

FACTORS INFLUENCING THE STOCK PRICE OF BANKING COMPANIES IN THE INDONESIA STOCK EXCHANGE

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Abstract

The banking sector is the industry most regulated by the government given the importance of this sector in the country's economy as a bridge for financing the real sector. Stocks in the banking industry are one of the stocks that are highly sought after by investors. Banks that have good health will attract many investors. The purpose of this study is to prove the influence of the bank's health level – risk profile and good corporate governance – on stock price in the banking sector companies on the IDX. The data used in this study are secondary data in the form of financial statements of banking companies. The independent variables in this study are risk profile and GCG, which consist of Non Performing Loans (NPL), Interest Rate Risk (IRR), Loan to Deposit Ratio (LDR), Managerial Ownership, Institutional Ownership, Independent Commissioner, Size of Board of Directors, Committee Audit and dependent variable Share Price. The sampling method in this study was purposive sampling with a sample of 7 banking companies registered on the Indonesia Stock Exchange. Stock price are the closing price on Yahoo Finance. The data analysis technique used is parametric statistical test – multiple linear regression analysis and classical assumption test, including normality test, autocorrelation test, multicollinearity test, and heteroscedasticity test. Test of hypothesis used the R Square test, partial t test, and F test. The results of the study prove that the Non Performing Loan (NPL), Independent Commissioner, and Audit Committee variables have no influence on the Stock Price. However, the Interest Rate Risk (IRR), Loan to Deposit Ratio (LDR), Managerial Ownership, Institutional Ownership, and the Size of the Board of Directors have effect on Stock price.

Keywords: *Non-Performing Loan (NPL), Interest Rate Risk (IRR), Loan to Deposit Ratio (LDR), Managerial Ownership, Institutional Ownership, Independent Commissioner, The size of the Board of Directors, the Audit Committee, and stock price*

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INTRODUCTION

The capital market is a meeting between parties who have excess funds with those who need funds by trading securities. In this case the capital market has an economic function which is to provide facilities or a place to bring together two parties who need funds and those who are excess funds (investors). Trade between the shortcomings (bidders) and excess funds (buyers) is traded in a supporting institution, namely the Indonesia Stock Exchange (Tandelilin, 2010: 28). Stock price can provide clues to the conditions of capital market activities and investors in conducting share trading. Investors must be able to analyze a stock to be able to make the right decision in order to get dividends or capital gains (Tandelilin, 2010: 28).

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The banking industry is one industry that participates in the capital market, in addition to other industries, such as manufacturing, agriculture, mining, property and others. The bank is one of the institutions that acts as a financial intermediary between parties who have funds and those who need funds, as well as institutions that function as a bridge for financing the real sector.

One of the factors that investors consider in choosing a company to invest in is the performance or health of a company itself. The better the performance of a company, the higher the profitability of the business and the more profit that can be obtained by shareholders. Thus, that the company will be trusted by the community because it has a good reputation and ultimately can increase stock price. With a high business value, investors will look at the company to invest, so there will be an increase in shares. Even so, sometimes the company's shares that have good performance, the stock price may decline.

Bank performance assessments are carried out every year to determine whether there is an increase or decrease in performance. For banks whose health is increasing, this is not a problem, because that is what the bank expects to be able to maintain its health. However, for banks that continue to be unhealthy, may encounter a problem. They may have to receive direction or sanctions from Bank Indonesia to suggest management, merger, consolidation, acquisition, or even liquidation of their existence if indeed the condition of the bank is severe. This is done to protect and create a sense of security for the community, especially Indonesian capital market investors. The use of company information by investors and prospective investors will influence their decision in choosing the shares to buy.

