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Analysis of Sharia Banking Stock Returns in Indonesia in 2021-2024

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Abstract

This study aims to analyze whether Return On Asset, Return On Equity, and Net Profit Margin have a significant influence on Stock Returns. This research was conducted using the object of Islamic banking companies listed on the Indonesia Stock Exchange for the 2021-2024 period. The method used in this analysis is multiple linear regression with the help of E-views software 13. The tests include model selection tests, classical assumption tests, and multiple linear regression tests. Sampling was carried out using a saturated sampling technique with a sample of 4 Islamic banking companies listed on the Indonesia Stock Exchange, namely Bank Syariah Indonesia Tbk, Bank Tabungan Pensiunan Negara Tbk, Bank Panin Dubai Syariah Tbk, and Bank Aladin Syariah Tbk. Data is obtained from the monthly reports of each company for the 2021-2024 period, and stock return data is taken from the closing stock price every month. Based on the feasibility test, ROA, ROE, and NPM simultaneously do not affect Stock Returns. Then, based on the t-test analysis, it was stated that ROA significantly affected Stock Returns. In contrast, ROE and NPM did not significantly affect Stock Returns in Islamic banking companies listed on the Indonesia Stock Exchange for the 2021-2024 period.

Keyword: Stock Return, ROA, ROE, NPM

Introduction

Islamic banking is one of the sectors that facilitates Indonesia's economic growth. The majority of the population is Muslim, making Islamic banking the central pillar of an economy based on sharia principles. Efforts to improve the quality and number of Islamic banks can be seen in their performance. Indicators of the health or not of Islamic banking performance greatly influence potential investors in allocating their funds to invest in the banking company sector. According to Almunawwaroh & Marliana (2018), to create a company that has good financial synergy, the company needs to develop the financial flow performance of the company. The economic condition in a country is not only from the banking line, but there are other financial lines, namely the capital market. The capital market and banking certainly have ties to each other. The capital market has an unusual role compared to other money markets. To create a company with good financial synergy, the company needs to develop its financial flow performance. The economic condition in a country is not only from the banking line, but there are other financial lines, namely the capital market. The capital market and banking certainly have ties to each other. The capital market has an unusual role compared to other money markets. The role of the capital market in being a benchmark for the economy in Indonesia. The capital market is a forum for business funding for companies because companies will get capital from investors and benefits for the community namely the public can invest in securities instruments in the capital market. One of the instruments in the capital market that investors most enjoy is stocks because of their high return and high-risk characteristics (Putri & Syaichu, 2023). Investors in the capital market, especially in stocks, are not only workers but students who also take a role in becoming investors (Adela Putri et al., 2023). Investors who allocate investment funds to stock instruments will get capital gains and dividends, but beyond that, there are risks that must be faced, such as capital loss and liquidity risk (Yosepha R & Ermalina, 2021).

Stock return is the output received by an investor after allocating the funds he owns with proof of ownership in the form of shares in a chosen company (Nasution, 2023). According to Adnyana (2020) stock return is a combination of dividends and capital gains or capital losses, so it is necessary to measure the performance of stock returns of Islamic banking companies in order to be a view for investors of which banking companies are healthy or not. An investor certainly wants to get a high expected return with the fundamental analysis that he has gone through, but in reality, investors are often faced with different circumstances between expected returns and actual returns (Mardiah & Wana, 2020). The stock return of a company greatly affects investors' perceptions of investing, the perception of investors in

