

IMPACT OF NPF, ROA, ROE, AND FDR ON STOCK PRICES: BANK PANIN DUBAI SYARIAH CASE STUDY

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Abstract: One indicator of the success of managing a banking company can be seen from its share price. If the share price of a banking company increases, investors will judge the company to be successful in managing a company. The aim of the research is to find out whether NPF, ROA, ROE and FDR influence changes in share prices at Bank Panin Dubai Syariah. This research method is a quantitative method. The data used in this research is quarterly data for the 2016-2023 period. The results of this research show that NPF, ROA, ROE, and FDR simultaneously have no effect on changes in stock prices. The results of this research show that NPF partially influences changes in share prices with a significant value of $0.041 < 0.05$. ROA partially has no effect on changes in share prices with a significant value of $0.977 > 0.05$. ROE has no effect on changes in share prices with a significant value of $0.505 > 0.05$. And FDR has no effect on changes in share prices with a significant value of $0.307 > 0.05$.

Keywords: Nonperforming financing, return on assets, return on equity, and financing to deposit ratio, share price.

Introduction

One of the main indicators of the success of banking company management is its stock price. Stock prices reflect the value of the company's assets and are one of the benchmarks of company performance in the eyes of investors. If a company's stock price increases, then the company is considered successful in managing its business. However, stock price fluctuations do not always reflect the company's performance alone. External factors such as market sentiment, economic conditions, and news circulating in the community also affect changes in stock prices.

Financial ratios are one of the important indicators in analyzing company performance, especially in the banking sector. Non-Performing Financing (NPF) Ratio, Return on Asset (ROA), Return on Equity (ROE), and Financing to Deposit Ratio (FDR) are often used to assess a company's stability and profitability. NPF measures the level of non-performing financing that can affect the quality of a company's receivables. The lower the NPF value, the better the quality of the company's receivables, which means that the income generated is also higher. The amount of income from repayment of receivables can increase the company's profit, which ultimately attracts investor interest in the company's shares. This is in line with previous research which shows that NPF has a significant influence on the company's financial performance (Arifin, 2020) .

In addition, ROA and ROE describe the company's efficiency in generating profits. The higher the ROA, the better the company's ability to utilize assets to generate profits. Fiona Mutiara Efendi and Ngatno Ngatno (2018), stated that high ROA reflects efficiency in asset turnover, thus providing better returns to investors. ROE, on the other hand, measures the extent

to which a company utilizes equity to generate profits. According to Arifin (2020) , high ROE indicates the company's efficiency in managing available capital to generate profits for shareholders.

FDR is also an important indicator that measures the extent to which banks utilize public savings to be channeled into productive financing. The higher the FDR, the more optimal the bank's intermediation function, although bank liquidity tends to decline. Bank Panin Dubai Syariah, the only Islamic bank listed on the Indonesia Stock Exchange since 2014, faced significant stock price fluctuations during the 2016-2023 period.

Table 1.1 List Mark NPF, ROA, ROE, FDR And Price Share

Bank Name	Year	NPF	ROA	ROE	FDR	Stock price
Panin Dubai Islamic Bank	2016	1.86%	0.37%	1.76%	91.99%	120.00
	2017	4.83%	-10.77%	-94.01%	86.95%	79.00
	2018	3.84%	0.26%	1.45%	88.82%	50.00
	2019	2.8%	0.25%	1.08%	95.72%	50.00
	2020	2.45%	0.06%	0.01%	111.71%	83.00
	2021	0.94%	-6.72%	-31.76%	107.56%	85.00
	2022	1.91%	1.79%	11.51%	97.32%	63.00
	2023	3.03%	1.62%	10.44%	91.84%	59.00

Source: <https://idx.co.id> . Idx,

In 2019, ROA was 0.25%, then in 2020 it decreased to 0.06%, and ROE also decreased from 1.08% to 0.01%. In 2021, the ROA value was -6.72% and in the same year, ROE was -31.76% and the stock price increased. In 2022, the ROA value was 1.79%, then decreased in 2023 to 1.62%, while ROE decreased from 11.51% to 10.44% and the stock price also decreased. This phenomenon raises the question of whether financial performance as measured by NPF, ROA, ROE, and FDR really affects changes in the company's stock price.

