



**Analysis of Health Level With Car Method to Investor Share Return Of Banking
Companies in Indonesia Stock Exchange (Case Study at Indonesia State-Owned Banks in
2015-2020)**

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Abstract:

Assessment of bank soundness using the Capital Adequacy Ratio (CAR) method is able to determine the state of a company's capital, because by looking at the CAR value investors can reduce losses and there are several previous studies that support CAR to have a positive effect on stock returns. However, what actually happened was that the soundness of state-owned banks using the CAR method on stock returns in 2015-2020 was not in accordance with the theory. This study analyzes the soundness of state-owned banks in terms of capital with a CAR ratio to investors' stock returns. The research method uses descriptive and verification methods using secondary data including the Capital Adequacy Ratio (CAR) and stock returns taken from the annual financial report data of each company and the IDX statistical annual report. The results of the research using descriptive method show that the capital element of each state-owned bank with a CAR ratio is in accordance with the provisions of Bank Indonesia. The results of the verification method show that the soundness of banks using the CAR method partially has a negative and insignificant effect on stock returns in the state-owned bank sector.

Keywords: Bank Soundness Level, CAR, Stock Return

INTRODUCTION

The industry that has such a strong influence in improving and developing a country's economy is the role of the banking industry. Banking in Indonesia plays an important role as a foundation in developing and building and improving the level of the national economy (Hakiim, 2018). If it is elaborated further that banks play an important role in increasing the movement of a country's economy, namely, when people who have excess funds will save their funds in banks so that they are stored safely and get financial service facilities easily. In general,

the public can start saving their funds at banks in the form of bank deposit products such as savings, current accounts and deposits and from funds deposited by the public to banks, the bank will distribute these funds to parties in need in the form of loans or credit (Law Banking No. 10, 1998). So that people who need funds in starting and developing businesses can run with the help of credit loans provided by banks.

Based on Tandelilin's opinion (2017, p. 25) regarding the capital market itself, it is a meeting place to buy and sell securities for those who have excess funds and those who are in need of funds, buying and selling these securities are mostly one-year terms, for example mutual funds, bonds and stocks. So with the funds obtained from the capital market, this becomes a suitable place for companies that are looking for funds to develop, increase and expand its business activities because these funds have a long-term or long-term nature.

In order to attract many investors and obtain a lot of capital from the capital market in Indonesia, namely the Indonesia Stock Exchange (IDX), a banking company must have good quality performance (Tahmat & Margareta, 2020). One way to see if the performance of a bank company is good or not is by looking at the soundness of the bank itself (Yani & Santosa, 2020). So with a bank that can carry out all banking activities well, it is hoped that in addition to being able to generate optimal profits, it also attracts investors to invest so that stock prices will increase and can provide high returns as investors expect (Tahmat & Margareta, 2020).

RESEARCH METHOD

Sugiyono in Umi Narimawati (2010, p. 29) explains what is called descriptive research method, namely: "Descriptive method is a method used to describe or analyze a research result but is not used to make broader conclusions".

Based on the above understanding, it explains that the descriptive method is a form of disclosure of an analysis by describing the results of the study but does not explain the conclusions of the study, so the purpose of the descriptive method in this study is to determine the development of the bank's soundness level with the Capital Adequacy Ratio method. (CAR) and stock returns in state-owned banking companies on the Indonesia Stock Exchange (IDX) from 2015 to 2020.

Then what is called verification research according to Mohammad Nazir (2011, p. 91) aims: "to determine the causality relationship between variables through a hypothesis testing through a statistical calculation so that the results of the evidence show that the hypothesis is rejected or accepted".

So it can be concluded from the understanding of the verification research method according to the expert above, that this verification method is essentially used to test the truth of several variables from a hypothesis causally or in a causal sense through statistical calculations. The purpose of the verification method in this study, , wanted to know how much influence the level of bank soundness with the Capital Adequacy Ratio (CAR) method on stock returns received by investors in state-owned banking companies on the Indonesia Stock Exchange (IDX) from 2015 to 2020.

