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DETERMINANTS OF STOCK RETURNS AND THEIR IMPLICATIONS FOR PRICE BOOK VALUE

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Abstract

This research aims to analyze the influence of the Current Ratio and Debt Equity Ratio on Stock Returns with Return on Assets as a moderating variable on the Southeast Asian Stock Exchange. The data collected is secondary data with a documentation method in the form of the company's annual report. The analytical tool used to test the hypothesis is SPSS 26. The sampling method used in this research uses a purposive sampling technique and 11 company samples were obtained from a population of 225 companies. The analysis techniques used are multiple linear regression analysis, moderating regression analysis, partial tests and simultaneous tests. The partial research results conclude that the Current Ratio has no effect on Stock Returns, the Debt to Equity Ratio has no effect on Stock Returns. The research results simultaneously show that the Current Ratio and Debt Equity Ratio together have a significant effect on Stock Returns. In moderation, Return on Assets is able to moderate the relationship between the Current Ratio to Stock Returns and the Debt Equity Ratio to Stock Returns. Price Book to Value has a positive impact on Stock Returns.

Keywords: Current Ratio, Debt Equity Ratio, Return Saham, Return on Assets, Price Book to Value

INTRODUCTION

The era of globalization is marked by the unification of countries in the world. Banking is the lifeblood of the economy in all countries, many wheels of the economy are mainly driven by banking, either directly or indirectly. As a financial institution that has a very important role in developing the economy and national development. During this pandemic, the spread of the Corona virus has brought challenges and risks which have resulted in credit growth, lower interest rates and lower profits for banks in the Southeast Asia region. During this pandemic, banking was one of the sectors affected due to the lack of demand for credit and declining profits at banks in the Southeast Asia region. The explanation of Bank Indonesia regulation number 22/19/pbi/2020 concerning amendments to Bank Indonesia regulation number 22/4/pbi/2020 concerning incentives for banks that provide funds for certain economic activities to support handling the economic impact due to the corona virus outbreak contains the statement "To encourage national economic recovery, Bank Indonesia continues its accommodative macroprudential policy response to encourage banking intermediation. This policy is a form of support for the government in its efforts to recover the economy affected by the corona virus outbreak. The accommodative macroprudential policy response is to encourage banking intermediation by extending the incentive period for 6 (six) months in the form of relaxation of the obligation to fulfill the GWM in rupiah which must be fulfilled on a daily basis. Incentives are given to banks that provide funds for export activities, productive import activities, MSME activities, and/or economic activities in other priority sectors determined by Bank Indonesia. "Other priority sectors

determined by Bank Indonesia are in line with the priority sectors that have become the policy scope of the national economic recovery program."

This is expected to hit banks in Southeast Asian countries. JP Morgan said that credit growth and decline in interest and non-interest income for banks in the Southeast Asia region are also expected to slow down. The ratio of cheap funds in Southeast Asia is around 48 percent, and this results in pressure on NIM as the benchmark interest rate is cut. COVID-19 hit the ASEAN banking sector through weaker economic growth, which resulted in a slowdown in credit growth and led to a decline in the profitability of the banking industry. Fitch Ratings assesses that banks in Thailand and Singapore which depend on tourism are likely to be most affected by COVID-19, namely Thailand's dependence on tourism which has an impact on the SME sector which accounts for 33 percent of the banking credit portfolio..

METHOD

This research uses a quantitative type of research with an associative design and data collection using inferential statistics. Testing in this research uses descriptive statistical analysis and classical assumption tests which include normality tests, autocorrelation tests, heteroscedasticity tests, and multicollinearity tests. Hypothesis testing includes multiple linear regression analysis, t test to be tested partially, f test to be tested simultaneously and moderated regression analysis (MRA) because this research uses moderating variables. This research was conducted on banking subsector companies listed in Southeast Asia for the period 2012 to 2020. The data used is annual financial report data issued by banking companies on the Stock Exchange in Southeast Asia. And the time used in this research was 6 months. This research uses sampling techniques to determine the sample in this research.

