Analysis of the Effect of Financial Performance on Stock Return of Banking Companies Listed on the Indonesia Stock Exchange in the Period 2014 - 2018

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Abstract:- The purpose of this study is to analyze the effect of financial performance on stock return of banking companies listed on the Indonesian stock exchange 2014 - 2018. The sampling method used in this study is purposive sampling. The study population was 33 banking industries that issued annual reports in the period 2014 - 2018. The data analysis method used in the study was descriptive statistics and panel data regression which was a combination of cross section and time series data. Data cross section is data from 32 of the 45 banking industry banking industry listed on Indonesia stock Exchange and the data time series from the years 2014-2018. The data used in panel data regression with Eviews software program. The independent variables in this study are Capital Adequacy Ratio (CAR), Non-Performing Loan (NPL), Loan to Deposit Ratio (LDR) and Credit Growth simultaneously have an effect on Stock Returns in banks listed on the Indonesia Stock Exchange. Partially, the independent variable Capital Adequacy Ratio (CAR), Non Performing Loan (NPL) and Credit Growth have a significant positive effect on Stock Returns. While the independent variable Loan to Deposit Ratio (LDR) has a significant negative effect on Stock Returns in this study.

Keywords:- Capital Adequasi Ratio (CAR), Non Performing Loan (NPL), Loan to Deposit Ratio (LDR), Credit Growth and Stock Return.

I. INTRODUCTION

The world of banking is closely related to risk. Risk needs to be specifically regulated and considered in the risk management team so that banking conditions become stable both operationally and fundamentally. Risk management requires that the risks of financial institutions be identified, assessed and controlled. Enterprise risk management handles a combination of credit risk, market risk, interest rate risk, liquidity risk and operational risk.

Risk and return are two sides of the same coin. Prudent banks limit risk by limiting business volume and screening risky borrowers. For an investor, investing in the chosen security is expected to provide a return that is in line with the risks that investors must bear. One of the most popular types of securities on the stock market are stock securities. At one point, there was a concern that the issue of a credit slowdown due to the economic downturn, banking stocks on the Indonesia Stock Exchange (IDX) grew 17.92%. Banking stocks are a sign that investors still have high confidence in banking issuers. Investors understand that the credit slowdown is only temporary and solely due to the economic downturn.

In 2016, bank lending only grew 7.87% compared to the usual double digits, following the economic downturn that had lasted three years ago. If the national economy in previous years grew above 5.5%, then in 2014, 2015, and 2016 each grew only 5.02%, 4.88%, and 5.02%. The banks are still making amazing profits. PT Bank Rakyat Indonesia (Persero) Tbk (BBRI), PT Bank Central Asia Tbk (BCA), and PT Bank Mandiri (Persero) Tbk (BMRI) each posted a net profit of Rp 6.4 trillion. Rp 4.5 trillion and Rp 4.1 trillion in the first quarter of 2017, with increases of 5.5%, 10.7%, and 6.9%. The financial performance of the banking issuer PT Bank Negara Indonesia (Persero) Tbk (BBNI), the only state-owned bank that has submitted its first semester financial reports, recorded a net profit growth of 46.7% to Rp 6.41 trillion in the first half of this year. Bank Indonesia (BI) also emphasized the improvement in banking fundamentals. The central bank, among others, refers to the capital adequacy ratio (CAR) of banks which averaged 22.6%, the liquidity ratio (LA / DPK) of 21.6%, and the ratio of non-performing loans (NPL), at the level of 3.1% (gross) or 1.4% (net) as of April 2017. (Banking Stock Wednesday, 19 July 2017 | 11:26, www.beritasatu.com)

Banking sector stocks have been on the rise again and have supported the increase in the Composite Stock Price Index (JCI) since early February 2017. This is also in line with the fundamental performance of banking issuers which is strongly driven by Indonesia's economic conditions. Based on data from the Indonesia Stock Exchange, the JCI during 1-9 February 2017 (month to date / MTD) has increased by 77.97 points or 1.47 percent. Meanwhile, the financial sector stock index has soared 3.11 percent.

