



Analysis of Factors Affecting Abnormal Return Stock in Private Banking Sector Registered in Indonesia Stock Exchange 2015-2017

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Abstract

In deciding whether a bank has good quality or not, there is an assessment that can be done, namely by looking at the financial performance side. Financial performance looks at the financial statements held by the banking sector concerned and that is reflected in the information obtained in the financial statements and the financial performance assessment. According to Fahmi (2014), financial performance is an analysis conducted to see the extent to which a company has implemented by using the rules of financial implementation properly and correctly. The formulation of the problems to be tested in this study is: How abnormal stock returns in the private banking sector are listed on the Indonesia Stock Exchange in 2014-2017 using profitability factors (NPM and ROE) and leverage (DER and DR). and the purpose of the study was to find out abnormal stock returns in 16 banks in the private banking sector (Foreign Exchange National Private Commercial Banks) listed on the Indonesia Stock Exchange in 2014-2017. This research is a type of Hypothesis testing research, which is a study whose results are explained by testing hypotheses. To find out this, the research is done by calculating, namely: Cumulative Abnormal Return (CAR), calculating ratio NPM, ROE, DER, DR, and Regressions.

Key words

Bank Stock, Cumulative Abnormal Return, NPM, ROE, DER, DR

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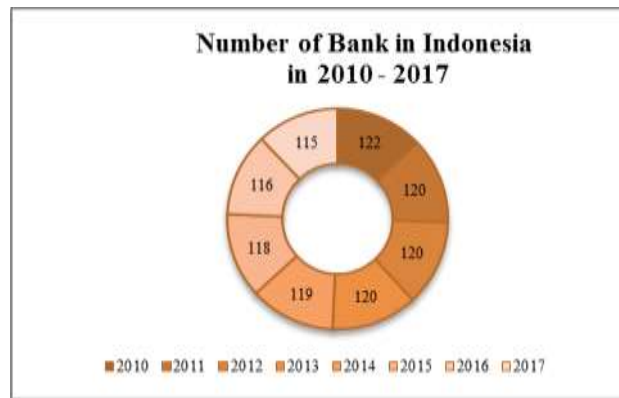
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1. Introduction

Based on the index published by the Central Statistics Agency on June 25, 2018, the number of banking sectors has decreased, from a total of 118 in 2015 to a total of 115 banks in 2017. The condition of the decline in the number of banks in Indonesia has actually occurred since 2010. From the total number of banks in Indonesia, the private banking sector is the most banking. In 2010 the number of private banks was 57 banks and in 2017 it became 52 banks. According to Dendawijaya (2005), type of bank based on the emphasis of its activities:

- a) retail bank
- b) corporate banks
- c) rural banks
- d) development banks

In deciding whether a bank has good quality or not, there is an assessment that can be done, namely by looking at the financial performance side. Financial performance looks at the financial statements held by the banking sector concerned and that is reflected in the information obtained in the financial statements and the financial performance assessment.



Source: BPS Indonesia, 2019

Figure 1. Number of banks in Indonesia in 2010-2017

According to Fahmi (2014), financial performance is an analysis conducted to see the extent to which a company has implemented by using the rules of financial implementation properly and correctly. Publication financial statement banks in Indonesia, specially banks in IDX is good because The quality of the Internet Financial Reporting (IFR) on the component of technology in local banking companies that go public in Indonesia is higher than the quality of the Internet Financial Reporting (IFR) in local banking companies that go public in Singapore and Malaysia (Pernamasari, 2019).

Indeed, banks that have good performance will be more attractive to investors; this is because the banking performance affects the increase in stock prices in the market. The increase in stock prices in the market is also expected to go hand in hand with the increase in existing stock returns. There are many factors that influence the fluctuation of stock returns, both macro and micro economic.

However, it is expected that stock returns can have a rate of return that is different from the expected rate of return or called the Expected Rate of Return. Abnormal returns can mean good and can also be bad, judging from the condition. According to Jogiyanto (2015), states that what is said by abnormal return are the excess of the actual return that occurs against the normal return which is the expected return by the investor (expected return).

This situation certainly forces every bank in Indonesia to develop the right strategy in decision making in order to face competition that is expected to maintain its existence and improve the performance of the bank itself. The capital market is an alternative that can be used to improve the company's capital structure (avoid the company from a high debt to equity ratio) and increase the value of the company, especially for companies engaged in the banking and insurance sectors that go public.

