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REVIEWS ANALYSIS : DETERMINANT OF BANK PROFITABILITY AND IT'S IMPLICATION ON STOCK RETURN (EMPIRICAL STUDY AT BANKING IN INDONESIA STOCK EXCHANGE 2010-2014 PERIOD)

LUQMAN HAKIM AND SHAFENTI

Abstract. This study aims to analyze empirically determinant Profitability of banking Return On Assets (ROA) and its implications to Return Shares of commercial banks listed on the stock exchanges of Indonesia during the period 2010-2014 using panel data regression model. Based on the empirical results, for determinants of banking profitability, Non Performing Loans (NPL), Loan to Deposit Ratio (LDR), Capital Adequacy Ratio (CAR), Net Interest Margin (NIM) and Operational / Operating Revenues (BOPO) significant at a significant level of α (0.10). Tests together show that NPL, LDR, CAR, NIM, and BOPO variables have a significant effect on Return On Assets (ROA) The result of the research on the implication of Return to Stock shows that NPL, CAR, NIM, BOPO and ROA variables significantly influence while variable LDR affects the Return to Bank shares is not significant, then the role of ROA as Full Mediating LDR against Stock Return. Tests together concluded that NPL, LDR, CAR, NIM, BOPO and ROA variables together significantly influence the Return of Shares

Introduction

Banking institutions in Indonesia has a very important role in the national economy and also as a financial intermediary of the State. One of the role of banking institutions in Indonesia is to keep the economic cycle running as it should.

According to Riyadi (2006) Return on Assets (ROA) is profitability ratio which shows comparison between Profit (before tax) with total bank asset, this ratio shows the level of efficiency of asset management performed by the bank concerned.

Profitability is the main objective to be achieved by each Bank of conducting banking business activities.

If the Return on Assets (ROA) increases, then the profitability level of the company will also increase, so the ultimate impact is the increase in profitability enjoyed by shareholders (Husnan, 2006). Therefore Return on Assets (ROA) is the right ratio used to measure the effectiveness of a Bank of generating profits by utilizing its assets.

Based on data sourced from infobank on the 29 commercial banks listed on the Indonesia Stock Exchange (IDX) period 2010-2014 can be concluded that there are banking that have Return on Assets (ROA) above average or it can be said that the Bank is in the category healthy, but there are Banking that still have Return on Assets (ROA) below average or it can be said that the Bank is in an unhealthy category.

Keywords: Profitability, NPL, LDR, CAR, NIM, BOPO, ROA, Stock Return

The Problem Formulation

The formulation of the problem in this study are as follows :

1. Is there any effect of non performing loan (NPL) on profitability?
2. Is there any effect of loan to deposit ratio (LDR) to profitability (ROA)?
3. Is there any influence of capital adequacy ratio (CAR) on profitability (ROA)?
4. Is there any effect of net interest margin on profitability?
5. Is there any effect of BOPO on profitability?
6. Is there any effect of non performing loan on stock return?
7. Is there any effect of loan to deposit ratio (LDR) on stock return?
8. Is there any influence of capital adequacy ratio (CAR) to stock return?
9. Is there any effect of net interest margin (NIM) on stock return?
10. Is there any influence of operational cost / operating income (BOPO) on stock return?

Research Purposes

The research objective to be achieved from this study, namely :

1. To determine effect of non performing loan (NPL) on profitability
2. To determine effect of loan to deposit ratio (LDR) to profitability (ROA)
3. To determine influence of capital adequacy ratio (CAR) on profitability (ROA)
4. To determine effect of net interest margin on profitability
5. To determine effect of BOPO on profitability
6. To determine effect of non performing loan on stock return
7. To determine effect of loan to deposit ratio (LDR) on stock return
8. To determine influence of capital adequacy ratio (CAR) to stock return
9. To determine effect of net interest margin (NIM) on stock return
10. To determine influence of operational cost / operating income (BOPO) on stock return

Literature Review

Arbitrage Pricing Theory developed by Stephen Ross in 1976 known as APT. This theory states the idea that two investment opportunities having identical characteristics can not be sold at different prices. APT Three factors Introduced by Fama & French -1992 hypothesizes where SML should have three factors. Namely market risk, the size of the firm is measured by market value of equity and book to value ratio of multi factor stock market value (B / M). The multi factor APT was introduced by Chen, Roll, Ross (1998) who chose a macroeconomic factor device that affected the company's stock.