Based on data sourced on www.bareksa.com Friday, 10 February 2017 15:50:41 related to Banking Shares Supporting the JCI, there are bank shares that drove the largest JCI increase was PT Bank Mandiri Tbk (BMRI) with a contribution of 12.2 points. BMRI has increased 5.3 percent since the beginning of this month. Then, PT Bank
Negara Indonesia (BBNI) contributed 8.5 points to the JCI with a price increase of 8.8 percent. Furthermore, in the third and fourth positions were PT Bank Central Asia Tbk (BBCA) and PT Bank Rakyat Indonesia Tbk (BBRI) which both rose 1.2 percent. BBCA and BBRI contributed 7.3 and 5.6 points respectively to JCI. Apart from these big cap banks, it turns out that PT Bank Agroniaga Tbk (AGRO) is in 7th position by contributing 3.5 points to the JCI. Although the market capitalization is only Rp. 11 trillion, the shares of this BRI subsidiary have increased by 52.3 percent on an MTD basis. In ninth position, there is PT Bank Danamon Indonesia Tbk (BDMN) which contributed 3.2 points to the JCI. BDMN's shares have risen 8.9 percent with a market capitalization of IDR 43 trillion. These banking stocks were very much affected by Indonesia's economic conditions. The rating agency Moody's Investors Service on February 9, 2017 raised the outlook alias the view of Indonesian government debt securities to be positive. This shows that Indonesia's macroeconomic conditions are considered to be better in the future.

Based on data sourced from the Indonesia Stock Exchange, Bareksa.com (2018) The strengthening of the JCI in May 2018 was in line with the improvement in yields on 10-year US government bonds (US Treasury). Observed, the yield of US Treasury fell below 3 percent, which indicates higher bond prices.

All stock sectors on the Indonesia Stock Exchange also recorded gains, led by various industrial sectors, which 2.99 percent. Then, the consumer stock sector 2.88 percent and the financial sector 2.8 percent.

Banking sector stocks were the main driver for the strengthening of the JCI today with shares of PT Bank Rakyat Indonesia Tbk (BBRI) surging 5.21 percent, shares of PT Bank Mandiri Tbk (BMRI) up 1.11 percent, and PT Bank Central Tbk ( BBCA) 2.5 percent.

Fig. 1: - Comparison of JCI Stock Movement on 24 May 2018
Source: Indonesia Stock Exchange, Bareksa.com (2018)

BBRI and BBCA shares are the target of foreign investors today and are the two stocks with the largest net foreign buy. Until now, foreign investors have bought net BBRI shares worth Rp 257.26 billion and BBCA shares worth Rp 62.94 billion.

Amid the sluggish domestic economy, bank lending continued to grow in 2017. Indonesian Banking Statistics Data The Financial Services Authority (OJK) noted that banking credit last year grew 8.24% to Rp 4,737.97 trillion from the previous year only Rp 4,377.2 trillion. The growth in banking financing last year was greater than the previous year and was the first increase since 2012. Meanwhile, third party funds (DPK) last year grew by 9.35% to Rp 5,289.2 trillion from the previous year. This amount consists of Rp 2,354.7 trillion (44.52%) in the form of time deposits, Rp 1,701.18 trillion (32.16%) in the form of savings, and Rp 1,233.34 trillion (23.32%) in the form of demand deposits. Since 2012, Banking Credit Growth Slows down). The capital adequacy ratio increased to 23.18% from 22.93% in the previous year. While the net interest margin (NIM) ratio fell to 2.59% from 2.93% previously.

Growth in Third Party Funds (TPF) has slowed down while bank credit continues to show expansion. Indonesian Banking Statistics data recorded that banking deposits at the end of 2018 only grew 6.45% to Rp 5,630.45 trillion compared to the position at the end of the previous year. This growth is the lowest compared to previous years as shown in the chart below.

Meanwhile, banking credit last year recorded a growth of 11.75% to Rp 5,294.88 trillion compared to the previous year. As for credit to third parties in 2018 grew 11.12% to IDR 4,494.42 trillion and loans to other banks grew 43.52% to IDR 63.13 trillion from the previous year.

The banking capital adequacy ratio (CAR) until the end of 2018 was still maintained at the level of 23.18%. Then the net interest margin ratio (NIM) is 5.32% and the loan to deposit ratio (LDR) is 90.04%.
Several studies have linked Capital Adequacy Ratio (CAR), Non Performing Loan (NPL), Loan to Deposit Ratio (LDR) and Credit Growth on Stock Return is still a research gap where the results of several previous studies tend to differ among researchers that one with other researchers as below:

- Research conducted by Honora et al (2015) that has put forward a significant positive correlation with the CAR Return Shares. While research conducted by Muhamad (2015) capital adequacy ratio (CAR) does not have a significant effect on stock returns. There is no significant effect of CAR on Stock Return or an increase and decrease in CAR will not increase or decrease the price of shares distributed by banking companies.

