ANALYSIS OF BANK MANDIRI SHARE PRICE CHANGES

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ABSTRACT

Banking has an important role in economic growth in a country, so banking needs to be supervised by the public and the government. The aim of this research is to see what variables influence changes in Bank Mandiri share prices, over 15 years, starting from 2009 to 2023.

The independent variables used in this research are ROA, ROE, NIM and BOPO which are thought to influence changes in Bank Mandiri share prices. Research analysis uses Correlation Analysis, Regression, t Test and Anova Test using SPSS Version 25 Software. The research object at PT. Bank Mandiri (Persero) is a state-owned bank, namely a bank owned by the Government of the Republic of Indonesia.

The results of 15 years of research (2009 to 2023), it turns out that only the ROA and BOPO ratios have a significant effect on share prices, while the ROE and NIM ratios have an insignificant effect on Bank Mandiri share prices with negative numbers. Together, it shows that the ROA, ROE, NIM and BOPO ratios have a significant effect on Bank Mandiri share prices during the observation period.

Keywords: ROA, ROE, NIM and BOPO, Share Price

INTRODUCTION

Banking has an important role in economic growth in a country. Until now, banking still dominates the financial assets of the Republic of Indonesia. Increasing the amount of credit provided by banks innovates, banks sell shares to obtain additional capital, so that they can expand their credit distribution.

Banks are financial institutions that play a role in helping the payment system run smoothly, banks also play a role as intermediation institutions. Regulations in Law Number 10 of 1998 in the OJK (Financial Services Authority) state that banks are business entities whose task is to collect funds from the public in the form of savings and banks are obliged to channel them back to the community in order to improve the standard of living of the Indonesian people.

One of the prerequisites for a healthy economy is maintaining healthy banking conditions, so it is necessary to assess the health of banks to maintain the existence of banks, so that they remain healthy and strong. Whether a bank is healthy or not can be seen from the performance of the company's financial reports. Bank Indonesia plays an important role in providing policies for each bank to prepare reports on bank business

activities and monitor bank health assessments periodically and continuously.

Bank Indonesia has a very large role, which means Bank Indonesia (BI) needs assistance from various parties, especially assistance from the Financial Services Authority (OJK). On 31 December 2013, several functions, duties and authorities of Bank Indonesia (BI) were transferred to the Financial Services Authority (OJK). One of the company's efforts in deciding on alternatives for company funding is by issuing shares.

The capital market is a place for investors to invest in financial instruments such as; stocks, bonds, and mutual funds. Meanwhile, the banking sector functions as a financial institution that provides loans, collects funds and provides various financial services to the public and companies.

By going public, banks can obtain capital, thereby issuing shares to enter the capital market. Banking will always be supervised by the public, so banks have an obligation to maintain good performance, so that they continue to produce high profitability, so they can continue to distribute dividends regularly. Banks must be able to ensure that the growth of the bank's productive assets is carried out with a good strategy, so that it does not cause problems, for example problematic loans (Indonesian Bankers Association, 2016).

Shares are an investment instrument that is much sought after by investors, because they can provide attractive levels of profit. The better the financial performance of a company, it can attract investors' interest in investing in the company, because increasing investor interest in demand for shares can increase share prices.

The banking sector is an industry that is fraught with risk, because it involves managing people's money and is turned into various forms of investment, such as; granting credit, purchasing securities and investing other funds (Ghozali, 2007). Proper management of public money by banks will open up investment opportunities and increase value for banks.

According to the Indonesia Stock Exchange (IDX), shares can be defined as a sign of capital participation of a person or party (business entity) in a company or limited liability company. One thing investors consider when investing in shares is the share price itself. The share price is an indicator of investors' assessment of whether the company is successful or not in managing the company.

Investor trust is very important for issuers, because the more investors who trust, the higher the investors' desire to invest. The more investors who want to invest by buying shares, the share price can increase. If the stock price is high, the higher investor confidence in the stock. On the

other hand, if the share price decreases, it will reduce the value of the issuer in the eyes of investors and potential investors.

Investors need to equip themselves with several analytical methods to make it easier for them to understand the potential risks of their investments. The methods used to analyze or predict movements in share prices on the stock market (BEI) are very diverse. Starting from analyzing fundamental factors such as financial reports, macroeconomic conditions, industrial sector conditions, and others.