Efficiency Market Hypothesis (EMH)

The first were expressed by Fama (1970). Efficient capital markets are defined as markets whose prices of securities have reflected all relevant and available

1 information. The sooner the new information is reflected on the price of securities, the more efficient the capital markets are.

Fama further divides efficient market hypothesis in the form of weak, half strong and strong.

Free Cashflow Hypothesis

This theory was first proposed by Michael C. Meckling (1986) .Who asserted by the existence of high free cash flow will encourage to pay higher dividends.

Capital structure theory has relationship to the implementation of credit distribution and profitability performance and Return of stock :

1. Modigliani and Miller with taxes assume the stock price of a company will reach its maximum value if the company fully uses debt: Brigham and Houston (2006: 37).
2. Trade with theory was built to improve Modigliani and Miller’s capital structure theory about tax conditions, where the use of debt would provide tax-saving benefits. In view of this theory the stock issuance will keep away from the optimal point and will provide bad news for investors.
3. Agency Theory also supports the use of debt because one way to resolve conflicts between owner and management on capital structure agency theory is to increase funding through debt. The use of debt is expected to reduce agency conflict.

Conceptual Model

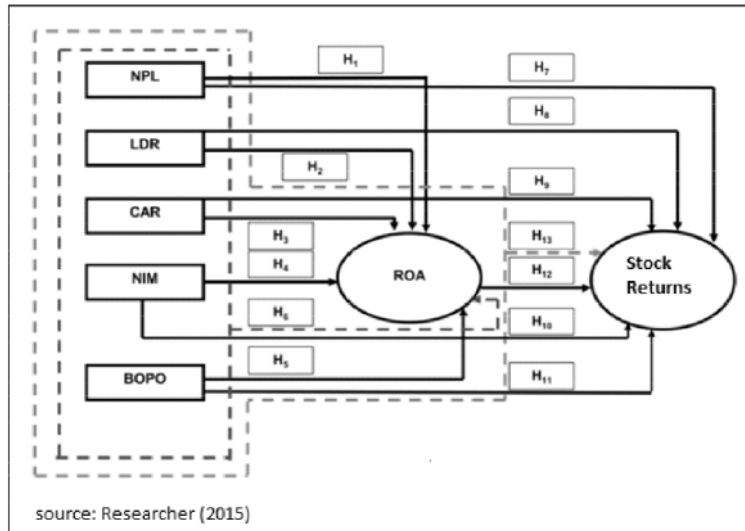


Figure 1: Conceptual Model

Research Methodology

Method

Data processing by panel data regression method using clausal associative research design. In addition, this study is also an exploratory research that aims to explain the causal relationship and test the hypothesis. This research is also a quantitative research using statistics as the main analytical tool.

Population and Sample

The population of this study are commercial banks listed on the BEI in the period 2010 s.d. 2014. At this time there are 40 banks listed BEI as population. Of the total population is taken 29 Bank as a sample of the criteria used

Analysis Technique

The panel data regression model is selected by the following test:

a. Chow- Test

Chow-test is performed to test the significance of Fixed Effect Methods in order to know whether the Fixed Effect Method (MET) is better than Ordinary

3 Least Square (OLS).

b. Hausman-Test

Hausman tests a statistical test to choose whether to use fixed effect or random effect.

c. Lagrange Multiplier-Test

Lagrange multiplier (LM) -Test is done to find out whether the random effect model is better than the common effect method.

