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Determinant Factors of Company Share Prices in Financial Sector Companies on The IDX

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Abstract:

Share prices are greatly influenced by supply and demand for shares, the more people who buy shares, the higher the price. On the other hand, share prices can fall if many owners sell their shares. The aim of this study is to evaluate and analyze variables that can influence the share prices listed on the Indonesia Stock Exchange for the 2017-2019 period. These factors include EPS, ROE and DER. In this study, quantitative methods were applied with regression analysis. The research sample consists of 7 companies in the regular financial industry that provide quarterly financial statements from 2017 to 2021. After using the purposive sampling method, Eviews 10 was applied to analyze the data. Classical assumption testing, model feasibility analysis, panel regression analysis, and determination coefficient tests are processes that researchers use to test data. According to the results of the study, stock prices are strongly influenced by EPS and ROA, but stock prices are not influenced by DER. Financial sector companies that have below-average EPS ratio and negative values should realize that increased profits aim to improve investor welfare through dividends and/or capital gains.

Keywords: *EPS, ROE, DER, Financial Sector Companies*

1. Introduction

The desire of investors to invest can increase when they see good prospects from companies *going public*. The importance of firm value is because it shows the quality of the company itself (Ratmojoyo et al., 2021). (Ratmojoyo et al., 2021).. The high existence and credibility of the company will be able to increase the value of a company. Investor confidence can increase when the company's performance and prospects are good. Investors are definitely interested in companies with good reputation and quality as a place to invest capital. The value of a company will be good if the profit generated is high every year. (Muliadi et al., 2023).. The selling value of shares is an important measure to assess the share price of companies that sell their shares to the public. A high stock value will result in a higher company value, which in turn will increase welfare and prosperity for shareholders. However, this

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effort to increase the value of the company will face many challenges, both outside the company and within it. (Julia & Umar, 2021).

In carrying out its operational activities, every company needs working capital. the adequacy of working capital is a requirement for businesses to take advantage of various business opportunities. One method of obtaining capital is by attracting investors to buy shares. (Dewi & Sedana, 2018). Once the company makes a profit, dividends are paid to investors. However, stock investments can also generate losses due to dividend distributions that do not match investors' expectations. The company's ability to manage capital so that the company can earn income and profit as expected by investors (Febriyani & Siswanti, 2018). (Febriyani & Siswanti, 2022). The more corporate debt, indicating the amount of funds from outside parties used so that more costs must be borne by the company. If investor expectations can be met, the company will become more trusted by investors, which will result in an increase in demand and stock prices. (Putri, 2020).

In addition to providing information about various companies and business sectors, the Indonesia Stock Exchange (IDX) can also provide information about stock price fluctuations. Stock prices can change due to information from inside and outside the entity, such as government policies, the economy, and others. (Serly & Lau, 2021). Such price fluctuations may reflect market uncertainties that may influence investors' choices before investing. Financial difficulties must be avoided, *early warning* signs must be considered by the company before actual financial difficulties occur (Lubis & Sipahutar, 2021). (Lubis & Sipahutar, 2022).. Financial difficulties do not always indicate bankruptcy, but if the company experiences it continuously and for a long time, bankruptcy may be experienced by the company. It is required for all companies listed on the Indonesia Stock Exchange (IDX) to inform the results of the annual report so that their financial condition can be seen. Through these financial reports, it can be predicted that the company's financial health is important to prevent bankruptcy or bankruptcy. (Kherismawati et al., 2017).

Changes in demand and supply of shares affect fluctuations in stock prices in the capital market. *Earning per share* (EPS) is one of the various methods to measure the success of a business in achieving profits for shareholders. A high level of *earnings per share* will increase the demand for the company's shares, which in turn leads to an increase in stock prices. (Rahmadewi & Abundanti, 2018). If a company's earning per share is high, investors will be more interested in investing in the company because the share price will also be high. A high EPS indicates that the company has a good ability to earn profits and distribute these profits to its shareholders (Labiba et al., 2021). (Labiba et al., 2021). The amount of profit generated per share, the amount of profit ready to be distributed to shareholders, and the profit for investors is calculated by Earning Per Share. The annual fluctuation of EPS is an important indicator of how well the management of a shareholding company is doing.