Technical factors based on analysis of past stock price data movements, good news and bad news as well as other macroeconomic developments. Good company fundamental information is able to provide an assessment of the company's performance and value as reflected in its share price.

Bodie et al. (2022) explains that the share price is the price per share which is determined by the demand and supply of company shares in the capital market. Share prices reflect the level of investor trust and confidence in the company's prospects. Larasati et al. (2017), suggests several factors that can influence share price fluctuations, both from within and outside the company.

Internal factors that influence include; company profits, annual asset growth, liquidity level, total wealth value, and sales volume. On the

other hand, external factors include; government policies, interest rate movements, inflation, unemployment, fluctuations in the rupiah exchange rate, rumors and market sentiment, and business mergers.
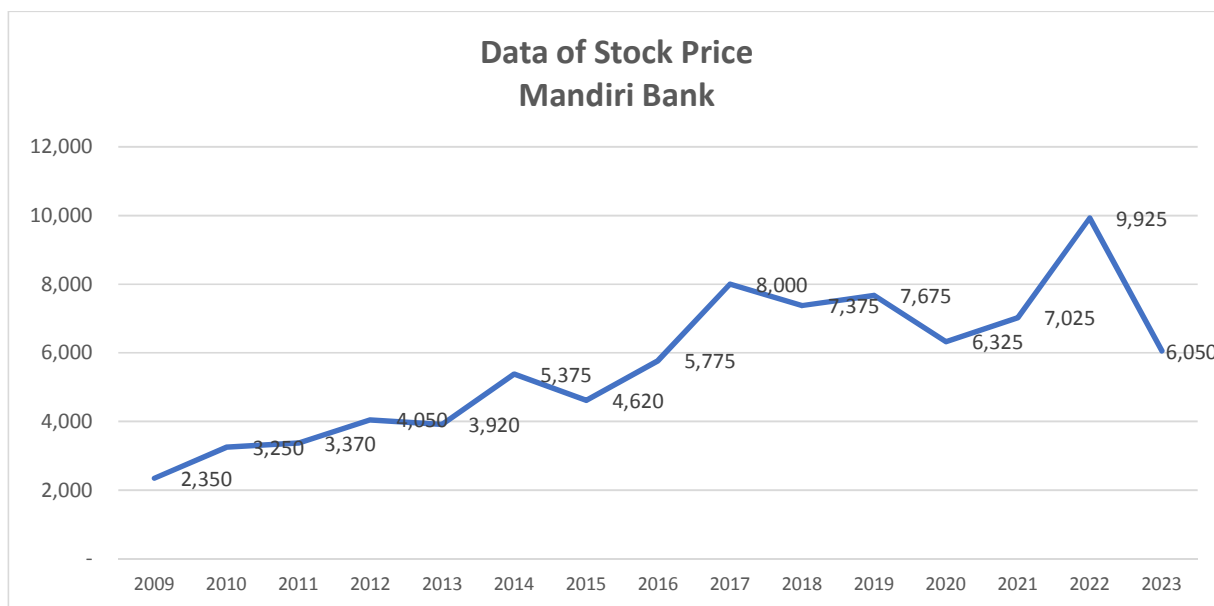
Sources : Mandiri Bank Annual Report (2009 – 2023)

The table above shows that Bank Mandiri's share price over the 15 years (research period) has fluctuated and moved unstable, so it is necessary to carry out a detailed and in-depth analysis over a period of 15 years. Bank Mandiri's share price increased from 2009 until 2014, but after 2015 to 2023 it fluctuated and from 2022 to 2023 experienced a quite drastic decline, so it is necessary to carry out an in-depth and accurate analysis.

One of the key factors that needs to be considered is banking financial performance which is reflected through financial indicators such as; Return on Assets (ROA), Net Interest Margin (NIM), Return on Equity (ROE), and Operational Income Operating Costs or BOPO. The relationship between share price and ROE is that when investing in shares, investors must take into account and c ompare the investment made by the investor with the results that the investor will get from the investment he makes.

Research on the influence of ROA, NIM, and BOPO on banking share prices is very important, because it can provide deeper insight into what factors influence the market value and performance of banking companies. This research   can help stakeholders such as; investors, capital market analysts, and regulators to make more professional (effective & efficient) and accurate   decisions in managing business activities in the banking sector.

