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Analysis of the Effect of Return on Equity, Capital Adequacy Ratio, and Loan to Deposit Ratio on Stock Prices

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Abstract

Stocks have become an investment instrument that has been used by the public. One of the stocks that is in demand is the banking sector. The banking sector is considered to have the ability to survive all conditions because the banking sector is the driving force of the economy. To assess whether a bank's stock is in good condition, you can pay attention to its financial ratios such as Return of Equity (ROE), Capital Adequacy Ratio (CAR) and Loan to Deposit Ratio (LDR). This study aims to obtain empirical evidence regarding the effect of ROE, CAR and LDR on stock prices. This study was conducted on banking companies listed in the Infobank15 index in the period 2020 to 2022. The sampling method used probability sampling and the SPSS application. The results of the study showed that Return of Equity had a positive and significant effect on banking stock prices. Then the results of the study on the effect of the Capital Adequacy Ratio also showed positive and significant results. However, the results of the Loan to Deposit Ratio study showed a negative and significant effect on banking stock prices. Then the size of the company as a control variable showed positive and significant results in controlling the effect of ROE, CAR and LDR on stock prices so as to avoid bias. The theoretical implication of this research is that it is able to support and add to the scientific treasury, especially signal theory. Meanwhile, the practical implication of this research is for investors and the public to pay more attention to banking financial ratios when considering investing in banking stocks.

Keywords: Market Price per Share; Return of Equity; Capital Adequacy Ratio; Loan to Deposit Ratio

Abstrak

Saham telah menjadi instrumen investasi yang sudah dipergunakan oleh masyarakat. Salah satu saham yang diminati adalah sektor perbankan. Sektorperbankan dinilai memiliki kemampuan untuk bertahan dari segala kondisi karena sektor perbankan menjadi roda penggerak perekonomian. Untuk menilai saham suatu bank memiliki kondisi yang baik dapat memperhatikan rasio keuangannya seperti Return of Equity (ROE), Capital Adequacy Ratio (CAR) dan Loan to Deposit Ratio (LDR). Penelitian ini bertujuan untuk memperoleh bukti empiris mengenai pengaruh ROE, CAR dan LDR pada harga saham. Penelitian ini dilakukan pada perusahaan perbankan yang terdaftar dalam indeks Infobank15 padaperiode 2020 sampai dengan 2022. Metode penentuan sampel menggunakan probability sampling serta menggunakan aplikasi SPSS. Hasil penelitian menunjukan bahwa Return of Equity memiliki pengaruh positif dan signifikan padaharga saham perbankan. Lalu hasil penelitian pengaruh Capital Adequacy Ratio juga menunjukan hasil yang positif dan signifikan. Namun hasil penelitian Loan toDeposit Ratio menunjukan pengaruh negatif dan signifikan pada harga saham perbankan. Kemudian ukuran perusahaan sebagai variabel kontrol menunjukan hasil berpengaruh positif dan signifikan dalam mengontrol pengaruh ROE, CAR dan LDR pada harga saham sehingga terhindari dari bias. Implikasi teoritis penelitian ini adalah mampu

mendukung serta menambah khazanah keilmuanterutama teori sinyal. Sementara itu, implikasi praktis penelitian ini adalah untuk investor dan masyarakat agar lebih memperhatikan rasio-rasio keuangan perbankan dalam mempertimbangkan untuk berinvestasi pada saham perbankan.

Kata Kunci: Harga Pasar per Saham; Pengembalian Ekuitas; Rasio Kecukupan Modal; Rasio Pinjaman terhadap Simpanan

Introduction

Stocks are one of the most dominant financial instruments traded in the capital market and are the type of securities most often used by companies to obtain funds from the public and are also the most popular type of instrument in the capital market. One of the sectors most in demand by investors is banking, because the sector has a market capitalization that is mostly owned by the state and the banking sector is a crucial sector that has an impact on the country's economy. Banking sector stocks are one of the most profitable sectors for investors. Banking is a sector that is very difficult to die, especially if the bank in question already has a good reputation. In addition, the movement of banking sector stock prices does not always have a high level of fluctuation. Banking companies listed on the Indonesia Stock Exchange (IDX) are classified into several stock index groups. One of the indexes related to banking is the Infobank15 Index. The Infobank15 Index is an index published by Infobank Magazine and managed by PT. Info Artha Pratama, consisting of 15 banking stocks with good fundamental factors and high trading liquidity. So that the Infobank15 Index is a stock index that is able to attract investors to invest because of its good fundamental conditions and liquidity. The following is a list of stock prices for several banking sector companies.

