THE FINANCIAL RATIO CONTRIBUTION ON STOCK PRICES OF BANKING SECTOR PERIOD OF 2015-2018

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ABSTRACT:
Capital structure decisions include the selection of sources of funds both from their own capital and foreign capital in the form of debt, both of these funds are external funds that can affect the value of the company. The market value of this stock is influenced by direct and indirect factors. The value of shares can change at any time, depending on market conditions, investor perceptions of the company, developing information or other issues that hit the capital market. Construction of financial ratio research can be used to assess performance and to test the strength of the relationship between financial ratios and banking financial performance. The objectives of this research is to examine the effect of Capital Adequacy Ratio (CAR), Non-Performing Loan (NPL), Return on Equity (ROE), and Loan to Deposit Ratio (LDR) on stock prices. We operate purposive sampling technique and obtain 30 structured time-series data of conventional banks in Indonesia. We operate multiple linear regression data analysis technique to test the effect of CAR, NPL, ROE, and LDR on stock prices. To test the consistency and reliability of the data being tested, a classic assumption test was carried out which included the normality test, multicollinearity test, heteroscedasticity test and autocorrelation test. During the observation period, it shows that the research data is normally distributed. Based on the normality test, multicollinearity test, heteroscedasticity test and autocorrelation test, there were no variables that deviated from the classical assumptions. The results of hypothesis testing on this study indicate while there is a positive effect between ROE on stock prices and in the condition of low NPL it will be resulting on higher stock price. The CAR and LDR variables do not show a significant effect on stock prices. The predictive ability of these four variables on ROA in this study was 65.2%, while the remaining 34.8% was influenced by other factors that were not included in the research model.

Keywords: Capital Adequacy Ratio (CAR), Non Performing Loan (NPL), Return On Aset (ROA), Return on Equity (ROE), Loan to Deposit Ratio (LDR), stock price.

I. INTRODUCTION
Banks are one of the economic arteries of a country, without a public bank policy they cannot save and send money to obtain additional business capital or carry out international trade transactions effectively and safely. Banks play an important role in development because they are not only a source of financing for small, medium and large investment loans but are also able to influence the business cycle in the economy as a whole. The banking sector is one of the most important sectors for the Indonesian economy. The high growth rate in the Indonesian banking sector indicates the country's high economic growth and vice versa, if the rate of economic growth in Indonesia decreases, this right will greatly affect the Indonesian banking sector.

The banking industry in Indonesia has undergone many changes. Apart from being caused by internal developments in the banking world, it is also inseparable from the influence of developments outside the banking world, such as the real sector in the economy, politics, law and society. The development of these internal and external factors caused banking conditions in Indonesia to be grouped into 4 (four) periods, including:

1. Banking conditions in Indonesia during the New Order era.
2. The condition of banking in Indonesia during the monetary crisis in 1997
3. The condition of banking in Indonesia during the global crisis in 2008
4. Post-crisis banking conditions in Indonesia.

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The banking crisis that occurred in 1997, has faced a number of fundamental problems. These problems include weak corporate governance, poor risk management, large exposure to foreign currency loans, high non-performing loans that arise from careless lending. The peak was when Indonesia experienced the monetary crisis in 1997, there were several banks experiencing liquidity problems which had to be closed by Bank Indonesia as the banking authority.

After the crisis in 1997, Indonesian banking was faced with an even more devastating crisis, namely the global financial crisis that occurred in 2008. Starting from the economic recession in the United States (US) in the form of unfavorable internal and external US economic conditions. This condition hit the US banking sector which resulted in the collapse of the US capital market with the fall in the stock index on the New York Stock Exchange (NYSE). The crisis that occurred in America had an impact on decreasing global growth, because after all the pillars of the world economy were still dominated by the US.

The banking sector is one of the most important sectors for the Indonesian economy. The high growth rate in the Indonesian banking sector indicates the country's high economic growth and vice versa, if the rate of economic growth in Indonesia decreases, this right will greatly affect the Indonesian banking sector.

