

THE IMPACT OF SIMULTANEOUS ELECTIONS ON BANKING PROFITABILITY: AN EMPIRICAL STUDY IN THE ASEAN BIG FOUR STOCK MARKET

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Abstract

Capital Adequacy Ratio (CAR) is a bank performance ratio used to measure the adequacy of capital owned by the bank in order to support assets that contain or generate risk. The greater the Capital Adequacy Ratio (CAR), the better the bank's ability to meet capital needs. The greater the capital owned by the bank, the bank is able to provide loans to customers in large amounts so that it has the opportunity to increase the company's profitability. Profitability assessment is a process to determine how well business activities are carried out to achieve strategic goals, eliminate waste and present timely information to carry out continuous improvement (1). This study aims to be one of the indicators of how an important event in a country, especially in the socio-political field, can affect the country's economic turnover and stock exchange. Especially for the big four ASEAN countries (Indonesia, Malaysia, Singapore and Thailand), the case of increasing stock prices in the banking sector is in the spotlight and it is necessary to conduct a scientific study on the correlation of General Election events in the big four ASEAN countries with the increase in their country's stock market. This type of research is associative research that aims to determine the relationship between two or more variables, namely researching the influence of Capital Adequacy Ratio (CAR), Loan to Deposit Ratio (LDR) and Operational Costs on Operational Income (BOPO) which are related to the Profitability of banking sector companies during the general election period in the big four ASEAN countries. This study will use ratio analysis to determine the performance of a bank and its health.

Keywords: Profitability; Banking Sector; ASEAN Countries

INTRODUCTION

According to Click, stock price calculations cannot be separated from political events that lead to Country Risk values because in these calculations political events are variables influenced by current social and political conditions. Although this is not directly related to the dynamics that occur in the capital market, the non-economic environment cannot be separated from stock exchange activities. The influence of unstable political conditions can trigger and cause significant changes between the initial stock price and the stock price at that time (current price). The greater the difference in stock prices, the greater the possibility of abnormal returns. Abnormal returns and information dissemination can be influenced by the level of market efficiency because the speed of stock price reaction to a particular event can reflect the level of market efficiency. Various non-economic events such as political events can affect economic stability and have an impact on changes in stock prices on the stock market.

Simultaneous general elections are important moments in the political and economic landscape of a country, especially in the ASEAN region. As events that bring about changes in leadership and potential changes in economic policy, elections often trigger various reactions in the financial market. The impact of elections on the banking sector is very significant considering that this sector plays a major role in economic and financial stability. This study aims to analyze how simultaneous elections affect the profitability of the banking sector in the big four ASEAN countries, namely Indonesia, Malaysia, Singapore, and Thailand, which have unique political and economic characteristics. Elections often create uncertainty in capital markets, as investors tend to

assess how political outcomes may affect future economic policies and financial regulations. This political uncertainty has the potential to disrupt investment flows and change the direction of monetary policy, which directly affects the performance of the banking sector. Capital markets in the big four ASEAN countries have complex dynamics, and the impact of elections can vary depending on the political situation, regulations, and economic conditions of each country.

Bank profitability, often measured by indicators such as return on assets (ROA) and return on equity (ROE), can be affected by economic stability and market sentiment. Simultaneous elections in Indonesia, for example, are often followed by market fluctuations caused by anticipation of new fiscal and monetary policies. In Malaysia, a relatively dynamic political history often brings volatility to the stock market, including banking stocks. Singapore, with a more stable political climate, may show a more moderate effect, while Thailand, with its often complex political dynamics, may experience a sharper impact.

This study focuses on empirical analysis to understand the relationship between simultaneous elections and banking profitability. The election period is a point of concern because it can pose risks that affect the banking sector through changes in interest rates, credit policies, and banking regulations. Regulations implemented by financial institutions such as the Financial Services Authority (OJK) in Indonesia and Bank Negara Malaysia play a role in mitigating the impact of volatility and maintaining stability during the election period.

This study is important because it provides insight into how the banking sector reacts to political uncertainty brought about by simultaneous elections, as well as how macroprudential policies can affect bank profitability. This analysis involves historical data related to bank profitability indicators and stock movements during election periods in each of the ASEAN big four countries. This study is expected to help investors, market analysts, and policymakers to better understand the risks and opportunities that arise in the banking sector during simultaneous election periods.

