RGEC Method Analysis to Measure the Health Level of State-Owned Banks Against Stock Prices in 2011-2022

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ABSTRACT

The fundamental condition of the company and central bank policies greatly influence banking share prices. This research aims to analyze the influence of risk profile, good corporate governance, earnings and capital on share prices of state-owned banks. The type of research used is causality. The research data source is secondary data from state-owned banks that carry out financial reporting on the IDX for the 2011-2022 period. Sampling used purposive sampling with a sample of four state-owned banks. Data analysis uses descriptive analysis, multiple linear regression, and hypothesis testing. The research results show that simultaneously and partially risk profile, good corporate governance, earnings and capital have a significant effect on stock prices with a risk contribution of 40.2%. Banking companies must always maintain a healthy level, especially in the aspects of risk profile and capital adequacy ratio by carrying out good risk management and managing remaining capital to increase income. In addition, investors' decisions in purchasing banking shares must be based on technical and fundamental analysis of the company from the company's financial reports.

Keywords: RGEC, Bank Health Level, Share Price

INTRODUCTION

The industrial revolution 4.0 which is supported by technological advances has had a positive impact on the progress of the Indonesian capital market (Wijayaningsih, et.al., 2015). The development of financial technology services makes access easy and fast for people who want to invest in the capital market (Winarsih, 2014). Based on data from PT Kustodian Sentral Efek Indonesia (KSEI), the number of investors in the Indonesian capital market as of 28 December 2022 has increased 37.5 percent to 10.3 million investors from the previous 7.48 million investors as of the end of December 2021. The capital market is a sales and purchase of securities (Chusaeri, et.al., 2019). Shares that are traded can be a tool to seek funds or capital for the company. From the investor's perspective, shares are an attractive investment opportunity to gain profits. However, to gain profits as a result of investment, investors are faced with investment risks.

Investment risk makes investors selective, so that not all companies will get the same reaction in selling their shares. Share price movements in banking companies are an important factor that will ensure the continuity of business life (Irianto & Istiarto, 2021). This is because share price movements can shake banking companies that are responsible for customer deposits (Munif, 2019).

The Composite Stock Price Index (IHSG) is a representation of the prices of all shares on the Indonesian Stock Exchange (Herlianto & Hafizh, 2020). Throughout 2022, the IDX JCI managed to strengthen 4.09% to 6,850.62, even though most global stock exchange indices weakened due to the world economic slowdown (Situmorang, 2023). HIMBARA (State-Owned Bank Association) share prices strengthened after the Central Statistics Agency (BPS) released data on Indonesia's economic growth for the third quarter of 2023, which was recorded at 5.17%. The existence of foreign net buys in banking shares is the main factor that encourages foreign investors to net buy HIMBARA bank shares (Christina, 2023). The banking outlook remains positive even though it is overshadowed by the net interest margin. Apart from that, profits from state-owned bank shares also attract investors' interest in line with the company's strong performance (Gusta, 2023). HIMBARA bank shares have bright prospects because positive economic growth means the performance of each issuer will be exposed to a positive impact. The support of stable economic recovery, credit growth which is still growing although slow, maintained purchasing power and consumption provide strength for the driving force of banking shares (Anggi, 2023).

Share prices are basically a reflection of the value of a company. If the fundamentals are supported by macro economic conditions, then the company value will be directly proportional to the company's share price (Khairani & Dillak, 2018). The fundamental conditions of banking companies and the policies of the Central Bank (Bank Indonesia) can influence banking share prices (Paramartha & Darmayanti, 2017). Banking is a sector that has an important role in the Indonesian economy, so very strict regulations are applied to the banking industry. Aspects of share prices that can determine changes in the capital market consist of corporate corporate actions, fluctuations in the rupiah exchange rate, and interest rates which are influenced by Bank Indonesia's benchmark interest rate (IDX, 2022). Therefore, these differences can shape perceptions regarding the financial performance and management of banking companies.

