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The Influence of Loan to Deposit Ratio, Capital Adequacy Ratio, and Return on Equity toward Stock Return in Government-Owned Conventional Banking Company (BUMN) That Registered in Indonesia Stock Exchange Period of 2010-2017

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Abstract:

The study aims to determine how much influence the Loan to Deposit Ratio, Capital Adequacy Ratio, and Return On Equity have on stock returns of conventional government-owned banks (SOEs) listed on the Indonesia Stock Exchange (BEI) for the period 2010-2017. The data used uses secondary data sourced from conventional domestic banking financial reports that are on the Indonesia Stock Exchange from 2010 to 2017. The analytical method used in this study is multiple linear regression. This research is classified as associative research. The population in this study is all conventional domestic banking sub-sector companies on the Indonesia Stock Exchange. The simultaneous test results (f test) of this study indicate that the ratio of LDR, CAR and ROE has an effect on stock returns in conventional domestic banking companies. the results of the partial test (t test) show that the LDR ratio has a significant negative effect on stock returns, CAR has a significant positive effect on stock returns, whereas ROE does not have a significant effect on stock returns.

Keywords: Loan to deposit ratio, capital adequacy ratio, return on equity, stock return

1. Introduction

1.1. Research Background

Investment is an act of Investing money or capital by investor in a business entity which contain risk of uncertainty. If the business is well managed, it can benefit investors as a compensation for the investments that are known by the term profit from the investment. For every investor who infuses his/her money in a business entity, investors expect the profit on the investment it does. Investors also need various considerations to assess the type of company that is worthy to be invested on and make strategic steps with the analysis Investment in companies where the investor is investing, so that investor could get optimal profit.

Capital market plays an important role for the country's economy. This is because the capital market can run two functions at once, namely economic function and financial function. As an economic function, the capital market provides facilities or rides that bring together two interests, those who have excess funds (investors) and parties who need funds. With this capital market, the parties who have excessive funds can invest the excessive money in the hopes of obtaining a return. Conversely, parties that require funds in this case, those companies can utilize the funds for the benefit of investment. Capital market holds a financial function because it gives the opportunity to earn rewards for the fund owners, according to the characteristics of the chosen investment (Fakhrudin, 2006: 43).

Stock price is one attraction for investors in investing in the form of stocks, where the price can provide a considerable profit, and also able to give satisfaction of its own. Investors should consider the technical factors and fundamental factors obtained from the company's internal condition and technical information obtained from outside the company, such as economic, political, financial and other factors. Information obtained from company's internal is a financial statement. Such fundamental and technical information can be used as a reference for investors to predict return, risk or uncertainty, amount, time, size of company and other factors related to investment in the capital market. Financial statements can describe the good or bad condition of a company. We can conclude the condition of a company by looking at the income statement, balance sheet and change of equity report. For investors, financial statements can also be considered a decision to invest, whether to buy, hold and sell the securities because obtaining return is the main objective of investors in trading in Capital Market. Investment income in the form of capital gains will be strongly influenced by the development of the stock price, while revenue in the form of dividends in addition to being affected by the company's

performance it also influenced by the company's external circumstances. Investors can obtain information about the company's performance by analyzing financial statements issued by the company (Rintistya Kurniadi,2012)

Investing in a form of stocks have a greater risk compared to other alternative investments such as bonds, deposits, and savings. This is because the revenue expected from stocks is uncertain, because stock revenue can come from dividends or capital gains. The ability of a company to pay dividends is determined by the capability of the company to generate profit, while capital gains are determined by the fluctuations/changes in the stock price. Although it belongs to a relatively high risk of investing, the benefits of stock investment in the stock exchange are also relatively high. Therefore, so that investors do not get stuck on adverse conditions, investing in the form of stock requires accurate information. Accurate information is required to determine the relationship extent of the variables which cause fluctuations in the purchased stock price. By knowing the relationship between these variables, investors can have a strategy to choose a company that is actually considered potential as a place to invest their capital.

In the Indonesia Stock Exchange (IDX), the listed company shares are grouped into several industry sectors. One of the most interesting industrial sectors to research on is the banking sector. Since the collapse of the national banking sector as a result of the monetary and the economic crisis that hit Indonesia in mid-1998, there are many incidents involving the banking sector. The events include the merger of several state-owned banks (Bank Mandiri), the merger of various national private banks (Bank Danamon and Bank Permata), as well as re-selling government stocks such as the divestment of BCA Bank, and others (Lukman Dendawijaya, 2004) BUMN Bank is the most influential bank group in the Indonesian banking industry. The four BUMN banks, BRI, Mandiri, BNI, and BTN are the largest banks of number one, two, four, and six of the total 118 banks in Indonesia. In the end of 2015, the total assets of the four BUMN Banks reached Rp 2,445.47 trillion, or 40 percent of the total assets of the national banking industry amounting to Rp 6,132.58 trillion. Because of its position as a market leader with large market share, the performance of state-owned Bank greatly affects national banking performance. If the performance of BUMN banks is good, then the overall banking industry performance will also be good. Similarly, the last week, most banks as well as state-owned banks have published its financial performance during the quarter of 2016 (Marta, 2016).