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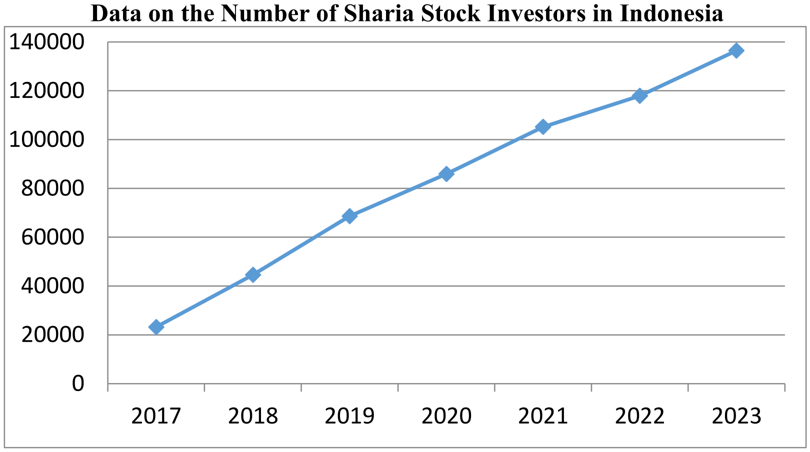
stock returns will affect how investors act in allocating their investment funds (Astuti et al., 2022). Here, it can be seen that the performance of stock returns in banking greatly affects the reaction of investors to see whether the banking company is healthy so that investors will get good reciprocity when investing. If the company can generate large stock returns for investors, it has succeeded in showing its ability to perform healthily, especially in terms of its financial statements. Measuring stock return performance, one of which is using financial ratios, is seen in terms of fundamental analysis; by looking at financial ratios, especially profitability ratios, investors can predict the expected return of the company's shares. The profitability ratio is used to show how much profit is earned by a company so that the profitability ratio can be an option for investors to assess the stock return performance of a company(Sholihah & Prajawati, 2017). Investors will have a high interest in choosing a company with healthy financial report performance so that a better profitability ratio can affect the performance of stock returns (Romdhoni et al., 2023). Therefore, the profitability ratio is one of the financial benchmarks that can assess how well a company performs based on its profits. The greater the profit obtained, the greater the return received by investors.

This research was obtained from previous research belonging to Salam et al., (2020), in a study entitled "The Effect of ROA, ROE, and NIM on Stock Returns of State-Owned Banks" with a research period ranging from 2015-2019, it was explained that the ratio of ROA and ROE affects stock returns, while NIM does not have an impact on stock returns. Still, simultaneously these three ratios influence stock returns. Proprietary research Affan & Nuswantoro (2023), explaining the influence of ROA, ROE, and NPM on banking stock prices in the 2019-2021 period, it was found that ROA affects stock prices, while ROE and NPM do not affect stock prices, but these three ratios simultaneously affect stock prices. Other research is described in the research of Veronika Dora Wesso et al., (2022). It was explained that the ROA, ROE, and DER ratios affect stock returns, and these three variables affect stock returns together. Research on Rosyid & Khofifah (2020) explained that the ratio of DER and ROE does not affect stock returns, while ROA and EPS affect stock returns, a case study on banking companies listed on the IDX in 2017-2021, and simultaneously DER, ROA, ROE, and NPM have an effect on stock returns. Other research is on Leki (2021)The study examined the effect of ROA, ROE, EPS, and EVA on stock returns in LQ45-indexed companies, stating that all independent variables partially or simultaneously had no effect on stock returns. Proprietary research Jun et al., (2022) Examining the relationship between the ratio of ROA, ROE, NPM, and DER to stock returns in aluminum and gold industry companies, it was found that partially ROE and DER have an effect on stock returns. In contrast, ROA and NPM do not affect stock return, but stimulantly, all dependent variables have an effect on stock returns. Proprietary research Amanda & Zulkifli (2023) explaining the influence of ROE, ROA, PER, DER, and NPM on the manufacturing industry of the goods and consumption sector on stock returns in the study, it was found that all independent variables had a positive effect on stock returns.

Data on the Number of Sharia Stock Investors in Indonesia



Source: IDX (processed by the author 2024)

Based on data, the number of sharia stock investors in Indonesia is increasing every year. It was recorded that in 2017, there were as many as 23,207 investors, and in 2018, there were 44,536 investors. It continues to increase every year in 2019 and managed to reach 68,599 investors in sharia stocks. Even though in 2020 there was a COVID-19 pandemic, the Islamic capital market still continued to provide financial literacy for Islamic stocks, so it managed to register 85,889 investors. In the second year of the COVID-19 pandemic, even Sharia stock investors penetrated 105,174 investors. This certainly makes a strong foundation for the sharia capital market in Indonesia. The following year also experienced a significant increase, according to sources from IDX, recorded 117,942 investors in 2022. It is increasing every year; in 2023, there will be 136,418 sharia stock investors in Indonesia. The latest data from the IDX until August 2024 recorded that the number of Islamic stock investors in Indonesia reached 151,560 investors. This shows that the Islamic capital market continues to grow yearly, so the Islamic banking sector should be able to compete with conventional banks to contribute to the capital market.