Thus, this study is not only relevant for academics and capital market professionals, but also important for regulatory authorities in developing appropriate policies to maintain the stability of the banking sector. A deeper understanding of the impact of elections on banking profitability can help anticipate future challenges and improve the resilience of the financial sector in the ASEAN region.

LITERATURE REVIEW

Capital Adequacy Ratio (CAR)

The CAR ratio reflects the bank's ability to cover the risk of loss from the activities it carries out and the bank's ability to fund its operational activities. A bank that has sufficient capital is translated into higher profitability. This means that the higher the capital invested in the bank, the higher its profitability (7) (Rina & Rofiuddin, 2021). The CAR value of a bank can be calculated using the formula:

$$\text{CAR} = \text{Equity} / \text{ATMR} \times 100\%.$$

Loan to Deposit Ratio (LDR)

According to Kasmir Kasmir (2012:319) Loan to Deposit Ratio is a ratio to measure the composition of the amount of credit given compared to the amount of public funds and equity used. The value of the Loan to Deposit Ratio can be determined through a formula determined by Bank Indonesia through Bank Indonesia Circular Letter number 13/30/DPNP dated December 16, 2011 concerning guidelines for calculating financial ratios, namely:

$$\text{LDR} = \text{Amount of Credit Given} / \text{Total Deposit} / \text{Equity}.$$

Operating Costs to Operating Income (BOPO)

This ratio is used to measure the ability of bank management to control operational costs against operational income. BOPO presents a comparison between total operational costs and total operational income. This ratio shows the level of ownership and performance of Islamic banks (8) (Maulla & Wirman, 2022). The size of BOPO can be calculated using the formula:

$$\text{BOPO} = \text{Total Operating Costs} / \text{Operating Income} \times 100\%.$$

Profitability

The profitability ratio is a ratio used to see a company's ability to earn profits during a certain period with the capital and assets owned by the company. The measure of profitability used in the banking industry is ROA. Return on Assets (ROA) (9). (Alwi et al., 2023). The value of a banking company's ROA can be measured using the formula:

$$\text{ROA} = \text{Profit Before Tax} / \text{Total Assets} \times 100\%.$$

METHOD

Population and Sample

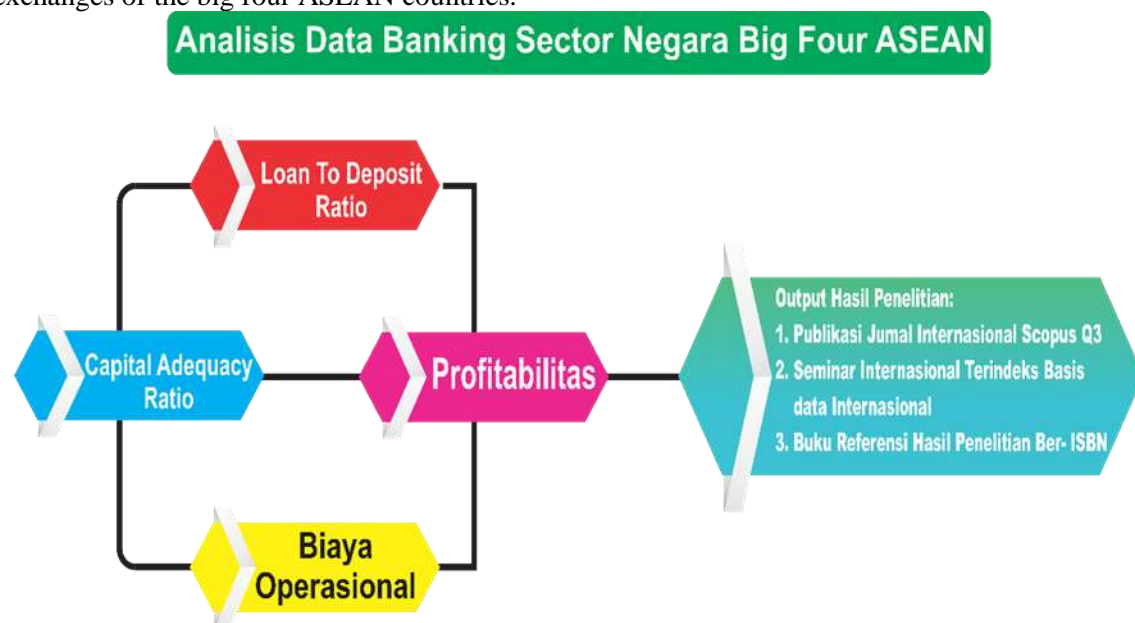
The population of this study is banking sector companies listed on the stock exchanges of the big four ASEAN countries (Indonesia, Malaysia, Singapore and Thailand), while the sample was taken using purposive sampling technique.