- Research conducted by Muhamad (2015) Non-Performing Loan (NPL) significantly affects Return Shares. NPL has an influence on the turmoil Return banking stocks. NPL is one indicator of the health of bank asset quality. However, research conducted by Sambul (2016) states that NPL has no significant effect on stock prices. The more non-performing loans there will be fewer opportunities for banks to get a profit, so that with a high NPL, investors will not be interested in buying shares because the profits will be small.

- Research conducted by Sri Ayem & Sri Wahyu (2017) that Loan to Deposit Ratio (LDR) to stock return generated is positive it can be concluded that there is a significant and positive relationship between the value of LDR with stock returns, so if the value of LDR higher show a lot of funds are channeled in credit so that banks will get profit from loan interest.

- Research conducted by Deri Novianto et al (2016) that credit growth has a significant effect on stock returns

Several previous studies indicate there factor that affect CAR, NPL, LDR and credit growth to stock return in banking companies listed in Indonesia Stock Exchange. From the above considerations, the reason for researching banking is that banking is an industry that greatly influences the size and smoothness of a country's economic growth and development. A healthy banking world will support health in the financial world, a good financial sector will make the real sector run well too. Until now, the national economy still relies on banks to finance the real sector. This large proportion causes the risk that occurs in the banking sector to have a significant effect on financial markets. Based on the background of the above problems, the authors are interested in Melak ukan study entitled: “Analysis Of The Effect Of Financial Performance On Stock Return Of Banking Companies Listed On The Indonesia Stock Exchange In The Period 2014 – 2018”

II. LITERATURE REVIEW

A. Stock Return

According to Jogiyanto (2010:222) return is the result obtained from investment. Return can be:

1. Realized return is return that has occurred return important realization for use in assessing the performance of the company. Return realization has happened (historically) can be used to perform basic analysis and forwarding expected return and risk analysis in the future.

2. Expected return is the return expected by investors in the future the. Expected return has not occurred and is measured using the realization return database. Measurement of return expectations are total return, cumulative return, retur, relative return and adjusted return.

Total return is the overall investment return for a certain period. The usual total return consists of capital gain / capital loss and yield. Capital gain/capital loss is the difference from the current investment price relative to the price of the previous period. In banking stocks, capital gain occurs when the current stock price is higher than the previous period, while capital loss occurs when the current stock price is lower than the previous period price. Yield is the percentage of periodic cash receipts against the investment price of a certain period of an investment.

B. Capital Adequacy Ratio (CAR)

According to Dendawijaya (2009: 121), the capital adequacy ratio (CAR) is a ratio that shows the extent to which all bank assets that carry risk (credit, securities, claims on other banks) are to be financed from the bank's own capital funds.

The provision of minimum capital (Bank Indonesia Regulation Number 14/18 / PBI / 2012) is as follows:

a) 8% (eight percent) of the Risk Weighted Assets (RWA) for Banks with risk profile rating 1.

b) 9% (nine percent) to less than 10% (ten percent) of RWA for Banks that have a risk rating profile of 2.

c) 10% (ten percent) to less than 11% (eleven percent) of RWA for Banks that have a risk rating profile of 3.

d) 11% (eleven percent) to 14% (fourteen percent) RWA for Banks with a risk profile rating of 4 (four) or rating of 5.

e) Based on the Circular Letter No.13 / 24 / DPNP October 25, 2011, the assessment for capital (capital) includes assessment of the level of capital adequacy as well as an assessment of the bank capital management.

C. Non Performing Loan (NPL)

According to Riyadi (2006), the NPL ratio is a comparison between the amount of credit extended and the collectability level which is non-performing loans compared to the total credit extended by banks. NPL reflects credit risk, the smaller the NPL, the smaller the credit risk borne by the bank (Mawardi, 2005). In conclusion, NPL is the ratio used to measure non-performing loans in a company.

In the world of international banking, credit can be categorized into non-performing loans if (Sutojo, 2008):

a) There is a delay in payment of interest and / or master credit more than 90 days from the due date

b) Not paid at all, or

c) It is necessary to renegotiate the loan repayment terms and interest stated in the credit agreement.
D. Loans to Deposits Ratio (LDR)

According to Asmoro (2010), this Loan to Deposit Ratio shows how far a bank is able to repay depositors' withdrawals by relying on credit provided as a source of liquidity. This can be interpreted as to how far the provision of credit to customers can offset the bank's obligations to immediately fulfill the request of depositors who want to withdraw funds that have been deposited by the bank to provide credit. Increasing LDR shows that the profit received by the bank will also increase. According to Kasmir (2014: 225), the safe limit of a bank's LDR is around 80%. However, the maximum LDR limit is 110%. The LDR ratio is calculated by comparing credit with third party funds where credit used is the total credit extended to third parties, and does not include loans extended to other parties. Meanwhile, third party funds represent demand deposits, savings and time deposits which do not include interbanks.