Sharia Stock Industry Sector in Indonesia

Source: OJK (data processed by the author in 2024)

In reality, according to sources from the OJK, the financial sector still cannot dominate in the sharia stock sector. It was recorded that the non-primary sector was the sector that contributed the most in sharia stocks at 17.43%, followed by primary consumer goods at 13.97%. It is recorded that the financial sector can only contribute as much as 1.1% of the total industrial sector in the Islamic capital market. In fact, there are only 4 Islamic banks listed on the Indonesia Stock Exchange. As an industry that supports the economy in Indonesia, Islamic banking should be able to play an active role and make a real contribution to the growth of Islamic stocks in the Islamic capital market. However, in reality, it is stated that only a few Islamic banking industries have a role in financial transactions and contribute to the capital market, especially the Islamic capital marketData from Islamic banking is still not able to master the role in the Islamic capital market, and this is contrary to the fact that the majority of Indonesia's population is Muslim and the number of Islamic stock investors, especially in the Islamic capital market. According to Anisya Wulan Purnama, (2023) Interest in investing in the sharia capital market has grown significantly, especially considering that the majority of the Indonesian population is mostly Muslim. So, what makes the Indonesian people not have a high interest in investing in Islamic banking companies.

Based on the description described above, researchers will examine the role of profitability ratios, namely ratios to measure profit performance in Islamic banking companies listed on the Indonesia Stock Exchange, whether the profitability ratio can measure good Islamic banking performance and will affect stock return performance so that many investors invest in the banking sector, especially in the Islamic banking sector, so that the following problems can be formulated: Do ROA, ROE, and NPM ratios affect stock returns in Islamic banking companies listed on the Indonesia Stock Exchange in 2021-2024?

REVIEW LITERATUR DAN HIPOTESIS

Signaling Theory

Signal Theory was first proposed by Michael Spence in 1973. This theory explains the relationship formed between the owner of information and the recipient of information in the form of information signals(Mahendra & Daljono, 2023). Then according to Akuba et al., (2021) explained that the existence of this signal can provide clues because there is a connection between company information to parties who have a connection with the information. The information relationship formed between the information's owner and the recipient indicates that the signal is linearly intertwined. Investors will easily assess how the company is performing by capturing the signals given by the company (Wahyudi, 2021). In this case, the assumption of the signal in question is accurate information related to the company's management or financial statements. The company publishes its financial statements to make it easier for investors to capture the information needed to assess whether the company is performing well.

Stock Return

Stock return is the return that an investor gets on the capital he invests in a company he chooses. According to Jogiyanto (2008) Stock return is a change in stock price caused by supply and demand, causing a difference in value between stock prices. Stock returns are influenced by signals formed from the capital market and will vary depending on the sentiment and rumors of the company (Fonou-Dombeu et al., 2022). Stock returns can be divided into two according to Adnyana (2020), namely realized stock returns and expected returns, in this study using realized stock returns from the historical history of stock prices and dividends distributed to investors. Stock return is a combination of capital gains or capital losses and dividends. At the time of the dividend announcement, information about the increase and decrease in dividends will certainly give signals to investors either positively or negatively, so this will have an impact on the stock price. Generally, the stock price will change after the dividend announcement, which means that it will affect the stock returns that investors will receive (Zebua, 2018). According to Kholilah (2015), To calculate the stock return formula if there is a dividend, the dividend value will be added to the calculation, and then the formula becomes:

$$\text{Stock Return} = \frac{\text{Stock Price}_1 - \text{Stock Price}_0}{\text{Stock Price}_0} + \text{Dividend}$$

Return on Asset (ROA)

Return On Asset is an indicator used to determine the quality of a company or bank in generating net profit when compared to the total assets owned by the company (Sitaneley et al., 2021). Return on assets shows how much net profit a company generates from all its assets, so it can be a benchmark for investors in analyzing the fundamentals of a company (Ghozali et al., 2021). In this regard, the company will try its best to get greater profits so that the ROA ratio will grow, reflecting the company's performance and running well for investors later. Banking companies are also a special concern for investors because banks grow with customer funds stored in banks, so banks will continue to strive to develop their profits and assets. This certainly happens because the greater the ROA generated, the more effective the company is in developing the total assets owned to obtain a net profit after tax.

$$\text{ROA} = \frac{\text{Net Income}}{\text{Average Total Aset}} \text{ X } 100\%$$