Data Types and Sources

The type of data used in this study is secondary data from the stock exchanges of the big four ASEAN countries published and obtained through the official websites of the stock exchanges of the big four ASEAN countries (Indonesia, Malaysia, Singapore and Thailand) during the General Election year in each country.

Method of collecting data

The data collection technique in this study is the documentation technique, which is a method of collecting data derived from written records or data related to the object being studied. This technique is carried out by the author by collecting data from the official websites of the stock exchanges of the big four ASEAN countries.



Research Framework Image

RESULTS AND DISCUSSION

General description

Stock exchanges in the "Big Four" ASEAN countries (Indonesia, Malaysia, Singapore, and Thailand) play a vital role in the economies of the Southeast Asian region. Each exchange has unique characteristics, supported by different industry sectors, market sizes, and levels of local and international investor participation. Here is an overview:

1. Indonesia Stock Exchange (IDX)

Official Name : Indonesia Stock Exchange (IDX) or Indonesia Stock Exchange (BEI).

Location : Jakarta, Indonesia.

Main Index : Composite Stock Price Index (IHSG).

Characteristics :

- One of the fastest growing exchanges in ASEAN, supported by Indonesia's large economy and young population.
- Many issuers come from the consumer goods, infrastructure, commodities (coal, palm oil), and financial sectors.
- Retail investors are very active, with the number of stock accounts increasing over the past few years.
- The majority of trading is dominated by local investors, although there is significant interest from foreign investors.

2. Bursa Malaysia (Bursa Malaysia)

Official Name : Bursa Malaysia Berhad.

Location : Kuala Lumpur, Malaysia.

Main Index : FTSE Bursa Malaysia KLCI (FBM KLCI).

Characteristics :

- A highly diversified exchange with financial, oil & gas, plantation (palm oil) and property sectors as its mainstays.
- The exchange is known for its stability, although it is not as volatile as other exchanges in the region.
- Bursa Malaysia has unique segments such as Shariah-compliant securities through the Bursa Malaysia-i platform, which attracts interest from sharia investors.

3. Singapore Exchange (SGX)

Official Name : Singapore Exchange (SGX).

Location : Singapore.

Main Index : Straits Times Index (STI).

Characteristics :

- The most international exchange in ASEAN, attracting large companies and global investors.
- SGX is the main hub for REITs (Real Estate Investment Trusts) in the region, as well as derivative products.
- Issuers come from various sectors, including banking, property, logistics and technology.
- Strict regulations and efficient systems make SGX a highly trusted exchange.
- The trading volume is relatively smaller compared to other exchanges in ASEAN, but it has a high market capitalization.

4. Stock Exchange of Thailand (SET)

Official Name : Stock Exchange of Thailand (SET).

Location : Bangkok, Thailand.

Main Index : SET Index.

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Characteristics :

- Supported by the tourism, energy and manufacturing sectors (especially automotive and electronics).
- The Stock Exchange of Thailand has a mature capital market ecosystem with regulations that support the growth of retail investors.
- In addition to the conventional stock market, SET also promotes sustainability investment through indices such as SETTHSI (Thailand Sustainability Investment Index).
- Foreign investors have a significant role in stock trading on the SET.

Data Analysis Results

Panel Data Regression Estimation

Based on the selection of selected models for each country, Indonesia, Malaysia, Singapore and Thailand. The results of panel data regression in each country are as follows:

a. INDONESIA

Table 5.1
Multicollinearity Test Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.0288	0.8608	1.1952	0.2453
CAR	-0.2415	0.0892	2.7061	0.0132
LDR	2.1081	0.5536	3.8075	0.0040
BOPO	-0.0302	0.0283	-1.0639	0.1094
R-squared	0.5871	Mean dependent variable		0.4991
Adjusted R-squared	0.5281	SD dependent var		0.2980
SE of regression	0.2047	Akaike information criterion		-0.1883
Sum squared residual	0.8804	Black criterion		0.0066
Log likelihood	6.3540	Hannan-Quinn critter.		-0.1342
F-statistic	9.9538	Durbin-Watson stat		2.2855
Prob(F-statistic)	0.0002			

