sampling method used in this study was purposive sampling because the chances of members of the population being selected as samples were based on the considerations and decisions of the researcher.(Sugiyono, 2019). The sample criteria consist of: (a) Sample banks including state-owned banks for the 2010–2019 period. (b) The sample bank has complete financial statements during the observation period, namely 2010–2019.

So the number of samples used are 3 banks which are included in the government banking group for 10 periods from 2010 to 2019 which consist of: (1) PT. Bank Negara Indonesia (Persero), Tbk. (2) PT. Bank Rakyat Indonesia (Persero), Tbk. (3) PT. Bank Mandiri (Persero), Tbk.

Types of research

This study was designed using quantitative data analysis and using questionnaire data collection methods. This research is included in the type of causal research because one variable with other variables is interrelated, namely the independent variable and the dependent variable. According to Sugiyono, (2019)causal relationship if there is a dependent variable (affecting variable) and dependent variable (influenced variable). This study uses a quantitative approach. Based on Sugiyono, (2019) quantitative Research method is research that uses research data in the form of numbers and analysis using statistics.

Hypothesis test

Multiple Regression Analysis

Multiple linear regression is used when the independent variable consists of two or more (Sugiyono, 2017). Multiple regression analysis was used to determine whether or not the influence of independent variables on internal factors and external factors was significant on the dependent variable, namely stock prices. The function equation can be formulated as follows:

Y = + 1X1 + 2X2 + 3X3 + 4X4 + 5X5 + e

Where :
Y = stock price
X1 = loan to deposit ratio
X2 = return on assets
X3 = capital adequacy ratio
X4 = inflation rate
X5 = interest rate
1, 2, 3 = regression coefficient= constant
e = standard error

t test

To test the linear analysis, the t-test was used where the t-test was used to determine the effect of each independent variable on the dependent variable. This test is carried out by measuring the significant level of the independent variable on the dependent variable in a regression model

F Uji test

The F test is used to determine the influence of the independent variables simultaneously on the dependent variable.

Partial Correlation

With the results of the correlation coefficient, it can be seen whether or not there is a close relationship between one of the independent variables (X1, X2, X3, X4, or X5) with the dependent variable. Partial coefficient analysis (r) is used to determine whether or not there is a strong relationship or correlation between the independent variables and the dependent variables. Partial correlation was used to test the significance of the relationship.

4. Results and Discussion

Descriptive statistics

Descriptive Data

Descriptive data describes the minimum, maximum, average (mean) and standard deviation of the Loan to Deposit Ratio, Return On Assets, Capital Adequacy Ratio, inflation rate, interest rates, and stock prices, which are described in table 1 below.

Results of Descriptive Analysis of Loan To Deposit Ratio Data, Return On Assets, Capital Adequacy Ratio, Inflation Rate, Interest Rates, and Stock Prices

Table 1

Descriptive Statistics

	N	Minimum	Maximum	mean	Std. Deviation
Stock price	30	625.00	7800.00	3194.4167	2072.2989
LDR	30	42.50	89.29	66.1827	12.1323
ROA	30	.50	5.77	2.9773	1.4386
CAR	30	13.18	27.70	17.3290	3.8341
Inflation	30	4.28	13.33	7.3230	2.8896
Interest rate	30	5.77	11.83	8.1560	1.7755
Valid N (listwise)	30				

The table above shows that the number of observations in this study was 30 data consisting of 3 samples of companies for 10 years of observation. The average value (mean) of the Loan to Deposit Ratio is 66.1827% with a minimum value of 42.5% found in PT Bank Mandiri (Persero) Tbk (BMRI) in 2010 and a maximum value of 89.29% found in PT Bank Mandiri (Persero) Tbk (BMRI) in 2012.

The average value (mean) of Return On Assets is 2,9773% with a maximum value of 5.77% and a minimum value of 0.50%. This minimum value was experienced by PT Bank Mandiri (Persero) Tbk (BMRI) in 2005. While the maximum value came from the company PT Bank Rakyat Indonesia (Persero) Tbk (BBRI) in 2011.

