

The Effect of Financial Performance and Financial Reporting Quality on Stock Prices of Conventional Banking Companies

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Abstract

Purpose: This study aims to analyze the effect of financial performance and the quality of financial reports on stock prices in conventional banking companies listed on the Indonesia Stock Exchange (IDX) during the 2022–2025 period.

Design/methodology/approach: This quantitative study utilizes panel data regression analysis with SPSS Ver. 20 software. This study employs a purposive sampling technique, resulting in a sample of 14 conventional banks that have complete financial report data and stock closing prices for the research period. Financial performance is measured using key banking ratios (ROA, ROE, DER, and NIM), while financial report quality is assessed through relevance, reliability, and timeliness of information delivery.

Findings: The results of this study demonstrate that ROA has a positive and significant effect on Stock Prices, while Financial Report Quality has no significant effect. ROE has a negative and significant effect on Stock Prices, and the simultaneous effect of ROA, ROE, and Financial Report Quality on Stock Prices is found to be insignificant.

Practical implications: The findings provide empirical evidence that can assist bank management, investors, and regulators in their efforts to improve reporting transparency and maintain capital market stability, by clarifying the simultaneous role of financial performance and reporting quality in influencing stock valuations.

Originality/value: This study contributes to the existing literature by offering empirical evidence on the combined effect of financial performance and financial reporting quality in determining conventional bank stock prices, specifically highlighting the interplay between operational health and informational transparency within the Indonesian banking context.

Paper type: Empirical.

Keywords: Financial Performance, Financial Reports, Conventional Banks, Stock Price.

1. Introduction

The banking sector is one of the main pillars in the national economic system which plays a role as a financial intermediary institution. Through its fundraising and credit distribution functions, banking has an important contribution in supporting economic growth, maintaining financial system stability, and increasing investment activity. As a company whose shares are partially traded on the Indonesia Stock Exchange (IDX), banks are required to demonstrate good financial performance in order to attract investor interest and increase the company's value.

Stock prices are one indicator that reflects investors' perceptions of a company's value and prospects. Stock price changes are influenced by various factors, both internal and external. From an internal perspective, financial performance and the quality of financial reports are the main information used by investors to assess the health of a company before making investment decisions. The better the company's financial condition and the better the quality of the information presented in the financial reports, the greater investor confidence in the company's prospects, thus potentially increasing share prices.

Financial performance describes a company's ability to manage its resources to generate optimal profits. In the banking industry, financial performance is generally measured using various financial ratios, such as Return on Assets (ROA), Return on Equity (ROE), Debt to Equity Ratio (DER), and Net Interest Margin (NIM). These ratios provide information on the company's profitability, operational efficiency, capital structure, and ability to generate revenue from its operational activities. This information serves as the basis for investors in evaluating the company's future prospects.

In addition to financial performance, the quality of financial reports also plays a crucial role in building investor confidence. Quality financial reports must meet qualitative characteristics, namely relevance, reliability, comparability, and understandability. Transparent presentation of financial reports in accordance with accounting standards allows investors to obtain accurate information about the company's condition, thereby reducing information asymmetry between management and shareholders. Therefore, the quality of financial reports is one factor that can influence investment decisions and stock price movements.

The relationship between financial performance, financial report quality, and stock prices can be explained through Signaling Theory. This theory states that companies will send signals to the market through published information, particularly financial reports. Good financial performance and high-quality financial reports are positive signals indicating a company has good business prospects. Investors will respond to this signal by increasing demand for the company's shares, which can ultimately increase share prices on the capital market.

Various previous studies have shown that financial performance influences a company's share price. High profitability is generally accompanied by increased investor confidence, thus positively impacting share prices. Likewise, good quality financial reports can increase the credibility of company information and strengthen investor confidence in making investment decisions. However, previous research has yielded mixed results, with some studies suggesting that some financial performance indicators and financial report quality do not always have a significant impact on share prices. These discrepancies indicate that the relationship between these variables requires further study.

In addition, most previous studies have examined the influence of financial performance or the quality of financial reports separately. Research integrating these two variables into a single model, particularly for conventional banking companies listed on the Indonesia Stock Exchange during the 2022–2025 period, is relatively limited. However, the combination of these two factors is expected to provide a more comprehensive picture of the factors influencing banking company share prices.

