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Effect of asset quality, rentability, and liquidity on the book value of bank companies listed on the IDX in 2015-2020

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ABSTRACT

PBV is an important spotlight for investors to find out the book value of a company which can provide an overview of the value of shares per share. The purpose of this study is to measure how strong the impact of asset quality, profitability, and liquidity is on a company's book value. This research is conducted quantitatively and utilizes secondary data from the bank's annual report. The sample data that met the requirements to be processed were 23 banks for a period of 6 years to become 138 sample data. The results of the data test show that NPL, ROE, ROA, OER, and LDR together have a positive significant impact on the Book Value of Shares, individually NPL has a significant positive impact, ROE has a significant positive impact, ROA has a positive and significant impact, OER has no impact and liquidity has a significant positive impact on the Book Value of Shares. Asset quality, profitability and liquidity scores are indicators of financial performance that can be used by fund owners to determine the condition of a bank's financial health when investing in banking stocks based on the right decisions. Every banking organization should improve its financial performance to achieve Bank Indonesia-regulated bank soundness.



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Introduction

Price to Book Value is one of the most important indicators if investors want to analyze fundamentally in determining the stocks they will buy. A high PBV reflects the amount of investor optimism about the company as conveyed by professor Dr. Frensidy FEB UI (<https://Kontan.Co.Id>, 2021). Investors can use PBV to consider making investment decisions in companies in the form of shares (Kansil, Rate, & Tulung, 2021). Therefore PBV is an important spotlight for investors to find out the book value of a company which can provide an overview of the value of shares per share. If the financial statement notes show a $PBV > 1$, it means that the company has a good book value Sukamulja, (2019 : 105). To find out whether a company's PBV is good or bad, it can be done through analysis of the asset quality variable with the NPL ratio measuring instrument, and the profitability variable with the ROE, ROA, and OER ratio measuring instrument, and the liquidity variable with the LDR ratio measuring instrument.

NPL is a measurement tool of asset quality variables used as an assessment of the soundness of a Bank as an illustration of banking risk as stated in Bank Indonesia Regulation No. 6/10/PBI.2004 Article 3 jo. sub. b

(Abdullah Gubernur BI, 2004). NPLs that have a high ratio can result in a decrease in the Bank's performance which causes a decrease in PBV and vice versa (Maimunah & Fahtiani, 2019). The results of previous studies stated that NPL had an effect on PBV (Maimunah & Fahtiani, 2019) (Arasy & Sampurna, 2020). However, the results of other researchers stated that NPL had no effect on PBV (Debora, 2021). Reflection of the ratio of the average NPL to PBV of 6 bank samples shows the following figures. The PBV of 6 bank samples shows the following table 1.

Tabel 1. Comparison of Average NPL to PBV Ratio

Bank	NPL	PBV	Bank	NPL	PBV
CIMB Niaga	3,43% < 5%	0,6	Bank of India	6,82% > 5%	2,4
PANIN	2,86% < 5%	0,6	NEO	5,96% > 5%	1,7
BTPN	0,93% < 5%	0,9	HARDA	5,02% > 5%	7,5

Based on the table above, it describes two contradictory events, where 3 banks have an average NPL ratio that does not exceed the upper limit of 5% required by BI, but their PBV value is below number 1, while 3 banks have an average ratio -The average NPL exceeding the upper limit of 5% has a PBV value greater than number 1. These two things contradict each other even though the bank is in the criteria of being healthy, but does not have a good PBV and vice versa so that it becomes an interesting event for further research. Referring to the same PBI, it is also stated in Article 3 (d) Assessment of Bank Soundness includes an assessment of profitability which can be measured through the components of the rate of return ratio ROE, ROA, and the level of efficiency through the OER ratio.