Table 1. Average Trend of Stock Prices of Banking Sector Companies (Rupiah)

Company Name	Stock Price Trends (Quarterly)				Average
	I	II	III	IV	
BBCA	27.750	29.957	30.350	33.425	30.370,5
BBNI	9.400	9.200	7.350	7.850	8.450
BBRI	4.120	4.360	4.120	4.400	4.250
BBTN	2.440	2.460	1.960	2.120	2.245
BMRI	7.450	8.025	6.975	7.675	7.531
BDMN	9.175	4.800	4.750	3.950	5.669
BJBR	2.010	1.690	1.570	1.185	1.614

Source: www.idx.co.id, 2023

Table 1 is a list showing the stock price movements of several banking sector companies listed on the InfoBank15 index in 2019. Based on the data above, there were different stock price movements in the Indonesian banking industry on the IDX. Stock price movements can be seen through the movement of the stock price index (Djazuli, 2017). Stock price fluctuations in the capital market are influenced by both internal and external sides of the company. Stock price fluctuations can be predicted through fundamental analysis (internal and external). Fundamental analysis discusses macroeconomic factors that affect the performance of the company and also discusses industry analysis and ultimately analyzes the company to assess whether the company is profitable or unprofitable. Fundamental analysis can be done by analyzing financial statements. This statement is supported by Astuty's research (2017) which states that fundamental analysis is related to the assessment of financial performance regarding the effectiveness and efficiency of the company in achieving its goals. To analyze financial performance in the company's financial statements, financial ratio analysis can be used (Astuty, 2017).

Financial ratio analysis can explain the relationship between relevant variables that can be used to assess financial conditions and can be used as a basis for consideration from time to time (Susanti & Misdiyono, 2018). One of the ratios that can be used as a consideration in analyzing financial reports to determine changes in stock prices is Return On Equity, Capital Adequacy Ratio and Loan on Deposit Ratio. These ratios are used because according to Mukhlis (2015) capital or capital, earnings and liquidity risk show financial performance depicting the achievement of bank performance in operational activities that can affect stock prices.

ROE (Return On Equity) is a tool to measure the extent to which a company is able to generate profits from its equity. According to Ardiyanto et al. (2020), the higher the ROE obtained, the better the company's performance in managing its capital to generate profits for shareholders. High ROE tends to increase investor interest in stocks because they consider the company to have good prospects in increasing profits (Ratnaningtyas, 2021). This indicates that if investor interest in a stock increases, the stock price will also increase. This statement is in line with the opinion of Umam & Sutanto (2017) regarding demand and supply, where the increasing interest of investors to buy (demand) shares, the higher the stock price and can provide profits. So that ROE is able to show the company's efficiency in utilizing equity and overall financial performance (Ratnaningtyas, 2021).

Table 2. Average ROE Trend of Banking Sector Companies (Percentage)

Company Name	ROE (Quarterly)				Average
	I	II	III	IV	
BBCA	15,36	16,85	18,03	17,97	17,052
BBNI	15,92	14,43	14,73	14,00	14,770
BBRI	18,81	19,02	19,16	19,41	19,100
BBTN	14,08	12,59	5,11	1,00	8,195
BMRI	17,26	15,70	15,27	15,08	15,827
BDMN	9,76	9,44	8,91	10,32	9,607
BJBR	17,37	16,93	16,11	16,51	16,730

Source: www.idx.co.id, 2023

Based on Bank Indonesia Circular Letter No. 13/24/DPNP in 2011 concerning the criteria for assessing ROE rankings, it is calculated with a low calculation ranging from 5% and high if it is above 15%. The table above shows that BJBR obtained a relatively high ROE value every month, although in the second and third quarters it experienced a decline, but in the fourth quarter it increased again. However, when viewed with the average ROE, BJBR obtained a relatively high average ROE value with an accumulation of 16.73%. However, this is not relevant to the stock price of BJBR which in the same period was relatively low. When compared to BBNI with an average of 14.77% which shows a smaller value, but BBNI has a stock price that is actually higher. So this shows that ROE does not have a significant effect on banking stock prices.