Source: Processed Data 2024

Based on Table 5.1 above, the panel regression equation that can be compiled in this study is as follows:

$$\text{ROA} = 1.0288 - 0.2415 \text{ CAR} + 2.1081 \text{ LDR} - 0.0302 \text{ BOPO}$$

Based on the equation above, it can be seen that the constant has a value 1.0288 which shows that if CAR, LDR and BOPO have a value of 0, then ROA remains constant with the value 1.0288. Meanwhile, CAR has a negative relationship to ROA with a coefficient value of -0.2415. These results show that if CAR is increased by 1%, it will decrease the ROA value by 0.2415%. Furthermore, LDR has a positive relationship with ROA with a regression coefficient value of 2.1081. This shows that if LDR is increased by 1%, it will increase ROA by 2.1081. Meanwhile, BOPO has a negative relationship to ROA with a regression coefficient value of -0.0302. This shows that if BOPO is increased by 1%, ROA will decrease by 0.0302%. Based on Table 5.1 above, it can be seen that the Adjusted R-Square value is 0.5871 or 58.71%. This shows that CAR, LDR, and BOPO are able to explain ROA by 58.71% while the remaining 41.29% is explained by other factors not analyzed in this study.

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b. MALAYSIA

**Table 5.2
Multicollinearity Test Results**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.6011	1.0096	0.5954	0.5579
CAR	-0.4182	0.1753	2.3856	0.0065
LDR	0.6188	0.3189	1.9402	0.0059
BOPO	-0.0004	0.0358	-0.0126	0.9901
R-squared	0.4102	Mean dependent variable		0.5760
Adjusted R-squared	0.3260	SD dependent var		0.2777
SE of regression	0.2280	Akaike information criterion		0.0269
Sum squared residual	1.0919	Black criterion		0.2219
Log likelihood	3.6629	Hannan-Quinn critter.		0.0810
F-statistic	4.8697	Durbin-Watson stat		1.6927
Prob(F-statistic)	0.0100			

Source: Processed Data 2024

Based on Table 5.2 above, the panel regression equation that can be compiled in this study is as follows:

$$ROA = 0.6011 - 0.4182 CAR + 0.6188 LDR - 0.0004BOPO$$

Based on the equation above, it can be seen that the constant has a value 0.6011 which shows that if CAR, LDR and BOPO have a value of 0, then ROA remains constant with the value 0.6011. Meanwhile, CAR has a negative relationship to ROA with a coefficient value of -0.4182. These results show that if CAR is increased by 1%, it will decrease the ROA value by 0.4182%. Furthermore, LDR has a positive relationship with ROA with a regression coefficient value of 0.6188. This shows that if LDR is increased by 1%, it will increase ROA by 0.6188. Meanwhile, BOPO has a negative relationship to ROA with a regression coefficient value of -0.0004. This shows that if BOPO is increased by 1%, it will increase ROA by 0.0004%. Based on Table 5.2 above, it can be seen that the Adjusted R-Square value is 0.4102 or 41.02%. This shows that CAR, LDR, and BOPO are able to explain ROA by 41.02% while the remaining 58.98% is explained by other factors not analyzed in this study.

c. SINGAPORE

**Table 5.3
Multicollinearity Test Results**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.7204	0.6092	1.1824	0.2502
CAR	-0.4731	0.1199	3.9454	0.0007
LDR	1.3502	0.3839	3.5170	0.0020
BOPO	-0.0095	0.0208	-0.4578	0.6518
R-squared	0.7046	Mean dependent variable		0.5868
Adjusted R-squared	0.6625	SD dependent var		0.2588
SE of regression	0.1504	Akaike information criterion		-0.8053
Sum squared residual	0.4750	Black criterion		-0.6102
Log likelihood	14,066	Hannan-Quinn critter.		-0.7512
F-statistic	16,703	Durbin-Watson stat		1.1732