This was proven by Yahoo Finance (2016), which showed that the banking industry in the past four years was fluctuating. The following is a list of developments in stock price based on the closing price in several banking companies that have been consistently registered on the Indonesia Stock Exchange for the past four years. During 2010-2014, the company's shares showed good development, this can be observed in almost all companies that experienced an increase, for example Bank Central Asia Tbk. (BBCA.JK) experienced an increase in stock price continuously from 2010-2014 which was quite high. At the company PT. Bank Danamon Indonesia, Tbk. (BDMN.JK) in 2010-2012 experienced a decline only in 2011, while in 2012-2014 experienced a decline only in 2013. At the company Bank Woori Saudara Indonesia (SDRA.JK) in 2010-2014 experienced increase in stock price in 2011, while in the following year has decreased. The Bank Victoria International Tbk (BVIC.JK) company in 2010-2012 experienced a decline only in 2011, while in 2012-2014 subsequently declined. The Bank Rakyat Indonesia (Persero) (BBRI.JK) company in 2011 experienced a decline, while the following year experienced a gradual increase in stock price. At the Bank OCBC NISP Tbk company. (NISP.JK) in 2010-2012 which experienced a decline only in 2011, while in 2012-2014 it decreased only in 2013. Whereas in the company Bank Maybank Indonesia Tbk. (BNII.JK) only experienced an increase in 2010, the following year experienced a very drastic decline.

The factors affecting stock price of companies listed in stock exchange market have been studied by many researches. Some researches have identified the factors such as fundamental factors, external factors, and recently the bank's health factors (Al-Qaisi, Tahtamouni, and Al-Qudah, 2016; Leonardo and Budiana, 2015; Setiawan, 2011). Based on the problem and previous research, the purpose of the study is to prove the influence of the bank's health level as measured by the risk profile and Good Corporate Governance (GCG) on the stock price of a banking companies registered on the Indonesia Stock Exchange. This research is different from previous research, because this research only focuses on Risk Profile and Good Corporate Governance. In this research, Risk Profile assesses inherent risk, namely credit risk using the NPL ratio, market risk using the IRR ratio, and liquidity risk using the LDR ratio. Whereas in Good Corporate Governance it is only done on an internal mechanism, that is carried out by the board of directors, board of commissioners, audit committee and ownership structure (managerial ownership and institutional ownership).

According to Fahmi (2014: 270), shares are 1) Proof of ownership of capital or fund ownership in a company, 2) A Paper that clearly record nominal value, company name and followed by rights and obligations explained to each holder, 3) Inventory that is ready for sale. Fahmi (2014: 234), discussed that in the capital market there are two types of shares that are most com-

monly known by the public, namely common stock and preference stock. According to Hartono (2010: 8), stock price that occur on the stock market at a given time are determined by market participants and by the demand and supply of the shares concerned in the capital market. In addition, Fahmi (2012: 87) also revealed that the stock price of a company is determined by several factors, namely the condition of Micro and Macroeconomics, company policy in deciding to expand (business expansion) such as opening a branch office, Sub-Branch whether opened domestically or abroad, sudden change of directors, company directors or commissioners involved in criminal acts and cases that have entered the court, the company's performance that continues to decline, systematic risk a form of total risk that occurs and has causes the company to be involved, and the effects of market psychology that have been able to suppress the technical conditions of buying and selling shares. According to Widoatmodjo (2012: 46), stock price can be divided into three, namely first, the nominal price, is the price stated in the stock certificate set by the issuer to assess each share issued. Second, the initial price is the price recognized when the share price is listed on the stock exchange. Third, market prices are selling prices from one investor to another. This price occurs after the shares are listed in the stock and every day announced in the newspaper or other media is the market price.

Risk Profile is an assessment of inherent risk and the quality of risk management implementation in bank operational activities, including credit risk, market risk, and liquidity risk. Credit risk is a risk due to failure of debtors and/or other parties to fulfil obligations to banks (Wardiah, 2013: 141). Banks can use the ratio of Non Performing Loans (NPL) as indicators in predicting bank viability (Jumingan, 2011: 245). NPL is a ratio that shows the ability of a bank's management in managing non-performing loans from all loans given by banks with criteria of substandard, doubtful, and non-collectible loans. According to Setiawan (2011), for bank with a stock price below the average, NPLs do not have an influence on stock price, while for banks that have a stock price above average, the NPL affects stock price. Thus, the first hypothesis is:

H1: There is an influence of Non Performing Loans (NPL) on Stock price

Market Risk is a risk that arises because of the movement of market variables from a portfolio owned by a bank, which can be inflicted a financial loss to the bank (Wardiah, 2013: 141). Bank Indonesia (2011) measures market risk using the calculation of the Interest Rate Risk (IRR) ratio, to determine interest rates, outstanding exchange rates and to measure the sensitivity of assets and liabilities to interest rates. The interest rate is one of the external factors that is quite dominant in influencing prices. In addition, government policies regarding debt and the decline of other exchanges, such as developed countries' exchange policy, can also affect stock price. According to several studies, our country's stock exchanges co-integration with exchanges in developed countries (Dunia Profesional, 2014). As investors, they must pay attention to market turmoil that occurs in various countries. In addition, government policies, both Indonesia and developed countries, are very influential in the rise or fall of a company's stock price on the stock exchange. Quite often these external factors are more influential than internal factors in rising or falling stock price (World Professional, 2014). Thus, the second hypothesis is:

H2: There is an influence of Interest Rate Risk (IRR) on Stock price

Liquidity Risk according to Bank Indonesia (2011), is referred as Funding Liquidity Risk, is a risk due to the inability of banks to fulfill obligations, both short-term liabilities and maturing obligations from cash flow funding sources or from quality liquid assets that can be used, without disrupting the activities and financial condition of the bank. So, liquidity is a condition that relates to the supply of cash and other liquid tools. The indicator used to measure liquidity risk by using a Loan to Deposit Ratio (LDR) measurement (Darmawi, 2012: 59), LDR is used to measure the ratio of the amount of credit given by banks to funds received by banks, which describes the ability of banks to repay withdrawals funds by the community by relying on loans provided as a source of liquidity. The higher the LDR shows that the lower the bank's liquidity because it is too large the amount of public funds allocated to credit.

According to Sihombing and Budiana (2015), the Loan to Deposit Ratio (LDR) has a significant effect on the stock price of banking companies that go public on the Indonesia Stock Exchange in 2009-2014. This means that changes in the value of LDR have an impact on stock price.

This is also supported by the Chilla and Hermana (2010) study, LDR influences the independent variable of stock price together to mean that market participants see all the independent variables together or as a whole as a factor that influences stock price. Theoretically all these fundamental factors will influence stock price through the theory of demand and supply or market mechanisms. But this study contradicts Setiawan's (2011) research, simultaneously LDR does not affect stock price, because bank stock price are below the average, the LDR does not affect stock price. Thus, the third hypothesis is:

H3: There is an influence of Loan to Deposit Ratio (LDR) on Stock price

According to Bank Indonesia (2013), Good Corporate Governance is a Bank's governance that applies the principles of transparency, accountability, responsibility, independence, and fairness. In order to improve bank performance, protect the interests of stakeholders, and improve compliance with applicable laws and regulations as well as generally accepted ethical values in the banking industry, Banks are required to carry out their business activities based on GCG principles. The GCG implementation in the banking industry must always be based on the following 5 (five) basic principles (Bank Indonesia, 2013), namely transparency (accountability), accountability, responsibility, independence (independence), and fairness

The mechanism of good corporate governance is expected to increase supervision for companies, including managerial ownership, institutional ownership, board of commissioners, board size, the existence of audit committees and independent commissioners (Bank Indonesia, 2013). Managerial ownership is the percentage of shares held by shareholders of management who actively participate in the company's decision making (director and commissioner). This variable is measured by the number of shares held by management divided by the number of shares outstanding. According to Syafaatul (2013), managerial ownership does not have a significant effect on stock price, the presence of managerial ownership in a company has not been able to encourage management to improve company performance, so that the market does not react to the company's annual financial report. Theoretically when managerial ownership is low, the incentives for the possibility of opportunistic behavior of managers will increase. Thus, the fourth hypothesis is:

H4: There is an influence of Managerial Ownership on Stock price

Institutional ownership is the percentage of share ownership by other institutions or companies of all outstanding shares of the company. In this study, institutional ownership is measured by the number of shares owned by other institutions or companies divided by all shares outstanding. Institutional ownership is the number of shares owned by external institutions or other companies of all the company's share capital managed. Ownership by institutional investors will encourage more optimal supervision of management performance to improve company performance. According to Mamora (2014), institutional ownership has a positive effect on the stock price of banking companies registered on the Indonesia Stock Exchange in 2008-2010. This is contrary to the Syafaatul (2013) study, showed that institutional ownership has a negative effect on stock price. Thus, the fifth hypothesis is:

H5: There is an influence of Institutional Ownership on Stock price

An independent commissioner is a member of the board of commissioners of a company that comes from an independent party and has no affiliation with the company. This variable is measured by the number of commissioners from independent parties divided by the total number of commissioners of a company. According to Syafaatul (2013), independent commissioners have a significant influence on stock price. The results of this study indicate that independent commissioners are able to carry out more effective supervision of company managers. With more effective supervision, the company's performance will increase and ultimately increase stock price. Thus, the sixth hypothesis is:

H6: There is an influence of Independent Commissioners on Stock price

The size of the board of directors is the number of members of the board of directors owned by a company. The size of the board of directors is measured by the number of the members of the board of directors in a company. The size of the board of directors is the number of board of directors owned by a company. The size and composition of the board of directors can

affect the effectiveness of monitoring activities. According to Syafaatul (2013), the size of the board of directors affects stock price. The results of this study indicate that the composition of the board of directors owned by a company is dominated by a board of directors from outside the company, so that in running the company, the board of directors can make decisions that are effective, precise and fast and can act independently. This makes the performance and value of the company better which will be seen in the company's stock price. Thus, the seventh hypothesis is:

H7: There is an influence of Board of Directors Size on Stock price

Audit committee is a committee formed by the board of commissioners and is tasked to assist the board of commissioners. The audit committee is measured by comparing the number of independent audit committees with the number with the commissioner. According to Syafaatul (2013), the audit committee does not have a significant influence on stock price. The results are concluded that the audit committee has not been able to carry out their duties properly. The existence of the audit committee has not been able to reduce management fraud and has also not been able to improve the company's financial performance. Theoretically, the audit committee formed by the board of commissioners of the company will tend to be independent with the management. This makes investors convinced of the quality of financial report from audit committee will increase. Because the quality of the information contained in the financial statements of a company is strongly influenced by the quality and characteristics of the audit committee. Thus, the eighth hypothesis is:

H8: There is an influence of the Audit Committee on Stock price

RESEARCH METHODS

Research object

The objects in this study are data or documents relating to NPL, IRR, LDR, Managerial Ownership, Institutional Ownership, Independent Commissioners, Board of Directors Size, Audit Committee, and closing Stock price at the end of the year conducted by Banking Companies registered on Indonesia Stock Exchange (IDX) in 2010 to 2014.

Operational and Variable Measurement

The variables used in this study consist of independent variables, which include 1) Credit Risk that uses the ratio of Non Performing Loans (NPL); 2) Market Risk that uses the Interest Rate Risk (IRR) ratio; 3) Liquidity Risk that uses the Loan to Deposit Ratio (LDR) ratio; 4) Managerial ownership is measured by the number of shares held by management divided by the number of shares outstanding; 5) Institutional ownership is measured by the number of shares owned by other institutions or companies divided by all shares outstanding; 6) Independent Commissioners are measured by the number of commissioners from independent parties divided by the total number of commissioners of a company; 7) The size of the Board of Directors is measured by counting the number of board members in a company; 8) The Audit Committee is measured by comparing the number of independent audit committees with the number of the commissioner. The dependent variable in this study is the closing price of the Stock Price in Banking Companies registered on the Indonesia Stock Exchange. The scale in this study uses a ratio scale.

Population and Samples

The population in this study are all banking companies registered on the Indonesia Stock Exchange and in SahamOk. Sampling in this study was carried out by purposive sampling method with the criteria: 1) Banking Companies that have been registered on the IDX (IDX, 2016) and SahamOk during the period of 2010-2014; 2) Companies whose shares are registered from 2010-2014; 3) Available data on NPL, IRR, LDR, Managerial Ownership, Institutional Ownership, Independent Commissioner, Board of Directors Size, Audit Committee, and Stock Price; and 4) Audited financial statements for the period of 2010-2014. Based on these criteria, the sample in this study added up to 7 banks for 5 years.

Types and Data Sources

The type of data used in this study is secondary data. Secondary data gathered in this study are the audited financial statements of companies in 2010-2014 of banking companies registered on the Indonesia Stock Exchange. Secondary data is obtained from annual financial report data issued by the Indonesia Stock Exchange (IDX), Yahoo Finance, SahamOk, and through the www.idx website. co.id.