Table 1. Criteria for Determining the Health Level of ROA

Ranking	Description	Criteria
1	ROA > 1,5%	Very Healthy
2	1,25% < ROA ≤ 1,5 %	Healthy
3	0,5% < ROA ≤ 1,25%	Fairly Healthy
4	0% < ROA ≤ 0,5%	Less Healthy
5	ROA ≤ 0%	Not Healthy

Source: Codification of Bank Health Assessment

Return On Equity (ROE)

Return On Equity (ROE) is the most common ratio used by investors to see how the company's performance is seen in terms of profits obtained. ROE can be interpreted as a ratio that assesses a company's performance by comparing its net profit with the company's total equity or core capital (Octovian & Fahira, 2022). According to Artamevia & Trinoyowati (2022), The Return On Asset (ROE) ratio represents the level of ownership or wealth of shareholders. So that the ROE ratio can be a reference for shareholders because a high ROE can prove that the company can generate high profits also for investors (Prayitno et al., 2023). In general, ROA and ROE both look like they show the company's performance and how it generates profits, but it can be underlined here that the ROE ratio is focused on equity capital. This is very beneficial for investors because investors can directly see how to manage equity capital or ownership funds owned by shareholders to generate profits.

$$\text{ROE} = \frac{\text{Net Income}}{\text{Average Total Equity}} \text{ X } 100\%$$

Table 2. Criteria for Determining the Health Level of ROE

Ranking	Description	Criteria
1	ROE > 15%	Very Healthy
2	12,5% < ROE ≤ 15 %	Healthy
3	5% < ROE ≤ 12,5%	Fairly Healthy
4	0% < ROE ≤ 5%	Less Healthy
5	ROE ≤ 0%	Not Healthy

Source: Codification of Bank Health Assessment

Net Profit Margin (NPM)

Net Profit Margin (NPM) is a ratio that a company uses to analyze the profitability of the total revenue earned, as well as to indicate how much profit is from the company's revenue (Yuningsih, 2020). Total banking revenue is obtained from fund distribution, commission income, and other income. The margin referred to here shows the correlation between net profit after tax and total sales. A higher NPM value means that the company indicates a good signal for investors considering that the company can show a net profit after tax from high-income results, of course, this will be inversely proportional if the NPM ratio is lower, then the company fails to show good company performance in terms of net profit from revenue, but also shows that the company failed to sell its products (Ikhlasasti, 2017).

$$\text{NPM} = \frac{\text{Net Profit}}{\text{Total Revenue}} \text{ X } 100\%$$

Table 3. Criteria for Determining the Health Level of NPM

Ranking	Description	Criteria
1	NPM > 100%	Very Healthy
2	81% ≤ NPM < 100 %	Healthy
3	66% ≤ NPM 81%	Fairly Healthy
4	51% ≤ NPM ≤ 66%	Less Healthy
5	NPM < 51%	Not Healthy

Source: Codification of Bank Health Assessment

The effect of ROA on the return of shares of Islamic banks listed on the IDX

The ROA ratio is one of the references for investors to consider whether the company has a good performance in generating high returns or not. Investors will definitely choose companies that can provide them with high returnsTo assess stock return performance, investors use the return on assets ratio. ROA has a significant impact on stock retardation, according to research from (Salam et al., 2020) and (Veronika Dora Wesso et al., 2022) So investors refer to the company's profitability based on the total assets. Departing from the research, a hypothesis was formed, namely:

H1: Return On Asset has a positive effect on the return of shares of Islamic banks listed on the IDX

The effect of ROE on the return of shares of Islamic banks listed on the IDX

Return On Equity is one of the ratios that assesses the extent to which a company earns profits based on its total equity. ROE measures the level of profitability of Islamic banks based on the total equity owned by the bank because the higher the ROE obtained, it will have a good impact on Islamic banks so that investors will make a benchmark in choosing which company is good to buy their shares. Based on research from (Veronika Dora Wesso et al., 2022) and (Jun et al., 2022). The findings explain that ROE has a significant effect on stock returns. So that it can be used as a hypothesis, namely:

H2: Return On Equity has a positive effect on the return of shares of Islamic banks listed on the IDX