Health or financial condition of the interests of all parties related to the owner, manager (bank management), the service user community, Bank Indonesia as the authority, and other parties. The conditions of the bank can be used by these parties to evaluate the bank's performance in applying prudential principles, compliance with applicable regulations and risk management.

The financial report is the final result of a recording process, which is a summary of financial transactions that occurred during the financial year concerned.

Financial statement analysis can help business people, both the government and other users of financial statements, in assessing the financial condition of a company, including banking companies. To assess financial performance, five research aspects are generally used, namely CAMEL (Capital, Assets, management, earning, liquidity), return on assets (ROA), the Earning aspect includes return on equity, while the Liquidity aspect includes the Loan to Deposit Ratio (LDR). Four of the five aspects, namely Capital, Assets, Earning, Liquidity are assessed using financial ratios. This shows that financial ratios are useful in assessing the financial condition of banking companies. Research on financial ratios either individually or in a construct to assess performance and test the strength of the relationship between financial ratios and banking financial performance, according to researchers' observations, is rarely done. This is based on several reasons, among others, the financial ratios of banking companies are slightly different from the financial ratios of other similar companies. This is shown in the Banking Accounting Standards.

Measurement of the company's financial performance with ROA shows the ability of capital invested in overall assets held to generate profits. The existence of assets is important to consider because the financing of expensive assets is expected to provide maximum results in upholding the company's operational activities. Operational activities that work optimally can have an impact on profits earned by the company because the company's operations run with the goals to be achieved by the company. Companies that have high corporate value can increase shareholder wealth, so shareholders can invest their capital in these companies. With the competition between companies that are competitive, it must be supported by the presentation of good financial statements. The objective of this research is to collect data and information about how the influence of capital, credit quality, profitability and liquidity on stock prices either simultaneously or partially in the banking sector for the 2015-2018 period.

II. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Capital structure is a proportion or comparison in determining the fulfillment of corporate spending needs, whether by using debt, equity, or by issuing shares (Brigham and Houston, 2011). In a company, of course, to finance all activities is a company consideration because from an economic point of view capital structure is very influential in allocating funds both short and long term, of course the company has plans in the future, so that the opportunity in allocating funds will be optimal. In addition to profits, the negative impact can also be caused by debt that is too high is the risk of default due to high interest costs and principal debt that exceeds the benefits provided from the debt so that it can cause the value of the company to decline. Capital structure is needed to increase the value of
the company because the determination of capital structure in the company's financing policy determines the profitability and position of the company.

The company's financial performance is one of the factors seen by potential investors to determine stock investment. For a company, maintaining and improving financial performance is one of the necessities for these shares to continue to exist and remain in demand by investors. In relation to performance, the company's financial statements are a reflection of the company's financial performance. Measurement of financial performance is one indicator used by investors to assess a company from the market price of these shares on the Indonesia Stock Exchange. The better the company's performance, the higher the returns that will be obtained by investors. Generally investors will look for companies that have the best performance and invest their capital in these companies.

Non-Performing Loan (NPL)

NPL is a debtor or debtor group that falls into the 3,4,5 out of 5 credit categories, namely debtors who are substandard, doubtful and loss. It should always be remembered that the change in the classification of credit from current credit to NPL is a gradual process of decreasing credit quality (Z. Dunnil, 2005).

One of the risks arising from the increasingly complex banking activities is the emergence of larger non-performing loans (NPLs). Or in other words, the larger the scale of a bank's operations, the lower the supervisory aspect, so that the NPL is bigger or the credit risk is getting bigger (Wisnu Mawardi, 2005). NPL is the ratio of non-performing loans to total loans. A good NPL is NPL which has a value below 5%. NPL reflects credit risk, the smaller the NPL, the smaller the credit risk borne by the Bank. Banks with high NPLs will increase the cost of both reserves for productive assets and other costs, so that they have the potential for bank losses (Wisnu Mawardi, 2005; Bakota, 2020; Pragassame et al., 2020; Heintzman, 2020).