The sampling technique used in this research is nonprobability sampling, while the sampling technique used is purposive sampling. Nonprobability sampling is a sampling technique that cannot provide the same opportunity for each element or member to be sampled. The data collection method in this research uses documentation studies, by collecting data in the form of financial reports from banking subsector companies in Southeast Asia in the 2012-2020 period. The data and information collection techniques used include several steps. First, Documentation Techniques, namely by collecting, recording and reviewing secondary data in the form of published financial reports of banking subsector companies. Second, literature study, carried out to obtain a theoretical basis that is relevant to the research problem. This process involves reading literature such as journals, books and papers that are closely related to the research topic, in order to obtain information as a theoretical basis and reference in analyzing data obtained in the field. Third, Internet Research, where the author collects data from various related sites to obtain additional information, such as journals and company financial reports. The author opens the website of the object under study to obtain financial reports,

using sites such as the Indonesia Stock Exchange (BEI) https://www.idx.co.id, the Philippine Stock Exchange https://www.pse.com.ph, the Thailand Stock Exchange https://www.set.or.th/, and the Singapore Stock Exchange https://www.sgx.com/. The data analysis techniques in this research were adapted to the research design and focused on the research questions. Data analysis uses multiple regression because there is more than one independent variable, as well as path analysis to measure the relationship between the variables in this research, ensuring valid and accurate answers to the research questions.

RESULTS AND DISCUSSION

Normality Test

The normality test aims to test whether in the regression model, the dependent variable has a normal distribution or not. Regression that meets good criteria is normal or near normal data. By testing the normality of residuals, probability plots and the non-parametric Kolmogorov-Smirnov (K-S) statistical test are known. Below the normality test results can be shown in table 1.1 below :

Table 1 Normality Test Results (One-Sample Kolmogorov-Smirnov Test)

		Unstandardized Residual
N		86
Normal Parameters[a,b]	Mean	.0000000
	Std. Deviation	.23250425
Most Extreme Differences	Absolute	.076
	Positive	.076
	Negative	-.053
Test Statistic		.076
Asymp. Sig. (2-tailed)		.200[c,d]

Source: IBM SPPS V26 data processing results

In table 1, the normality test uses the one-sample Kolmogrorov-Smirnov test to see whether the significant value is > 0.05. If the significant value is > 0.05, it means the residual value is normally distributed and vice versa, if the significant value is < 0.05, it means the residual value is not normally distributed. The table above shows the asymp sig values. (2-talled) significance greater than 0.200 (0.200 > 0.05) means that the data is normally distributed or the normality test is met.

Autocorrelation Test

The autocorrelation test aims to test whether in the linear regression model there is a correlation between usage errors in period t and confounding errors in period t-1 (previously). A regression model that is categorized as good is a regression that is free from autocorrelation. Below the results of

the autocorrelation test can be shown in table 2 below :

Table 2 Autocorrelation Test Results (Model Summary[b])

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.240[a]	.058	.011	.23818	1.914

Source: IBM SPPS V26 data processing results

The Autocorrelation Test aims to test whether in the linear regression model there is a correlation between confounding errors in period t and confounding errors in period t-1 (previously). If correlation occurs, it is called an autocorrelation problem. Of course, a good regression model is a regression that is free from autocorrelation Santoso, (2012:241). In the autocorrelation problem detection procedure, the Durbin-Waston quantity can be used. The condition for good data is that there is no positive or negative autocorrelation. This can be shown by the Durbin Watson value which is greater than the du value and smaller than 4 – du (du < dw < 4 – du). In table 1.2, the results of the autocorrelation test show a Durbin-Watson (DW) value of 1.914, which indicates that the DW value is between du (1.6971) and 4-du (2.3029) with the Durbin-Watson critical value at the 95% level of significance (α = 0.05). This shows that 1.914 > 1.697 DW > du ; 1.914 < 2.3029 DW < 4-du. This means that the DW value is in an area where there is no autocorrelation or there are no symptoms of autocorrelation.