RESULTS AND DISCUSSION

Results

Normality test

The normality test in this study used the one sample Kolmogorov Smirnov statistical test. Data is normally distributed if the significance value is > 0.05 . From the results of the normality test, the result of the Sig. Value equals to $0.302 > 0.05$, means that the residual value is normally distributed, indicated that *Non Performing Loan* (NPL) (X_1), *Interest Rate Risk* (IRR) (X_2), *Loan to Deposit Ratio* (LDR) (X_3), *Managerial Ownership* (X_4), *Institutional Ownership* (X_5), *Independent Commissioner* (X_6), *The size of the Board of Directors* (X_7), *the Audit Committee* (X_8), and *stock price* (Y) has been normally distributed.

Autocorrelation test

Using the Durbin-Watson (DWtest) Test, with the following conditions: 1) Positive autocorrelation occurs if DW is below -2 ($DW < -2$); 2) There is no autocorrelation if DW is between -2 and 2 ($-2 < DW < 2$); 3) Negative autocorrelation occurs if DW is above 2 ($DW > 2$). The Durbin-Watson (DWtest) value in this study was 1,945 and DW was between -2 and 2 ($-2 < DW < 2$), so it was concluded that autocorrelation did not occur. With $n = 35$, and $k = 8$, the value of $dL = 1.03424$, $dU = 1.96743$ indicates that the Durbin-Watson (DWtest) value lies between $dL < d < dU$ ($1.03424 < 1.945 < 1.96743$), this indicates a DW value of 1.945 is at inconclusive area (doubtful), it can be concluded that the resulting model has no autocorrelation.

Multicollinearity Test

The criteria of tolerance value indicate, if a) $Tolerance > 0.10$, then there is no multicollinearity, b) $Tolerance \leq 0.10$, then multicollinearity occurs. The criteria of VIF value indicate, if a) $VIF > 10$, then multicollinearity occurs, b) $VIF < 10$, multicollinearity does not occur. Results of the value of the variance inflation factor (VIF) and Tolerance, shows no multicollinearity happened in the variable *Non Performing Loan* (NPL), *Interest Rate Risk* (IRR), *Loan to Deposit Ratio* (LDR), *Managerial Ownership*, *Institutional Ownership*, *Independent Commissioner*, *Size of Board of Directors*, and *Audit Committee*, because VIF value < 10 and Tolerance value > 0.10 .

Heteroscedasticity Test

Results on heteroscedasticity test shows that the points or plots spread randomly, both above and below zero on the axis of the Regression Standardized Residual, so that heteroscedasticity does not occur.

Analysis of Multiple Linear Regression

The equation of multiple linear regression is:

$$Y = 3,796 - 58,356X_1 + 1,152X_2 - 8,1773 - 24,541X_4 - 5,480X_5 + 7,482X_6 + 781X_7 + 1,291X_8 \dots \dots \dots (1)$$

X_1 = Non-Performing Loan (NPL),

X_2 = Interest Rate Risk (IRR),

X_3 = Loan to Deposit Ratio (LDR),

X_4 = Managerial Ownership,

- X₅ = Institutional Ownership,
- X₆ = Independent Commissioner,
- X₇ = The size of the Board of Directors,
- X₈ = the Audit Committee,
- Y = Stock price.

It explains that if the independent variable increases or decreases one point, it will effect the dependent variable 3,796 point or vise versa.

Hypothesis testing

The hypothesis testing in this study used the R Square Test, F Test, and t test because the data is normally distributed. Table 1 shows the results of hypothesis testing in this study.

Tabel 1. Hypothesis Testing

Variable	R Square	F Test		T Test	
		F-value	Sig.	t-value	Sig.
Non Performing Loan (NPL) (X ₁)				-0.944	0.354
Interest Rate Risk (IRR) (X ₂)				-3.136	0.004
Loan to Deposit Ratio (LDR) (X ₃)				-2.408	0.023
Managerial Ownership (X ₄)				-2.139	0.042
Institutional Ownership (X ₅)	0.836	16.511	0.000	-4.712	0.000
Independent Commissioners (X ₆)				1.547	0.134
Board of Director Size (X ₇)				3.636	0.001
Audit Committee (X ₈)				0.738	0.467

Source: Secondary data processed

Table 1. shows that the R Square value is 0.836 which means that the influence of Non Performing Loans (NPL), Interest Rate Risk (IRR), Loan to Deposit Ratio (LDR), Managerial Ownership, Institutional Ownership, Independent Commissioner, Board of Directors Size, and Audit Committee has an effect of 84% on Stock price and the remaining 16% is influenced by other variables that is not examined in this study.