ROE as a performance measurement tool for the profitability variable is very important to meacompany's ability to obtain net income from shares available to investors/shareholders. Sukamulja, (2019 : 99). ROE is also a ratio that can be used by investors to see a company's ability to increase its capital. A large ROE will make investors more interested in investing (Maryadi & Susilowati, 2020). The results of previous studies said that ROE has an influence on PBV (Ariyanti, 2019) (Maryadi & Susilowati, 2020). And the results of other researchers say that ROE has no effect on PBV (Maryadi & Susilowati, 2020). Reflection of the ratio of the average ROE to PBV of 6 bank samples shows the following figures:

Tabel 2. Comparison of Average ROE to PBV Ratio

Bank	ROE	PBV	Bank	ROE	PBV
CIMB Niaga	6,60%	0,6	Bank of India	2,95%	2,4
PANIN	7,94%	0,6	NEO	2,27%	1,7
BTPN	14,25%	0,9	HARDA	-12,83%	7,5

Based on the ratio table above, two different figures can be seen from the left side of the ROE table for CIM Niaga Bank, PANIN and BTPN showing positive ratios and > 1%. However, the PBV values of the three banks are <1. From the ROE ratio on the right side of the table, it can be seen that Bank of India and NEO Bank show positive numbers and <1, while the ROE ratio for HARDA Bank shows negative numbers. However, the PBV value of the three banks is > 1. This is an event that is contrary to performance theory, so it is appropriate to do further research. ROA is a component of a company's profitability in which investors/shareholders can measure a company's ability to earn net profits as well as measure the rate of return on assets invested by the company. (Sukamulja, 2019). In accordance with SE BI No 13/24/DPNP/2011 a measuring tool to determine the effectiveness of a company in utilizing existing assets to obtain profits that can increase company value (Deputi BI, 2011). The results of previous studies stated that ROA had no significant positive impact on PBV (Maimunah & Fahtiani, 2019) (Debora, 2021).

Tabel 3. Comparison of Average ROA to PBV Ratio

Bank	ROA	PBV	Bank	ROA	PBV
CIMB Niaga	1,32%	0,6	Bank of India	-2,33%	2,4
PANIN	1,79%	0,6	NEO	-0,33%	1,7
BTPN	2,50%	0,9	HARDA	-1,08%	7,5

Based on the ratio table above, two different figures can be seen from the left side of the ROA table for CIMB Niaga Bank, PANIN and BTPN showing positive ratios and > 1%. However, the PBV values of the three banks show < 1. From the ROA ratio on the right side of the table, it can be seen that Bank of India, NEO Bank, and HARDA Bank show negative numbers. However, the PBV value of the three banks shows the number > 1. This is an event that is contrary to performance theory, so it is appropriate to do further

research. OER is also a component of profitability that is no less important than ROE-ROA in terms of measuring operational costs compared to operating income, where this variable is useful for investors/shareholders to determine the level of stock prices in terms of measuring company efficiency, especially the banking sector. (Harahap & Hairunnisah, 2017). Darmin Nasution through a press conference (<https://Kontan.Co.Id>, 2021) said that Bank Indonesia has required banks to be efficient in conducting their business, the regulator has made guidelines (benchmark) for OER in accordance with the criteria, namely for book 1 bank types a maximum of 85%, for book 2 types between 78-80%, for book types from 70% to 75%, and book 4 types from 60% to 65%.

Based on the table above, if you look at the average OER ratio figures for Bank CIMB Niaga, PANIN and BTPN, which are on the left side, they are still below the limit as required by BI regarding banking soundness regulations. However, the PBV values of the three banks show < 1 . For the average OER ratio figures for Bank of India, Bank NEO, and Bank HARDA which are on the right side of the table, they show numbers above the upper limit of 85% as required. However, the PBV values of the three banks are < 1 . This is contrary to the statement on bank soundness requirements regulated by BI. Therefore it becomes an interesting event to be studied further. Both the quality variable and the profitability variable as measured by each of these ratios are as required by the PBI regarding the requirements for Bank soundness, the same thing also applies to the liquidity variable as measured by LDR which is a factor listed in the PBI regarding the requirements for Bank soundness.

LDR represents a liquidity variable that reflects the bank's health capacity, and if there is a deterioration in the bank's health, it will cause the public to no longer trust bank institutions (Widianingsih, Dewi, & Siddi, 2021). As regulated by BI, the minimum LDR is 78% and the maximum is 92% as the basis for determining the soundness level of the Bank (Gubernur BI, 2013). The results of previous studies stated that LDR had a significant negative effect on PBV (Maryadi & Susilowati, 2020). The same other researchers stated that LDR had a positive and significant effect on PBV (Debora, 2021). However, the results of other previous studies stated that LDR had no effect on PBV (Kansil et al., 2021). Several previous studies during the period 2009-2017, 2012-2016, 2015-2017, and 2015-2019 found differences between one researcher and another, some have proven that the variables of asset quality, profitability, and liquidity have an effect on PBV and there are also those who say otherwise. The difference in the results of this study is an interesting event to do a re-examination in depth, complete, and with sample data for different periods, namely the 2015-2020 period.