The novelty of this research lies in examining the simultaneous influence of financial performance and financial report quality on stock prices in conventional banking companies listed on the Indonesia Stock Exchange for the 2022–2025 period. This research is expected to provide empirical evidence regarding the role of these two variables in shaping investor perceptions of company value in the capital market.

Table 1. List of Conventional Bank Revenues for the 2022-2025 Period (in trillions)

No	Bank	Kode	2022	2023	2024	2025*
1	Bank Central Asia	BBCA	90	99	107	112
2	Bank Rakyat Indonesia	BBRI	147	140	145	150
3	Bank Mandiri	BMRI	107	120	130	138
4	Bank Negara Indonesia	BBNI	114	120	130	135
5	Bank Tabungan Negara	BBTN	30	32	34	36
6	Bank CIMB Niaga	BNGA	45	49	52	55
7	Bank Danamon	BDMN	35	38	40	43

No	Bank	Kode	2022	2023	2024	2025*
8	Bank Permata	BNLI	25	27	30	32
9	Bank Panin	PNBN	20	22	24	26
10	Bank OCBC NISP	NISP	22	24	26	28
11	Bank Maybank Indonesia	BNII	28	30	32	34
12	Bank Mega	MEGA	18	20	22	24
13	Bank KB Bukopin	BBKP	12	13	15	17
14	Bank Capital Indonesia	BACA	3	3.5	4	4.5
15	Bank Internasional MNC	BABP	2	2.5	3	3.5
16	Bank Jago	ARTO	4	6	8	10
17	Bank Neo Commerce	BBYB	8	10	12	14
18	Bank Bumi Arta	BNBA	1.5	2	2.3	2.5
19	Bank Victoria	BVIC	2	2.2	2.5	2.8
20	Bank Artha Graha	INPC	2.5	2.8	3	3.2
21	Bank QNB Indonesia	BKSW	3	3.5	4	4.5
22	Bank Nationalnobu	NOBU	2	2.5	3	3.5
23	Bank Sinarmas	BSIM	6	7	8	9
24	Bank IBK Indonesia	AGRS	3	3.2	3.5	4
25	Bank Woori Saudara	SDRA	5	6	7	8
26	Bank JTrust Indonesia	BCIC	3	3.5	4	4.5
27	Bank Harda (Allo Bank)	BBHI	2	3	5	7
28	Allo Bank Indonesia	BBYB	8	10	12	14
29	Bank Amar Indonesia	AMAR	1.5	2	2.5	3
30	Bank Raya Indonesia	AGRO	6	7	8	9
31	Bank Mestika Dharma	BBMD	3	3.5	4	4.5
32	Bank Ganesha	BGTG	1.2	1.5	1.8	2
33	Bank Multiarta Sentosa	MASB	2	2.3	2.7	3
34	Bank Oke Indonesia	DNAR	1	1.3	1.5	1.8
35	Bank Ina Perdana	BINA	1.5	1.8	2.2	2.5
36	Bank KEB Hana	HNBN	4	4.5	5	5.5
37	Bank CCB Indonesia	MCOR	5	6	7	8
38	Bank Mayapada	MAYA	9	10	11	12
39	Bank Index Selindo	—	2	2.5	3	3.5
40	Bank BTPN	BTPN	20	22	24	26
41	Bank Internasional Bisnis	BBSI	1	1.2	1.5	1.8
42	Bank Jasa Jakarta	—	2	2.3	2.6	3
43	Bank Sampoerna Sahabat	—	2	2.5	3	3.5

Source: idx.co.id

Based on Table 1, it is clear that the revenues of the conventional banks sampled in the study during the 2022–2025 period showed an increasing trend, although the growth rate varied across banks. Banks with large asset scales, such as PT Bank Central Asia Tbk (BBCA), PT Bank Rakyat Indonesia (Persero) Tbk (BBRI), PT Bank Mandiri (Persero) Tbk (BMRI), and PT Bank Negara Indonesia (Persero) Tbk (BBNI), recorded higher revenues than other banks.

Meanwhile, several medium-sized banks and digital banks also showed an upward trend in revenue, albeit at a relatively smaller scale. These differences indicate variations in operational capacity, market share, and the business strategies implemented by each bank in generating revenue.