Investors will be interested in making investments that have the potential to generate profits. Investors will see company profits based on share prices and company value through company performance. A high assessment of the company's value indicates a high gain for shareholders, thereby causing share prices to increase and investor interest to increase (Sintyana & Anita, 2018). The performance of state-owned bank companies or HIMBARA is based on the RGEC variable component as a measurement parameter to see the health condition of banks in carrying out their business. Bank health assessment aims to find out and determine whether the bank is in a healthy condition, quite healthy, unhealthy or unhealthy (Paramartha & Darmayanti, 2017).

To increase customer trust, banking companies are obliged to maintain the health of their operations. Improving bank health is expected to attract investors to invest or increase capital in bank operations (Atiningsih & Royham, 2016). Bank Indonesia Regulation Number 13/1/PBI/2011 concerning Commercial Bank Health Assessment requires banks to assess bank health using a risk-based bank rating approach which includes four RGEC components, namely Risk Profile, Good Corporate Governance, Earnings, and Capital. Bank Indonesia regulations using risk based bank ratings are the new bank assessment procedures replacing Bank Indonesia Regulation Number 6/10/PBI/2004 which uses CAMELS measurements (Noviantari, et.al., 2017).

The first component, risk profile as a measure of the bank's health level, shows that the relationship between risk profile and share prices is that the company's high risk can cause share prices to decline through shareholders' assessment of the desired investment level. Credit risk in conventional banking is calculated using the Non Performing Loan (NPL) comparison. Munif (2019) explains that NPLs have an influence on banking share prices, while Viorentina, et.al. (2022) shows that NPLs have no influence on banking share prices.

The second component, good corporate governance, describes the company's system for managing it. Companies with a GCG implementation system can distribute signals to share owners regarding how the banking company is managed so that it can have an impact on the company's share price. Research by Febiolla, et.al. (2019) shows that GCG has an impact on share prices, while Anggraeni, et.al. (2019) shows that GCG has no influence on share prices.

The third component, earnings as a measuring tool to determine the level of efficiency of a business where the results will influence share prices. Earnings are calculated using the NIM (Net Interest Margin) ratio because it is able to image the ability of bank management to deal with interest rate risk. Taslim & Manda (2019) prove that NIM has an influence on share prices, while Medyawicaesar, et.al. (2019) proves that NIM has no impact on stock prices.

The fourth component, capital which is calculated using the Capital Adequacy Ratio (CAR). The CAR value in accordance with BI regulations for bank management is increased by a minimum of 8%. Through the ability to obtain capital beyond limits, bank management will easily allocate funds for activities that contain profits within the framework of increasing share prices. Ziliwu & Wibowo (2020) explained that CAR has an influence on banking company share prices, while Latief, et.al. (2021) explains that there is no influence of CAR on share prices.

This research has a number of similarities and differences with previous research. The equation for this research is the use of the RGEC component as a variable that influences

stock prices. Meanwhile, the difference with previous research is that it uses a different subject, namely state-owned banks registered on the IDX for the 2011-2020 period. Based on the background elaboration that has been carried out, there is a research gap which is shown by the differences in the results of the influence of risk profile, good corporate governance, earnings and capital variables on stock prices. So it is necessary to re-examine the influence of the RGEC variable components on the share prices of banking companies, namely state-owned banks.

LITERATURE REVIEW

Stock Price

Share prices are closely related to the market price of a share (Atiningsih & Royham, 2016). The better the company's finances, the more profits will be enjoyed by shareholders, and this will allow share prices to increase (Indiani & Dewi, 2016). Stock price fluctuations are influenced by internal and external factors. Stock price fluctuations will be determined by the forces of supply and demand (Wijayaningsih, et.al., 2015). Budisanto & Nuritomo (2014) explain: (1) internal factors include announcements of marketing, production, sales, funding, management board of directors, diversification takeover, investment, employment, and company financial reports; (2) external factors include announcements from the government, legal announcements, securities announcements, domestic political phenomena, exchange rate fluctuations, as well as various domestic and foreign issues.