The average value (mean) of the Capital Adequacy Ratio is 17,329% with a maximum value of 27.7% and a minimum value of 13.18%. The maximum value came from PT Bank Mandiri (Persero) Tbk (BMRI) in 2010. The minimum value was experienced by PT Bank Rakyat Indonesia (Persero) Tbk (BBRI) in 2015.

The average value (mean) of inflation from 2010 to 2019 is 7,323. In the period 2010 to 2019, the highest inflation rate occurred in 2013 with an average inflation rate of 13.33. Meanwhile, the lowest inflation rate occurred in 2019 with an average inflation rate of 4.28. In conclusion, the average inflation rate in Indonesia ranges from 4.28 to 13.33.

The average (mean) interest rate from 2010 to 2019 is 8,1560. The highest annual interest rate is 11.83. The lowest interest rate value is 5.77. Meanwhile, the average interest rate is 8.1560.

The average value (mean) of the share price is 3194,4167 with a maximum value of 7800 and a minimum value of 625. This minimum value was experienced by PT Bank Rakyat Indonesia (Persero) Tbk (BBRI) in 2010. While the maximum value came from the company PT Bank Mandiri (Persero) Tbk (BMRI) in 2019.

Multiple Linear Regression Analysis

Hypothesis testing used in this research is using multiple linear regression analysis technique. From the results of calculations with the help of the SPSS computer program package, the following results were obtained.

Regression Coefficient

Table 2
Regression Coefficient Regression Analysis

Independent Variable	Regression Coefficient	Sig. (p-value)
constant	540.178	
LDR→Stock price	84,287	0.081
ROA→Stock price	529,585	0.031
CAR→Stock price	183.763	0.038
Inflation→Stock price	-135.630	0.569
Interest rate→Stock price	-290,517	0.515

Based on table 2 above, the regression equation can be formulated as follows:
Y = 540,178 + 84,287 X1 + 529,585 X2 + 183,763 X3 – 135,630 X4 – 290.517 X5 + e

Correlation Coefficient and Determination Coefficient

Table 3
Model Regression Analysis Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.716 [a]	.512	.411	1590.721

a. Predictors: (Constant), Interest Rate, ROA, CAR, LDR, Inflation

Based on table 3 above, it can be seen the influence of Loan to Deposit Ratio, Return On Assets, Capital Adequacy Ratio, inflation rate, and interest rates on stock prices. From the table above, it is known that R which shows the correlation number is 0.716, which means that the influence between Loan to Deposit Ratio, Return On Assets, Capital Adequacy Ratio, inflation rate, and interest rates on stock prices is strong with the parameter measuring the correlation value more than 0.6-0.799. Then from the table above, it can also be seen that the value of the coefficient of determination R-Square is 0.512, which shows the percentage of stock prices that can be predicted/explained by each of the independent variables Loan to Deposit Ratio, Return On Assets, Capital Adequacy Ratio, inflation rate, and interest rate.

Partial Test (t Test)

Table 4
Partial Test Regression Analysis (t Test)

Variable	T	Sig.	r (Partial)
LDR	1,820	0.081	0.348
ROA	2.297	0.031	0.686
CAR	2,200	0.038	0.487
Inflation	-0.578	0.569	-0.117

Interest rate	-0.661	0.515	-0.134

Partial test of the Loan to Deposit Ratio variable on stock prices.
Based on calculations using SPSS, a significant level value of 0.081 was obtained, where the significant level was greater than the alpha level of 0.05, so it was concluded that the Loan to Deposit Ratio had no significant effect on stock prices.

Partial test of Return On Assets variable on stock prices.
Based on calculations using SPSS, a significant level value of 0.031 was obtained, where the significant level was smaller than the alpha level of 0.05, so it was concluded that Return On Assets had an effect on stock prices.

Partial test of the Capital Adequacy Ratio variable on stock prices.
Based on calculations using SPSS, a significant level value of 0.038 is obtained, where the significant level is smaller than the alpha level of 0.05, so it can be concluded that the Capital Adequacy Ratio has an effect on stock prices.

Partial test of the inflation rate variable on stock prices.
Based on calculations using SPSS, a significant level value of 0.569 is obtained, where the significant level is greater than the alpha level of 0.05, so it can be concluded that the inflation rate has no significant effect on stock prices.