Model of linear regression equation of panel data onto empirical model one: can be writes as follows:

$$Y_{lit} = \beta_0 + \beta_1 X_{lit} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \beta_5 X_{5it} + \varepsilon_{it}$$

The model of the linear regression equation of the second empirical model panel data: can be writes as follows:

$$Y_{2it} = \beta_0 + \beta_1 X_{lit} + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \beta_5 X_{5it} + \beta_6 X_{6it} + \varepsilon_{it}$$

where :

- β_0 = Intercept
- β_1 = Coefficient NPL
- β_2 = Coefficient LDR
- β_3 = Coefficient CAR
- β_4 = Coefficient NIM
- β_5 = Coefficient BOPO
- β_6 = Coefficient ROA
- ε_{it} = Error

Result and Discussion

Result

Model 1 (Profitability /ROA)

Testing Panel Data

Chow test :Select Fixed Effect

Hausmantest :SelectFixedEffect

LMtest : Select Random

Based on the test data panel model selected Fixed Effect with panel data regression results as follows:

Table 1
Summary of ROA Panel Data Regression Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-81.5279	287.3643	-2.824039	0.0056
NPL?	0.456692	0.144352	3.163747	0.0020
LDR?	0.746863	0.236746	3.163153	0.0020
CAR?	-0.171828	0.066274	-2.592687	0.0108
NIM?	0.082433	0.045984	1.792637	0.0758
BOPO?	-2.051576	0.451746	-4.541435	0.0000
Fixed Effects (Cross)				
_BRIAGRO-C	4.293181			
_BANKMNC-C	19.08253			
_BANKCAPITAL-C	-2.990634			
_BANKKONOMI-C	-2.353533			
_BCA-C	-22.79259			
_BANKBUKOPIN-C	-3.236613			
_BNI-C	-12.09413			
_BANKPARAHYANGANC	2.517121			
_BRI-C	-11.70927			
_BTN-C	2.009405			
_BANKMUTIARA-C	19.88623			
_BANKDANAMON-C	1.417402			
_BANKPUNDI-C	38.79752			
_BANKKESWAN-C	13.47447			
_BANKMANDIRI-C	-19.58545			
_BANKLUMIARTA-C	0.558424			
_BANKCIMB-C	-1.853664			
_BII-C	8.851988			
_BANKPERMATA-C	1.787861			
_BANKSWADESI-C	-11.39444			
_BTPN-C	9.223443			
_BANKVICTORIA-C	-9.726626			
_BANKARTHAAGRAHA-C	4.495754			
_BANKMAYAPADA-C	-0.705288			
_BANKWINDU-C	2.677180			
_BANKMEGA-C	-4.632315			
_BANKOCBC-C	-5.887569			
_BANKPANIN-C	-5.342955			
_BANKSAUDARA-C	-12.56844			
Effects Specification				
Cross-section fixed (dummy variables)				
Weighted Statistics				
R-squared	0.959000	Mean dependent var		285.4818
Adjusted R-squared	0.946811	S.D. dependent var		243.4221
S.E. of regression	9.583547	Sum squared resid		10194.72
F-statistic	78.67649	Durbin-Watson stat		2.083163
Prob(F-statistic)	0.000000			
Unweighted Statistics				
R-squared	0.687931	Mean dependent var		84.19648
Sum squared resid	11439.10	Durbin-Watson stat		1.614901

Source: Eviews9

Based on table 9 can be formulated simultaneously the panel data regression model as follows:

$$ROA = [C, 811.5279] + .456692 NPL + 0.748863 LDR - 0.171828 CAR + 0.082433 NIM - 2.051576 BOPO$$

Model 2 (Fund Adequacy Ratio)