The results of previous research by Wismaryanto (2013) and Purwanti (2020) show that ROA, NIM, and BOPO significantly influence banking share prices in the capital market and found that banks with high ROA tend to have higher share prices. In addition, banks with higher NIMs tend to have higher share prices. These findings indicate that banking financial performance has a strong relationship with share prices in the capital market.

Helfert, (1991) suggests that in assessing company performance those most interested are the company owners, in this case investors, managers, creditors, the government and the general public. Previous researchers (Sari, 2008) said that BOPO and LDR performance had a moderate relationship to share prices and did not have a significant effect on share prices partially, while simultaneous testing showed that BOPO and LDR had a very strong relationship, but did not have a significant effect on stock price.

Ardiani (2007) states that there is a significant influence between CAR, ROA and LDR on banking company share prices. According to Anggraeni (2007) Banking on the Indonesian Stock Exchange, shows that banking financial performance seen from liquidity, profitability and solvency ratios does not have a significant influence on share prices.

Sulaiman (1995) explains that return on assets (ROA) and company liquidity simultaneously influence stock prices. Meanwhile, ROA partially has a significant influence on share prices. Ayu (2008) shows the results that ROE has a significant effect on banking share prices.

The results of research conducted by Wijaya and Amelia (2017), Putri et al. (2022), and Hadi et al. (2021), ROA has a significant influence on banking share prices. If a banking company with a high ROA tends to have a higher share price, because ROA reflects the company's level of profit.

Research by Larasati et al. (2017) shows that NIM has a significant influence on banking share prices. The results of their research found that banks with higher NIM tend to have higher stock prices, because NIM reflects the bank's ability to generate higher interest income. However, research by Putri et al. (2022), Indah K. and Rasyid (2022), and Hadi et al. (2021) found evidence to the contrary, namely that NIM did not have a significant influence on banking share prices.

Similar research also conducted by Natarsyah (2000) shows that profitability has a significant positive effect on share prices. Research by Sulaiman (1995), Sunarto (2002), shows that profitability has a partially significant influence on share prices. Natarsyah (2002) states that fundamental factors such as return on assets (ROA) influence a company's share price.

Sulaiman (1995) shows that return on assets simultaneously influences stock prices. Meanwhile, partially, it shows that partially ROA, growth rate, liquidity, interest rates have a significant influence on share prices.

Sunarto's research: 2002) shows that profitability has a partially significant influence on share prices. Primandoko (2005), Kennedy (2003) that ROA, ROE, earnings per share, profit margin, asset turnover, leverage ratio, and debt to equity ratio influence stock returns.

Research by Wismaryanto (2013) and Purwanti (2020) found that ROA, NIM, and BOPO significantly influence banking share prices in the capital market. They found that banks with higher ROA also tended to have higher stock prices, and banks with higher NIM also tended to have higher stock prices. These results indicate that there is a strong correlation between banking financial performance and their share prices.

Based on the inconsistent results of several researchers mentioned above, it is necessary to look more deeply into what factors influenced the fluctuations in changes in Bank Mandiri's share prices over the 15 years from 2009 to 2023 on the Indonesia Stock Exchange (BEI).

THEORETICAL STUDY

In Law Number 10 of 1998 concerning Banking, Banks are stated as business entities that collect funds from the public in the form of savings and distribute them to the public in the form of credit and/or other forms in order to improve people's living standards.

Capital Markets are activities related to Public Offerings and Securities trading, Public Companies related to the Securities they issue, as well as institutions and professions related to Securities, according to Law of the Republic of Indonesia Number 8 of 1995, Concerning Capital Markets.

PSAK No. 1 of 2022 Paragraph 9 explains that the purpose of financial reports is to provide information about the financial position, financial performance and cash flow of an entity that is useful for most users of financial reports in making economic decisions. Financial reports also show the results of management's accountability for the use of the resources entrusted to them.

Return on Assets (ROA), Net Interest Margin (NIM), and Operational Income Operating Costs (BOPO) and stock prices are important concepts in the context of banking and capital markets.

The share price is the market price determined by the demand and supply of company shares on the capital market, while the share market price is the closing price on the stock exchange. Stock prices are influenced by various factors, including a company's financial performance, market sentiment, and overall economic conditions.