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Prob(F-statistic)	0.0001			

Source: Processed Data 2024

Based on Table 5.3 above, the panel regression equation that can be compiled in this study is as follows:

$$ROA = 0.7204 - 0.4731 CAR + 1.721118 LDR + 0.007320 BOPO$$

Based on the equation above, it can be seen that the constant has a value 0.7204 which shows that if CAR, LDR and BOPO have a value of 0, then ROA remains constant with the value 0.7204. Meanwhile, CAR has a negative relationship to ROA with a coefficient value of -0.4731. These results show that if CAR is increased by 1%, it will decrease the ROA value by 0.4731%. Furthermore, LDR has a positive relationship with ROA with a regression coefficient value of 1.721118. This shows that if LDR is increased by 1%, it will increase ROA by 1.721118. Meanwhile, BOPO has a positive relationship to ROA with a regression coefficient value of 0.007320. This shows that if BOPO is increased by 1%, ROA will increase by 0.007320. Based on Table 5.3 above, it can be seen that the Adjusted R-Square value is 0.7046 or 70.46%. This shows that CAR, LDR, and BOPO are able to explain ROA by 70.46% while the remaining 29.54% is explained by other factors not analyzed in this study.

d. THAILAND

**Table 5.4
Multicollinearity Test Results**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.2025	1.5762	-0.1285	0.8990
CAR	-0.1600	0.2290	1.8990	0.0022
LDR	0.1141	0.3629	2.3146	0.0062
BOPO	0.0269	0.0530	0.5089	0.6161
R-squared	0.7323	Mean dependent variable		0.5304
Adjusted R-squared	-0.1058	SD dependent var		0.2893
SE of regression	0.3042	Akaike information criterion		0.6037
Sum squared residual	1.9439	Black criterion		0.7987
Log likelihood	-3.5463	Hannan-Quinn critter.		0.6577
F-statistic	0.2341	Durbin-Watson stat		2.3963
Prob(F-statistic)	0.8715			

Source: Processed Data 2024

Based on Table 5.3 above, the panel regression equation that can be compiled in this study is as follows:

$$ROA = - 0.2025 - 0.1600CAR + 0.1141 LDR + 0.007320 BOPO$$

Based on the equation above, it can be seen that the constant has a value -0.2025 which shows that if CAR, LDR and BOPO have a value of 0, then ROA remains constant with the value -0.2025. Meanwhile, CAR has a negative relationship to ROA with a coefficient value of -0.1600. These results show that if CAR is increased by 1%, it will decrease the ROA value by 0.1600%. Furthermore, LDR has a positive relationship with ROA with a regression coefficient value of 0.1141. This shows that if LDR is increased by 1%, it will increase ROA by 0.1141. Meanwhile, BOPO has a positive relationship to ROA with a regression coefficient value of 0.0269. This shows that if BOPO is increased by 1%, it will increase ROA by 0.0269. Based on Table 5.4 above, it can be seen that the Adjusted R-Square value is 0.7323 or 73.23%. This shows that CAR, LDR, and BOPO are able to explain ROA by 73.23% while the remaining 26.77% is explained by other factors not analyzed in this study.

Discussion
Table 5.5
Panel Data Regression Model

Variable	Indonesia		Malaysia		Singapore		Thailand	
	t-Statistic	Prob.	t-Statistic	Prob.	t-Statistic	Prob.	t-Statistic	Prob.
C	1.1952	0.2453	0.5954	0.5579	1.1824	0.2502	-0.1285	0.8990
CAR	2.7061	0.0132	2.3856	0.0065	3.9454	0.0007	1.8990	0.0022
LDR	3.8075	0.0040	1.9402	0.0059	3.5170	0.0020	2.3146	0.0062
BOPO	-1.0639	0.1094	-0.0126	0.9901	-0.4578	0.6518	0.5089	0.6161

1. The Influence of CAR on ROA

Based on Table 5.5 Indonesian Panel Data Regression Model, it can be seen that the t-count of CAR is 2.7061 and its significance value is 0.0132. The t-table value calculated with an analysis error rate (α) of 5%, the degree of freedom used is $df = 25 - 3$ is 1.71714. This shows that t-count (2.7061) > T-table (1.7171) and the significance value (0.0132) < 0.05, so it can be said that CAR has a significant effect on ROA, so H1 is accepted.

