

The Effect of Return on Assets, Earnings Per Share and Share Price on Bank Panin Dubai Syariah Share Returns

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ABSTRACT

This study aims to determine the effect of return on assets (ROA), earnings per share (EPS) and stock price on the stock return of Bank Panin Dubai Syariah Tbk. The data used in this study is time series data for the 2014-2023 period. The data analysis method uses multiple linear regression analysis. From the results of the study, it can be explained that ROA has a significant effect on the stock return of Bank Panin Dubai Syariah Tbk, where a sig. value of $0.023 < 0.05$ was obtained. EPS had a significant effect on the return of Bank Panin Dubai Syariah Tbk's shares, which obtained a value of sig. $0.031 < 0.05$. The share price has a significant effect on the return of Bank Panin Dubai Syariah Tbk shares, where a value of sig. $0.044 < 0.05$ was obtained. ROA, EPS and share price simultaneously had a significant effect on the return of Bank Panin Dubai Syariah Tbk's shares, where a value of sig. $0.037 < 0.05$ was obtained

Keywords: Return On Asset, Earning Per Share, Share Price, Stock Return

INTRODUCTION

Technological advances and information flows have recently caused the business world to grow rapidly. This causes national business people, both in the private sector and in the government sector, to compete strictly, openly and competitively with other business people in order to avoid bankruptcy problems and become superior companies in the business world competition (Onoyi et al., 2021). One of the ways that a company can do in an effort to maintain its existence in business competition is by improving the performance of each company. Every company should have a strategic policy to be able to produce an effective and efficient company in carrying out activities. Strategic policies have an important role for each company, namely as a tool to find out the achievement of a company's goals(Fuad, 2019).

Shares are proof of participation in capital or fund ownership in a company, paper that clearly states the nominal value, company name and followed by rights and obligations that are explained to each holder as well as shares are inventory that is ready to be sold (Mangantar et al., 2020). So *Return Shares* are the rate of return on the investor's shares that have been made by the investor. *Return Shares* can be in the form of *return realization* or has occurred and *return expectations* that have not happened in the future. Measurement *return*

Realization/Historical is important for investors to determine how well the chosen financial asset performs and is used to estimate *return* in the future(Auliyatusaa'adah et al., 2021).

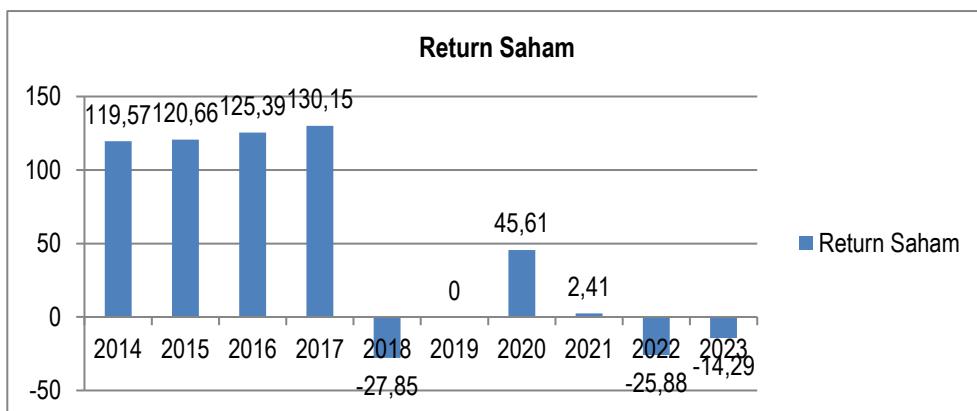
In the capital market, not all stocks of companies that have a good performance will give *return* which is good for investors, so an in-depth analysis is needed for investors about the company. The stock valuation analysis process consists of three stages, namely economic analysis, industry analysis, and company analysis. Economic analysis aims to make decisions on the allocation of stock investments in several countries or domestically. Industry analysis aims to determine which types of industries are profitable and which are not. Company analysis aims to determine which companies in the selected industry have good prospects(Aneu Cakhyaneu & Rina Apriyani, 2022). *Return saham* an investment sourced from *yield* or dividends and *capital gain (loss)*. *Yield* is *return* which reflects cash flow or income earned on a periodic basis. *Capital gain (loss)* can be interpreted as a change in the price of a security. If the stock price at the end of the period exceeds the stock price at the beginning of the period, then the investor is declared to have obtained capital gains and the investor is said to have obtained *capital loss* if, on the other hand, at the end of the period, the share price is greater than at the beginning of the period (Shim, 2021).