Testing Panel Data

Chow Test: Select Fixed Effect

Hausman Test: Select Fixed Effect

LM Test: Select Random Effect

Table 2
Summary of Regression Test Results of Stock Return Panel Data

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-94.43836	23.16861	-4.076135	0.0001
NPL?	0.051821	0.011548	4.487330	0.0000
LDR?	-0.026000	0.022236	-1.124300	0.2633
CAR?	-0.004192	0.001001	-4.186373	0.0001
NIM?	-0.035248	0.008996	-3.918367	0.0002
BOPO?	0.219287	0.015046	14.57433	0.0000
ROA?	-0.098929	0.005159	-19.17530	0.0000
Fixed Effects (Cross)				
_BRIAGRO--C	0.264497			
_BANKMNC--C	-0.226284			
_BANKCAPITAL--C	0.285923			
_BANKEKONOMI--C	-0.165032			
_BCA--C	-0.417924			
_BANKBUKOPIN--C	0.106182			
_BNI--C	-0.096513			
_BANKPRAHAYANGAN--C	-2.57E-05			
_BRI--C	0.379244			
_BTN--C	0.081807			
_BANKMULIA--C	0.648273			
_BANKDANAMON--C	2.48E-06			
_BANKPLINDI--C	-3.017718			
_BANKKESAWAN--C	0.517949			
_BANKMANDIRI--C	-0.270147			
_BANKBUMIARTA--C	0.004403			
_BANKCIMB--C	0.360222			
_BII--C	0.053849			
_BANKPERMATA--C	0.112583			
_BANKSWADESI--C	0.493373			
_BTPN--C	0.417313			
_BANKVICTORIA--C	0.769910			
_BAKARTIHAGRAHA--C	-0.006585			
_BANKMAYAPADA--C	0.086096			
_BANKWINDU--C	0.124874			
_BANKMEGA--C	-0.012392			
_BANKOCBC--C	-0.284578			
_BANKPANIN--C	0.077175			
_BANKSAUDARA--C	-0.316299			
Effects Specification				
Cross-section fixed (dummy variables)				
Weighted Statistics				
R-squared	0.988006	Mean dependent var	3.887136	
Adjusted R-squared	0.984299	S.D. dependent var	4.016012	
S.E. of regression	0.361455	Sum squared resid	14.37148	
F-statistic	266.5053	Durbin-Watson stat	1.772696	
Prob(F-statistic)	0.000000			
Unweighted Statistics				
R-squared	0.945438	Mean dependent var	1.774897	
Sum squared resid	34.76409	Durbin-Watson stat	1.103405	

Sumber: data diolah dengan *eviews 8*

Based on table 2 can be formulated simultaneously the panel data regression model as follows:

$$RS = [C_1 - 94.43836] + 0.051821NPL - 0.025000 LDR - 0.004192 CAR - 0.035248NIM + 0.219287 BOPO - 0.098929ROA$$

Discussion

Determinant Profitability (ROA)

a. The Influence of Non Performing Loan (NPL) to Profitability (ROA)

The Non Performing Loan (NPL) variable affects the Return on Assets (ROA) positively and significantly. This empirical finding is incompatible with the research hypothesis. The positive test results give meaning that if Non Performing Loan (NPL) increases while the other variable remain (not change), then The Influence of Non Performing Loan (NPL) to Profitability (ROA period 2010-2014 will increase. Banking Companies has a large Credit Loss Risk from disbursement of credit, with a large loan disbursement can result in large profits.

b. Effect of Loan to Deposit Ratio (LDR) on Profitability (ROA)

Loan to Deposit Ratio (LDR) variable has positive and significant effect of ROA. The positive test results give meaning that the higher LDR ratio will cause banking profitability performance will increase. The results of this study are in line with the results of previous research conducted by Guna (2013), Subandi and Ghozali (2013) and Dewi, Herawati and Sulindawati (2015). Partially known that Loan To Deposit Ratio (LDR) has a significant positive effect on ROA. The results of this study indicate that if the ability of banks of distributing credit to third party funds collected is high, the higher the credit given by the bank and will increase the bank's profit in question, in other words the increase in Loan to Deposit Ratio will increase the Return on Asset, so the financial performance of the bank will be better with the assumption that banks are able to channel credit effectively so that the amount of bad loans will be small. Loan to Deposit Ratio (LDR) shows the ability of banks to extend credit from third parties to creditors (the public). This result is not in accordance with the concept of liquidity theory that the more funds lent (lower liquidity), the higher the profitability (bank performance, ROA). High Loan to Deposit Ratio (LDR) indicates the more risky condition of bank liquidity, otherwise the lower LDR indicates less effective bank in distributing credit to the public. This effectiveness will have an impact on the efficiency of the bank, since the bank's operating income is mostly from interest income on loans or funds lent to the community.

c. The Influence of Capital Adequacy Ratio (CAR) to Profitability (ROA)