On the other hand, the company's share price is also affected by the level of *Return on Equity* (ROE). ROE will represent the value of shares and the quality of the company. The high value of ROE illustrates the amount of income and the company's strong

position on investment returns. (Suyanto & Risqi, 2022). If the company has a high ROE, it will have a positive impact on the quality of the company in the eyes of investors. Companies with high ROE quality are able to lure investors into wanting to invest in the company. Because the share price is strongly influenced by the resulting performance (Sulistiani & Iswanaji, 2021).. The calculation of ROE aims to predict the financial distress condition of a company so that investors can avoid bankruptcy and know clearly that symptoms of bankruptcy will appear. A lower ROE value indicates that the company manages its capital poorly, which can lead to a higher likelihood of experiencing financial distress. (Erayanti, 2019). ROE plays a crucial role for shareholders to find out how effective and efficient the management of the company's own capital management is.

In addition to the EPS and ROE aspects, DER, or *Debt to Equity Ratio,* is another factor that can affect stock price changes. This ratio shows the company's ability to pay its obligations, which is indicated by the percentage of private capital ownership. A high DER ratio indicates low funding provided by shareholders, and conversely, a lower ratio indicates the company's ability to pay long-term obligations. (Riyadi & Rahmayani, 2022). This can have a positive impact, namely the company's stock price rises. In addition, a high DER ratio indicates a low proportion of own capital to finance assets. The impact is that investors are not interested in buying the company's shares because of the low return (Indriastuti & Ruslim, 2022). (Indriastuti & Ruslim, 2020). Conversely, an increase in DER value has a major impact on the company's profitability because part of it is used to return loan interest. Profitability, or after-tax profits, may be reduced by increased interest costs. As a result, dividends, or shareholders' rights, may also decrease. Too much debt leads to a decrease in dividends, and most of that profit is used to pay off the debt, causing financial problems. (Santoso & Junaeni, 2022).

Stock prices are analogous to time series models so that they can be analyzed and estimated, rather than randomly generated values. The motivation for investors to do stock forecasting is to make a profit. For industry players, an adequate understanding of investment can be used as the main capital and preference for determining investment products as desired. The purpose of this research is to analyze the effect of *Earning per Share, Return on Equity* and *Debt to Equity Ratio* on the share price of financial sector companies listed on the Indonesia Stock Exchange for the period 2017-2021

2. Theoretical Background

***Earning Per Share* (EPS)**

A ratio that reflects the earnings for investors against the company's share ownership is called *Earning per Share* (EPS). EPS can be called an indicator of investment success which has a direct impact on the increase in stock prices. (Prayoga & Aprilyanti, 2021). According to the opinion of (Wiagustini, 12014)The ability of a company to share the profits they get for all investors is called earning per share. For each share over a certain period of time, EPS shows the net profit generated by the company for each share, which is distributed to all shareholders. When we see an

increase or decrease in EPS each year, we can see how well the company is doing. In theory, an increase in EPS leads to an increase in stock price. An increasing EPS indicates that the company has successfully increased the level of investor welfare. (Darmaji & Fakhruddin, 12014). This will encourage investors to increase the amount of capital invested in the company. In the end, the increase in the amount of demand for shares encourages the share price to also rise. EPS can be determined through the following formula:

$$EPS = \frac{Net\ Income - Preferred\ Dividends}{Weighted\ Average\ Shares\ Outstanding}$$

Return on Equity (ROE)

The company can measure its profitability from the *Return on Equity* (ROE) value. The high percentage of ROE indicates the good performance of a company (Nabila & Dara, 2022). ROE is an evaluation tool used by investors in order to understand the *financial* condition and value of the company concerned. Investors can check the ROE value to see the company's ability to generate income. (Suyanto & Risqi, 2022).. Based on the opinion (Tresnawati et al., 2021)Based on the opinion of (Tresnawati et al., 2021), the fundamental ratio used by company owners to determine the company's income from its operations is ROE. The prospect of a company is said to be good if the ROE value is large. This is because the company has the potential to be able to increase its profits to gain investor confidence to buy its shares. The formula for determining ROE is as follows:

$$ROE = \frac{Net\ Income\ After\ Tax}{Total\ Equity} x\ 100$$

***Debt to Equity Ratio* (DER)**

In order to analyze the ratio between debt from creditors and private capital of the company, this ratio is used. It shows the amount of the company's external funds compared to the owner's debt. (Suleman et al., 2023). In line with the idea (Augustine, 2021)The purpose of using the DER ratio is to assess debt with equity. This ratio is calculated by comparing overall debt to equity, and then calculating how much of the company's personal capital to serve as debt collateral. The benefit of using this ratio is that risks can be measured as liabilities increase. (Asiyah et al., 2022).. The amount of profit subject to tax can be reduced by the interest expense due to debt, but dividends derived from retained earnings cannot reduce the amount of profit. As a result, interest expense due to debt from creditors is a deduction from profit. The formula for calculating the Debt to Equity Ratio is:

Debt to Equity Ratio (DER) = $\frac{Total\ Debt\ (TD)}{Total\ Equity\ (TE)}$ x 100%

Share Price

Shares represent capital ownership by individual and institutional investors for the amount of money they invest in the company. Stock price means the price determined by the market in a certain period, the supply and demand for relevant shares. (Widioatmodjo, 2012). Based on the opinion of (Kurniawati et al., 2021)Based on the opinion of (Kurniawati et al., 2021), a high share price can generate profits, because it shows a better image of the company and makes it easier for management to obtain

outside funds. If there is excess demand, stock prices tend to rise, but if there is excess supply, stock prices tend to fall. Investors think that stock prices will remain stable and even increase over time, but in fact there are fluctuations in stock prices. Investors must understand all the factors that can affect stock price fluctuations due to the performance of the company and the possible risks faced by the company. (Tampubolon & Saptomo, 2020).

Effect of *Earning Per Share* on Stock Price

Stock prices and company value are determined by analyzing *Earning Per Share* (EPS), causing dominant individual investors to choose based on EPS. Watching EPS increase or decrease from year to year is an important way to know how well the company is operating. A high EPS indicates that the company can provide prosperity to shareholders, while a lower EPS indicates that the company cannot provide prosperity to shareholders. EPS illustrates the profitability of the company and is reflected directly on each share. The higher the EPS, the better the company's performance and the higher the share price. This can increase investor confidence to invest in the company. This is in line with research (Munggaran et al., 2017; Putriana et al., 2021)The hypothesis proposed in this research is that *earnings per share (*EPS) has a significant effect on stock prices. So, the hypothesis proposed in this research is:

H1 : *Earning per Share* has a significant effect on stock prices in financial sector companies.

Effect of *Return on Equity* on Stock Price

The company operates based on its main objective, which is to earn profits that will also be useful for its shareholders (Tandelilin, 2017). ROE can illustrate the high and low ability to earn profits for all shareholders. As a fundamental indicator in order to assess the company's financial performance for investors, the measurement of profitability can utilize the ROE ratio. The value of the company's shares can be higher because the profitability generated is also large. Many investors do not respond to a company due to low profitability, which reflects poor prospects in the future and has an impact on reducing company value. Based on the statement (Mayarina & Mildawati, 2017)If the ROE value is higher, the company's shares will also increase. Through high profits, it indicates that in the future the company's prospects are good and the assumption that investors will benefit from owning shares as investment collateral, so many investors are interested in owning the company's shares. This is in line with research (Rahayu & Sari, 2018; Setyawati, 2019)(Rahayu & Sari, 2018; Setyawati, 2019), ROE has an influence on the value of the company's shares. So, the hypothesis proposed in this research is:

H2 : *Return on Equity* has a significant effect on stock prices in financial sector companies.

