

**INFLUENCE ANALYSIS FUNDAMENTALS ON STOCK PRICES IN
THE COMPANY BANKINGS LISTED ON STOCK EXCHANGE
INDONESIA PERIOD 2017-2021**

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Abstract

The purpose of this study is to confirm the effect of debt-to-equity (DER), price-to-earnings (PER) and return on equity (ROE) on service stock prices banks of companies registered on the Indonesian Stock Exchange for the period 2017 -2021. Population used in this study is the same as a sample of 6 companies that is company banking which registered in index Infobank 15 by consecutively during the period 2017-2021 with 30 financial statements. Sample determined with technique purposive sampling. The data used in this study are secondary data. The analytical method used is multiple linear regression. Research results show that the part of the debt-to-equity ratio (DER) has a negative effect and important for stock prices in the banking sector companies period 2017-2021. Price Earning ratio (PER) partially positive effect and significant to Price Share on company banking period 2017-2021. Return On Equity (ROE) by Partial take effect positive and significant to Price Share on company banking period 2017-2021. Debt-to-equity (DER), price-to-earnings (PER) and return on equity (ROE) simultaneously have a positive effect and significant to Price Share on company banking period 2017-2021.

Keywords: Debt to Equity Ratio (DER), Price Earnings ratio (PER), Return On Equity (ROE), Price Share

Abstrak

Tujuan dari penelitian ini adalah untuk mengkonfirmasi pengaruh debt-to-equity (DER), price-to-earnings (PER) dan return on equity (ROE) terhadap harga saham jasa bank dari perusahaan yang terdaftar di Bursa Efek Indonesia untuk periode 2017 -2021. Populasi yang digunakan dalam penelitian ini sama dengan sampel 6 perusahaan yaitu perusahaan perbankan yang terdaftar di indeks Infobank 15 secara berturut-turut selama periode 2017-2021 dengan 30 laporan keuangan. Sampel ditentukan dengan teknik purposive sampling. Data yang digunakan dalam penelitian ini adalah data sekunder. Metode analisis yang digunakan adalah regresi linier berganda. Hasil riset menunjukkan bahwa bagian debt to equity ratio (DER) berpengaruh negatif dan penting bagi harga saham perusahaan sektor perbankan periode 2017-2021. Price Earning ratio (PER) sebagian berpengaruh positif dan signifikan terhadap Price Share pada periode perbankan perusahaan 2017-2021. Return On Equity (ROE) secara parsial berpengaruh positif dan signifikan terhadap Price Share pada periode perbankan perusahaan 2017-2021. Debt-to-equity (DER), price-to-earnings (PER) dan return on equity (ROE) secara simultan berpengaruh positif dan signifikan terhadap Price Share pada periode perbankan perusahaan 2017-2021.

Kata kunci: Debt to Equity Ratio (DER), Price Earnings ratio (PER), Return On Equity (ROE), Price Share

INTRODUCTION

The term market capital refers to the debt and equity that can be traded on the market for various funds over a given time period. The IDX is the main stock exchange in Indonesia. The Indonesia Stock Exchange (IDX) serves as an investment platform for the general public and a source of capital for newly public companies through the issuance of shares.

For To do investment in form share required analysis for measure score stocks, namely fundamental analysis and technical analysis (Nirohito, 2009). In the use of analysis depends from motive investment investors that alone. If investors want to To do investment period investors need fundamental analysis, because in the long term the performance and company health can change, it can be a company keep losing continuously or even bankrupt. So, for get guarantee company healthy and have performance which good could analyzed through fundamental analysis. Meanwhile, if investors want to invest long-term short, so investors enough use analysis technical with notice price share (trend go on or down). Analysis fundamentals is analysis which conducted with use performance finance which could seen through ratio finance (Tandelilin, 2011).

A company's performance and overall health can be determined through fundamental analysis. To determine whether a stock's price is fair, cheap, or expensive, it is first compared with its fair value, then to its closing price on the last trading day of the year. You can use this data as a foundation for your capital market investment decisions (Hakmi et al., 2017). Since net profit is one of the main considerations for investor in the capital markets, it can affect a company's stock price. The report shows the total profit made.