The effect of NPM on the return of shares of Islamic banks listed on the IDX

Net Profit Margin or NPM is a ratio that analyzes the profits received by Islamic banks based on total revenue or total sales. Total income can be obtained from fund distribution, commissions, and other income. This ratio measures the performance of Islamic banks in obtaining profits on the revenue obtained. The higher the NPM, the better the Islamic bank will manage its company, so the return on shares that investors will obtain will be greater. The performance of stock returns will be based on the company's performance, especially how the company can generate high stock returns. Based on research by Amanda & Zulkifli (2023), A hypothesis was obtained, namely:

H3: Net Profit Margin has a positive effect on the return of shares of Islamic banks listed on the IDX

RESEARCH METHODS

Population and Sample

Population is the entire part that researchers will study. This research focuses on Islamic banking companies listed on the Indonesia Stock Exchange from 2021 to 2024, with a total of 4 Islamic banks listed on IDX. Saturated sampling was used because the population involved in this study was also used as a research sample. If determining the sample of all members of the population is used as a research sample, saturated sampling is used in this method (Sugiyono, 2017). Researchers took all members of the population to be used as research samples because this study's population was relatively small. The population uses 4 Islamic banking companies that have been listed on the Indonesia Stock Exchange for the 2021-2024 period, namely Bank Syariah Indonesia Tbk (stock code BRIS), Bank Tabungan Pensiunan Negara Syariah Tbk (stock code BTPS), Bank Panin Dubai Syariah (stock code PNBS), and Bank Aladin Syariah Tbk (stock code BANK). The researcher uses monthly reports in the 2021-2024 time frame. Because Bank Syariah Indonesia Tbk and Bank Aladin Syariah Tbk are listed on the Indonesia Stock Exchange starting February 1, 2021, the researcher uses monthly reports from February 2021 – August 2024 so that the total data is 172 data from February 2021 – August 2024 with the number of companies, namely 4 Islamic banks.

Data Analysis Techniques

The researcher used quantitative data from secondary data from OJK's financial statements, assisted through the E-views 13 program. Data analysis was done using the panel data regression method, which combines cross-sections and time series. Various tests were carried out on the selection of panel data regression models. These include regression model selection tests (such as the chow, haussmann, and multiplier lagrange tests), classical assumption tests (such as multicollinearity and heteroscedasticity tests), and panel data regression tests (such as the R2, f, and t determination coefficient tests).

RESULTS AND DISCUSSION

Panel Data Regression Model Selection Test

The purpose of choosing a panel data regression model is to find out the best model standard and determine what factors affect profitability (ROA) using panel data regression analysis. There are three regression models, namely the Fixed Effect Model (FEM), Random Effect Model (REM), and Common Effect Model (CEM).

1. Chow Test

The Chow test is necessary to determine the model between the Fixed Effect Model (FEM) and the Common Effect Model (CEM). The significance value indicates that the FEM model is better if the value is less than 0.5, and the CEM model is better if the value exceeds 0.5 (Hasyim, 2021).

Table 1. Chow Test

Effects Test	Statistic	d.f.	Prob.
Cross-section Chi-square	8.757030	3	0.0327

Source: Author Data, processed (2024)

Based on the table of Chow Test results, it can be concluded that the probability value (Prob.) is 0.0327, which means the value is less than 0.05. Thus, it can be concluded that the Fixed Effect Model (FEM) model is better used in this test.

2. Uji Haussman

The Hausman test is conducted to compare or also choose which model is best between the Fixed Effect Model (FEM) or Random Effect Model (REM) to be used in panel data regression (Almasdi Syahza, 2021). The Hausman test is used to select a model between the Fixed Effect Model (FEM) or the Random Effect Model (REM). If the significance value is more than 0.05, the Random Effect Model (REM) model is better used, and vice versa if the significance value is less than 0.05, the Fixed Effect Model (FEM) model is better used (Hasyim, 2021).

Table 2. Haussman Test

Test Summary	Chi-Sq.Statistiq Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	8.618166	3	0.0348

Source: Author Data, processed (2024)

Based on the Hausman Test table, it can be seen that the probability value (Prob.) is 0.0348, which means the value is less than 0.05. Thus, it can be concluded that the Fixed Effect Model (FEM) model is better used in this test. There is no need to do the LM Test (Lagrange Multiplier Test) if the right model to use has been selected in the Chow Test and Hausman Test.

