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ABSTRACT

Financial statements are the final records of the accounting process in a certain period that describe the company's performance and are reported and accounted for as an evaluation of future business development. The purpose of this study is to analyze and test the effect of Capital Adequacy Ratio and Non-Performing Loans on Stock Prices through Return on Assets. This research is a quantitative research. The population in this study is banking companies listed on the Indonesia Stock Exchange (IDX) for the period 2018-2021. Data analysis and hypothesis testing in this study used the Structural Equation Model-Partial Least Square (PLS-SEM). The results of the direct influence hypothesis test using the Smart PLS 3.0 application, show that the Capital Adequacy Ratio has a positive but not significant effect on Return On Assets, Non Performing Loans has a significant negative effect on Return On Assets, Capital Adequacy Ratio has a negative but not significant effect on stock prices, Non Performing Loans has a positive but not significant effect on stock prices. Return On Assets has a negative but not significant effect on stock prices. The results of the indirect influence hypothesis test show that the Capital Adequacy Ratio variable to stock prices through Return On Assets has a negative but not significant effect, Non Performing Loans to stock prices through Return On Assets has a positive but not significant effect.

Keywords: Capital Adequacy Ratio, Non Performing Loans, Return On Assets, Stock Price.

I. INTRODUCTION

A company can be said to be healthy if it has good performance. One of the goals of setting up a business is to maximize profit or seek maximum profit. Every company always needs capital to meet daily operational needs and develop the company. This demand for capital is in the form of working capital and purchase of fixed assets.

In order to meet the need for capital, the company must be able to find a source of capital with components that produce the cheapest load. Therefore, companies must be able to manage their finances well for the sustainability of the company itself. The activity of organizing and managing finances is called financial management. The role of financial management is very important for the development of the company and its impact on business continuity and the existence of the company which includes all parties involved in the business.

Financial reports are more useful for decision making, if with this information you can predict what will happen in the future. Financial report analysis is a process for studying financial data so that it can be easily understood to find the financial position, operating results and development of a company by studying the relationship of financial data (Ariyantiningih, 2020:41). Further processing of financial reports with trend analysis, comparison and evaluation, will be able to predict the possibilities that will occur in the future, so this is where the financial statements are needed.

Financial reports need to be presented with indicators that become standard benchmarks for the health of the company itself regarding how much the company is able to handle the risk of loss. Kuncoro and Suhardjono (2011:519) argue that
Capital Adequacy Ratio (CAR) is capital adequacy which indicates the bank's ability to maintain sufficient capital as well as the bank's management expertise in identifying, measuring, supervising, then controlling the risks that arise and can affect the amount of bank capital.

The capital adequacy ratio or Capital Adequacy Ratio is an obligation for every bank that has carried out its operations so that the bank can grow well, face the risk of loss and can compete with other banks. The mixed form of the Capital Adequacy Ratio (CAR) rating will be used as a background to determine the level of soundness assessment of the bank's condition in very good, good, good enough or not good according to the minimum limit of Capital Adequacy Ratio (CAR) which has been determined by BI, which is 8%. Effective as of December 31, 2001.

Bad credit is not new in the world of credit in Indonesia. Bad credit occurs because the debtor or borrower does not make payments in accordance with the terms that have been agreed upon from the start. This incident will of course be a loss for many parties, both the bank and the custo mer. "Non Performing Loan (NPL) is a credit in which there are constraints due to 2 elements, namely by the banking party when reviewing or by the custo mer who intentionally or unintentionally in his obligations does not make payments" (Kasmir, 2013:155).

There are several categories to measure the size of the percentage of non-performing loans due to non-current customers paying installments, with the current category meaning that there are no arrears in payment of principal or credit interest, substandard meaning that there are arrears in payment of principal or credit interest for up to 120 days.

Doubtful is a condition in which principal or interest is in arrears for up to 180 days. Loss means that the debtor is no longer able to continue paying principal or credit interest. Bank Indonesia Regulation No.6/11/PBI/2004 stipulates that the limit for bad credit in banking companies is 5%. The smaller the percentage of Non Performing Loans (NPL), the bank will get a stable profit. Bank distribution is very important to measure the company's effectiveness in obtaining profit its through the utilization of its assets by using Return On Assets (ROA).

