

Internal and External Determinants of Banking Stock Performance: Evidence from the Indonesia Stock Exchange

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ABSTRACT

This study examines the factors influencing stock performance in banking institutions listed on the Indonesia Stock Exchange (IDX) during the 2019–2023 period. A quantitative approach using panel data regression is applied to assess the impact of internal financial metrics—such as Earnings per Share (EPS), Dividend per Share (DPS), Price-to-Earnings Ratio (P/E), and Book Value per Share (BVPS)—as well as external macroeconomic variables, including inflation, Gross Domestic Product (GDP), and bank size, on Market Price per Share (MPS). The study employs the random-effect model, along with statistical tests such as Chow, Hausman, and Lagrange Multiplier, to determine the most suitable regression model. The results reveal that EPS, BVPS, and bank size have significant positive impacts on MPS, indicating that higher profitability, strong intrinsic equity value, and larger institutional size are associated with better stock performance. In contrast, DPS, P/E, inflation, and GDP show no significant influence, suggesting that investors in the banking sector focus more on other aspects, such as EPS, BVPS, and bank size rather than the amount of dividends distributed, share price compared to profitability, inflation, and GDP.

Keywords: Stock Performance, Earnings Per Share, Dividend Per Share, Price to Earnings Ratio, Banking Sector.

ABSTRAK

Penelitian ini mengkaji faktor-faktor yang memengaruhi kinerja saham pada institusi perbankan yang terdaftar di Bursa Efek Indonesia (BEI) selama periode 2019–2023. Pendekatan kuantitatif dengan regresi data panel digunakan untuk menilai pengaruh metrik keuangan internal—seperti Earnings per Share (EPS), Dividend per Share (DPS), Price-to-Earnings Ratio (P/E), dan Book Value per Share (BVPS)—serta variabel makroekonomi eksternal, yaitu inflasi, Produk Domestik Bruto (PDB), dan ukuran bank terhadap Market Price per Share (MPS). Studi ini menerapkan model random - effect, disertai dengan uji statistik seperti Chow, Hausman, dan Lagrange Multiplier, untuk menentukan model regresi yang paling tepat. Hasil penelitian menunjukkan bahwa EPS, BVPS, dan ukuran bank berdampak positif signifikan terhadap MPS. Hal tersebut mengindikasikan bahwa profitabilitas yang lebih tinggi, nilai modal yang ditanamkan lebih tinggi, dan ukuran perbankan yang lebih besar berpengaruh terhadap kinerja saham yang

lebih baik. Sebaliknya, DPS, P/E, inflasi, dan PDB tidak menunjukkan pengaruh signifikan, mencerminkan bahwa investor di sektor perbankan lebih berfokus pada aspek lainnya, seperti EPS, BVPS, dan ukuran bank, daripada jumlah dividen yang dibagikan di sektor perbankan, harga saham terhadap profitabilitas, inflasi, dan PDB.

Kata kunci: Kinerja Saham, Laba Per Saham, Dividen Per Saham, Rasio Harga terhadap Laba, Sektor Perbankan.

INTRODUCTION

Financial markets play a vital role in mobilizing a constant flow of savings and transforming financial resources to expand productive capacity in countries (Pradhan & Paudel, 2017). A strong financial system encourages investment by financing productive business opportunities, mobilizing savings, allocating resources efficiently, and facilitating trade in goods and services (Okere et al., 2022). The financial performance of deposit banks has critical implications for a country's economic growth. Poor banking performance can lead to banking failures and crises that negatively impact a country's economic development (Okere et al., 2022). Investment decisions for investors depend on stock prices and price changes (Al-Dwiry et al., 2022). Stock market prices are a key factor influencing stock market investment decisions (Pradhan & Paudel, 2017). Stock prices are one of the main factors influencing shareholders' decisions (Rono, 2019). The higher the value or price of shares in a company, the company is categorized as a company that has good quality. Investors need information related to stock price formation to make decisions in selling or buying shares.

