



Influence Capital Adequacy Ratio and Loan to Deposit Ratio to The Company's Stock Price Bankings Listed On BEI

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ABSTRACT

This study aims to examine the effect of Capital Adequacy Ratio (CAR), and Loan to Deposit Ratio (LDR) to the Share Price. The object of this research is 44 banking companies listed on the Indonesia Stock Exchange from 2014-2018. Samples were selected using the method purposive sampling namely 25 companies. The analytical method used in this research is multiple linear regression analysis. The results of this study indicate that the variable Capital Adequacy Ratio (CAR) and Loan to Deposit Ratio (LDR) does not have a direct effect on the Stock Price variable

Keywords

Capital Adequacy Ratio (CAR), Loan to Deposit Ratio (LDR), Stock Price

INTRODUCTION

At this time, more and more people and companies are investing their funds in securities. Investments in securities are generally made in the form of stocks and bonds, but the more popular ones are in the form of stocks. Investments in stocks are divided into short-term investments and long-term investments. Stock investments in the short term are usually intended for immediate resale. Investments in shares in the long term are usually intended to have voting rights in other companies or to control other companies. To estimate stock prices, fundamental analysis can be used which analyzes the financial and economic conditions of the companies that issue shares. Fundamental analysis relates to the company's performance assessment of the effectiveness and efficiency of the company in achieving its goals. To analyze the company's performance can be used financial ratio analysis. The stock market today is experiencing volatility, triggered by global economic uncertainty. The Composite Stock Price Index (JCI) last week was observed to fall by 0.49 percent from 6,286 to 6,255. Director of Research and Investments at Pilarmas Investindo Sekuritas Maximilianus Nico Demus said the United States (US)-China trade war has caused fears of a slowdown in world economic growth. Several international financial institutions have even revised their economic growth targets. The World Bank cut its forecast for world economic

growth from 2.9 percent to 2.6 percent. Meanwhile, the International Monetary Fund (IMF) lowered it from 3.5 percent to 3.3 percent. In the midst of these conditions, market participants must be observant in choosing stocks. In this case, investors are recommended to collect stocks that are defensive in the midst of market volatility. Defensive stocks are stocks of companies that are able to maintain stable financial performance in the midst of economic pressures. With the current correction, it is not impossible that these stocks will also be discounted. However, defensive stocks have the opportunity to recover faster when market conditions begin to improve, because the fundamentals of these stocks are still strong. The first defensive sector is the banking sector. The banking sector received positive winds from a 25 basis point (bps) reduction in the benchmark interest rate of Bank Indonesia (BI) from 5.75 percent to 5.5 percent in August. This is because the reduction in interest rates will reduce the cost of funds for banks. Lower cost of funds will be followed by lower interest rates on deposits and loans, although it takes time for transmission. Weston and Brigham (1993:135) state that stock prices are influenced by two factors, namely external and internal factors. External factors include regulations, general level of economic activity, taxation and stock market conditions, while internal factors include estimated earnings per share, company earnings turnover, earnings risk. The future of the company, the use of debt by management and dividend policy.

Basically, the influence of the company's fundamental aspects has a strong influence on the stock value because it is directly related to the company's performance. The better the company's performance as reflected in the financial statements, the higher the stock price should be. According to Sparta (2000) many companies have strong fundamental factors but do not significantly affect their share prices. Information outside the fundamental aspects of the company sometimes has a lot to do with stock prices. Other research, namely Utami (2005), Loan to Deposit Ratio and Return On Equity has a negative effect on changes in stock prices, while Capital Ratio, Net Profit Margin, and Earning Per Share has a positive effect on changes in stock prices, other variables used are Return on Assets, Dividend Per Share, and Debt to Equity has no effect on changes in the stock price of banking companies on the Jakarta Stock Exchange. LDR is a ratio that measures a bank's ability to meet its obligations. The higher the LDR, the higher the bank's profit, and the better the bank's performance.

In addition to the above factors, there are also Capital Adequacy Ratio (CAR) which is used by potential investors to measure the strength of their own capital compared to risk-weighted assets (RWA). If it is related to stocks, the tendency is that investors will be interested if a bank has a high CAR level. Like

the research by Harry (2007) where the results of the study partially show that CAR contributes 7.9% with a significance of $0.0048 < 0.05$ so that CAR has an effect on stock prices. From the description above and by looking at the results of past research as in the example above where the research uses the use of different financial ratios, the researcher is interested in conducting a study entitled The Effect of CAR and LDR on Stock Prices of Banking Issuers on the Indonesia Stock Exchange.

