

EFFECT OF INTERNET BANKING AND MOBILE BANKING USAGE ON SHARE PRICES THROUGH INDONESIAN BANKING FINANCIAL PERFORMANCE REGISTERED ON THE INDONESIA STOCK EXCHANGE

Angella Tiosanna^{1*}, Isfenti Sadalia², Chairul Muluk³

^{1,3}Department of the Graduate School Master of Management, Universitas Sumatera Utara

²Faculty of Vocational, Universitas Sumatera Utara

Correspondence E-mail: angella.tiosanna@yahoo.com

Abstract

The purpose of this study was to analyze the effect of the use of internet banking and mobile banking on stock prices through the financial performance of Indonesian banks. The population in this study are banking sector companies listed on the Indonesia Stock Exchange. The number of samples in this study was 7 with criteria determined by the researcher. The data analysis technique used is descriptive analysis and multiple linear regression analysis. The results of this study indicate that the internet banking variable has a positive and insignificant effect on stock prices, the mobile banking variable has a negative and significant effect on stock prices and the financial performance variable has a positive and insignificant effect on stock prices.

Keywords: *Internet Banking, Mobile Banking, Banking Financial Performance, Stock Price*

1. INTRODUCTION

The banking industry is a sector that attracts a lot of public attention, both the public in general and the people who are mostly in the business world. Various kinds of financial transactions involving banking parties are an integral part of financial transactions. Information technology is very important in the business world. The success of development is marked by the creation of a stable financial system that benefits all levels of society. In this case, financial institutions play an important role through their intermediary function to encourage economic growth, equal income distribution, poverty alleviation and achievement of financial system stability.

In its development, the banking world has created a technology or a system that uses the use of the internet as an intermediary medium related to internet banking and uses the use of smartphones as an intermediary medium related to mobile banking. According to the OJK, internet banking is a facility that can be enjoyed by bank customers to conduct banking transactions via the internet network anytime and anywhere, while mobile banking (m-banking) is banking transactions via smartphone media, either in the form of an m-banking application or the default mobile operator application. . For banks, internet banking and mobile banking are strategies to compete.

Performance is the achievement of a goal from an activity or a particular job to achieve company goals as measured by a standard. One important aspect of performance is financial performance (Satorno, 2011). According to Rudianto (2013: 189) financial performance is the result or achievement that has been achieved by company management in managing company assets effectively during a certain period.

According to Widodoatmojo (2012: 45) "share price is the price or value of money that is willing to be spent to acquire a share". Meanwhile, according to Sri Ratna Hadi (2013: 179) "share price is the value of shares in rupiah which is formed as a result of the purchase and offering of shares on the Stock Exchange by all exchange members". Therefore, it can be concluded that stock prices are prices that occur on the stock market at a certain time and can change at any time in a very short amount of time. Therefore, in this study, the researcher aims to determine the influence of internet banking and mobile banking on stock prices through the financial performance of banks listed on the Indonesia Stock Exchange.

LITERATURE REVIEW

Bank

The word bank comes from the Italian "banca" which means a place to change money. According to the Big Indonesian Dictionary, a bank is a business entity in the financial sector that attracts and issues public money, especially providing credit and payment traffic services and money circulation. Banks are partners in order to meet all financial needs. Banks are used as a place to carry out transactions related to finance such as a place to secure money, make investments, send money, make payments or collect bills (Kasmir, 2011).

Internet banking

According to the Indonesian Bankers Association book (2014: 235), defines Internet Banking as a service through a bank's electronic distribution channel to access accounts owned by customers through the internet using browser software on computers or other devices that allow access to the internet. Internet banking features and services include general information on savings/current accounts, time deposit accounts, credit cards, account mutation information, fund transfers, both transfers between accounts and between banks, purchasing credit, purchasing tickets, placing deposits, information services such as interest rates and exchange rates, and payments, for example payments for telephone, internet, cable TV, insurance, electricity and various other types of payments. The thing that makes internet banking popular among the public is the competitiveness of each bank to provide the best features to its customers both in terms of service systems as well as services.

Mobile Banking

According to the Indonesian Bankers Association (2014: 115) Mobile Banking is a banking service that can be accessed directly via a GSM (Global for Mobile Communication) cell phone using SMS (Short Message Service). Definition of M-Banking according to Riswandi (2005:83) M-Banking is an innovative service offered by banks that allows users to carry out banking transactions via smartphones. Mobile banking is a banking facility through mobile communications such as mobile phones with the provision of facilities that are almost the same as ATMs except for withdrawing cash. In addition, Mattila (2003) states that mobile banking is a banking service through wireless channels. Compared to other e-Banking services, the development of mobile banking (m-banking) is considered the fastest. This development is due to the presence of m-banking services that are able to answer the needs of a modern society that prioritizes mobility. With one touch, m-banking creates the convenience of banking services in one hand. According to the Minimum Essential Force (MEF) report, 80% of respondents in Indonesia stated that they had used mobile banking facilities in 2015. Whereas in 2013 it only reached 58%. Usually customers use mobile banking only to check balances and transfer funds to other parties (Dailysocial, 2015).