Multicollinearity Test

This test aims to test whether in the regression model a correlation is found between the independent variables. A good regression model should have no correlation between independent variables. The multicollinearity test can be seen from the Tolerance and Variance Inflation Factor (VIF) values. Below, the results of the multicollinearity test can be shown in table 3 below :

Table 3 Multicollinearity Test Results (Coefficientsa)

Model	Unstandardized Coefficients		Standardized Coefficients	T	Say.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	-.061	.576		-.105	.916		
CR	-.030	.476	-.008	-.063	.950	.796	1.256
THE	-.002	.010	-.021	-.156	.877	.657	1.523
PBV	.033	.069	.095	.478	.634	.296	3.376
LONG	.043	.049	.166	.889	.376	.336	2.978

a. Dependent Variable: RETURNSAHAM
Source: IBM SPPS V26 data processing results

Based on table 3 above, it can be seen that all independent variables, namely *Current Ratio, Debt tot Equity Ratio, Price Book to Value,* And *Return on Assets* has value *tolerance* greater > 0.10

and a VIF value below <10. This means that there is no multicollinearity between independent variables in the regression model, so the data is good for use in the regression model.

Heteroscedasticity Test

Heteroskedasticity is a condition where confounding variables do not have the same variance. This test is intended to find out whether model deviation occurs because the variance of the disturbance differs from one observation to another. Testing for heteroscedasticity is carried out by residual plots, namely by looking at the distribution of residuals for each observation of the predicted value of Y. If it is found that the residual plot forms a certain pattern then symptoms of heteroscedasticity occur. Below the results of the heteroscedasticity test can be shown in Figure 1.3 below:

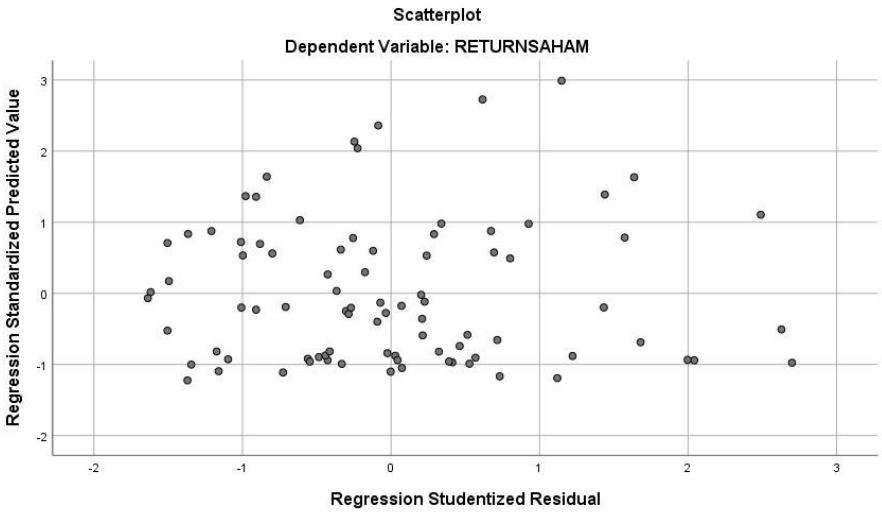

Figure 1 Heteroscedasticity Test Results

Source: IBM SPPS V26 data processing results

Based on Figure 1 above, it can be seen that the data is spread both above and below point 0 and does not form a particular pattern. Thus, the regression model proposed in this research does not show symptoms of heteroscedasticity.

