

The Effect of Liquidity and Solvency on PT. Sharia Banking is Listed on the Indonesia Stock Exchange

Burhanuddin^{1*}, Suwedy²

^{1,2}Management Study Program, Faculty of Economics, Universitas Muhammadiyah Palu, Indonesia
(*)Author Email: bur.feunismuhpalu@gmail.com

Abstract

Ratio Financing to Deposit Ratio (FDR) and Capital Adequacy Ratio (CAR) on the share price of PT. Islamic Banking in 2017-2019. This study uses secondary data obtained from PT's annual published financial statements. Islamic Banking for the Year 2017-2019 is available on the related Bank's website. The data analysis technique used in this research is multiple linear regression analysis. The analytical tool used in this research is the Statistical Package For the Social Sciences (SPSS) version 16.0. The results of this study indicate that the Financing to Deposit Ratio and the Capital Adequate Ratio partially or simultaneously have no significant effect on share prices.

Keywords: Financing to Deposit Ratio; Capital Adequacy Ratio; Stock Price

INTRODUCTION

Indonesia has a capital market structure, each of which has its duties and authorities, one of which is the Indonesia Stock Exchange. With the existence of the stock exchange, every securities trading transaction will be orderly, efficient, and fair. In Indonesia, the stock exchange is better known as the Indonesia Stock Exchange, an alliance between the Jakarta Stock Exchange and the Surabaya Stock Exchange (1).

In conventional sharia-based financial institutions, it is on the return and profit-sharing provided (2). For banks based on traditional principles, setting interest as the price (3). Meanwhile, for banks based on sharia principles, it is forbidden to use the cost of their products with particular interest because interest is usury. The characteristics of the Islamic banking system operating based on profit-sharing principles provide an alternative banking system that is mutually beneficial for the community and the Bank (4) and highlights fairness in transactions, ethical investments, promoting the values of togetherness and brotherhood in production and avoiding speculative activities in financial transactions.

To invest in stocks, we must know every stock development we want in the capital market. In Indonesia, the Indonesia Stock Exchange can be our reference to find information about the movement of stocks we want. Financial statements are a structured presentation of a company's financial position and performance (5). Financial statements provide information about the company's financial position, financial performance, and cash flows that are useful for most report users in making economic decisions (6). The information in the financial statements is beneficial for parties interested in the company; for example, management as an internal party of the company uses financial statements as a basis for measuring company performance.

External parties, such as investors, use financial statements to assist investment activities in the capital market.

Liquidity Ratio is a ratio that measures a bank's ability to pay off short-term debt, which becomes its obligation when received (7). This ratio is important because failure to pay duties can lead to bankruptcy. In measuring the liquidity ratio in Islamic banks, namely the Loan to Deposit Ratio (LDR) or Financing to Deposit Ratio (FDR) ratio to find out how much the Bank's ability to repay the withdrawal of funds made by depositors with financing that has been provided as a source of liquidity. The higher the ratio indicates that the lower the liquidity capacity of the Bank concerned, a bank can be in a problematic condition, and the Bank's financial performance will decrease.

METHOD

This type of research uses quantitative research with data analysis techniques, which is used multiple linear regression using the SPSS version 16.0 application.

RESULTS AND DISCUSSION

Multiple Linear Regression Analysis

Table 1. Multiple Linear Regression Processing Results

| Dependent Variable Y = Stock price | | | | | | |
|------------------------------------|------------|------------|-----------------|---------|---------|-------|
| variable | Reg. Coeff | std. error | Beta | T count | T table | is |
| C = Constanta | 3600.952 | 2876.418 | | 1.252 | 2.042 | 0.220 |
| X1 = FDR | -0.038 | 0.043 | -552 | -0.896 | 2.042 | 0.377 |
| X2 = CAR | 71.086 | 105.601 | -415 | 0.673 | 2.042 | 0.506 |
| R square | = 0,039 | | F count = 0,603 | | | |
| Adjusted QR-Square | = -0,025 | | F table = 3.305 | | | |
| Durbin-Watson | = 0,468 | | Sign F = 0,553 | | | |

Source: Results of data processing (2021)

Based on the multiple linear regression equation above, it can be concluded that: The constant value vs. 3600.952, meaning that there is no influence of Financing to Deposit Ratio (x1) and Capital Adequacy Ratio (X2), so it has a stock price of 3600.952% or 3.601%. Then the coefficient value of b1 Financing to Deposit Ratio (X1) is -0.038, meaning that for every 1% increase in Financing to Deposit Ratio or (X1). At the same time, other independent variables are not constant, and the stock price will increase by -0.038%. And the coefficient value of b2 Capital Adequacy Ratio (X2) is 71.086, meaning that if the increase is 1% Capital Adequacy Ratio (X2) while other independent variables are not constant, the stock price will decrease by 71.086%.

Simultaneous Proofing of Hypotheses (Test F)

The F test is carried out by looking at the results of the significance test of the F test, namely whether the results of the significant test are greater or less than the significant level of 0.05. This test is done by calculating or comparing the F-Count and F-Table to decide whether the hypothesis is accepted or rejected. In this test, perform the following conditions:

If $F\text{-Count} < F\text{-Table}$ and $\text{significance} > 0.05$ H_0 is accepted.

If $F\text{-Count} > F\text{-Table}$ and $\text{significance} < 0.05$ H_0 is rejected.

