

The Effect of Liquidity, Solvency, And Profitability on Stock Prices of State-Owned Commercial Banks Listed on The Indonesia Stock Exchange (IDX) In 2014–2023

Siti Muniroh¹; M. Maulidin Fachrur²; Anggrainy Putri Ayuningrum³

¹Pekalongan University

²Pekalongan University

³Pekalongan University

Corresponding Author – Email Address : uni81202@gmail.com

ABSTRACT

This study investigates the influence of liquidity, solvency, and profitability on the stock prices of state-owned commercial banks listed on the Indonesia Stock Exchange (IDX) during the 2014–2023 period. Fluctuating stock prices, particularly during the COVID-19 pandemic, raised concerns about investor confidence and company performance, highlighting the need to evaluate how financial indicators shape market perceptions. Prior studies presented inconsistent results regarding these variables, prompting further examination. This research introduces a comprehensive analysis using updated financial data over a ten-year span, contributing novelty through the integration of fundamental indicators (Loan to Deposit Ratio, Debt to Equity Ratio, and Return on Equity) within a long-term timeframe specific to Indonesia’s banking sector. Employing a causal research design with census sampling of four state-owned banks, the study utilizes multiple linear regression analysis to determine variable impacts. The findings reveal that liquidity (LDR) has a significant negative effect on stock prices, suggesting that higher liquidity risk may reduce investor interest. Conversely, solvency (DER) and profitability (ROE) exhibit negative and positive effects respectively, but neither is statistically significant. These results underscore the dominant influence of liquidity among the studied variables in shaping stock prices during the observed period. In conclusion, managing liquidity emerges as a crucial factor for banking institutions to maintain investor trust and stabilize market value. The study encourages firms to strategically monitor financial performance to enhance transparency and sustain competitiveness in volatile economic environments.

ARTICLE INFO

Keywords:

Liquidity, Solvency,
Profitability, Stock Prices

1. Introduction

Stock prices are one of the main indicators that reflect a company's value in the eyes of investors and represent the market's expectations of the company's future performance. Changes in stock prices can be influenced by various factors, both internal and external to the company. One approach to analyzing stock prices is through the company's fundamental indicators as reflected in its

financial statements. Fundamental factors such as liquidity, solvency, and profitability are often used to evaluate the intrinsic value of a stock and to predict the direction of its price movement (Brigham & Houston, 2020)

The fluctuation of stock prices reflects the low perceived value of a company by investors. Every investor expects a return on the funds they have invested. Investors aim to earn dividends as well as capital gains, which represent the difference between the current investment price and the previous one. To conduct fundamental analysis, investors need accurate information. Investments listed on the Indonesia Stock Exchange (IDX) carry relatively high risks, even though the potential returns are promising. Financial statements are one of the key sources of information that investors consider in their decision-making process, such as whether to sell, buy, or invest in stocks. A company's financial condition can also be analyzed using various financial ratios to obtain accurate information (Pratama, 2021).

At the beginning of 2020, major stocks in the country experienced a significant correction. This greatly affected the market conditions in Indonesia, including banking stocks. This situation was unpredictable, which made it necessary to maintain banking liquidity. Meanwhile, the stock prices of several banks with large assets declined sharply in line with the plunge of the Composite Stock Price Index (IHSG) due to the widespread impact of the pandemic. The COVID-19 pandemic brought negative consequences to company operations, resulting in a drastic decline in profits and even losses for some companies. This signaled negative sentiments from companies to investors, leading to a significant drop in stock prices.

The correction in stock prices was caused by slow credit growth, which occurred in several banks in Indonesia. This resulted in substantial losses for some companies, making financial performance a key factor in evaluating the company's effectiveness in generating profits and improving operational activities. The rise and fall of stock prices can be seen from financial performance (Nurmasari, 2020).

One of the factors that influence the level of stock demand and supply is the stock price level. Stock price refers to the price of a particular stock that occurs on the stock exchange at a given time, determined by market participants and influenced by the demand and supply of the stock in the capital market (Syafnita & Ilmiani, 2022).

Stock prices constantly fluctuate, making it necessary to use approaches to predict stock prices. There are two main types of analysis commonly used to determine the intrinsic value of a stock: fundamental analysis and technical analysis. Fundamental analysis uses data derived from a company's financial information (Fachrur et al., 2022).