Revenue growth is one indicator reflecting improving company operational activities. Although revenue is not a variable directly tested in this study, the amount of revenue has the potential to influence various financial performance indicators used as research variables, namely Return on Assets (ROA), Return on Equity (ROE), Debt to Equity Ratio (DER), and Net Interest Margin (NIM). Increased revenue tends to be followed by increased net profit if the company is able to effectively control operating costs. This condition will increase the ROA value, which indicates the company's ability to generate profits from its assets, and the ROE, which reflects the rate of return on capital invested by shareholders.

Furthermore, in the banking industry, an increase in net interest income also has the potential to increase the Net Interest Margin (NIM). This ratio reflects the bank's ability to manage productive assets to generate optimal interest income. The higher the NIM value, the more efficient the bank is in carrying out its intermediation function and the greater the company's opportunity to increase profitability. Conversely, increased revenue is not always accompanied by an improvement in the Debt to Equity Ratio (DER) because this ratio is more influenced by the company's funding structure and capital policies. Therefore, increased revenue does not necessarily result in improved leverage if the company still relies on debt financing.

From a Signaling Theory perspective, information about increasing revenue reflected in financial reports is a positive signal a company sends to investors. Consistently increasing revenue indicates a company's good business prospects, ability to maintain business growth, and potential for higher profits in the following period. This positive signal is further reflected in the increase in profitability ratios, such as ROA, ROE, and NIM, which are the main concerns of investors in assessing company performance. Investors generally interpret increases in these ratios as indicators of a company's ability to create added value and generate better returns on investment.

Thus, the data in Table 1 not only illustrates the revenue conditions of conventional banks during the study period but also provides an initial overview of potential changes in the company's financial performance. The increase in revenue followed by an improvement in the profitability ratio is expected to be a positive signal for the market, thereby increasing investor confidence. This confidence can ultimately drive increased demand for the company's shares and contribute to share price increases on the Indonesia Stock Exchange. Therefore, analyzing financial performance and the quality of financial reports is crucial to explain the relationship between a company's published financial information and investor response, as reflected in stock price movements.

2. Literature Review and Hypotheses Development

Signaling Theory

The Signaling Theory proposed by Spence (1973) explains that companies convey information to investors through financial reports to reduce information asymmetry. Information regarding financial performance and the quality of financial reports are signals that investors use to assess a company's prospects. The better the information conveyed, the more positive the investor response will be, thus increasing share prices (Paulus & Tarmidi, 2026).

Hypothesis Development

The Effect of Financial Performance on Stock Prices

Good financial performance demonstrates a company's ability to generate profits and manage resources efficiently. According to Signaling Theory, this condition is a positive signal

that increases investor confidence in the company's prospects. Research by Al Bustomi et al. (2025), Ameliana (2025), and Sara et al. (2025) shows that financial performance influences stock prices.

H₁: Financial performance has a positive effect on the stock prices of conventional banks listed on the Indonesia Stock Exchange.

The Effect of Financial Report Quality on Stock Prices

Quality financial reports provide relevant, reliable, and transparent information, thereby increasing the company's credibility in the eyes of investors. Based on Signaling Theory, the quality of financial reports is a positive signal that can increase investor interest and have an impact on increasing stock prices.

H₂: The quality of financial reports has a positive effect on the stock prices of conventional banks listed on the Indonesia Stock Exchange.

The Effect of Financial Performance and Financial Report Quality on Stock Prices

Financial performance and financial report quality are complementary pieces of information that describe a company's condition. The better the financial performance and the higher the quality of the financial reports, the more positive the signal to investors, potentially increasing the company's stock price.

H₃: Financial performance and the quality of the financial reports simultaneously have a positive effect on the stock prices of conventional banks listed on the Indonesia Stock Exchange.

3. Research Method

This research uses a quantitative approach with an explanatory research type, namely research that aims to test the influence of financial performance and the quality of financial reports on the share prices of banking companies. The data used are secondary data obtained from companies' annual financial reports and stock price data published on the Indonesia Stock Exchange (IDX), www.idx.co.id, and each company's official website.

The research population is all conventional banks listed on the Indonesia Stock Exchange during the period 2022–2025. The sampling technique used purposive sampling with the following criteria: (1) conventional banks listed consecutively on the IDX during the research period; (2) publishing audited annual financial reports; (3) having complete data on ROA, ROE, DER, NIM, timeliness of financial reporting, and stock prices; and (4) not having been delisted during the study period. Based on these criteria, 14 banking companies were selected as samples, with a total of 56 observation units.