According to Bank Indonesia, the determination of the sound level of sound productive asset quality is closely related to the level of Non-Performing Loans (NPLs) that a bank may have. NPL is one of the ratios used to assess the quality of earning assets (KAP). Adjustments to KAP were made because in Indonesia only the Indonesian bank and the bank concerned were aware of the collectibility level of the asset quality. Assessment of quantitative and qualitative approaches to asset quality factors is carried out, among others, through an assessment of the non-performing loan component, namely comparing non-current loans with total loans (Totok Budi Santoso and Sigit Triandra, 2006: 53). The safe limit for NPLs set by Bank Indonesia is a maximum of 15% Non-Performing Loans (NPLs). This indicates that the bank management's ability to manage non-performing loans is provided by the bank.

Bad debts that have been written off are no longer included in the NPL category, because they are no longer loans. The handling is only in the context of how to make the bad credit return, especially with the execution of the existing collateral. Loans that have signs towards NPL that require attention so that they do not get worse or cause greater losses are loans that are still classified as TPF (Special Mention). To find a way to improve the position of the DPK debtor, the problems faced by the debtor must be studied and treated according to the conditions of each foreign debtor towards credit that leads to NPL, even NPL credit itself can be applied several restructuring techniques so that the debtor can rise again (Z Dunil, 2005).

a. Re-scheduling

Banks can reschedule in the form, extension of the repayment period, providing a longer grace period to reduce the number of small installments. With this scheduling, customers have more time to breathe and enough time to accumulate profits and improve their schedule so that they can meet the new schedule set. This rescheduling is carried out with certain conditions, among others, the customer's business is still running, the income before interest charges is still positive. The customer's inability to make full settlement is due to a situation beyond the control of the debtor's authority. The customer is still in good faith and cooperative.

b. Acounditioning

Acounditioning is intended to improve the condition of customers, who were initially burdened by heavy credit terms and reduced so that they are more suitable for customer requirements. Reducing the interest rate reduces credit from other high-striving parties and replaces it with credit from banks with interest.
Return on Assets (ROA)

Return on Assets (ROA) is one of the profitability ratios. In financial statement analysis, this ratio is most often used, because it is able to show the success of the company in generating profits. ROA is able to measure the company's ability to generate profits in the past to then be projected in the future. Assets or assets in question are the entire assets of the company, which are obtained from own capital or from foreign capital that the company has converted into company assets which are used for the survival of the company.

According to Mardiyanto (2009: 196) ROA is a ratio used to measure a company's ability to generate profits from investment activities. Return On Assets is the ratio between net income which is inversely proportional to all assets to generate profit. This ratio shows how much net income a company earns is measured by its asset value.

According to Gitman (2012: 81), Return on Assets (ROA) is a ratio used to measure the overall effectiveness of management in generating profits with its available assets; also called the return on investment. Based on the opinion of the experts above, it can be concluded that return on assets is a ratio that measures the company's ability to generate operating profit with all the goods owned by the company. Return on Asset shows how much net profit can be obtained by using all the assets owned by the company. According to Lestari and Sugiharto (2007: 17), the rate of return on assets (ROA) can be said to be good if it is> 2%.

Return on Equity (ROE)

Return On Equity or often called one of the techniques that can be used by independent companies on the funds used by ROE to explicitly analyze the profitability of the company for common stock owners. Profitability is used to measure the level of return resulting from shareholder investment. Return on equity (ROE) is an indicator to measure the success of management in carrying out its duties, namely generating maximum capital. The definition of Return On Equity (ROE) according to Mardiyanto (2009: 196) is the ratio used to measure the success of the company in generating profits for shareholders.

According to Gitman (2012: 82) Return On Equity are return on common equity measures the return method on the common stockholder's investment in the firm. Kasmir (2008: 204) conclude that Return On Equity or own capital profitability is a ratio to measure net profit after tax with own capital. It can be concluded that Return on Equity (ROE) is a ratio that measures the rate of return on return on capital issued by investors to the company.