So it can be concluded that the reason why the method in this study uses descriptive and verification methods is to describe the data that has been collected and describe the results of research calculations in the form of causality or causal relationships to test the truth of the hypotheses that have been made acceptable or not.

In this study, there are two variables, namely the independent variable or independent variable symbolized by (X) and the dependent variable or dependent variable by the symbol (Y). For a clearer description of the variables used in this study, as follows:

1. Independent Variable (X)

Independent variables are often referred to as independent variables, because they are independent in influencing other variables. According to Sugiyono (2011, p. 39) independent

variables are "variables that affect or are the cause of changes or the emergence of the dependent variable". The independent variable in this study is the Bank's Soundness Level with the Capital Adequacy Ratio (CAR) method.

2. Dependent Variable (Y)

Sourced from Sugiyono (2011, p. 39) what is called the dependent variable is "a variable that is influenced or becomes a result, because there is an independent variable". So that this variable is also often called the dependent variable, which is the dependent variable in this study is Stock Return.

The following is to clarify the operationalization of the variables used in this research:

Table 1. Variable Operations

Variable	Draft	Indicator	Size	Scale
Capital Adequacy Ratio (CAR) (X)	Capital Adequacy Ratio (CAR) is the ratio of the bank's capital adequacy or the ability of the bank in the existing capital to cover possible losses in credit or securities trading (Wardiah, 2013, p. 295)..	Component: - Owner's equity - Risk Weighted Assets (RWA) Calculation: CAR=(Owned Capital)/ATMR x100% Source: Wardiah (2013, p. 295)	percent (%)	Ratio
Return Saham (Y)	Stock return is the result obtained from stock investment. Returns can be in the form of realized returns that have occurred or expected returns that have not yet occurred but are expected to occur in the future (Hartono, 2013).	Component: - Stock return (R) - Current stock price (P₁) - Previous period's stock price (P_(t-1)) Calculation: R= (P_t- P_(t-1))/P_(t-1) Source: Hartono (Hartono, 2013)	percent (%)	Ratio

Based on the understanding of the population above, it can be concluded that the so-called population is a generalization of either the object or the subject can meet the criteria of the research in order to be examined to produce conclusions. Thus, the population in this study are all state-owned banking companies listed on the Indonesia Stock Exchange (IDX) for the 2015-2020 period.

Table 2. Population Data of State-Owned Banks Listed on the Indonesia Stock Exchange

No.	Stock code	Company name	Record date
1	BBNI	PT Bank Negara Indonesia (Persero) Tbk	Nov 25 1996
2	BBRI	PT Bank Rakyat Indonesia (Persero) Tbk	10 Nov 2003
3	BMRI	PT Bank Mandiri (Persero) Tbk	14 Jul 2003
4	BBTN	PT Bank Tabungan Negara (Persero) Tbk	17 Dec 2009
5	BRIS	PT Bank Syariah Indonesia Tbk	09 May 2018

Source: www.idx.co.id (which has been processed by researchers)

The basis for making decisions is based on probability (Asymtotic Significant) according to Singgih Santoso (2012, p. 393), namely:

- If the significance (Asymp. Sig.) > 0.05 then the residual data is normally distributed.
 - If the significance (Asymp. Sig.) < 0.05, then the residual data is not normally distributed.
- Still based on the opinion of Singgih Santoso (2012, p. 322), the normality test visually/graphically can be done using the SPSS software program through the Normal Probability Plot method. For the basis of decision making, namely:
- If the data spreads around the diagonal line and follows the direction of the diagonal line, then the residual data is normally distributed.
 - If the data spreads far from the diagonal line or does not follow the diagonal direction, then the residual data is not normally distributed.
 - Decision making on the presence or absence of autocorrelation based on the Durbin-Watson test is:

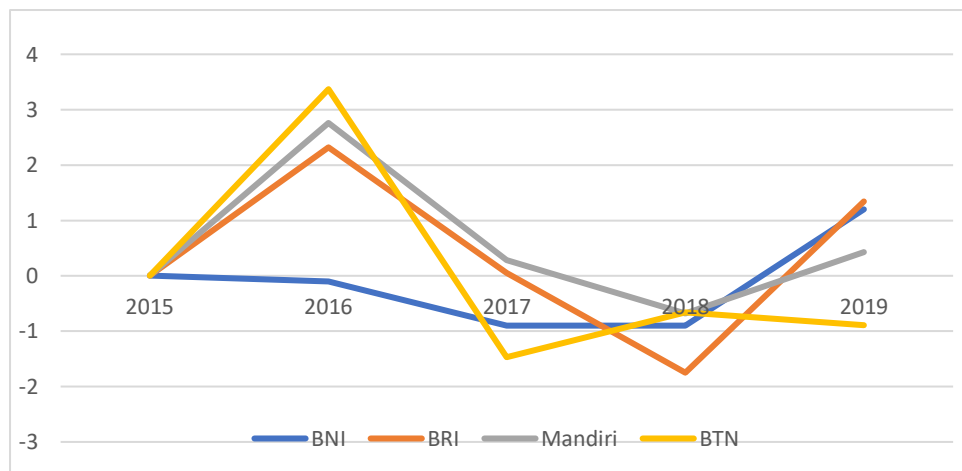
Table 3. Decision Making Autocorrelation Test with Durbin-Watson

Hypothesis	Hypothesis	If
There is no positive autocorrelation	reject	$0 < d < dl$
There is no positive autocorrelation	No Decision	$dl \leq d \leq du$
No negative correlation	reject	$4 - dl < d < 4$
No negative correlation	No Decision	$4 - du \leq d \leq 4 - dl$
There is no positive or negative autocorrelation	Not Rejected	$du < d < 4 - du$

• Source: Imam Ghozali (2013, p. 111)

RESEARCH RESULTS AND DISCUSSION

To see more clearly the movement of the Bank Soundness Level using the CAR method in the SOE banking sector listed on the Indonesia Stock Exchange for the 2015 - 2019 period, below can be seen a graphic image of its development as follows:



Picture 1. Graph of Bank Soundness Level Development with CAR Method

- Based on the table and graph above which shows the soundness of banks using the CAR method for each state-owned bank listed on the Indonesia Stock Exchange for the 2015-2019 period, it can be seen clearly if the CAR fluctuated or fluctuated from 2015 to 2019. It should be noted based on the Circular Letter of Bank Indonesia No.13/24/DPNP of 2011 that a very good CAR is above 12%, so this value is used as a reference if the CAR value is more than or equal to 12% means that the bank's CAR is in very good condition.

CONCLUSION

Based on the results of research from data analysis and discussions that have been described in previous chapters, so that the authors can draw conclusions to answer the formulation of the problem that has been determined, namely as follows:

1. The soundness of banks using the CAR method in the BUMN banking sector listed on the Indonesia Stock Exchange for the 2015-2019 period fluctuated or experienced increases and decreases. The decline tends to occur in 2017 and 2018, for the second year in a row. The decline in CAR was caused by high credit growth in 2017 and banks distributing larger dividends in 2018 compared to the previous year. Although the CAR value has decreased, the average CAR value of each state-owned bank is still in very good criteria, which is more than 12% according to the provisions of Bank Indonesia regulations, so that the bank's soundness level is seen from the capital element with the Capital Adequacy Ratio (CAR) in very good condition. .
2. The movement of stock returns in the SOE banking sector listed on the Indonesia Stock Exchange for the 2016-2020 period fluctuated or experienced an increase and decrease. The decline in Stock Returns occurred in 2018 and 2020. The decline occurred due to global factors and large-scale foreign investors sold their shares in 2018 . Then the economy slowed down due to the COVID-19 pandemic in 2020.
3. The effect of Bank Soundness Level using the CAR method has a partially negative and insignificant effect on Stock Return in the BUMN banking sector listed on the Indonesia Stock Exchange for the 2015-2020 period.

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