BOPO is a ratio that measures the ratio of Operational Costs to Operational Income. Operational Income to determine the level of efficiency and ability of the bank in carrying out its operational activities by dividing total operational costs and total operating income calculated per position (not annual period).

According to Rachmawati and Kristijanto (2009), BOPO (Operational Income Operating Costs) is one of the ratios used to assess

profitability in the banking industry. The BOPO ratio describes the level of bank efficiency in its operational activities. The BOPO ratio is calculated by comparing operational costs with operational income in a certain period. The higher the BOPO ratio, the more inefficient the bank's operational activities become. Conversely, the lower the BOPO ratio, the more efficient the bank's operational activities will be.

Bank Indonesia Circular Letter (SE) number 15/29/DKBU dated July 31 2013, states that BOPO is a ratio that measures the ratio of Operational Costs to Operational Income.

According to Brigham and Houston (2021), ROA is considered a ratio that measures a company's ability to generate net profits from the use of its assets. ROA is calculated by dividing net profit by the company's total assets.

Gitman and Zutter (2019) state that ROA reflects the rate of return a company generates from the assets used in its business operations. High ROA shows the efficient use of assets to generate profits.

Pandey (2020) explains that ROA provides information about the extent to which a company can optimize the use of its assets. A high ROA indicates that the company is more efficient in managing and utilizing its assets. ROA is seen as a financial ratio that measures the efficiency of a company's use of assets in generating profits.

ROA is an important indicator for evaluating the financial performance of companies, including banking. A high ROA shows that the company is able to generate greater profits with the assets it owns.

ROE can describe a company's effectiveness in generating profits by utilizing the total equity it owns. ROE also describes the overall measure of a company's profits. The ROE ratio compares returns for investors and creditors through the amount of capital owned. ROE is used to measure the level of profitability from a shareholder's perspective. Apart from that, ROE also refers to the efficiency of the company's operations and the debt used to manage the company.

ROE (Return On Equity) also describes the amount of return that has been achieved by the company using the capital invested by investors after deducting the obligations that must be paid to creditors (Rusdin, 2006: 144).

One important indicator of bank performance is calculating net interest income as a percentage of total productive assets through the Net Interest Margin (NIM) ratio. NIM is also defined as the difference between the interest income generated by banks from lending activities and the interest costs paid by banks on the sources of funds obtained. A high NIM shows the bank's efficiency in managing its productive assets. NIM is an

important indicator in measuring the efficiency of fund management and banking interest activities.

Frianto (2012:83) states that Net Interest Margin is a profitability ratio that shows the comparison between the net interest income owned by a bank. This ratio shows the ability of bank management to generate net interest income. The higher the NIM value shows that the bank has worked effectively in placing productive assets in the form of credit. On the other hand, if the NIM shows a low value, there is a tendency for bad credit to occur.

RESEARCH METHODS

The data source used in this research is secondary data from PT. Bank Mandiri (Persero), Tbk. The research period is 15 years from 2009 to 2023. The data used is in the form of financial reports consisting of balance sheets, profit and loss reports, productive asset quality reports, published by Bank Indonesia (BI) and Annual Reports from PT. Bank Mandiri (Persero), TBk from 2009 to 2023.

The data required for this research includes; Return on Assets (ROA), Net Interest Margin (NIM), and Rational Income Operating Expenses (BOPO), Return on Equity (ROE), and stock price (Stock Price).

Research analysis uses correlation analysis, multiple regression, determinant coefficients and partial tests as well as simultaneous tests assisted by SPSS Version 25 software.

RESULT AND DISCUSSION

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.801a	.642	.499	1488.40707

a. Predictors: (Constant), BOPO, NIM, ROE, ROA

Results and Discussion: The correlation between BOPO, NIM, ROE and ROA on Bank Mandiri share prices for 15 years from 2009 to 2023, is 0.801 or 80.10%, which is very strongly correlated and the Adjusted R Square value is 0.499 or 49 .9%, so there is still 50.10% remaining (100%-49.9%). The correlation of financial ratios (BOPO, NIM, ROE and ROA) with Bank Mandiri share prices is still influenced by other factors, such as; LDR, LLL, CAR, NPL and other macro variables such as; Inflation, Economic Growth, Unemployment, Interest Rates, Dollar Exchange Rates and other macro variables.