Return on Equity (ROE) can provide information to outsiders about the company's operational effectiveness. ROE is assumed as investors' expectation for the funds invested in the company. The greater the company's profitability, the more investors will be interested in buying or looking for these shares because they hope that in the future there will be a large base for their investment. This allows an increase in the offering price of shares when they are traded due to the increased demand for these shares.

As is well known, shareholders have residual (residual) claims on the profits obtained. The profits earned by the first company will be used to pay interest. Accounts Payable, then preferred stock. only then (if there is any remainder) given to ordinary shareholders. According to Lestari and Sugiharto (2007: 196), the Return on Equity (ROE) rate can be said to be good if it is> 12%.

The purpose of calculating the Return on Equity (ROE) is to examine the progress of the company's operations, determine the share price and determine the amount of dividends to be distributed. In addition, Syamsudin (2004) states that generally shareholders are interested in a large Return on Equity (ROE) because it is an indicator of a company's success. The ROE level has a positive relationship with stock prices, so the greater the ROE the greater the stock price because the large ROE indicates that the returns that investors will receive will be high so that investors will be interested in buying these shares and this causes the stock market price to tend to rise (Husnan, 2002).

ROE is an important indicator for assessing a company's future prospects. In addition to identify the ROE level, investors can assess the company's future prospects and also see the extent to which the company's profitability has grown. The ROE indicator is very important to pay attention to to determine the extent to which the investment that will be made by investors in a company is able to provide returns in accordance with the level expected by investors. In addition, the size of ROE reflects the company's ability to generate high returns for shareholders. The
increase in profits in relation to changes in interest rates is often referred to as NIM (Net Interest Margin), which is the difference between interest income and interest costs (Indira Januarti, 2002).

**Loan to Deposit Ratio (LDR)**

According to Kasmir (2006: 261), the Loan to Deposit Ratio (LDR) states how far the bank's ability to repay depositors' withdrawals by relying on the credit provided as liquidity. In other words, to what extent the provision of credit to credit customers can offset the bank's obligation to immediately fulfill the request of depositors who want to withdraw the money that has been used by providing credit. The higher the ratio, the lower the liquidity capacity of the bank concerned. This is because the amount of funds needed to provide credit is getting bigger.

This ratio is also an indicator of the vulnerability and capability of a bank. Some banking practitioners agree that the safe loan to deposit ratio of an Indonesian bank is between 85% and 110%. However, the tolerance limit from Bank Indonesia ranges from 85% to 110%.

LDR has an effect on Earning After Tax (EAT), if the LDR is large, then the EAT is large, the LDR depends on bank management. The LDR size of the bank is not the same. The relationship between LDR and EAT is independent, not autocorrelation. The greater the LDR, the more potential it is to reach EAT; insofar as NPLs can be suppressed (Agus Suyono., 2005 in Pontie Prasanugrah P, 2007).

**Factors Affecting Stock Prices**

The market value of this stock is influenced by direct and indirect factors. The value of shares can change at any time, depending on market conditions, investor perceptions of the company, developing information or other issues that hit the capital market. Besides that, the stock price is basically closely related to the financial health of the company. When the company's income rises, investor confidence will also be high, so the price of the company usually rises. If the company experiences a loss or does not reach the target, it is expected that the stock price will usually fall. Damoddaran (2002:23) states that stock price determined by demand or trade between buyers and sellers then the price established demand flow. According to Weston and Brigham (2004: 24), that the company's stock price depends on the following factors:

1. projection of earnings per share,
2. time of earning,
3. the risk level of the profit projection,
4. The proportion of corporate debt to equity (DER)
5. Dividend distribution policy (DPR).