The decline in banking stock prices sends a negative signal to investors, which is caused by the slowdown in credit growth. Signaling Theory explains that the party providing the information sends a signal in the form of an overview of the company's condition, which is useful for the recipient. The information provided serves as an announcement to signal investors in making investment decisions. If the announcement conveys positive value, the market may react when the announcement is received. High demand for shares will lead to an increase in stock prices. High profitability indicates good company prospects, prompting investors to respond positively to the signal, which in turn increases the company's value. Signaling Theory is closely related to the information presented in financial statements (Brigham & Houston, 2020).

Liquidity (Loan to Deposit Ratio), Solvency (Debt to Equity Ratio), and Profitability (Return on Equity) are important indicators in fundamental company analysis, particularly in the banking and

financial sectors. These three ratios can simultaneously influence stock prices as they reflect a company's liquidity, solvency, and profitability, key considerations for investors when assessing the company's prospects.

The following is the development of stock prices of State-Owned Commercial Banks (BUMN) listed on the Indonesia Stock Exchange (IDX) from 2014 to 2023, which serves as the phenomenon for this research:

Table 1. Stock Prices of State-Owned Commercial Banks (BUMN) Listed on the IDX in 2014–2023

No	Nama Bank	Harga Saham (Dalam Rupiah)									
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
1.	Bank Negara Indonesia (Persero) Tbk. (BBNI)	3.050	2.495	2.763	4.950	4.400	3.925	3.088	3.375	4.613	5.375
2.	Bank Rakyat Indonesia (Persero) Tbk. (BBRI)	2.273	2.229	2.278	3.551	3.571	4.293	4.068	4.110	4.940	5.725
3.	Bank Tabungan Negara (Persero) Tbk. (BBTN)	1.162	1.249	1.678	3.442	2.449	2.044	1.663	1.668	1.350	1.250
4.	Bank Mandiri (Persero) Tbk. (BMRI)	2.694	2.313	2.894	4.000	3.688	3.838	3.163	3.513	4.963	6.050

Sumber: www.investing.com

Based on Table 1.1, it is known that the stock prices of State-Owned Commercial Banks on the IDX from 2014 to 2023 experienced fluctuations. For Bank BNI (BBNI), there was a decrease of 555 in 2014–2015, followed by an increase of 268 in 2015–2016. However, in 2016–2017, there was a significant increase of 2,187. In contrast, there was a decline of 550 in 2017–2018, another decrease of 475 in 2018–2019, and a further drop of 837 in 2019–2020. In 2020–2021, the stock price began to recover with an increase of 287, followed by a rise of 1,238 in 2021–2022, and another increase of 762 in 2022–2023.

In addition, signaling theory explains that the information provided by a company through its financial statements serves as a signal to investors in assessing the company's prospects. A healthy liquidity ratio, balanced capital structure (solvency), and high profitability levels generally send positive signals that enhance the attractiveness of a stock in the capital market. However, previous research has shown inconsistent results. Some studies state that liquidity, solvency, and profitability have a positive effect on stock prices, while other studies find a negative or insignificant effect.

The study conducted by Moi et al. (2023) and Amir et al. (2017) explains that the liquidity ratio has a positive and significant effect on stock prices. This indicates that the better the liquidity performance, the higher the investor interest in investing in a company. On the other hand, a different result was found in the research by Afifa & Laily (2024) and Meliza & Mahirun (2024), which showed that liquidity has a negative and significant effect on stock prices.

The study conducted by Moi et al. (2023) and Amir et al. (2017) explains that the solvency ratio has a positive and significant effect on stock prices. Meanwhile, other studies by Wahyuni &

Pramitasari (2021) and Tuto & Handini (2023) show different results, indicating that solvency has a negative and significant effect on stock prices.

The study conducted by Amir et al. (2017) and Astuti & Banjarnahor (2020) explains that the profitability ratio has a positive and significant effect on stock prices. Meanwhile, other studies by Afifa & Laily (2024) and Tindaon & Kasno (2024) show different results, indicating that profitability has a negative and significant effect on stock prices.

Based on the explanation and the research gap outlined above, the researcher is interested in conducting a study with the title: “The Effect of Liquidity, Solvency, and Profitability on Stock Prices of State-Owned Commercial Banks Listed on the Indonesia Stock Exchange (IDX) in 2014–2023”.