Multiple Linear Regression Test

To determine the influence of the independent variables *Current Ratio* And *Debt to Equity Ratio*, to *Stock Returns* as the dependent variable, it is analyzed using multiple linear regression. Below are the results of multiple linear regression testing which can be shown in table 4 below:

Table 4 Multiple Linear Regression Test Results (Coefficients[a])

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.350	.562		-.623	.535
	CR	.275	.453	.070	.607	.546

THE	.008	.009	.102	.886	.378

a. Dependent Variable: RETURNSAHAM
Source: IBM SPPS V26 data processing results

Based on table 4 above, the regression equation can be prepared:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + \text{and}$$

$$Y = -0{,}350 + 0{,}275\ CR + 0{,}008\ LDR + e$$

From the regression equation that has been prepared above, it can be interpreted as follows:

β value$_0$ or a constant of -0.350 indicates that if the independent variable is zero (0) or omitted, then *Stock Returns* is -0.350. Coefficient *Current Ratio* of 0.275 shows that each addition *Capital Ratio* by one unit, it will be followed by an increase *Stock Returns* of 0.275. Coefficient *Debt to Equity Ratio* 0.008 indicates that each addition *Debt to Equity Ratio* of one unit, it will be followed by a decrease in value *Stock Returns* of 0.008.

Coefficient of Determination Test

The coefficient of determination test is carried out to determine how much endogenous variables are simultaneously able to explain exogenous variables. The higher the R value$_2$ means the better the prediction model of the proposed research model. Coefficient of determination test (R_2) is carried out to determine and predict how big or important the contribution of influence provided by the independent variables together on the dependent variable. The coefficient of determination value is between 0 and 1. If the value is close to 1, it means that the independent variable provides almost all the information needed to predict the dependent variable. However, if the R value$_2$ The smaller it is, it means that the ability of the independent variables to explain the dependent variable is quite limited (Ghozali, 2016). Below are the results of the coefficient of determination test which can be shown in table 5 below:

Table 5 Determination Coefficient Test Results (Model Summary)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.104[a]	.011	-.013	.24108

a. Predictors: (Constant), DER, CR
Source: IBM SPPS V26 data processing results

Based on table 5, the data processing results are above the R value *Square* is 1.1%. This value indicates that 1.1% of the variation in income value can be explained by value *Current Ratio*, And *Debt to Equity Ratio* while the remaining 99.9% is explained by variables-other variables outside this research that are not included in this regression model.

Significant Individual Parameter Test (t Statistical Test)

The t test functions to test the influence of each independent variable, namely *Current Ratio* And *Debt to Equity Ratio* to *Return On Assets*. Decision making is done by looking at the significance

values in the table *Coefficients*. Usually the basis for testing regression results is carried out with a confidence level of 95% or with a significance level of 5% (α = 0.05).

The criteria for the t statistical test (Ghozali, 2016): If the significance value of the t test is > 0.05 then H0 accepted and Ha rejected. This means that there is no influence between the independent variables on the dependent variable. If the significance value of the t test is <0.05 then H0 rejected and Ha accepted. This means that there is an influence between the independent variable and the dependent variable.

Below the t test results can be shown in table 1.6 below:

Table 6 Individual Parameter Significance Test Results (t Statistical Test)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.350	.562		-.623	.535
	CR	.275	.453	.070	.607	.546
	THE	.008	.009	.102	.886	.378

a. Dependent Variable: RETURNSAHAM
Source: IBM SPPS V26 data processing results

Based on the t test, it can be concluded as follows:

Hypothesis Testing 1:

H0 : β1 = 0 ; Current Ratio has no effect on share prices.

Ha : β1 ≠ 0 ; Current Ratio influence on share prices.

Based on the partial test results above, it is known that the t value is 0.607 and the t table value is 1.663, so it is known that t count < t table. Variable significance value Current Ratio (X1) is greater than 0.05, namely 0.546 so it is known that 0.578 > 0.05, so it can be concluded that partially the variable Current Ratio (X1) has no significant effect on the Stock Return variable (Y). This means that H0 is accepted while Ha is rejected so that the first hypothesis is rejected.

Hypothesis Testing 2 :

H0 : β2 = 0 ; Debt to Equity Ratio has no effect on stock returns.

Ha : β2 ≠ 0 ; Debt to Equity Ratio influence on share prices.