According to Hery (2016: 106) "Return On Assets (ROA) is a ratio that shows how much the contribution of assets is in creating net profit. The use of this ratio is to measure how much net profit it will be generated from every rupiah of capital invested in total assets.

Operational travel activities that are running can be improved to increase the opportunity to get a return on investment by knowing the Return on Assets (ROA) of the company. It of ten happens to companies that are to focus on profit its without taking into account Return On Assets (ROA) properly. Even though the Return On Assets (ROA) itself will help to estimate the development and capabilities of the company as a whole. The higher the percentage of Return On Assets (ROA), the better the company's image will be. This will later become the company's attractiveness to investors which will clearly also affect the stock price.

Shares are proof or a sign of ownership of a share of capital in a company. Hayat et al (2018: 253) argue that "Shares are securities that signify ownership of the company so that shareholders have claim rights to dividends or other distributions made by the company to other shareholders."

There are many shares of banking companies that are still low, and only a portion of them reach the target. It was recorded that only one issuer survived the automatic rejection by the Indonesian Stock Exchange (IDX) system when the dealer to sell or buy shares exceeded the set price increase and decrease limit, namely shares with the highest market funding on the Indonesia Stock Exchange (IDX), namely PT. Bank Central Asia Tbk (BBCA), which although it can still be said to be in a safe position from automatic rejection by the Indonesian Stock Exchange (IDX) system when a selling of shares or a request to buy shares exceeds the set price increase and decrease limit, it is still forced to suffer severe corrections 4.40% to the price level of IDR 7,300/share.

Moreover, the influence of the Covid-19 pandemic in recent years has resulted in a decline in stock prices. The decline in shares was caused by a negative view of the company and issuer's shares being affected and the increase in interest rates made demand for stock prices tend to be low. During the Covid-19 pandemic, the company did not remain silent, the stakeholders to gather with the company worked to gather to find solutions to achieve recovery. Therefore, the ratio of capital adequacy and non-performing loans is an important factor affecting the performance of banking companies and their stock performance.

Based on the background above, the researcher is interested in conducting research entitled "Analysis of Factors Influencing Stock Prices in Banking Companies Listed on the Indonesia Stock Exchange with Return On Assets (ROA) as an Intervening Variable".

2. LITERATURE REVIEW

Financial management

Financial management is a series of corporate financial management processes aimed at achieving predetermined financial goals. The main objective of financial management is to ensure the availability of sufficient capital to finance business operations, investments and other activities while maximizing the use of existing financial resources. Financial management includes various important decisions such as controlling cash flows, making investment decisions, sources of capital, managing company assets and liabilities, and managing financial risks.

According to Anwar (2019: 5) "Financial management is a scientific discipline that studies corporate financial governance both in terms of finding sources of funds, allocating funds, and sharing company profit".
The above statement can be concluded, financial management is an activity related to managing and allocating funds effectively to gain profit so that the company's goals can be achieved.

Financial Management Objectives

Basically, financial management has objectives that must be achieved by the company in order to make the right financial decisions. If the objectives of financial management are carried out effectively and efficiently, then the company will get the maximum profit.

According to Mulyawan (2015: 34) "The goal of financial management is to maximize profit and minimize costs (expenses or costs) to obtain maximum decision making in running the company towards development and a running company."

Financial Statements

According to Kasmir (2017: 7) "Financial reports are information that shows the company's financial condition at this time or during a certain period". Irfani (2020: 9) argues that "Financial reports are a company accounting process which is recorded and then becomes a tool to inform interested parties how financial data and activities are carried out by the company". Based on this definition, it can be concluded that financial statements are information on the company's financial condition which is used as a tool to inform interested parties and to assess company performance when making decisions. Financial reports are very important for making and analyzing business decisions, usually used by business owners, creditors, investors, and other parties related to the business.

Purpose of Financial Statements

In general, financial reports aim to provide company financial information and provide financial information to internal companies and external parties who have an interest in the company. Following are some of the objectives of preparing financial reports according to Kasmir (2017: 10-11), namely:
1) Convey information regarding the total assets (assets) owned by the company at this time.
2) Delivering information regarding the total expenses and funds owned by the company at this time.
3) Convey information about the form and total income earned in a certain time.
4) Provide information regarding the total budget and the type of budget issued by the company within a certain period of time.
5) Delivering information regarding the ongoing mutation of the company's assets, liabilities, and funds.
6) Convey information about the management of the company at one time.
7) Convey information regarding the notes to the financial statements.
8) Submit other financial information.