Capital Adequacy Ratio (CAR) variables has a negative and significant effect on ROA. This empirical finding does not fit the hypothesis. Negative test results give meaning that Capital Adequacy Ratio (CAR) shows the ability of bank capital in maintaining the possibility of risk of loss of business activity. But the effect given was not significant to the performance of the bank. This

research is in line with the results of research according to Purwoko and Sudiyatno (2013)

d. Effect of Net Interest Margin on Profitability (ROA)

Variable Net Interest Margin has positive and insignificant effect of profitability (ROA). Positive test results give meaning that The greater Net Interest Margin of a bigger bank Return on Assets obtained by the bank. These findings supports the results of research by Purwoko and Sudiyatno (2013) Net Interest Margin (NIM) shows the ability of bank management in managing its productive assets to generate net interest income. The greater the interest income managed by the bank, the possibility bankdalam problematic conditions smaller. so the greater the NIM of a bank, the greater the performance of the bank (ROA). In accordance with PBI No.5 of 2003, one proxy of market risk is interest. So the extent to which changes from interest rates will have an impact on bank earnings, that's the market risk. Interest rates in this case are the funding and lending rates, so the NIM is measured from the interest rate difference in absolute form. The difference between the two is the total cost of interest (interest cost) with the total interest cost of the loan (income flower). The size of the NIM will have an impact on the bank's profit and loss, which ultimately affects the profitability of the bank. If the difference between the interest rate of funding and the low loan interest rate means the NIM is low, then the market risk is high, and vice versa. This difference in interest rates can be negative (negative spread) if the lending rate is lower than the funding rate (funding). The results of this study should be addressed by management by maintaining a positive spread in order to increase bank profitability, resulting in increased bank performance.

e. The Effect of BOPO on Profitability (ROA)

Operational Cost Variables and Operating Income have negative and significant impact on profitability (ROA). This empirical finding is consistent with the research hypothesis. Negative test results give meaning that with high increase in BOPO make bank inefficient and have implication to decrease ROA. The results of this study are in line with the findings of the study of Dewi, Herawati, and Sulindawati (2015), and Purwoko and Sudiyatno (2013) which revealed that ROA has a negative and significant effect on ROA.

Implications of Stock Returns

a. The Effect of Non Performing Loan on Stock Return

Variable Non performing Loan has positive and significant effect of Stock Return. Negative test results give the meaning that the more problematic credit the opportunity of banks in obtaining profit will be less so that with high NPLs in the banking investors will not be interested to buy shares because the profits will be small but with the largest asset investors see in terms of assets ad so that even if the value of NPL is high investors still feel safe in investing so that NPL does not become a benchmark of investors in taking decision. Research results supported by Research conducted by Agustina (2014) which shows that the NPL has a positive effect on Stock Return.

b. Effect of Loan Deposit to Ratio (LDR) on Stock Return

Variable Loan Deposit to Ratio has negative and not significant effect of Stock Return. Negative test results to give meaning that the higher LDR ratio shows the higher the credit given by the bank which means there will be an increase in interest in the credit that impacts on the high profit of the bank concerned, so it can be said the financial performance of the bank increases, in other words Loan to Deposit Ratio (LDR) will increase stock return. This is because banks have recently decided to channel lending rates in order to increase income from the credit interest sector. With increased revenue will affect the company's earnings. However, if viewed from the negative results, this is because the income sector is obtained from loans / credits given to other parties. Loans are given the credit risk, namely bad debts that can affect investor confidence in choosing the company to be invested capital. With the low trust in investors is feared stock prices will also fall and will lead to losses in the form of capital loss is the difference in loss from stock price transactions. The result of this research is in line with other research conducted by Liu Jie (2011) which stated that LDR has negative and significant effect to stock return. This is because investors perceive the income earned from credit given to credit risk, ie bad debts with higher proportion of non-current loans and doubtful credit, it is able to influence investor confidence in choosing a company to be used as investment land. With the low trust in investors is feared stock prices will also go down and there is capital loss so that investors do not get a return in accordance with expectations.