Stocks are volatile, they can go up or down just like the price of goods or commodities in the market (Peters, 1996). In general, there are several factors that influence the rise and fall of a company's stock price. Stock market prices are influenced by several factors at the microeconomic level including dividend income, book value, return on assets, or external factors based on the macroeconomic level, such as real Gross Domestic Product (GDP), inflation rate and interest rates (Al-Dwiry et al., 2022). Internal factors are factors that depend on the company, such as return on equity, and earnings per share (Pandigamage & Ranaweera, 2023; Hou, 2023). Recent research has been conducted on the factors that influence stock prices. (Chhetri, 2023) revealed that increasing P/E RATIO, BVPS, and ROA increases MPS growth. Another study showed that the higher the EPS, the higher the MPS and company-specific factors such as EPS, DPS, ROA are the main predictors of stock prices in the context of banking in Jordan (Al-Dwiry et al., 2022). In the study of Pandigamage & Ranaweera (2023), it was found that EPS and inflation had a positive impact on stock prices, while ROE, interest rates, and exchange rates showed a negative impact, but only EPS showed a significant impact.

According to Kayode et al. (2022), that Dividends have a negative relationship with stock price movements, dividends per share have a weak relationship with stock price movements. Another study by Pradhan & Paudel (2017), found that Dividends per Share (DPS), Return on Assets (ROA) and Earnings Per Share (EPS) are positively related to stock prices (market price per share and changes in market price per share). Pradhan & Paudel (2017), in their research, wrote that the P/E ratio (Price Earnings Ratio) has a significant effect on stock prices. This study supports Chhetri's research (2023) which states that the P/E ratio has a significant positive impact on MPS (Market per Share). Given the importance of the banking sector in the economy, stock prices, and financial ratio analysis, it is interesting to conduct research on Factors Affecting the Performance of Banking Stocks listed on the Indonesia Stock Exchange (IDX). Market price per share is chosen as the dependent variable, while Earnings Dividend Per Share, P/E Ratio, Book Value Per Share are chosen as independent variables, while inflation, and gross domestic product and Bank Size are taken as external factors. are chosen as independent variables, while inflation, and gross domestic product are taken as external factors.

LITERATURE REVIEW

Earnings per Share (EPS) is a ratio that shows the ability of each share to generate profits in a financial reporting period. Earnings per share (EPS) or net income per share is a financial measure that measures undistributed net income per share. EPS shows the ability of each share to generate profits in a financial reporting period. An increase in earnings per share (EPS) generally indicates company growth which has an impact on rising stock market prices. EPS represents the company's ability to generate profits for each share owned by stakeholders. Pradhan & Paudel's (2017) research shows that the higher the earnings per share, the higher the market price per share. This finding supports research conducted by Chhetri (2023) entitled Factors Affecting the Share Price of Commercial Banks in Nepal, which shows that earning price share (EPS) has a positive impact on the market price per share (MPS).

Dividends, earnings, equity and book-to-market ratio are considered as five important factors for investment decisions according to individual stock investors (Pradhan & Paudel, 2017; Wibowo et al., 2023; Lona et al., 2024). Dividend Per Share (DPS) is measured by dividing the total dividends paid to shareholders by the number of shares outstanding. Research by Emeka & Ogochukwu (2021) and Mahirun et al. (2023) states that Dividend Per Share & Dividend Yield have a significant and positive impact on stock prices. This study supports the research of Pradhan & Paudel (2017) and Ilham & Jaya (2023), which shows that the higher the DPS, ROA and EPS, the higher the stock price. Similar research by Kayode et al. (2022) actually shows that Dividends have a negative relationship with stock price movements, dividends per share have a weak relationship with stock price movements.

For investors, the higher the Price Earnings Ratio, the higher the expected revenue growth will be. Pradhan & Paudel (2017) wrote that the Price Earnings Ratio (PER) has a significant effect on stock prices. The Price Earnings Ratio (PER) is measured by dividing the company's stock price by net income per share. The findings of Pradhan & Paudel (2017) and Chhetri (2023) suggest that the Price Earnings Ratio (PER) has a significant positive impact on Market Price per Share (MPS). Book value shows the value of the company's assets listed in the balance sheet, while market value shows investors' assessment of the company and how much they are willing to pay to buy the company's shares (Agugum & Salawu, 2018). The Book Value Per Shares (BVPS) ratio has a significant positive impact on Market Price per Share (MPS) (Chhetri, 2023; Syahputra, 2024; Gurung & Subedi, 2024).