2. Literature Review

Signaling Theory

Signaling theory explains the importance of information disclosure by management to external parties. According to Brigham and Houston (2020), signals such as financial statements or corporate announcements provide valuable insights into a firm’s condition and future prospects. Positive signals tend to attract investors and drive up stock prices, while negative signals can reduce investor confidence. Therefore, companies often strive to present financial information in a way that reflects operational strength and stability (Mayangsari, 2020).

Stock Prices

Stock prices are a crucial indicator that reflect investor perceptions of a company’s value and performance expectations. According to Tandelilin (2017), stock prices are influenced by earnings, cash flows, and the return expectations of investors, all of which are closely related to a company’s financial performance. Investors rely on financial statements to assess a company’s condition, making financial ratios such as liquidity, solvency, and profitability essential tools for evaluating stock valuation.

Liquidity (Loan to Deposit Ratio - LDR)

Liquidity refers to a company’s ability to meet its short-term obligations. In the banking sector, it is often measured using the Loan to Deposit Ratio (LDR), which reflects the proportion of loans extended relative to the deposits collected. A high LDR indicates effective credit distribution but may also suggest increased liquidity risk if the ratio exceeds safe thresholds (Kasmir, 2015).

Solvency (Debt to Equity Ratio - DER)

Solvency measures a company’s capacity to meet long-term obligations, and is often assessed using the Debt to Equity Ratio (DER). A higher DER reflects greater reliance on debt, which may increase financial risk and reduce investor interest. Conversely, a well-balanced DER signals a strong capital structure and financial health (Riyanto, 2019; Harahap, 2012).

Profitability (Return on Equity - ROE)

Profitability refers to a firm’s ability to generate profit using its assets or equity. Return on Assets (ROA) and Return on Equity (ROE) are commonly used indicators. High profitability generally increases investor interest, as it reflects efficient operations and the potential for dividend payouts and capital gains (Kasmir, 2015; Munawir, 2016).

3. Method, Data and Analysis

The type of research used in this study is causal research. According to Sugiyono (2016), causal research is a study that examines cause-and-effect relationships between two or more variables. Therefore, the reason the researcher uses this type of research is to determine the causal relationship

between the independent variables and the dependent variable. The object of this research is state-owned banking companies (BUMN) listed on the Indonesia Stock Exchange (IDX) during the period 2014–2023, totaling 4 companies. Since the population is relatively small, the entire population is used as the research sample, making the sampling technique used a census sampling method.

The analysis method used in this study is quantitative data analysis. This method involves analyzing data using numerical calculations, which can later be used to support decision-making in solving problems. The data obtained is analyzed using generally accepted theories. This study employs multiple regression statistics, which aim to determine the value of the dependent variable based on the independent variables.

4. Result and Discussion

To examine the effect of liquidity, solvency, and profitability on the stock prices of state-owned commercial banks listed on the Indonesia Stock Exchange (IDX), a quantitative approach was employed using multiple linear regression analysis. The analysis was carried out using secondary data collected from the financial statements of four state-owned banks for the period 2014–2023.

Prior to hypothesis testing, the data underwent classical assumption tests including normality, multicollinearity, heteroscedasticity, and autocorrelation to ensure that the regression model met the necessary statistical criteria. After confirming that the model fulfilled these assumptions, the multiple regression analysis was conducted.

Table 2. Results of Multiple Linear Regression Analysis
Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	18895,342	4747,382		3,980	,000
LDR	-134,785	55,298	-,360	-2,437	,020
DER	-3,152	1,759	-,300	-1,792	,082
ROE	79,811	62,789	,183	1,271	,212

a. Dependent Variable: Harga Saham

Source: SPSS Output Results (2025)

Based on the regression output in Table 2 above, the regression coefficient values can be identified, allowing the multiple linear regression equation to be formulated as follows:

$$\text{Stock Price} = -0.360\text{LDR} - 0.300\text{DER} + 0.183\text{ROE}$$

The results of a study conducted on state-owned banking companies listed on the Indonesia Stock Exchange (IDX) revealed that the t-statistic value for the Loan to Deposit Ratio (LDR) variable was -2.437, with a significance level of 0.020. This significance level is lower than the predetermined threshold of $\alpha = 0.05$ (5%). This indicates that the LDR variable has a statistically significant effect on stock prices. Furthermore, the negative sign of the t-statistic suggests that the influence of LDR on stock prices is negative. In other words, a higher LDR tends to decrease the stock prices of state-owned banking companies listed on the IDX. Conversely, a lower LDR tends to result in higher stock prices. This finding is not in line with previous studies by Amir et al. (2017), Kurnia (2022), and Moi et al. (2023), which demonstrated that LDR has a positive influence on stock prices.