Types of Financial Statements

According to Samrynt (2015: 30) "There are several types of comprehensive financial reports, including balance sheets, profit and loss reports, cash flow reports, reports on changes in capital (equity), as well as notes to financial statements". Based on the description above, the types of reports can be broken down as follows:
1) Balance sheet
   The balance sheet is a report that is arranged systematically which describes the company's financial position over a certain period consisting of assets, equity and liabilities at a certain time.
2) Profit and Loss Report (income statement)
   The income statement is an outline that outlines the total costs and the amount of revenue, and the profit generated by the company within a certain period of time.
3) Statement of Cash Flows (statement of cash flows)
   The cash flow statement provides an overview of the company's remaining cash, broken down into net cash flow from operating activities, net cash flow from investing activities, and net cash flow from capital activities.
4) Report on Changes in Equity or Capital (statement of owners equity)
   The report on changes in capital indicates the transfer of funds from the beginning of the accounting period to the fund at the end of the year after adding profit for the current year and reducing the distribution of profit, such as dividends and privies.
5) Notes to the Financial Statements (note to the financial statement)
   Notes to the financial statements are part of the financial statements which are used to provide an explanation of all the estimates contained in the income statement, balance sheet, and report on changes in capital.

Capital Adequacy Ratio

Capital Adequacy Ratio (CAR) is an indicator of a bank's ability to cover the decline in its assets as a result of bank losses caused by risky assets. According to Wardiah (2013: 295) "Capital Adequacy Ratio (CAR) is the ratio of a bank's ability or the ratio of bank capital adequacy to existing capital to cover possible losses in credit or securities trading." The formula for the Capital Adequacy Ratio (CAR) according to Harmono (2014: 116) is:
Non Performing Loans

According to Kasmir (2013: 155) "Non Performing Loan (NPL) ratio is a loan in which there are obstacles caused by 2 elements, namely by the banking party when reviewing or by the custo mer who intentionally or unintentionally does not make payments in his obligations". Pandia (2012: 34) argues that "Non Performing Loan (NPL) is a ratio that explains how far a bank has used the money of savers (depositor s) to provide credit for its custo mer s, in other words, the to tal money used to provide credit is money that comes from the deposit of the savers".

Based on the explanation above, it can be concluded that a non-performing loan (NPL) is a credit that cannot be fulfilled by the custo mer and has passed the payment deadline. The formula for calculating Non-Performing Loan (NPL) according to Taswan (2010: 164) is:

\[
\text{NPL ratio} = \frac{\text{NPL}}{\text{Total Loan Portofolio}} \times 100\%
\]

Return On Assets

Return On Assets (ROA) is a ratio used to calculate how effective a company is when utilizing its assets for profit. Hery (2016: 106) suggests that "Return On Assets (ROA) is a ratio that shows how big the role of assets is in creating net profit."

Return On Assets (ROA) can be used to compare the utilization of assets between companies in the same industry. If the Return On Assets (ROA) in the company is low, the worse the company's efficiency in using its assets to generate profit. Vice versa, if the higher the company's Return On Assets (ROA), the better the company's efficiency in using its assets to generate profit.

The Return On Assets (ROA) ratio formula according to Sudana (2015:25) is as follows:

\[
\text{Return On Assets (ROA)} = \frac{\text{Earning after taxes}}{\text{Total assets}}
\]

Stock price

The share price is the price of a share traded on the stock exchange or capital market. Jogiyanto (2016: 8) states that "Share price is the price of a share that occurs on the stock exchange at a certain time determined by market participants and determined by the demand and supply of the relevant shares in the capital market".

Wiryaningtyas (2020:151) stated that "The share price is the closing price of the stock market during the observation period for each type of stock that is sampled and its movements". This study uses the closing stock price (closing price).
Conceptual Framework
The conceptual framework of this study is as follows:

![Diagram](image)

Figure 1

Research Hypothesis
Based on the conceptual framework of the research, the following hypotheses can be developed:

H1 : Capital Adequacy Ratio (CAR) has a significant effect on Return On Assets (ROA);
H2 : Non Performing Loans (NPL) has a significant effect on Return On Assets (ROA);
H3 : Capital Adequacy Ratio (CAR) has a significant effect on stock prices; H4 : Non Performing Loans (NPL) has a significant effect on stock prices;
H6 : Capital Adequacy Ratio (CAR) has a significant effect on stock prices through Return On Assets (ROA);
H7 : Non Performing Loans (NPL) has a significant effect on stock prices through Return On Assets (ROA).