c. Influence of Capital Adequacy Ratio (CAR) to Stock Return

Capital Adequacy Ratio variable has a negative and significant effect to Stock Return. This empirical finding is incompatible with the research hypothesis. Negative test results give meaning that Capital Adequacy Ratio (CAR) is one indicator of bank capital health. Capital is a very important factor of the development of bank business. Capital also serves to finance the operation, as an instrument to anticipate risks and as a tool of business expansion. Capital Adequacy Ratio (CAR) shows how much the total assets of banks that contain risks (credit, securities, bills with other banks) participate bank financed. Therefore, with the higher Cap ratio Adequacy Ratio (CAR) if not followed by prudent risk management can adversely affect corporate value through declining stock prices. (Devitra, 2013) and according to Maulana, Salim and Aisjah (2015) that bank capital is measured by Capital Adequacy Ratio (CAR) ratio having a negative and significant effect on Bank Stock Price.

d. Effect of Net Interest Margin (NIM) on Stock Return

Variable Net Interest Margin has a negative and significant effect on Stock Return. This empirical finding is incompatible with the research hypothesis. Negative test results give the meaning that the higher the NIM ratio can cause the Bank's Share Price to decrease. Theoretically, this empirical evidence can be explained that with the increasing NIM ratio indicates that the bank is inefficient in its operations and risk management of banks that do not meet prudential banking principles. Inefficient bank operations and low bank risk management can have a negative impact on bank stock prices in the stock

market. (Devitra, 2013). Similarly, according to Syauta and Widjaja (2009) Ratio NIM has no effect on the volatility of banking stock returns caused by cases subprimemortgage. Sehingga abnormal Return Stock.

e. **Influence Operational Cost / Operating Income (BOPO) on Stock Return**

Operational Cost / Operating Income Variables has positive and significant effect of Return to Share. This empirical finding is incompatible with the research hypothesis. The positive test results mean that the higher the BOPO ratio indicates the more efficient the operational cost management performed by the bank. Operational costs that can be saved, will directly increase operating profit. A good operating profit reflects a healthy company's performance and has a higher profit outlook, which will drive stock prices up. The higher the stock price, the more will increase the difference between the acquisition price of its closing price (margin), which means that the Stock Return is increasing. With these arguments, the authors argue that BOPO is supposed to have a positive and significant effect on the Return of Shares, and this provides the validity of the eleventh hypothesis (H₁₁). (Al Azhar, 2013)

f. **Influence Return on Asset (ROA) on Stock Return**

Variable Return on Asset has negative and significant effect of Stock Return. This empirical finding is incompatible with the research hypothesis. Negative testing results give the meaning that companies that get larger ROAs are inconsistent with larger Stock Returns. The results of this proof indicate that companies with good ROA or increased conditions in the company do not have the potential to attract investors by investors. Investors have confidence in the potential for shares in the company will improve although at some time profitability is not good. This condition makes the Company's Share Price to increase so that the increase in ROA will not affect the Return to the company's shares (Savitri, 2013). Where at the bank the interest rate is used for the payment of assets or loans thus the determination of interest rates to be high, so the stock price is low and the effect on profitability becomes very low.

Determinant Profitability (ROA) and Its Implication On Stock Return (Combined discussion)

The ROA determinant model shows that all independent variables, which consist of NPL, LDR, CAR, NIM and BOPO significantly affect the ROA with a significant level of 10%. The second model which is an implication to Stock Return, with independent variables consisting of NPL, LDR, CAR, NIM, BOPO, and ROA, only LDR variable has no significant effect at 10% significant level (Little, 2007)

Non Performing Loan (NPL) variable has positive and significant effect of Return on Asset (ROA) and Return of Banking Stock. Where the role of Return on Asset (ROA) is inconsistent partial mediators the influence of Non Performing Loan (NPL) to Return Shares at significant level = 0.05 (5%). This indicates that the increase in the ratio of bad debts of banks causes Return on Asset (ROA) of banks to increase and its implications on the Return to banking stocks also increased.

