Jurnal Bisnis Strategi
Vol. 32, No.1, 2023 Year, pp. 79-91
Published by Department of Management, Faculty of Economics and Business,
Universitas Diponegoro (p-ISSN: 1410-1246; e-ISSN: 2580-1171)
Published online in https://ejournal.undip.ac.id/index.php/jbs

The effect of return on assets, return on equity and net interest margin on stock prices in banking companies listed on the Indonesia Stock Exchange for the 2017-2021 period

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Abstract

This research was conducted to test the effect of the variable Return On Asset (ROA) Return On Equity (ROE) Net Interest Margin (NIM) on stock prices in banking companies listed on the Indonesian stock exchange for the 2017-2021 period. The data used in this writing is obtained from financial statement data published by idx taken from the www.idx.co.id website. This study used quantitative data with multiple linear regression techniques. The sample of this study was determined by purposive sampling technique and produced 13 company samples for analysis.

The results of this study show that Return On Asset (ROA) has a significant effect on the share price of banks listed on the Indonesia Stock Exchange, Return On Equity (ROE) does not have a significant effect on the share price of banks listed on the Indonesia Stock Exchange, Net Interest Margin (NIM) has a significant effect on the stock prices of banks listed on the Indonesia Stock Exchange.

Keywords

Return On Asset, Return On Equity, Net Interest Margin, Stock Price

INTRODUCTION

The capital market is a place where various long-term financial instruments such as debt, stocks, derivative instruments and other instruments are traded (Darmadji and Fakhruddin, 2011) in (Kusjono & Aryanti, 2021). The capital market in Indonesia is known as the Indonesia Stock Exchange (IDX). In the current development of the capital market, it shows a very important event for the Indonesian economy. This happens due to the increasing public interest in the capital market, more and more companies are listed in the capital market and state support through investment policies. The stock investment is expected to generate profits for investors. A fairly attractive investment is investing in stocks, but investing in stocks has a fairly high level of risk. In accordance with the investment principle, namely high risk return, low risk return, which means that the higher the potential profit owned, the higher the risk received by investors, and vice versa (Kusjono & Aryanti, 2021).

The stock price is the market price recorded daily at the closing price of the stock. The stock price will always fluctuate both growth and decline, the stock price in the stock market is determined by the presence of supply and demand. The more people buy shares, the higher the stock price will rise and vice versa, if many people sell company shares then the stock price will tend to fall (Kusjono & Aryanti, 2021). The investor can

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determine his preferred stock. One of them is the banking subsector.

Banking is a subsector of finance that plays an important role in the movement of the Indonesian economy. Banking services are used in almost all aspects of the buying and selling process, trade in services and goods, domestic and foreign transactions. From this description, we can conclude that bank stocks are one of the stocks that have a high chance of making profits in the future with low risk. Although the financial performance of banking companies has been ups and downs, banking stocks are still considered stable. (Untari et al., 2020)

Table 1
Average Value of Return On Assets, Return On Equity, Net Interest Margin and Share Price of Banking Companies for the Period 2017-2021

YEAR	*ROA (%)*	*ROE (%)*	*NIM (%)*	*SHARE PRICE*
2017	2,436	12,035	6,264	4.145,5
2018	2,703	13,09	6,382	4.360,5
2019	2,56	12,779	6,1	4.732,5
2020	1,693	8,38	5,28	4.215
2021	2,12	11,59	5,423	4.189,7

Source : www.idx.co.id & bloomberg

Based on table 1 above, the average Return On Assets (ROA), Return On Equity (ROE) and Net Interest Margin (NIM) in 2017 and 2018 increased. Return On Assets increased by 2,436%, 2,703% Return On Equity increased by 12,035%, 13.09% and Net Interest Margin of 6,264%, 6,382% followed by an increase in stock prices of 4,145.5 and 4,360.5. However, in 2019 and 2020 there was a decrease in Return On Assets by 2.56%, 1.693% Return On Equity by 12.779%, 8.38% and Net Interest Margin by 6.1%, 5.28% followed by a decrease in stock price in 2020 of 4,215. for 2021 Return On Assets experienced an increase of Return on Assets by 2.12% Return On Equity by 11.59% and Net Interest Margin by 5.423% but the share price fell further to 4,189.7. Based on the description of the phenomenon, it shows that there is an increase and decrease (fluctuating), this shows the stock price, Return On Assets, Return Of Equity and Net Interest Margin which continues to fluctuate from year to year banking companies listed on the IDX (Indonesia Stock Exchange). In principle, the better the company in making a profit, the stock price will also increase. This is one of the factors that encourages further research to be carried out which aims to analyze the effect of financial ratios, namely Return On Assets (ROA), Return On Equity (ROE) and Net Interest Margin (NIM) on stock prices.