3. RESEARCH METHODS

Research design
Research design is a plan in research for direction or guidance in the research process. Before conducting research, the research design must be considered so that the planning runs effectively and efficiently. According to Arikunto (2010: 106) defines that “The research design is the overall design plan of a research that will be carried out and will be used as a guide in conducting research”.

The research method used in this research is quantitative research. According to Kusumastuti et al (2020:2) “Quantitative research methods are methods for testing certain theories by examining the relationships between variables.”

Place and time of research
The location of this research was not carried out directly to the field, but collected the necessary data using secondary data obtained from the Indonesia Stock Exchange by accessing the official website via [www.idx.co.id](http://www.idx.co.id) in the form of an annual report on banking companies for the 2018-2021 period. The time of this research was conducted for three months, from February to April 2023.

Population and Sample
According to Sugiyono (2017: 80) "Population is an even distribution area consisting of subjects or objects that have certain weights and characteristics determined by researchers to study and then draw conclusions". The population in this study is data from 58 banking companies listed on the IDX for the 2018-2021 period so that researchers can analyze and observe company developments at that time.

Siyoto and Sodik (2015: 64) argue that "The sample is a part of the whole and the characteristics possessed by the population, or a small part of the members of the population who are taken following certain procedures so that they can represent the population". The sample used in this study is part of all banking companies listed on the Indonesia Stock Exchange for the 2018-2021 period. The sampling technique in this study is by using purposive sampling technique. Sugiyono (2017:85) states that "Purposive sampling is a sampling technique with certain considerations".

The sample in this study were 8 companies. The number of financial reports contained in the study for 4 years. Based on these observations, the sample obtained can be multiplied by the number of financial reports from the 2018-2021 period. A sample of 8 companies x 4 years = 32 research data.
Variable Identification
Independent Variable (X)

Independent (independent) variables are variables that affect or cause changes or the emergence of the dependent (dependent) variable.” (Sugiyono, 2017:38). The independent variables used in this study consist of:
1) Capital Adequacy Ratio (X1)
2) Non Performing Loans (X2)

Intervening Variable (Y1)
According to Sugiyono (2017: 62) “The intervening variable is generally called the mediating variable because the location of this variable is in the middle of the independent variable and the dependent variable, meaning that the independent variable cannot directly affect the dependent variable. Can affect directly if it has a causal relationship. The intervening variable used in this study is Return On Assets (Y1).

Dependent Variable (Y2)
According to Sugiyono (2017: 39) “The dependent variable is the variable that is affected or becomes the result because of the independent variable”. The dependent variable is a variable that cannot affect other variables. The dependent variable in this study is stock price (Y2).

Data collection technique
Observation
Observation is a direct observation that is carried out as a process of taking or collecting data before being processed for research. According to Hermawan (2016: 37) “The observation method includes recording the behavior patterns of people, objects and events in a systematic way to obtain information about the phenomena of interest.” This observation technique is the first step to observe and sort secondary banking company data in the form of financial reports and obtained through the Indonesia Stock Exchange.

References
Firdaus (2021:10) states that "Data collection techniques are literate scientific works such as books, proceedings, journals, notes, magazines, newspapers, and other scientific publications which can be used as a basis for theory/thinking to solve research problems.” Literature is taken from theses, books, journals and the internet. This literature study technique is used to retrieve and dig deeper into information from various literature to be taken into consideration and add information related to the research to be carried out.

Documentation
According to Riyanto (2020:28) “Documentation is data collected or collected from past events. Documentation data can be in the form of writings, works, drawings, results of observations or interviews and so on. The technique used in this study is to use secondary data documentation obtained from financial reports published by the Indonesia Stock Exchange on the official website www.idx.co.id.

Data Analysis Methods
The data analysis method is a stage in the research process where the data obtained after being processed is analyzed to get conclusions when making decisions. If the analytical technique used is met properly, it will get effective results.