Partial test of interest rate variables on stock prices.
Based on calculations using SPSS, a significant level value of 0.515 is obtained, where the significant level is greater than the alpha level of 0.05, so it can be concluded that interest rates have no significant effect on stock prices.

Simultaneous Test (F Test)

Table 5
Simultaneous Test Regression Analysis (Test F)

ANOVA [b]

Model		Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	638088	5	12761761.40	5.043	.003	[a]
	Residual	60729452	24	2530393.815			
	Total	1.25E+08	29				

a. Predictors: (Constant), Interest Rate, ROA, CAR, LDR, Inflation
b. Dependent Variable: Stock Price

Based on calculations using SPSS, the significant level value is 0.003, where the significant level is less than the alpha level of 0.05, so the variables Loan to Deposit Ratio, Return On Assets, Capital Adequacy Ratio, inflation rate, and interest rates together have significant influence on stock prices.

Partial Correlation
The following is the partial correlation results in the table below:

Table 6
Correlation Coefficient And Coefficient Of Determination

Variable	Partial Correlation Value	r2	Percentage %
Loan To Deposit Ratio(X1)	0.348	0.121	12.1%
Return on Assets(X2)	0.686	0.471	47.1%
Capital Adequacy Ratio(X3)	0.487	0.237	23.7%
Inflation Rate (X4)	-0.117	0.014	1.4%
Interest Rate (X5)	-0.134	0.018	1.8%

Based on table 6, it can be seen that the dominant variable affecting stock prices is the Return On Asset (X2) variable because it has a correlation value of 0.471. Meanwhile, the variable that has a low relationship with stock prices is the Inflation Rate variable (X4).

Discussion

Based on the results of calculations with multiple linear regression analysis obtained equations.

Y =540,178 + 84,287 X1 + 529,585 X2 + 183,763 X3 – 135,630 X4 – 290,517 X5 + e

From the acquisition value of the regression equation model, it is known that the Loan to Deposit Ratio, Return On Assets, and Capital Adequacy Ratio variables show a positive regression coefficient value, this indicates a positive direction or a unidirectional relationship between the Loan to Deposit Ratio, Return On Assets, and Capital variables. Adequacy Ratio to stock price (Y). This can be interpreted that if the Loan to Deposit Ratio, Return On Assets, and Capital Adequacy Ratio variables increase, the stock price will increase, and vice versa if the Loan to Deposit Ratio, Return On Assets, and Capital Adequacy Ratio variables decrease then stock prices will also decrease. While the inflation rate and interest rate variables show a negative regression coefficient, it shows that there is a negative direction or a non-unidirectional relationship of the inflation rate and interest rate variables to stock prices (Y). This means that if the inflation rate and interest rate variables increase, the stock price will decrease, and vice versa if the inflation rate and interest rate variable decreases, the stock price will also increase.

Partial Effects of LDR, ROA, CAR, inflation and interest rates on stock prices

Variables Loan to Deposit Ratio, inflation rate, and interest rates partially proved insignificant effect on stock prices, where the significant value of each variable is more than 0.05. While the Return on Assets and Capital Adequacy Ratio variables partially proved to have an effect on stock prices, where the significant value of each variable is less than 0.05.

Partially, the Loan to Deposit Ratio variable has no significant effect on stock prices. This is known from the sig value of 0.081 which indicates that it is greater than the alpha level of 0.05. The t-test value shows a positive direction but has no significant effect on stock prices. This tends to be because most investors in banking do not pay attention to the level of risk that has an impact on stock prices. However, if the operating costs are financed by debt, the bank must be able to return it with assets owned with high bank liquidity. Loan to Deposit Ratio (LDR) is a very common technique used to measure the position or liquidity capability of a bank. The results of this study are supported by the results of research conducted by Arnan and Herawati (2011), where the results of this study indicate that LDR has no significant effect on banking stock prices. These results state that the hypothesis "Loan to Deposit Ratio (LDR) partially significant effect on stock prices is not proven true".