Return on assets (ROA) is a measure of profitability that measures the capacity of capital invested in total assets to generate net profit. Return on assets (ROA) describes the amount received by the company from the investments made, and the ability of the company's assets to make a profit. Ideally, The higher the rate of return on investment (ROA), the higher the profit (profit) the company generates and the better the company's situation in managing the source of assets it has (Sunardi & Permana, 2019).

Return on equity (ROE) is used to measure the amount of return relative to shareholders' investments (Lesmono et al., 2022). This ratio shows how well the management is. ROE is a comparison of after-tax income with equity. An increase in ROE is usually followed by an increase in stock prices. The higher the ROE, the higher the stock price because a high ROE indicates that the returns that investors will receive will be high, so investors will be interested in buying shares and this will trigger the stock market price to tend to rise.

The NIM (Net Interest Margin) ratio reflects the market risk associated with changing market conditions where this can be detrimental to banks also referred to as economic profitability is the comparison of net interest income and productive average assets, which are used to generate profits. The NIM coefficient describes the net interest income that the Bank earns from its production assets. The higher the NIM ratio, the higher the net interest income earned by the bank from the productive assets it owns (Aryaningsih, 2018) There are differences in the results of previous or inconsistent research on Return On Assets (ROA), Return On Equity (ROE) and Net Interest Margin (NIM) to the stock price, namely according to Uswatun Hasanah, Ita Purnama (2022) stated that Return On Asset affects the Share Price of banks that go public on the Indonesia stock exchange. Meanwhile, according to (Fitri, A., Sumantri, F., & Karamoy, E., 2022) the variable Return On Asset partially does not have a significant effect on the Stock Price. According to (Nufus, H. N., and Sahroni, N, 2020) Return On Equity has no significant effect on stock prices. Meanwhile, according to Dian Indah Sari (2021), Return On Equity

has a positive and significant influence on stock prices. According to (Taslim & Manda, 2021) stated that Net Interest Margin has a positive and significant effect on stock prices, but there are different results, namely research conducted by Agus Tri Indah K, Harun Al Rasyid (2022) it is known that partially Net Interest Margin does not have a positive effect on Bank BCA's Share Price for the Quarter 2015-2021.

LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

Signal Theory

Signal theory is an action performed by the management of a company that provides guidance to investors on how management perceives the prospects of the company. This theory provides an explanation of the reasons why companies are forced to present or provide information related to the company's financial statements to external parties. According to (Indiani & Dewi, 2018) in (Mandasari, 2021) Signal theory is a theory related to the actions of managers in sending signals to investors through reports issued by companies. In this case, investors will assess how the company can increase the value of the company in the future through the report.

Share Price

The stock price is the closing price of the stock market during the observation period of each type of stock included in the sample, and its movement is constantly monitored by investors. According to (Rahmadewi & Abundanti, 2018), stock means: "Proof of ownership of capital/funds in a company, a paper that clearly shows the face value, company name and rights and obligations described to each holder, as well as ready-to-sell inventory." The more people buy stocks, the higher the stock price and vice versa, the more people sell their shares, the more the stock price tends to move down. If the stock price rises, shareholders' assets will also rise, and vice versa, if the stock price falls, shareholders' assets will also decline. A high share price will reduce an investor's ability to buy a share price The law of supply and demand returns to force, and as a result, a high share price will fall until a new equilibrium position. (Ewijaya in Sondak et al., 2015). According to (Rahmadewi & Abundanti, 2018) there are two methods that can be used separately or at once in analyzing stocks, including fundamental methods and methods technical.

Return On Asset

Return on assets (ROA) is a ratio that measures the company's ability to generate profits using the total assets (wealth) owned by the company after adjusting for the costs of funding that wealth (Mangantar, 2020). In the return on asset method, the level of the company's ability to generate profits will be known. (Noviyanti & Yahya, 2017), states that return on assets (ROA) is a ratio that shows the return on the number of assets used in the company. Return on assets is also a measure of the effectiveness of management in processing its investment. In addition, the return on investment shows the productivity of all company funds, both loan capital and own capital. The smaller (lower) this ratio, the less good, and vice versa. Return on assets (ROA) is the ratio between the amount of net profit after deducting taxes and total assets. Because with a high return on assets, it means that the profit earned is also high.