Liquidity is one of the factors that can encourage changes in the price of stocks. According to Kasmir (2014:225) "LDR (Loan to Deposit Ratio) is the ratio used to measure the composition of credit amount given compared to the amount of public funds and the own capital used.". According to Darmawi (2011:61) "LDR (Loan to Deposit Ratio) is one of the liquid scale of the inventory concept in form of loan ratio to deposit"

Solvency measures how much debt made for company's spending. According to Kasmir (2010:151), solvency is a ratio is used to gauge the extent of company's assets which financed by a debt-related way. Solvency can be measured by the Capital Adequacy Ratio (CAR). The Capital Adequacy Ratio according to Lukman Dendawijaya (2000:122) is a "ratio that shows how far all bank assets contain risks (credits, inclusion, securities, bills with other banks) are financed from the bank's own capital funds beside funds from sources outside the bank, such as community funds, loans, and others.

Profitability is a net result of a number of company policies and decisions. The profitability ratio measures how much the company's ability to generate profits. According to Bambang Riyanto (2001:44), Return On Equity is a comparison between the amount of profit available to the owner of his own capital on one party with the amount of his own capital that generates the profit on the other party. Or it can be said that the capacity of the capital owned is the ability of a company with its own capital that works to make profit.

Basically the return value of each securities differs from one another. Not all securities will give the same return for investors. The uncertainty in the stock return makes investors should be very careful with the alternative they choose. A company may be experiencing the instability of the stock return at any time due to the various factors of either micro-or macro-instability of the stock return. Companies can be involved in the following tables.

Bank's name	Year	LDR	CAR	ROE	Return Stock
	2010	70.2	18.6	24.7	0.957071
Bank	2011	70.4	17.6	20.1	-0.01935
Negara	2012	77.5	16.7	20	-0.0263
Indonesia	2013	85.3	15.1	22.5	0.067568
Tbk	2014	87.8	16.2	23.6	0.544304
	2015	87.8	19.5	17.2	-0.182
	2016	90.4	19.4	15.5	0.10721

Table 1: List of LDR, CAR, ROE and Return Stock Value in Bank Negara Indonesia Tbk
Source: idx.co.id

The financial ratio that occurred to Bank Negara Indonesia is Loan to Deposit Ratio (LDR), which is in year 2016 to 2017 decreased from 90.4% to 85.6% but not in the stock returns which increased significantly from 0.11% to 0.79%.

Based on the background of previous theories and research statements, this study will analyze for further analysis on the relationship of financial ratios on the movement of stock return. Many theories state that the condition of good financial ratios, will bring a positive influence on the company's financial condition which will al. This study will be re-examining the previous research results in hope to reinforce and strengthen existing theories.

The samples used in this research are the government's conventional banking industry (BUMN) listed in the Indonesia Stock Exchange (IDX), namely Bank Negara Indonesia (BNI), Bank Rakyat Indonesia (BRI), Bank Mandiri, and

Bank Tabungan Negara (BTN). From 2010 to 2017. The research aims to determine if the financial Ratios has an influence on stock returns. By looking at the importance of the company's financial ratios and background information that has been expressed by the authors, the author's title proposal is "The influence of Loan to Deposit Ratio, Capital Adequacy Ratio and Return On Equity Toward Stock Return In Government-owned Conventional Banking Company (BUMN) Which Registered Indonesia Stock Exchange Period of 2010 - 2017"

1.2. Formulation of the Problem

- What is the influence of Loan to Deposit Ratio on Stock Returns in conventional banking companies listed in Indonesia Stock Exchange period of 2010-2017?
- What is the influence of Capital Adequacy Ratio on Stock Returns in the government's conventional banking company listed in the Indonesia Stock Exchange period of 2010-2017?
- What is the influence of Return on Equity on Stock Returns in the government-owned conventional banking company on the Indonesia Stock Exchange period of 2010-2017?

1.3. Research Objective

- To know the effect of Loan to Deposit Ratio on Stock Returns in the government-owned conventional banking company in the Indonesia Stock Exchange period of 2010-2017.
- To knowing the influence of Capital Adequacy Ratio on Stock Returns in the government-owned conventional banking company listed on the Indonesia Stock Exchange period 2010-2017.
- To know the influence of Return on Equity on Stock Returns in the government-owned conventional banking company listed on the Indonesia Stock exchange period of 2010-2017.

1.4. Research Contribution

This research will contribute practically and academically, namely for writers, researchers, investors and prospective investors. The benefits are:

1.4.1. Practical Contribution

1.4.1.1. Future Investor

This research is expected to be used as a matter of consideration and reference when investing. So that investor can be wiser in taking investment decisions.

1.4.1.2. Respective Company

As a matter of consideration and reference for the company in practicing these research variables to help increase the value of the company as well as consideration to evaluate the future management performance.

1.4.1.3. Academic Contribution

This research is expected to contribute education, especially regarding the leverage, liquidity and profitability applied to a company and its influence on the value of the company.

1.4.2. Theories and Frame-Work

2. Financial Management

2.1. Definition of Financial Management

Definition of financial management according to Agus Sartono (2001:6) in his book Financial management is the management of funds both related to the allocation of funds in various forms of investment effectively as well as fundraising efforts for financing Investments or efficient spending. According to Pinches (1996:6) he states that financial management is the acquisition, management, and financing of resources for business entities using money and dealing with prices in the external economic markets. According to Suad Husnan and Enny Pudjiastuti (2006:4) Financial management is the arrangement of financial activities in an organization that concerns planning, analysis, and control of financial activities.

2.2. Function of Financial Management

Sutrisno (2012) explains the financial management function consists of three main decisions that a company must do, three decisions of the company are :

2.2.1. Investment Decision

The investment decision is a matter of how the financial manager should allocate funds to the various forms investment that will be able to bring profit in the future. The shape, type and composition of the investment will influence and support profit in the future.