The F test shows that the F value is 16,511 with a level of significance (sig) of 0,000 which is < probability value of 0.005. This proves that there is a significant influence between Non Performing Loans (NPL), Interest Rate Risk (IRR), Loan to Deposit Ratio (LDR), Managerial Ownership, Institutional Ownership, Independent Commissioner, Board of Directors Size, Audit Committee on Stock price.

The results of the t-value of Non-Performing Loans (NPL), Independent Commissioners and Audit Committee do not effect the Stock Price, because the significant t value is > 0.05. While Interest Rate Risk (IRR), Loan to Deposit Ratio (LDR), Managerial Ownership, Institutional Ownership, and Board of Directors Size Influence Stock price, because the significant t value is ≤ 0.05.

Discussion

The influence of Non Performing Loans (NPL) (X₁) on Stock price (Y)

Based on the results of statistical calculations, table 1 shows that Non Performing Loans (NPL) have no significant effect on Stock price, this can be seen from t-value with a significance value (Sig.) of 0.354 > 0.05. The results of this study, supported by Setiawan (2011), that the NPL does

not have an influence on stock price.

According to Bank Indonesia (BI No. 15/2 / PBI / 2013), regarding the Determination of Status and Follow-Up of Supervision of Conventional Commercial Banks, the maximum limit of NPL is 5%. In this study, the effect of the NPL on stock price does not affected because the excessive NPL can reduce the ability of banks to channel their loans and of course this makes the risk of bad loans getting bigger.

The highest NPL is Bank Victoria International Tbk (BVIC.JK), in 2014 at 2.61%. With NPLs nearing the maximum, indicating the credit growth will slow down. However, the NPL may not a benchmark for investors in making investment decisions because NPL does not have a significant effect on the closing price. Investors will consider NPL as additional information in making their investment decisions.

The influence of Interest Rate Risk (IRR) (X_2) on Stock price (Y)

Based on the results of statistical calculations, table 1 shows that Interest Rate Risk (IRR) has a significant influence on Stock price, this can be seen from t-value with a significance value (Sig.) of $0.004 < 0.05$. Interest rate risk is a risk that is experienced as a result of interest rates changes that occur in the market that can influence the company's income. It is an internal factor that influence the rise or fall of stock price (World Professional, 2014).

When the interest rate increases, the stock price in the stock market will experience a decline, so investors are more likely to move funds from shares to deposits. This can be proven at Bank Central Asia Tbk. (BBCA.JK), starting from 2010-2014, there was a decline in interest rates, but at that time the share price at Bank Central Asia Tbk. (BBCA.JK) experienced an increase in stock price. It is concluded that when the interest rate increases, the stock price in the stock market will experience a decline, but conversely if the interest rate decreases, the stock price in the stock market will experience an increase, because investors would be avoiding risks and getting sustainable profits.

The influence of Loan to Deposit Ratio (LDR) (X_3) on Stock Price (Y)

Based on the results of statistical calculations, table 1 shows that the Loan to Deposit Ratio (LDR) has significant effect on Stock price. The t-value has a significance value (Sig.) of $0.023 < 0.05$. The results of this study, supported by Sihombing and Budiana research (2015); and Chilla and Hermana (2010), that the Loan to Deposit Ratio (LDR) affects the stock price of banking companies that go public on the Indonesia Stock Exchange in 2009-2014. This means that changes in the value of LDR have an impact on stock price.