The research findings on the Debt to Equity Ratio (DER) variable show a t-statistic value of -1.792 with a significance level of 0.082. This significance level is higher than the predetermined threshold of $\alpha = 0.05$ (5%). Therefore, it can be concluded that DER does not have a statistically significant effect on stock prices of state-owned banking companies listed on the Indonesia Stock Exchange (IDX). Although the direction of the coefficient indicates a negative influence (as shown by the negative t-statistic), meaning that DER tends to reduce stock prices, this effect is not strong or statistically significant. In other words, changes in DER are not sufficient to convincingly influence the stock price movements of the state-owned banking companies included in this study sample. These findings are consistent with previous studies by Wahyuni & Prमितasari (2021), Kurnia (2022), and Tuto & Handini (2023), which also showed that solvency has a negative impact on stock prices.

The statistical test results show that the t-statistic value for the Return on Equity (ROE) variable is 1.271, with a significance level of 0.212. Since this significance level is greater than the predetermined threshold of $\alpha = 0.05$ (5%), it can be concluded that ROE does not have a statistically significant effect on stock prices. Although the positive t-statistic indicates a positive relationship between ROE and stock prices meaning that an increase in ROE tends to be followed by an increase in stock prices this effect is not statistically significant. Therefore, it cannot be stated that ROE has a meaningful influence on changes in stock prices of state-owned banking companies listed on the Indonesia Stock Exchange (IDX). These findings are consistent with previous studies by Amir et al. (2017), Astuti & Banjarnahor (2020), and Moi et al. (2023), which explain that the ROE ratio has a positive influence on stock prices.

5. Conclusion and Suggestion

The Loan to Deposit Ratio (LDR) has a significant effect on stock prices. Furthermore, the negative sign of the t-statistic indicates that the effect of LDR on stock prices is negative. The Debt to Equity Ratio (DER) has a negative but not statistically significant effect on stock prices. While DER tends to reduce stock prices, the effect is not strong enough to be considered statistically significant. The Return on Equity (ROE) has a positive but not statistically significant effect on stock prices. Although the positive t-statistic suggests a positive relationship between ROE and stock prices, meaning that an increase in ROE tends to be followed by an increase in stock prices, the effect is not statistically significant, and therefore ROE cannot be said to have a real influence on changes in stock prices.

Considering the dynamic nature of economic fluctuations and regulatory changes, companies should regularly evaluate their financial and operational strategies particularly in managing liquidity, capital structure, and profitability in order to remain competitive and maintain the trust of shareholders and potential investors. Banks should manage liquidity carefully to maintain investor trust. Investors are advised to consider liquidity ratios when evaluating bank stocks. Future studies should include more varied samples and external factors for deeper insights.

6. Acknowledgement

The authors would like to express their sincere gratitude to Universitas Pekalongan for the academic support and research facilities provided throughout the completion of this study. Special thanks are also extended to the lecturers and colleagues who offered valuable insights, as well as to those who assisted in data collection and analysis. Lastly, we are thankful to our families for their unwavering encouragement and support during the research process.