The F test (simultaneous test) shows whether all the independent variables (X) included in the study have a positive effect on the dependent variable (Y). This F test compares the significant value with an alpha value (α) of 0.05. The F test also has a significant effect if the considerable value is less than the alpha value < 0.05

Based on the calculation results obtained from the multiple linear regression model, the value of $F_{\text{count}} = 0.603$ is greater than the value of $F_{\text{table}} = 3.305$ ($F_{\text{count}} > F_{\text{table}}$), with a probability level of 0.553 (significance), with a probability value much more significant than 0, 05, it can be concluded that H_0 is unacceptable, which means that the independent variables FDR (X1) and Capital Adequacy Ratio (X2) together (simultaneously) have an effect and are not significant on stock prices so that this regression model cannot be used to predict stock prices. Islamic banking stocks listed on the Indonesia Stock Exchange (IDX) can be said that the third hypothesis is unacceptable.

Partial Proof of Hypothesis (t-test)

The t-test is a partial test to test the effect partially (individually) between the independent variable and the dependent variable (8), Assuming other variables are considered constant with a probability level = 0.05.

Testing is done by calculating and comparing the t-count and t-table to decide whether the hypothesis is accepted or rejected. In this test, the following provisions are made:

If $\text{count} < t\text{-table}$ and $\text{significance} > 0.05$ H_0 is accepted.

If $\text{count} > t\text{-table}$ and $\text{significance} < 0.05$, H_0 is rejected.

Partial proof of the Financing to Deposit Ratio (X1) hypothesis on stock prices

T-count (X1) = $-0.896 < T\text{-table} = 2.042$ and at an error level of 5% or an alpha value of $0.05 < 0.377$, this indicates that the Financing to Deposit Ratio (X1) partially has no significant effect on stock prices of Islamic banking listed on the Indonesia Stock Exchange (IDX), it can be stated that the first hypothesis cannot be accepted.

Partial proof of the Capital Adequacy Ratio (X2) hypothesis on stock prices

T-count (X2) = $0.673 < T\text{-table} = 2.042$ and at an error level of 5% or an alpha value of $0.05 < 0.506$. This indicates that the exchange rate (X2) partially has no significant effect on stock prices of Islamic banking listed in According to the Indonesian Stock Exchange (IDX), it can be stated that the second hypothesis cannot be accepted.

Simultaneous Effect of Variable Financing to Deposit Ratio (X1) and Capital Adequacy Ratio (X2)c on stock prices

From the values obtained based on the results of statistical tests, the results of testing the third hypothesis found that the Financing to Deposit Ratio (X1) and the Capital Adequacy Ratio (X2) together or simultaneously did not have a significant effect on stock prices, it can be concluded that Financing to Deposit Ratio (X1) and Capital Adequacy Ratio (X2) are both not good when used to see the share price of Islamic banking listed on the Indonesia Stock Exchange (IDX)b with an Adjusted R Square contribution of -0.025 , or 25.% so that there are 75% of the variables others that could not be identified in this study.

CONCLUSION

This study concludes that liquidity and solvency simultaneously have no significant effect on stock prices in Islamic banking companies listed on the Indonesia Stock Exchange and partially shows that there is no significant effect on liquidity and solvency on stock prices in Islamic banking companies listed on the Stock Exchange. Indonesian Effect.

SUGGESTION

It is hoped that Islamic banking companies will continue to provide objective financial information and other information related to relevant and testable financial statements where investors can assess the company's condition to convince investors to decide whether to buy or not a company's shares.

DAFTAR PUSTAKA

1. Fathurrahman H. Analysis of the Effect of Diamond Fraud on Audit Quality (Study of Manufacturing Companies Listed on the Indonesia Stock Exchange 2015-2019). *J Akunt dan Keuang Syariah-ALIANSI*. 2020;5(2):60–72.
2. Mawarid H. Analysis of the Application of Financial Accounting Standards (SAK) Number 105 concerning Mudharabah Financing in the Financial Statements of the Islamic Financial Services Cooperative West Kalimantan Madani Pontianak. *J Audit dan Akunt Fak Ekon Univ Tanjungpura*. 2014;3(2):27–42.
3. Hussein K. Bank-level stability factors and consumer confidence—A comparative study of Islamic and conventional banks' product mix. In: *Islamic Finance*. Springer; 2016. p. 86–104.
4. Abedifar P, Ebrahim SM, Molyneux P, Tarazi A. Islamic banking and finance: Recent empirical literature and directions for future research. *J Econ Surv*. 2015;29(4):637–70.
5. Rinny Meidiyustiani SE, Akt M. Appliance of Good Corporate Governance Structure Integrity Against Financial Report On Mining Companies Listed. *J Law Soc*. 2019;6:1.
6. Osadchy EA, Akhmetshin EM, Amirova EF, Bochkareva TN, Gazizyanova Y, Yumashev A V. Financial statements of a company as an information base for decision-making in a transforming economy. 2018;
7. Samad A, Hassan MK. The performance of Malaysian Islamic Bank during 1984–1997: An exploratory study. *Int J Islam Financ Serv*. 2006;1(3).
8. Zuliarni S. The effect of financial performance on stock prices in mining and mining service companies on the Indonesia Stock Exchange (IDX). *J Apl bisnis*. 2012;3(1):36–48.