

## **ABSTRACT**

*The interest rate on bank / BI rate set each month by the Board of Governors of Bank Indonesia have an impact on the economy in the real sector where a country's economy will slow down and make the stock price volatility in the equity markets of Indonesia, one of them in the banking sector. Shares of state-owned banks are also listed on the Indonesia Stock Exchange were included into the banking sector.*

*State-owned banks is one of the leading stocks / blue chips as the driving Price of Composite Stock Price Index (CSPI) where in 2015 many government projects are done by companies of State Owned Enterprises (SOEs) which is funded by state banks for the smooth running of the project. With the stock price volatility on the day of the announcement of the BI Rate will affect stock return of state-owned banks.*

*This study aims to determine the effect of the announcement of the BI Rate to return the state-owned banks consisting of Bank Negara Indonesia, Bank Rakyat Indonesia, Bank Mandiri, and the State Savings Bank were listed in the Indonesia Stock Exchange in 2010-2014. The theory used in this research is the efficient market theory proposed by Scott (2009), and The Day of the Week Effect, Monday effect put forward by Cross (1973).*

*This research uses kind of descriptive quantitative research methods; data used is secondary data and sample selection using purposive sampling the sampling technique with a certain consideration. In determining the level of significance of the effect of the announcement of the BI Rate to stock return state-owned banks using simple regression analysis and test-t. After performing the calculation, the average stock return earned by state-owned banks consisting of Bank Negara Indonesia, Bank Rakyat Indonesia, Bank Mandiri, and the State Savings Bank when the announcement of the BI Rate from the test-t that the announcement of the BI Rate has no significant effect to stock return of government-owned bank listed on the Indonesia Stock Exchange period January 2010 to December 2014. Thus, the announcement of the BI Rate is not a benchmark for investors in determining the purchase or sale of shares in state-owned banks.*

*Keywords: Day announcement BI Rate, Return, government-owned bank shares*