Effect of *Debt to Equity Ratio* on Stock Price

In measuring how much the company uses debt instruments for its operating costs, the *Debt to Equity Ratio* (DER) can be used. A high DER reflects the amount of debt that the company uses for its operations so that the risk experienced is greater through the interest expense incurred. Because high debt causes high financial risk for the

company, investors will not believe in the investment. The meaning of this financial risk is the company's inability to pay interest, loan principal, and the biggest risk is bankruptcy. The higher the DER ratio, the less funds provided by shareholders to the company. Conversely, the lower the DER ratio indicates that the company is able to pay its long-term obligations. This will lead to an increase in the company's share price. This is in line with research (Sawitri, 2022; Utami & Darmawan, 2019) that DER has no effect on stock prices. So, the hypothesis proposed in this research is:
H3 : *Debt to Equity Ratio* does not have a significant effect on stock prices in financial sector companies

3. Methodology

The author uses quantitative methods with regression analysis to determine the correlation between variables in this study. The data used in this study comes from secondary data, namely the financial statements of financial sector companies whose financial statements are consistently published from 2017 to 2021. Data is obtained through a process of observation and documentation on financial sector companies. In addition, this research uses a literature study approach, which means observing, reviewing or quoting directly from journal articles, books and the like that are relevant to the research topic. Determining the number of samples using *purposive sampling* techniques, and the total sample amounted to 7 financial sector companies. Among the financial sector companies in this research are BBTN, BJBR, BMRI, BDMN, BBRI, and BBNI and BBCA.

In this study, there are 2 variables used, namely the independent variable and the dependent variable.

a) *Independent* Variable
   The independent variables are *Earning Per Share* (X_1), *Return on Equity* (X_2) and *Debt to Equity Ratio* (X). 3
b) *Dependent* Variable
   The dependent variable is Stock Price (Y).

After all data were obtained, classical assumption test, model feasibility analysis and panel regression analysis as well as coefficient of determination test were used to analyze all data using EViews 10.

4. Empirical Findings/Result

Descriptive Statistical Analysis
The maximum, minimum, mean, and standard deviation values are shown in this research through descriptive statistics.

Table 1. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Share Price	35	1.224000	33.86000	8.698128	8.381448
EPS	35	0.025000	1.450000	0.690000	0.367811
ROE	35	0.010000	0.250000	0.110571	0.046224
DER	35	3.420000	15.150000	6.472429	2.407818
Valid N (listwise)	35				

Source: EViews 10 Data Processing (2024)

Based on table 1, the stock price has a standard deviation of 8.3814 and a mean value of 8.6981, indicating that the average stock price is quite high, meaning that the management of financial sector companies is very good. EPS has a standard deviation of 0.3678 and a mean value of 0.6900, indicating that the greater the EPS value, the more net income the company generates for each share during a certain period of time to be distributed to all shareholders is also large. ROE has a standard deviation of 0.0462 and a mean value of 0.105, indicating that financial sector companies have the ability to benefit from all their assets, resulting in a high ROE of 11.05%. DER has a standard deviation of 2.4078 and a mean value of 6.4724, meaning that financial sector companies have the ability to fulfill their obligations well, namely 64.72%.

Classical Assumption Test

Normality Test

Data is said to be well distributed (normal) if it obtains α < probability. Conversely, data is said to be not normally distributed when α > probability, with an α score of 0.05.

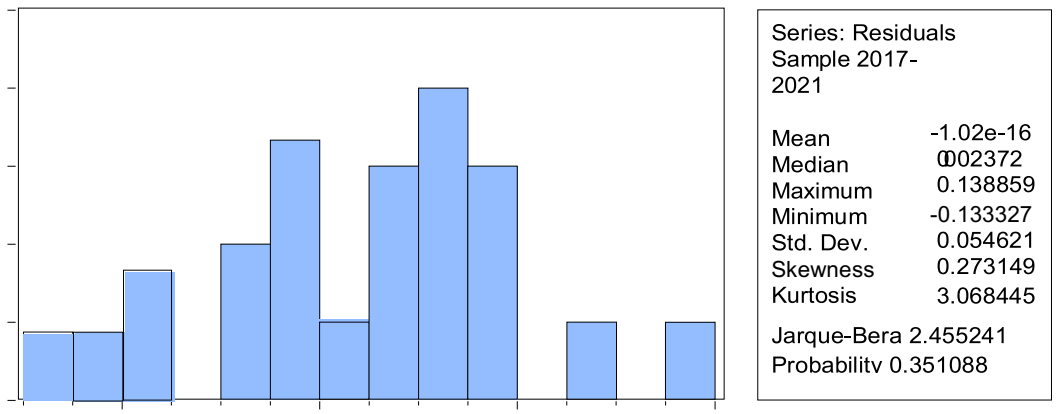

Figure 1. Normality Test

Source: EViews 10 Data Processing (2024)

Based on Figure 1, the Probability Jarque-Bera (JB) value is 0.351088 where the JB value> alpha, which is 0.05 (0.351088> 0.05). It can be concluded that the data is normally distributed and considered feasible to conduct panel regression tests.