Influencing factors *return* Stocks consist of macro factors and micro factors where macro factors are factors outside the company, namely: including domestic general interest rates, inflation rates, foreign exchange rates and international economic conditions. Micro factors are factors that are within the company itself, namely: Net income per share, book value per share, debt-to-equity ratio, profitability ratio, market ratio and other financial ratios(Hamid et al., 2017). Muhammad explained that *return on assets*, *earning per share* (EPS) and stock prices are the most common indicators used by investors in valuing stocks. This is because *return on assets* provide information on the level of profitability of the company, in addition to *earning per share* provides information about the company's earnings per share and share price which provides information about the movement of stock prices in a certain period (Onsongo et al., 2020).

Islamic banking plays an important role in the economy, namely as an intermediary institution for all sectors, both the government sector, businesses and the individual or household sectors. One of them is that Islamic banking facilitates capital to actors engaged in the halal product industry. In addition, the role of the Islamic finance industry must be increased in a

contributory and inclusive manner because Islamic financial institutions are one of the alternative sources of financing for national development programs for the equitable distribution of people's welfare (Safitri, 2023). Seeing that the domestic and global economy is currently also in poor condition, it is very important to increase the resilience of the Islamic finance industry, especially Islamic banking in dealing with these risks (Al-Harbi, 2019). The Islamic finance industry must always be developed to maintain *maslahah* between Muslims for the life of this world and the hereafter. In article 3 of Law No. 21 of 2008 concerning Sharia Banking, it is explained that Sharia Banking aims to support the implementation of national development in order to improve justice, togetherness, and equitable distribution of people's welfare (Ridha et al., 2023).

One of the Islamic commercial banks in Indonesia is Bank Panin Dubai Syariah Tbk. Bank Panin Dubai Syariah Tbk conducted an IPO on January 15, 2014. Referring to data for the 2018-2023 period, it can be explained that the *stock return* of Bank Panin Dubai Syariah Tbk has decreased several times. For more details, see Figure 1.



Graph 1. Bank Panin Dubai Syariah Tbk Share Return Development

(Source: Indonesia Stock Exchange)

From chart 1, it can be seen that in 2018 the *share return* of Bank Panin Dubai Syariah decreased by 27.85%, and in 2022 and 2023 decreased by 25.88% and 14.29%, respectively. The decline in stock *returns* above 10% certainly causes negative sentiment towards market participants so that it tends to affect the company's share price

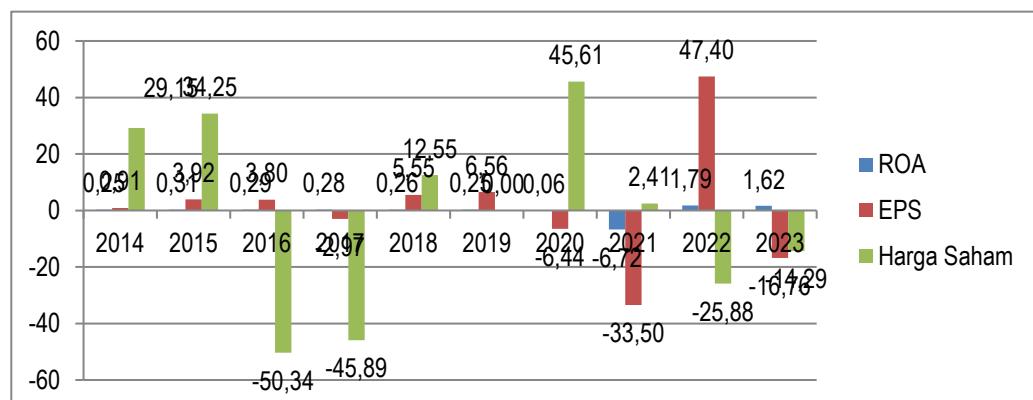
To measure the company's success rate in investment activities, it must first look at the company's performance. In this case, the company's performance can be measured through financial ratios, namely profitability ratios and financial ratios. The reason for using the profitability ratio and market ratio is because the profitability ratio is the ratio that measures

a company's ability to make a profit and the market valuation ratio is a set of ratios that relate the stock price to its profit, cash flow and book value per share (Maulana et al., 2022).

Other ratios that are expected to affect *Return* A bank share is *return on assets*. *Return on assets* can help companies that have implemented accounting practices well to be able to measure the efficiency of the overall use of capital, which is sensitive to every thing that affects the company's financial condition so that the company's position in the industry can be known. This is one of the steps in strategic planning. Profit is the main goal to be achieved in a business, including for banking businesses (Savannah, 2021).

Moreover *earning per share* (EPS) is also one of the indicators that affect *Return* stock. *Earning per share* (EPS) is a comparison between the number of *Earning* (net profit) distributed to shareholders by the number of shares of the company outstanding (Hu, 2024). Increase *earning per share* means that the company is in a growth stage or its financial condition is experiencing an increase in sales and profits. *Earning per share* The high indicates the company's ability to generate a net profit per share is also high which will have a significant effect on the *Return* Investors in the Capital Market (Barnas, 2019).