Return On Equity

Return on equity is a profitability ratio that measures the ability to generate a return on shareholders' investments in the company (Saputra, 2019). In other words, this return on equity shows how much profit the company can make from every single dollar invested by shareholders. Return on equity is usually expressed by percentage. Return on equity is also the most important ratio because return on equity is net profit for shareholders divided by total shareholders' equity. Shareholders certainly want to obtain a high rate of return on invested capital, and the return on equity indicates the level earned. The high return on equity reflects that the company managed to make a profit from its own capital. An increase in return on equity will also boost the selling value of the company which has an impact on the stock price. The higher the return on equity, the greater the net profit obtained.

Net Interest Margin

The NIM (Net Interest Margin) ratio reflects market risks arising from changing market conditions, which can be detrimental to banks. Also referred to as economic rentability is a comparison between net interest income and

the average productive assets used to generate such profits. The net interest margin ratio describes the net interest income earned by a bank from its productive assets. The higher the net interest margin ratio, the higher the net interest income earned by the bank from its productive assets (Aryaningsih, 2018).

Logical Relationships Between Variables And The Formulation Of Hypotheses

The Relationship Of Return On Assets To Stock Prices

Return on assets is a metric or indicator belonging to the profitability group, which is used as an indicator to explain how a bank is able to generate a return on its total assets. A high return on assets can be interpreted as achieving the company's ability to use total assets to generate excellent net profit and vice versa. This claim is also supported by the latest research (Wardani & Budiyanto, 2020) which states that the Return on assets has a positive and significant effect on stock prices. Based on the description above, the hypotheses in this study are:
H1: Return On Asset Has a Significant Positive Effect on Stock Price

The Relationship Of Return On Equity To Stock Prices

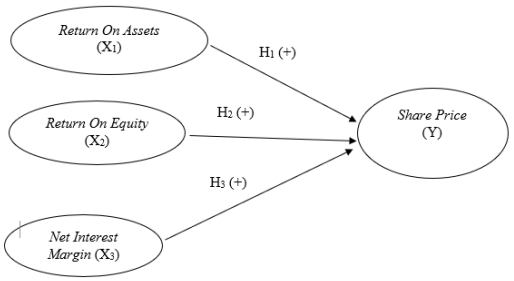
Return on equity is a comparison that illustrates how an organization's performance can successfully benefit from its total capital. A high return on equity can be a sign that the organization's capital is effectively managed for the benefit of shareholders, and of course it also proves that the company's performance is good and encourages investors to make decisions in investing their capital. This statement is in line with research (Sembiring, 2017) which states that returns on equity affect stock prices. Based on the description above, the hypotheses in this study are:
H2: Return On Equity has a Significant Positive effect on stock prices

The Relationship Of Net Interest Margin To Stock Prices

According to (Taswan, 2016), Net interest margin is a comparison between average productive wealth and interest income. This ratio in some respects indicates the efficiency of the bank, which generates net interest income with the intersection of productive assets. (Saputri, 2018) The higher the net interest margin ratio, the better the bank's performance in generating interest income. And we need to make sure that this is not only about the high brokerage fees, but also about the assumption of interest income that must be invested in the bank's capital. Based on the results of research conducted (Taslim, 2021) states that net interest margin has a positive and significant effect on stock prices". Based on some of these opinions, it can be said that the share price of the bank can be seen from the effectiveness of the opinion regarding the interest earned from the bank. The higher the percentage of net interest margin, the better the financial condition of the bank. Based on the description above, the hypotheses in this study are:
H3: Net Interest Margin has a Significant Positive Effect on stock price

Theoretical Framework Of Thought

The Framework of Thought describes the research problem of the research problem to be solved and the method of solving the problem to be carried out in the research. The dependent variables in this study are stock prices and the independent variables in this study are Return On Assets (ROA), Return On Equity (ROE), and Net Interest Margin (NIM). Based on the brief overview, the structure of this study is presented as follows:



Source : Some previous research journals, 2022

Hypothesis Formulation

H1: Return on Assets Has a Significant Positive Effect on Stock Prices
H2: Return On Equity Has A Significant Positive Effect On Stock Price
H3: Net Iterest Margin Has a Significant Positive Effect on Stock Prices