2.2.2. Financing Decision

Financing decisions are often referred to as capital structure policies. In this decision, the financial manager is required to consider and analyze the combination of economical sources of funds for the company in order to spend the need for investment and business activities.

2.2.3. Dividen Decision

The dividend decision is a financial management decision to determine: 1. The amount of profit percentage distributed to the shareholders in the form of cash dividend; 2. The stability of distributed dividend; 3. Stock dividend; 4. Splitting stock (stock split); 5. Rewithdrawal of outstanding shares; are aimed at raising the prosperity of our shareholders.

From these three decisions it can be seen that the financial management functions are closely related to each other and with the financial management function, it can help the company in managing funding of the company.

2.3. Purpose of Financial Management

According to Kamaludin (2011) As for the normative purpose in financial management is to maximize the value of the company or prosperity of shareholders. Meanwhile, according to Sutrisno (2012), the main goal of financial management is to increase the prosperity of shareholders or owners. Based on these two opinions we can conclude that the core purpose of financial management is to maximize the value of the company and increase the prosperity of the shareholders. With these two objectives financial manager is required various strategies to achieve that goal.

2.4. Banking

2.4.1. Definition of Banking

According to Kasmir (2013) Banking is the activity of collecting funds and channeling funds (lending). While according to Darmawi (2012) banking is everything that concerns banks, covering institutional, business activities, as well as ways and processes in carrying out its business activities.

Based on the banking definitions, it can be concluded that banking is everything that concerns banks, both institutional and business activities, which in the form of collecting and channeling funds.

There are several definitions of banks according to experts :

Definition of bank according to Kasmir (2008) "Bank is a financial institution which raise funds from the community in the form of deposits and then distribute back to society, as well as provide other bank services".

According to Hasibuan (2005), the meaning of the Bank is: "The Bank is a business entity whose wealth is mainly in the form of financial assets as well as social patterned, not just looking for profit".

2.4.2. Types of Bank

According to Kasmir (2013) bank types can be reviewed in various respects such as the following:

2.4.2.1. Public Bank

The Commercial bank is a bank that conducts business activities conventionally and/or based on Shariah principles which in its activities provide services in the payment traffic. The nature of the services provided is common, in the sense that it can provide all existing banking services. Similarly, the operating area can be done throughout the region. Public banks are often called commercial banks.

2.4.2.2. Bank Perkreditan Rakyat (BPR)

Bank Perkreditan Rakyat is a bank that carries out business activities conventionally or based on Shariah principles in which activities do not provide services in the payment traffic. This means that the activity of BPR is much narrower compared to Public Bank's activities.

2.4.3. Types of Ownership

In terms of ownership means anyone who owns the Bank. This ownership can be seen from the establishment and mastery of shares owned by the bank in question. Type of bank seen in terms of such ownership are as follows:

2.4.3.1. Government Bank

Where both the fund and the capital certificate are owned by the Government so that all the benefits of this bank are owned by the government anyway. Examples of government-owned banks include: Bank Negara Indonesia 46 (BNI), Bank Rakyat Indonesia (BRI), National Savings Bank (BTN) and Bank Mandiri.

2.4.3.2. National Private Bank

This type of Bank is mostly owned by the National private and its founding certificate was established by private company, the profit share also profitable to private interest. Examples of national privately owned banks include: Bank Muamalat, Bank Central Asia, bank Bumi Putera, Bank Danamon and others.

2.4.3.3. Bank Owned by Cooperative

Ownership of the shares of this bank is owned by a company of cooperative law. An example of a cooperative bank is Indonesia's public Bank.

2.4.3.4. Foreign Bank

This type of Bank is a branch of a bank that exists overseas, whether it belongs to a foreign private or foreign government. Obviously the ownership is owned by foreign parties. Examples of foreign-owned banks include: Bank of America, Bank of Tokyo, Standard Chartered Bank and others

2.4.3.5. Bank Belong to Mixtures

The share ownership of mixed banks is owned by foreign parties and national private parties. The majority of its shares are held by Indonesian citizens. Examples of banks belonging to the mix are: Sumitomo Niaga Bank, Bank Merincorp, Bank Sakura Swadarma, Bank Finconesia and others.

2.4.4. Function of Banking

In general, the main function of the bank is to raise funds from the community and channel it back to the community for various purposes or as financial intermediary. According Totok Budi Santoso and Sigit Triandaru (2006) More specifically the bank can serve as:

2.4.4.1. Agent of Trust

The basic principle of banking activities is trust, both in terms of gathering and distributing fund. People will want to deposit their funds in the bank, if the elements of trust existed. People believe Bank won't abuse their money, the money will be well managed, the bank will not go bankrupt, and at the time that had been promised the deposit can be withdrawn from the bank. The bank itself will place or distribute its funds to the debtor or people based on the existence of any element of trust. The bank believes that debtor will not misuse its loan, debtor will properly manage the borrowed funds, debtor will have the ability to pay at maturity time, and debtor have good intentions to return the loan and other obligations at maturity time.

2.4.4.2. Agent of development

The economic activities of the community in the monetary sector and in the real sector can not be separated. Both sectors always interact and affect each other's. Real sector will not be able to perform well, if the monetary sector does not work properly. Bank activities in the form of gathering and distributing fund are indispensable for the economic activities in the real sector. The Bank's activities enable the community to engage in investment activities, distribution activities, and consumption activities of goods and services, given that investment-distribution-consumption activities cannot be removed from the use of money. Fluency of investment-distribution-consumption is nothing but a community's economic development activities

2.4.4.3. Agent of Service

Besides gathering and channeling funds, Bank also provides other banking services to the public. The services offered by the Bank are closely related to public economic activities. These services can include money transfer services, valuables storage, Banking guarantees, and billing settlements.