According to Syamsudin (2004), one measure to find out the income available as a company owner for the capital invested in the company is measured by ROE (Return on Equity) analysis and to find out how much income for the total assets available in the company is measured by ROA (Return on Assets) analysis.

While the research conducted by Nurul Hidayah and Dewi (2017) from the University of Mercubuana in the study entitled "Analysis of the effect of company size and Net Profit Margin on capital structure in cement industry companies that go public on the Indonesia Stock Exchange". The data studied were cement companies that went public on the Indonesian stock exchange between 2010-2012. Using causal research methods, namely research that shows the effect of independent variables with dependent variables in addition to measuring their strength (Burhan 2005: 50). The result is that Net profit margin (NPM) has a significant effect on the capital structure of cement industry companies that go public on the Indonesian stock exchange.

2. Literature Review

2.1. Signaling Theory

The principle of signaling theory is that every action contains information because of the existence of asymmetric information. Symmetrical information is a condition in which a party has more information than

the other party. For example, company management has more information than investors in the capital market (Pramastuti, 2013).

Announcement of financial and stock performance is information to investors regarding the existence of a policy that will affect the company's wealth and performance. The impact on the company in the form of profitability and stock performance can be in the form of stock returns. The impact of both performances may be negative (performance degradation) and may be positive (performance improvement). Market positive and negative reactions to financial performance and stock returns depend on the availability of information for stakeholders at the time of publication and market perceptions of the conditions displayed in financial and stock performance. Then the market reaction to the publication of financial and stock performance can be explained through signaling theory.

2.2. Bank Function

According to Totok Budisanto and Nuritomo (2014) the main function of the bank is to raise funds from the community and channel them back to the community for various purposes or as a financial intermediary. Specifically the bank can function as: (1) Agent of trust, (2) Agent of development, (3) Agent of Service.

2.3. Stock Return

Stock return is the amount of income received by investors for their investments in certain companies. Return can be in the form of a realized return that has occurred or an expected return that has not yet occurred but is expected to occur in the future. Return is often referred to as total return, where the total return is the overall return of an investment in a given period.

a) Return on Realized Shares

Actual return or can be called return realization is calculated based on historical data. Return realization is used as one measure of the performance of the company and shows the amount of profit investors invest in ordinary shares

b) Expected Stock Return

The expected return is a return that is expected to be obtained by investors in the future. Expectation return is not yet happened. Expectation return is the return used for investment decision making. This return is important compared to the historical return, because the expected return is the expected return on the investment made

c) Abnormal Stock Returns

Abnormal return or excess return is the excess of the actual return (actual return) of the normal return. Normal return is an expected return (return expected by investors). Abnormal returns consist of two types, namely positive abnormal returns and abnormal return negative. A positive abnormal return indicates a positive signal or good news from an announcement. Positive abnormal returns occur if the realized return is greater than the expected return. While negative abnormal returns or bad news from an announcement. Negative abnormal returns occur when the realization rate is smaller than the expected return.

3. Methodology of research

3.1. Types of research

This research is a type of Hypothesis testing research, which is a study whose results are explained by testing hypotheses. In this study the aim is to explain the effect of profitability variables (NPM and ROE) and leverage (DER and DR) on the shares of private banking companies on the Indonesia Stock Exchange (IDX).

3.2. Variable

The variables in this Research are the dependent variable in this study is Cumulative Abnormal Return (CAR). And Independent variables in this Research are: Net Profit margin (NPM), Return on Equity (ROE), Debt to Equity Ratio (DER), Debt Ratio (DR).

3.3. Population and Samples

The Population in these studies is 16 private banks listed on the Indonesia Stock Exchange (IDX) which have been published in the financial report and annual report for the period 2015-2017.

4. Results and discussions

Table 1. Descriptive Statistics Test Results

	N	Minimum	Maximum	Mean	Std. Deviation
Cumulative Absolut Return	46	-11.5800	4.3608	.079073	1.9656879
NPM	46	-1.4675	.5739	.095832	.3164504
ROE	46	-.4891	.2341	.049637	.1416128
DR	46	.7802	.9365	.850395	.0366578
DER	46	.0094	.1387	.059365	.0218208
Valid N (listwise)	46				

Data Process: SPSS 22

a) Cummulative Absolut Return (CAR)

Based on table 1 it can be seen that the cumulative about ratio has an average value of .079073 with the lowest value (minimum) of -11,5800 in 2017 produced by Bank MNC Intl. The highest (maximum) value of 4.3608 in 2017 was generated by Bank BRI Agroniaga, Tbk. The standard deviation value is 1.9656879.