Research Variables And Operational Definitions Research Variables

Variable Identification Based on the problems that have been described in the background of the problem, the variables that will be researched and analyzed in this study are identified as follows:

Dependent Variable

The dependent variable (Y) according to (indriantoro & supomo, 2016) is a variable bound to an independent variable. The variable included in this study is the Share Price (Y)

Independent Variable

The independent variable (X) according to (indriantoro & supomo, 2016) is a variable that is the cause of the occurrence or influence of the dependent variable. The variables included in this study are Return On Asset (X1), Return On Equity (X2), Net Interest Margin (X3).

Operational Definition

A definition given to a variable by meaning or specifying an activity or justifying an operation needed to measure the variable (Sugiyono, 2001). The operational definitions in this study are:

Table 2
Variable Operational Definition Table

No	Variables	Definition Operational	ndicator	Measurement scale
1	*ROA (X1)*	A ratio that measures a company's ability to make a profit using assets or wealth it owns company	Net Profit After Tax x100% $Total\ Asset$	Ratio
2	*ROE (X2)*	A ratio that measures a company's ability to make a profit for corporate shareholders	Net Profit After Tax x100% $Total\ Equity$	Ratio
3	*NIM (X3)*	A ratio that shows the ability of bank management to manage its productive assets to generate income clean interest.	Net Interest Income x100% Avarage Asset	Ratio
4	*Share Price (Y)*	The price that occurs in the stock exchange market at a certain moment and the price of such shares is determined by market participants and determined by Demand and Supply	Money Market	Nominal

Source : Some previous research journals, 2022.

METHODS

Object Of Study

The object of this study is a banking subsector company listed on the Indonesia Stock Exchange (IDX).

Sample Units

The population reveals to a group of people or objects that occupy one question about several things and form the main problem in a specific study. (Sugiono, 2018) states that population is a generalized area, consisting of objects/subjects that have their own characteristics that have been determined by the researcher to be useful so that they are studied which will then draw conclusions. The banking subsector is the population used in this study.

Population and Sample

(Sugiono, 2018) argues that samples are some of the contents of the population that have characteristics that can then be studied by researchers. In this study, it was to determine the selection of researchers' samples using the purposive sampling method which is interpreted as selecting samples obtained systematically or based on criteria determined by the researcher.

The sample criteria used in this study are:

A. Banking subsector companies listed on the Indonesia Stock Exchange for 5 consecutive years from 2017-2021.
B. Banking subsector companies that issue financial statements for 5 consecutive years from 2017-2021.
C. Companies that issue financial statements in a complete state for 5 consecutive years from 2017-2021
D. Companies that issue financial statements in a state of profit for 5 consecutive years since 2017-2021

Data Type And Source

The type of data used in this study is secondary data. Secondary data is data that is obtained and collected indirectly through intermediary media (obtained and recorded by other parties) or published by a company can be documentation data and archival data. The documentation data can be in the form of journals, invoices, letters and financial statements. The secondary data in this study was obtained from the Indonesia Stock Exchange (IDX). The secondary data needed is information from the financial statements of the banking subsector companies for 2017-2021 published on the Indonesia Stock Exchange (IDX), and can be accessed through the IDX www.idx.co.id website. The data collected are stock price data (closing price), Return On Assets (ROA) data, Return On Equity (ROE) data and Net interest margin (NIM) data from banking companies listed on the Indonesia stock exchange in 2017– 2021.

Data Methods Analysis

Data analysis is an activity in research that turns research data into information that can be applied and used to draw conclusions in the research system (Hernandeni, 2018). This research method uses multiple linear regression analysis using SPSS (Statistical Program for the Social Sciences) version 26 of 2019, which is a software program used to analyze statistics. SPSS version 26 was used to test the effect of the independent variables of this study, namely ROA, ROE and NIM on the dependent variables, namely stock prices. This study uses the multiple linear regression analysis method because there is more than one independent variable in this study. Multiple linear regression analysis is a test used to determine the presence or absence of functional relationships or causal relationships between independent variables and dependent variables. The data that has been collected will be analyzed gradually by conducting descriptive statistical analysis and classical assumption testing first.

Descriptive Statistics

Descriptive statistics provide an overview or description of a data viewed from the average value (mean), standard deviation, variance, maximum, minimum. (Ghozali, 2016). This test was carried out to make it easier to understand the variables used in this study.