4. RESULTS AND DISCUSSION Data
Description
This study is intended to analyze the effect of the variables X1 Capital Adequacy Ratio (CAR) and X2 Non-Performing Loans (NPL) on Y2 Stock Prices with Y1 Return On Assets (ROA) as an intervening variable in conventional banking companies for the 2018-2021 period. The data used in this study is secondary data obtained from the official website of the Indonesian Stock Exchange (IDX), namely www.idx.co.id. In the form of an annual report (annual report) for 4 years at the banking company that became the research sample. Sampling in this study was using a purposive sampling technique and companies that met the criteria for sampling were 8 companies.
Multicollinearity Classical Assumption Test

According to Ghazali (2018: 105) "The multicollinearity test aims to test whether the regression model found a correlation between independent variables 1. The multicollinearity test was carried out with the aim of testing whether the regression model found a correlation between the independent variables. The multicollinearity test can be identified by looking at the Collinearity Statistic (VIF) value in "Inner VIF Values" in the analysis results of the partial least square Smart PLS 3.0 application. The results obtained are as follows:

Table 1

<table>
<thead>
<tr>
<th>Research variable</th>
<th>X1 Capital Adequacy Ratio</th>
<th>X2 Non-Performing Loans</th>
<th>Y1 Return On Assets</th>
<th>Y2 Stock Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1 Capital Adequacy Ratio</td>
<td>1.070</td>
<td>1.152</td>
<td></td>
<td></td>
</tr>
<tr>
<td>X2 Non-Performing Loans</td>
<td>1.070</td>
<td>1.219</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Y1 Return On Assets</td>
<td></td>
<td></td>
<td>1,288</td>
<td></td>
</tr>
<tr>
<td>Y2 Stock Price</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Based on the results of the analysis on the Smart PLS 3.0 partial least squares application, it is said that there is no violation of the classic "Multicollinearity" assumption because the VIF (variance inflation factor) value is ≤ 5.00 (green numbers), meaning that the independent variables do not influence each other.

Classical Normality Assumption Test

According to Ghazali (2018: 28) "To find out the normal Excess Kurto sis value with an alpha of 0.01 does not move away from the median value between -2.58 to 2.58". The normality test was carried out with the aim of knowing whether each research data for each variable has a normal distribution or not, meaning that the data distribution does not move away from the median value which has a high standard deviation. The research results are said not to violate the assumption of normality if the Excess Kurto sis or Skewness values are in the range -2.58<CR<2.58. This analysis was processed using the Smart PLS 3.0 partial least square application. The results obtained are as follows:

Table 2

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Excess Kurto sis</th>
<th>Skewness</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>X1</td>
<td>-1.097</td>
<td>-0.020</td>
<td>Normal</td>
</tr>
<tr>
<td>X2</td>
<td>-0.371</td>
<td>0.423</td>
<td>Normal</td>
</tr>
<tr>
<td>Y1</td>
<td>-0.301</td>
<td>0.068</td>
<td>Normal</td>
</tr>
<tr>
<td>Y2</td>
<td>-0.337</td>
<td>1.269</td>
<td>Normal</td>
</tr>
</tbody>
</table>

Based on the results of the analysis on the Smart PLS 3.0 partial least squares application, it shows that the excess kurto sis or skewness values are in the range -2.58<CR<2.58, which means that the data distribution of all indicators is normally distributed.

Determination Coefficient Test

The coefficient of determination is a way to determine the best level of accuracy in regression analysis and is also the squared number of the correlation coefficient. The value of the coefficient of determination (R2) ranges from 0-1 (0 < R2 < 1). According to Ghazali (2018: 97) "The test for the coefficient of determination is generally an analysis in the structure of structural equations by looking at the value of R-Square". This can be seen through R-Square for the dependent variable. Changes in the R-Square value can be used as the value of the influence between certain independent latent variables on the dependent latent variable. Furthermore, in knowing this value, this research uses the Partial Least Square Smart PLS 3.0 application. To explain the high and low coefficient of determination analyzed, the following guidelines are used:
Table 3