Based on Table 5.5 Malaysia Panel Data Regression Model, it can be seen that the tcount of CAR is 2.3856 and its significance value is 0.0065. The ttable value in calculated with the analysis error rate (α) of 5%, the degree of freedom used is $df = 25 - 3$ is 1.71714. This shows that tcount (2.3856) > Ttable (1.7171) and the significance value (0.0065) < 0.05, so it can be said that CAR has a significant effect on ROA, so H1 is accepted.

Based on Table 5.5 Singapore Panel Data Regression Model, it can be seen that the t-count of CAR is 3.9454 and its significance value is 0.0007. The t-table value in the calculation with the analysis error rate (α) of 5%, the degree of freedom used is $df = 25 - 3$ is 1.71714. This shows that t-count (3.9454) > T-table (1.7171) and the significance value (0.0007) < 0.05, so it can be said that CAR has a significant effect on ROA, so H1 is accepted.

Based on Table 5.5 Thailand Panel Data Regression Model, it can be seen that the tcount of CAR is 1.8990 and its significance value is 0.0022. The ttable value in calculated with the analysis error rate (α) of 5%, the degree of freedom used is $df = 25 - 3$ is 1.71714. This shows that tcount (1.8990) > Ttable (1.7171) and the significance value (0.0022) < 0.05, so it can be said that CAR has a significant effect on ROA, so H1 is accepted.

This finding is in line with the research results of Dwi and Abudanti (2018), Kossoh and Ogi (2017) who said that CAR does not significantly affect ROA. While this finding is in line with Warsa and Mustanda (2016) who found that the influence of CAR is significant on ROA.

Profitability The stock exchanges of the big four ASEAN countries (Indonesia, Malaysia, Singapore and Thailand) identified that capital adequacy has a significant influence, banks in general in Indonesia, Malaysia, Singapore and Thailand are able to finance and control bank operations and in favorable conditions this shows that the capital adequacy ratio can provide a significant contribution to bank profitability. Where this study is in accordance with the theory, namely, when the CAR is higher, the level of Bank profitability indicated by the ROA ratio is also higher, and vice versa.

2. The Influence of LDR on ROA

Based on Table 5.5 Indonesian Panel Data Regression Model, it can be seen that the tcount of LDR is 3.8075 and its significance value is 0.0040. The ttable value in calculated with the analysis error rate (α) of 5%, the degree of freedom used is $df = 25 - 3$ is 1.7171. This shows that tcount (3.8075) > Ttable (1.7171) and the significance value (0.0040) < 0.05, so it can be said that LDR has a significant effect on ROA, so H2 is accepted.

Based on Table 5.5 Malaysia Panel Data Regression Model, it can be seen that the LDR tcount is 1.9402 and the significance value is 0.0059. The ttable value in the calculation with the analysis error rate (α) of 5%, the degree of freedom used is $df = 25 - 3$ is 1.7171. This shows that

tcount (1.9402) > Ttable (1.7171) and significance value (0.0059) < 0.05, so it can be said that LDR has a significant effect on ROA, so H2 is accepted.

Based on Table 5.5 Singapore Panel Data Regression Model, it can be seen that the LDR t count is 3.5170 and the significance value is 0.0020. The ttable value in the calculation with the analysis error rate (α) of 5%, the degree of freedom used is $df = 25 - 3$ is 1.7171. This shows that tcount (3.5170) > Ttable (1.7171) and significance value (0.0020) < 0.05, so it can be said that LDR has a significant effect on ROA, so H2 is accepted.

Based on Table 5.5 Thailand Panel Data Regression Model, it can be seen that the LDR t count is 2.3146 and the significance value is 0.0062. The ttable value in the calculation with the analysis error rate (α) of 5%, the degree of freedom used is $df = 25 - 3$ is 1.7171. This shows that tcount (2.3146) > Ttable (1.7171) and significance value (0.0062) < 0.05, so it can be said that LDR has a significant effect on ROA, so H2 is accepted.

This finding is not in line with the results of Warsa and Mustanda's (2016) research, which stated that LDR has no significant effect on ROA. However, this finding is in line with the findings of Dwi and Abudanti (2018), Kossoh and Ogi (2017) who stated that LDR has a significant effect on ROA.

This finding indicates that liquidity risk has a significant effect on the Profitability of the Stock Exchange of the big four ASEAN countries (Indonesia, Malaysia, Singapore and Thailand). This may be because Commercial Banks are even those that have conducted international transactions and this shows that Commercial Banks are large banks which result in the LDR ratio not being in accordance with the theory where in theory it shows that the higher the LDR, the lower the level of profitability, while in this study it shows that the LDR ratio has a positive effect, meaning that the higher the credit or loan, the higher the ROA at Commercial Banks.