All three of the above functions are expected to provide a thorough and complete picture of the functioning of the bank in the economy, so that the bank can not only be interpreted as financial intermediary institution.

2.4.5. Financial Ratio

2.4.5.1. Definition of Financial Ration

According to Harahap (2010:297) The financial ratio is a number derived from the results of a comparison of one financial report account with another account that has the relevant relationship.

While the definition of the ratio according to Irfan Fahmi (2012:107) "The ratio of the interest or financial ratio is very important to analyze the condition of the company. For short-and medium-term investors are generally more attracted to the short-term financial conditions and the ability of the company to pay adequate dividends. This information can be known in a simpler way by calculating the right ratio which its desire."

2.4.5.2. The Use of Financial Ratio

According to Munawir (2015:68) classification of ratio rate based on data source :

- Financial ratio, In the sense of the ratio number which is taken from balance sheet.
- Financial-operating ratio, In the sense of ratios which is taken from the balance sheet and income statement.
- Operating ratio, is the ratio numbers in the data preparation of the income statement.
- Miscellaneous, such as data from the balance sheet, profit or loss statements, consolidated statements of profit or change of capital reports.

According to Rahardjo (2007:104) The ratio of the company is clarified into five groups, namely:

2.4.5.3. Liquidity Ratio

Ratios that demonstrate the company's ability to meet short-term obligations.

2.4.5.4. Solvability Ratio

ratios that demonstrate the company's ability to fulfill all its obligations both short-term and long-term.

2.4.5.5. Activity Ratio

Ratios that demonstrate the level of effectiveness of the company's assets or wealth.

2.4.5.6. Profitability and Ability Ratio

Ratios that indicate the level of reward or gain from sales or assets.

2.4.5.7. Investment Ratio

Ratios that indicate the ratio of investments in securities, especially stocks and bonds.

In this research the author uses several ratios, i.e. the first liquidity ratio represented by the Loan to Deposit Ratio (LDR), the solvency ratio represented by the Capital Adequacy Ratio (CAR), and the profitability ratio represented by Return on Equity (ROE).

2.4.6. LDR (Loan to Deposit Ratio)

According to Darmawi (2011:61) "LDR (Loan to Deposit Ratio) is one of the liquid rate of the inventory concept in the form of deposit loan ratio". According to Cashmere (2014:225) "LDR (Loan to Deposit Ratio) is the ratio used to measure the composition of credit amount given compared to the amount of Community funds and the own capital used."

From the understanding of LDR according to the experts above, it can be concluded that LDR is a ratio that measures the extent to which the bank's ability to repay the withdrawal of funds carried out by relying on the credits given as a source of liquidity. The higher the ratio, the lower the liquidity of the bank. But conversely, if the lower the LDR ratio then the higher the liquidity of the concerned Bank. This ratio is also an indicator of insecurity and the ability of a bank.

According to Kasmir (2014:225), the secure boundary of LDR a bank is around 80%. But the maximum limit of LDR is 110%. The LDR ratio is calculated by comparing credit to third-party funds where the credits used are the total credits given to the third party, and excluding credits given to the other party. While third party funds are called Giro, savings and deposits excluding inter bank. According to Sudirman (2013:158), this ratio can be formulated as follows:

$$\text{LDR} = \frac{\text{Third party credit amount}}{\text{Third party funds amount}} \times 100\%$$

2.4.7. CAR (Capital Adequacy Ratio)

According to Kuncoro (2011:519) CAR is the adequacy of capital indicating the bank in maintaining adequate capital and the management capabilities of the bank in identifying, measuring, supervising and controlling the risks that may affect the bank's capital magnitude. According to Wardiah Lasmi (2013:295) Capital Adequacy Ratio (CAR) is Bank's ability in capitalization to cover the possibility of losses in crediting or trading of securities. While, according to Dendawijaya (2009:121) The Capital Adequacy Ratio (CAR) is a ratio that shows how far every bank assets contain risks (credits, inclusion, securities, bills with other banks) are financed from their own capital funds. Bank, in addition obtaining outside funds, such as Community funds, loans (debt).

The formula for finding a Capital Adequacy Ratio can be used as following, Kasmir (2010)

$$\text{CAR} = \frac{\text{Capital}}{\text{Risk-weighted assets (ATMR)}} \times 100\%$$

2.4.8. ROE (Return on Equity)

According to the Tandelillin (2010:315) The Return On Equity (ROE) is generally calculated using performance measures based on accounting and is calculated as the company's net profit divided by common shareholder equity. According to Brigham and Houston (2010:149), Return on Equity (ROE) is a net-ratio to regular equity measuring the rate of return on ordinary shareholder investments. According to Irham (2012:98) The Return on Equity (ROE) is the ratio used to assess how long a company uses the resources it has to be able to provide a return on equity.

From the sense of the ROE according to the experts, it can be concluded that the ROE is a return on the usual stock equity used to measure the profit rate resulting from the shareholder's investment. Here is the formula in the counting ROE :

$$\text{ROE} = \frac{\text{Net profit}}{\text{Normal equity}}$$

2.4.8.1. Capital Market

According to Irham (2011:34) The capital market is a market where capital funds such as equities and debts are traded. According to Fahmi (2013:55) capital Market is a place where various parties, especially companies selling stocks and bonds with the purpose of the proceeds will be used in addition and or strengthening the company's capital.