<table>
<thead>
<tr>
<th>No.</th>
<th>Statement</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>&lt;4%</td>
<td>Very low influence</td>
</tr>
<tr>
<td>2</td>
<td>5% - 16%</td>
<td>Low impact but sure</td>
</tr>
<tr>
<td>3</td>
<td>17% - 49%</td>
<td>Influence is significant</td>
</tr>
<tr>
<td>4</td>
<td>50% - 80%</td>
<td>High or strong influence</td>
</tr>
<tr>
<td>5</td>
<td>&gt;80%</td>
<td>Very high influence</td>
</tr>
</tbody>
</table>

Source: Supranto (2013:27)

The coefficient of determination or inner model test was carried out to test the relationship between exogenous and endogenous constructs that have been hypothesized. This test can be known through the R-Square value for the dependent variable. Changes in the R-Square value can be used to assess the effect of certain independent latent variables on the dependent latent variable. The following presents the results of the R-Square test on the Smart Pls 3.0 partial least square analysis:

Table 4

<table>
<thead>
<tr>
<th>Dependent variable</th>
<th>R Square</th>
<th>Adjusted R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y1 Return On Assets</td>
<td>0.223</td>
<td>0.170</td>
</tr>
<tr>
<td>Y2 Stock Price</td>
<td>0.225</td>
<td>0.142</td>
</tr>
</tbody>
</table>

Based on the table, it can be interpreted that:

a. Capital Adequacy Ratio (X1) and Non-Performing Loan (X2) variables affect Return On Assets (Y1) by 0.22 (22%) which shows a significant effect, while the remaining 78% is influenced by other variables not included in this study.

b. The variables Capital Adequacy Ratio (X1) and Non-Performing Loans (X2) affect the stock price (Y2) by 0.23 (23%) which shows a significant effect, while the remaining 77% is influenced by other variables not included in this study.

Structural Equation Analysis (inner model)

Inner model is a concept in Structural Equation Modeling (SEM) analysis which refers to the relationship between latent variables in the model being tested. The inner model serves to predict causal relationships between latent variables or variables that cannot be measured directly.

The results of the research analysis using Smart PLS (Partial Least Partial) analysis, then a structural equation is made as follows:

a. Structural equation (inner model)

The statistical test results can then be explained in the inner linear model equation as follows:

\[ Y_1 = b_1X_1 + b_2X_2 + e \]
\[ = 0.253X_1 - 0.340X_2 + e \]
\[ Y_2 = b_3X_1 + b_4X_2 + e \]
\[ = -0.260X_1 + 0.191X_2 + e \]
\[ Y_3 = b_5Y_1 + e \]
\[ = -0.185Y_1 + e \]

b. Structural equation (inner model) with intervening variables

The results of the structural equation using the intervening variables are as follows:

\[ Y_2 = b_3X_1 + b_4X_2 + b_5Y_1 + e \]
\[ = -0.260X_1 + 0.191X_2 - 0.185Y_1 + e \]

Research Hypothesis Test
PLS Structural model test results
1) Hypothesis 1. Capital Adequacy Ratio (X1) has a significant effect on Return On Assets (Y1)
   The results of the first hypothesis test with reference to the value of the original sample namely positive (0.253), the T-Statistic value is 1.450 (<1.964) with a P Value of 0.148 (>0.05), it can be concluded that the Capital Adequacy Ratio (X1) has a positive but not significant effect on Return On Assets (Y1), thus Hypothesis 1 is rejected.

2) Hypothesis 2. Non-Performing Loans (X2) have a significant effect on Return On Assets (Y1)
   The results of the second hypothesis test with reference to the original sample value, which is negative (0.340), the T-statistic value, which is 2.401 (>1.964) with a P value of 0.017 (<0.05), it can be concluded that Non Performing Loans (X2) have a significant negative effect on Return On Assets (Y1), thus the 2nd Hypothesis is accepted.

3) Hypothesis 3. Capital Adequacy Ratio (X1) has a significant effect on stock prices (Y2)
   The results of the third hypothesis test with reference to the original sample value, which is negative (0.260), the T-statistic value, which is 1.710 (<1.964) with a P value of 0.088 (>0.05), it can be concluded that the Capital Adequacy Ratio (X1) has a negative but not significant effect on stock prices (Y2), thus the 3rd Hypothesis is rejected.