The dependent variable of the research is the stock price (Y) which is measured using the closing price at the end of the year. The independent variables consist of financial performance (X₁) which is proxied using Return on Assets (ROA), Return on Equity (ROE), Debt to Equity Ratio (DER), and Net Interest Margin (NIM), as well as the quality of financial reports (X₂) which is proxied using indicators of relevance, reliability, and transparency of financial reports, while stock prices are measured using the closing price.

The data collection technique in this study uses the documentation method, namely by collecting company financial report data and stock price data obtained from the official website of the Indonesia Stock Exchange (IDX) and other supporting sources. The data used is secondary and historical, making it suitable for quantitative analysis. Data analysis techniques were performed using SPSS version 26 software. The analysis stages included classical assumption tests consisting of normality tests, multicollinearity tests, heteroscedasticity tests, and autocorrelation tests. Next, a multiple linear regression analysis was conducted to determine the effect of financial performance and the quality of financial reports on stock prices.

The regression equation used is:

$$Y = a + b_1X_1 + b_2X_2 + e$$

Where Y is the stock price, X_1 is the financial performance, and X_2 is the quality of the financial statements.

Hypothesis testing is conducted using partial tests (t-tests) to determine the effect of each independent variable on the dependent variable, and simultaneous tests (F-tests) to determine the joint effect of both independent variables on stock price. In addition, a coefficient of determination (R^2) test was conducted to determine the extent of the contribution of the independent variable in explaining the dependent variable.

4. Result and Discussion

Descriptive Statistics

Table 2. Descriptive Statistics of Research Variables

Descriptive Statistics												
N	Range	Minimum	Maximum	Mean	Std. Deviation	Variance	Skewness	Kurtosis				
Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error	Statistic
ROA	56	8.83	-4.80	4.03	1.4393	.18907	1.58186	2.502	-1.234	.287	3.331	.566
ROE	56	67.31	-40.00	27.31	8.3917	1.20741	10.10191	102.049	-1.957	.287	7.368	.566
DER	56	800.00	200.00	1000.00	6.2683E2	19.69117	164.74811	2.714E4	-.413	.287	.845	.566
NIM	56	4.20	2.40	6.60	4.2616	.12593	1.05364	1.110	.185	.287	-.430	.566
Harga Saham Valid N (listwise)	56	39405	95	39500	5249.06	1056.277	8837.451	7.810E7	2.973	.287	8.114	.566

Source: SPSS Ver. 20 (2025)

From Table 2. above describes the description of the variables statistically in this study, namely the mean is the sum of all data values divided by the number of data with a mean value for stock price 5249.06, return on assets (ROA) 1.4393, return on equity (ROE) 8.3917, debt to equity ratio (DER) 6.2683 and Net Interest Margin (NIM) of 4.2616. Minimum is the lowest value of a data group with a stock price value of 95, return on assets (ROA) -4.80, return on equity (ROE) -40.00, debt to equity ratio (DER) 200 and Net Interest Margin (NIM) of 2.40. Maximum is the highest value of a group of data with a stock price value of 39500, return on assets (ROA) of 4.03, return on equity (ROE) of 27.31, debt to equity ratio (DER) of 1000.00 and Net Interest Margin (NIM) of 6.60. Standard deviation is the root of the variance which shows the standard deviation value or root of the variance with the stock price value of 8837.451, return on assets (ROA) 1.58186, return on equity (ROE) 10.10191, debt to equity

ratio (DER) 164.74811 and Net Interest Margin (NIM) of 1.05364. Skewness is the level of uncertainty or distance from symmetry of a distribution with a stock price value of 2,973, return on assets (ROA) -1,234, return on equity (ROE) -1,957, debt to equity ratio (DER) -413 and Net Interest Margin (NIM) of .185. Kurtosis is the level of peak of a distribution which is usually taken relative to a normal distribution with a stock price value of 8,114, return on assets (ROA) 3,331, return on equity (ROE) 7,368, debt to equity ratio (DER) 6,2683 and Net Interest Margin (NIM) of 4,2616.