Previous research on state-owned banks explained that the variables NPL and ROA simultaneously had an impact on PBV, and NPL separately had a significant negative impact on PBV, while ROA had a positive and insignificant impact on PBV (Maimunah & Fahtiani, 2019). Previous research on the banking sub-sector explained that ROE, LDR, NPL and OER simultaneously had a significant positive impact on the value of banking companies, individually ROE had no impact, LDR had a significant negative impact, NPL had no impact, and OER had a significant negative impact on firm value (Maryadi & Susilowati, 2020). Furthermore, previous research on banking performance shows that the results of LDR, ROA, NPL simultaneously or together have an impact on firm value, LDR has a significant positive effect, ROA has a significant positive impact, and NPL does not affect entity value (Debora, 2021). Research on banking performance analysis states that ROA, OER, LDR, and NPL simultaneously have an impact on entity value, ROA has no effect, OER has no effect, LDR has no effect, NPL has no impact on firm value (Kansil et al., 2021).

Furthermore, the results of previous research on the factors that influence the performance of banking companies explain that ROA, NPL, and OER simultaneously have an impact on firm value, ROA has a significant positive impact, NPL has a significant negative impact, and OER has a negative impact on entity value. According to previous researchers, Tangible Assets, ROE, Firm Size, Liquidity simultaneously have an impact on entity value (Ariyanti, 2019). ROE has a significant positive impact on entity value (Arasy & Sampurna, 2020). The following studies were conducted by a number of researchers from abroad related to banking, including the effect of liquidity position on performance in Vietnamese commercial banks and credit risk and profitability with research methods and models based on a combination of previous studies (Dang, 2019). Analysis of the efficiency and productivity of the banking industry in Spain is related to the quality of earnings (Prior, Tortosa-Ausina, García-Alcober, & Illueca, 2019). The Basel III liquidity simulation model for banks uses research methods using the collaboration of company balance sheet report parameters (Grundke & Kühn, 2020). Causal relationship between intellectual capital and asset quality of banks in Ghana using research methods through a data reporting approach related to the ratio of non-performing loans (Asare, Laryea, Onumah, & Asamoah, 2020). Banking performance in Europe and the United States in 2007-2017 regarding the divergence of the book value ratio with research methods that focus on the Market-to-book ratio (Simoens & Vennet, 2021).

Based on previous studies that became the reference for researchers, none of them conducted studies in relation to the influence of asset quality, profitability, and liquidity variables on PBV in their respective countries. This is a novelty in this study which examines the three variables in terms of NPL, ROE, ROA, OER, and LDR measurements. Also, in this study use banks in Indonesia as research subject with taking 264 population data from 44 banks for 6 consecutive years consistently from the financial statements of banks listed on the IDX and taking 138 sample data from 23 banks according to the established criteria, namely the method purposive sampling to be processed through statistical tools of the STATA type.

Method

This research is conducted quantitatively and utilizes secondary data from the bank's annual report. Quantitative research is a science that uses financial information to analyze and explain important things that are expected to be known (Rembet & Baramuli, 2020). The secondary data population is 44 banks from 2015 to 2020 obtained from all banking industry sectors listed on the IDX. The selection of data samples through the Purposive Sampling method is in accordance with the criteria for time series data within 6 consecutive years recorded on the IDX and are not being acquired or merged, and have not suffered any losses. After verification, the sample data that met the requirements to be processed were 23 banks for a period of 6 years to become 138 sample data. Sample data analysis uses multiple linear regression models by calculating the dependent variable by considering the financial ratios of the independent variables. In multiple linear regression, panel information is used to determine the model using panel information (classical assumption test, normality test, multicollinearity test, autocorrelation test, heteroscedasticity test). The test model uses a benign model which consists of three steps of analysis for joint testing (F -test).) and partial test (t-test)(Maimunah et al., 2019).

$$PBV = a + \beta_1 NPL + \beta_2 ROE + \beta_3 ROA + \beta_4 OER + \beta_5 LDR + e$$

PBV : Price Book Value;

e : Error;

NPL : Non-Performing Loan;

ROE : Return on Equity

ROA : Return on Asset;

OER : Operational Efficiency Ratio;

LDR : Loan to Deposit Ratio;

a : Konstanta.