This study aims to analyze the relationship between NPF, ROA, ROE, and FDR on changes in the stock price of Bank Panin Dubai Syariah. By using quarterly data for the period 2016-2023, this study is expected to provide useful insights for bank management in improving financial performance, as well as assisting investors in making more informed investment decisions.

Literature Review

Financial Ratios

Financial ratios are analytical instruments used to evaluate a company's financial performance through the relationship between numbers in financial statements (Syahsunan, 2020). This ratio helps identify trends, risks, and opportunities inherent in the company. According to James C. Van Horne, a financial ratio is an index that connects two accounting numbers and is used to evaluate the health of a company (Kasmir, 2014).

Non-Performing Financing (NPF)

NPF is a ratio used to measure the level of non-performing financing in a bank. The higher the NPF, the greater the risk of declining bank profitability. Conversely, a low NPF indicates good receivables quality and more stable income for the company (Kasmir, 2014).

Return on Assets (ROA)

ROA is used to measure the efficiency of a company in utilizing its assets to generate profits. ROA shows the return on the amount of assets used by the company. The higher the ROA, the better the company's performance in providing returns to shareholders (Fiona Mutiara Efendi and Ngatno Ngatno, 2018).

Return on Equity (ROE)

ROE shows the efficiency of the company in using equity to generate profits. ROE is also called return on equity, which measures the extent to which a company utilizes its resources to generate profits for shareholders (Muhammad et al, 2023) .

Financing to Deposit Ratio (FDR)

FDR is a ratio used to measure the extent to which banks utilize third-party funds for productive financing. The higher the FDR, the more optimal the bank's intermediation function, although it can reduce its liquidity. A good FDR indicates efficient management of public funds and contribution to the growth of the stock economy (Muhammad et al, 2023) .

Share

Stocks are one type of securities traded in the capital market. According to Darmadji and Fakhruddin, stocks are a sign of participation or ownership of a person in a company. Common stock gives its holders voting rights in company decision-making, while preferred stock has the right to dividends first (Benny Barnas, 2019).

Stock price

Stock prices reflect the value of a company in the capital market and are influenced by supply and demand. Increasing stock prices indicate the success of the company's management in managing its business. Fundamental factors such as financial performance, as well as technical and socio-political factors, also influence stock price fluctuations (Elsi Fitriani et al., 2022).

Relationship between Financial Ratios and Stock Prices

NPF and Stock Prices are reflected in Banks with high NPFs tend to have low profits, so their stock prices decline. Conversely, low NPF reflects good credit risk management and has a positive impact on stock prices (Fajar Wibowo et al., 2017). The relationship between ROA and stock prices, namely high ROA indicates efficiency in generating profits, which increases the attractiveness of stocks to investors (Agil Ardiyanto et al, 2020). Then on ROE and stock prices, namely high ROE indicates the company's ability to utilize equity to generate profits, thus attracting investor interest (Agil Ardiyanto et al, 2020). FDR and stock prices, namely at optimal FDR, indicate that banks can utilize public funds productively, thereby increasing investor confidence in the company's performance (Elsi Fitriani et al., 2022).