It can be concluded that the capital market is a market where capital funds such as equities and debts are traded, and a place where various parties, especially companies selling stocks and bonds with the aim of the proceeds will be use in addition and strengthening the company's capital.

2.4.8.2. Stock

2.4.8.1. Definition of Stock

According to Fahmi (2012:81) "Stocks are one of the most demanded capital market instruments by investors, because they are able to provide an attractive rate of return. Stocks are paper which stated a clear nominal value, company name, and followed by the rights and obligations described to each holder".

According to Darmadji and Fakhruddin (2012:5) "The stock is a sign of inclusion or possession of a person or entity in a limited company. A tangible stock of a piece of paper explaining that the paper owner is the owner of the company that issued the securities".

Based on the understanding of the experts above, the shares can be concluded a proof of ownership of the company's a contained listed nominal value, name of the company, and follow with the rights and obligations described to each holder.

2.4.8.2. Types of Stocks

Stocks are the most popular and widely known securities in the community. According to Darmadji and Fakhruddin (2012:6), there are several types of shares, namely :

in terms of the ability of a bill or claim, the shares are divided into:

- Common stock, which is the share that puts the most junior owner on the dividend distribution, and the rights to the company's property if the company is liquidated.
- Preferred stock, is a stock that has the combined characteristics between bonds and ordinary shares, because it can generate fixed income (such as bond interest), but might not able to bring results as desired by the investor.

Judging from its maintenance, stocks are differentiated into:

- Bearer stock there is no written name, in order to easily transfer from one investor to another.
- Registered stock is a clearly written share of who owns it, and where the transition must go through certain procedures.

From its trading performance, the shares are categorized into:

- Blue-chip stock, namely the ordinary shares of a company that has a high reputation, as a leader in similar industries, has a steady income and consistent in paying dividends.
- Income stock, the ordinary shares of an issuer who has the ability to pay dividends higher than the average dividend paid in the previous year.
- Growth stock-well known is the shares of the issuer that has a high revenue growth, as a leader in a similar industry that has a high reputation. Besides, there is also lesser known growth stock, which is shares of the issuer that is not as a leader in the industry but has a feature of growth stock.
- Spekulative stock, is the stock of a company that can not be consistently able to earn high income in the future, although not necessarily.
- Counter cyclical stocks are stocks that are not affected by the macroeconomic conditions as well as general business.

2.4.9. Stock Return

Stock Return according to Brigham (2011) "Return of shares or the rate of return is the difference between the amount received and the invested amount, divided by the invested amount". According to Sartono (2009): "Stock Returns are the result of investments". Based on these definitions, it can be concluded that the stock return is the return on the stock purchase transaction. Stock Return are derived from the difference in capital gains or capital loss which is the difference in the current investment price with the investment price in the past period. The stock return calculation formula can be used as follows (Hartono, 2009) :

$$\text{Stock Returns} = \frac{P_t - P_{t-1}}{P_{t-1}}$$

Description:

P_t = Current Stock Price

P_{t-1} = Previous Stock Price

2.4.10. Component of Stock Returns

Rohmah (2012) mentions that the component of a return consists of two types:

- Current Income Is the profit gained through the periodic payment such as deposit interest payment, cash bond, dividend etc..
- Capital Gain is the profit received because of the difference between the selling price and the purchase price of an investment instrument, which means that the investment instrument must be traded in the market. The magnitude of capital gain is done by historical return analysis that occurred in the previous period, so it can be determined the amount of change desired.

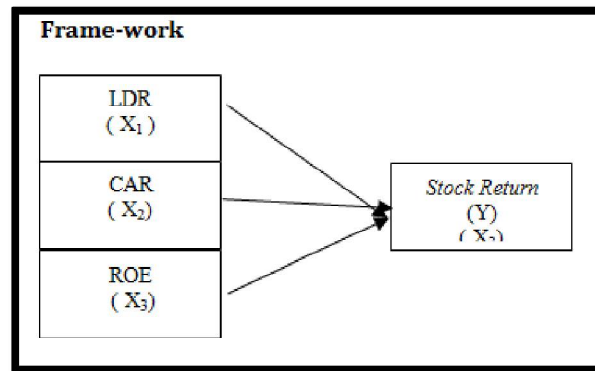
2.4.10.1. Types of Stock Return

According to Jogiyanto (2014:19) Return divided into two:

- Realized Return is an already occurring return. Return is calculated using historical data. Return is important because it is widely used as a data for investment analysis, including used as portfolio analysis data.
- Expected Return Return is the expected return to be gained by investors in the future. Return expectations can be calculated in several ways. Return expectations are used as inputs from portfolio analysis.

2.4.10.2. Factors which Influence Stock Return

Return is a measurement for investors in the process of investing. Rohmah (2012) mentions factors that affect return include: IDX, dividend yield, change earning per share (EPS), price earning ratio (PER), Stock price.



Picture 1: Frame-Work

2.5. Research Hypothesis

- LDR positively and significantly impact the company's value.
- CAR positively and significantly impact the company's value.
- ROE positively and significantly impact the company's value.

3. Research Method

3.1. Research Design

Research design used in this study is casual research. The design of causal research is useful for analyzing relationships between one variable and another. In this research researchers interested in researching LDR, CAR and ROE as variables independent and Stock Return as dependent variables.

3.2. Population

The population of this research is four government-owned banking companies (BUMN) listed on the Indonesia Stock Exchange (IDX) from 2010 to 2017.