Based on the partial test results above, it is known that the calculated t value is 0.886 and the t table value is 1.663, so it is known that t calculated > t table. Variable significance value Debt to Equity Ratio (X2) is smaller than 0.05, namely 0.378 so it is known that 0.378 > 0.05, so it can be concluded that partially the variable Debt to Equity Ratio (X2) has no significant effect on the Stock Return variable (Y). This means that H0 is accepted while Ha is rejected so that the second hypothesis is rejected.

Simultaneous Test Results (F Test)

The F test aims to test whether the dependent variables together have a significant effect on the

independent variable. The results of the F test in this research can be seen in the ANOVA table of multiple regression results as follows:

Table 7 Simultaneous Test Results (F Test)

Model		Sum of Squares	Df	Mean Square	F	Say.
1	Regression	.052	2	.026	.451	.639[b]
	Residual	4.824	83	.058		
	Total	4.876	85			

a. Dependent Variable: RETURNSAHAM
b. Predictors: (Constant), DER, CR
Source: IBM SPPS V26 data processing results

Based on the f test, it can be concluded as follows:

H0 : $\beta1 = \beta2 = 0$; There is no influence *Current Ratio, Debt to Equity Ratio* to the stock return.

Ha : $\beta1 \neq \beta2 \neq 0$; There is influence *Current Ratio, Debt to Equity Ratio* to the stock return

From table 7, the calculation results obtained are the F $value_{count}$ amounting to 8.699 with a significance of 0.639 which is smaller than 5% (0.05). Next, compare F_{count} with F_{table}. Where if $F_{count} > F_{table}$ then simultaneously the independent variables have a significant effect on the dependent variable. Using $\alpha = 0.05$, the F value is obtainedtable of 3.10. Based on table 1.7, the F significance value is 0.639 and the calculated F value is 0.451 with an F table value of 3.10. Because the significance of F > 0.05 or 0.639 > 0.05 and the calculated F value < F table or 0.451 < 3.10 which means that simultaneously *Current Ratio* (CR) and *Debt Equity Ratio* (DER) does not have a significant effect on stock returns and is simultaneously rejected. This means that Ha is accepted while H0 is rejected so that the hypotheses together (simultaneously) have a significant influence on stock returns.

Uji Moderated Regression Analysis (MRA)

Because this research presents company size as a moderating variable, according to what was designed in chapter three, the examiners carried out the test. *Moderated Regression Analysis* or interaction test to find out whether company size which is used as a moderating variable can strengthen or vice versa (weaken) the relationship between the independent variable and the dependent variable.

Following is the Current Ratio (CR) on stock returns with *Return on Assets* (ROA) as a moderating variable.

Table 8 Stage 1 Moderation Test Results

Model		Unstandardized Coefficients		Standardized Coefficients Beta	t	Say.
		B	Std. Error		-.203	.839
1	(Constant)	-.101	.498			

	CR	.010	.425	.003	.024	.981
	LONG	.061	.028	.234	2.170	.033

a. Dependent Variable: RETURNSAHAM
Source: IBM SPPS V26 data processing results

Table 9 Results of the CR Variable Moderation Test on Stock Prices

Model		Unstandardized Coefficients		Standardized Coefficients	t	Say.
		B	Std. Error	Beta		
1	(Constant)	.503	1.151		.437	.663
	CR	-.496	.967	-.126	-.513	.609
	LONG	-.272	.573	-1.042	-.476	.636
	X1Z	.278	.478	1.303	.583	.561

a. Dependent Variable: RETURNSAHAM
Source: IBM SPPS V26 data processing results

From the SPSS output results above, it shows that the influence of Return on Assets (ROA) to stock return on the first output has a significant value of 0.033 < 0.05 and the influence of X1Z on the second output has a significant value of 0.561 > 0.05. So it can be said Return on Assets (ROA) is quasi moderation. Then if you look at the t table X1Z of 0.583, it proves that Return on Assets strengthen the relationship between CR and stock returns. Influence Debt to Equity Ratio (DER) against stock return with Return on Assets as a moderating variable.