Indirect finance provides information about the health of the business and shows the ability of the business to generate a return on invested capital. The success of a company is reflected in the annual surplus it generates. In theory, companies can pay large dividends if they generate large profits. Lintong & Wokas (2022) Net profit that grows yearly shows good company performance and can generate returns on invested capital for investors. This increases the demand for the company's stock and pushes the stock price higher.

This study aims to incorporate predictable variables that can predict fluctuations in the value of a financial variable, namely the price earnings ratio (PER). The choice of PER as a predictor variable in this study is based on this fact that the PER concept of stock valuation is easy for investors to understand. In addition, investing in stocks is more dependent on the expected return of the company. Typically, the estimated net results for the current year are used as net results. So, if a company makes big profits, investors will chase the stock, because the estimated annual earnings tend to increase. PER varies based on changes in market prices and projected company returns. If there is a price increase, the forecast profit remains, in practice the PER increases. Conversely, if the projected profit increases, the market price does not move, the PER ratio decreases.

The Indonesia Stock Exchange (IDX) is an entity whose mission is to bring investors together with companies that will sell their shares (issuers) in the capital market. In addition to connecting investors and issuers, IDX also seeks to maintain order and continuity exchange operations. Thus, the IDX is the party that is fully responsible for the management of the Indonesian capital market. Banking stocks are the most popular stocks and have been reported to outperform the JCI growth even

though the banking sector experienced a slump in mid-1997 and during the monetary financial crisis in 2008. This sector has shown its performance to achieve the desired results, thus attracting investors again.

According to the research of Azhari, Rahayu and Zahroh (2016) conducted a test of companies Real estate companies listed on the Indonesian stock exchange since 2007 until 2010 showed that ROE, DER, TATO and PER simultaneously have affect stock price, while only part ROE and PER have effect on stock price. For DER and TATO does't have any affect for the stock price. Hopefully this research may have benefits for the development of science, to contributing about the development of theory and can serve as a useful reference for future studies, especially on the influence of ROA, ROE, NPM, DER, CashTA, TATO and EPS on stock prices. The operational benefit of this study is that it can provide an overview direction of the company relative to factors that investors must use such as a company's fundamental decision making before investing in the stock market, and investors make investment decisions.

LITERATURE REVIEW AND HYPOTHESES FORMULATION

Fundamental analysis attempts to predict the future price of a stock by estimating the value of the fundamental factors that will be affect for the future price of a stock and determining the relationship between these variables to arrive at an estimate stock price. Husnan (2015: 315). Fundamental analysis is the process of identifying whether the stock is below or above the price it should (normal price) at some time certain. Fundamental analysis includes information about financial and health reports company, company management, competitors and the market situation of the product. Analysis fundamentals covers data historical and data

moment that also, for make prediction financial. May (2011, p.34). According to Aziz et al (2015) the fundamental factors that are considered by each actor market capital Among other is ratios investation. Ratio investation is size ratio which used by para investors share, good based on data which there is in report finance company as well as stock data in exchange.

Jama'an (2008) proposed Signaling Theory, which explains why and how businesses should communicate with financial statement users. This message is communicated through a written account of management's efforts to fulfill shareholder expectations. To send a message that the company is doing better than its competitors, as in a promotion or other piece of information. Every time they invest in the capital market, investors' decisions are usually based on various information they have, both direct information and personal information. The uncertainty of an investor in investing his funds (stocks) can affect that there is information (Kumaidi & Asandimitra, 2017).

The Debt to Equity Ratio (DER) is a measure of the extent to which debt exceeds equity, as described by Bawamenewi and Afriyeni (2019). You can determine this ratio by contrasting your total debt with your total equity. Creditors' and shareholders' contributions to a company's capital can be estimated using this ratio (Ramdhani, 2013). The size of the price ratio correlates with the Debt Ratio and the stock price, as pointed out by Abdullah et al., (2016). High debt ratio is indicative of a high level of danger for the business. The decline in the Company's share price is due to a lack of interest from investors to put their money into the company. Debtors, creditors, and investors/potential investors can all benefit from knowing the DER so that they can better estimate their potential returns.