4) Hypothesis 4. Non-performing loans (X2) have a significant effect on stock prices (Y2)
   The results of the fourth hypothesis test with reference to the original sample value, which is positive (0.191), the T-statistic value, which is 1.262 (<1.964) with a P value of 0.208 (>0.05), it can be concluded that Non-Performing Loans (X2) have a positive but not significant effect on stock prices (Y2), thus the 4th Hypothesis is rejected.

5) Hypothesis 5. Return On Assets (Y1) has a significant effect on stock prices (Y2)
   The results of the fifth hypothesis test with reference to the original sample value, which is negative (0.185), the T-statistic value, which is 0.962 (<1.964) with a P value of 0.337 (>0.05), it can be concluded that Return On Assets (Y1) has a negative but not significant effect on stock prices (Y2), thus the 5th Hypothesis is rejected.

6) Hypothesis 6. Capital Adequacy Ratio (X1) has a significant effect on stock prices (Y2) through Return On Assets (Y1)
   The results of the sixth hypothesis test with reference to the value of the original sample namely negative (0.047), the T-Statistic value is 0.678 (<1.964) with a P Value of 0.498 (>0.05), it can be concluded that the Capital Adequacy Ratio (X1) to stock prices (Y2) through Return On Assets (Y1) has a negative but not significant effect, thus the 6th Hypothesis is rejected.

7) Hypothesis 7. Non-Performing Loans (X2) have a significant effect on stock prices (Y2) through Return On Assets (Y1)
   The results of the seventh hypothesis test with reference to the value of the original sample namely positive (0.063), the T-Statistic value is 0.812 (<1.964) with a
P Value of 0.417 (>0.05), it can be concluded that Non-Performing Loans (X2) on stock prices (Y2) through Return On Assets (Y1) have a positive but not significant effect, thus the 7th Hypothesis is rejected.

Discussion
Effect of Capital Adequacy Ratio on Return On Assets
The results of the first hypothesis test stated that the Capital Adequacy Ratio (X1) had a positive but not significant effect on Return On Assets (Y1) with the original sample value being positive (0.25) and the P Value being 0.15 (<0.05), thus H1 is rejected. Based on the test, it can be concluded that increasing the Capital Adequacy Ratio does not affect Return On Assets. A high Capital Adequacy Ratio can have a positive impact on Return On Assets because conventional banks have sufficient capital to cover possible losses and can minimize the risks taken in providing loans and managing operational risks. The results of this study reject the findings of previous research by Rembet and Baramuli (2020) that the Capital Adequacy Ratio has a significant effect on Return On Assets.

The Effect of Non-Performing Loans on Return On Assets
The results of the second hypothesis test with reference to the original sample value is negative (0.26) and the P value is equal to 0.02 (<0.05), it can be concluded that Non Performing Loans (X2) has a significant negative effect on Return On Assets (Y1), thus H2 is accepted. Based on the test, it can be concluded that high Non-Performing Loans are likely to experience decreased income, increased costs, and decreased profits which will ultimately have an impact on Return On Assets. Therefore, conventional banking must manage credit risk properly and reduce the level of Non-Performing Loans to increase Return On Assets and overall financial performance. The results of this study support previous research by Novianti (2020) that non-performing loans have a negative effect on return on assets.

Effect of Capital Adequacy Ratio on stock prices
The results of the third hypothesis test with reference to the original sample value is negative (0.34) and the P value is equal to 0.09 (>0.05), it can be concluded that the Capital Adequacy Ratio (X1) has a negative but not significant effect on stock prices (Y2), thus H3 is rejected. Based on the test, the increase in the Capital Adequacy Ratio is due to the correlation between banking health and stability which can provide confidence to investors and encourage demand for the bank's shares. The Capital Adequacy Ratio may not be the main factor that investors pay attention to in assessing the stock price. Earnings growth rate, asset quality, banking reputation, risk management and dividend policy can also affect stock prices. The results of this study reject the results of previous research by Ziliwu (2020) that the Capital Adequacy Ratio has a significant effect on stock prices.

The Effect of Non-Performing Loans on Stock Prices
The results of the fourth hypothesis test with reference to the original sample value is positive (0.19) and the P value is equal to 0.21 (>0.05), it can be concluded that Non-Performing Loans (X2) have a positive but not significant effect on stock prices (Y2), thus H4 is rejected. Based on the test, it can be concluded that the decline in Non-Performing Loans is considered a positive indicator for the health and stability of the banking system which can provide confidence to investors and encourage demand for these shares. Non-Performing Loans can indicate poor credit quality and a high level of credit risk for conventional banking. If Non-Performing Loans are a large part of the conventional banking loan portfolio, then this can affect stock prices. The results of this study reject the results of previous research by Martanorika (2019) that non-performing loans have a negative and significant effect on stock prices.