3. The Influence of BOPO on ROA

Based on Table 5.5 Indonesian Panel Data Regression Model, it can be seen that the BOPO tcount is -1.0639 and its significance value is 0.1094. The ttable value in calculated with the analysis error rate (α) of 5% the degree of freedom used is $df = 25 - 3$ is 1.7171. This shows that tcount (-1.0639) < Ttable (1.7171) and the significance value (0.1094) > 0.05, so it can be said that BOPO has a significant effect on ROA, so H3 is rejected.

Based on Table 5.5 Malaysia Panel Data Regression Model, it can be seen that the BOPO tcount is -0.0126 and its significance value is 0.9901. The ttable value in calculated with the analysis error rate (α) of 5% the degree of freedom used is $df = 25 - 3$ is 1.7171. This shows that tcount (-0.0126) < Ttable (1.7171) and the significance value (0.9901) > 0.05, so it can be said that BOPO has a significant effect on ROA, so H3 is rejected.

Based on Table 5.5 Malaysia Panel Data Regression Model, it can be seen that the BOPO tcount is -0.4578 and its significance value is 0.6518. The ttable value in calculated with the analysis error rate (α) of 5% the degree of freedom used is $df = 25 - 3$ is 1.7171. This shows that tcount (-0.4578) < Ttable (1.7171) and the significance value (0.6518) > 0.05, so it can be said that BOPO has a significant effect on ROA, so H3 is rejected.

Based on Table 5.5 Thailand Panel Data Regression Model, it can be seen that the BOPO tcount is 0.5089 and its significance value is 0.6161. The ttable value in calculated with the analysis error rate (α) of 5% the degree of freedom used is $df = 25 - 3$ is 1.7171. This shows that tcount (0.5089) < Ttable (1.7171) and the significance value (0.6161) > 0.05, so it can be said that BOPO has a significant effect on ROA, so H3 is rejected.

These findings support the research results of Fajar Adiputra (2017) which states that BOPO has a negative and significant effect on ROA. This shows that the increase in the bank's BOPO ratio indicates an increase in the proportion of operational expenses to operational income received by the bank, in other words, if operational costs increase, it will reduce profit before tax which will ultimately reduce ROA at the bank concerned, thus the greater the BOPO, the smaller the bank's ROA, because the profit obtained by the bank is also small. This reflects the existence or

occurrence of operational performance inefficiencies in commercial banks. Thus, the third hypothesis stating that BOPO has a negative effect on ROA is accepted.

5.1 Focus Group Discussion (FGD)



Image of Focus Group Discussion with Representatives of BEI, Bappebti, OJK and P Phintraco Securities Aceh Branch

The results of the Focus Group Discussion (FGD) involving the Head of Bappebti Aceh, the Head of the Indonesia Stock Exchange (BEI) of Aceh Province, the Head of the Financial Services Authority (OJK) of Aceh Province, and the Head of Phintraco Sekuritas Aceh Branch regarding the impact of general elections (elections) on the banking sector in the ASEAN Big Four countries (Indonesia, Malaysia, Singapore, and Thailand) on the banking sector can be summarized in the following main points:

1. Impact of Elections on Market Sentiment and the Banking Sector

- Election in the ASEAN Big Four countries, including Indonesia, have a significant impact on market sentiment, especially in the banking sector. Political uncertainty during elections can lead to higher market volatility, especially in large bank stocks.
- Head of BEI Aceh Province stated that the election has the potential to cause fluctuations in bank stock prices, especially in Indonesia. Investors will be more careful in investing in the banking sector during this period, considering that unexpected election results can affect economic and banking policies.

2. The Influence of Selected Government Policies on Banking

- The discussion focused on fiscal and monetary policies that the elected government might implement after the election. The Head of the Aceh OJK emphasized the importance of stable policies for the banking sector, including interest rate policies and capital requirements that affect banks' ability to provide credit and maintain liquidity.
- Head of Phintraco Securities Aceh Branch added that new policies from the elected government could create opportunities for the banking sector, especially in digital banking and fintech, but must be supported by clear regulations.