Ability to convert a company's assets into cash flow is quantified by its return on

assets (ROA) (Bawamenewi & Afriyeni, 2019), a rate of return. A company's profitability both historically and into the future can be quantified by calculating its return on assets. This metric, which measures the firm's ability to turn a profit using all of its assets, is also known as economic profitability. Earnings before interest and taxes (EBIT) is the measure of profitability in this scenario (Mario et al., 2020). Return On Assets (ROA), also known as return on investment (ROI), is a metric used to gauge the gains of a business relative to an investment made during growth its growth (Watung & Ilat, 2016).

The rate of return, or the efficiency with which a company generates profits that are the right of the capital owner, can be measured using the probability ratio known as return on equity (ROE). Profit after taxes is divided by total shareholder equity to determine return on equity. Return on equity is quantified by this ratio for companies in the Cahyaningrum and Antikasari index, 2017. Return on equity, as defined by Novitasari (2016), is a ratio used to measure the efficiency with which a company converts equity into profit or loss. Shares' prices are set according to the market forces of supply and demand. Owners of shares have the right to purchase additional shares in the company under certain circumstances, and the company must meet certain criteria in order to attract these investors. One way a company can raise capital is through the sale of shares to the general public. However, many investors favor stocks over other investment vehicles due to the potential for higher returns (Watung & Ilat, 2016).

Relationship between debt to equity ratio and stock price

One indicator of a company's viability as a running company is its debt-to-equity ratio, which is by calculated and divided long-term debt by shareholder's equity. Therefore, if the value of the debt to equity

ratio increases, the dividend to shareholders will decrease because more of the company's earnings will be going toward servicing its debt. In contrast, dividends rise as debt to equity ratios fall because fewer of the company's earnings must go toward interest and principal payments (Zakaria, 2021). Investors do not care whether or not the DER is high or low. Investors look at how much debt a company can use for its operational costs, so the level of debt does not necessarily affect their interest in investing in shares of the company. Using debt sends a positive signal to investors, encouraging them put money into business, increase stock price; conversely, not using debt sends a negative signal. Companies whose debt levels are on the rise as measured by the debt-to-equity ratio are not necessarily a good investment.

(Nainggolan et al., 2019) demonstrate that stock prices are greatly affected by debt ratios. Share prices of Indonesian Banking company's, listed in the Indonesia Stock Exchange are analyzed based on earnings per share, return on equity, net profit margin, dividend yield, and price to earnings ratio (PER). According on the results, it be able to conclude that the following variables have a partial impact on the price of bank shares listed on IDX: earnings per share (EPS), return on equity (ROE), dividend yield (DER), net profit margin (NPM), and price to earnings ratio (PER). There is a substantial affect on IDX stock prices from temporary simultaneous changes in EPS, ROE, DER, NPM, and PER. Therefore, based on the theoretical concept and preceding research describe above, one can construct hypothesis 1 as follows:

H1: Debt to Equity Ratio has a significant effect on stock prices

Price Earning Ratio Relationship with Stock Price

The PER measures the relationship between the stock price and the companies

stock prices or earning per share. Shares of a company can be valued by calculating its price relative to its earnings per share (PER). A lower PER indicates a more reasonably priced stock price, and a higher PER indicates a more expensive stock price. Investors' stock-purchasing decisions may be influenced by the price-earnings ratio. Stock prices tend to rise according to the size of an IPO (Nainggolan et al., 2019). According to Rahmadewi and Abundanti (2018), PER has a sizeable impact on stock prices. The impact of earnings per share, price to earnings ratio, cash return, and return on equity on stock prices in Indonesia is the focus of this research. The research showed that stock prices were significantly impacted by EPS, PER, CR, and ROE all at the same time.