3.3. Sample

The samples used are four government-owned banking companies (BUMN) listed on the Indonesia Stock Exchange (IDX) from 2010 to 2017.

3.4. Data Analysis

In this study the analysis method used was a method of analysis of multiple linear regression with the help of Statistical Package Social Sciences (SPSS) version 23.00 For Windows. And to know the significance level of each regression coefficient between free variables against the bounded variables.

4. Result and Discussion

Variabel	Minimum	Maximum	Mean	Std. Deviation
LDR	65.44	108.86	87.4606	12.02668
CAR	13.36	22.96	17.5706	2.54435
ROE	10.95	43.83	23.2159	8.43447
STOCK RETURN	-0.4	1.051724	0.226638	0.368985

Table 2: Descriptive Statistical Results

4.1. Descriptive Statistic

According Table 2 It will be described as follows:

- Overall the average of Stock Return in 2010-2017 amounted to 0.22663819. The minimum value of the stock return of -0.4 is owned by Bank Tabungan Negara Tbk in year 2013, and the maximum value of Stock Return of

1.051725 owned by Bank Tabungan Negara in 2017. While the standard deviation value of 0.368985 is greater than the mean value of Stock Return, and concluded that the data on Stock Return is not good.

- Overall the average of the ROE (Return on Equity) in 2010-2017 amounted to 23.2159%. The minimum value of the ROE is 10.95% owned by Bank Tabungan Negara Tbk in year 2014, and the maximum value of the ROE is 0.4383% owned by Bank Rakyat Indonesia in 2010. While the standard deviation value of 8.4344% is less than the mean value in the ROE, and concluded that the data on the ROE (Return on Equity) is good.
- Overall the average of CAR (Capital Adequacy Ratio) in the year 2010-2017 amounted to 17.5706%. The minimum value of the CAR is 13.36% owned by Bank Mandiri Tbk in 2010, and the maximum value of the CAR amounted to 22.96% owned by Bank Rakyat Indonesia in 2017. While the standard deviation value is 2.5444% less than the mean value on CAR, and concluded that the data on CAR (Capital Adequacy Ratio) is good.
- Overall the average of LDR (Loan to Deposit Ratio) in 2010-2017 amounted to 87.4606%. The minimum value of LDR amounted to 65.44% owned by Bank Mandiri Tbk in 2010, and the maximum value of LDR amounted 108.86% owned by Bank Tabungan Negara in 2014. While the standard deviation value of 12.0267% is less than the mean value in ROE, and concluded that the data on the LDR (Loan to Deposit Ratio) is good.

4.2. Normality Test Result

Normality Test aims to test whether the regression model, variable disruptor or residual has a normal distribution (Ghozali, 2011). To test residual normality for this study using skewness test and curtosis test. Distributed Data is normal when Zskewness and Zkurtosis in between ± 1.96 . Following table and test calculation of residual normality :

Descriptive Statistics					
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Unstandardized Residual	32	.621	.414	-.217	.809
Valid N (listwise)	32				

Table 3: Normality Test Zskewness Dan Zkurtosis

Source: Processed secondary data, 2018

$$\text{Zskewness value} = \frac{0.621}{0.414} = 1,5$$

$$\text{Zkurtosis value} = \frac{-0.217}{0.809} = -0,27$$

Based on the above calculations obtained Zskewness value of Unstandardized Residual of 1.5 and Zkurtosis value of -0.27 is between the critical value of ± 1.96 . So it can be concluded that the test of normality Zskewness and Zkurtosis have a normal distribution.

4.3. Multicollinearity Test

The multicollinearity test aims to test whether a regression model is found to be correlated between independent variables. A good regression Model should not occur in correlation between independent variables. To detect that there is no multicollinearity the tolerance value and Variance Inflation Factor (VIF) methods are used. With the provisions of the VIF < 10 and the Tolerance value > 0.1 or 10 percent for all variables. It is concluded that there is no multicollinearity on all independent variables. Ghozali (2011). The results of this research using multicollinearity test are as follows:

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	LDR	.647	1.545
	CAR	.834	1.198
	ROE	.559	1.789

Table 4: Multicollinearity Test

a. Dependent Variable: Stock Return

Sumber : Data sekunder yang diolah, 2018

Based on the table above for multicollinearity test, it is known that each independent variable has a value of tolerance ≥ 0.10 and VIF ≤ 10 . In the variable Loan to Deposit Ratio (LDR) has tolerance 0.647 and VIF of 1.545. Return On Equity (ROE) has a value of tolerance 0.834 and a VIF of 1.198. The Return On Equity (ROE) variable has a value of tolerance 0.559 and a VIF of 1.789. Based on these results, it can be concluded that the model multicollinearity does not occur.

4.4. Autocorrelation Test

The autocorrelation test aims to test whether if there is a correlation between disruptor errors in the T-period with disruptor errors in the T-1 period (formerly) of linear regression model. If a correlation occurs, it is called an

autocorrelation problem. To detect the presence of autocorrelation in this study, the Durbin-Watson test was conducted. By using the Durbin-Watson test, the results in this study are as follows:

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.555 ^a	.308	.233	.290876955	2.420

Table 5: Uji Autokorelasi

a. Predictors: (Constant), ROE, CAR, LDR

b. Dependent Variable: Stock Return

Source: Processed Secondary Data, 2018

Based on the test result done above for autocorrelation test obtained DW number of 2.420 with value N = 32 and k = 3. Then the lower limit value (dL) is 1.244 and the upper limit value (dU) is 1.650. It can then be concluded for regression 1 that the regression model occurs a negative autocorrelation of $DW - dL < DW < 4 = 2,420 - 1,244 < 2.420 < 4$. Then conducted another autocorrelation test, with the following results:

Runs Test	
	Unstandardized Residual
Test Value ^a	-.00873
Cases < Test Value	16
Cases >= Test Value	16
Total Cases	32
Number of Runs	21
Z	1.258
Asymp. Sig. (2-tailed)	.208

Table 6: Runs Test

a. Median

In the table above it could be seen that the autocorrelation treatment with Run Test resulted in Asymp. The Sig (2-tailed) of 0.208 is larger than 0.05 which means that it is autocorrelation free.