E. Credit Growth

The bank mission is to act as an intermediary institution between the surplus and deficit units. Furthermore, channeling credit is a moral obligation of banks, it can be stated in such a way because the main source of bank funds comes from the public, so it is only natural that banks have the obligation to return to the public in the form of credit (Firmansyah, 2014). Based on this, in channeling credit, banks are required to continue to grow every year in a healthy manner. Uncontrolled credit growth aimed at the wrong borrowers can lead to problem loans in the future (Anjom and Karim, 2016). In addition, excessive credit growth can also lead to a crisis in the banking sector (Utari et al., 2012).

The high credit growth can be triggered by liberalization in the financial sector which is designed to increase the depth of the financial sector. Another factor contributing to the increase in credit is the presence of capital inflows, where the inflow of capital will increase the supply of funds by banks, which in turn will increase credit growth. In contrast to this, credit growth can also occur due to the excessive response of financial actors due to changes in risk from time to time (Utari et al., 2012).

E. Framework

The framework in this research is as follows:

III. RESEARCH METHODS

F. Hypothesis

Based on the findings of previous research, the independent variable affects the dependent variable, the following hypothesis can be developed:

H₁: Capital Adequacy Ratio (CAR) has a positive effect on Stock Return.

H₂: Non Performing Loan (NPL) has a negative effect on Stock Return.

H₃: Loan to Deposit Ratio (LDR) has a positive effect on stock return.

H₄: Credit Growth has a positive effect on Stock Return.

B. Population and Sample

The population in this study were banking companies listed on the Indonesia Stock Exchange (BEI) consecutively during 2014-2018. The number of populations that match these criteria is 45 banks. The sample in this study were companies in the banking sector which were selected using purposive sampling method. The criteria for sample determination by purposive sampling can be determined by the researcher with certain considerations in selecting the sample namely Banks that have been registered on the IDX and Banks that issue annual audited reports in the 2014-2018 period so that the samples in this study match the criteria to become a total sample is 32 Bank.
### Table 1: List of Sample Banks listed on the Indonesia Stock Exchange 2014 - 2018

Source: IDX processed (2019)