Classic Assumption Test Results

The classical assumption test was carried out so that the regression model carried out met the Best Linear Unbiased Estimate (BLUE) assumption. The classical assumption testing in this research is as follows:

Data Normality Test

The normality test is used to determine and show whether the residual values in this regression model are normally distributed or not. The normality test in this study used the Kolmogorov-Smirnov method. A good regression model must have residual values that are normally distributed, and can be declared normal if the value is asymp. sig > 0.05. The ROA, ROE, DER and NIM normality tests as well as the quality of financial reports can be seen in the following table:

Table 3. Results of Data Normality Test

One-Sample Kolmogorov-Smirnov Test		
		Unstandardized Residual
N		56
Normal Parameters ^{a,b}	Mean	,0000000
	Std. Deviation	,04866728
	Absolute	,113
Most Extreme Differences	Positive	,113
	Negative	-,086
Test Statistic		,113
Asymp. Sig. (2-tailed)		,063 ^c
a. Test distribution is Normal.		
b. Calculated from data.		
c. Lilliefors Significance Correction.		

Source: SPSS Ver. 20 (2025)

Based on Table 3 above, the normality test using the Kolmogorov-Smirnov method shows that the Asymp. Sig. (2-tailed) value is 0.63 > 0.05. Therefore, this second test concludes that the data is normally distributed.

Multicollinearity Test

The multicollinearity test is used to determine whether a regression model detects a relationship between the independent and dependent variables. The multicollinearity test is used to determine whether a regression model indicates a correlation between the independent variables. In multiple regression, a regression model must be free from multicollinearity symptoms by looking at if the VIF value is < 10 and the tolerance value is > 0.1, then the regression model can be declared free from multicollinearity symptoms. The results of the multicollinearity test are as follows:

Table 4. Multicollinearity Test Results

Coefficients ^a								
Model		Unstandardize		Standardi	t	Sig.	Collinearity	
		d Coefficients	zed	Coefficien			Statistics	
		B	Std.	Beta			Tolera	VIF
			Error				nance	
1	(Constant)	-,007	,023		-,322	,749		
	ROA	-,003	,003	-,118	-1,072	,289	,869	1,151
	ROE	-,008	,008	-,132	-1,003	,320	,600	1,665
	DER	,002	,003	-,118	-1,072	,289	,869	1,151
	NIM	,110	,025	,576	4,395	,000	,608	1,646
	Kualitas Laporan Keuangan	,110	,025	,576	4,395	,000	,608	1,646

a. Dependent Variable: Stock Price

Source: SPSS Ver. 20 (2025)

Based on Table 4 above, considering the tolerance values, namely ROA (0.869), ROE (0.600), and Financial Report Quality (0.608) > 0.1 , and VIF values for ROA (1.15), ROE (1.665), and Financial Report Quality (1.646) < 10 , it can be concluded that the regression model in this study can be declared "no signs of multicollinearity."

Heteroscedasticity Test

The heteroscedasticity test aims to determine and demonstrate whether the regression model exhibits unequal variances between the residuals of one observation and another. To identify whether heteroscedasticity has occurred, this can be seen in the scatterplot graph as follows:

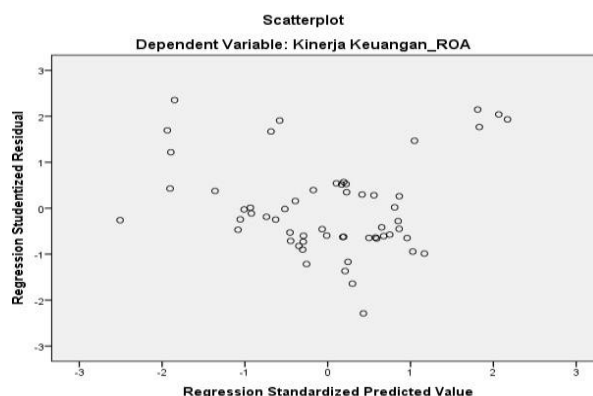


Figure 1. Heteroscedasticity Test Results

Source: SPSS Version 20 (2025)

Regarding Figure 1, there is no clear or regular pattern. Therefore, heteroscedasticity does not occur. The horizontal axis shows the standardized predicted value (Regression Standardized Predicted Value), while the vertical axis shows the standardized residual (Regression Studentized Residual). The points on the graph appear to be randomly distributed above and below the zero line without forming any particular pattern, such as narrowing or widening. This indicates that the residual variance tends to be constant, so it can be concluded

that the regression model does not experience heteroscedasticity and meets the classical assumptions. Therefore, the results of the regression analysis can be considered valid and reliable.