Research related to the effect of ROE on stock prices has been conducted previously, but there are still inconsistencies in the results. Research by Ardiyanto et al., (2020) and Sahari (2020) states that ROE has a significant effect on stock prices. This statement is supported by research by Ratnaningtyas (2021) and Vireyto and Sulasmiyati (2017) specifically on stock prices in the banking sector. However, it is different in the research of Putra & Hasanuh (2021) which shows that ROE does not have a significant effect on stock prices. This research is supported by Umar & Savitri (2020) who state that ROE does not have a significant effect on banking stock prices.

CAR or Capital Adequacy Ratio is a ratio used to measure the adequacy of bank capital or the bank's ability to finance its activities with the capital owned by the bank.

According to Christian et al., (2017) capital indicates the amount of minimum capital needed to cover the risk of loss. So that CAR can be a benchmark for bank performance regarding how bank assets have risks which are then assisted by the adequacy of the bank's capital. Then, a bank with a high CAR will have greater strength to handle finances (Irawati et al., 2019). The high CAR ratio in a bank also indicates that the profits obtained by the bank are increasing and at the same time indicate that the bank is in a healthy condition (Munir, 2018). So a high CAR can make the public and investors believe in the bank's capital capabilities and funds absorbed from the public increase so that it will increase the bank's stock price (Nafiah, 2020).

Table 3. Average CAR Trend of Banking Sector Companies (Percentage)

Company Name	CAR (Quarterly)				Average
	I	II	III	IV	
BBCA	24,49	23,58	23,79	23,80	23,915
BBNI	19,18	18,68	19,33	19,73	19,230
BBRI	21,68	20,77	21,62	22,50	21,642
BBTN	17,62	16,99	16,88	17,32	17,202
BMRI	22,47	21,01	22,50	21,39	21,842
BDMN	22,83	22,24	23,04	24,59	23,170
BJBR	18,57	16,94	16,62	17,71	17,460

Source: www.idx.co.id, 2023

Based on Bank Indonesia Regulation Number 10/15/PBI/2008, the minimum CAR value is 8%. The data above shows that BDMN is a bank that has a relatively high CAR value of 23.17%. However, it is known that BDMN's stock price with an average of 5,669 is not as high as other banking stock prices. When compared to BMRI's lower CAR value of 21.842%, BMRI has a much higher stock price with an average of 7,531. This proves that CAR does not have a significant effect on banking stock prices.

Research related to the effect of CAR on stock prices has been conducted previously, but there are still inconsistencies in the results. Based on research by Friantin & Ratnasari (2019) which states that CAR has a significant effect on stock prices. The results of this study are supported by Santoso (2020), Rani & Putra (2021) and Situmeang (2021) that CAR has an effect on stock prices specifically in the banking sector. In contrast to the research results stated by Hamidi (2019), Warsiati and Rosalina (2019) which stated that CAR had no significant effect on stock prices. Both studies are supported by research by Anggraeni et al., (2019) that CAR had no significant effect on stock prices and research by Harahap & Hairunnisah (2017) on stock prices in the banking sector. LDR (Loan to Deposit Ratio) is credit given to third parties in the form of rupiah and foreign currency, but does not include credit to other banks (PBI No.17/11/PBI/2015). This ratio provides information on how far the bank has used the money of depositors to provide loans to its customers. The higher the LDR level, the less liquid a bank is. This means that the bank will have difficulty meeting its short-term obligations. Conversely, the lower the LDR level, the more liquid a bank is. This statement is supported by Fordian (2017) who states that the higher the ratio indicates the lower the liquidity capacity of the bank concerned. Therefore, the bank's liquidity balance needs to be maintained so that it does not exceed the upper limit or fall below the lower limit of the LDR level determined by the government (Wijaya & Agustina, 2013).