Table 3
Determinant Profitability (ROA) and Implications on Stock Return

Independent Variable	Model 1 (ROA)		Model 2 (Stock Returns)	
	coefficient	Significant / No Significant	coefficient	Significant / No Significant
NPL	0.456692	Significant*	0.051821	No Significant *
LDR	0.748863	Significant*	-0.025000	Significant*
CAR	-0.171828	Significant*	-0.004192	Significant*
NIM	0.082433	Significant*	-0.035248	Significant*
BOPO	-2.051575	Significant*	0.219287	Significant*
ROA	-	-0.098929	Significant*	

Note: *Significant $\alpha = 5\%$, **Significant $\alpha = 10\%$,

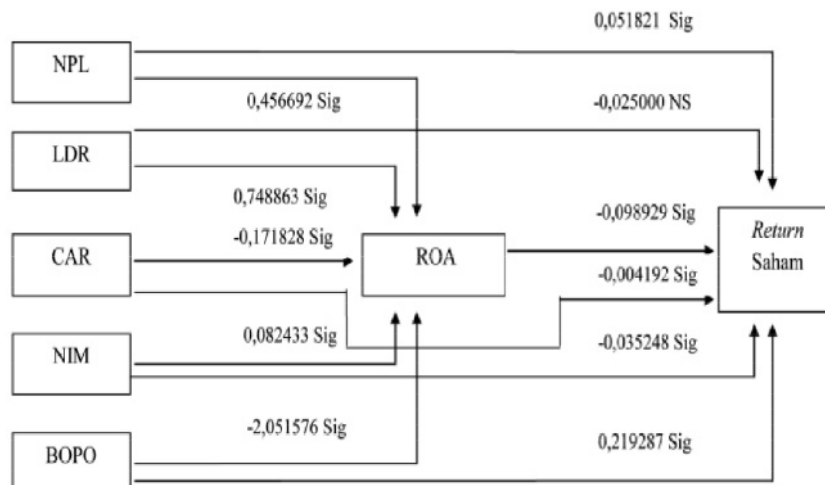


Figure 2: Determinants of Profitability (ROA) and Implications of Stock Returns

Loan to Deposit Ratio (LDR) has a positive and significant influence to Return over Asset (ROA) but it does not have an effect on Stock Return. The role of Return on Asset (ROA) is a full mediator of the influence of the Loan to Deposit Ratio (LDR) to the Stock Return at a significant level $\alpha = 0.10$ (10%), indicating that the increase in the Loan to Deposit Ratio (LDR) ratio will result in an increase in Return on Asset (ROA) the bank increased, but the implication did not affect the increase of banking stock return. There is a negative and insignificant effect of the liquidity ratio represented by LDR (Loan to Deposit Ratio) on Stock Return. This is because banks have recently decided to channel lending rates in order to increase income from the credit interest sector. Of course, with high revenue from the sector can increase banking revenue. With increased revenue will affect the company's earnings.

However, if viewed from the negative results, this is because the income sector is obtained from loans / credits given to other parties. Loans are given the credit risk, namely bad debts that can affect investor confidence in choosing a company to be invested capital. With the low trust in investors is feared Return Shares will also fall and will cause losses in the form of capital loss is the difference in loss from stock price transactions. So that investors do not get the rate of return that is in line with expectations.

Capital Adequacy Ratio (CAR) variables has a negative and significant effect on Return Assets (ROA) and Return of Banking Shares. Where the role of Return on Asset (ROA) is an inconsistent partial mediator influence Capital Adequacy Ratio (CAR) to Return Shares at a significant level $\alpha = 0.05$ (5%). This shows that without having to go through the ROA, then investors can directly invest funds.

Variable Net Interest Margin (NIM) has a positive and significant impact on Return Asset (ROA) and has a negative and significant effect on the Return of Banking Shares. Where the role of Return on Asset (ROA) is a partial mediator influences Net Interest Margin (NIM) to RS at significant level $\alpha = 0.10$ (10%). This shows that the increase in Net Interest Margin (NIM) ratio causes the Bank's Return on Assets (ROA) to increase and the implication of Return on Shares of banks decreased.