According to Alchian & Klein (1973), inflation measures the increase in the price of goods and services in general. When inflation is high, people's purchasing power decreases, which can have a negative impact on company performance (Umaru & Zubairu, 2012). Inflation is an external factor in the market price per share. In a study conducted by Chhetri (2023) and Sadeghi et al. (2023), it was stated that inflation is positively related to MPS and is an independent variable that has a significant effect on the market price per share. Inflation measures the increase in the price of goods and services in general. When inflation is high, people's purchasing power decreases, which can have a negative impact on company performance (Umaru & Zubairu, 2012). However, this statement is not in accordance with the research of Kima et al. (2024), which states that inflation does not have a significant effect on stock price volatility. This statement shows that there is no direct linear relationship between inflation and stock price volatility.

In addition to inflation, Gross Domestic Product (GDP) is an external factor that is viewed as an external factor based on the macroeconomic level (Fischer, 1993). When GDP grows, businesses tend to expand, which leads to increased corporate profits and investor confidence (Mutasowifin & Sutisna, 2023). In the research of Al-Dwiry et al. (2022) and Liu et al. (2024), it was concluded that the GDP coefficient has a positive impact on MPS, which means that the greater the GDP, the higher the MPS. However, this is not in line with Chhetri's research (2023), GDP has a negative relationship with

MPS. This illustrates that GDP has a statistically insignificant effect on the market price per share.

Company size is the most important variable among the variables that affect stock prices (Al-Dwiry et al., 2022). Bank Size refers to the size of the bank, which is often measured using total assets (Arif et al., 2024). Larger banks usually have greater ability to fund projects, provide loans, and survive in volatile economic conditions. Large banks with strong assets increase investor confidence, so their stock prices tend to be higher. In previous research from Pradhan & Paudel (2017), company size showed a positive coefficient, with the results showing that the higher the company size, the higher the market price per share. However, similar research shows that company size has an insignificant impact in the context of Nepalese commercial banks (Chhetri, 2023).

Investment decisions for investors depend on stock prices and price changes (Al-Dwiry et al., 2022). Stock market prices are a key factor influencing stock market investment decisions (Pradhan & Paudel, 2017). Based on research conducted by Pradhan & Paudel (2017), it was shown that the higher the earnings per share, the higher the market price per share. Meanwhile, research conducted by Emeka & Ogochukwu (2021) stated that dividends per share & dividend yields have had a significant and positive impact on stock prices. Pradhan & Paudel's (2017) research concluded that the P/E ratio has a significant effect on stock prices. This conclusion is consistent with research conducted by Chhetri (2023), which states that the P/E ratio has a positive and significant effect on MPS (Market Price per Share).

Another study conducted by Chhetri (2023) proved that Book Value Per Shares (BVPS) has a positive and significant effect on MPS (Market Price per Share). In the studies conducted by Chhetri (2023) and Sadeghi et al. (2023), it was stated that inflation is positively related to MPS and is an independent variable that has a significant effect on the market price per share. In the study of Al-Dwiry et al. (2022), it was concluded that the GDP variable has a positive impact on MPS. Meanwhile, the study by Pradhan & Paudel (2017) stated that company size has a positive effect on stock prices, indicating that the higher the company size, the higher the market price per share. Based on the results of previous studies that have been mentioned, the conceptual framework that shows the impact of the variable proportion of Earnings Per Share, Dividend Per Share, P/E Ratio, Book Value Per Share on Market Price Per Share in this study can be described as follows:

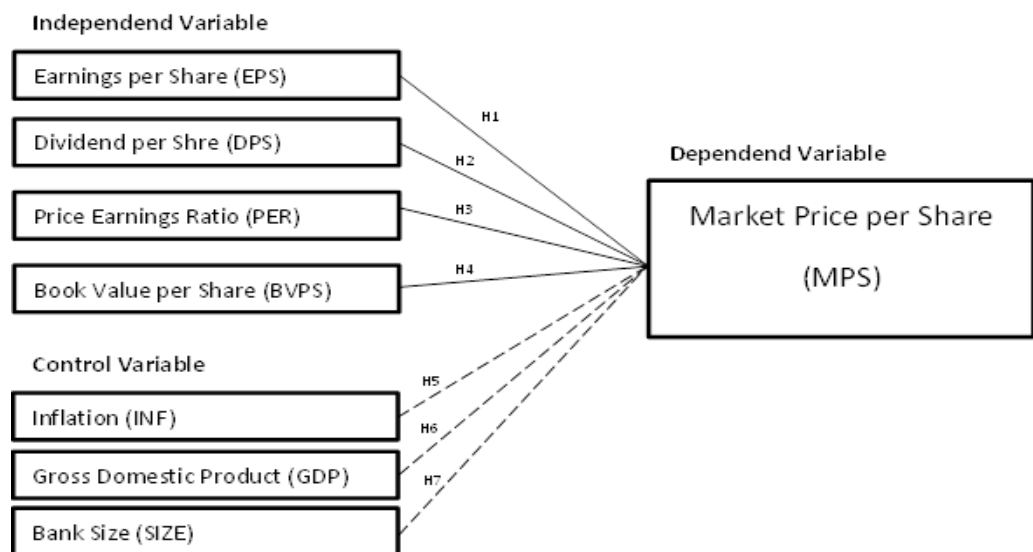


Figure 1. Framework

H1: Earnings Per Share has a positive effect on bank financial performance.

- H2: Dividend Per Share has a positive effect on bank financial performance.
- H3: Price Earnings Ratio has a positive effect on bank financial performance.
- H4: Book Value Per Share has a positive effect on bank financial performance.
- H5: Inflation has a positive effect on bank financial performance.
- H6: Gross Domestic Product has a positive effect on bank financial performance.
- H7: Bank Size has a positive effect on bank financial performance.

METHODS

This study is a quantitative study using panel data regression analysis, including the Chow test and the Hausman test, within an explanatory research framework (Susilowati et al., 2017). Explanatory research aims to describe the causal relationship between several variables through statistical testing. This relationship can be shown through correlation between variables or measuring the influence of one variable on another. This study relies on secondary data that is quantitative and collected for five years, from 2019 to 2023. The research sample includes conventional banks listed on the Indonesia Stock Exchange (IDX), with all secondary data taken from the relevant bank's annual financial reports. The focus of this study is to analyze the effect of Earnings Per Share, Dividend Per Share, Price Earnings Ratio and Book Value Per Share and three control variables, namely Inflation, Gross Domestic Product, and Bank Size on banking stock performance as measured by Market Price Per Share.

RESULTS

This study applies panel data regression analysis, involving the Chow test and the Hausman test, in the context of explanatory research. Explanatory research is designed to explain the causal relationship between several variables studied through statistical testing. In this study, the causal relationship can be seen through the correlation between variables or through the influence of one variable on another variable. Panel data regression analysis is a statistical method that is suitable for use in this study, because it allows researchers to evaluate data that has a time dimension (time series) and cross-sectional units (eg companies or individuals). Thus, this analysis provides a more comprehensive picture of the relationship between variables by utilizing data variations over time and between entities. The Chow test and the Hausman test are important components in this panel data regression analysis. The Chow test is used to determine whether the best regression model is the common effect or fixed effect model. If the Chow test results are significant, then the chosen model is the fixed effect. Conversely, if it is not significant, the common effect model is more appropriate. After that, the Hausman test is carried out to choose between the fixed effect and random effect models. The results of the Hausman test will show whether the observed variables are correlated with the error term in the model, which determines whether a random effect or fixed effect model is more appropriate.

The sample of this study consists of conventional banks listed on the Indonesia Stock Exchange (IDX). The selection of these conventional banks is based on the availability of the necessary financial data, namely the annual financial reports published by each bank on the IDX. The secondary data used in this study are all derived from relevant annual financial reports, because these financial reports provide sufficient information about the financial condition, performance, and other characteristics of each bank during the period analyzed. These data are analyzed to see the relationship between financial variables such as profitability, operational efficiency, and non-performing loan ratios, and how these factors influence each other in the context of bank operations in Indonesia. This study uses a panel data analysis method to gain in-depth insight into the cause-and-effect relationship in the banking sector. The methods and tests chosen help identify the most appropriate model, ensuring more accurate and relevant research results in measuring the impact of certain financial variables on other variables in the banking industry.