Table 1.10 Phase 2 Moderation Test Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Say.
		B	Std. Error	Beta		
1	(Constant)	-.089	.076		-1.179	.242
	THE	-2.662E-6	.009	.000	.000	1.000
	LONG	.061	.030	.235	2.067	.042

a. Dependent Variable: RETURNSAHAM
Source: IBM SPPS V26 data processing results

Table 11 Results of the DER Variable Moderation Test on Stock Returns

Model		Unstandardized Coefficients		Standardized Coefficients	T	Say.
		B	Std. Error	Beta		
1	(Constant)	.106	.155		.682	.497
	THE	-.025	.020	-.317	-1.281	.204
	LONG	-.060	.089	-.229	-.670	.505
	X2Z	.015	.010	.662	1.439	.154

a. Dependent Variable: RETURNSAHAM
Source: IBM SPPS V26 data processing results

From the SPSS output results above, it shows that the influence of *Return on Assets* (ROA) on stock returns in the first output has a significant value of 0.042 < 0.05 and the influence of X2Z on the second output has a significant value of 0.154 > 0.05. So it can be said that the size of the company is

quasi moderation. Then if you look at the t table X2Z of 1.439, it proves that *Return on Assets* (ROA) strengthens the relationship between CR and stock returns.

Partial Significance Test (t) Y1 against Y2

Table 12 Individual Parameter Significance Test Results (t Statistical Test)

Model		Unstandardized Coefficients		Standardized Coefficients	T	Say.
		B	Std. Error	Beta		
1	(Constant)	1.632	.073		22.243	.000
	RETURN SAHAM	.629	.305	.219	2.061	.042

a. Dependent Variable: PBV
Source: IBM SPPS V26 data processing results

Hypothesis Testing:

H0 : $\beta 1 = 0$; Stock returns have no effect on *Price Book to Value* (PBV).

Ha : $\beta 1 \neq 0$; Stock returns have an effect on *Price Book to Value* (PBV).

Based on the partial test results above, it is known that the t value is 0.000 and the t table value is 1.663, so it is known that t count < t table. The significance value of the Stock Return variable (Y1) is greater than 0.05, namely 0.045, so it is known that 0.045 < 0.05, so it can be concluded that partially the Stock Return variable (Y1) has a significant effect on the variable *Price Book to Value* (PBV) (Y2). This means that H0 is rejected while Ha is accepted so that the second hypothesis is accepted.

Recapitulation of Hypothesis Testing

The following is a summary of the research results that have been obtained from this research as follows :

Table 13 Hypothesis Recapitulation Test Table

No	Hypothesis	Results	Conclusion
1	*Current Ratio* has no significant effect on stock returns	The calculated t value is 0.607 < t table 1.663 with significant value 0.546 > 0,05	Rejected
2	*Debt to Equity Ratio* negative effect or not significant to Return Shares	The calculated t value is 0.886 < t table 1.663 with significant value 0.378 > 0,05	Rejected
3	*Current Ratio*, and D*ebt Equity Ratio* significant effect on Return Shares	The calculated f value is 0.451 > f table 3.10 with a significant value of 0.639 < 0.05	Accepted
4	*Return on Assets* can moderate the relationship between *Current Ratio* and Returns Shares	The significant value of Z for Y is 0.033 < 0.05 and a significant value of X1*Z 0.561 > 0,05	Accepted
5	*Return on Assets* can moderate the relationship between *Debt to Equity*	The significant value of Z for Y is 0.042 < 0.05 and a significant value of X2*Z	Accepted

No	Hypothesis	Results	Conclusion
	Ratio And Stock Returns	0.154 > 0,05	
6	Stock Returns significant effect on *Price Book to Value*	The calculated t value is 0.000 < t table 1.663 with significant value 0.0045 < 0,05	Accepted

