

ABSTRACT

The stock price is the price per share in the capital market which is not fixed and moves up and down every day. This can be influenced by the number of requests from investors and can also be influenced by internal or external factors of the company. Based on data on the average closing stock prices of banks listed on the Indonesia Stock Exchange, the average closing stock prices have increased every year, but when viewed individually, the stock prices of several banks have decreased drastically. This is influenced by the increase in benchmark interest rates, the sentiment of the trade war between America and China and the governance of the banking system itself. So, investors should do technical analysis and fundamental analysis first. Technical analysis is an analysis that looks at stock prices over time and usually uses charts. Meanwhile, fundamental analysis is an analysis that looks at the performance of the company by looking at the financial statements. One of the fundamental analyzes that can be used in making investment decisions in banking companies is the soundness of the bank.

The soundness of the bank in this study uses a risk approach or what is known as a risk-based banking rating which consists of a risk profile factor that is proxied by non-performing loans and loan to deposit ratios. The good corporate governance factor uses a composite rating. The earning factor is proxied by return on assets and the capital factor is proxied by the capital adequacy ratio. This study aims to determine the simultaneous and partial effect of bank soundness on stock prices.

This research is a quantitative study whose samples were obtained using purposive sampling so that the sample in this study amounted to 144 consisting of 36 banking companies listed on the IDX for the 2016-2019 period. The analysis technique in this study uses panel data regression analysis. For data processing this research uses the Eviews 11 application.

The results of this study indicate that the soundness of banks with a risk approach that is proxied by non-performing loans, loan to deposit ratios, good corporate governance, return on assets, capital adequacy ratios simultaneously affect stock prices. Partially good corporate governance has a significant positive effect on stock prices, capital adequacy ratio has a positive effect on stock prices and non-performing loans, loan to deposit ratios, return on assets have no effect on stock prices.

Based on these results, it is good for the company to maintain the quality of corporate governance and continue to apply the principles of governance that have been determined so that customers and investors have confidence that the bank can handle the risks that arise properly. In addition, banks must also manage their capital properly so that banks can meet their long-term obligations and are able to carry out their operational activities to obtain the expected profit.

Keywords: *Bank Soundness, NPL, LDR, GCG, ROA, CAR, Stock Price.*