ABSTRACT

In the development of the world in the global economy today, many investors have encouraged to invest in the capital market. In the world of investment in the capital market, there are several points that must be faced by investors, namely the level of expected profits and the level of risk. Models that are often used in predicting the expected level of profit based on factors that are considered to affect stock returns are the Capital Asset Pricing Model (CAPM) and the Arbitrage Pricing Theory (APT). Capital Asset Pricing Model (CAPM) is a model to determine the expected return of shares in equilibrium conditions. The Arbitrage Pricing Theory (APT) assumes that expected stock returns are influenced by various factors in the economy and industry.

The purpose of this study was to determine how much stock returns the banking sector uses the CAPM and APT models and find out which application is more accurate in predicting stock returns of the banking sector on the Indonesia Stock Exchange in 2015-2018. The method used in this research is descriptive quantitative method with the analysis of the value of MAD (Mean Absolute Deviation) of each CAPM and APT model. The data used for this study are secondary data, with a purposive sampling technique. The objects in the study are Bank Rakyat Indonesia (BRI), Bank Mandiri, Bank Central Asia (BCA), Bank Negara Indonesia (BNI), and Bank Tabungan Negara (BTN).

In this study shows that the forecast return forecasting model with the CAPM model is more accurate than the APT model. In addition, the level of accuracy shows the difference between the CAPM and APT models in the banking sector companies 2015-2018.

Keywords: *Comparison, accuracy, Capital Asset Pricing Model (CAPM), Arbitrage Pricing Theory (APT), Stock Return*