Banking

Banks are financial institutions that create money, implement payment traffic, collect funds and distribute credit, monetary stabilizers and dynamists of economic growth (Hasinuan, 2011). Banks have a very important role in the development of a country (Taswan, 2010). The three functions of a bank include agent of trust, agent of development, and agent of services. The classification of banks is not only based on the type of business activity, but also includes their legal entity, establishment and ownership, target market, ownership status function, operational activities, creation of demand deposits, operating system and geographical location (Budisanto & Nuritomo, 2014). Taswan (2010) explains that the types of financial reports consist of monthly, quarterly and annual financial reports.

Bank Health

Bank health is defined as the ability of a bank to carry out its operational activities normally and be able to fulfill all its obligations properly and in accordance with applicable regulations (Triandaru & Budisantoso, 2006). Based on Bank Indonesia regulation No. 13 of 2011 article 6, banks are required to individually assess the level of bank health using a risk-based bank rating with the scope of the assessment covering risk profile, good corporate governance, earnings and capital. The risk profile includes an

assessment of credit risk, market risk, liquidity risk, operational risk, legal risk, strategic risk, compliance risk and reputation risk. The formula used to calculate the risk profile is Non Performing Loan.

$$NPL = \frac{Problem\ Credit}{Total\ Credit} \times 100\%$$

Good corporate governance is a system that manages and controls a company to create added value for interested parties (Sutedi, 2012). Banks are periodically required to carry out comprehensive self-assessments regarding the adequacy of GCG implementation. GCG analysis is grouped into a governance system which consists of three aspects including governance structure, process and outcome. The bank carries out its own assessment based on attachment SE BI No. 15/15/DPNP which contains GCG assessment working papers. Meanwhile, profitability assessment is a parameter for assessing a bank's health level regarding its ability to earn profits. The profitability factor assessment uses Net Interest Margin (NIM).

$$NIM = \frac{Net\ Interest\ Income}{Average\ Earning\ Assets} \times 100\%$$

A bank that has good capital factors will have an impact on the smooth running of its operational activities to achieve its goals. Capital factors are measured using the Capital Adequancy Ratio (CAR). CAR is a ratio that measures the capital adequacy of a bank which is calculated based on the comparison of total capital with risk-weighted assets.

$$CAR = \frac{Capital}{Assets\ Affected\ by\ Risk} \times 100\%$$

Guidelines for calculating RGEC are regulated in Bank Indonesia Circular Letter No. 13/24/DPNP dated 25 October 2011 concerning Assessment of the Soundness Level of Commercial Banks. This method has been in effect since January 1, 2012 and simultaneously eliminates the CAMELS method.

Hypotheses of The Research

NPL with a ratio value of more than 5% indicates that the quality of bank credit is getting worse, which causes the number of problem loans to increase and allows the bank to be in a problematic condition and achieve lower profits (Tandelilin, 2010). The decline in profits resulted in reduced dividends being distributed so that the growth of bank share prices also decreased. Comprehensive self-assessment of the adequacy of implementing GCG is seen from the implementation of GCG which includes transparency in the company's annual report and financial reports to shareholders, so as to increase investor confidence in the quality of financial information published by the company (Chtourou, et.al., 2014). This proves that there is a positive relationship between the

implementation of corporate governance and reduced fraud in financial reports which can improve the quality of published financial reports (Ngac, et.al., 2013).

To assess whether the company is running well or not, it is necessary to carry out fundamental analysis with ratio analysis which is proxied by NIM (Dinaa & Jayanti, 2021). The NIM ratio reflects market risk due to changes in interest rates. In addition, market conditions and profitability can also harm banks. Profitability is the relationship between net interest income and average wealth used productively to obtain benefits. The higher the NIM ratio, the higher the net interest earned by the bank on its production assets (Aryaningsih, 2018). The level of capital is described by the CAR ratio. A bank that is said to be healthy is a bank that has a CAR ratio above 8%. The higher the CAR, the share price will increase (Suardana, 2009). Conversely, if CAR is low, share prices will decrease (Atiningsih & Royham, 2016); (Indiani & Dewi, 2016).