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Classical Assumption Test

According to the theory of Basuki & Yuliadi (2015) In panel data regression using the Ordinary Least Squared (OLS) approach, not all classical assumption tests are performed; only multicollinearity and heteroscedasticity tests are required.

1. Multikoliniearity Test

Table 3. Multicollinearity Test

Variable	Coefficient Variance Variance	Uncentered VIF	Centered VIF
C	1.768814	1.657297	NA
ROA	1.121285	3.703221	3.341176
ROE	0.075548	3.818420	2.913417
NPM	0.000348	1.498428	1.355396

Source: Author Data, processed (2024)

To test the presence of multicollinearity disorders using VIF (Variance Inflating Factor). If the VIF value is <10, then the proposed regression model does not experience multicollinearity problems (do not affect each other), but on the contrary, if VIF> 10, then the proposed regression model has multicollinearity problems (affect each other). The multicollinearity test results show that no variables experience multicollinearity symptoms.

2. Heteroscedasticity Test

Table 4. Heteroskedasticity test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	9.223148	0.974376	9.465695	0.0000
ROA	0.193827	0.775789	0.249845	0.8030
ROE	-0.030846	0.201371	-0.153179	0.8784
NPM	0.015708	0.013662	1.149759	0.2519

Source: Author Data, processed (2024)

Heteroscedasticity test is a test that examines the existence of residual inequality in all regression models. In this study, the Glejser test is used to measure whether there is heteroscedasticity in the regression model, and the absolute residual variable (RESABS) is used as the dependent variable in the Glejser method. The requirement to pass this test is if the p-value of the variable is greater than the alpha level of 0.05. All independent variables do not experience heteroscedasticity problems, according to the heteroscedasticity test output shown in the table above. This is because the value of each variable ROA, ROE, NPM > 0.05.

Panel Data Regression Test

Table 5. Panel Data Regression Test

R-squared	0.059669	Mean dependent var	-1.125756
Adjusted R-squared	0.025475	S.D. dependent var	13.72488
S.E. of regression	13.54894	Akaike info criterion	8.090340
Sum squared resid	30289.66	Schwarz criterion	8.218435
Log likelihood	-688.7692	Hannan-Quinn criter.	8.142311
F-statistic	1.745007	Durbin-Watson stat	1.914418
Prob(F-statistic)	0.113609		

Source: Author Data, processed (2024)

1. R2 Determination Coefficient Test

The determination coefficient test explains how much an independent variable in a regression model can explain the dependent variable. Suppose the value of the determination coefficient gets closer to zero and moves away from one. In that case, it indicates that the independent variable cannot provide much explanation for the dependent variable. On the other hand, if the value is close to one and far from zero, it indicates that the independent variable can provide all the information necessary to predict the dependent variable. Based on the table above, it can be seen that the adjusted R-square value is 0.025475, which means that the variables ROA, ROE, and NPM are able to explain the Return of Sharia Bank Shares by 2.5%, variables outside the model explain the remaining 97.5%.

2. F-Test

The F-test was conducted to determine whether independent variables could collectively affect the dependent variables. This step is also carried out to understand how all independent variables affect dependent variables. The scale used is 0.05. If the significant value of F is below 0.05, it can be concluded that the independent variable affects the dependent variable simultaneously or vice versa. According to the table above, it can be seen that the probability of F is 0.113609 > 0.05, which shows that the ROA, ROE, and NPM together do not affect stock returns.

3. T-Test

Table 7. T-Test

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.390781	1.329968	-0.293827	0.7693
ROA	2.490805	1.058907	2.352241	0.0198
ROE	-0.515227	0.274860	-1.874506	0.0626
NPM	0.016939	0.018648	0.908334	0.3650

Source: Author Data, processed (2024)

By measuring the significance of the relationship between the two, the t-test assesses how much influence each independent variable has on the dependent variable. It also helps determine whether the independent variable statistically explains changes in the dependent variable. According to Basuki & Yuliadi (2015) In partial testing, parameters are used to assess the interaction between the independent and dependent variables. Significance values are applied to make decisions in this study. If the significance value exceeds 0.05, the null hypothesis (H0) is accepted, indicating that the independent variable has no significant effect on the dependent variable. Conversely, if the significance value is below 0.05, the alternative hypothesis (Ha) is accepted, indicating that the independent variable significantly affects the dependent variable. The impact of each independent variable on the dependent variable is measured using this t-statistic test.