Normality Test

The normality test according to Santoso in (Oktaviani & Agustin, 2017) is used to test whether the regression model of free variables and bound variables or both are normally distributed or not. If the results of the data test are normally distributed or close, it is said that the regression model is feasible. To detect this normality, the data can be tested using a Residual Regretion Histogram chart analysis with a bell-shaped shape that states normal distributed data, then with a Normal P-Plot Standardized Regression diagram and using the Kolmogorov-smirnov (K-S) test which uses significance values (Sig.). The basis for decision making using the Kolmogorov-smirnov (K-S) test includes:

1. If the significance value (Sig.) > 0.05 is stated the assumption of normality in the regression model has been met or distributed normally.
2. If the significance value (Sig.) < 0.05 is stated the assumption of normality in the regression model has not been met or is not normally distributed.

Multicollinearity Test

In Ghozali's opinion in (Oktaviani & Agustin, 2017) multicholinearity testing was performed to test whether there was a correlation between free variables in

regression models. A good model should not have a high degree of correlation between free variables. To detect the presence or absence of multicholinearity in the regression model, it can be seen from the tolerance value and variance inflation factor (VIF) value. The tolerance value measures the variability of selected variables that cannot be explained by other free variables. In this test, the values used are tolerance values not less than 0.10 and Variance Inflation Factor (VIF) values not greater than 10.

Heteroskedasticity Test

According to Ghozali in (Oktaviani & Agustin, 2017) this test was carried out with the aim of testing whether in the regression model there was a variance inequality from the residual observation of one to the observation of the other. Such a thing is referred to as heteroskedasticity and if there is no difference or variance it remains then it is called homoskedasticity. A good regression model is one that does not occur heteroskedasticity. The way that can be done in research to determine the presence or absence of heteroskedasticity in multiple linear regression models is to use a scatterplot or Spearman's rho test. The underlying decision-making for the heteroskedasticity test with Spearman's rho test are:

1. If the value of Sig. (2-tailed) > 0.05 then the regression model used in the study is feasible to do because there are no symptoms of heteroskedasticity.
2. If the value of Sig. (2-tailed) < 0.05 then it can be said that there is a heteroskedasticity problem and the regression model is not yet feasible to use.

Autocorrelation Test

According to (Singgih Santoso, 2012), "the purpose of the autocorrelation test is to find out whether in a linear regression model there is a correlation between the disruptive error in the t period and the error in the t-1 (previous) period". If there is a correlation, then there is an autocorrelation problem. Autocorrelation in most cases is found in regressions whose data is a time series, or based on periodic times, such as monthly, yearly, and so on, therefore the special feature of this test is time (Santoso, 2012). To detect symptoms of autocorrelation can use the Durbin-Watson (D-W) test. Decision making on the existence of autocorrelation can be seen from the following provisions (Santoso, 2012): Durbin-Watson (DW). The criteria are as follows:

1. If D-W is below -2 it means that there is a positive autocorrelation
2. If D-W is between -2 to +2 it means that there is no autocorrelation
3. If D-W is above +2 it means that there is a negative autocorrelation

A good regression model is a regression that is free of autocorrelation.

Multiple Linear Regression Analysis

According to Ghozali in (Oktaviani & Agustin, 2017) multiple linear regression analysis is a linear regression model where the bound variables are linear functions of several free variables. Multiple linear regression is useful for testing the influence of several variables related to the variables to be tested. Multiple linear regression analysis aims to measure free variables namely variables X1, X2 and X3 against bound variables namely variable Y. Based on the concept can be formulated as follows :

$$Y = a + \beta 1\ X1 + \beta 2\ X2 + \beta 3\ X3 + e$$

Where:

Y = Dependent Variable (Stock Price)
a = constant
β = regression coefficient
X1 = Return On Asset (ROA)
X2 = Return On Equity (ROE)
X3 = Net Interest Margin (NIM)
e = standard error

Partial Test (T)

The t test is needed to partially determine whether or not independent variables have a significant effect on their dependent variables on each of the variables in the study (Armansyah et al., 2018). This test was carried out by looking at the calculated t value as well as the significance value (Sig.). By determining the hypotheses of each of them as follows:

Ho = Partially or individually independent variables have no influence on dependent variables.
Ha = Partially or individually independent variables have an influence on dependent variables.