Source: Data processed 2021

Current Ratio Has No Effect on Stock Returns

The first hypothesis is to find out whether there is an influence of the Current Ratio on Stock Returns. From table 1.7 it is known that the Current Ratio has no effect on Stock Returns. This makes the proof of the first hypothesis that the Current Ratio has a significant positive effect on Stock Returns rejected. This is inversely proportional to the signal theory which states that the Current Ratio ratio can provide a positive signal to investors, that the higher the company's ability to pay its short-term obligations will provide a good signal or good news to investors. This shows that the company is able to resolve its debt problems, the higher the value of the liquidity ratio, the greater the company's opportunities to pay and resolve its problems related to debt. So this can cause stock returns to tend to rise. The results of this research are in line with research conducted by (Enita Erari, 2014) which states that the Current Ratio has no effect on Stock Returns, meaning that the presence or absence of the Current Ratio cannot influence the high or low stock returns. However, the results of this research are inversely proportional to the results of research conducted by (Bambang Wahyudi Wicaksono, 2019), which states that the Current Ratio has an effect on Stock Returns.

The reason for this lack of effect may be because this ratio only has an average of 1.2% for the total sample studied, which is very different from the standard industry average Current Ratio. According to (Kasmir, 2018) the industry average standard for the current ratio which is considered a good or satisfactory measure of a company's liquidity level is 200% or 2:1. so that investors do not really respond to the return on equity ratio as a consideration for the investment they will make.

Debt to Equity Ratio has a negative and insignificant effect on stock returns.

The second hypothesis is to find out whether there is an influence of the Debt to Equity Ratio on Stock Returns. From table 1.8 it is known that the Debt to Equity Ratio has a negative effect on Stock Returns. This makes the proof of the first hypothesis that the Debt to Equity Ratio has a significant positive effect on Stock Returns rejected. This is also supported by signal theory which states that increasing the level of leverage in the Debt Equity Ratio ratio can provide a negative signal to investors, that if the company is unable to fulfill its permanent obligations, this can have an impact on share prices and they will tend to fall. And it is also supported by the trade off theory which states that increasing the amount of debt (Debt Equity Ratio) will increase the amount of the company's fixed costs, which means the risk of the company being unable to repay debt will increase. This makes

investors unwilling to buy the company because it could cause company bankruptcy. So it is certain that stock returns will tend to decline due to the company's poor performance.

The results of this research support the results of research from previous researchers, including those conducted by (Alfi Widiana and Rahmawati Hanny Yustrianthe, 2020) who stated that the Debt Equity Ratio has a negative effect on stock prices. However, the results of this research are inversely proportional to the results of research conducted by (Enita Erari, 2014) which states that the Debt to Equity Ratio has no effect on stock returns. The cause of this influence on stock returns may occur because a high Debt Equity Ratio indicates the company's high dependence on external parties for capital, so that the company's burden is also heavier. If a company bears a high debt burden, that is, it exceeds its own capital, then the company's share return will decrease.

Simultaneous Current Ratio and Debt Equity Ratio do not have a significant effect on share prices

The third hypothesis is to find out whether there is an influence of the Current Ratio and Debt Equity Ratio on Stock Returns. From table 1.9, it is found that the Current Ratio and Debt Equity Ratio have a significant simultaneous effect on Stock Returns. This proves the third hypothesis that the Current Ratio and Debt Equity Ratio have a significant simultaneous effect on Stock Returns. This is also supported by signal theory which states that increasing levels of liquidity and low levels of leverage can provide a signal to investors that the company can be said to be fundamentally good. This can provide a positive signal that stock returns will tend to increase due to investor interest in the company. The results of this research support the results of research from previous researchers, including those conducted by Enita Erari, (2014) who stated that the Current Ratio and Debt to Equity Ratio simultaneously influence stock returns. The reason for this influence on stock returns may be because liquidity and leverage values are able to influence stock returns because investors respond to the fundamental values of these two ratios so that they can influence the rise and fall of stock returns.