Based on the background, theoretical support, and empirical studies, the development of the hypothesis in this research is as follows.

H1: Risk profile, GCG, Earnings, and Capital simultaneously have a significant effect on

stock prices

H2: Risk profile has a significant effect on stock prices

H3: Good Corporate Governance has a significant effect on stock prices

H4: Earnings have a significant effect on stock prices
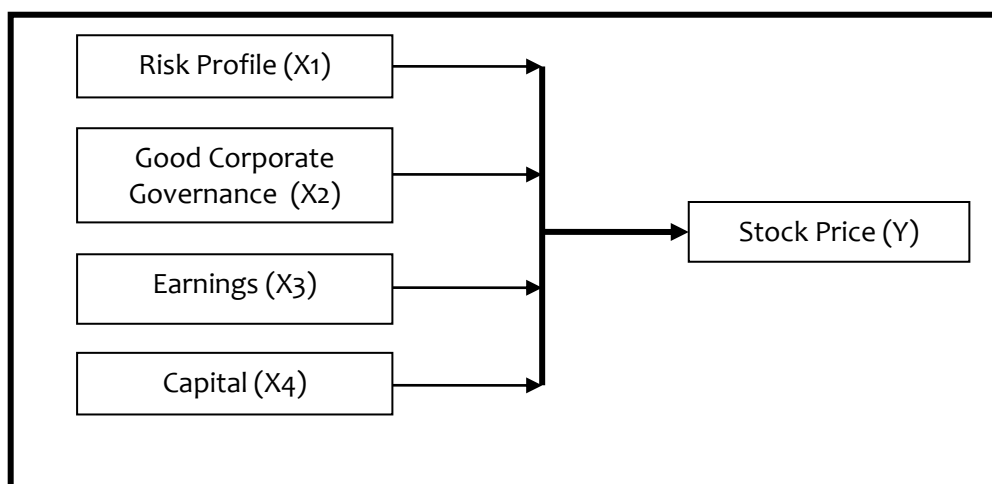
H5: Capital has a significant effect on stock prices

Figure 1. Research Model Hypothesis

METHODOLOGY

This type of research is causality research, namely research that aims to test hypotheses to determine the relationship and influence between two or more variables on other variables (Sugiyono, 2019). This research aims to test the influence of independent variables consisting of NPL, GCG, NIM and CAR on the dependent variable, namely share prices. This research was conducted on state-owned banking companies listed on the Indonesia Stock Exchange. The research data source is secondary data taken from the financial reports of state-owned banking companies on the IDX. The research population is all 4 state-owned banks registered in 2020, in detail presented in Table 1.

Table 1. List of state-owned banks on the IDX

No	Code	Bank Name
1	BBRI	Bank Rakyat Indonesia
2	BBNI	Bank Negara Indonesia
3	BMRI	Bank Mandiri
4	BBTN	Bank Tabungan Negara

Source: Indonesian Stock Exchange, 2011-2022

The sampling technique uses purposive sampling, namely determining the sample with certain considerations (Sugiyono, 2019). The research sample criteria include banks that are in the state-owned bank category, listed on the IDX from 2011 to 2022, and publish annual financial reports. The data collection technique is in the form of documentation. Operational definitions to clearly describe the measurement of the variables used are presented in Table 2.

Table 2. Operational Definition of Variables

Variable	Definition	Measurement Indicator	Source
Risk Profile	Calculated with the Non Performing Loan (NPL) ratio to calculate credit risk of 5%	NPL Ratio = Non-Performing Loans/Total Loans x 100%	Annual report 2011-2022
Good Corporate Governance	The bank's obligation to carry out its own assessments periodically	GCG factor assessment with a rating of 1 (very good) to 5 (not good)	Annual report 2011-2022
Earnings	The bank's ability to increase profits by 5%	NIM Ratio = Net Interest Income/Average Earning Assets x 100%	Annual report 2011-2022
Capital	A bank is said to be healthy if it has a Capital Adequacy Ratio value above 8%	CAR Ratio = Risk Weighted Capital/Assets x 100%	Annual report 2011-2022
Stock Price	The price of each share issued	Announced closing stock price	End of year of observation period