Table 4. Average LDR Trend of Banking Sector Companies (Percentage)

Company Name	LDR (Quarterly)				Average
	I	II	III	IV	
BBCA	81,03	78,97	80,58	80,47	80,260
BBNI	91,26	92,30	96,57	91,54	92,920

BBRI	91,43	93,90	93,84	88,64	91,950
BBTN	112,19	114,24	111,54	1113,50	112,870
BMRI	93,82	97,94	92,52	96,37	95,16
BDMN	94,30	95,66	96,48	98,85	96,32
BJBR	88,93	87,10	88,06	97,81	90,47

Source: www.idx.co.id, 2023

BI's statement through PBI Number 17/11/PBI/2015 stipulates that a good LDR is in the range of 78% - 92%. Based on the data above, it is known that BBTN has a relatively high LDR value. With the high LDR value owned by BBTN of 112.87%, the average share price owned by BBTN is only 2,245. When compared to BMRI with a relatively smaller LDR value of 95.16%, BMRI's share price is much higher with an average share price of 7,531. This also applies to BDMN shares, although the LDR value is smaller than BBTN, its share price is higher by 5,669. This proves that LDR does not have a significant effect on banking share prices.

Research related to the effect of LDR on stock prices has been conducted but there are still inconsistencies. Research conducted by Devi (2016), Fahlevi et al., (2018) and Aris & Hasiara (2021) stated that the Loan to Deposit Ratio (LDR) has a significant effect on stock prices and research by Munira & Nurulrahmatia (2021) which stated the same thing regarding the effect of LDR on banking stock prices. However, it is different from research by Harahap & Hairunnisah (2017), Kumaidi (2017), Fordian (2017) and Widianingsih et al., (2021) which stated that the Loan to Deposit Ratio (LDR) does not have a significant effect on stock prices.

The inconsistency that occurs can also be seen from the different company sizes owned by each bank. This is because the larger the size or scale of the company, the higher the number of assets which will later affect the price of the shares sold. This is supported by Arifin's research (2016) which states that companies with a high number of assets are often considered as companies with good prospects and can provide benefits to shareholders, so that these shares can survive in the capital market and their share prices will increase if they are in great demand by investors. This indicates an influence between company size and stock prices. In addition, according to Nugraha & Riyadhi (2019), the larger the company size is considered to have easier access to enter the capital market. With large companies tending to have good reputations and prospects, so that they can increase their stock prices.

So in this study, company size will be used as a control variable. The selection of the company size variable as a control variable is based on the difference in stock prices of banking companies included in the Infobank15 Index which shows the difference in company size owned by each bank. Then according to research from Nugroho (2017) which shows that company size has a significant positive effect on stock prices. The use of company size was chosen as a control variable because previous studies such as research by Ayem & Nugroho (2016) and Rahayu & Dana (2016) have provided evidence that the company size variable affects stock prices. In this study, company size is used as a control variable to reduce bias in the test results from other variables that affect stock prices, but these variables are outside the research model. In addition, it is also a novelty in this study.

Then the researcher chose the Infobank15 Index as the object of research because the Infobank15 Index reflects the performance of the banking sub-sector index which has higher volatility compared to the IHSG Index and the LQ45 Index, especially in the Covid-19 era (Nugroho & Robiyanto, 2021). In addition, the Infobank Magazine assessment explains that the fundamental factors that are the basic criteria for selecting the Infobank15 Index components are bank ratings and GCG. As stated by (Maharani &

Pravitasari, 2022) that financial performance requires good GCG. Furthermore, the selection of Infobank15 Index components also takes into account transaction activities such as transaction value, transaction frequency, number of transaction days and market capitalization. Here there is a fundamental difference between the Infobank15 Index and other indices because there is no other index that assesses companies specifically in the banking sector using the factors above. So that investors can easily analyze and determine the implementation of investments in banking sector stocks through the Infobank15 Index (Wardhani & Andarini, 2016). The existence of the gap and research gap phenomenon motivates the author to conduct further research and to find out more about the influence of ROE, CAR and LDR on stock prices with company size as a control variable. Thus, the researcher wants to re-examine by raising the research title "Analysis of the Influence of Return on Equity, Capital Adequacy Ratio and Loan to Deposit Ratio on Stock Prices".