A higher PER indicates that investors see greater potential in the company's stock, which should lead to a higher stock price. Stock prices are negatively affected by earnings per share, cash flow from operations, and return on equity, indicating that investors do not use these metrics when deciding whether or not to purchase a company's stock. Therefore, the following hypothesis 2 can be formulated in light of the aforementioned theoretical concepts and prior research:

H2: The price-to-earning ratio has a large impact on the stock price

Relationship of Return on Equity with Stock Prices

Hery (2016: 107), What percentage of net profit can be attributed to equity measured by the return on equity ratio proportion. The net income earned from each rupiah of equity-based funding is increased if the equity returned is increased. A company's ability to turn its own capital into profits for its ordinary and preferred shareholders is measured by its Return on Equity (ROE). Investors stand to gain if companies can rebuild a profit using its own

resources (its ROE). A company's stock price can be affected by its level of return on equity. Return on equity (ROE) is a common metric for analyzing a business's financial health. Profitability is a factor in dividend policy, according to Mamduh (2014: 375). Any surplus will be returned to shareholders in the form of dividend payments, the amount of which will be proportional to the company's earnings.

The dividends paid out by a company are proportional to its profitability. Return On Equity (ROE) has been shown to have a importance impact on stock prices of various industrial companies listed on the Indonesian Stock Exchange by Sutanti et al. (2015). Stock prices in the corporate sector show a significant positive correlation with Return On Equity (ROE). Several sectors of the economy that were represented by the Indonesian Stock Exchange among 2009 and 2013. So based on the concept of theory and previous research that described above can be formulated hypothesis 3 as follows:

H3: Return on equity has a big impact on stock prices

RESEARCH METHOD

Types of Research and Data Sources

This study falls under the category of explanatory studies. Paul J. (2008: 731) states that the first step in an explanatory research design is to develop a hypothesis for a quantitative study, followed by data collection and analysis to determine where the variables studied fall and how they relate to one another. Explaining where the variables studied fall and how they interact with one another is the goal of explanatory research. This study employs a quantitative strategy based on secondary data collection. Secondary data from this study include from the annual reports of Indonesia Stock Exchange-listed banking companies that were available online at www.idx.ac.id and other related websites from 2017 to 2021.

Population and Sample

All financial institutions are included in the sample, with as many as 30 Financial institutions listed on the Indonesian stock Exchange during research period 2017 - 2021.

The criteria for sample selection in this study were:

1. Focused on banking sector company stocks consistently during the 2017-2021 observation period
2. The company consistently reports financial reports regularly during the 2017-2021 period
3. Companies that earn profits during the observation period
4. Companies that do not pay dividends during the observation period are excluded from the sample.

RESULTS AND DISCUSSION

1. Descriptive Statistics Test

Table 1
Descriptive Analysis Test Results

Descriptive Statistics					
	N	Minimum	Maximum	mean	Std. Deviation
DER	30	3.21	10.54	5.9139	1.94425
PER	30	6.46	35.09	16.0875	7.78032
ROE	30	2.94	17.75	12.2270	4.13277
Price Share	30	770	33850	7743.50	9025,777
Valid N (list wise)	30				

Source: SPSS 22 data processing output Based on the table above, it can be seen that:

- a. The stock price variable (Y) has an average value (mean) of 7743.50, - with the lowest price (minimum) is 770 and the highest price (maximum) is 33850,- while the standard deviation is 9025,777.
- b. The DER variable (X1) has an average value (mean) of 5.9139, - with the lowest (minimum) value of 3.21 and the highest (maximum) value of 10.54, - while the standard deviation of 1.94425.
- c. The PER variable (X2) has an average value (mean) of 16.0875, - with the lowest (minimum) value of 6.46 and the highest (maximum) value of 35.09, - while the standard deviation of 7.78032.
- d. The DER variable (X3) has an average value (mean) of 12,2270, - with the lowest (minimum) value of 2.94 and the highest (maximum) value of 17.75, - while the standard deviation of 4.13277.

2. Classical Assumption Test

a. Normality test

Normality test were performed as follows one-sample kolmogor-simirnov analysis. The critical limit for the normality test is if $Asymp.Sig (2-tailed) > \alpha (\alpha = 5\% = 0.05)$.

Table 2
Normality Test Results

		Unstandardized Residual
N		30
Normal Parameters ^{a,b}	mean	.0000000
	Std. Deviation	5524.51169041
Most Extreme Differences	Absolute	.142
	Positive	.142
	negative	-.102
Test Statistics		.142
asymp. Sig. (2-tailed)		.126 ^c

- a. Test distribution is Normal.
- b. Calculated from data.
- c. Lilliefors Significance Correction.