<table>
<thead>
<tr>
<th>No.</th>
<th>Code</th>
<th>Name</th>
<th>Registration date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>AGRO</td>
<td>Bank Rakyat Indonesia Agroniag</td>
<td>8-August-2003</td>
</tr>
<tr>
<td>2</td>
<td>BABP</td>
<td>Bank MNC Internasional Tbk.</td>
<td>13-July-2002</td>
</tr>
<tr>
<td>3</td>
<td>READ</td>
<td>Bank Capital Indonesia Tbk.</td>
<td>4-October-2007</td>
</tr>
<tr>
<td>4</td>
<td>BBCA</td>
<td>Bank Central Asia Tbk.</td>
<td>31-May-2000</td>
</tr>
<tr>
<td>5</td>
<td>BRKP</td>
<td>Bank Bukopin Tbk.</td>
<td>10-July-2006</td>
</tr>
<tr>
<td>6</td>
<td>BBMD</td>
<td>Bank Mestika Dharma Tbk.</td>
<td>8-July-2013</td>
</tr>
<tr>
<td>7</td>
<td>BBNI</td>
<td>Bank Negara Indonesia (Persero)</td>
<td>23-November-1996</td>
</tr>
<tr>
<td>8</td>
<td>BBRI</td>
<td>Bank Rakyat Indonesia (Persero)</td>
<td>10-November-2003</td>
</tr>
<tr>
<td>9</td>
<td>BBTN</td>
<td>State Savings Bank (Persero)</td>
<td>17-December-2009</td>
</tr>
<tr>
<td>10</td>
<td>BCIC</td>
<td>Bank JTrust Indonesia Tbk.</td>
<td>25-June-1997</td>
</tr>
<tr>
<td>11</td>
<td>BDMN</td>
<td>Bank Danamon Indonesia Tbk.</td>
<td>6-December-1989</td>
</tr>
<tr>
<td>12</td>
<td>BEKS</td>
<td>Banten Regional Development Bank</td>
<td>13-July-2001</td>
</tr>
<tr>
<td>13</td>
<td>BJBR</td>
<td>Regional Development Bank of West Java and Banten Tbk.</td>
<td>8-July-2010</td>
</tr>
<tr>
<td>14</td>
<td>BJTM</td>
<td>East Java Regional Development Bank Tbk.</td>
<td>12-July-2012</td>
</tr>
<tr>
<td>15</td>
<td>BKSW</td>
<td>Bank QNB Indonesia Tbk.</td>
<td>21-November-2002</td>
</tr>
<tr>
<td>16</td>
<td>BMAS</td>
<td>Bank Maspion Indonesia Tbk.</td>
<td>11-July-2013</td>
</tr>
<tr>
<td>17</td>
<td>BMRI</td>
<td>Bank Mandiri (Persero)</td>
<td>14-July-2003</td>
</tr>
<tr>
<td>18</td>
<td>BNBA</td>
<td>Bank Bumi Arta Tbk.</td>
<td>1-June-2006</td>
</tr>
<tr>
<td>19</td>
<td>BNGA</td>
<td>Bank CIMB Niaga Tbk.</td>
<td>29-November-1989</td>
</tr>
<tr>
<td>20</td>
<td>BNII</td>
<td>Bank Maybank Indonesia Tbk.</td>
<td>21-November-1989</td>
</tr>
<tr>
<td>21</td>
<td>BSIM</td>
<td>Bank Sinarmas Tbk.</td>
<td>13-December-2010</td>
</tr>
<tr>
<td>22</td>
<td>BSWD</td>
<td>Bank Of India Indonesia Tbk.</td>
<td>1-May-2002</td>
</tr>
<tr>
<td>23</td>
<td>BTPN</td>
<td>Bank BTPN Tbk.</td>
<td>12-March-2008</td>
</tr>
<tr>
<td>24</td>
<td>BVIC</td>
<td>Bank Victoria Indonesia Tbk.</td>
<td>30-June-1999</td>
</tr>
<tr>
<td>25</td>
<td>INPC</td>
<td>Bank Artha Graha Internasional</td>
<td>29-August-1990</td>
</tr>
<tr>
<td>26</td>
<td>MAYA</td>
<td>Bank Mayapada Internasional Tbk.</td>
<td>29-August-1997</td>
</tr>
<tr>
<td>27</td>
<td>MCOR</td>
<td>Bank China Construction Bank I</td>
<td>3-July-2007</td>
</tr>
<tr>
<td>28</td>
<td>MEGA</td>
<td>Bank Mega Tbk.</td>
<td>17-April-2000</td>
</tr>
<tr>
<td>29</td>
<td>NTSP</td>
<td>Bank OCBC NTSP Tbk.</td>
<td>20-October-1994</td>
</tr>
<tr>
<td>30</td>
<td>NOBU</td>
<td>Bank Nationalnobu Tbk.</td>
<td>20-May-2013</td>
</tr>
<tr>
<td>31</td>
<td>PNBN</td>
<td>Bank Pan Indonesia Tbk.</td>
<td>29-December-1982</td>
</tr>
<tr>
<td>32</td>
<td>SDRA</td>
<td>Woori Saudara Bank Indonesia 1</td>
<td>15-December-2006</td>
</tr>
</tbody>
</table>

C. Data Collection Methods

To obtain the data needed in this study, data was collected through library research. This research was conducted by examining library materials such as books containing theories, scientific works to obtain a comprehensive theoretical basis and exploration of the annual financial statements of banking companies listed on the Indonesia Stock Exchange (IDX) through the website [www.idx.com](http://www.idx.com) in the observation period 2014 - 2018 to obtain variable data which is used as research.

D. Data analysis method

This study uses Ordinal Logit Analysis because the dependent variable is a dummy variable. The stages of analysis carried out in this study are as follows: Test of the Information Fitting Model in this study using Logit, this test is to determine how effective the variables used are. Second, use the Goodness of Fit Test, known as the G Test to determine the suitability of the analysis model, Third, use the Pseudo R-Square Test to determine the strength of the relationship between the independent variable and the dependent variable and the last one uses the Parallel Lines Test to assess all categories have the same parameters or not.

E. Data Analysis Model

This study will analyze data using panel data regression using eviews software. The data used in this panel data regression is obtained from the Indonesia Stock Exchange (BEI). Data is taken from 2014 to 2018 and the data used is banking industry data.