Method

The research design used in this study is an associative quantitative approach. The location of this research was carried out at banking sector companies listed in the Infobank15 Index for the 2020-2022 period which can be accessed via the pages www.idx.co.id and www.ojk.co.id. The objects of this study are the Return On Equity (ROE) ratio, Capital Adequacy Ratio (CAR), Loan to Deposit Ratio (LDR), stock price, and company size as control variables. The population used in this study were all banking sector companies listed in the Infobank15 Index. The sample in this study was banking sector companies listed in the Infobank15 Index for the 2020-2022 period which were determined through the sampling method. The sampling method used in this study was the probability sampling method. The number of bank samples that met the criteria as research samples was 90 observations. The type of data in this study is quantitative data. The data sources used in this study were secondary data, namely from the websites of the related companies, namely www.idx.co.id and www.ojk.go.id. Other data were also obtained from the official websites of banking companies, journals, and other information related to this study. The data collection method used in this study was non-participant observation. The data analysis technique used in this study began with descriptive statistical analysis. The analysis was then continued with a classical assumption test which included a normality test, a multicollinearity test, a heteroscedasticity test and an autocorrelation test. After conducting a classical assumption test, the study was continued by conducting a multiple linear regression test. The regression equation is as follows:

Y = a+ □1ROE + □2 CAR + □3 LDR + (□4 Variabel_Kontrol) + e ..... (1)

Information:

Y = Share Price

a = Constant

□1 - □3 = Regression coefficient of each variable

ROE = Return on Equity

CAR = Capital Adequacy Ratio

LDR = Loan to Deposit Ratio

Control_Variable = Total Assets

Results and Discussion

This research was conducted on banking companies included in the Infobank15 Index published in 2020 to 2022. The Infobank15 Index was launched and managed in collaboration with the media company PT Info Artha Pratama (publisher of Infobank Magazine). Table 5 shows descriptive statistics which provide a basic description of each research variable.

Table 5. Descriptive Statistics Results

Variable	Number of Observations	Minimum Value	Maximum Value	Average	Standard Deviation
Stock price	90	Rp1,01	Rp36.500	Rp184,64	Rp313,690
ROE	90	0,76%	31,20%	12,477%	6,242%
CAR	90	16,53%	109,80%	26,194%	13,864%
LDR	90	39,33%	210,43%	89,897%	27,151%
Total Assets	90	Rp8.791.457	Rp1.572.761.035	Rp413.428.085	Rp473.036.387,3

Source: Research Data, 2024

Return on Equity (ROE) shows the mean (average), namely 12.47% and standard deviation (6.242%). The minimum ROE (0.76%) was recorded by Bank Jago Tbk (ARTO) Q2-2022, while the maximum ROE (31.20%) was recorded by Bank Tabungan Pensiunan National Syariah Tbk (BTPS) in Q4-2019.

Capital Adequacy Ratio (CAR) shows the mean (26.19%) and standard deviation, namely 13.864%. The minimum CAR (16.53%) belongs to Bank Maspin Indonesia Tbk (BMAS) in Q4-2020, while the maximum CAR (109.80%) belongs to Bank Jago Tbk (ARTO) in Q2-2022. Loan to Deposit Ratio (LDR) displays the mean (89.89%) and standard deviation (27.151%). The minimum LDR (39.33%) is owned by Bank Capital Indonesia Tbk (BACA) Q2-2020, while the maximum LDR (210.43%) is owned by Allo Bank Indonesia Tbk (Persero) in Q2-2022.