According to Bank Indonesia (BI No. 15/2 / PBI / 2013), regarding the Determination of Status and Follow-Up to Supervision of Conventional Commercial Banks, BI relaxed the upper limit of LDR from 92 percent to 94 percent. While the lower limit is 78 percent. That way, banks can further enlarge credit even though the number of deposits does not increase. However, there are conditions that banks must meet in order to enjoy the LDR exemption. The condition is that banks must meet the achievement of certain MSME loans with good credit quality and be able to meet the MSME credit ratio faster than the target time for achieving the MSME credit ratio set out in PBI No. 14/22 / PBI / 2012 concerning Provision of Credit or Financing by Commercial Banks and Technical Assistance in the context of the Development of Micro, Small and Medium Enterprises. Other requirements are gross ratio of non-performing loans (NPLs) below 5 percent and gross NPLs for MSME loans below 5 percent.

This can be observed in PT. Bank Danamon Indonesia, Tbk. (BDMN.JK) more often experience a high LDR, namely in 2011-2013, because too low or too high a bank's LDR will have a negative impact on the bank's survival and certainly will have a negative influence on changes in stock price and eventually will effect the continuity of the existence of shares on the stock exchange. For banking companies, it is better to pay more attention to the LDR aspect so that it becomes one of the priorities or the basis for consideration in decision making by investors. In investing decision, LDR will have an impact on the company's stock price increase, so that financial ratios have a better influence in explaining changes in stock price.

The influence of Managerial Ownership (X_4) on Stock price (Y)

Based on the results of statistical calculations, table 1 shows that there is a significant influence of Managerial Ownership on Stock price. This can be seen from t-value with a significance value (Sig.) of $0.042 < 0.05$. The results of this study, contrary to the Syafaatul (2013) study, that resulted in the managerial ownership has no influence on stock price, the presence of managerial ownership in a company has not been able to encourage management to improve company performance, so the market does not react to the company's annual financial report. Theoretically when managerial ownership is low, the incentives for the possibility of opportunistic behaviour of managers will increase.

The share ownership by managers indicates that managers have a dual status, both as the owner and manager of the company. In addition to managing the company, managers also have the power to decide everything related to the company. This dual status signifies as if the manager is overseeing himself, making it easier for the manager to achieve personal and corporate interests. If the proportion of company ownership owned by manager will increase, then the decisions taken by managers will benefit themselves and the company. When a company gets a good image for various parties (society or investors) it will affect the increase in stock price owned by management. Because the management feels that they have ownership of the company, so that the benefits can be enjoyed by the company's management.

The influence of Institutional Ownership (X_5) on Stock price (Y)

Based on the results of statistical calculations, table 1 shows that Institutional Ownership has a significant influence on Stock price, the t-value is -4.721 with a significance value (Sig.) of $0.000 < 0.05$. The results of this study are supported by the research of Mamora (2014), that institutional ownership influences the stock price of banking companies registered on the Indonesia Stock Exchange in 2008-2010.

Observation of the average Institutional ownership of all sampled banking companies indicates that 57.94% is the majority owner, has a tendency to compromise or side with management and ignore the interests of minority shareholders. If management often takes non-optimal actions or policies and tends to lead to personal interests, the institutional investors and management will respond negatively to the market. This certainly has an impact on the decline in the company's stock price.

The influence of Independent Commissioner (X_6) on Stock Price (Y)

Based on the results of statistical calculations, table 1 shows that the Independent Commissioner does not have a significant influence on the Stock Price, this can be seen from t-value of 1.547 with a significance value (Sig.) $0.134 > 0.05$. The results of this study, contrary to the research of Syafaatul (2013), that independent commissioners have an influence on stock price.

From these results it can be seen in the reports of independent commissioners of all sampled banking companies, this means that the existence of independent commissioners is less effective, so that it fails to create good corporate governance. The existence of independent commissioners in a company is only to fulfil existing regulations will not increase the effectiveness of monitoring carried out by the commissioner to the board of directors in carrying out the company's operations. In addition, the large percentage of independent commissioners in the company is only a symbol of a group of shareholders who have little influence and power. This will affect the taking of the stock price if it is dominated by the commissioner from the majority shareholder.

The influence of Board of Directors Size (X_7) on Stock Price (Y)

Based on the results of statistical calculations, table 1 shows that the Board of Directors Size has a significant influence on Stock price, this can be seen from t-value with a significance value (Sig.) of $0.001 < 0.05$. The results of this study supported by the Sihombing and Budiana (2015), the size of the board of directors has an effect on stock price.