Compare the calculated t value with the table t with the following criteria:

A. Ho is rejected and Ha is accepted, if the calculation > ttabel , then the independent variable partially affects the dependent variable
B. Ho is accepted and Ha is rejected, if the calculation < ttabel , then the independent variable partially has no effect on the dependent variable.

In this study, it was also carried out by looking at the value of the significance level of 0.05 (α = 5%) with a free degree (n – k), where n = number of observations and k = number of variables. By testing criteria:

A. Ho is rejected and Ha is accepted when the significance value (Sig.) < 0.05, meaning that the independent variable has a significant effect on the dependent variable.
B. Ho is accepted and Ha is rejected when the significance value (Sig.) > 0.05, meaning that the independent variable has no significant effect on the dependent variable.

RESULTS AND DISCUSSION

Description Of The Object Of Study

In this chapter, the stages and data processing will be discussed which will then be analyzed about the effect of return on assets, return on equity, and net interest margin on the share prices of banking companies listed on the Indonesian stock exchange (IDX) for the 2017-2021 period. The population in this study is secondary data banking companies obtained from the Indonesian stock exchange (IDX). Financial statements of banking companies listed on the Indonesia Stock Exchange (IDX) for the period 2017-2021. With an observation period of 5 consecutive years, and this study used data in the form of combining data, namely with 13 companies for 5 years. The method used in sample selection is the purposive sampling method. Purposive sampling method is a sampling method by setting certain criteria. The sampling in this study is as follows:

Table 3
Sample Distribution

No	Information	Amount
1	Banking companies listed on the IDX during the period 2017-2021	47
2	Banking companies that do not publish Financial statements for the period 2017-2021	(15)
3	Banking companies that do not have data complete	(13)
4	Companies that have minus data	(6)
	Research samples	13
	Total observations (13x5)	65

Source : Secondary data procecced, 2022

From the table above, research samples can be obtained with predetermined criteria obtained as many as 13 banking companies listed on the Indonesian stock exchange during 2017-2021, using the purposive sampling method, so that the number of samples (N) = 65 samples.

Descriptive Statistics

Descriptive statistics of variables display descriptions of research data in the form of, mean, and standard deviation values of each variable presented in the following table:

Table 4
Descriptive Statistics Table

	N	Minimum	Maximum	Mean	Std. Deviation
ROA	65	.00	.04	.0196	.01108
ROE	65	.00	.23	.1108	.06601
NIM	65	.00	.12	.0548	.01695
SHARE PRICE	65	66.00	8475.00	2682.2154	2442.11037
Valid N (listwise)	65				

Source : Secondary data procecced, 2022

The descriptive statistical test results found in table 4 show that:

1. The dependent variable Share Price has an average value of 2682.22, a maximum of 8475, a minimum of 66, and a standard deviation of 2442.11.

2. The first independent variable Return On Asset (ROA) has an average value of 0.0196, a maximum of 0.04 minimum of 0, and a standard deviation of 0.011.
3. The second independent variable Return On Equity (ROE) has an average value of 0.1108, a maximum of 0.23 minimum of 0, and a standard deviation of 0.066.
4. The third independent variable Net Interest Margin (NIM) has an average value of 0.0548, a maximum of 0.12 minimum of 0, and a standard deviation of 0.01695.

Classical Assumptions Test

Normality Test

The normality test aims to test whether the data used in the study are normally distributed. To find out the data used in the regression model is normal or not can be done using Kolmogrov-Smirnov. If the value of Kolmogrov-Smirnov is greater than α = 0.05, then the data are normal (Ghozali, 2006 : 152). The Kolmogrov-Smirnov test was carried out with:

1. Normal distributed residual data, when sig.2-tailed > α = 0.05
2. Residual data is not normally distributed, when sig.2-tailed < α = 0.05

Table 5
Normality Test
One-Sample Kolmogorov-Smirnov Test

		Unstandardiz et Residual
N		65
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	1662.922007 18
Most Extreme Differences	Absolute	.061
	Positive	.061
	Negative	-.054
Test Statistic		.061
Asymp. Sig. (2-tailed)		.200[c,d]

Source: data processed using SPSS, 2022

Based on the Kolmogrov-Smirnov test shown by the table above, where the probability value or Asymp.Sig (2-tailed) is 0.200. Therefore, the probability value is greater than 0.05 or 0.200 > 0.05 then this research data is normally distributed.