The similarities in panel data analysis are:

\[ R^2 = B_0 + B_1CART + B_2NPLi + B_3LDRi + B_4FKA + \text{ error} \]

The steps in this research are as follows:

1. Analyze the characteristics for the independent variable and dependent variable.
2. Enter all data.
3. Determine the estimated parameter estimates in panel data regression:
   - Common effect model
   - Fixed Effect Model
   - Random Effect Model
4. Determine the best model selection:
   • Conducting the Chow test to determine the best model between CEM and FEM, if the best model is CEM then the best model is obtained, whereas if the best model is FEM, the next step is to use the Hausman test.
   • Hausman test to see which model is most appropriate to use between FEM and REM. In this Hausman test, if the best model is REM, the best model is obtained, but if the model obtained is FEM, the next step is to test the classical assumptions.
   5. The classical assumption tests are as follows:
      • Normality
      • Multicollinearity
      • Heteroscedasticity
      • Autocorrelation
   6. Hypothesis testing is carried out as follows:
      • T test
      • F test

IV. RESULTS AND DISCUSSION

A. Descriptive Analysis Results
   The results of data analysis are presented descriptively of each variable obtained from company data during this research period and the results can be seen as follows:
   • The Capital Adequacy Ratio (CAR) variable that has a minimum value is Bank BTPN Tbk of 3.10, the maximum value by Bank Nationalnobu Tbk is 48.38 with an average value from 2014-2018 of 19.70 and a standard deviation of 6.16.
   • The non-performing loan (NPL) variable that has a minimum value is Bank Nationalnobu Tbk of 0.00, the maximum value by Bank Bukopin Tbk is 8.54 with an average value from the 2014 - 2018 period of 2.33 and a standard deviation value of 1.62.
   • The Loans to Deposits Ratio variable which has a minimum value is Bank Capital Indonesia Tbk of 50.61, the maximum value by Bank Woori Saudara Indonesia 1 Tbk is 145.26 with an average value from the 2014 - 2018 period of 85.62 and a standard deviation value of 1.62.
   • The credit growth variable that has a minimum value is Bank Artha Graha Internasional of -0.82, the maximum value by the Java Regional Development Bank is 0.73 with an average value from the 2014 - 2018 period of 0.13 and a standard deviation value of 0.16. The research variable shows that the standard deviation value is greater than the average value, this shows that the data indicates poor results, this is because the standard deviation that reflects the deviation from the variable data is quite large.
   • The stock return variable that has a minimum value is Bank Mayapada Internasional Tbk of -3.51, the maximum value by Maspion Indonesia Tbk is 15.29 with an average value from the 2014 - 2018 period of 0.24 and a standard deviation of 1.56. In this case the return received from the average period of 2014 - 2018 is 0.24, this value shows a fairly good return for investors.

B. Panel Data Regression Model
   There are several methods that can be used in estimating panel data regression models, namely the Common Effect Model (CEM), Fixed Effect Model (FEM) and Random Effect Model (REM) approaches. The regression model estimation method using panel data in this study using the common effect model or pooled least square using the Chow Test approach. Before applying the method used, it is necessary to select the approach to be used.
   1. Selection of Regression Model
      a. Chow test
         The results of the Chow test in this study using Eviews 10 are the value of cross section F probability is 0.0045, thus the appropriate panel data method between Common Effect Model (CEM) and Fixed Effect Model (FEM) is Fixed Effect Model (FEM) because the value of cross section F probability is 0.0045 which means it is smaller than the significance level α (5%), then H0 is rejected. Furthermore, the Chow Test concludes that to choose to use the Fixed Effect Model (FEM), it is necessary to do a further test, namely the Hausman Test to choose between the Fixed Effect Model (FEM) and the Random Effect Model (REM).
      b. Hausman Test
         The test results Test Hausman in this study using Eviews 10 is use values of probability (Prob.) Random cross section is 0.895, which means more besarl of significance level α (5%). So, the appropriate panel data method between the Fixed Effect Model (FEM) and the Random Effect Model (REM) is the Random Effect Model (REM).
      c. Langrange Multiplier Test
         The test results Test Langrange Multiplier in this study using Eviews 10 is on the Probability Brusch-Pagan seen probability value is 0.9506. This value is greater than 0.05, so H0 is accepted, so it can be concluded that the Random Effect Model (REM) is more precise than the Common Effect Model (CEM) model.