From these results, it can be noted that in the report of the size of the board of directors of all sampled banking companies, the greater the size and composition of the board of directors, the positive performance will have on the company. The results of this study indicate that the compo-

sition of the board of directors owned by the company is dominated by a board of directors from outside the company. So that in running the company, the board of directors can make decisions that are effective, precise and fast and can act independently, which will affect stock price.

The influence of Audit Committee (X_8) on Stock Price (Y)

Based on the results of statistical calculations, table 1 shows that the Audit Committee has no significant influence on Stock price, this can be seen from t-value with a significance value (Sig.) of $0.467 > 0.05$. The results of this study supported Syafaatul (2013), that the audit committee has no influence on stock price.

CRMS Indonesia (2010, 2013), regulations regarding the number of audit committees for issuers and public companies are regulated in Bapepam-LK Regulation No.IX.I.5 concerning Establishment of the Audit Committee Work Implementation Guidelines. In the regulation, issuers and public companies are required to form audit committees, which number at least three people, one of which is the company's independent commissioner and acts as chairman of the audit committee. The Audit Committee assists Directors who have responsibility in matters of supervision. In Auditing and Assurance Standards Boards book entitled "Audit Committees: A Guide to Good Practice" states that the Board of Directors has responsibility in overseeing companies that are in the name of shareholders and stakeholders. Companies that have more directors generally form committees of several directors to be able to use their time well and assist in handling complex and or specific areas such as financial reports and audits, compliance, risk management, sustainability, health, and company security.

From these results it can be concluded, that the more the number of audit committees owned by a company will provide better protection and control over the accounting and financial processes and will ultimately have a positive influence on stock price. On the contrary, this study results that the audit committee does not have a significant effect on stock price. This shows that the number of audit committees does not guarantee the effectiveness of the audit committee's performance in monitoring the company's financial reports and audits. In addition, the average number of ideal audit committees is 3-4 people, while in this study the average of all companies is 2 people. Therefore, the audit committee has no effect on stock price.

CONCLUSION

After analysing the test results, the effect of Risk Profile factors (Credit Risk proxies as NPL, Market Risk proxies as IRR, and Liquidity Risk proxies as LDR) and Good Corporate Governance (Managerial Ownership, Institutional Ownership, Independent Commissioner, Size of Board of Directors, Audit Committee) in influencing the stock price of banking companies registered on the Indonesia Stock Exchange in 2010-2014, the conclusions are that the Non Performing Loans (NPL), Independent Commissioners and Audit Committees have no significant effect on Stock price, but Interest Rate Risk (IRR), Loan to Deposit Ratio (LDR), Managerial Ownership, Institutional Ownership, and Size of the Board of Directors have a significant influence on the Stock Price.

Some of the limitations contained in this study are: 1) this study only uses financial report data published on the Indonesia Stock Exchange and SahamOk. Therefore, the future study should use different companies so that they can see and compare the effect clearly. 2) This research uses only three Risk Profile characteristics, namely Credit Risk, Market Risk and Liquidity Risk; and only uses five Good Corporate Governance mechanisms, namely managerial ownership, institutional ownership, independent commissioners, the size of the board of directors, and the audit committee. In addition, there are still many other variables that influence stock price. The future study should add to the independent variables that affect stock price, especially should examine more deeply about the Risk Profile and Good Corporate Governance (GCG)

Based on the researches conducted in banking companies, they should be better able to pay attention to the company's financial performance as measured by financial ratios. With the new regulation Bank Indonesia regarding Bank's health assessment (2011), the old method of CAMEL (Capital adequacy, Assets quality, Management, Earnings, and Liquidity) has been replaced with a

new method of RGEC (Risk Profile, Governance, Earnings and Capital). The Banking companies must act quickly in terms of adjusting to this new regulation, because the responsiveness and preparation of banks in accepting this new regulation can affect the bank's performance evaluation towards improving bank health assessments. Otherwise the unpreparedness of banks in adjusting to these new regulations may have made the bank's performance evaluation to decline. If a banking company has a declining performance or a bank health, the share price will decline as well, because investors in choosing a company to invest their funds used the performance or health of the company in making investment decision.

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