7. References

- Afifa, A. M., & Laily, N. (2024). Pengaruh Likuiditas, Profitabilitas, Dan Solvabilitas Terhadap Harga Saham Perbankan Perusahaan Yang Terdaftar Di Bursa Efek. *Jurnal Ilmu Dan Riset Manajemen*, 13(2), 1–16.
- Amir, A., Apweni, M., Br Sembiring, E., Novia Tumangger, L., Giawa, D., & Ahmadi Birahmani, N. (2017). Pengaruh Profitabilitas, Likuiditas Dan Solvabilitas Terhadap Harga Saham Pada Perusahaan Subsektor Perbankan Yang Terdaftar Di Bursa Efek Indonesia Periode 2017-2021. *Management Studies and Entrepreneurship Journal*, 4(3), 2440–2454. <http://journal.yrpioku.com/index.php/msej>
- Astuti, D. Y., & Banjarnahor, H. (2020). Pengaruh Profitabilitas, Likuiditas, dan Solvabilitas Terhadap Harga Saham Pada Perusahaan Perbankan di Bursa Efek Indonesia. *Scientia Journal*, 2(2).
- Fachrur, M. M., Meliza, & Arifaturohmah, A. (2022). Pengaruh Likuiditas, Solvabilitas, Profitabilitas Dan Aktivitas Terhadap Harga Saham Pada Perusahaan Real Estate Dan Property. *Prosding Seminar Nasional Feb Unikal*, 623–637.
- Kurnia, S. A. (2022). Pengaruh Likuiditas, Profitabilitas, dan Solvabilitas Terhadap Harga Saham Pada Perusahaan Perbankan Yang Terdapat Di Bursa Efek Indonesia. Sekolah Tinggi Ilmu Ekonomi Indonesia (STIESIA) Surabaya. *Jurnal Ilmu Dan Riset Manajemen*, Vol.11, No.
- Mayangsari, C. (2020). Hubungan Teori Signalling dengan Underpricing Saham Perdana di Bursa Efek Jakarta. *Jurnal EMBA*, 6(2), 69–80.
- Meliza, & Mahirun. (2024). Pengaruh Likuiditas Dan Profitabilitas Terhadap Harga Saham Perusahaan Sub Sektor Farmasi dan Riset Kesehatan di Bursa Efek Indonesia dengan Struktur Modal Sebagai Variabel Intervening. 07(2), 162–178.
- Moi, E. M. I., Purnama, N. L. P. S., & Artaningrum, R. G. (2023). Pengaruh Likuiditas, Solvabilitas, Dan Profitabilitas Terhadap Harga Saham Perbankan Yang Terdaftar Di Bursa Efek Indonesia Periode 2018-2021. *Jakadara: Jurnal Ekonomika, Bisnis, Dan Humaniora*, 2(1), 243–250.
- Nurmasari. (2020). Dampak Covid-19 Terhadap Perubahan Harga Saham dan Volume Transaksi. *Jurnal Sekuritas (Saham, Ekonomi, Keuangan Dan Investasi)*, 3(3), 230–236.
- Syafnita, & Ilmiani, A. (2022). Pengaruh Economic Value Added, Current Ratio, Debt To Equity Ratio, Return On Asset, Total Asset Turnover Dan Price To Book Value Terhadap Harga Saham. 272–282.
- Tindaon, A. Y., & Kasno. (2024). Pengaruh Likuiditas, Profitabilitas dan Solvabilitas Terhadap Harga Saham Pada Perusahaan Perbankan. *JPRO*, 5(2), 295–301.
- Tuto, E., & Handini, S. (2023). Pengaruh Likuiditas, Profitabilitas dan Solvabilitas terhadap Harga Saham Perusahaan pada Indeks LQ45 yang Terdaftar di Bursa Efek Indonesia (BEI) Periode 2017-2019. *Soetomo Management Review*, 1(4), 424–442.
- Wahyuni, I., & Pramitasari, T. D. (2021). Pengaruh Loan To Deposit Ratio (LDR), Debt To Equity Ratio (DER) Dan Return On Assets (ROA) Terhadap Harga Saham Pada Bank Umum Konvensional yang Terdaftar Di BEI Tahun 2015-2019. *Jurnal Ekonomi Dan Bisnis GROWTH*, 19(1), 65–79.
- Brigham, E. F., & Houston, J. F. (2020). *Dasar-Dasar Manajemen Keuangan* (N. I. Sallama & F. Kusumastuti (eds.); 14th ed.). Salemba Empat.
- Harahap, S. S. (2012). *Penganggaran perencanaan Lengkap Untuk Membantu Manajemen*. Rajawali Pers.
- Kasmir. (2015). *Pengantar Manajemen Keuangan*. Kencana Prenada Media Group.
- Pratama, M. (2021). Naik Turunnya Harga Saham Dalam Suatu Perusahaan. *Ekuitas: Jurnal Ekonomi Dan Keuangan*, 2(3).
- Riyanto, B. (2019). *Dasar-Dasar Pembelajaran Perusahaan* (Keempat). BPFE UGM.
- Sugiyono. (2016). *Metode Penelitian Kuantitatif, Kualitatif dan R&D*. PT. Alfabet.
- Tandelilin, E. (2017). *Pasar Modal: Manajemen Portofolio dan Investasi*. PT. Kanisius