Results and Discussions

Deskriptive Statistics Test

In the descriptive statistical test the information conveyed includes the average value (mean), standard deviation, variance, maximum, minimum, sum, range, kurtosis and skewness Ghozali, (2018 : 19). Descriptive statistical analysis is carried out by taking data sourced from a sample for the purpose of knowing about various characteristics Sujarweni dan Wiranata (2018 : 105).

Tabel 4. Descriptive Statistics Test

Variable	Obs	Mean	Std. dev.	Min	Max
NPL	138	.0270529	.0270529	.0021	.0783
ROE	138	.1058116	.065349	.0014	.308
ROA	138	.0199181	.0133165	.001	.12
OER	138	.8147652	.1148736	.4292	1.1943
LDR	138	.8827232	.1687996	.4126	1.63
PBV	138	1.848551	2.663383	.4	27.5

The descriptive test results in the table above as many as 138 sample data from 23 banks in the 2015-2020 period explain that: The NPL from Ina Perdana Bank in 2015 has a minimum rate of 0.0021 or 0.21% and from Sinarmas Bank in 2019 the maximum figure is 0.0783 or 7.83% with a mean rate of 0.0270529 or 2.7053% explaining the average value the average ratio of bad loans in 23 banks at a ratio level below the upper limit of BI regulations, namely $2.71\% < 5\%$. ROE from Sinarmas Bank in 2019 is a minimum figure of 0.0014 or 0.14% and from BTPN in 2018 a maximum figure of 0.308 or 30.8% with a mean rate of 0.1058116 or 10.58% meaning that every Rp. 1 equity generates rate of return of IDR 10.58.

ROA from Ganesha Bank in 2018 a minimum rate of 0.0016 or 0.16% and from Mayapada Internasional Bank in 2020 a maximum rate of 0.12 or 12% with a mean rate of 0.0199181 or 1.99181% meaning for every IDR 1 of the asset generates a rate of return of IDR 1.99. oer from China Constraction Bank in 2018 the

minimum figure was 0.4292 or 42.92% and from Sinarmas Bank in 2019 the maximum figure was 1.1943 or 119.43% with a mean rate of 0.8147652 or 81.47% indicating that general banking is still in good health, considering the upper limit according to BI regulations is 85%.

The LDR from Ina Perdana Bank in 2020 has a minimum rate of 0.4126 or 41.26% and from BTPN in 2019 the maximum figure is 1.63 or 163% with a mean rate of 0.8827232 or 88.2723% reflecting that the LDR ratio is still at the highest level. reasonable below the upper limit set by BI, namely 88.27% <92% upper limit set by BI. The minimum PBV of BUMI ARTA Bank in 2017 is 0.4 and from Ina Perdana Bank in 2020 the maximum number is 27.5 with a mean number of 1.848551 > 1 reflecting that the Bank's PBV is still in good condition.

Coefficient determination Test R-Square (R^2)

Coefficient determination (R^2) provide various information from the dependent variable with the principle of measuring the model expertise of the dependent variable R^2 value. According to Ghazali, (2018 : 97) the R-squared value close to 1 means that all the data needed to interpret the variation of the dependent variable is close to the independent variable.

Table 5. Coefficient determination

Number of obs	82
F (5, 76)	10.65
Prob > F	0.000
R-squared	0.4119
Adj R-squared	0.3732
Root MSE	.27259

Based on the test table for the coefficient of determination R-square (R^2) above, the R-squared (R^2) number is .4119 with a Prob value > F 0.0000. These results explain that the NPL, ROE, ROA, OER, and LDR variables convey information on PBV of 41.19% and the remaining 58.81% is explained by other factors which are seen in the reaction of the capital market to the size of stock trading transactions.