Variable Operational Expense / Operating Income (BOPO) has a negative and significant effect on Return on Assets (ROA) and has a positive and significant impact on the Return of Banking stock. Where the role of Return on Asset (ROA) is partial mediators influences of BOPO to Return to Share at significant level $\alpha = 0.05$ (5%) This indicates that the increase of Operating / Operating Revenue (BOPO) ratio causes the Return on Assets (ROA) and the implication of the Return of banking stocks have increased Variable Operational Expense / Operating Income (BOPO) has a negative and significant impact on Return on Assets (ROA) and have a positive and significant impact on the Return of Banking stock. Where the role of Return on Asset (ROA) is partial mediators influences of BOPO to Return to Share at significant level $\alpha = 0.05$ (5%) This indicates that the increase of Operating / Operating Revenue (BOPO) ratio causes the Return on Assets (ROA) and the implication of Return of banking stock has increased.

Conclusions

1. The Non Performing Loan (NPL) variable affects profitability (ROA) positively and significantly, so it is not in line with hypothesis 1.
2. The Loan to Deposit Ratio (LDR) variable affects profitability (ROA) positively and significantly, so that in line with hypothesis 2.
3. Capital Adequacy Ratio (CAR) variables affects profitability (ROA) negatively and significantly, so it is not in line with hypothesis 3.
4. Variable Net Interest Margin (NIM) affects profitability (ROA) positively and significantly, so that in line with hypothesis 4.
5. Operational / Operating Revenue (BOPO) variable affects profitability (ROA) negatively and significantly, so that in line with hypothesis 5.

6. The NPL, LDR, CAR, NIM, and BOPO variables together significantly affect the Return on Assets (ROA). The results of this study are in line with hypothesis 5.
7. Non Performing Loan (NPL) variable influences Stock Return positively and significant. Where the role of Return on Asset (ROA) is an inconsistent partial mediator the influence of Non Performing Loan (NPL) to Return Shares at significant level = 0.05 (5%). so it is not in line with hypothesis 7.
8. Loan to Deposit Ratio (LDR) has positive and significant influence over Return on Asset (ROA), but it does not have an effect on Stock Return. The role of Return on Asset (ROA) is a full mediator of the influence of Loan to Deposit Ratio (LDR) to the Stock Return at a significant level $\alpha = 0.10$ (10%). so it is not in line with hypothesis 8.
9. Capital Adequacy Ratio (CAR) variables has a negative and significant impact on Return on Asset (ROA) and Return Saham banking. Where the role of Return on Asset (ROA) is inconsistent partial mediator effects of Capital Adequacy Ratio (CAR) to Return Saham at significance level = 0.05 (5%) .So not in line with hypothesis 9.
10. Variable Net Interest Margin (NIM) has a positive and significant impact on Return on Asset (ROA) and has a negative and significant effect on the Return of Banking Shares. Where the role of Return on Asset (ROA) is a partial mediator influences Net Interest Margin (NIM) to Return Shares at significant level $\alpha = 0.10$ (10%). So it is not in line with hypothesis 10.
11. Operational / Operating Income Variable Variables (BOPO) has a negative and significant impact on Return on Asset (ROA) and have a positive and significant effect on the Return of Banking Shares. Where the role of Return on Assets (ROA) is a partial mediator influence BOPO to Return Shares at a significant level $\alpha = 0.05$ (5%). So it is not in line with hypothesis 11.
12. Variable Return on Assets (ROA) affects Stock Return negatively and significantly. So it is not in line with hypothesis 12.
13. All Independent Variables consisting of: NPL, LDR, CAR, NIM, BOPO and ROA together significantly influence the Return of Share of Banking Companies listed on the Indonesia Stock Exchange in the period 2010-2014. Of the six Independent Variables affecting Stock Return there is only one Loan to Deposit Ratio (LDR) variable which is not significantly influential So it is not in line with hypothesis 13.

Suggestions

To increase Profitability (ROA), managers must pay attention to existing capital / asset lest there are idle assets, so it can take advantage of opportunities available to give credit to the community in this case increase the ratio of LDR so indirectly will increase the Return to Share which at eventually the investors will be interested.

For investors to not only pay attention to the six variables for investment decision making, because the six variables studied have not represented all the assessment of bank soundness.

Besides that, it is important to note that external factors related to bank interest rates, inflation rate, exchange rate and central bank policy

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