Data analysis used in this research includes descriptive analysis, classical assumption tests, multiple linear regression analysis, determination tests, and hypothesis tests. Descriptive analysis aims to describe risk profile, GCG, earnings, capital and share prices. Classic assumption tests include normality tests, multicollinearity tests, heteroscedasticity tests, and autocorrelation tests. The determination test is seen from the size of the R square value to see how much the independent variable contributes to the dependent variable. Hypothesis testing takes the form of the F test and t test by looking at a significance value of less than 0.05.

RESULTS

Descriptive Analysis

Descriptive analysis of the risk profile, good corporate governance, earnings, capital and share price variables is presented in Table 3.

Table 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Risk Profile	48	0.60	4.30	2.0430	0.93652
GCG	48	1.00	2.11	1.6798	0.42516
Earnings	48	0.50	5.15	3.2288	1.02270
Capital	48	14.93	23.90	19.7580	2.86128
Stock Price	48	8.13	54.08	15.4943	10.04719

Source: Data processed 2023

Based on the descriptive statistics Table 3, it shows that the risk profile of state-owned banks is stated to be very good with an NPL ratio of less than 5%, namely 4.3%. The good corporate governance score shows good with an average score of 1.7, meaning that state-owned banks have implemented regular self-assessments in a transparent manner. The earnings value is stated to be quite good with an average NIM ratio of 3.2%. State-owned banks show that their capital is in very good condition with a minimum CAR value of 14.93, meaning it is above BI's minimum requirement of 8%. Share prices are declared good, where the mean value shows a number that is greater than the standard deviation value.

Classic Assumption Test

The classic assumption tests in this research are the normality test, multicollinearity test, heteroscedasticity test, and autocorrelation test. The normality test results based on Kolmogrov Smirnov Z show Asymp. Sig KS has a value of 0.548, meaning the significance value is greater than 0.05 so that the normality assumption is met. The multicollinearity test is seen from the Tolerance and Variance Inflation Factor (VIF) values. The tolerance and VIF values are 0.454 and 2.200 (X1); 0.698 and 1.433 (X2); 0.513 and 1.951 (X3); 0.724 and 1.382 (X4). The cut off values for the four variables show a tolerance value > 0.10 and

a VIF value < 10, meaning that there is no multicollinearity problem in the regression model. The heteroscedasticity test in this research is based on scatterplot graphs. The results of the analysis show that no particular pattern is formed on the graph, meaning that there is no heteroscedasticity problem. Autocorrelation test using the Durbin-Watson test, the results of the analysis show that the Durbin Watson number is 1.678, meaning the DW number is between -2 to +2, meaning there is no autocorrelation in this study.

Multiple Linear Regression Analysis Test Results

The results of the simple linear regression analysis test used to analyze the effect of audit quality on earnings quality are presented in Table 4.

Table 4. Multiple Linear Regression Analysis Test Results

Variable	B	Stdr. Error	SC. Beta	t-value	Sig.	Information
X1 for Y	8.734	2.080	0.814	4.200	0.000	Significant
X2 for Y	10.684	3.697	0.452	2.890	0.007	Significant
X3 for Y	3.735	1.793	0.380	2.083	0.045	Significant
X4 for Y	1.687	0.539	0.480	3.127	0.004	Significant
Constanta : -65.683					F-value	: 5.890
R : 0.634					Sig. F	: 0.001
R² : 0.402						

Source: Data processed 2023

Based on the data from the regression analysis test, the description of the regression model is: Y = -65.683 + 8.734X1 + 10.684X2 + 3.735X3 + 1.687X4,

Then the regression equation shows: (1) Constanta of -65,683 states that if the risk profile, GCG, earnings and capital variables are constant, then share prices will experience a decline. (2) The risk profile regression coefficient is 8,734, meaning that if the risk profile increases by one percent, share prices will increase. (3) The good corporate governance regression coefficient is 10,684, meaning that if good corporate governance increases by one percent, share prices will increase. (4) The earnings regression coefficient is 3,735, meaning that if earnings increase by one percent, share prices will increase. (5) The capital regression coefficient is 1,687, meaning that if capital increases by one percent, share prices will increase.