   Based on the results of the model selection test in this study through the Chow test, Hausman test and LM test, the appropriate model in this study is the Random Effect Model (REM).
   C. Results of Panel Data Regression Analysis
      Based on the above tests, the Random Effect Model (REM) has been selected. Thus it can be concluded that of the three models (Common Effect Model, Fix Effect Model and Random Effect Model), the Random Effect Model (FEM) is better at interpreting panel data regression to answer this research.
Based on table 2, the panel data regression equation is obtained as follows:

\[ \text{Return} = 12.0785 + 0.0116 + 0.3069 - 0.0226 + 0.0779 \]

From the above equation it can be concluded that:

1. The constant coefficient value is 12.0785, meaning that if the CAR (X1), NPL (X2), LDR (X3), and Credit Growth (X4) variables are zero, then the amount of Stock Return is 12.0785.
2. The regression coefficient value of the CAR variable (X1) is positive, namely 0.0116, which means that if there is an increase in the CAR variable by 1%, the Stock Return (Y) variable has an increase of 0.0116 or vice versa assuming the other variables are fixed.
3. The regression coefficient value of the NPL variable (X2) is positive, namely 0.3069, meaning that every 1% increase in NPL (X2) will cause an increase in Stock Return (Y) of 0.3069 or vice versa assuming the other variables are fixed.
4. The regression coefficient value of the LDR variable (X3) is negative, which is equal to -0.0226, meaning that if there is an increase in the LDR variable by 1%, the Stock Return (Y) variable has decreased by 0.0226 or vice versa assuming the other variables are fixed.
5. The regression coefficient value of the Credit Growth variable (X4) is positive at 0.0779, meaning that if there is an increase in the Credit Growth variable (X4) by 1%, it will cause an increase in Stock Return (Y) of 0.0779 or vice versa with the assumption that other variables are fixed.

### D. Hypothesis Test Results

#### 1. Determination Coefficient Test Results

Results koefisien determination is in getting the value of \( R^2 \) of 0.6143 (61.43%). This shows that the variation of the independent variables used in the model (CAR, NPL, LDR and Credit Growth) is able to explain 61.43% of the variation in the Stock Return variable, while the rest is explained by other variables not included in this research model.

#### 2. F Test Results

The results of the F test processing with the results of the Eviews calculation obtained Fcount of 32.937. While the value of Ftable can be seen in the F table, using a significance level of 0.05, with df 1 (number of variables – 1) or 5-1 = 4, and df 2 (n - k - 1) or 160 - 5 - 1 = 154 (k is the number of independent variables), it is obtained for Ftable of 2.43. The test criteria is done by comparing F count with F table. Ho is accepted if F count < F table and Ha is rejected if F count > F table. F count > F table (32.937 > 2.43), then Ha is accepted, meaning that the CAR, NPL, LDR and Loan Growth is jointly affect the Stock Return banking firms from 2014 until 2018.

The results of the F table calculation are in line with the results of calculations using the prob-value at a significance level of 0.05 (5%). The magnitude of the prob-value is 0.005 (0.05 < 0.05) which indicates that Ho is rejected, meaning that CAR, NPL, LDR and Credit Growth together have an effect on Stock Returns of banking companies from 2014 to 2018. between using F table, calculations and prob-value.

#### 3. T Test Result

The results of t test with Df = 160-5 = 155 and t table = 1.6547 . Based on the results of the T test in this study are as follows:

- **CAR (X1)** has a statistical \( t \) value of 2.939 \( < t \) table 1.654 with a significant value of 0.027 < 0.05, so Ho is accepted and Ha is rejected, meaning that there is a positive and significant effect of CAR on Stock Returns.
- **NPL (X2)** has a statistical \( t \) value of 2.1373 > \( t \) table 1.654 with a significant value of 0.027 < 0.05, so Ho is rejected and Ha is accepted, meaning that there is no influence of the NPL variable on Stock Returns.
- **LDR (X3)** has a statistical \( t \) value of -1.3987 < \( t \) table 1.654 with a significant value of 0.0160 < 0.05, so Ho is accepted and Ha is rejected, meaning that there is a negative and significant effect of the LDR variable on Stock Returns.
- **Credit Growth (X4)** has a statistical \( t \) value of 0.6561 < \( t \) table 1.654 with a significant value of 0.0115 < 0.05, so Ho is accepted and Ha is rejected, meaning that there is a negative and significant effect of the Credit Growth variable on Stock Returns.
F. Discussion

1. The Effect of Capital Adequacy Ratio on Stock Return

Based on the results obtained in this study, the Capital Adequacy Ratio (CAR) has a statistically significant positive effect on stock return. This research was supported by Sri Ayem & Sri Wahyuni (2017). Where the Capital Adequacy Ratio (CAR) has a positive and significant effect. This is in accordance with the theory that the higher the CAR, the more solvable the bank is. A bank that has a high CAR means that the bank has sufficiently strong capital to run its business so that it will increase the profits it gets.