Hypothesis Test

F Test

The F test is carried out to see whether the independent variables together can have an influence on the dependent variable Ghazali, (2018 : 179). Decision making is based if the Prob > F value is less than .050, then the independent variable has an influence on the dependent variable, which means that the hypothetical model is feasible for further research.

Table 6. F test result

Source	SS	df	MS
Model	3.9551378	5	.79102756
Residual	5.64730108	76	.074306593
Total	9.60243889	81	.118548628
Number of obs	82		
F (5, 76)	10.65		
Prob > F	0.000		
R-squared	0.4119		
Adj R-squared	0.3732		
Root MSE	.27259		

The test results show that the Prob > F value is 0.0000, meaning that the hypothetical model is feasible to study. The independent variables simultaneously have a positive and significant influence on the PBV dependent variable.

t Test

The t test was conducted to see and find out whether each independent variable individually can have an effect on the dependent variable or not Prof.H.Imam Ghazali, M.Com, Ph.D, CA, (2018 : 179). If $P > [t]$ each independent variable <.050 means that H_0 is rejected and H_1 is accepted or has an influence on the dependent variable, but if $P > [t]$ each independent variable >.050 means that H_0 is accepted and H_1 is rejected or has no effect on the variable bound.

Tabel 7. The Result of t Test

PBV	Coefficient	Std. err.	t	P>[t]	[95% conf. interval]
NPL	6.100185	2.853063	2.14	0.036	.4178186 11.78255
ROE	2.517484	.5892711	4.27	0.000	1.343849 3.691119
ROA	5.22094	2.35435	2.22	0.030	.5318457 9.910034
OER	-.0428311	.3678868	-0.12	0.908	-.7755412 .6898789
LDR	-.3881691	.1747048	-2.22	0.029	-.7361238 -.0402143
_Cons	.772817	.3651335	2.12	0.038	.0455906 1.500043

From the table of t-test results above, it can be concluded that the existing hypotheses are as follows:

Tabel 8. The Result of Hypotheses

Variable	Coefficient	P>[t]	Decision	Effect/No effect
NPL	6.100185	0.036	Ho Rejected	H ₂ Accepted
ROE	2.517484	0.000	Ho Rejected	H ₃ Accepted
ROA	5.22094	0.030	Ho Rejected	H ₄ Accepted
BOPO	-.0428311	0.908	Ho Accepted	H ₅ Rejected
LDR	-.3881691	0.029	Ho Rejected	H ₆ Accepted

From the table above it can be explained that the independent variables NPL, ROE, ROA individually have a positive and significant effect on the dependent variable PBV, and LDR has a negative and significant effect on the PBV dependent variable. While the independent variable OER has no influence on the PBV dependent variable.

Multiple Linear Regression Analysis

Based on the t test results table, it can be formulated to calculate the multiple linear regression equation:

$$PBV = .773 + 6.1 + 2.517 + 5.221 - .043 - .388 + .365 = 14.545 \rightarrow 14.5$$

Constanta .773, NPL 6.1, ROE 2.517, ROA 5.221, OER -.043 dan LDR -.388, with error value .365, then the banking PBV shows the number 14.5 > 1.

The effect of NPL, ROE, ROA, OER, and LDR simultaneously on Banking PBV

Based on the results of the F test above, the F value Sig. .000b < .050 explains that NPL, ROE, ROA, OER, and LDR are appropriate models to be continued in the next test phase. The results of data processing together for five variables obtained a Prob value > F 0.0000 based on the Number of observations 82 and a total value of Sum of Squares 9.60243889 which has a mean squares value of 0.118548628 which supports previous research (Maryadi & Susilowati, 2020) (Arasy & Sampurna, 2020). The results of the F test on NPL, ROE, ROA, OER, and LDR on banking PBV which have a positive and significant influence are a picture of company financial information that is useful for investors as an indication of the company's future prospects Brigham & Houston, (2019 : 499). This information becomes very relevant for investors in helping to predict the rate of return on investment in the future and it is hoped that ideal company conditions will show good performance immediately, so that this information becomes a basis that can be understood by investors as a tool in making investment decisions Wiiliam R & Scott, (2014 : 78-80).