b) NPM

NPM produces the lowest (minimum) value of -1.4675 in 2016 owned by Bank Permata. The highest (maximum) value of 0.5739 in 2016 was generated by Bank OCBC NISP. The standard deviation value is 0.3164504 and the mean value is 0.095832.

c) ROE

ROE has the highest (maximum) value of 0.2341 in 2015 generated by Bank Mayapada Intl. The lowest (minimum) value of -0.4891 in 2017 is produced by Bank MNC Intl. The average value (mean) is 0.049637 and the standard deviation value is 0.1416128.

d) DR

DR produces the lowest (minimum) value of 0.7802 in 2017 owned by Bank Danamon. The highest (maximum) value of 0.9365 in 2017 was generated by Bank Bukopin. The standard deviation value is 0.0366578 and the mean value is 0.850395.

e) DER

DER produces an average value of 0.059365 with the lowest value (minimum) of 0.0094 in 2017 produced by Bank Bukopin. The highest value (maximum) of 0.1387 in 2016 was generated by Bank Bukopin. The standard deviation value is 0.0218208.

Hypothesis Tests

Coefficient Determination Test (R^2)

Table 2. Coefficient Determination Test Result

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.607 ^a	.368	.307	1.6368946

a. Predictors: (Constant), DER, ROE, DR, NPM

Based on table, it can be explained that the coefficient of determination of Adjusted R Square is 0.307 or (30.7%). In other words, the variation of the independent variables used in this model is able to explain 30.7% of the dependent variable and the rest (100%-30.7% = 69.3%) is influenced by other variables outside of this study.

Significance Test F (F Test)

Table 3. Simultaneous Significant Test Results (Test Statistic F)

ANOVA ^a					
Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	64.020	4	16.005	5.973	.001 ^b
Residual	109.856	41	2.679		
Total	173.877	45			

a. Dependent Variable: Cumulative Absolut Return

b. Predictors: (Constant), DER, ROE, DR, NPM

Based on table 3 above, it can be seen that the calculated F value is 5973 and is significant at 0.001. When compared with an alpha value of 0.05 (5%) is smaller. So that it can be concluded that the independent variables jointly influence Cumulative Absolute Return

Significance Test T (T Test)

Table 4. Individual Parameter Significance Test Results (Test Statistics t)

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	5.137	7.522		.683	.498
1 NPM	-1.687	1.534	-.272	-1.100	.278
ROE	10.777	3.350	.776	3.217	.003
DR	-5.667	9.550	-.106	-.593	.556
DER	-10.309	16.021	-.114	-.643	.524

a. Dependent Variable: Cumulative Absolut Return

Based on table 4 can be seen the value of t test and significant results of the testers. The results of the statistical test t between each independent variable on the dependent variable can be explained as follows:

1. Effect of NPM on Cumulative Absolute Return

Based on the results of the t statistical test above, it can be seen that NPM has a t-count value of -1,100 with a significance probability value (sig.) Of 0.278, this NPM significance value is below alpha significance of 5% ($\alpha = 5\%$) or $0.278 > 0.050$. Thus the significance value is smaller than 0.278 with a negative coefficient, this means that the test results show that NPM has a positive and significant influence on cumulative absolute return. So it can be concluded that the hypothesis 1 (H1) is rejected.

2. Effect of ROE on Cumulative Absolute Return

Based on the results of the t test above, it can be seen that ROE has a t-count value of 3.217 with a significance probability value (sig.) Of 0.003, this indicates that the significance value of ROE is above alpha significance value of 5% ($\alpha = 5\%$) or $0.003 < 0.050$. Thus the significance value is greater than 0.003 with a positive coefficient, then the results of the t test show that ROE has an effect on Cumulative Absolute Return. So it can be concluded that hypothesis 2 (H2) is accepted.

3. Effect of DR on Cumulative Absolute Return

Based on the results of the t test above, it can be seen that the DR has a large t-count value -5,667 with a significance probability value (sig.) Of 0.556, this shows the DR significance value above the alpha significance value of 5% ($\alpha = 5\%$) or $0.556 > 0.050$. Thus the significance value is greater than 0.050 with a negative coefficient, the results of the t test show that the DR does not affect the cumulative absolute return. So it can be concluded that hypothesis 3 (H3) is rejected.