Company size is proxied by Total Assets as a control variable which in the test is presented in millions of rupiah. Based on the table above, it shows an average value of IDR 413,428,085. Standard Deviation Value of Total Assets IDR 473,036,387.3. The minimum total assets were acquired (Rp. 8,791,457) by Bank Bumi Arta Tbk (BNA) in Q2-2022, while the maximum total assets were owned by Bank Rakyat Indonesia (BBRI) in Q4-2022.

Table 6. Normality Test Results

	Unstandardized Residual
N	90
Asymp. Sig. (2-tailed)	0,980

Source: Research Data, 2024

Table 6 displays the significance of Asiymp.Sig (2-tailed), namely 0.980 > 0.05. So, the data passes the Kolmogorov-Smirno normality test and the data is normally distributed.

Table 7. Multicollinearity Test Results

	Collinearity Statistics	
	Tolerance	*VIF*
(Constant)		
ROE	0,002	1,307
CAR	0,083	1,018
LDR	0,002	1,118
Total Aset	0,004	1,106

Source: Research Data, 2024

Referring to the "collinearity statistics" output, it appears that the tolerance values for the independent variables are ROE (0.002), CAR (0.083), and LDR (0.002) < 0.10. Meanwhile, the VIF values, namely ROE (1,307), CAR (1,018), and LDR (1,118) > 10.00. Therefore, there are no symptoms of multicollinearity.

Table 8. Heteroscedasticity Test Results

	Sig.
(Constant)	0,000
ROE	0,736
CAR	0,060
LDR	0,664
Total Aset	0,070

Source: Research Data, 2024

Based on table 8, the heteroscedasticity test (with the Glejser test), the value (Sig.) of ROE (0.736), CAR (0.060), LDR (0.664) > 0.05. Therefore, the data has experienced homoscedasticity.

Table 9. Autocorrelation Test Results

Model	*R*	*R Square*	*Adjusted R Square*	*Std. Error of the Estimate*	*Durbin-Watson*
1	0,122	0,15	0,2	316,7375	1,874

Source: Research Data, 2024

Referring to the "model summary output", the Durbin-Watson (d) value displays a value of 1.874. With the sum "k" = 3, "N" = 90, "Sig" = 5%, then dL = 1.5889, dU = 1.7264, and (4-dU) = 2.126. Therefore, 1.7264 < 1.874 < 2.126 and there are no symptoms of autocorrelation.

Table 10. Multiple Linear Test Results

Model	*Unstandardized Coefficients*	
	B	Std. Error
(Constant)	-4,376	1,545
ROE	0,666	3,251
CAR	0,181	0,180
LDR	0,203	0,836
Total Aset	2,119	0,000

Source: Research Data, 2024

Y = -4,376 + 0,666X1 + 0,181X2 + 0,203X3 + 2,199 + e

The a value of -4.376 is a constant when the variable has not been influenced by other variables, namely ROE, CAR and LDR with Total Assets as the control variable. The ROE coefficient is 0.666 (+), meaning that the ROE variable has a positive effect on share prices. This means that every 1 increase in the ROE variable will have an effect of 0.666 on share prices. The CAR coefficient of 0.181 (+) indicates a positive influence of CAR on share prices. Every 1 increase in the CAR variable will have an effect of 0.181 on the share price. The LDR coefficient of 0.203 (+) reflects the LDR variable which positively influences share prices with every 1 increase in the LDR variable having an effect of 0.203 on share prices. The Control Variable Coefficient (Total Assets) of 2.119 (+) indicates a positive influence on Total Assets in controlling ROE, CAR and LDR on Share Prices of 2.119.

Table 11. Coefficient of Determination Test Results

Model	R	*R-Square*	*Adjusted R-Square*	*Std. Error of the Estimate*
1	0,916	0,839	0,066	303,20521

Based on the SPSS "model summary" output, it is known that the R-Square is 0.839 (83.9%). The value of 83.9% means that the variables ROE, CAR and LDR (independent) simultaneously influence the share price (dependent) which is controlled by Total Assets. Meanwhile, 16.1% was influenced by other variables.