Source: *Output* though data SPSS 22

Based on the test results by colmogroph-Smirnov test, which there is on table in on, test normality show score Asymp.Sig (2-tailed) of 0.126 which means Sig (0.126) > (0.05). This shows that the distribution of the data obtained is normal. This means that the classical assumption test for testing normality data in analysis this fulfilled or Fulfill condition.

- b. Test Autocorrelation
Base taking decision in test autocorrelation Durbin Watson:

 - 1) If d (Durbin Watson) more small from dL or more big from 4-dL so there is autocorrelation.
 - 2) If d (Durbin Watson) is between dU and 4-dU so no there is autocorrelation.
 - 3) This is not a clear statement if d (Dusrbin Watson) is between dL and dU or between 4-dU and 4-dL.

Table 3
Results Test Autocorrelation
Model Summary ^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.791 ^a	.625	.582	5834.535	1,517

- a. Predictors: (Constant), ROE, PER, DER
- b. Dependent Variables: Price Share

Source: *Output* though data SPSS 22

Based on table in on, is known score Durbin Watson (d) is as big as 1,517. Next score this will compared with score table DurbinWatson at 5% significance. Found the dL value of 1.214 and dU as big as 1,650. The

DurbinWatson (d) value of 1.517 lies between the values of dL and dU so that no produce conclusion which certain. Thing this could overcome with use test *Run Test*

Test Autoclassification use *Run Test*

Table 4
Results Test *Run Test*
Runs Test

	Unstandardized Residual
Test Value ^a	321.03714
Cases < Test Value	15
Cases >= Test Value	15
Total Cases	30
Number of Runs	11
Z	-1.672
asyp. Sig. (2-tailed)	.094

a. median

Source: *Output* though data SPSS 22

Base taking decision in Test *Run Test* :

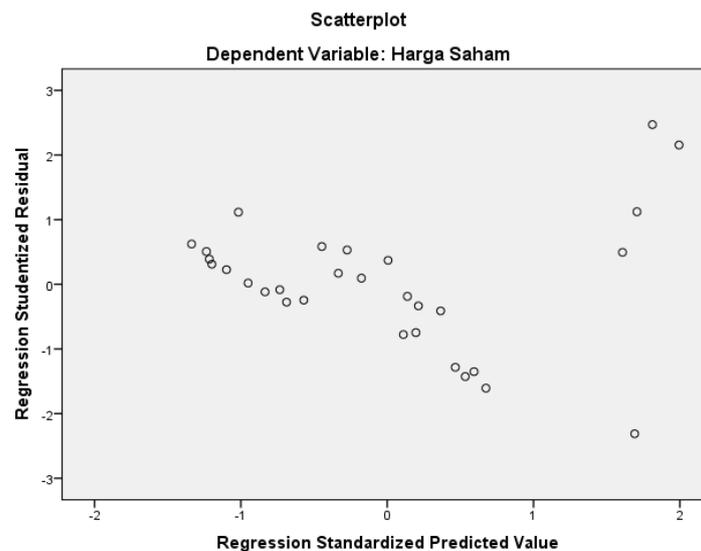
- 1) If the Asymp.Sig (2-tailed) value is less than 0.05 then there are symptoms autocorrelation.
- 2) If score Asymp.Sig (2-tailed) more big from 0.05 so no found symptom autocorrelation

Based on the result of 0.094 with known Asymp.sig (two-tailed) values greater than 0.05, we can conclude that there is no

symptom autocorrelation. That is, the problem autocorrelation which no could solved by DurbinWatson can be solved by run test so that analysis regression linear could next.

- c. Test Heteroscedasticity
Test Heteroscedasticity use *Scatterplot*

Picture 2 Results Test Heteroscedasticity *Scatterplot*



Source: *Output* though data SPSS 22

Based on results output *scatterplot* in on is known that:

- 1) Dot, dot, dot data spread in on and in lower or in around number zero.
- 2) dots no collect only in on or in lower just.
- 3) Deployment dot, dot, dot data no shape pattern wavy widen then narrow and widen back.