Hypothesis Testing

Hypothesis 1 shows that simultaneously/F test/Anova risk profile, GCG, earnings, and capital have a significant effect on stock prices with a calculated F value of 5.890 and a significance value of 0.001.

Hypothesis 2 shows that by partial/t test, risk profile has a significant effect on stock prices with a significance value of 0.000.

Hypothesis 3 shows that by partial/t test, good corporate governance has a significant effect on share prices with a significance value of 0.007.

Hypothesis 4 shows that by partial/t test, earnings have a significant effect on stock prices with a significance value of 0.045.

Hypothesis 5 shows that by partial/t test, capital has a significant effect on stock prices with a significance value of 0.004.

DISCUSSION

The Influence of Risk Profile, Good Corporate Governance, Earnings, and Capital on Share Prices

The results of the analysis show that the risk profile, good corporate governance, earnings and capital variables have an influence on stock prices. The percentage of influence results is quite high, meaning that banks that are part of state-owned banking have a good level of health and stock prices. The health level of state-owned banks reflects the high and low share prices on the stock market. Changes in state-owned bank share prices are strongly influenced by company performance as measured by the bank's health level. This shows that state-owned banking share prices are greatly influenced by the bank's health level in terms of risk profile, good corporate governance, earnings and capital. These results are in line with research by Medyawicesar, et.al. (2018) who stated that the level of bank health does not only reflect banking financial performance and share prices, but is also able to reflect the performance of banking company management. This shows that the company's high value makes investors look at the company to invest their capital, thereby allowing share prices to increase (Sholichah, et.al., 2021). It is an important note for banking companies that efforts to increase share prices can be achieved by increasing the company's health level (Indriani & Dewi. 2016).

The Effect of Risk Profile on Stock Prices

The results of the analysis show that there is a significant influence of the risk profile as measured by non-performing loans (NPL) on stock prices. State-owned banks show that the average increase in NPL percentage is still at a reasonable level, namely below 5% (Bank Indonesia regulations) and each increase in NPL percentage is in line with the increase in share prices. Based on the NPL ratio, state-owned banks have the management capability to manage problem loans provided by the bank. The high and low NPL ratios of state-owned banks have an impact on the quality of banking credit and impact on the company's profit achievement. The increase in the NPL percentage of state-owned banks, which is in line with the increase in share prices, means that investors have no problem continuing to invest in the banking world. This affects shareholder value and the expected level of return, and vice versa (Khalil & Fuadi, 2016). The results of this research are in line with research (Munif, 2019); (Sholichah, et.al.,

2021); (Panjaitan & Wardani, 2016) which explains that NPLs have an influence on banking share prices.

The Influence of Good Corporate Governance on Share Prices

The research results show that GCG has a significant effect on stock prices. State-owned banks that implement GCG well have been proven to be able to reduce fraud in their financial reports, thereby increasing the quality of published financial reports. This encourages investors to decide to buy state-owned bank shares after assessing the issuer. State-owned banks that implement good corporate governance very well in the company have an impact on improving the bank's health level and have an impact on share prices. Bank BUMN Indonesia has implemented GCG including transparency and disclosure of important information in the company's annual report and financial reports to shareholders. This research is in line with research (Febiolla, et.al., 2019); (Ngoc, et.al., 2013); (Nguyen, et.al., 2020); and (Nurulrahmatiah, et.al., 2020). Companies that carry out GCG can give a signal that the company will behave well so that it can influence share prices (Rezeki, et.al., 2017). Implementing GCG in companies going public will increase company value and share prices. This can increase investor confidence in the quality of published financial information (Chtourou, et.al., 2014).