Banking Financial Performance

The performance of a company is how efficient and effective an organization is or how well the organization sets and achieves adequate goals. For investors, information about the performance can be used to see whether they will maintain their investment. Performance needs to be measured and evaluated to determine the extent to which the company is successful in achieving its goals (Satorno, 2001). According to Irham Fahmi (2011: 2) financial performance is an analysis carried out to see how far a company has carried out by using the rules of financial implementation properly and correctly. Company performance is a description of the financial condition of a company which is analyzed with financial analysis tools, so that it can be known about the good and bad financial condition of a company that reflects work performance in a certain period. This is very important so that resources are used optimally in dealing with environmental changes.

Banking financial performance can be influenced by several factors. Sutardja (2010) in his research stated that there are several factors that affect the profitability of a bank:

1. Products and services offered;
2. Services to consumers/customers;
3. Work partners.
4. Stock price

The stock market price is the price determined by investors through a meeting of supply and demand. This meeting can occur because investors agree on the price of a stock. According to Sartono (2010) "share price is the present value or present value of the expected cash flow to be received. The stock price at a given time will depend on the cash flows expected to be received in the future by the investor if the investor buys the stock.

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Table 1. Variable Operationalization

Variable	definition	Parameter	Measure Scale
Banking Financial Performance (Z)	Calculating the rate of return (yield) obtained from an investment	$\frac{Net\ Profit}{Total\ Assets}$	Ratio
<i>Internet banking</i> (X1)	A banking activity that uses the internet as a means to conduct transactions between customers and a bank.	Number of active transactions from customers using internet banking in 2017 -2022	Ratio
<i>Mobile Banking</i> (X2)	A banking activity that uses the internet and smartphones as a means of conducting transactions between customers and a bank.	Number of active transactions from customers using mobile banking in 2017 -2022	Ratio
Variable	definition	Parameter	Measure Scale
Share Price (Y)	The share price or stock market price is the value of the shares resulting from the trading of these shares in the secondary market	The average share price after the issuance of financial statements	Nominal

Some of the previous studies that became the reference for this research are: Mayasari, et al (2021) that state There is a significant influence between the number of internet banking transactions and the number of mobile banking transactions on the bank's ROA value. The number of internet banking transactions can affect the decrease in the bank's ROA value, while the number of mobile banking transactions can affect the increase in the bank's ROA value. Dedeh, Sri Sudaryanti, et al (2018) also stated that the use of mobile banking has a negative effect on ROA. It is suspected that the cause is because the use is not comprehensive or every customer has not used the facility. Furthermore, the research by Situngkir and Apriani (2021) states that the current ratio variable partially has a significant effect on stock prices. While the variables ROA, ROE, and EPS partially have no significant effect on stock prices.

2. IMPLEMENTATION METHOD

This type of research is a quantitative research. According to Sugiyono (2012), the quantitative research method is a research method based on the philosophy of positivism, used to examine certain populations and samples, sampling techniques are generally carried out randomly,

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data collection uses research instruments, data analysis is quantitative/statistical with the aim to test the hypotheses that have been set. The population of this study is the banking sector companies listed on the Indonesia Stock Exchange. The total sample used in this study was 7 with criteria determined by the researcher.

The method of collecting data in this research is through literature study, namely searching for journals, previous research and books related to the problem under study as well as documentation studies, namely collecting the financial statements of each banking company listed on the Indonesia Stock Exchange with data analysis techniques. descriptive statistics, multiple linear regression analysis. Before carrying out multiple linear regression analysis, the prerequisites consist of a model selection test. In addition, a classic assumption test was carried out consisting of a normality test, heteroscedasticity test and multicollinearity test. After that, a test of the coefficient of determination and hypothesis testing will be carried out which consists of a simultaneous significance test (F test) and a partial significance test (t test).

3. RESULTS AND DISCUSSION

Table 2. Descriptive Analysis

	Y	X1	X2	Z
Means	4589.05	694,704,326.31	1,273,813,039.71	2.29
Median	4,140	85,150,000	239,425,000	2.44
Maximum	21,900	4,874,000,000	15,205,000,000	4.00
Minimum	206	1,692,723	20,600,000	0.13
std. Dev.	4,083.72	1,213,437,353.44	2,884,598,548.60	1.05
Skewness	1.78	2.05	3.60	-0.04
Kurtosis	8.58	6,34	16.06	1.95
Jarque-Bera	76,76	48,84	389.06	1.93
probability	2,15	2.36	3,28	0.38
Sum	192,740	29,177,581,705	53,500,147,668	96,17
Sum Sq. Dev.	683,748	6.04	3,41	45,23
Observations	42	42	42	42