Multicollinearity Test

The multicolonierity test aims to test whether in the regression model there is a correlation between free (independent) variables. A good regression model should not have a correlation among free variables. According to Ghozali (2006) the Variance Inflation Factor (VIF) value for multicolonierity is not exceeding 10 and the tolerance value is above 0.10. The results of the multicolonierity test are listed in the following Table.

Table 6
Multicollinearity Test

Model		Tolerance	VIF
1	ROA	.231	4.337
	ROE	.252	3.974
	NIM	.750	1.333

Dependent Variable: SHARE PRICE
Source: data processed using SPSS 2022

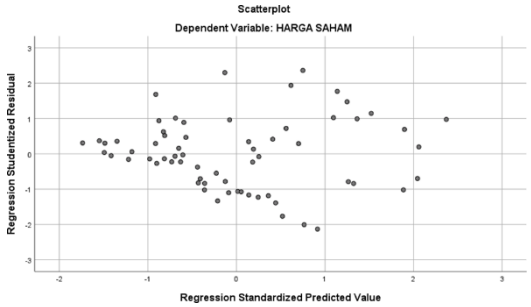
The results of the multicholinearity test in the table above show that:

A. The VIF value for the Return On Asset (ROA) variable 4.337 < 10 and the tolerance value 0.231 > 0.10 then the Return On Asset (ROA) variable is declared not to be multicholinearity
B. The VIF value for the Return On Equity (ROE) variable 3.974 < 10 and the tolerance value 0.252 > 0.10 then the Return On Equity (ROE) variable is declared not to be multicholinearity.
C. The VIF value for the Net Interest Margin (NIM) variable is 1.333 < 10 and the tolerance value is 0.750 > 0.10, then the NIM variable is declared not to be multicholinearity.

Heteroskedasticity Test

The heteroskedasticity test aims to test whether in the regression model there is a variance inequality from the residual of one observation to another. If the variance from the residual of one observation to another remains fixed, then it is called homoskedasticity and if

it is different it is called heteroskedasticity. A good regression model is that of homoskedasticity or non-occurrence of heteroskedasticity. How to detect the presence or absence of heteroskedasticity in this study using the Scatterplot chart as follows:



Source: data processed using SPSS 2022

Figure 1 Scatterplot Test

The figure shows the dots on the scatterplot chart. Based on the results of the scatterplot output above, it can be seen that the points spread out and do not form a pattern. So that there is no heteroskedasticity problem in the data.

In addition to using scatterplot charts, heteroskedasticity tests can also use spearman's rho tests. This test correlates the unstandardized residual value of the SIG (2-tailed) with each independent variable. A good test has a significant value of more than 0.05.

Table 7 Heteroskedasticity Test

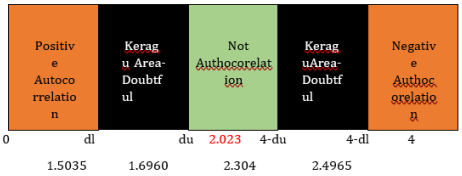
			ROA	ROE	NIM	UNSTANDARDIZED RESIDUAL
SPEARMAN'SRHO	ROA	CORRELATION COEFFICIENT	1.000	.848**	.585**	.024
		SIG. (2-TAILED)	.	.000	.000	.849
		N	65	65	65	65
	ROE	CORRELATION COEFFICIENT	.848**	1.000	.582**	.011
		SIG. (2-TAILED)	.000	.	.000	.929
		N	65	65	65	65
	NIM	CORRELATION COEFFICIENT	.585**	.582**	1.000	-.011
		SIG. (2-TAILED)	.000	.000	.	.929
		N	65	65	65	65
	UNSTANDARDIZED RESIDUAL	CORRELATION COEFFICIENT	.024	.011	-.011	1.000
		SIG. (2-TAILED)	.849	.929	.929	.
		N	65	65	65	65

Source: data processed using SPSS 2022

From the output above, it is known that the sig (2-tailed) value of the Return On Asset (X1) variable is 0.849 the Return On Equity (X2) variable is 0.929 and the Net Interest Margin (X3) variable is 0.929. Because the three variables independent (X) are greater than 0.05 so it can be concluded that there are no problems or symptoms of heteroskedasticity. This means that the regression model used for this study is feasible.