ANOVAª

Model		Sum of Squares	df	Mean Square
1	Regression	39780683.868	4	9945170.967
	Residual	22153556.132	10	2215355.613
	Total	61934240.000	14	

a. Dependent Variable: Stock_Price

b. Predictors: (Constant), BOPO, NIM, ROE, ROA

Simultaneous test (Anova test) of the influence of BOPO, NIM, ROE and ROA on Bank Mandiri share prices for 15 years from 2009 to 2023, with a Sig of 0.025 < 0.05, and calculated F > F Table, (4.489 > 3.587), so it can be said that simultaneously the variables BOPO, NIM, ROE and ROA have a significant effect on Bank Mandiri's share price for 15 years, namely from 2009 to 2023.

Coefficientsª

Model	Unstandardized Coefficients	Standardized Coeffi...

		B	Std. Error	Beta
1	(Constant)	3720.499	5011.688	
	ROA	3888.879	1720.664	1.195
	ROE	-339.079	176.832	-.930
	NIM	-1736.718	947.822	-.390
	BOPO	105.342	30.570	.942

a. Dependent Variable: Stock_Price

The Regression Equation from the results of this research is :

Y = 3,720, 49 + 3,888.87 ROA - 339.08 ROE - 1,736.72 NIM + 105.34 BOPO

The Regression Equation has the following meaning:

1. The constant of 3,720.49 means that if the ROA, ROE, NIM and BOPO values are 0 (have no value), then the Bank Mandiri share price is 3,720.49 units.

2. If the ROA value increases by 1 scale unit, then Bank Mandiri's share price will increase by 3,888.87 scale units and vice versa.

3. If the ROE value increases by 1 scale unit, then Bank Mandiri's share price will decrease by 339.08 scale units and vice versa.

4. If the NIM value increases by 1 scale unit, then the Bank Mandiri share price will decrease by 1,736.72 scale units and vice versa.

5. If the BOPO value increases by 1 scale unit, then the Bank Mandiri Share Price will increase by 105.34 scale units and vice versa.

Partial Test Results (t Test) or Significance Test are as follows:

1. The results of the t test for the ROA variable, with a Sig of $0.047 < 0.050$ and a calculated t of $2.260 > 2,200$ (t table), it can be concluded that the influence of ROA on Bank Mandiri's share price is significantly positive.

2. The results of the t test for the ROE variable, with a Sig of $0.084 > 0.050$ and a calculated t of $1.918 < 2,200$ (t table), it can be concluded that the influence of ROE on Bank Mandiri's share price is negative and not significant.

3. The results of the t test for the NIM variable, with a Sig of $0.097 > 0.050$ and a calculated t of $1.832 < 2,200$ (t table), it can be concluded that the influence of NIM on Bank Mandiri's share price is negative and not significant.

4. The results of the t test for the BOPO variable, with a Sig of $0.006 < 0.050$ and a calculated t of $3.446 > 2,200$ (t table), can be concluded that the effect of BOPO on Bank Mandiri's share price is significantly positive.

CONCLUSION

The goal of investors investing in the capital market is to expect profits from the funds they have invested. Profit in the capital market results from an increase in the purchase price of the purchase price of shares from the investor's portfolio. Before making a decision to invest in the capital market, investors need to carry out an analysis looking at the company's financial ratios (Fundamental Analysis), such as; ROA, ROE, NIM, LDR, CAR, NPL and BOPO and other ratios.

Results of analysis for 15 years (2009 to 2023) at PT. Bank Mandiri (Persero), Tbk, it turns out that only the ROA and BOPO ratios have a significant effect on share prices, while the ROE and NIM ratios are not significant and have negative values.

However, together they show a significant influence between the ROA, ROE, NIM and BOPO ratios on Bank Mandiri share prices during the 15 year observation period (2009 to 2023).

RECOMMENDATION

In order for investors and potential investors in the Indonesian capital market (BEI) to gain profits as expected, it is necessary to carry out careful and accurate analysis before buying shares in the capital market.

Fundamental analysis in the capital market apparently does not have a significant effect on Bank Mandiri share prices, and only the ROA and BOPO ratios have an effect on share prices.

So in the future, potential investors need to carry out technical analysis, such as; see and study stock price movements, changes in the volume of buyers and sales of shares, good and bad news or information as well as rumors that occur and political changes in a country, such as the Unitary State of the Republic of Indonesia (NKRI).

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