Table 1. Results of Chow test, Hausman Test, LM Test and F-Test

Model	Effects Test	Model	Prob.	Conclusion
Chow test	Cross-Section Chi-Square	Model 1 (Market Per Share)	0.0000	H0 is rejected
Hausman Test	Cross-Section Random	Model 1 (Market Per Share)	0.100	H0 failed to be rejected
Lagrange Multiplier Test	Breusch-Pagan One-Sided	Model 1 (Market Per Share)	0.0002	H0 is rejected
Simultaneous Test (F-Test)	Prob. (F-Statistic)	Model 1 (Market Per Share)	0.0000	H0 is rejected

The results of the Chow Test in Table 1, the cross-section probability of the chi-square Market Price Per Share is $0.0000 \leq 0.05$, so H0 is rejected and the best model chosen is the fixed effect model. However, the results of the Hausman Test show a statistical cross-section probability value of $x > 0.05$, which indicates that H0 fails to be rejected, so the more appropriate model is random effect. Meanwhile, the Lagrange Multiplier Test shows a statistical cross-section probability value of $x < 0.05$, which means that H0 is rejected and the random effect model remains the most appropriate model to use. Based on the F-test result table, model 1 has an F-statistic probability value of $x < 0.05$, which indicates that H0 is rejected, so that independent variables such as Earnings Per Share (EPS), Dividend Per Share (DPS), Price Earnings Ratio (P/E), and Book Value Per Share (BVPS), as well as control variables such as Inflation, Gross Domestic Product, and Bank Size, are able to influence the dependent variable, namely Market Price Per Share (MPS). The results of this test indicate that the regression model in this study is feasible to use. Furthermore, based on the results of the F-test which shows a Prob (F-Statistic) Market Price Per Share value of $0.0000 \leq 0.05$, H0 is rejected, which means that there is at least one independent variable that affects the dependent variable, so the model is feasible to use in this analysis.

Table 2. Goodness of fit test results

Testing	Model	Value
Adjusted R-Squared	Model 1 (Market Per Share)	0.380606

The Goodness of Fit Test results, the adjusted R2 value is 0.380606. This means that the independent variables consisting of Earnings Per Share (EPS), Dividend Per Share (DPS), Price Earnings Ratio (P/E) and Book Value Per Share (BVPS) and control variables consisting of Inflation, Gross Domestic Product and Bank Size are able to explain the variation of the dependent variable, namely Market Per Share (MPS) by 38.06% and the remaining 61.94% can be influenced by other factors not included in the research model.

Table 3. Descriptive analysis test results

Variable	Mean	Median	Maximum	Minimum
MPS	1780.651	827.11	9925	26.01
EPS	133.8346	25.25	1158.79	-133.9
DPS	42.05538	0	555	0
P/E	66.85141	15.12927	1345.566	-54.63065
BVPS	1407.915	808.6655	7517.861	59.97494
INF	0.0288	0.03	0.042	0.016

The results of the descriptive analysis on the Market Price Per Share (MPS) variable show an average of 1780.651, with a median value of 827.11. The highest MPS value was recorded at 9925, while the lowest value was 26.01. For the Earnings Per Share (EPS) variable, the average is 133.8346, with a median of 25.25, a maximum value of 1158.79, and a minimum value of -133.9. The Dividend Per Share (DPS) variable has an average of 42.05538 with a median of 0, the highest value reaches 555, and the lowest value is 0. For the Price Earnings Ratio (P/E) variable, the average value is 66.85141, a median of 15.12927, the highest value is 1345.566, and the lowest value is -54.63065. Book Value Per Share (BVPS) has an average of 1407.915, a median of 808.6655, with a maximum

value of 7517.861 and a minimum of 59.97494. Meanwhile, the Inflation variable (INF) shows an average value of 0.0288, a median of 0.03, with the highest value of 0.042 and the lowest value of 0.016. These results provide an overview of the data distribution of each variable in the study, indicating significant variations, especially in the MPS and BVPS variables.

Table 4. T-test results

Variables	Coefficient	Prob.	Conclusion
Constanta	-861.6478	0.01818	
Earnings Per Share	3.687138	0.0000	Positive Influence
Dividend Per Share	-0.652223	0.6140	There is no influence
Price Earnings Ratio	0.510154	0.2169	There is no influence
Book Value Per Share	0.323966	0.0036	Positive influence
Inflation	-6789.426	0.3561	There is no influence
Gross Domestic Product	2081.600	0.4354	There is no influence
Bank Size	91.5475	0.0034	Positive influence