Multicollinearity Test

If the measurement limit of the VIF score with Tolerance is 10 and 0.10, then the independent variables are declared multicollinearity-free. If VIF < 10 and Tolerance > 10, then multicollinearity problems are not found.

Table 2. Multicollinearity Test Results

Variables	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.013689	1.541502	NA
EPS	0.913438	1.637720	1.044788
ROE	1.000000	3.554805	2.265578
DER	0.011805	2.572930	2.467083

Source: EViews 10 Data Processing (2024)

Based on table 2, EPS yields VIF 1.044788 < 10.00, ROE gets VIF 2.265578 < 10.00 and DER gets VIF 2.467083 < 10.00. Therefore, there is no multicollinearity in this research.

Heteroscedasticity Test

A regression model is considered good when there is no heteroscedasticity problem. This study uses the *Glejser* test, where the significance score is less than 5% (0.05), then heteroscedasticity is not found.

Table 3. Heteroscedasticity Test Results

Dependent Variable: Stock Price				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.267781	1.782337	0.624482	0.3575
EPS	0.787334	0.770754	1.284799	0.5683
ROE	0.676446	0.770865	1.384788	0.6684
DER	0.442636	0.226040	1.110507	0.4852

Source: EViews 10 Data Processing (2024)

Based on table 3, the probability is higher than α (0.05), namely EPS (X_1) 0.5683 > 0.05, ROE (X_2) 0.6684 > 0.05 and DER (X_3) 0.4852 > 0.05. So, based on these results, heteroscedasticity problems are not found in this data.

Autocorrelation Test

In this study, the authors used the LM Test and Durbin-Watson to test for autocorrelation. If the F-count > 0.05, it indicates that no autocorrelation is formed. It is said that there is no autocorrelation if D-W < (4-dU) and > (dU).

Table 4. Autocorrelation Test Results

R-squared	0.112562	Mean dependent var	70.76040
Adjusted R-squared	0.088535	S.D. dependent var	165.6770
S.E. of regression	152.6616	Akaike info criterion	-4.206477
Sum squared resid	1.114337	Schwarz criterion	-4.334702
Log likelihood	22.20383	Hannan-Quinn criter.	-4.384265
F-statistic	8.525025	Durbin-Watson stat	1.707744
Prob(F-statistic)	0.014520		

Source: EViews 10 Data Processing (2024)

Based on table 4, the Durbin-Watson value of 1.707744 and the obtained values of dL = 1.6042, dU = 1.6720 and 4-dU = 2.2859 and higher than 0.05, it can be said that autocorrelation is not formed.

Model Feasibility Analysis Results

***Chow* Test**

The Chow Test is a panel data test in order to determine the best model to use. If the prob score is <0.05, the best estimation is *fixed effect*, while if the prob score is >0.05, the best estimation is *common effect.*

Table 5. *Chow-Test* Results

Redundant Fixed Effects Tests

Effects Test	Statistic	d.f.	Prob.
Cross-section F	17.888055	(8,22)	0.0012
Cross-section Chi-square	71.257264		0.0002

Source: EViews 10 Data Processing (2024)

Based on table 5, the probability of 0.0002 < (α = 0.05) is obtained, so the conclusion is that in this model it is better to use *fixed effects* and continue with the Hausman test.

***Hausman Test* Results**

In determining the model to be used in panel data regression, this test aims to compare the *random effect* model with the *fixed effect.*

Table 6. *Hausman-Test* Results

Correlated Random Effects - Hausman Test			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	9.317390	4	0.0413

Source: EViews 10 Data Processing (2024)

Based on table 6, the probability value is 0.0413 and smaller than (α = 0.05), then the *fixed effect* model will be used, then the panel is analyzed.