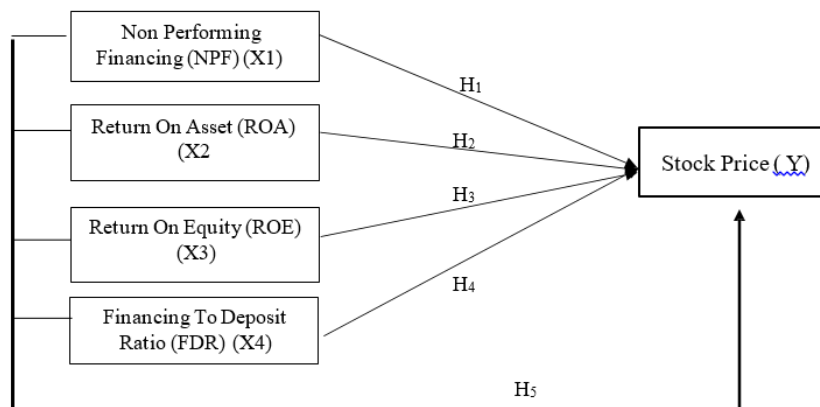


Figure 1: Conceptual Framework

- H1: It is suspected that Non Performing Financing (NPF) has an effect on changes in share prices at Panin Dubai Syariah Bank.
- H2: It is suspected that Return On Asset (ROA) has an effect on changes in share prices at Bank Panin Dubai Syariah.
- H3: It is suspected that Return On Equity (ROE) has an effect on changes in share prices at Bank Panin Dubai Syariah.
- H4: It is suspected that the Financing to Deposit Ratio (FDR) has an effect on changes in share prices at Bank Panin Dubai Syariah.
- H5: It is suspected that Non Performing Financing (NPF), Return On Asset (ROA), Return On Equity (ROE), and Financing to Deposit Ratio (FDR) have an effect on changes in stock prices at Bank Panin Dubai Syariah.

Method

This study uses a quantitative approach. According to Sugiyono (2017) , quantitative research is used to examine a particular population or sample by collecting data through research instruments and based on the philosophy of positivism. This study combines descriptive methods to describe existing variables, as well as verification methods to test hypotheses empirically.

The object of this study includes financial ratios including Non-Performing Financing (NPF), Return on Asset (ROA), Return on Equity (ROE), and Financing to Deposit Ratio (FDR) as independent variables, and stock prices as dependent variables at PT Bank Panin Dubai Syariah Tbk. The data used in this study are secondary data taken from the financial statements of Bank Panin Dubai Syariah for the period 2016–2023. The financial statements are accessed through the official website of the Indonesia Stock Exchange (www.idx.co.id).

According to Sugiyono (2017), operational variables are values or properties of objects that have certain variations that are studied to draw conclusions. The following is an explanation of the definition, indicators, and measurement scales of this research variable:

Variable	Definition	Formula	Scale
Stock Price (Dependent)	The price of a stock that occurs in the stock market at a specific time.	Closing stock price of Bank Panin Dubai Syariah during 2016–2023.	Ratio
NPF (Non-Performing Financing)	The ratio of non-performing financing that reflects the bank's performance.	$NPF = \frac{\text{Non-Performing Financing}}{\text{Total Financing}} \times 100\%$	Ratio
ROA (Return on Asset)	The ratio that measures net profit relative to total assets.	$ROA = \frac{\text{Net Profit}}{\text{Total Assets}} \times 100\%$	Ratio
ROE (Return on Equity)	The ratio that measures net profit relative to shareholders' equity.	$ROE = \frac{\text{Net Profit}}{\text{Shareholders' Equity}} \times 100\%$	Ratio
FDR (Financing to Deposit Ratio)	The ratio of financing relative to third-party funds and capital.	$FDR = \frac{\text{Total Financing Provided}}{\text{Total Capital} + \text{Total Third-Party Funds}} \times 100\%$	Ratio

Figure 1: Operational Variables

The population in this study includes all financial reports and stock prices of PT Bank Panin Dubai Syariah Tbk. The sample used is quarterly financial report data for the period 2016–2023 which was taken by purposive sampling from the official website of the Indonesia Stock Exchange. Data collection was carried out using the documentation method through the company's financial reports obtained from the website www.idx.co.id. Descriptive statistical data analysis techniques were used to describe the characteristics of the research data, such as average, median, and standard deviation.