The Effect of Return On Assets on Stock Prices
The results of the fifth hypothesis test with reference to the original sample value is negative (0.19) and the P value is equal to 0.34 (>0.05), it can be concluded that Return On Assets (Y1) has a negative but not significant effect on stock prices (Y2), thus H5 is rejected. Based on the test, it can be concluded that high Return On Assets illustrates that banks have the ability to generate good profit from their assets, thus driving demand for bank shares and attracting investors. However, the effect of Return On Assets is not always significant on stock prices. This can be caused by unstable market conditions, investor sentiment or unfavorable economic conditions. The results of this study reject the results of Amalya's research (2018) that Return On Assets has a significant influence on stock prices.

Effect of Capital Adequacy Ratio on stock prices through Return On Assets
The results of the sixth hypothesis test with reference to the original sample value is negative (0.05) and the P value is equal to 0.50 (>0.05), it can be concluded that the Capital Adequacy Ratio (X1) has a negative but not significant effect on stock prices (Y2) through Return On Assets (Y1), thus H6 is rejected. Based on the test, it can be concluded that although the Capital Adequacy Ratio has an important role in demonstrating the strength and stability of conventional banking. The effect on stock prices through Return On Assets is not always
significant. This can be caused by the size of conventional banking and dependence on external capital. Therefore, conventional banking needs to manage properly and communicate effectively to increase investor confidence to invest. The results of this study reject research findings by Rembet and Baramuli (2020) that the Capital Adequacy Ratio has a significant effect on Return On Assets and Amalya (2018) that Return On Assets has a significant influence on stock prices.

The Effect of Non-Performing Loans on Stock Prices through Return On Assets

The results of the seventh hypothesis test with reference to the original sample value is positive (0.06) and the P value is equal to 0.42 (>0.05), it can be concluded that Non-Performing Loans (X2) have a positive but not significant effect on stock prices (Y2) through Return On Assets (Y1), thus H7 is rejected. High Non-Performing Loans can indicate that conventional banking is also encounter high credit risk. This can be a major indicator of the financial weakness of a conventional bank and can affect the performance and price of its shares, but this may not always have a significant effect. The effect of Non-Performing Loans on stock prices through Return On Assets varies, depending on the company's financial and operational conditions. In addition, investors may be more focused on fundamental aspects and long-term prospects such as revenue growth, profit margins, and so on.

5 CONCLUSIONS AND SUGGESTIONS

Conclusion

Based on the results of the analysis and discussion that have been described previously, several conclusions can be drawn from the overall research results, namely as follows:
1. Capital Adequacy Ratio has a positive but not significant effect on Return On Assets (H1 is rejected)
2. Non Performing Loans has a significant negative effect on Return On Assets (H2 accepted)
3. Capital Adequacy Ratio has a negative but not significant effect on stock prices (H3 is rejected)
4. Non Performing Loans has a positive but not significant effect on stock prices (H4 is rejected)
5. Return On Assets has a negative but not significant effect on stock prices (H5 is rejected)
6. Capital Adequacy Ratio on stock prices through Return On Assets has a negative but not significant effect (H6 is rejected)
7. Non Performing Loans on stock prices through Return On Assets has a positive but not significant effect (H7 is rejected)

Suggestion

Companies

The results of this research can serve as a guide for conventional banking companies to pay more attention to or prioritize Non-Performing Loans rather than the Capital Adequacy Ratio at this time, and become a reference for banking management in making policies and information that can help make decisions that have an impact on stock prices.

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The results of this study for the University can become the basis of knowledge and information for the academic community regarding the analysis of the factors that influence stock prices with Return on assets as an intervening variable.

Other Researchers

The results of this study for other researchers should be used as reference material and reference for developing research models related to stock prices and in accordance with current scientific needs. Further researchers can develop research by increasing the number of samples and using other variables so that the results of research variables that have a greater influence on stock prices can be found.

REFERENCES


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