Return on Assets Can Moderate the Relationship Between Current Ratio and Stock Returns

The fourth hypothesis is to find out whether there is an influence of Return on Assets as a moderating variable in the relationship between Current Ratio and stock returns. From table 1.9, it can be seen that Return on Assets can moderate the relationship between Current Ratio and stock returns. This makes proof of the fourth hypothesis that Return on Assets can moderate the relationship between Current Ratio and Stock Returns accepted.

The results of this research are inversely proportional to research conducted by (Nugroho Hepi Kuncoro and Bambang Sudiyatno, 2022) which stated that Return on Assets was unable to moderate the relationship between the Current Ratio and Stock Returns. The reason may be that Return on Assets. When the company's condition has a high Current Ratio value, it means the company has a large ability to pay off its short-term debt. This shows the good condition of the company. If the condition of the company is good, many investors will want to invest in the company, with the hope

of getting high stock returns. The company's ability to pay off debt is strengthened by the large return on assets of the company which influences stock returns.

Return on Assets Can Moderate the Relationship Between Debt to Equity Ratio and Stock Returns

The fourth hypothesis is to find out whether there is an influence of Return on Assets as a moderating variable in the relationship between Debt to Equity Ratio and stock returns. From table 1.10, it can be seen that Return on Assets can moderate the relationship between Debt to Equity Ratio and stock returns. This proves the fifth hypothesis that Return on Assets can moderate the relationship between Debt to Equity Ratio and Stock Returns. The results of this research are inversely proportional to research conducted by (Nugroho Hepi Kuncoro and Bambang Sudiyatno, 2022) which stated that Return on Assets was unable to moderate the relationship between the Current Ratio and Stock Returns. The reason may be that the higher the Debt To Total Asset Ratio reflects the company's relatively high risk, as a result it reduces investors' interest in investing their capital in companies that have a high Debt To Total Asset Ratio. If there are no investors who are interested in investing, it will have an impact on the company's share price decreasing and this will affect share returns. With Return On Assets, the Debt To Total Assets Ratio level can be minimized.

Stock Returns Have a Significant Positive Influence on Price Book to Value

The sixth hypothesis is to find out whether there is an influence of Stock Returns on Price Book to Value. From table 1.11 it can be seen that; Stock Returns have a significant positive effect on Price Book to Value. This makes the proof of the sixth hypothesis that Stock Returns have a significant positive effect on Price Book to Value accepted. This is supported by signal theory which states that a high level of liquidity in the ratio of working capital to total assets can provide a positive signal to investors, that the company is able to fulfill its short-term obligations. So this can cause stock market prices to tend to rise. The results of this research are also supported by research conducted by (Mochammad Ridwan Ristyawan, 2019) which states that stock returns have a significant positive effect on Price Book to Value. The cause of this influence on stock returns may be that the PBV ratio describes how much the market appreciates the book value of a company's shares. The higher this ratio will give an idea that the higher the company's share price indicates the better the company's performance, so that it can provide a better level of return in the future.

CONCLUSION

Based on the results of the research and discussions that have been carried out, several important conclusions can be drawn regarding banking subsector companies on the Southeast Asian Stock Exchange in the 2012-2020 period. First, the Current Ratio partially has no effect on Stock Returns. Second, the Debt to Equity Ratio also has no partial effect on Stock Returns. Third, even

though the two ratios have no partial effect, the Current Ratio and Debt to Equity Ratio simultaneously have a significant effect on Stock Returns. Fourth, Return on Assets is able to moderate the relationship between Current Ratio and Stock Returns, indicating that the performance of company assets can influence the effectiveness of liquidity on stock returns. Fifth, Return on Assets is also able to moderate the relationship between Debt to Equity Ratio and Stock Returns, confirming the importance of asset performance in the context of capital structure on stock returns. Lastly, Stock Returns partially influence Price Book to Value, indicating that stock returns have a significant impact on company valuation in the market. These results provide important insights for investors and company management in understanding the factors that influence stock returns and company valuations in the banking sector in Southeast Asia.

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