Autocorrelation Test

The autocorrelation test is conducted to determine whether there is a deviation from the classical assumption of autocorrelation, namely the correlation between residuals from one observation and other observations in a regression model. The autocorrelation test in this study used the Durbin Watson Test. A good regression model must have residual values that do not experience autocorrelation and can be stated as not experiencing autocorrelation if the asymp value. value is > 0.05 .

Table 5. Autocorrelation Test Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,487 ^a	,237	,197	,0990002	2,198

a. Predictors: (Constant), *ROA*, *ROE*, dan Kualitas Laporan Keuangan

b. Dependent Variable: Harga Saham

Source: SPSS Ver. 20 (2025)

Based on Table 5, the SPSS test results are entered using the formula $du < d < 4-du$, resulting in $1.68891 < 2.198 < 2.31109$, indicating no autocorrelation. This means that the model has fulfilled one of the classical assumptions (no autocorrelation), so that the results of the regression analysis can be trusted and are suitable for use in research.

Multiple Linear Regression Analysis Results

This study used multiple regression analysis to determine the effect of *ROA*, *ROE*, *DER*, and *NIM*, as well as the quality of financial reports, on the stock prices of conventional banking companies listed on the Indonesia Stock Exchange for the 2022-2025 period.

Table 6. Multiple Linear Regression Test Results

		Coefficients ^a			t	Sig.
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta		
1	(Constant)	,033	,037		,895	,374
	<i>ROA</i>	,009	,005	,218	1,759	,084
	<i>ROE</i>	-,034	,011	-,422	-3,105	,003
	<i>DER</i>	,014	,007	,422	2,067	,116
	<i>NIM</i>	,048	,033	,289	1,665	,562
	Kualitas Laporan Keuangan	,039	,043	,118	,896	,374

a. Dependent Variable: Stock Price

Source: SPSS Ver. 20 (2025)

From the calculations in the table above, the multiple regression equation is as follows:

$$Y = 0.033 + 0.009 X_1 - 0.034 X_2 + 0.014 X_3 + 0.048 X_4 + 0.039 X_5$$

In the multiple linear regression equation, the *ROA* value of 0.009 indicates a positive trend, indicating a directional relationship between *ROA* and stock price. A positive value

indicates that an increase in ROA will also cause an increase in stock price. In the multiple linear regression equation, the ROE value is -0.034. A negative value indicates an inverse effect; a higher ROE will lead to a decrease in stock price. In the multiple linear regression equation, the value of Financial Report Quality is 0.039. A positive value indicates a directional influence, if the Quality of Financial Reports is higher, the Stock Price will also increase.

Hypothesis Test Results

t-Test

The t-test is used to partially test the significance of the relationship between variables X and Y.

Table 7. t-Test Results

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	,033	,037		,895	,374
	ROA	,009	,005	,218	1,759	,084
	ROE	-,034	,011	-,422	-3,105	,003
	Kualitas Laporan Keuangan	,039	,043	,118	,896	,374

a. Dependent Variable: Harga Saham ROA

Source: SPSS Ver. 20 (2025)

Based on the table above which has been presented regarding the results of multiple linear regression to test hypotheses 1, 2, 3 and 4, Hypothesis 1 states that ROA has a positive and significant effect on Stock Prices as shown by the calculated t value of the ROA variable (X_1) on Stock Prices (Y) which is 0.895 and the significant value is 0.088. The value is $0.084 > 0.05$ hypothesis 1 is accepted. Hypothesis 2 states that ROE has a positive and significant effect on Stock Prices (Y) as shown by the calculated t value of the ROE variable (X_2) is -3.105 and the significant value is 0.003. The value is $0.003 < 0.05$ hypothesis 2 is rejected. Hypothesis 3 states that the Quality of Financial Reports has a positive and significant effect on Stock Prices as shown by the calculated t value of the Financial Report Quality variable (X_3) is 0.896 and the significance value is 0.374. The value is $0.374 > 0.05$, hypothesis 3 is rejected. Hypothesis 4 states that ROA, ROE, and Financial Report Quality have a positive and significant effect on Stock Prices as the calculated t value is 0.895 and the significant value is 0.374.