METHODS

This study is a causal relationship research (causal effect). The dependent variable used is the stock price based on the market price (market value) registered 30 days after the issuance of the audited company's financial statements. Independent Variable is Capital Adequacy Ratio, Loan to Deposit Ratio. The population in this study were all banking companies listed on the Indonesia Stock Exchange as many as 44 companies. Sampling in this study used the method purposive sampling with the following criteria 1. Banking companies that go public and listed on the IDX in 2014-2018. 2. Not liquidated or delisted in the research year. Based on criteria purposive sampling Accordingly, there are 25 banking issuers out of 44 banking issuers listed on the Indonesia Stock Exchange. The sampling technique used in this research is purposive sampling. The method used in this study is multiple linear regression analysis. The author uses multiple linear regression analysis because to determine the causal relationship, with the aim of explaining the direct or indirect effect between exogenous variables and endogenous variables. In this study, the authors want to analyze and ascertain whether there is an influence Capital Adequacy Ratio and Loan to Deposit Ratio to the Share Price.

RESULT AND DISCUSSION

RESULT

Table 1 Descriptive Statistics of Research Variables

CAR	125	3.21	66.43	7.70489	19.8031
LDR	125	50.61112	5485.1041	11,58938	
Stock price	125	50.0026	0000.0027	1.31717	
Valid N (listwise)	125				

Based on the table 1 above, information can be obtained about the average of each variable in this study from 2014-2018. Where the highest average CAR is owned by Bank Ina Perdana, Tbk (BINA) with an average CAR ratio of 39.42%,

while the average value. The lowest average CAR is owned by PT. Bank Rakyat Indonesia Agroniaga Tbk with an average value of 7.98. Based on these results, it also shows that the predicate owned by each bank that is the sample of this study is at a healthy to very high level because all of its CAR values are > 6.6%. Furthermore, the highest LDR value is owned by PT. State Savings Bank (Persero) Tbk (BBTN) which reached a percentage of 105.34% while the lowest LDR value was owned by PT. Bank Capital Indonesia Tbk (BACA) with an LDR value of 54.36%, so based on these results information can be obtained that there are two companies that have unhealthy and unhealthy predicates, namely PT. State Savings Bank (Persero) Tbk (BBTN) and PT. Bank CIMB Niaga Tbk (BNGA) because the LDR value reached > 97.6%. Based on the table about the descriptive statistics above, the standard deviation values of each research variable are (CAR, LDR, and Stock Prices), where all the standard deviation values of each variable in this study are smaller than the mean value. So not found outliers in this research data. Where outliers is data that has unique characteristics that differ greatly from other observations and appears in extreme values (Ghozali, 2005).

Multiple Linear Regression Analysis

In the first test of the sub-structure, the researcher will examine the effect of the CAR and LDR variables on stock prices in banking companies listed on the Indonesia Stock Exchange in 2014-2018. The following are the results of multiple linear regression analysis using SPSS.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zeroorder	Partial	Part	Tolerance	VIF
1(Constant)	11.895	3.678		3.234	.002					
CAR	.435	.300	.105	1.450	.150	.145	-.140	-.096	.827	1,210
LDR	.411	.648	.043	.634	.527	.189	.062	.042	.927	1.079

Coefficients^a

a. Dependent Variable: Stock Price

$$Z = 11.895 + 0.435X_1 + 0.411X_2$$

Based on the table above, it can be seen that the CAR variable has a negative coefficient value on the stock price, and the LDR variable has a positive coefficient on the stock price.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.737 ^a	.543	.516	1.00644

a. Predictors: (Constant), ROA, LDR, NPL, CAR, BOPO, NIM

b. Dependent Variable: Stock Price

Based on the results of testing the coefficient of determination, the value of is obtained Adjusted R Square is 0.516 or 51.6%. These results indicate that the influence of the CAR and LDR variables on stock prices is 51.6% while 48.4% is the influence of research variables outside of this study. To find the value of e1 can be searched with the formula $e1 = (1 - 0.516) = 0.69$.

Simultaneous Hypothesis Testing (F-Test)

The value of Fcount will be obtained using the help of SPSS, then it will be compared with Ftable at the level of = 5%.

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	126,167	6	21.028	20,760	.000 ^a
	Residual	106,356	105	1.013		
	Total	232,523	125			

a. Predictors: (Constant), ROA, LDR, NPL, CAR, BOPO, NIM

b. Dependent Variable: Stock Price

In the table it can be seen that the results of the Fcount in column F are 20,760 with a significance level of 0.000, greater than the value of Ftable which is 2.29, with an error rate of = 5% or 0.05, or in other words $F_{count} > F_{table}$ ($20,760 > 2.29$). Based on the criteria for testing the hypothesis if $F_{count} > F_{table}$ and the level of significance ($0.000 < 0.05$), it shows that the effect of the independent variables (CAR and LDR) is simultaneously significant on the dependent variable (Stock Price).

Partial Hypothesis Testing (t-test)

The t-test is a one-way test, so the t-table used is $0.05 (119) = 1.65$. The following are the results of the t-count test using the SPSS analysis tool.

Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.	rrelation			Collinearity Statistics	
	B	Std. Error	Beta	T		Zeroorder	Partial	Part	Tolerant	VIF
1 (Constant)	11.895	3.678		3.234	.002					
CAR	.435									
LDR	.411			1.450	.150	.145	-.140	.096	.827	1,210
	.324	.300	.105							
		.648	.043	.634	.527	.189	.062	.042	.927	1.079

a. Dependent Variable: Stock Price

The tcount value of the CAR variable is 1.450 and the ttable value is 1.65, so $tcount < ttable (1.450 < 1.65)$ and sig value ($0.150 > 0.05$) so it can be concluded that the CAR variable has no effect on stock prices. The tcount value of the LDR variable is 0.643 and the ttable value is 1.65, so $tcount < ttable (0.643 < 1.65)$ and the sig value ($0.527 > 0.05$) so it can be concluded that the LDR variable has no effect on stock prices.

1. Testing the Effect of CAR on Stock Prices Through ROA

The direct effect of the CAR variable on the stock price is equal to, while the indirect effect between 0.453, CAR on the stock price through ROA is the multiplication value of the CAR-ROA beta value with the ROA-share price as follows: $0.126 \times 0.462 = 0.058$. After the results are to determine the effect of the CAR variable on the stock price through ROA, the value of the previous multiplication result is added to the beta value of the CAR-ROA variable, which is as follows: $0.453 + (0.058) = 0.511$. Based on the test results, it can be concluded that the value of the direct influence of the ROA variable on the Stock Price variable is smaller than the effect of the CAR variable on the stock price through ROA. So it can be concluded that the ROA variable can mediate the effect of the CAR variable on stock prices. Sobel Test, where the

results obtained that the value of sig. one-tailed probability is $0.316 > 0.05$, so it can be concluded that the ROA variable cannot significantly mediate the CAR variable on the stock price.

2. Testing the Effect of LDR on Stock Prices Through ROA

The direct effect of the LDR variable on the stock price is equal to, while the indirect effect between 0.411, LDR on the stock price through ROA is the multiplication value of the beta value of LDR -ROA with ROA-stock price, which is as follows: $0.411 \times 0.462 = 0.189$. After these results are used to determine the effect of the LDR variable on stock prices through ROA, the value of the previous multiplication result is added to the beta value of the LDR-ROA variable, which is as follows: $0.189 + 0.411 = 0.6$. Based on the results of these tests, it can be concluded that the value of the direct influence of the LDR variable on the Stock Price variable is smaller than the influence of the LDR variable on the stock price through ROA, so it can be concluded that the ROA variable acts as a mediating variable on the LDR effect on the Stock Price. Sobel Test, where the results obtained that the value of sig. one-tailed probability is $0.448 > 0.05$, so it can be concluded that the ROA variable cannot significantly mediate the LDR variable on the Stock Price.

DISCUSSION

The Effect of CAR on Stock Prices

Based on the test, it can be concluded that CAR has no effect on stock prices. So these results contradict the results of research from contrary to research from Takarini and Hayudanto (2013) which found that CAR had a significant effect on changes in stock prices. But this study is in line with research from Murni (2016) which found that the CAR variable does not have a significant effect on stock prices. In theory, a high CAR will increase stock prices, and vice versa. However, in this study it was found that CAR had no effect on banking stock prices. This can be explained that even though the CAR is above the limit provided by BI, it does not directly affect changes in stock prices, because investors are more concerned with external factors of the company in assessing the company's share price. Investors assume that CAR is not good enough to describe a commensurate return with the risk involved. This results in investors not paying too much attention to CAR in investing.

The Effect of LDR Variables on Stock Prices

Based on the test results, the results show that the LDR variable does not have a significant effect on the Stock Price variable. Based on these results, it can also be concluded that the hypothesis on testing the effect of the LDR

variable on stock prices is rejected. The results of this study are in line with research from Ulfa (2014) which found that the LDR variable did not have a significant effect on stock prices. Regulation Bank Indonesia state that ability liquidity bank could proxied with LDR, that is ratio credit which given to party third in rupiah and currency foreign, no including credit to bank other, to fund party third which covers current account, savings, and deposit in rupiah and currency foreign, no including fund between bank. Ratio LDR calculated with method share amount credit which given by bank to fund party third.

CONCLUSION

Based on the results of testing and analysis of the influence of the variable Capital Adequacy Ratio (CAR), and Loan to Deposit Ratio (LDR) on the stock price is consistent with the theory used and previous research, the following conclusions can be drawn:

1. The CAR variable does not have a significant effect on the Stock Price variable directly
2. The LDR variable does not have a direct influence on the stock price variable

Based on the findings obtained from the results of the study, the researchers formulated research suggestions as follows:

1. For Investors

To predict the level of a company's stock price, investors can pay attention to the percentage level of CAR, besides that investors must also pay attention to the level of fluctuations from other indicators such as OER, NPL, NIM if they want to invest in banking companies.

2. For Further Researchers

Further research is expected to use other financial ratios and use research samples of various different sub-sectors so that the research results can be implemented in solving problems in these various sub-sectors.

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