In addition, the stock price is a factor that determines stock returns. For investors, the movement of stock prices is an important factor in investing in the capital market. Stock prices are said to be unnatural if the price is set too high or too low. It is through this stock valuation that investors will be able to decide to determine an investment strategy. The stock price reflects the value of the company, the higher the value of the stock price, the higher the value of the company and vice versa. Every company that issues shares pays close attention to its stock price.



Graph 2. Development of Average Return On Assets, Earnings Per Share, and Share Price of Bank Panin Dubai Syariah Tbk 2014-2023
(Source: Indonesia Stock Exchange)

From the chart above, it can be explained that the highest *return on assets* growth was in 2022 of 1.79 percent, the highest *earnings per share* growth was in 2018 of 129.22 percent, and the highest share price growth in 2020 was 45.61 percent. The graph above explains that *returns on assets*, *earnings per share*, and stock prices have fluctuated from 2018 to 2023.

The more you remember the *return on assets* ratio, *the more stock returns* will increase because investors are interested in buying shares of Islamic commercial banks that provide high *returns on assets*. The highest *return on assets* ratio was in 2022 of 1.79 percent, but in reality, *the return on shares* in 2022 decreased by 25.88 percent.

On the other hand, *Return Stocks* are also affected by *earning per share*, where the increasing *earning per share* then it will be followed by an increase *return stock* (Fuad, 2019). but in reality the increase *earning per share* in 2022 by 47.40 percent, however, *return Stocks* actually declined in 2022, which was 25.88 percent.

Regarding stock prices, according to Tandellilin, the increase in stock prices will increase stock *returns*. However, in reality, the stock price has increased in recent years, but the *stock return* of Islamic commercial banks has decreased, especially in 2022, which is 25.88 percent.

Although a lot of research has been done on the factors that affect stock *returns*, studies that specifically analyze the relationship between ROA, EPS, and stock prices to stock *returns* in the Islamic banking sector, particularly at Bank Panin Dubai Sharia, are still limited. Most previous research has focused more on conventional banks or Islamic banking in general, without delving deeper into the influence of these factors in the specific context of a particular Islamic bank. Therefore, this study presents a new contribution by filling in existing research gaps and providing a deeper understanding of the factors that affect stock *returns* in the Islamic banking industry.

The results of this study are expected to make an academic contribution to investment studies and provide useful information for investors and stakeholders in making better investment decisions. In addition, the findings of this research can also be used by the management of Bank Panin Dubai Syariah to design a more optimal financial strategy in increasing the value of the company and the attractiveness of its shares in the capital market. On the other hand, regulators and policymakers can use the results of this research as a

consideration in designing policies that support the stability and growth of the Islamic banking sector in Indonesia.

METHOD

This study uses a quantitative approach with secondary data obtained from Indonesia Stock Exchange publication data obtained from www.idx.co.id 2014-2023. The data analysis was carried out using multiple linear regression analysis of the SPSS program. The following is the model of multiple linear regression equations in this study, which is as follows:

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + e$$

Where:

- And = *Return Stock*
- X1 = *Return On Assets*
- X2 = *Earning Per Share*
- X3 = *Stock Price*
- a = *Konstanta*
- b = *Regression coefficient*
- and = *Error*

RESULTS AND DISCUSSION

The above equation can be interpreted as follows: A constant of 2.729 means that if the ROA, EPS and stock price are constant, the stock *return* is 2.729 percent. The regression coefficient of the ROA variable shows a positive effect on stock *returns* of 0.418. This means that for every 1 percent increase in ROA, the stock *return* will increase by 0.418 percent assuming the EPS variable and the stock price remain unchanged. The regression coefficient of the EPS variable shows a positive effect on stock *returns* of 0.727. This means that for every 1 percent increase in EPS, the stock *return* will increase by 0.727 percent assuming the ROA variable and the stock price do not change. The regression coefficient of the stock price variable shows a positive effect on stock *returns* of 1.762. This means that for every 1 percent increase in the stock price, the stock *return* will increase by 1.762 percent assuming the ROA and EPS variables remain unchanged.

Partial Test (t-test)

The results of the t-test can be seen in the following table:

Table 1. T test

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Itself. |
|-------|-----------------------------|------------|---------------------------|-------|---------|
| | B | Std. Error | Beta | | |
| 1 | (Constant) | 2.729 | 717.289 | 2.911 | .001 |
| | ROA | .418 | 5.361 | 1.197 | .023 |
| | EPS | .727 | 187.445 | 1.563 | .031 |
| | Stock Price | 1.762 | 39.898 | .346 | .044 |

a. Dependent Variable: *Return Saham*

1. The Effect of ROA on Stock Returns

The ROA variable has a value of sig. 0.023. Because the value of sig. of 0.023 < 0.05, it can be stated that ROA has a significant effect on the return of Bank Panin Dubai Syariah Tbk's shares.