4. Effect of DER on Cumulative Absolute Return

Based on the results of the above t test, it can be seen that the DER has a t-count of -6.43 with a probability value (sig.) of 0.524, this indicates that the alpha significance value is 5% ($\alpha = 5\%$) or $0.524 > 0.050$. Thus the significance value is greater than 0.050 with a negative coefficient, then the results of the t test show that DER has no significant effect on the cumulative absolute return. So it can be concluded that Hypothesis 4 (H4) is rejected.

5. Effect of Profitability (NPM, ROE) and Leverage (DR, DER) on Cumulative Absolute Return

Based on the results of the t statistical test above, it can be seen that NPM has a positive and significant influence on cumulative absolute return, ROE has an effect on Cumulative Absolute Return, and the DR and DER does not affect the cumulative absolute return. So it can be concluded that Hypothesis 5 (H5) is rejected

Multiple Linear Regression Analysis

Table 5. Linear Regression Analysis test Result

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	5.137	7.522		.683	.498
1 NPM	-1.687	1.534	-.272	-1.100	.278
ROE	10.777	3.350	.776	3.217	.003
DR	-5.667	9.550	-.106	-.593	.556
DER	-10.309	16.021	-.114	-.643	.524

a. Dependent Variable: Cumulative Absolut Return

Based on table 5 above can be obtained the regression equation in this study, namely as follows:

$$Y = \alpha - \beta_1 \text{NPM} + \beta_2 \text{ROE} - \beta_3 \text{DR} - \beta_4 \text{DER} + e \quad (1)$$

$$\text{Cumulative Absolut Return} = 5,137 - 1,687\text{NPM} + 10,777\text{ROE} - 5,667\text{DR} - 10,309\text{DER} + e$$

From the results of the multiple linear regression testing above, it can be concluded that:

1. Constant value of 5.137 means that if the independent variable namely NPM, ROE, DR, DER is 0, then the dependent variable cumulative absolute return is 5.137

2. The NPM regression coefficient is -1.687 means if the other independent variables are fixed and NPM has a 1% increase, then the cumulative absolute return will decrease by -1.668. Coefficient value is negative, meaning that there is a negative relationship between NPM and Cumulative Absolute Return

3. ROE regression coefficient of 10.777 means that if the other independent variables are fixed values and ROE has a 1% increase, then the cumulative absolute return will decrease by 10.777. Coefficient value is positive, meaning that there is a positive relationship between ROE and Cumulative Absolute Return.

4. The DR regression coefficient of -5,667 means that if the other independent variables are fixed and -5,667 have a 1% increase, then the cumulative absolute return will decrease by -5,667. Coefficient value is negative, meaning there is a negative relationship between DR and Cumulative Absolute Return

5. DER regression coefficient of -10.309 means that if the other independent variables are fixed and DER has a 1% increase, then the cumulative absolute return will decrease by -10,309. Coefficient value is negative, meaning that there is a negative relationship between DER and Cumulative Absolute Return.

5. Conclusions

Based on the research conducted to analyze the abnormal factors of shares in private banks listed on the Indonesia stock exchange for the period 2015-2017, the Hypothesis testing research method then concludes:

1. The test results show that NPM has a positive and significant influence on cumulative absolute return. So it can be concluded that the hypothesis 1 (H1) is rejected.

2. The results of the t test show that ROE has an effect on Cumulative Absolute Return. So it can be concluded that hypothesis 2 (H2) is accepted.

3. The results of the t test show that the DR does not affect the cumulative absolute return. So it can be concluded that hypothesis 3 (H3) is rejected.

4. The results of the t test show that DER has no significant effect on the cumulative absolute return. So it can be concluded that Hypothesis 4 (H4) is rejected.

From the results of the multiple linear regression testing and the results of the t test show that the Effect of Profitability (NPM, ROE) and Leverage (DR, DER) on Cumulative Absolute Return the concluded that Hypothesis 5 (H5) is rejected.

6. Suggestions

Suggestions that can be given after this research are:

1. For Banks

a. To be able to attract investors, especially in purchasing shares, it is better if the private banks included in this study can benefit, that the stability of corporate management is very important in order to create an investment climate for now and in the future.

b. For other commercial banks, it can be a source of learning about how to maintain a company's financial ratios and how to manage a company's portfolio.

2. Further Research

For the next researcher, hopefully it can be a good input to be studied, and perhaps a more in-depth and broader research can be carried out in the future to analyze the abnormal factors of other Bank shares, so that they are useful for the community, investors and others.

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