Coefficient of Determination (R^2)

The coefficient of determination values are presented in the table below:

Table 8. Results of the Coefficient of Determination for the Regression Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,463 ^a	,214	,187	,3050061

a. Predictors: (Constant), ROA, ROE, DER, NIM, Financial Report Quality

Source: SPSS Ver. 20 (2025)

The results of regression model 1, as shown in the table above, yielded a coefficient of determination (R^2) of 0.214. This indicates that in this study, the stock price variable is influenced by ROA, ROE, DER, NIM, and financial report quality by 21.4%, and by other variables by 78.6%.

The Effect of Financial Performance on Stock Price

The analysis revealed that financial performance (X_1) influences stock price (Y). Therefore, an increase or decrease in the financial performance variable has a positive and significant effect on stock price. It can be concluded that Hypothesis 1 in this study is accepted. The financial performance of banking companies is one of the main factors that influences stock price movements in the capital market. Financial ratios such as Return on Assets (ROA), Return on Equity (ROE), Debt to Equity Ratio (DER), and Net Interest Margin (NIM) are often used by investors to assess the condition and prospects of conventional banks. ROA reflects the bank's ability to generate profits from all assets owned, so the higher the ROA value, the more efficient the company is in managing its assets. This condition will increase investor confidence and drive stock demand, which ultimately impacts share prices. This is in line with research by Sari and Wulandari (2021) which states that ROA has a positive effect on banking stock prices. Overall, the four financial ratios, namely ROA, ROE, DER, and NIM, have an important role in influencing conventional bank stock prices both partially and simultaneously. ROA, ROE, and NIM tend to have a positive influence because they reflect the company's ability to generate profits, while DER tends to have a negative influence because it is related to the level of financial risk. Therefore, investors usually consider a combination of these ratios in conducting fundamental analysis before making investment decisions. This is reinforced by Utami's (2022) research, which states that ROA, ROE, DER, and NIM simultaneously have a significant effect on banking stock prices.

The Effect of Financial Report Quality on Stock Prices

The analysis revealed that financial report quality significantly impacts stock prices. Hypothesis 2 in this study was accepted. The positive regression coefficient indicates a unidirectional, inverse effect, meaning that any increase in financial report quality will lead to an increase in stock prices. The quality of financial reports is one of the important factors that influences the share prices of conventional banks listed on the Indonesia Stock Exchange. Quality financial reports are characterized by the characteristics of relevance, reliability, comparability, and transparency, so that they are able to provide accurate information regarding the company's financial condition to investors. The higher the quality of financial reports, the greater the level of investor confidence in the company, because the information presented is considered to reflect actual conditions. This will increase investment interest and demand for shares, which will ultimately have an impact on increasing share prices.

Theoretically, the quality of financial reports is closely related to signaling theory, where companies provide positive signals to the market by presenting good and transparent financial reports. This signal will be perceived by investors as an indication that the company has healthy performance and good prospects in the future. On the other hand, financial reports that are of low quality or contain manipulation will create uncertainty and information risk, thereby reduce investor confidence and impact share prices.

The Effect of Financial Report Quality and Financial Performance on Stock Prices

Based on the analysis, it was found that financial performance and financial report quality influence stock prices (Y). It can be concluded that Hypothesis 3 in this study is accepted. The influence of financial performance and financial report quality on stock prices is crucial in capital market analysis, particularly for banking companies. Financial performance, measured through ratios such as Return on Assets (ROA), Return on Equity (ROE), Debt to Equity Ratio

(DER), and Net Interest Margin (NIM), reflects a company's ability to generate profits, manage capital, and control risk. The better a company's financial performance, the greater investor confidence in the company's prospects. This condition will increase the demand for shares in the market and have an impact on increasing share prices. This is supported by research by Utami (2022) which states that financial performance has a significant positive effect on stock prices, because it is the main basis for making investment decisions.

5. Conclusion

Based on the research results, it can be concluded that financial performance and the quality of financial reports have a positive and significant influence on the share prices of conventional banking companies listed on the Indonesia Stock Exchange (IDX) for the 2022–2025 period. Partially, financial performance measured through ratios such as ROA, ROE, DER, and NIM can increase investor confidence, thus impacting share price increases. Likewise, good quality financial reports, characterized by transparency, relevance, and reliability, provide positive signals for investors in making investment decisions. Simultaneously, these two variables play an important role in determining the value of a company in the capital market, especially in dynamic economic conditions.

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