The effect of ROA on Stock Returns of Islamic Commercial Banks listed on the IDX

The partial test results by the Return On Asset (ROA) variable yielded a probability value of 0.0198 <0.05. so it can be stated that Return On Asset significantly affects the variable Stock Return of Islamic Commercial Banks listed on the IDX 2021-2024. The results of this study are in line with (Salam et al., 2020), (Rosyid & Khofifah, 2020), (Amanda & Zulkifli, 2023). The positive relationship between ROA and stock return indicates that the greater the amount of profit generated by a company by utilizing its total assets indicates that the company can carry out its operations well. Of course, this gives a positive signal to investors because investors will assess that companies that have profited by utilizing all their assets will also produce high stock returns. So, a high level of profitability in Islamic banking can increase investor confidence to invest in the company.

The effect of ROE on Stock Returns of Islamic Commercial Banks listed on the IDX

The partial test results by the Return On Equity (ROE) variable yielded a probability value of 0.0626 > 0.05, so it can be stated that Return On Equity has no effect on the Return of Sharia Commercial Banks listed on the IDX 2021-2024. This research is in line with our research.(Affan & Nuswantoro, 2023), (Rosyid & Khofifah, 2020), (Leki, 2021). This condition can occur because investors see that a high ROE is not always caused by the company earning large profits but because the company's equity is relatively low compared to the company's debt (foreign capital). So this causes the possibility of investors not focusing too much on ROE to measure the performance of the company's stock return that they will get. Low equity capital, especially in Islamic banking, makes returns to shareholders not comparabl

The effect of NPM on Stock Returns of Islamic Commercial Banks listed on the IDX

The results of the partial test by the Net Profit Margin (NPM) variable yielded a probability value of 0.3650 > 0.05, so it can be stated that the Net Profit Margin has no effect on the Return of Sharia Commercial Banks listed on the IDX 2021-2024. This research is in line with our research.(Affan & Nuswantoro, 2023) and (Affan & Nuswantoro, 2023). This shows that the net profit margin on total revenue generated by Islamic banks is not strong enough to signal decisions to investors for stock returns. In the data collected by researchers, it is possible that Islamic banks are still not strong enough to influence stock returns. In this case, investors who invest in Islamic banking companies prefer other ratios to measure stock return performance. Still, the NPM ratio is not the main ratio that provides good measurement signals for stock returns.

CONCLUSION

This study aims to measure the performance of stock returns of Islamic banking companies listed on the Indonesia Stock Exchange in 2021-2024 using profitability ratios, namely ROA, ROE, and NPM. Based on the study's results, it was obtained that the ROA variable had a significant effect on stock returns. In contrast, the ROE and NPM variables did not significantly affect Islamic banks' stock returns. The variables ROA, ROE, and NPM do not affect the return of Islamic banking stocks. With the development of conventional commercial banking companies listed on the Indonesia Stock Exchange, Islamic banking is still unable to attract many investors to invest in shares in Islamic commercial banking companies. It can also be seen from the financial statements results that Islamic banking companies are slowly showing a declining net profit, which should be with the majority of Indonesian Muslims, making Islamic banking grow rapidly, especially in the world of capital markets. Because Islamic banks show negative signals because profitability is experiencing a downward trend, investors will also switch to buying shares in other companies. Judging from the official IDX portal, Bank Panin Dubai Syariah, with the stock code PNBS, is included in the development board; this shows that the electability of the stock price has decreased. This study found that many Islamic commercial banks have not been listed on the Indonesia Stock Exchange. This happens because more and more investors are switching to investing their shares in other companies because Islamic banking has not been able to provide a good signal, especially in the profitability ratio, which does not promise high stock returns to Islamic stock investors.

SUGGESTION

There are several suggestions that the author would like to convey related to the results of this study to serve as useful input for the parties involved::

1. For Islamic Banking

Islamic banks should better maintain and pay attention to their financial ratios, as Bank Indonesia suggests. Showing the company's performance in generating net profit will also increase the stock return that investors obtain, so many investors will invest in the Islamic banking sector.

2. For other researchers

Based on the contribution of research variables to stock returns, there are other factors that affect stock returns that have not been researched in this study, so researchers must conduct this research better. This study is limited to 2021 to 2024, so it has not provided a complete picture of the financial condition of banking companies. It is hoped that the next research will use a longer research time.

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