Results and Discussion

Results

This study uses secondary data in the form of time series data from the quarterly financial reports of PT Bank Panin Dubai Syariah Tbk. for the period 2016–2023. The data includes the variables Non-Performing Financing (NPF), Return on Asset (ROA), Return on Equity (ROE), Financing to Deposit Ratio (FDR), and closing stock price. The total data analyzed was 32 observations.

1. Stock price

The stock price of Bank Panin Dubai Syariah showed significant fluctuations during the study period, with a minimum value of IDR50.00 and a maximum of IDR218.00. The average stock price was IDR88.62 with a standard deviation of IDR46.89.

2. Non-Performing Financing (NPF)

NPF has a minimum value of 0.89% and a maximum of 4.83%, with an average of 2.68% and a standard deviation of 0.88%. A high NPF value indicates significant potential credit risk.

3. Return on Assets (ROA)

ROA shows the efficiency of asset usage to generate profit. The minimum value of ROA is -10.77%, while the maximum value is 2.63%, with an average of 0.93% and a standard deviation of 2.49%.

4. Return on Equity (ROE)

ROE describes the company's ability to generate profits from equity. The minimum ROE value is -94.31%, while the maximum value is 13.39%. The average ROE is -0.37%, with a standard deviation of 18.75%.

5. Financing to Deposit Ratio (FDR)

FDR measures the bank's ability to channel third-party funds into financing. The minimum FDR value is 86.95%, while the maximum value is 118.94%. The average FDR is 96.68% with a standard deviation of 8.43%.

Multiple Linear Regression Analysis

Multiple linear regression analysis is used to test the effect of independent variables (NPF, ROA, ROE, FDR) on stock prices (dependent variables).

- Regression Model :

$$Y = 169.227 - 15.177X_1 - 0.515X_2 - 0.088X_3 - 0.412X_4 + e$$

Information:

- Y : Stock price
- X₁ : NPF
- X₂ : ROA
- X₃ : ROE
- X₄ : FDR

- Hypothesis Testing

1. F Test (Simultaneous)

The results of the F test show that the significant value is 0.684 (>0.05), so that the independent variables simultaneously do not have a significant effect on stock prices.

2. t-Test (Partial)

- o NPF : Significant value 0.041 (<0.05), indicating a significant influence on stock prices.
- o ROA : Significant value 0.977 (>0.05), indicating no significant influence.
- o ROE : Significant value 0.505 (>0.05), indicating no significant influence.
- o FDR : Significant value 0.307 (>0.05), indicating no significant influence.

3. R-Square Test

The coefficient of determination (R^2) of 0.203 indicates that 20.3% of stock price variations can be explained by NPF, ROA, ROE, and FDR. The remaining 79.7% is influenced by other factors outside this research model.

Discussion

The Influence of NPF on Changes in Stock Prices

Based on the results of the analysis using the SPSS Statistics 24 program, the Non-Performing Financing (NPF) variable shows a significant effect on changes in the stock price of PT Bank Panin Dubai Syariah. The results of the partial test (t-test) show a calculated t value = -2.152 with a significance level of 0.041 (<0.05). This indicates that the increase in NPF has a negative impact on stock prices (K. Triyanti, Ni et al., 2021).

This finding is in line with the theory put forward by Andre Yuniarsa and Barlia Annis (2020) that "the lower the NPF value, the better the quality of a banking company's receivables, so that the income generated also increases." Increased income through repayment of receivables has the potential to attract investor interest, which ultimately increases the company's stock price. This study is also consistent with previous studies by Andre Yuniarsa and Barlia Annis (2020) , which concluded that NPF has a significant influence on changes in stock prices.

The Effect of ROA on Stock Price Changes

The results of the study indicate that Return on Asset (ROA) does not have a significant effect on changes in the stock price of PT Bank Panin Dubai Syariah. The t-value = 0.029 with a significance level of 0.977 (> 0.05). ROA reflects the company's ability to manage assets to generate profits. However, in this study, low ROA values indicate low levels of return on investment. This result contradicts the opinion of Fiona Mutiara Efendi and Ngatno Ngatno (2018), which states that the higher the ROA value, the better the company's ability to provide returns to investors.