The constant has a coefficient of -861.6478 with a probability of 0.01818. The Earnings Per Share (EPS) variable shows a significant positive effect on the dependent variable, with a coefficient of 3.687138 and a probability of 0.0000. Meanwhile, Dividend Per Share (DPS) has a coefficient of -0.652223 and a probability of 0.6140, indicating no significant effect on the dependent variable. Likewise, the Price Earnings Ratio (P/E) which has a coefficient of 0.510154 and a probability of 0.2169, and inflation with a coefficient of -6789.426 and a probability of 0.3561, both also do not have a significant effect. Book Value Per Share (BVPS) has a significant positive effect on the dependent variable, with a coefficient of 0.323966 and a probability of 0.0036. On the other hand, Gross Domestic Product (GDP) shows a coefficient of 2081.600 with a probability of 0.4354, indicating no significant effect. Bank Size has a significant positive effect on the dependent variable, with a coefficient of 91.5475 and a probability of 0.0034. These results indicate that the variables EPS, BVPS, and Bank Size have a significant effect, while the variables DPS, P/E, inflation, and GDP do not affect the dependent variable.

DISCUSSION

Interpretation of the main variables in this study shows that Market Price per Share (MPS) has a high mean and standard deviation value, the mean value is 1780.651 and the standard deviation value is 2236.047 which indicates significant variations in stock prices, such as the specific case of Bank Mandiri which has a high value. Earnings per Share (EPS) has a wide range, where high or low EPS indicates different bank profitability (Susilo & Dwiyanto, 2023). Meanwhile, Dividend per Share (DPS) is often zero in many banks, which may indicate a policy decision regarding dividend distribution. Other variables such as Price-to-Earnings Ratio (P/E), Book Value per Share (BVPS), Inflation (INF), GDP Growth (GDP), and Bank Size (SIZE) provide additional insights into the distribution and its impact on MPS. In statistical analysis, standard deviation plays an important role in understanding the spread of data, especially related to homogeneity or heterogeneity. This shows the reliability of the central tendency for each variable, which is useful for researchers to evaluate data variation.

The regression results show different significance and practical implications for each variable. Earnings per Share (EPS) has a significant positive effect on MPS, which is important for investors and banks in decision making. However, Dividend per Share (DPS) and Price-to-Earnings Ratio (P/E) have no significance on MPS, which may be due to industry trends or specific policies of certain banks. Book Value per Share (BVPS) shows a significant positive effect, highlighting the importance of tangible assets in market valuation. On the other hand, macroeconomic indicators such as Inflation (INF) and GDP do not have a significant effect on MPS, which may indicate the resilience of the banking sector to economic fluctuations. Bank Size (SIZE) shows a significant positive

effect on MPS, indicating the potential benefits of large scale in bank market valuation (Amri et al., 2024).

The results of the panel data regression model equation used in this study are as follows:

$$\text{MPS} = -861,6478 + 3,687138(\text{EPS}) - 0,652223(\text{DPS}) + 0,510154(\text{PE}) + 0,323966(\text{BVPS}) - 6789,426(\text{INF}) + 2081,600(\text{GDP}) + 91,54752(\text{SIZE}) + \text{eit}$$

Based on the model t-test interpretation table, it can be explained that Earnings per Share (EPS) has a probability value of 0.0000 which is smaller than 0.05, indicating a significant influence. The coefficient of 3.687138 indicates that EPS has a positive influence on Market Price per Share (MPS), meaning that an increase in EPS tends to increase MPS. Meanwhile, Dividend per Share (DPS) has a probability value of 0.6140, which is greater than 0.05, indicating that DPS does not have a significant effect on MPS. Likewise, the Price per Earnings ratio (P/E) which has a probability value of 0.2169, indicates that there is no influence of P/E on MPS. Furthermore, Book Value per Share (BVPS) shows a probability value of 0.0036 which is smaller than 0.05, indicating a significant influence on MPS with a coefficient of 0.323966, meaning that BVPS has a positive influence on MPS. The Inflation variable (INF) with a probability value of 0.3561 does not have a significant effect on MPS, as well as Gross Domestic Product (GDP) which has a probability value of 0.4354, indicating that there is no effect of GDP on MPS. However, the bank size variable (SIZE) shows a probability value of 0.0034 which is smaller than 0.05, indicating a significant effect. The coefficient of 91.5475 on SIZE shows a positive effect of SIZE on MPS, indicating that an increase in bank size can have a positive impact on the market price of the bank's shares (Rossa & Suryandari, 2023).