Partially, the Return On Assets variable has a significant effect on stock prices and the partial r2 value for the Return On Assets variable is (0.686)2 = 0.4706, meaning that the Return On Assets variable is able to explain the stock price variable of 47.06%. The value of the t test shows a positive and significant direction, which means that the value of profit per asset owned makes a reference for rising or falling stock prices. This is due to the relatively increasing growth of Return On Assets in the period 2003 to 2012 which caused many companies to experience profits, resulting in investors being able to use ROA as an adequate guideline regarding their share ownership. Return on Assets (ROA) is a profitability ratio that measures the company's ability to generate net income (after tax) based on a certain level of assets. the price of banking shares on the Indonesia Stock Exchange. These results state that the hypothesis "Return on Assets (ROA) partially has a significant effect on stock prices has been proven to be true".

Partially the Capital Adequacy Ratio variable has a significant effect on stock prices and the partial r2 value for the Capital Adequacy Ratio variable is (0.487)2 = 0.2372, meaning that the Capital Adequacy Ratio variable is able to explain the stock price variable by 23.72%. The value of the t-test indicates a positive and significant direction, which means the value of capital adequacy owned by the bank to support assets that contain or generate risk, for example, the credit provided makes the reference for rising or falling stock prices. This is due to the relatively increased growth of the Capital Adequacy Ratio in the period 2003 to 2012 which was caused by companies being able to cover the decline in assets due to losses on bank assets, so that investors can use the Capital Adequacy Ratio as an adequate guideline related to their share ownership. Capital Adequacy Ratio (CAR) is a bank performance ratio to measure the adequacy of capital owned by a bank to support assets that contain or generate risk. The results of this study are in line with research by Arnan and Herawati (2011) where their research proves that CAR has a significant effect on banking stock prices on the Indonesia Stock Exchange. These results state that the hypothesis "Capital Adequacy Ratio (CAR) partially significant effect on stock prices has been proven true". Capital Adequacy Ratio (CAR) is a bank performance ratio to measure the adequacy of capital owned by a bank to support assets that contain or generate risk. The results of this study are in line with research by Arnan and Herawati (2011) where their research proves that CAR has a significant effect on banking stock prices on the Indonesia Stock Exchange. These results state that the hypothesis "Capital Adequacy Ratio (CAR) partially significant effect on stock prices has been proven true". Capital Adequacy Ratio (CAR) is a bank performance ratio to measure the adequacy of capital owned by a bank to support assets that contain or generate risk. The results of this study are in line with research by Arnan and Herawati (2011) where their research proves that CAR has a significant effect on banking stock prices on the Indonesia Stock Exchange. These results state that the hypothesis "Capital Adequacy Ratio (CAR) partially significant effect on stock prices has been proven true".

Partially the inflation variable has no significant effect on stock prices. This is known from the sig value of 0.569 which indicates that it is greater than the alpha level of 0.05. The absence of a significant effect indicates that the size of inflation in Government Banking is confident that 2003 – 2012 will not have a major impact on the fluctuations in stock prices, which indicates that the fluctuations in inflation are not followed by the stock prices of government banks. This is because during inflationary conditions, investors are more likely to wait or not speculate so that inflation conditions are stable, so that the risk of loss experienced by investors is not large. Inflation is an increase in prices or can also be interpreted as a decrease in the purchasing power of money. The results in this study are in line with and

supported by the results of research conducted by Amperaningrum and Agung (2011), where the results in this study found that the inflation rate did not have a significant effect on changes in stock prices of the banking sector on the Indonesia Stock Exchange. These results state that the hypothesis "Inflation partially has a significant effect on stock prices is not proven true".

Partially, the interest rate variable has no significant effect on stock prices, because when interest rates rise, the company's stock price rises and falls. This is known from the sig value of 0.515 which indicates that it is greater than the alpha level of 0.05. The results in this study are in line with the results of research conducted by Amperaningrum and Agung (2011), where the results in this study found that interest rates had no significant effect on stock prices. The interest rate is the cost of capital for the company. In addition, the results of this study are also supported by research conducted by Raharjo (2005), where the results in this study indicate that interest rates do not have a positive effect on stock prices.