4.5. Heterokedastisity Test

Heterokedastisity Test aims to test whether in regression occurs the variance inequality of the residual one observation to other observation. A good regression Model is homoskedastisity. In order to detect the absence of heteroskedastisity in this study using Test Glejser is the result as follows:

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.234	.584		.401	.691
	LDR	.208	.399	.121	.522	.606
	CAR	-.487	1.661	-.060	-.293	.772
	ROE	-.187	.612	-.076	-.306	.762

Table 7: Heterokedastisity Test

a. Dependent Variable: res2

Source: Processed Secondary Data, 2018

The table above shows for heterokedastisity test the significant level of the entire variable greater than 0.05, it can be concluded that there is no heterokedastisity in the regression model so it can be used for the next step.

4.6. Multiple Linear Regression Analyses

Multiple linear regression analyses were used to figure out the magnitude of the Loan to Deposit Ratio (LDR) (X1), Capital Adequcy Ratio (CAR) (X2), and Return On Equity (ROE) (X3) toward Stock Return (Y). The results of multiple linear regression analyses are as follows:

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.208	0.807		1.496	0.146
	LDR	-0.021	0.008	-0.431	-2.503	0.018
	CAR	0.05	0.021	0.418	2.453	0.021
	ROE	-0.009	0.007	-0.225	-1.265	0.216

Table 8: Multiple Linear Regression Analysis
a. Dependent Variable: Return Saham
Source: Processed secondary data, 2018

Multiple linear regression analysis results are described in table 4.6. Based on the results of Table 4.6 then multiple linear regression analysis is as follows:

$$Y = \alpha + b_1X_1 + b_2X_2 + b_3X_3 + e \dots\dots\dots (1)$$

$$Y = 1,208 - 0,021LDR + 0.50CAR - 0,09ROE \dots\dots\dots (2)$$

Description:

Y = Stock Return

X1 = Loan to Deposit Ratio (LDR)

X2 = Capital Adequacy Ratio (CAR)

X3 = Return On Equity (ROE)

a = Constant

b1,b2,b3 = Regression coefficient

e = Residual variable (Error level)

From the equation of the multiple linear regression above can be explained as:

- Constants (Y absolute value) if all independent variables (Loan to Deposit ratio (LDR), Capital Adequacy Ratio (CAR), and Return On Equity (ROE)) remain or are unchanged, then the stock Return is valuable.
- Regression coefficient of Loan to Deposit Ratio (LDR) of -0.021 means if another independent variable is fixed and the Loan to Deposit Ratio (LDR) (X1) has an increase of 1% the Stock Return (Y) will have decreased by 0.021%.
- Regression coefficient of Capital Adequacy Ratio (CAR) is 0.5 which means, if another independent variable is fixed and CAR (X2) is experiencing a 1% increase, the Stock Return (Y) will have a hike of 0.5%.
- The Return On Equity (ROE) regression coefficient is -0.09 which means that if another independent variable is fixed and ROE (X3) has increased by 1% the Stock Return (Y) will have decreased by 0.09%.

4.7. Model Test

4.7.1. Simultaneous F Test (F Test)

Statistical test F or Analysis Of Variance (ANOVA) essentially indicates whether all the free variables included in the model have an influence together toward the bounded variables. F test results in this study as follows :

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.053	3	0.351	4.147	.015 ^b
	Residual	2.369	28	0.085		
	Total	3.422	31			

Table 9: F Test Result
a. Dependent Variable: Return Saham
b. Predictors: (Constant), Roe, Car, Ldr
Source: Processed Secondary Data, 2018

Based on the F test results in the table above obtained a significant value of $0.015 < 0.05$, it can be concluded that (Loan to Deposit ratio (LDR), Capital Adequacy Ratio (CAR), and Return On Equity (ROE) together affect the Stock Return.

4.7.2. Determination Coefficient (R^2)

The coefficient of determination as a gauge is how far the ability of the model describes the dependent variables. Here is the test result:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.555 ^a	0.308	0.233	0.290877

Table 10: R^2 Test Result
a. Predictors: (Constant), ROE, CAR, LDR

According to table 4.9, the value of the coefficient of determination (adjusted R^2) by 0.233 or 23.3% of the Stock Return variation can be explained by variations of the Loan to Deposit ratio (LDR), Capital Adequacy Ratio (CAR), and Return On Equity (ROE), The remaining 76.7% (100%-23.3%) That are described by other variables outside the model.

4.8. T Statistic Test

T test result or partial test in this study are as follows::

4.8.1. Variable Influence Loan to Deposit Ratio (LDR) to Return Stock

From the table 4.6, the T-count value of -2.503 with a significant value of 0.018 > 0.05 hence it can be concluded that the 1 hypothesis is acceptable but opposite which means a significant negative credit interest rate variable toward Stock Return.