Panel Regression Analysis

The purpose of this analysis is to determine the impact of EPS (X_1), ROE (X_2) and DER (X_3) on stock prices (Y).

Table 7. *Fixed Effect* Panel Regression Test Results

Dependent Variable: Y_ Stock Price

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.628468	1.385636	0.542758	0.0001
EPS	0.026842	0.058184	0.680088	0.0010
ROE	6.495235	1.423566	3.930437	0.0002
DER	-0.025731	0.036273	-0.468028	0.4274

Source: EViews 10 Data Processing (2024)

The following regression equation is based on table 7:

$$Y = \alpha + \beta1.X1 + \beta2.X2 + \beta3.X3 + \beta4.X4 + \beta5.X5 + e$$

Stock Price = 1.628468 + 0.026842 EPS + 6.495235 ROE + -0.025731 DER + e
Based on the panel regression equation it is concluded:

a. The share price has a *coefficient* value of 1.628468, meaning that EPS (X_1), ROE (X_2) and DER (X_3) are zero, then the share price value is 1.628468.
b. EPS (X_1) gets a *coefficient* value of 0.026842. This means that if EPS (X_1) increases by 1% based on the assumption that ROE (X_2) and DER (X_3) are zero, it will increase the stock price by 0.026842. It is concluded that EPS has a positive and significant effect on stock prices.
c. ROE (X_2) obtained a *coefficient* value of 6.495235. This means that if ROE (X_2) increases by 1% based on the assumption that EPS (X_1) and DER (X_3) are zero, it will increase the stock price by 6.495235. It can be concluded that ROE has a positive significant effect on stock prices.
d. DER (X_3) obtained a *coefficient* value of -0.025731. This means that if DER (X_3) increases by 1% based on the assumption that EPS (X_1) and ROE (X_2) are zero, it will reduce the stock price by -0.025731. It can be concluded that DER has a negative and insignificant effect on stock prices.

Hypothesis Test

Simultaneous Test (F Test)

If the significance is <0.05, then Ho is rejected, meaning that the independent and dependent variables have a significant impact. If the significance value is> 0.05, then Ho is accepted, so it can be stated that the independent and dependent variables have no effect.

Table 8. F Test Results

F-statistic	17.88350
Prob(F-statistic)	0.024250

Source: EViews 10 Data Processing (2024)

Based on table 8, the $_{Fcount}$ value is 17.88350 and probability 0.024250 <0.05. These results prove that EPS (X_1), ROE (X_2) and DER (X_3) together significantly affect stock prices (Y).

Partial Hypothesis Test (t-test)

If the resulting probability <0.05, it will be stated that there is a significant implication of the *independent variable* to the *dependent variable*. If the resulting probability > 0.05, it is said that it will not have a significant effect.

Table 9. T-test Results

Dependent Variable: Y_ Stock Price

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.628468	1.385636	0.542758	0.0001
EPS	0.026842	0.058184	0.680088	0.0010
ROE	6.495235	1.423566	3.930437	0.0002
DER	-0.025731	0.036273	-0.468028	0.4274

Source: EViews 10 Data Processing (2024)

Based on table 9, the conclusions obtained are:

a. **The Effect of EPS on Stock Prices of Financial Sector Companies**
   Earning Per Share (EPS) gets a probability value of 0.0010 <0.05. Partially, the company's stock price gets a significant influence from EPS, so Ho is rejected, but H_1 is approved.
b. **The Effect of ROE on the Share Price of Financial Sector Companies**
   Return on Equity (ROE) gets a probability value of 0.0002 <0.05. Partially, the company's stock price gets a positive significant effect from ROE, so Ho is rejected, but H_2 is approved.
c. **The Effect of DER on the Share Price of Financial Sector Companies**
   Debt to Equity Ratio (DER) obtained a probability value of 0.4274> 0.05. Partially, DER has no significant effect on the company's stock price, so Ho is accepted but H_3 is rejected.