Table 12. Model Feasibility Test Results (F Test)

Model	F	Sig.
Regression	2,565	0,044

Source: Research Data, 2024

Berdasarkan tabel 12, model dinyatakan diterima, dengan nilai Sig. 0,044 < 0,05. Nilai ini mengindikasikan variabel ROE, CAR, dan LDR simultan berpengaruh pada Harga Saham yang dikontrol oleh variabel Total Aset.

Table 13. Hypothesis Test Results (t Test)

	Unstandardized Coefficients		
		t	Sig.
	B		
(Constant)	-4,376	-2,833	0,000
ROE	0,666	2,205	0,038
CAR	0,181	2,008	0,032
LDR	0,203	1,992	0,008
Total Aset	2,119	2,975	0,004

Source: Research Data, 2024

The results of the statistical test show that the regression coefficient value (β1) is positive, namely 0.666 with a significance level of 0.038, which means it is smaller than α = 0.05. This shows that the Return On Equity (ROE) variable has an effect on stock prices, so the first hypothesis (H1) is accepted. This study is in line with research conducted by Ratnaningtyas (2021), Sudirman et al. (2020), Ardiyanto et al. (2020), Sahari, (2020), Mesfin & Abate (2019), Wulandari & Badjra (2019) Anggaraeni et al. (2019), Martian et al. (2019), Noor & Rosyid (2018), and Vireyto and Sulasmiyati (2017) who obtained research results that Return On Equity has a significant positive effect on stock prices. The results of the study of the influence of ROE on stock prices seen from company size show an influence with positive results. The results of the statistical test show that the regression coefficient value (β3) is positive, namely 2.119 with a significance level of 0.004, which means it is smaller than α = 0.05. This shows that the control variable of company size proxied by total assets can make the relationship between the influence of ROE on stock prices free from research bias. This is in line with the research of Silaban & Pangestuti (2017) which states that company size is used as a control variable to avoid bias in the influence of independent variables on dependent variables. So that the size of the company that acts as a control variable also has a positive influence on stock prices. This is in line with research conducted by Astuti et al. (2020), Nurlita et al. (2018) and Lombogia et al. (2020) that company size has a significant positive influence on stock prices. The results of this study can also strengthen and support the signal theory. ROE is one of the ratios used to measure the profitability of a company. This ratio measures the company's ability to generate profits based on the share capital owned. The explanation above can provide the meaning that ROE emphasizes the company's internal financial performance elements to help business development so that it can increase profits from business development. This is able to present the overall profits obtained by the company, so that ROE is so considered by potential investors in buying shares. According to signal theory, this high ROE ratio will indicate that the company has the ability to generate profits based on good capital so that investors will respond positively. So that with the ROE ratio as a good signal, the company will attract investors to invest their capital. The increase in capital due to this investment can increase the company's stock price.

The results of the statistical test show that the regression coefficient value (β2) is positive, namely 0.181 with a significance level of 0.032, which means it is smaller than

α = 0.05. This shows that the Capital Adequacy Ratio (CAR) variable has a positive effect on stock prices, this proves that the second hypothesis (H2) is accepted. This study is in line with research conducted by Rani & Putra (2021), Hartono (2021), Nafiah (2020), Santoso (2020), Friantin & Ratnasari (2019), Anggaraeni et al. (2019), Munir (2018), Noor & Rosyid (2018), Purnamasari (2017), Mohsen & Abdoli (2015) which states that the Capital Adequacy Ratio has a positive and significant effect on stock prices. The results of the study of the influence of CAR on stock prices seen from the size of the company show an influence with positive results. The results of the statistical test show that the regression coefficient value (β3) is positive, which is 2.119 with a significance level of 0.004, which means it is smaller than α = 0.05. This shows that the control variable of company size proxied by total assets can make the relationship between the influence of CAR on stock prices free from research bias. Silaban & Pangestuti (2017) stated that company size is used as a control variable to avoid bias in the influence of the independent variable on the dependent variable. This proves that the use of company size as a control variable can avoid research bias on the influence of CAR on stock prices. Then company size as a control variable is proven to have a positive influence on stock prices. This is supported by research conducted by Ayem 7 Nugroho (2016) and Rahayu and Dana (2016) that company size has a significant effect on stock prices. The results of the above research can support and strengthen the signal theory. The Capital Adequacy Ratio describes the ability of bank capital to cover declining assets due to losses arising from loans provided. The higher the Capital Adequacy Ratio value, the better the bank's ability to increase public trust, which can increase stock prices. In addition, having greater capital can affect the performance and management of the bank which is getting better, thus impacting the bank's profit income. According to signal theory, a high CAR ratio will indicate that the company has good capitalization capabilities so that investors will respond positively. So that with the CAR ratio as a good signal, the company will attract investors to invest their capital which will cause the company's stock price to increase.