2. The Effect of Non Performing Loan (NPL) on Stock Return

Based on the results obtained in this study, the Non Performing Loan (NPL) has a statistically significant positive effect on stock returns. This research was supported by Muhamad (2015). Where an increase in nonperforming loans in the banking company, so that the NPL is no influence in the rise and fall of Return banking stocks. The better the quality of bank credit which causes the number of non-performing loans to be smaller, the smaller the number of problematic banks is. In other words, the smaller the number of non-performing loans will increase the share price.

3. The Effect of Loan to Deposit Ratio (LDR) on Stock Returns

Based on the results obtained in this study, the Loan to Deposit Ratio (LDR) statistically has a significant negative effect on stock return. This study is not in line with the research results of Rintistya Kurniadi, 2012 that LDR has a significant positive effect on Stock Return. This is supported by Joni Devitra, 2011 and Lie Siu Thin, 2016. Where the LDR increase, the Stock Return will decreased, whereas if the LDR decreased the Stock Return will increase. Here, the LDR information is not able to provide a good signal for investors in estimating the return that will be obtained. The market does not respond to LDR as information that can change their beliefs, so it doesn’t affect stock returns. LDR so that does not affect the return stock during the study period.

4. The Effect of Credit Growth on Stock Return

Based on the results obtained in this study, credit growth has a statistically significant positive effect on stock return. This research is supported by Anjom and Karim, 2016 and Deri Novianto, 2015. Where the demand for credit increases, the profit that will be obtained by the bank will also increase, this is because the bank gets the results from the interest on the loan that is distributed. This is in line with research conducted by Anjom and Karim (2016), Dietrich and Wanzenried (2010), and Cahyani (2013) which state that credit growth has a significant positive impact.

V. CONCLUSIONS AND SUGGESTIONS

A. Conclusion

Based on the results of research and discussion, the following conclusions are as follows:

4. Capital Adequacy with the Capital Adequacy Ratio (CAR) measurement tool has a significant positive effect on stock return. The results of this study are in accordance with the research hypothesis which states that the Capital Adequacy Ratio (CAR) has a positive effect on stock return.

5. Credit Quality using the Non Performing Loan measurement tool has a significant positive effect on stock return. The results of this study are not in accordance with the research hypothesis which states that Non Performing Loans (NPL) have a positive effect on stock return.

6. Liquidity using the Loan to Deposit Ratio (LDR) measurement tool has a significant negative effect on stock return. The results of this study are not in accordance with the research hypothesis which states that the Loan to Deposit Ratio (LDR) has a positive effect on stock return.

7. Credit Volume Development Rate with Credit Growth measuring instrument has a significant positive effect on stock return. The results of this study are in accordance with the research hypothesis which states that credit growth has a positive effect on stock return.

B. Suggestions

Based on the description of the conclusions stated earlier, the suggestions that can be given for further research are as follows:

1. If the company has sufficient capital to affect the corporate governance, which means that if the capital adequacy ratio increases, the return of shares will get better or it can be increased as well and can evaluate the adequacy of capital. Therefore, it is hoped that the company must be able to maintain sufficient capital that must be owned.

2. The company as much as possible suppresses the Non Performing Loans to be below 5% in accordance with the Bank Indonesia decision regarding the ratio of Non Performing Loans to commercial banks. By minimizing the level of the Non-Performing Loan ratio, such as more selective credit application procedures, factors that cause non-performing loans and convincing debtors to invest in the bank, the target set can be achieved.

3. The state of the level of the Loan to Deposit Ratio that has fluctuated, is dominated by the Loan to Deposit Ratio which is increasing from year to year, exceeding the safe limit of the Loan to Deposit Ratio agreed upon by some practitioners, which is around 85% -100% or according to the government is a maximum of 110%. So the company should further stretch the safety limit of the Loan to Deposit Ratio level so that the company can be assessed in a healthy category.
4. The Companies must make credit offers that are more attractive with competitive interest rates so that they can attract people to apply for credit, so that by offering credit and with competitive interest rates, the target set by the company will be achieved.

REFERENCES