3. Impact on Large and Small Banks

- Head of Bappebti Aceh revealed that the impact of the election on the banking sector is not only felt by large banks but also by small banks. Large banks may be better able to adapt to policy changes, while small banks may be more vulnerable to changes that lead to tighter regulations or changes in fiscal policy.
- Head OJK Aceh Province added that tighter supervision of small banks post-election could lead to increased stability in the banking sector, but this could add to the burden on small banks that have more difficulty accessing capital.

4. Anticipating Market Volatility and Efforts to Maintain Stability

- Given the volatility that occurred in the stock market ahead of the election, the Head of the Aceh Province IDX and the Head of the Aceh Branch of Phintraco Securities agreed that efforts to maintain market stability are very important. Stock exchanges in Aceh and

throughout Indonesia will increase transparency and market supervision to reduce the negative impact of political uncertainty.

- Head of OJK Aceh Province revealed that additional regulations will be implemented to address potential fluctuations in bank share prices, especially during election periods, by strengthening the supervisory system and improving communication between regulators and market players.

5. Opportunities in the Banking Sector Post-Election

- Head of Phintraco Securities Aceh Branch sees huge opportunities in digital banking and fintech sector post-election. New policies that support banking digitalization can create investment opportunities for the banking sector, with the note that fintech regulations must be clear and support sustainable growth.
- Head of Bappebti Aceh also mentioned that the technology-based banking sector could develop faster in Aceh if driven by policies that support digital innovation.



Image Interview with Phintraco Securities representative

6. Investor Reactions to Elections and the Stock Market

- Head of Phintraco Securities Aceh Branch noted that domestic and foreign investors tend to be more conservative ahead of the election. Political uncertainty could affect investment flows, especially in the banking sector which is considered an indicator of economic stability.
- Head **IDX Aceh Province** also noted that the possible drop in bank stock prices due to the election could be an opportunity for long-term investors to buy stocks at lower prices. However, this is highly dependent on the policies of the elected government and post-election market sentiment.



Interview Image with Representative of Indonesia Stock Exchange

7. Regulations to Maintain Banking Sector Security

- Head of OJK Aceh Province emphasized the importance of implementing appropriate regulations to maintain the stability of the banking sector. Several policies such as liquidity supervision and risk management must be strengthened so that banks can survive the changes that may occur after the election.
- Head of Bappebti Aceh also reminded that capital market regulations must be flexible to accommodate fluctuations caused by post-election policy changes.

8. Challenges of the Banking Sector in Aceh and Indonesia

- In Aceh, the Head of BEI Aceh Province and the Head of OJK Aceh Province agreed that the main challenge for the banking sector is strengthening the competitiveness of local banks with larger, more established banks. This includes access to capital markets and increasing capital for small banks.
- Head of Bappebti Aceh also highlighted the importance of improving financial literacy and investment education in Aceh, particularly to support the development of the banking sector at the local level.

CONCLUSION

Elections are one of the important external factors in determining stock market movements in ASEAN. Stock exchanges in Indonesia, Malaysia, Singapore, and Thailand each respond to elections in different ways, reflecting their political and economic characteristics. Investors need to consider the impact of elections as part of their risk management strategy, especially in markets that are more sensitive to political changes. However, strong economic fundamentals and ongoing policy reforms remain key determinants of long-term stock market performance in these countries.

The results of this FGD emphasize several key conclusions regarding the impact of elections on the banking sector in the ASEAN Big Four countries:

- Elections may increase market volatility, especially in the banking sector, and it is important for regulators to maintain market stability through strict supervision.
- Policy **elected government** can directly influence bank performance, either through monetary policy or banking regulations.

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- **Sector banking in Indonesia** has the potential to grow post-election, especially with digital banking and fintech gaining popularity.
- The challenges faced by large and small banks related to new policies and market fluctuations must be anticipated with appropriate regulations to ensure sustainable growth of the banking sector.

Thus, FGD participants suggested that efforts to maintain the stability of the stock market and banking sector are very important to support sustainable economic growth, especially amid political uncertainty caused by the election.

Based on the results of the data analysis that has been carried out, several conclusions can be drawn from this study, namely as follows:

1. LDR has a positive and significant effect on the profitability of banking companies.
2. CAR has a positive and significant effect on the profitability of banking companies.
3. BOPO Has a Negative and Insignificant Impact on Banking Company Profitability.

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