The results of the statistical test show that the regression coefficient value (β3) is positive, which is 0.203 with a significance level of 0.008, which means it is smaller than α = 0.05. This shows that the Loan to Deposit Ratio (LDR) variable has a positive effect on stock prices, this makes the influence of the Loan to Deposit Ratio have a positive effect on stock prices, so that the third hypothesis (H3) is rejected. Then the results of the study on the influence of LDR on stock prices when viewed from the size of the company also show a significant influence with positive results. The results of the statistical test show that the regression coefficient value (β3) is positive, which is 2.119 with a significance level of 0.004, which means it is smaller than α = 0.05. According to research by Silaban & Pangestuti (2017), company size is used as a control variable to avoid bias in the influence of independent variables on the dependent variable. With the results of the study and previous studies, it is proven that the control variable of company size which is proxied by total assets can make the relationship between the influence of LDR on stock prices avoid research bias. Then the size of the company as a control variable is proven to have a positive effect on stock prices. This is supported by research conducted by Nurlita et al. (2018), Alamsyah (2019) and Sukarno et al (2020) that company size has a significant effect on stock prices. However, with the results of research showing a significant positive effect between the LDR level on stock prices, there is another perspective on it. The results of this study indicate that investors in making investment decisions consider the ability of liquid assets. This view is acceptable because the main effort made by banks is to collect public funds and then distribute them back in the form of credit. So that the higher the credit given by the bank will increase the interest income from the credit which has an impact on the high bank profit (bank assets) which affects

stock prices. This is what makes investors interested in investing their capital in the banking sector which has a fairly high LDR level because they see the optimal implementation of financial management and banking financial performance. The results of this study also support the research conducted by Fahlevi et al., (2018) and Aris & Hasiara (2021) which stated that LDR has a significant effect on stock prices. However, the results of this study can support the existence of signal theory. Loan to Deposit Ratio is credit given to third parties in the form of rupiah and foreign currency, but does not include credit to other banks. The higher the LDR level, the less liquid a bank is. This means that the bank will have difficulty meeting its short-term obligations so that investors hesitate to invest capital which will later affect the decline in the company's stock price. However, the results of this study show that the higher the LDR ratio, the more interested investors are in investing their capital so that the company's stock price increases. According to signal theory, a high LDR ratio based on the results of this study is a good signal for investors. This is because investors view that with such large loans lent to the public, the related banking company can still survive within a certain period of time and conditions which makes the company's financial management capabilities considered very good, because they are able to maintain the continuity of the company even though they have lent a lot of funds.

Conclusion

Based on the research results above, it is concluded that ROE, CAR and LDR have a positive effect on the share prices of banking companies listed on the Infobank15 index (2020-2022). This indicates that investors pay attention to ROE, CAR and LDR when investing. As a controlling variable, company size as a proxy for total assets has a positive effect on the relationship in controlling ROE, CAR and LDR on share prices. Advice to investors when making investment decisions is to pay attention to ROE, CAR and LDR, and Total Assets when banking in a quarterly period. It is recommended for companies to maintain or improve share price performance by increasing ROE, CAR and LDR performance. For future researchers, it can enrich future research variables.

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