Test Coefficient of Determination $(R)^2$

The coefficient of determination (R^2) is between 0-1. The independent variable can explain the dependent variable if the determinant score (R^2) obtained is small. Conversely, all information is given to predict the *dependent variable* by the *independent variable* when the determinant score (R^2) obtained is large and close to 1.

Table 10. Test Results of the Coefficient of Determination $(R)^2$

R-squared	0.573320
Adjusted R-squared	0.535089

Source: EViews 10 Data Processing (2024)

Based on table 10, the *Adjusted R-squared* score is 0.535089 (53.5%). This indicates that the effect of EPS (X_1), ROE (X_2) and DER (X_3), on stock prices in financial sector companies is 53.5% and the remaining 46.5% is determined by other variables, but not analyzed in this research.

5. Discussion

The Effect of EPS on Stock Prices of Financial Sector Companies

Based on the results of research and data analysis, it shows that there is a significant effect of *Earning Per Share* (EPS) on stock prices, as evidenced by the probability of 0.0010 <0.05. This means that the increase and decrease in EPS value will affect the increase and decrease in the company's stock price. Meanwhile, a large EPS indicates that the company is able to provide a level of prosperity to shareholders. Conversely, a lower EPS indicates that the company fails to provide a level of prosperity to shareholders. EPS illustrates the profitability of the company and is reflected directly on each share. The higher the EPS, the better the company's performance and the higher the share price. This can increase investor confidence to invest in the company. The results of this research are in line with research (Munggaran et al., 2017; Putriana et al., 2021)According to the results of this study, *earning per share* (EPS) has a significant effect on stock prices.

The Effect of ROE on the Share Price of Financial Sector Companies
Based on the research results and data analysis, it proves that there is a positive significant effect of *Return on Equity* (ROE) on stock prices, as evidenced by the probability of 0.0002 <0.05. This means that high profitability will be a good signal for investors to attract attention in investing their funds into a company and cause high investment value, followed by stock prices will also increase. Many investors do not respond to a company due to low profitability, which reflects poor prospects in the future and has an impact on reducing the value of the company. If the ROE value is higher, the company's shares will also increase. Through high profits, it indicates that in the future the company's prospects are good and the assumption that investors will benefit from share ownership as investment collateral, so that many investors are interested in owning the company's shares. The results of this research are also in line with research (Rahayu & Sari, 2018; Setyawati, 2019)(Rahayu & Sari, 2018; Setyawati, 2019), ROE has an influence on the value of the company's shares

The Effect of DER on the Share Price of Financial Sector Companies
Based on the results of research and data analysis, *Debt to Equity Ratio* (DER) has a negative and insignificant effect on the company's stock price*, as* evidenced by its probability of 0.4274> 0.05. A high *Debt to Equity Ratio* (DER) value makes investors have a negative perception of the company and the demand for shares in the market may decrease, so that the company's stock price also decreases. The higher the DER value, the greater the debt used by the company for funding so that the greater the risk experienced through the interest expense incurred. High debt usage reduces investor confidence in investing because the company has higher financial risk. The financial risk in question is the company's inability to pay off interest payments, loan principal and bankruptcy risk. The higher the DER ratio, the lower the company's funding provided by shareholders. Conversely, the lower the DER ratio, the better the company's ability to pay long-term obligations so that the company's share price rises. The results of this research are in line with research (Sawitri, 2022; Utami & Darmawan, 2019) that DER has no effect on stock prices

6. Conclusions

Based on the results of research and discussion, the stock price of financial sector companies for the 2017-2021 period is significantly influenced by EPS and ROE, but not by DER. The higher the EPS value will be able to please shareholders because the greater the profit that will be provided to shareholders. This will result in increased profits, the share price tends to increase, while when profits decrease, the share price also decreases. The greater the level of debt to capital ratio, the greater the company's share price. EPS, ROE and DER have an *Adjusted R Square* value of 53.5% and the remaining 46.5% is influenced by other variables not examined in this research. The results of this study can contribute to the development of science as well as input for the management of financial sector companies that have EPS below the average and negative value should realize that increasing profits aims to improve investor welfare through dividends and / or capital gains. Investors will usually buy companies with large dividends.

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