From the above quotation it can be concluded that the stock price is determined by the daily demand or trade between the seller and the buyer. The flow of demand is determined by price if demand is greater than supply, the price will increase but if supply is greater than demand, the price will fall. It is also determined by the condition of the company concerned, which means the better the company's performance; the higher the profit, the greater the profit enjoyed by the holder and the more likely the share price will increase. In addition to the company's performance, prospects and industrial developments in which the company is located. Micro and macro conditions also affect the price of a stock
Based on the literature review, the research objectives, and the framework described above, the hypothesis proposed are as follows:

**H1**: CAR has a significant effect on share prices  
**H2**: Asset quality (NPL) has a significant effect on stock prices  
**H3**: Rentability (ROE) has a significant effect on stock prices  
**H4**: Liquidity (LDR) has a significant effect on stock prices

**Research Method**

We operate kuantitatif-descriptive research method to create descriptive overview in a systematic, factual and accurate manner regarding the facts, characteristics and relationships between the phenomena being investigated. The population companies are all companies that have been listed on the Indonesia Stock Exchange in 2015-2018. While the sample selection using purposive sampling method with the type of judgment sampling is the selection of samples based on certain criteria (Cooper and Schindler, 2000). The sample selection criteria are as follows:

2. Financial data of Bank in 2015-2018

To examine the hypothesis testing we operate multiple linear regression based on a linear relationship between two independent or more independent variables. The equation model is as follows:

\[ Y = \beta_0 + \beta_1.CAR + \beta_2.NPL + \beta_3.ROA + \beta_4.LDR + \epsilon \]

**III. RESULT AND DISCUSSION**

The objectives of hypothesis testing in this research is to examine the effect of CAR, LDR, ROA, and NPL on stock price performance. The result of hypotheses test presented in Table 1.

**The Effect of CAR (X1) on Stock Prices (Y)**

The first hypothesis is to test the significant effect of the Capital Adequacy Ratio (CAR) on stock prices.

**Ho**: \( r_1 = 0 \). There is no partially significant effect between the capital adequacy ratio (XI) on stock prices (Y).  
**Ha**: \( r_1 = 0 \). There is a partially significant influence between the capital adequacy ratio (XI) on the stock price (Y).

The level of significance used is \( \alpha = 0.05 \) with \( df = 90 - 4 - 1 = 85 \). Where the t-table value is obtained by two-party test of 1.990. Calculating the t-count value (two-party test), can be seen from the table above and the t-count value is obtained at -0.451. Then the results obtained from the comparison of t count with t table is Ho accepted because: t-table (-1,994) < t-count (-0,451) < t-table (1,990).

Table 1. Result of Hypothesis Testing

<table>
<thead>
<tr>
<th>Variables</th>
<th>Stock Price</th>
<th>t-value</th>
<th>Sig</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAR</td>
<td>-0.451</td>
<td>0.662</td>
<td></td>
<td>Not significant</td>
</tr>
<tr>
<td>NPL</td>
<td>-3.502</td>
<td>0.006</td>
<td></td>
<td>Significant</td>
</tr>
<tr>
<td>ROE</td>
<td>7.767</td>
<td>0.000</td>
<td></td>
<td>Significant</td>
</tr>
<tr>
<td>LDR</td>
<td>1.068</td>
<td>0.311</td>
<td></td>
<td>Not significant</td>
</tr>
<tr>
<td>F</td>
<td>144276,412</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>R²</td>
<td>0.294</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From Table 1, it can be seen that the t-count value is -0.451 with a significance level of 0.662. This means that the P value is more than 0.05, which indicates that the test results accept Ho and reject H1. From the results of the t test, the results obtained from the comparison of t-count with t-table, it is Ho is recognized because t-count (-0.451) ≤ t-table (1.990). It can be concluded that there is no effect of the CAR variable partially on the share price, while based on the regression equation it can be seen that the coefficient for this variable is negative, so it means that the effect of the CAR variable on the stock price is negative. This condition implies that the higher the CAR value of the company, the lower the share price of the company.