Likewise, the company value which is the price to book value (PBV) has a positive market value which will have a positive impact on increasing the wealth of the shareholders Brigham & Houston, (2019 : 103). Therefore it can be concluded that NPL, ROE, ROA, OER, and LDR are potential financial ratios for investors and as information that provides positive and relevant signals in viewing banking PBV so that investment decisions can be made correctly and minimize errors. Referring to the total observational data of 82 or 59% representing 138 sample data, it shows that simultaneously the NPL ratio from the aspect of asset quality, ROE-ROA-OER from the aspect of profitability, and LDR from the aspect of liquidity have a very important role in realizing an increase in value Bank company book or what is called PBV. Thus these three aspects, which are measured through NPL, ROE, ROA, OER, and LDR, can be used to assist Bank management and investors in making investment decisions.

The effect of NPL on Banking PBV individually

Based on the results of the t test, the value of t Sig. of the NPL variable .0036 < .050 with a positive coefficient value of 6.100185 indicating that NPL has a positive and significant impact on PBV. The results of this study contradict/contrary to previous research which stated a negative and significant effect (Maimunah & Fahtiani, 2019) (Arasy & Sampurna, 2020). According to Dr. A.Wangsawidjaja Z., S.H., (2020 : 344-345) credit that is not smoothly paid or results in bad credit will result in a decrease in bank productivity and generate income. Bank credit risk can have a negative effect on company value, and this is information that gives a negative

signal to investors in viewing company performance Brigham & Houston, (2019 : 499). This is due to the fact that NPL is a component of the quality of the Bank's assets which must be managed as well as possible by management so that the funds distributed to debtors do not make the non-performing loan ratio exceed 5% which will have a negative impact on company value.

Referring to the descriptive statistical data from the 138 observed data the average value is .0270529 or 2.71%, much lower than 5% with a minimum NPL value of .0021 or 0.21% and a maximum value of .0783 or 7.83%, then NPLs with very low values in corporate banking will have a positive and significant influence on PBV. As it is known that the main role or activity of the Bank is to provide credit distribution services which are mostly productive loans for large companies that aim to help economic growth through the circulation of credit funds. However, in addition to channeling productive loans, the Bank also distributes credit to consumptive debtors, such as credit cards and mortgage loans (KPR). Therefore, the management of lending from the two types of credit must be managed in a balanced way so as not to cause non-performing loans to be paid by the debtor which can result in losses for the Bank and ultimately reduce the PBV figure.

The effect of ROE on Banking PBV individually

Based on the results of the t test (partial test), the t value Sig. of the ROE variable .000 < .050 with a positive coefficient value of 2.517484 means that ROE has a significant positive impact on PBV. This study supports previous research which states that ROE has a positive and significant effect on PBV (Ariyanti, 2019). Referring to the descriptive statistical data from the 138 observed data the average value of ROE is .1058116 or 10.58% and the maximum value is .308 or 30.8%, while the average PBV value is 1.848551 > 1 and the maximum value is 27.5 and vice versa, namely the value minimum ROE .0014 or 0.14% and PBV drinking value .4 < 1 illustrates that ROE has a strong relationship and influence on PBV both positive and negative. According to Ittelson, (2020 : 194) ROE is a ratio to measure the success of management in maximizing the rate of return on investment of capital owners related to company value. This is because ROE is a component of bank profitability, so of course the role of management in managing equity owned by companies, especially banks, should be able to provide a positive value to the growth of existing equity returns. With an increasingly large ROE ratio, it will have a large impact on the growth of company value which is reflected in PBV, but if the ROE ratio is small or even experiences a minus number it will have a negative impact on entity value which can certainly be seen in PBV.