2. The Effect of EPS on Stock Return

The EPS variable has a value of sig. 0.031. Because the value of sig. of 0.031 < 0.05, it can be stated that EPS has a significant effect on the *return* of Bank Panin Dubai Syariah Tbk's shares.

3. The Effect of Stock Price on Stock Return

The EPS variable has a value of sig. 0.044. Because the value of sig. of 0.044 < 0.05, then it can be stated that the stock price has a significant effect on the *stock return* of Bank Panin Dubai Syariah Tbk. Thus, the Ha3 hypothesis is accepted.

Simultaneous Test (F Test)

Table 2. Test F

| Model | Sum of Squares | df | Mean Square | F | Itself. |
|-------|----------------|-----------|-------------|-----------|---------|
| 1 | Regression | 62220.665 | 3 | 20740.222 | 1.829 |
| | Residual | 22675.335 | 6 | 11337.667 | |
| | Total | 84896.000 | 9 | | |

a. Predictors: (Constant), ROA, EPS, Stock Price

b. Dependent Variable: *Return Saham*

Based on Table 4.8, it can be seen that the sig. value is 0.037. Because the value of sig. < 0.05 (0.037 < 0.05), it can be stated that ROA, EPS and share price simultaneously have a significant effect on the *stock return* of Bank Panin Dubai Syariah Tbk. Thus, the Ha4 hypothesis is accepted.

The Effect of ROA on *Bank Panin Dubai Syariah Tbk's Stock Return*

From the t-test, it can be explained that ROA has a significant effect on the return of Bank Panin Dubai Syariah Tbk shares, where a sig. value of $0.023 < 0.05$ is obtained. This shows that the higher the ROA at Bank Panin Dubai Syariah Tbk, the *higher the stock return*. The higher the ROA, investors have a strong desire to invest in shares of Islamic banks, triggering an increase in stock prices and *return* which is expected to be maximized. The results of this study support previous research conducted by Veronika Dora Wesso (2022) which states that ROA has a significant effect on *return* stock.

The Effect of EPS on *Bank Panin Dubai Syariah Tbk's Stock Return*

From the t-test, it can be explained that EPS has a significant effect on *return* shares of Bank Panin Dubai Syariah Tbk, where the value of sig. $0.031 < 0.05$. This ratio shows how much capacity per share can generate a profit. The higher the value *Earning Per Share* The higher the profit and the possibility of increasing the amount of dividends received by shareholders. The results of this study support previous research conducted by Esther & Darwin (2019) which states that EPS has a significant effect on *Return* stock.

The Effect of Stock Price on *Bank Panin Dubai Syariah Tbk's Stock Return*

From the t-test, it can be explained that Stock prices have a significant effect on *Return* shares of Bank Panin Dubai Syariah Tbk, where the value of sig. $0.044 < 0.05$. If the stock price increases, investors will get *capital gain* from the difference in price increases both in the short and long term. The results of this study are different from those carried out by Yusra (2019) which states that the stock price has no significant effect on *Return* stock.

The Effect of ROA, EPS and Stock Price on *Bank Panin Dubai Syariah Tbk's Stock Return*

From the F test, it can be explained that ROA, EPS and Stock prices simultaneously have a significant effect on *Return* shares of Bank Panin Dubai Syariah Tbk, where the value of sig. $0.037 < 0.05$. This shows that the higher the ROA at Bank Panin Dubai Syariah Tbk, the *Return Shares* will continue to rise. In addition, the higher the value *Earning Per Share* The higher the profit and the possibility of increasing the amount of dividends received by shareholders. On the other hand, with many investors investing in Islamic bank stocks, the tendency of stock prices will rise and certainly provide *Return* the maximum. The results of

this study support previous research conducted by Rachmawati and Suhermin (2017) which states that ROA, EPS and stock price simultaneously have a significant effect on *Return stock*.

CONCLUSION

Based on the results of the research and discussion, it shows that *Return On Assets* has a significant effect on the return of Bank Panin Dubai Syariah Tbk shares, where a sig. value of $0.023 < 0.05$ was obtained. *Earning Per Share* has a significant effect on the return of Bank Panin Dubai Syariah Tbk's shares, where a value of sig. $0.031 < 0.05$ was obtained. The share price has a significant effect on *the stock return* of Bank Panin Dubai Syariah Tbk, where a value of sig. $0.044 < 0.05$ was obtained. *Return On Assets*, *Earning Per Share* and share price simultaneously had a significant effect on the return of Bank Panin Dubai Syariah Tbk's shares, where a sig. value of $0.037 < 0.05$ was obtained. Suggestions for future researchers to add other variables that have not been studied in this study.

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