This study is supported by the study of Cindy Halim Putri et al (2022) which concluded that ROA has no significant effect on stock prices. This can be explained by external factors such as market conditions, inflation, and economic policies, which influence investment decisions more than the internal profitability ratio at Panin Dubai Syariah Bank.

The Effect of ROE on Stock Price Changes

Return on Equity (ROE) also did not show a significant influence on changes in the stock price of PT Bank Panin Dubai Syariah, with a calculated t value = -0.676 and a significance level of 0.505 (> 0.05). ROE reflects the company's ability to generate profits from the capital it owns. This study is not in line with the study of Cindy Halim Putri et al (2022) , which states that ROE has a significant effect on stock prices. The results of this study conclude that ROE does not have a significant effect on stock prices. Other factors such as external risk and investor preference for low-risk companies may be the main reasons why ROE does not significantly affect the stock price of Panin Dubai Islamic Bank.

The Influence of FDR on Stock Price Changes

The results of the analysis show that the Financing to Deposit Ratio (FDR) does not have a significant effect on changes in the stock price of PT Bank Panin Dubai Syariah, with a calculated t value = -1.040 and a significance level of $0.307 (> 0.05)$. A high FDR reflects the optimization of the bank's intermediation function, but can reduce liquidity and increase credit risk. This is in line with Agustin Tri Lestari's research (2021), which states that the higher the FDR ratio, the lower the bank's liquidity.

This study concludes that FDR has no significant effect on stock prices. High liquidity risk due to large FDR can reduce investor interest in investing, thus negatively affecting stock prices.

The Simultaneous Effect of NPF, ROA, ROE, and FDR on Stock Prices

Based on the results of the F test, the variables NPF, ROA, ROE, and FDR simultaneously do not have a significant effect on stock prices, with a significance value of $0.684 (> 0.05)$. This shows that together, the four variables are not strong enough to explain the variation in stock prices of PT Bank Panin Dubai Syariah.

Conclusion

Based on the results of the study on the effect of Non-Performing Financing (NPF), Return on Asset (ROA), Return on Equity (ROE), and Financing to Deposit Ratio (FDR) on changes in the stock price of Bank Panin Dubai Syariah, several conclusions were obtained as that partially, NPF has a significant effect on changes in stock prices. An increase in NPF can have a negative impact on stock prices, because it indicates an increase in the risk of problematic financing which can reduce investor confidence. The results for ROA do not have a significant effect on changes in stock prices. A decrease in ROA does not have a direct impact on investor interest, because they tend to pay attention to external factors such as market conditions and economic policies. Then ROE also does not have a significant effect on changes in stock prices. This shows that even though ROE increases, investors may focus more on external risks or other factors that affect stock prices. While FDR does not have a significant effect on changes in stock prices. A decrease in FDR can indicate a high liquidity risk, but this does not directly affect investment decisions on Bank Panin Dubai Syariah shares.

Simultaneously, the variables NPF, ROA, ROE, and FDR do not have a significant effect on changes in stock prices. These variables are only able to explain 20.3% of changes in stock prices, while the remaining 79.7% is influenced by other factors such as BOPO (Operating Costs to Operating Income), NOM (Net Operating Margin), and KPMM (Minimum Capital Fulfillment Obligation) which are not examined in this study. For investors, to pay attention to financial ratios, especially NPF, as the main indicator in making investment decisions. Although other variables are not significant, it is still important to consider a comprehensive analysis of the company's financial statements. To increase shareholder confidence, Panin Dubai Syariah Bank must continue to improve its performance, especially in managing problematic financing and generating profits. This can attract investors to invest more capital, which will ultimately increase stock prices. Research in the field of capital markets should consider other variables that can affect stock prices, such as BOPO, NOM, and KPMM. In addition, researchers can also increase the observation period or expand the scope of research objects to obtain more comprehensive results.

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