Based on hypothesis testing using the t-test in this study, the influence of variables such as Earnings per Share (EPS), Dividend per Share (DPS), Price-to-Earnings Ratio (P/E), Book Value per Share (BVPS), and two control variables, namely Inflation, GDP, and Bank Size (SIZE) on banking stocks as measured by Market Price per Share (MPS). In the first hypothesis (H1), it was found that Earnings per Share (EPS) has a significant positive effect on Market Price per Share (MPS). These results support the findings of research by Pradhan & Paudel (2017) and Chhetri (2023), which show that the higher the EPS, the higher the stock market price. This indicates that an increase in earnings per share is directly proportional to an increase in stock value in the market. The second hypothesis (H2) shows that Dividend per Share (DPS) does not have a significant effect on MPS. This finding contradicts the research by Emeka & Ogochukwu (2021) and Pradhan & Paudel (2017), which stated that DPS has a positive impact on stock prices. However, this result is in line with the research of Kayode et al. (2022), which shows a negative and weak relationship between DPS and stock price movements, indicating that dividend policy may not be a major factor in assessing banking stock prices.

In the third hypothesis (H3), the Price-to- Earnings Ratio (P/E) was found to have no significant effect on MPS. This result is different from the research of Gautam & Tripathi (2019), Amiputra et al. (2021), and Rifani et al. (2022) which stated that P/E has a positive effect on stock prices. On the other hand, this result is in line with the research of Br Ginting & Sussanto (2024) which shows that the P/E ratio has no effect on banking stock prices, thus contradicting the general theory that considers P/E as an indicator of investor confidence. The fourth hypothesis (H4) shows that Book Value per Share (BVPS) has a significant positive effect on MPS, in accordance with research by (Silwal & Napit, 2019; Chhetri, 2023). This result indicates that an increase in BVPS reflects an increase in capital invested by investors, which in turn increases investor confidence and stock prices in the market. In the fifth hypothesis (H5), inflation has no significant effect on MPS. This result is different from Chhetri's (2023) research, which shows that inflation is positively related to MPS. However, this finding is consistent with research by Kima et al. (2024), which states that inflation has no significant impact on stock price volatility. This suggests that in the banking context, inflation may not be a factor that directly influences stock prices.

The sixth hypothesis (H6) shows that GDP also has no significant effect on MPS. This finding is consistent with the study of Kima et al. (2024), which states that inflation and GDP do not significantly affect stock prices. This indicates that macroeconomic conditions such as GDP growth may not always have a direct effect on the performance of banking stock prices. Finally, the seventh hypothesis (H7) states that bank size (SIZE) has a significant positive effect on MPS, in line with the research of Rubaiyath (2023). This result is different from the research of Chhetri (2023) and Silwal & Napit (2019), which showed a negative effect of SIZE on MPS. The results of this study imply that an increase in total bank assets, which is a measure of SIZE, has a positive impact on banking stock performance.

CONCLUSION

Based on the results of the t-test, it was found that Earnings per Share (EPS) and Book Value per Share (BVPS) have a significant positive effect on Market Price per Share (MPS), which means that the increase in earnings per share and book value per share is correlated with the increase in the market price of banking stocks. In contrast, Dividend per Share (DPS) and Price-to-Earnings Ratio (P/E) do not show a significant effect on MPS, indicating that dividend policy and price-to-earnings ratio may be less considered in assessing stock prices in this sector. Inflation and Gross Domestic Product (GDP) also do not have a significant effect on MPS, indicating that macroeconomic conditions do not always have a direct impact on banking stock prices. On the other hand, bank size (SIZE) has a positive effect on MPS, reflecting that bank with larger assets tend to have better stock performance in the market. These results provide insight that company characteristics, such as EPS, BVPS, and SIZE, are more relevant in determining banking stock prices than macroeconomic indicators or dividend policies. These findings provide implications for banking management to focus on increasing assets, profits, and capital in order to increase stock prices and provide a reference for investors to consider the performance of EPS, BVPS, and SIZE in investment. This study has limitations in the sample and variables used, so it is recommended to expand the sample and add variables such as Return on Assets, Capital Adequacy Ratio, and Price to Book Value in future studies for more comprehensive results.

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