The Effect of NPL (X2) on Stock Prices (Y)

The second Hypothesis is to test the significant effect of Non-Performing Loans (NPL) on stock prices.

Ho: r2 = 0. There is no partially significant effect between non-performing loans (X2) on stock prices (Y).

Ha: r2 = 0, there is a partially significant effect of non-performing loans (X2) on stock prices (Y).

The level of significance used is α = 0.05 with the level of freedom df = 90 - 4 - 1 = 85, where the value of the t-table with the two-party test is 1.990. Calculating the t value (two-party test), can be seen from the table above which is equal to -3.052. Then the result obtained from the comparison of t count with t table is Ho is rejected because t count (-3.052) ≤ t table (-1.990).

Table 1 give information that the t-value is -3.502 with a significant level of 0.006. This means that the P value is less than 0.05, which indicates that the results of this test reject H0 and accept H1. From the results of the t test the results obtained from the comparison of t count with H0 are accepted because; t count (-3.052) ≤ t table (-1.990).

So it is concluded that there is a partial influence of the NPL variable on stock prices. Meanwhile, based on the regression equation, it can be seen that the coefficient for this variable is negative, so it means that the effect of the NPL variable on stock prices is negative. This condition implies that the higher the NPL value of the company, the lower the company's share price.

The Effect of ROE (X3) on Stock Prices (Y)

To test the effect of the significant effect between ROE on stock prices we operate regression analysis, based on Table 1 the hypothesis testing result conclude that the level of significance used is α = 0.05 with the df = (n-k-l).

Ho: β1 = 0, there is no partially significant effect between ROE (X3) on stock prices (Y).

Ha: β1 = 0, there is a partially significant effect between ROE (X3) on stock prices (Y).

The t-table with the two-party test=1.976. Calculating the value of t (two-party test), can be seen from the table above, that is, the results obtained from the t-value comparison are 7,767. The results obtained from the comparison of t value with t table, Ho is rejected because t-value (7,767) ≥ t-table (1,976).

The significance level of ROE is 0.000 < 0.05, it means that Ho is rejected or Ha is accepted and based on the results obtained from the comparison of t-value on t-table, Ho is rejected or Ha is accepted because t-table (7,767) ≥ t-table (1.976), this means that there is a significant effect between ROE on stock prices.

The Effect of LDR (X) on Stock Prices (Y)

To test the effect of the significant effect between LDR on stock prices we operate regression analysis, based on Table 1 the hypothesis testing result conclude that the comparison of t count is Ho accepted because t table (-1,990) < t count (1,068) < t table (1,990) of the LDR to stock prices.

Ho: r4 = 0, there is no partially significant effect between the Loan to Deposit Ratio (X4) on stock prices (Y).

Ha: r4 = 0, there is a partially significant effect between the Loan to Deposit Ratio (X4) on stock prices (Y).

The level of significance used is α = 0.05 with free level df = 90-4-1 = 85. Where the t-table value obtained by two-party test is -1.990. Calculating the value of t (two-party test) can be seen from the table above, which is 1.068.
From Table 1 it can be seen that the p value equal to 0.311. This means that the P value is more than 0.05, which indicates that the test results accept H0 and reject H1. From the results of this t test, it can be concluded that there is no partial influence of the LDR variable on stock prices. It means that there is no positive influence given by the LDR variable on stock prices.

IV. DISCUSSION

CAR is a capital adequacy ratio that shows the bank's ability to maintain adequate capital and the ability of bank management to identify, measure, monitor and control risks that arise that can affect the performance of a bank in generating profits, and maintaining the amount of capital it owns. The development of the average CAR in the banking sector has met the minimum capital adequacy criteria set by Bank Indonesia, namely 8%. The highest average value during the study period is held by the Bank.

Credit Quality

NPL is a picture of non-performing loans, the cause of which is the inability of the customer to pay the loan principal installments and the interest charged as agreed. Bank Indonesia sets the maximum NPL level at 5%. The average development of NPL levels during the study period was below 5%, however during the study period, there were banks that had NPL levels above 5%.