4.8.2. Influence of Capital Adequacy Ratio (CAR) variable toward Stock Return

From table 4.6, the calculated T value of 2.453 with a significant value of 0.021 > 0.05 hence it can be concluded that the hypothesis 2 was accepted but contradicting meaning that the Capital Adequacy Ratio (CAR) variable significantly positive effect toward Stock Return.

4.8.3. Influence of Return on Equity (ROE) Variable toward Stock Return

From the table 4.6, the calculated T value of -1.256 with a significant value of 0.216 > 0.05 hence it can be concluded that the 3 hypothesis were rejected which means the Capital Adequacy Ratio (CAR) variable has no significant effect toward Stock Return.

5. Discussion

This research was conducted to determine the influence of Loan to Deposit Ratio (LDR), Capital Adequacy Ratio (CAR), and Return On Equity (ROE) toward Stock Return of the existing public bank in Indonesia period of 2012-2015. Based on results for this study obtained as follows:

5.1. The Influence of Loan to Deposit Ratio (LDR) Toward Stock Return

The Loan to Deposit Ratio (LDR) variable shows negative and significant influences on Stock Return. This result is contrary to the theory that stated the higher LDR ratio shows the higher the credit given by the bank will also increase the interest from the credit that will impacts the high earnings gain by Bank in question, so it can be said the bank's financial performance is increasing, in other words the Loan to Deposit Ratio (LDR) will increase the stock return. This is because banking lately prefer to distribute the credit level in order to increase revenue from the interest sector. Of course, with the high income from the sector can increase banking revenue. Company's profit will be affected by increasing revenue. However, if it is seen from a negative outcome, this is because the revenue sector is derived from the loan/credit given to the other party. The provided loan contain credit risk, which is a bad credit that can affect investor confidence in choosing a company where they invest their capital. With the low trust of investors are worried about the stock price will also drop and will cause a capital loss which caused by the difference in the loss of stock price transactions. Thus, investors do not get expected rate of return.

The results in this research are in line with other research conducted by Almar'atus Sholikhah (2015) stating that the LDR has negative and significant effect toward Stock return. This is because investors view of revenue gained from credit given to credit risk, higher proportionate credit compared to less fluid credits and doubtful credits, these factors influence Investor trust in choosing the company to be used as investment field. With the low trust, investors are afraid if the stocks price decrease and the capital loss occurs and investors could not get expected return.

5.2. Influence of Capital Adequacy Ratio (CAR) toward Stock Return

The Capital Adequacy Ratio (CAR) variable demonstrates a positive and significant influence toward stock return. The results of this research in accordance with the research conducted by Rilla Gantino & Fahri Maulana (2013) which said that CAR has a positive and significant toward stock return. These results indicate if the bank has a high CAR value then the stock return will increase. High value of CAR indicates the bank has sufficient capital to anticipate assets that contain or generate risk. The bank which has a CAR value of more than 8% according to Bank Indonesia regulation indicates that the bank is in good health. Healthy Bank certainly gives a positive signal to the investor to invest his capital so that the demand for that stock will be high, the high price of this stock will certainly affect the stock return.

5.3. Influent of Return on Equity (ROE) toward Stock Return

From the results of this research we know the calculated T-value of 1.265 and the significance rate of 0.216 which is greater than the significant value of $\alpha = 0.05$ means the research hypothesis is rejected which means there is no influence between the ROE toward the stock return. The results of this research supported the previous research conducted by Gantino, Rilla and Maulana, Fahri (2012) and Lilis Purnamasari (2017), which showed the results of partial ROE T-tests has no effect on the stock return meaning ROE variable shares has no effect on Return stock. As previously described, this ratio is a comparison between a profit and a share with its own capital. The ROE variable in this study has no effect on the stock returns. The higher the ROE means the better the company's performance in managing its capital to generate profit.

6. Conclusion and Suggestion

From the research conducted by researchers and discussions that have been done in all previous chapters, in the study titled "The Influence of Loan to Deposit Ratio, Capital Adequacy Ratio, and Return On Equity Toward Return shares in the company State-owned conventional banking (BUMN) listed on the Indonesia Stock Exchange period of 2010-2017" then it can be withdrawn conclusions as follows:

- Loan to Deposit Ratio negatively and significantly affects Stock Return, meaning that if the value of LDR is increased then the liquidity of the bank concerned will be lower and has an effect toward Return shares.
- Capital Adequacy Ratio positively and significantly affect toward Stock Return, meaning that if the value of the CAR is high then the bank is able to finance its operational activities and contributes considerable contribution and affect the Stock Return.
- Return On Equity has no significant effect on Return stock, meaning that if the higher the ROE value then the higher the value of Stock Return, but if decreased then ROE has no effect on Return stock.

6.1. Suggestion

6.1.1. For Company

The company should consider the factor of Loan to Deposit Ratio (LDR) and Capital Adequacy Ratio (CAR) which has a significant influence toward Stock Return to increase the value of the company.

6.1.2. For Investor and Prospective Investor

Investors and prospective investors who intend to invest should consider the results of this research analysis that has a significant influence on the Stock return such as the ratio of Loan to Deposit Ratio (LDR) and Capital Adequacy Ratio (CAR). It is intended to assess the extent to which the company's ability to provide return for investors. But there are still many other factors that can be used as source of information to determine which companies to choose to invest such as political situation and government policy.

6.1.3. For Future Research.

Further researchers are expected to develop further by adding several factors that influence the stock return through other financial ratios. As well as expanding research by increasing the period of research years so that the research results can describe the real condition in the long term.

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