The Effect of Financial Performance on the Stock Prices of Commercial Banks Listed on Indonesia Stock Exchange (IDX) with Intrinsic Value as an Intervening Variable

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Abstract

Banks can access the capital market through an Initial Public Offering (IPO) to obtain fresh funds for various purposes such as business expansion, increasing capital, or developing new products. BEI statistical data shows that in the financial sector, there are 105 issuers, and 47 of them are issuers operating in the banking industry, which shows a significant dominance of 44.8%. This research examines the discrepancy between theoretical concepts and field reality regarding the influence of financial performance on the stock prices of commercial banks listed on IDX with intrinsic value as an intervening variable. This discrepancy includes the difference between theory and reality in the relationship between several ratios that describe a bank's financial performance and the price of stocks owned, namely Return of Assets; Current Ratio; Debt to Equity Ratio; Non-Performing Loans; Loan to Deposit Ratio or Price to Earnings Ratio which describes intrinsic value. The 47 research samples will be selected purposively by considering commercial banks with complete financial and stock price data from 2020 to 2023. This studyutilizing secondary data obtained from the BEI website. Data collection methods included literature research and documentation.A classical assumption test was conducted to ensure the data met the criteria necessary for the regression results to be valid. The t-test shows that ROA and CR significantly affect PER and stock price, while DER, LDR, and NPL have no significant effect. The F test shows that all five independent variables together affect PER and stock price, with the regression model able to explain more than 92% of stock price fluctuations. Path analysis shows that CR affects stock price through PER, which means that the effect of CR on stock price is indirect, while the other variables do not show significant indirect effects.

Keywords:ROA, CR, DER, NPL, LDR, Intrinsic Value, Price