The effect of ROA on Banking PBV individually

Based on the results of the t test (partial test), the t value Sig. from the ROA variable .030 < .050 with a positive coefficient value of 5.22094, this indicates that ROA has a significant positive impact on PBV. Referring to the descriptive statistical data from the 138 observed data the average value of ROA is .0199181 or 1.99% and the maximum value is .12 or 12%, while the average PBV value is 1.848551 > 1 and the maximum value is 27.5 and vice versa, namely the minimum value of ROA .001 or 0.1% and the drinking value of PBV .4 < 1 illustrates that ROA has a strong relationship and influence on PBV, both positive and negative. This study supports previous research which states that ROA has a positive and significant effect on PBV (Arasy & Sampurna, 2020) (Debora, 2021). According to Ittelson, (2020 : 194) ROA is a ratio to measure the success rate of management in utilizing company assets to generate profits with the ultimate goal of increasing company value. Considering that ROA is one of the components of ROA profitability in banking, this is the same as the profitability component, ROE can provide impetus in increasing the value of banking companies as reflected in the PBV size. With a high level of ROA ratio, it indicates that management of assets carried out by management will have an impact on potential investors and existing investors to be confident in making a decision to invest or increase investment from their funds into shares of banking companies.

The effect of OER on Banking PBV individually

Based on the results of the t test (partial test), the t value Sig. from the OER variable .908 > .050 with a negative coefficient value -.042831, this shows that OER does not affect banking PBV. Referring to the descriptive statistical data from the 138 observed data the average OER value is .8147652 or 81.48% and the maximum value is 1.1943 or 119.43% > 85%, while the PBV average value is 1.848551 > 1 and the maximum value is 27.5 and vice versa namely the minimum OER value of .4292 or 42.92% < 60% and the drinking PBV value of .4 < 1 illustrates that OER has no relationship and influence on PBV, both positive and negative. Thus the results of the study are not in the same direction and are in line/opposite/not in the same direction as previous studies which stated that OER had a positive and significant effect on PBV (Arasy & Sampurna, 2020). According to Hery, SE, M.Si., CRP., RSA., CFRM., CHSA., (2019 : 141-142) OER is a measurement of the soundness ratio of a Bank by using a ratio comparison by comparing operational costs and income. The concept of OER ratio analysis (rentability) is more dominant in terms of measuring the effectiveness of management to achieve a profit, therefore the efficiency factor does not have a role in matters of company achievement in achieving profits, so that the sensitivity linkage to banking PBV does not look at things -

regarding the use of the amount of costs from an efficiency perspective, but more on effectiveness. This means that even though the OER ratio reaches the upper limit proclaimed by BI of 85% or even exceeds it, as long as the management of operational costs is carried out in an appropriate/effective manner, it is very likely that it will not affect bank PBV.

The effect of LDR on Banking PBV individually

Based on the t test (partial test), the value of t Sig. from the LDR variable $.029 > .050$ with a negative coefficient value $-.3881691$ means that LDR has a significant negative impact on PBV, but this result is contrary to previous research which stated that LDR has a positive and significant effect on PBV (Maryadi & Susilowati, 2020) (Debora, 2021). According to Kasmir, (2018 : 225) LDR is a measurement tool used by the public to determine the composition of the amount of credit extended to the public by comparing the amount of public funds and their own capital used. Referring to the minimum limit of 78% and maximum of 92% set by BI by looking at the results of descriptive statistics obtained from 138 data bank observations, the average number is $.8827232$ or 88.27% greater than the lower limit of 78% and the maximum number 1.63 or 163% exceeds the upper limit of 92%, then the LDR will contribute a negative influence on banking PBV.

Conclusions

According to the results of the data test show that NPL, ROE, ROA, OER, and LDR together have a positive significant impact on the Book Value of Shares, individually NPL has a significant positive impact, ROE has a significant positive impact, ROA has a positive and significant impact, OER has no impact and liquidity has a significant positive impact on the Book Value of Shares. Asset quality, profitability and liquidity scores are indicators of financial performance that can be used by fund owners to determine the condition of a bank's financial health when investing in banking stocks based on the right decisions. Bank management must consider several implications for the Bank's health as regulated by Bank Indonesia to maintain and improve its business sustainability and contribute to Indonesia's economic growth. Every banking organization should improve its financial performance to achieve Bank Indonesia-regulated bank soundness. Considering that this research still has limitations in terms of time, data sources from a number of banks that are experiencing poor performance and have no value in the financial statements as well as the existence of several banks that have been acquired or merged with other banks (mergers), the selected variables and possibly information other related to research models or hypotheses, then academics and future researchers are expected to be able to complement these limitations so that the results of their research will be more towards perfection.

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