The Influence of Earnings on Stock Prices

The analysis results show that earnings as measured by NIM (Net Interest Margin) have a significant effect on share prices. State-owned banks have high NIMs, indicating the ability to generate high profits so that the dividends distributed to investors are also greater. State-owned banks have the ability to increase profits each period, are able to measure the level of business efficiency, and achieve good profitability. Investors always pay attention to the level of bank profitability achieved by looking at the size of the NIM ratio to decide on investments. This has an impact on investors' perceptions in assessing state-owned banks and causes the share prices of state-owned banking companies to experience changes in the form of an increase in share prices. The influence of this ratio can increase share prices in the market and attract investors to invest their capital in the company (Medyawicesar, et.al., 2018). This research is in line with research (Taslim & Manda, 2019); (Winarsih, 2014); and (Paramartha & Darmayanti, 2017) namely that a company that has a high NIM will be able to generate high profits. The higher the company's profits, the greater the dividends distributed to investors (Winarsih, 2014).

The Influence of Capital on Share Prices

State-owned banks have very good CAR values because the ratio value is above 8% (Bank Indonesia regulations). A high CAR ratio value for state-owned banks is an advantage in itself for state-owned banks, because so far investors tend to pay attention to the CAR capital aspect in determining and purchasing banking share prices. CAR is used to measure the ability of existing capital to cover the possibility of risks arising in credit

activities, including the bank's minimum capital requirement. The greater the CAR, the greater the bank's profits or the smaller the bank's risk, the greater the profits the bank will obtain (Atiningsih & Royham, 2016). A high Capital Adequacy Ratio (CAR) will have an impact on increasing share prices (Kasmir, 2015). The research results show that capital measured using CAR has a significant effect on share prices, this result is in line with research (Ziliwu & Wibowo (2020); (Atiningsih & Royham, 2016); and (Indiani & Dewi, 2016).

DISCUSSION

The Influence of Risk Profile, Good Corporate Governance, Earnings, and Capital on Share Prices

The results of the analysis show that the risk profile, good corporate governance, earnings and capital variables have an influence on stock prices. The percentage of influence results is quite high, meaning that banks that are part of state-owned banking have a good level of health and stock prices. The health level of state-owned banks reflects the high and low share prices on the stock market. Changes in state-owned bank share prices are strongly influenced by company performance as measured by the bank's health level. This shows that state-owned banking share prices are greatly influenced by the bank's health level in terms of risk profile, good corporate governance, earnings and capital. These results are in line with research by Medyawicesar, et.al. (2018) who stated that the level of bank health does not only reflect banking financial performance and share prices, but is also able to reflect the performance of banking company management. This shows that the company's high value makes investors look at the company to invest their capital, thereby allowing share prices to increase (Sholichah, et.al., 2021). It is an important note for banking companies that efforts to increase share prices can be achieved by increasing the company's health level (Indriani & Dewi. 2016).

The Effect of Risk Profile on Stock Prices

The results of the analysis show that there is a significant influence of the risk profile as measured by non-performing loans (NPL) on stock prices. State-owned banks show that the average increase in NPL percentage is still at a reasonable level, namely below 5% (Bank Indonesia regulations) and each increase in NPL percentage is in line with the increase in share prices. Based on the NPL ratio, state-owned banks have the management capability to manage problem loans provided by the bank. The high and low NPL ratios of state-owned banks have an impact on the quality of banking credit and impact on the company's profit achievement. The increase in the NPL percentage of state-owned banks, which is in line with the increase in share prices, means that investors have no problem continuing to invest in the banking world. This affects shareholder value and the expected level of return, and vice versa (Khalil & Fuadi, 2016). The results of this research are in line with research (Munif, 2019); (Sholichah, et.al.,

2021); (Panjaitan & Wardani, 2016) which explains that NPLs have an influence on banking share prices.