The level of significance used is a = 0.05 with the level of freedom df = 90-4-1 = 85, where the value of the t-table with the two-party test is 1.990.

Calculating the value of t (two-party test), can be seen from the table above which is equal to -3.052. Then the result obtained from the comparison of t count with t table is H0 rejected because tcount (-3.052) ≤ t table (-1.990).

Rentability

ROE is a comparison between the amount of profit available to the owner of his own capital that generates this profit in the party or it can be said that the profitability of own capital is the ability of a company with its own capital working in it to generate profits. The average ROE development in the banking sector ranged from 11% - 18%. The highest average ROE value during the study period was held by Bank Rakyat Indonesia / BRI at 38.1%.

Liquidity

LDR is a bank's ability to repay depositors' withdrawals by supposing that the credit provided is the source of its liquidity. Where the higher this ratio, the lower the liquidity capacity of the bank concerned, so that the possibility of a bank in a problematic condition will be even greater. Banks are required to maintain bank liquidity. To maintain bank liquidity in a healthy condition, banks are required to maintain a Loan to Deposit Ratio (LDR) in the range of 85% - 110% in accordance with Bank Indonesia regulations. The average LDR development in the banking sector ranges from 75% - 86%. This condition shows that the funds collected by the bank have not been fully channeled into credit facilities used by the public.

The price of banking shares fluctuates. This is because stock prices are influenced by investors’ expectations of the bank, the level of supply and demand, as well as the financial performance of each bank. Average share price. Research on the simultaneous and partial effect of the independent variable (X) on the dependent variable (Y) gives the following results:

V. CONCLUSION

From the results of tests that have been carried out on all independent variables, namely CAR, NPL, ROE, LDR on dependent variables, namely stock prices, H0 is rejected, and from the results of statistical analysis shows that NPL and ROE have a significant effect on stock prices with a significance level of 0.000 < 0.05, so it can be concluded that NPL and ROE simultaneously influence stock prices with the coefficient of determination showing the amount of contribution between CAR, NPL, ROE, LDR and stock price amounted to 29.4% while the remaining 70.6% was influenced by other factors.

After observing and analyzing the results of the research, the researcher saw several things that could be used as input and for the further operational development of the banking sector.
The management of the company is expected to always maintain the level of capital so that it will increase the profitability of the bank. By looking at the CAR variable, it is expected that the company will be able to provide funds for business development purposes and accommodate the possible risk of loss caused by bank operations.

NPLs affect bank profitability, so policymakers need to keep the number of non-performing loans from swelling, or a maximum of 5% in accordance with Bank Indonesia regulations. Therefore, in order to reduce the NPL value from year to year, banks must determine or have a prudential principle to apply to non-performing loans. This can...the way that every release of a bank loan must comply with bank regulations, technical matters regarding credit policies, for example loans must be protected by collateral that is known to the bank and has a good reputation, according to the bank’s assessment, the business being financed is prospective and profitable and monitors the loans given so that misuse of credit can be avoided. In addition, banks must also have an adequate credit rescue system so that if a non-performing loan occurs, it can be immediately resolved. By stabilizing and maintaining the LDR ratio in an ideal position and paying attention to the quality of loans disbursed to avoid non-performing loans so that they can benefit from loans extended to banks.

The increase in the soundness of the banking system through analysis of various prevailing conditions and appropriate policies related to capital adequacy, management of non-performing loans, liquidity and the ability of investors will have a positive impact on the development of share prices in the banking sector.

**Limitation**

This research has several limitations as follows:

1. The sampling method in this study is non-probability sampling with purposive sampling technique, so that the generalization of the study is limited to groups similar to the characteristics of this study sample.

2. This research did not focus on other factors include inflation rates, Indonesian bank interest rates, and the rupiah exchange rate. So with more variables, data and a longer research period, the research results will be more accurate.

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