4) Deployment dot, dot, dot data no patterned.

With thereby could concluded that no occur symptom heteroscedasticity, so that model regression could fulfilled.

d. Test Multicollinearity

Table 5
Results Test Multicollinearity

		Coefficients ^a	
		Collinearity Statistics	
Model		Tolerance	VIF
1	DER	.913	1.096
	PER	.942	1.061
	ROE	.931	1.074

a. Dependent Variables: Price Share

Source: *Output* though data SPSS 22

The table above shows that each the VIF value of the free variable is less than 1 (1 to 10). From this we can conclude that multicollinearity does not exist. This means

that this test is met with score VIF variable X1 (1.096), X2 (1.061), and X3 (1.074).

3. Test Analysis Regression Linear multiple

Uji Kelayakan Model (uji f)

Tabel 6
Hasil Uji Linearitas Uji Parsial (Uji t)

Model	Probabilty Value (Sig.)	
Persamaan 1	0.004	Layak
Persamaan 2	0.049	Layak

Source: *Output* though data SPSS 22

The model feasibility test (F-test) results in table 6 show the significance values of the equations1 model is 0.004 and equation 2 is 0.049 which means less than 0.05. This value

indicates a significance value that is less than 0.05. From these results, we can conclude that model equations 1 and 2 indeed have a large impact on stock prices.

Table 7
Results Test Regression Linear multiple

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	-5133,383	4985,382		-1.030	.313
	DER	-1478,874	583,311	-.319	-2,535	.018
	PER	603.836	143.457	.521	4.209	.000
	ROE	973,966	271.744	.446	3.584	.001

a. Dependent Variables: Price Share

Source: *Output* though data SPSS 22

The table above shows the influence of the DER, PER and variables ROE by Partial (alone) to variable price share. Based on table above, the constant value $a = -5133,383$, and the regression coefficient (bi) of each variables independent obtained for $b_1 = -1478,874$, $b_2 = 603.836$ and $b_3 = 973,966$. Based on this data, the model formula is linear regression analysis:

$$Y = -5133,383 - 1478,874 X_1 + 603,836 X_2 + 973,966 X_3$$

The above regression equation can be explained as follows:

- The value of constant (a) is $-5133,383$ which means that if DER, PER, ROE are 0, then the stock price is $-5133,383$.
- The regression coefficient value for variable X_1 DER (Debt to Equity Ratio) is -1478.874 . This means that the stock price decreases when X_1 increases by 1 unit. $1478,874$ if other variables are considered constant.
- The regression coefficient value for variable X_2 PER (Price Earnings Ratio) is 603836 . This means that a 1-unit increase in X_2 will increase the stock price by 603.836 , assuming other variables are held constant.
- The regression coefficient value of the X_3 ROE (Return On Equity) variable is $973,966$, This means that if X_3 increases

by one unit, it will increase the stock price by $973,966$, if other variables are considered constant.

4. Test Hypothesis

a. Test t

Test t used for test by Partial (each) variable free to variable bound.

Base taking decision test t Based on value significance (Sig.)

- If score $\text{Sig} < \text{probability } 0.05$ so there is influence variable free (X) to variable bound (Y) or hypothesis received
- If score $\text{Sig} > \text{probability } 0.05$ so no there is influence variable free (X) to variable bound (Y) or hypothesis rejected

Based on comparison score t count with t table

- If the score t count $> t$ table then there are free predictors (X) and hypotheses up to the variable limit (Y).
- If score t count $< t$ table, i.e.no, we have predictor variables (X) against variable limits (Y), hypothesis rejected.

Result

Below are the analysis results of multiple linear regressions performed to determine the combined and partial effects of dividend yield, price-earnings ratio (DER), and return on equity (ROE) ratio (ROE) on

stock prices for companies operating in the banking industry:

1. Effect of Debt to Equity Ratio (DER) on Stock Price

The significance level of the DER variable in the test of its impact on stock prices was $0.018 < 0.05$, indicating that DER did, in fact, have significant impact on stock prices. Given that the tcount for the DER variable is -2.535 , we can infer that the Debt to Equity Ratio (DER) has a significant and negative impact on stock prices. If the DER is raised, the stock price falls, conversely, if the DER is lowered, the stock price rises (negative direction).