Table 3. Coefficient of Determination (R2)

R-squared	0.763955	Mean dependent var	4422.250
Adjusted R-squared	0.693142	S.D. dependent var	4112.512
S.E. of regression	2278.117	Akaike info criterion	18.51240
Sum squared resid	1.56E+08	Schwarz criterion	18.93462
Log likelihood	-360.2481	Hannan-Quinn criter.	18.66507
F-statistic	10.78828	Durbin-Watson stat	2.344840
Prob(F-statistic)	0.000000		

Based on table 3 it is known that the value of the coefficient of determination (Adjusted R-Square) is 0.693142. This shows that 69.3142% of the share price variable is influenced by internet banking, mobile banking and banking financial performance variables. The remaining 30.6858% is influenced by other variables.

Research Results Report

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	8088.411	3068.124	2.636273	0.0131
X1	4.24E-07	1.23E-06	0.344848	0.7326
X2	-1.69E-06	5.90E-07	-2.864564	0.0076
LOG(Z)	678.6762	776.9469	0.873517	0.3893

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.763955	Mean dependent var	4422.250
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Based on the test table above, the regression model can be formulated as follows:

$$Y = 8,088.411 + 4.24X1 - 1.69X2 + 678.6762Z$$

Analysis of the panel data regression results is as follows:

1. The constant value is 8,088.411 which indicates that if the independent variable is constant or fixed, the share price is 8,088.411 units.
2. The X1 coefficient is 4.24 which means that if internet banking increases by 1 unit, there will be an increase in the stock price of 4.24 units.
3. The X2 coefficient is -1.69 which means that if mobile banking increases by 1 unit, there will be a decrease in the share price of 1.69 units.
4. The Z coefficient is 678.6762, which means that if the banking financial performance increases by 1 unit, there will be an increase in the stock price of 678.6762 units.

DISCUSSION

The Influence of Internet Banking and Mobile Banking on Financial Performance

The results of the study show that the internet banking variable has a negative and significant effect on financial performance (ROA). This is evidenced by the results of the internet banking variable t test, namely the t-statistic value which has a value of -2.315919 and a p-value < α or $0.0273 < 0.05$. Meanwhile, the mobile banking variable has a positive and insignificant effect on financial performance (ROA). This is evidenced by the results of the mobile banking variable t test, namely the t-statistic value which has a value of 0.421088 and a p-value > α or equal to $0.6766 > 0.05$. Internet banking and mobile banking variables simultaneously have a significant effect on financial performance (ROA). This is evidenced by the results of the f test as seen from the prob (f-statistic), namely p-value < α or $0.0000 < 0.05$.

The results of this study are not in line with the results of research conducted by Mayasari et al (2021) with the title "Influence of Internet Banking and Mobile Banking on Bank Financial Performance" which shows that there is a significant influence between the number of internet banking transactions and the number of mobile banking transactions on the ROA value bank. The number of internet banking transactions can affect the decrease in the bank's ROA value, while the number of mobile banking transactions can affect the increase in the bank's ROA value.

The Influence of Internet Banking and Mobile Banking on Stock Prices through Financial Performance

The results of the study show that the internet banking variable has a positive and insignificant effect on stock prices. This is evidenced by the results of the internet banking variable t test, which obtained a t-statistic value of 0.344848 and a p-value > α or $0.7326 > 0.05$. The mobile

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banking variable has a negative and significant effect on stock prices. This is evidenced by the results of the mobile banking variable t test, namely the t-statistic value of -2.864564 and the p-value $< \alpha$ or $0.0076 < 0.05$. The financial performance variable has a positive and insignificant effect on stock prices. This is evidenced by the results of the mobile banking variable t test, namely the t-statistic value of 678.6762 and the p-value $> \alpha$ or $0.3893 > 0.05$. internet banking variable, mobile banking and banking financial performance simultaneously have a significant effect on stock prices. This is evidenced by the results of the f test as seen from the prob (f-statistic), namely p-value $< \alpha$ or $0.000000 < 0.05$.

The results of this study are in line with research conducted by Wang, et al (2022) entitled "Local FinTech Development and Stock Price Crash Risk" which shows that FinTech developments can hinder management from intentionally hiding bad news and reduce information asymmetry, thereby reducing stock price risk. decrease. This effect is more pronounced among non-state-owned companies, companies with poor information environments and low-quality internal controls, and those in competitive industries and regions with high marketisation.

4. CONCLUSION

The results of this study aim to determine and analyze the extent to which the influence of the use of internet banking and mobile banking on stock prices through banking financial performance. In this study it was concluded as follows:

1. The internet banking variable has a positive and insignificant effect on stock prices.
2. The mobile banking variable has a negative and significant effect on stock prices.
3. The financial performance variable has a positive and insignificant effect on stock prices.
4. Internet banking and mobile banking variables through banking financial performance simultaneously have a significant effect on stock prices.

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