Simultaneous effect of LDR, ROA, CAR, inflation and interest rates on stock prices

All independent variables or independent variables have an effect or can explain the variation of the dependent variable by 51.2%. This is evidenced by looking at the coefficient of determination (R Square) of 0.512 from the results of multiple linear regression analysis using the SPSS 13.00 statistical program, while the remaining 48.8% is influenced by other factors outside the model. The correlation coefficient figure (R) shows the relationship between the independent variables, namely Loan to Deposit Ratio, Return On Assets, Capital Adequacy Ratio, inflation rate, and interest rates together on stock prices (Y) is strong / large because it shows a number of 0.716 is almost close to the value of 0.8.

It is proven that simultaneously the variables Loan to Deposit Ratio, Return On Asset, Capital Adequacy Ratio, inflation rate, and interest rates have a significant effect on stock prices, this is indicated by the probability value of 0.003 less than = 0.05. This shows that the hypothesis which states that the company's internal factors (LDR, ROA, and CAR) and the company's external factors (inflation and interest rates) simultaneously have a significant influence on stock prices is accepted as true. This proves that internal factors and external factors are the basis for making investor decisions to predict stock prices. As stated by Sudiyatno (2010) where the company's internal factors and company's external factors are fundamental factors that are often used as a basis by investors in the capital market to make investment decisions. From the investor's point of view, one of the important indicators to assess the company's prospects in the future is to see the extent to which the company's internal conditions are growing. These results state that the hypothesis "Loan to Deposit Ratio, Return On Assets, Capital Adequacy Ratio, inflation and interest rates simultaneously have a significant effect on stock prices is proven true" From the investor's point of view, one of the important indicators to assess the company's prospects in the future is to see the extent to which the company's internal conditions are growing. These results state that the hypothesis "Loan to Deposit Ratio, Return On Assets, Capital Adequacy Ratio, inflation and interest rates simultaneously have a significant effect on stock prices is proven true" From the investor's point of view, one of the important indicators to assess the company's prospects in the future is to see the extent to which the company's internal conditions are growing. These results state that the hypothesis "Loan to Deposit Ratio, Return On Assets, Capital Adequacy Ratio, inflation and interest rates simultaneously have a significant effect on stock prices is proven true"

The Dominant Effect of LDR, ROA, CAR, inflation and interest rates on stock prices

Among these variables that have the greatest influence on stock prices is Return On Assets, which is indicated by the unstandardized coefficient of 529.585, while the ability of these variables to explain stock prices is = (0.686)2 = 0.4706 = 47.06 percent and the remaining 52 .94 percent is explained by other variables outside the analyzed model or the influence of economic conditions that are not included in the regression model.

ROA has a dominant influence on stock prices because an increase in earnings on ROA will also have an impact on increasing profits on ROE, but it is measurable compared to assets and equity. This shows that investors see the ability to generate higher profits from the assets they have, the better it will show the more productive the company is which will increase the share price. These results state that the hypothesis "Return on Assets (ROA) has a dominant and significant effect on stock prices has been proven to be true".

5. Conclusions and suggestions

Conclusion

Based on the results of the analysis and discussion, it can be concluded as follows: (1) Return on assets and capital adequacy ratio partially have a significant effect on the stock price of Government Banking, while loan to deposit ratio, inflation and interest rates partially have no significant effect on the share price of Government Banking. (2) Loan to deposit ratio, return on assets, capital adequacy ratio, inflation and interest rates together have a significant influence on the share price of Government Banking. (3) The variable that has a significant dominant influence on the stock price of Government Banking is return on assets, with an influence value of 47.06%.

Suggestion

The suggestions that can be given are as follows: (1) To increase the level of profitability (ROA), banks must be able to optimize the achievement of profits from the management of company assets or assets, with creative sales, both attractive lottery prizes and so on. So that it can attract investors to join and invest their shares in the bank. (2) Further research on aspects or factors that affect the stock price of Government Banking should be carried out in addition to the Loan to deposit ratio, return on assets, capital adequacy ratio, inflation and interest rate factors. For this reason, in future research, it is better to use more financial ratios so that information that can affect the share price of Government Banking can be more complete.

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