Debt-to-equity ratio (DER) is the proportion of debt to total equity. Companies whose operations rely heavily on debt are particularly vulnerable to the negative effects of DER. The more of the debt of the company has, the lower the return it can offer investors. Companies with high DER will distribute small dividends, conversely companies with low DER will distribute high dividends, because the company has an obligation to use income to pay debts. This condition is not liked by investors because the dividends obtained by investors will decrease. The greater the DER, the greater the risk borne by investors and the lower the company's ability to pay dividends. So the decrease and increase in the DER ratio will affect the stock price.

This study's findings that DER affects stock prices are consistent with those of Christina et al. (2021) and Dewi and Rangkuti (2020).

2. Effect of Price Earnings Ratio (PER) on Stock Price

The study shows that the price-to-earnings ratio (PER) has a statistically shares and drives up the stock price.

significant positive impact on the prices of banking stocks included in the infobank index 15. The significance level of this difference is $0.000 < 0.05$, as shown by the fact that t count (4.209) > t table (2.056). The price-earnings ratio (PER) measures the profitability of a company's stock. The PER measures the effort and cost that investors put in to generate a return. This study's findings suggest that investors consider PER when purchasing shares of a company. A higher PER indicates a more expensive stock.

These findings corroborate the findings of Zaimsyah et al. (2019) and Wijaya and Putri (2021), both of which found that PER affects stock prices.

3. Impact of Return on Equity (ROE) on Stock Price

Studies have shown that return on equity (ROE) has a statistically significant positive impact on the prices of bank stocks included in the infobank index15. The value of t count (3.584) is greater than t table (2.056) and this difference is statistically significant ($p < 0.001$).

Return on equity quantifies how profitable a company is relative to the amount of capital invested. An improved return on equity indicates that the company is on track and doing a better job of maximizing the profitability of its existing resources. The higher the ROE, the more effectively the company's management is able to put its own capital to work for it, which in turn increases the value of the company for its shareholders. An increase in net income leads to a higher return on equity, which in turn encourages investors to purchase

This study's findings corroborate those of Nurliandini et al. (2021), who

found that return on equity (ROE) affects stock prices.

4. Effect of Debt to Equity Ratio (DER), Price Earning Ratio (PER) and Return On Equity (ROE) on Stock Prices

The calculated F value (14.466) > F table (2.99) with a significant value of $0.000 < 0.05$ was found from the results of a simultaneous significance test using the F test. Stock prices are positively and significantly impacted by DER, PER, and ROE at the same time. Christina et al. (2021), Dewi and Rangkuti (2020), Zaimsyah et al. (2019), Wijaya and Putri (2021), and Nurliandini et al. (2021) all find results that are consistent with the current study. This demonstrates that DER, PER, and ROE can be used as indicators of stock performance. According to the coefficient of determination (R²) test, the correlation between the two variables is strong (R squared = 0.582, or 58.2%). This indicates that the Stock variable is affected positively and significantly by the three other variables (DER, PER, and ROE) at the same time. While other factors, beyond the scope of this investigation, account for 41.8%.

CONCLUSSION

Based on the results of the study, it can be concluded:

1. During the period from 2017 to 2021, stock prices of banking companies are listed on the Indonesian Stock Exchange were significantly negatively impacted by DER (Debt To Equity ratio).
2. In the period between 2017 and 2021, the share prices of banking companies listed on the Indonesia Stock Exchange were positively and significantly influenced by the PER (Price Earnings Ratio).
3. Stock prices of banking companies listed on the Indonesia Stock Exchange in 2017-2021 are positively and significantly influenced by ROE (Return On Equity).
4. Share prices of banking companies listed on the Indonesian Stock Exchange from 2017 to 2021 are positively and significantly impacted by the DER (Debt to Equity Ratio), PER (Price Earnings Ratio), and ROE (Return On Equity) all at the same time.

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