The Influence of Good Corporate Governance on Share Prices

The research results show that GCG has a significant effect on stock prices. State-owned banks that implement GCG well have been proven to be able to reduce fraud in their financial reports, thereby increasing the quality of published financial reports. This encourages investors to decide to buy state-owned bank shares after assessing the issuer. State-owned banks that implement good corporate governance very well in the company have an impact on improving the bank's health level and have an impact on share prices. Bank BUMN Indonesia has implemented GCG including transparency and disclosure of important information in the company's annual report and financial reports to shareholders. This research is in line with research (Febiolla, et.al., 2019); (Ngoc, et.al., 2013); (Nguyen, et.al., 2020); and (Nurulrahmatiah, et.al., 2020). Companies that carry out GCG can give a signal that the company will behave well so that it can influence share prices (Rezeki, et.al., 2017). Implementing GCG in companies going public will increase company value and share prices. This can increase investor confidence in the quality of published financial information (Chtourou, et.al., 2014).

The Influence of Earnings on Stock Prices

The analysis results show that earnings as measured by NIM (Net Interest Margin) have a significant effect on share prices. State-owned banks have high NIMs, indicating the ability to generate high profits so that the dividends distributed to investors are also greater. State-owned banks have the ability to increase profits each period, are able to measure the level of business efficiency, and achieve good profitability. Investors always pay attention to the level of bank profitability achieved by looking at the size of the NIM ratio to decide on investments. This has an impact on investors' perceptions in assessing state-owned banks and causes the share prices of state-owned banking companies to experience changes in the form of an increase in share prices. The influence of this ratio can increase share prices in the market and attract investors to invest their capital in the company (Medyawicesar, et.al., 2018). This research is in line with research (Taslim & Manda, 2019); (Winarsih, 2014); and (Paramartha & Darmayanti, 2017) namely that a company that has a high NIM will be able to generate high profits. The higher the company's profits, the greater the dividends distributed to investors (Winarsih, 2014).

The Influence of Capital on Share Prices

State-owned banks have very good CAR values because the ratio value is above 8% (Bank Indonesia regulations). A high CAR ratio value for state-owned banks is an advantage in itself for state-owned banks, because so far investors tend to pay attention to the CAR capital aspect in determining and purchasing banking share prices. CAR is used to measure the ability of existing capital to cover the possibility of risks arising in credit

activities, including the bank's minimum capital requirement. The greater the CAR, the greater the bank's profits or the smaller the bank's risk, the greater the profits the bank will obtain (Atiningsih & Royham, 2016). A high Capital Adequacy Ratio (CAR) will have an impact on increasing share prices (Kasmir, 2015). The research results show that capital measured using CAR has a significant effect on share prices, this result is in line with research (Ziliwu & Wibowo (2020); (Atiningsih & Royham, 2016); and (Indiani & Dewi, 2016).

CONCLUSIONS

Risk profile, good corporate governance, earnings and capital have a significant effect simultaneously and partially, showing that the results of this research support previous research. This indicates that the company's risk is low and does not exceed the regulatory limits set by Bank Indonesia which will affect share prices on the capital market. Banks that implement good corporate governance well will give a signal that the company is behaving well so that it has a positive impact on share prices. Apart from small risks and good governance, other things that investors really pay attention to are earnings and capital. Earnings measured using the net interest margin will increasingly show the amount of profit the company obtains from its productive assets, and capital measured using the capital adequacy ratio shows the capital's ability to cover credit risks. Based on this, it is important for banks to regularly carry out self-assessments as well as possible so that they can achieve good performance and have a positive impact because they are able to attract investors to invest and increase share prices in the capital market. Under these conditions, banking companies will become one of the institutions that have a major contribution to all business activities in the financial sector. In this way, the role of banks as agents of a country's development will be carried out very well.

Limitation and Recommandations

This research only uses four state-owned banks listed on the IDX in the 2011-2022 period and only tests the effect of bank health levels using the RGEC method on share prices. There are limitations to the variables used to measure share prices, so for further research it is necessary to add other variables because there are many other ratios that can be used to measure banking company share prices.

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