Autocorrelation Test

The autocorrelation test was performed using the durbin watson test. The following is a table of autocorrelation test results:



Based on the results above, showing the results of the autocorrelation test obtained a dw value of 2,023 then. (du < dw < 4-du) which can be written as follows 1.6960 < 2.023 < 2.304. It can be concluded that the resulting regression model has no autocorrelation, so the regression model is good.

Multiple Linear Regression Analysis

Multiple linear regression aims to test the relationship of influence between one dependent variable against more than one independent variable

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1101.373	724.585		1.520	.134
ROA	218917.913	40021.775	.993	5.470	,000
ROE	-7661.081	6429.737	-.207	-1.192	,238
NIM	34079.789	14503.721	,237	2.350	,022

a. Dependent Variable: Stock Price
b. Source: data processed using SPSS 2022

Based on the table above, it can be seen that the value of the α constant is 1101.373 and the regression coefficient β1 is 218917.913; β2 -7661,081; β3 34079,789. The test results of such regression equations can be explained as follows:

Y = 1101,373 + 218917,913 ROA (X1) – 7661,081 ROE (X2) + 34079,789 NIM (X3)

1. From the multiple linear regression equation above, it can be seen that the constant value of 1101.373 is positive, meaning that if the variables Return On Asset, Return On Equity and Net Interest Margin are assumed to be zero, then the stock price variable will be positive value of 1101.373.
2. The coefficient of the Return On Asset variable is 218917.913 which means that there is a positive influence of the Return On Asset variable on the stock price variable where every 1% increase in Return On Asset will increase the stock price by 218917.913 assuming other variables are fixed.
3. The coefficient of the Return On Equity variable is – 7661.081 which means that there is a negative influence of the Return On Equity variable on the stock price variable where every 1% increase in Return On Equity will reduce the stock price by – 7661.081 assuming other variables are fixed.
4. The Net Interest Margin variable coefficient is 34079.789 which means that there is a positive influence of the Net Interest Margin variable on the stock price variable where every 1% increase in Net Interest Margin will increase the share price by 34079.789 assuming other variables remain.

Partial Test (T Test)

The t-test aims to determine the magnitude of the influence of each dependent variable. To see if the regression model on the t-test has a partial effect between the independent and the dependent variables, that is to look at the sig value. tables on regression models. If the value of sig. < 0.05 then the independent variable has a partial effect on the dependent variable.

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1101.373	724.585		1.520	.134
ROA	218917.913	40021.775	.993	5.470	,000
ROE	-7661.081	6429.737	-.207	-1.192	,238
NIM	34079.789	14503.721	,237	2.350	,022

a. Dependent Variable: Stock Price
b. Source: data processed using SPSS 2022

The results of the t test analysis are as follows:

1. From Table we can see that the calculated t value in the Return On Asset variable is 5.470 with a significance level of 0.000. Since the calculated t value is greater than the table t i.e. (5.470) > (1.669) and the significance value is 0.000 < 0.05 then H0 is rejected and H1 is accepted.
   Conclusion: the variable Return On Asset has a significant effect on the Stock Price.
2. From Table we can see that the calculated t value in the Return On Equity variable is -1.192 with a significance level of 0.238. Since the calculated t value is smaller than the table t i.e. (-1.192) < (1.669) and the significance value is 0.238 > 0.05 then H0 is accepted and H2 is rejected.

Conclusion: the variable Return On Equity has no effect and is not significant to the Stock Price.

3. From Table 4.9 we can see that the calculated t value on the Net Interest Margin variable is 2.350 with a significance level of 0.022. Since the calculated t value is greater than the table t i.e. (2.350) > (1.669) and the significance value is 0.022 < 0.05 then H0 is rejected and H3 is accepted.
   Conclusion: The variable Net Interest Margin has a significant effect on the Stock Price.

CONCLUSION

Based on the results of the research and discussion in this study, it can be concluded:

1. The results of the study show that Return On Assets (ROA) has a significant effect on the price of banking stocks listed on the Indonesia Stock Exchange.
2. The results of the study showed that Return On Equity (ROE) has no effect and is not significant on the share price of banks listed on the Indonesia Stock Exchange.
3. The results of the study show that Net Interest Margin (NIM) has a significant effect on the price of banking stocks listed on the Indonesia Stock Exchange.

SUGGESTION

Based on the results of this study, the authors suggest the following:

From the results of this study, it can provide advice to investors and potential investors as consideration before investing in stocks by first observing the company's work through financial statements that can determine stock dividends to investors and potential investors who will invest in shares.

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