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Analysis Of Share Trading Volume And Abnormal Stock Returns Before and After The Implementation Of OJK Regulation Number 17/POJK.03/2021

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Abstract: The emergence of the Covid-19 pandemic has had a huge impact on society. Not only has an impact on the health sector, but also has an impact on the economy. The problem of banking credit risk emerged as a result of the global spread of Covid-19. Increased credit risk has the potential to disrupt banking performance and financial system stability, which could affect economic growth. To overcome this problem, the Financial Services Authority issued OJK regulation Number 17/POJK.03/2021 which regulates the national economic stimulus as a countercyclical policy due to the impact of the spread of Coronavirus Disease 2019 in the form of credit restructuring which is valid until March 31, 2023. This study aims to test whether there are differences in stock trading volume and abnormal returns before and after the enactment of OJK regulations No. 17/POJK.03/2021 with a 6-day window period, namely 3 days before the regulation and 3 days after the regulation. The object of this research is the banking companies listed on the Indonesia Stock Exchange as many as 43 companies. Data obtained from the website www.idx.co.id and RTI Business. Data were analyzed using the One Sample Kolmogorov Smirnov Test method and continued with the Wilcoxon Match Pairs Test. The results show that there are differences in the average stock trading volume and abnormal returns before and after OJK regulation Number 17/POJK.03/2021.

Keywords: trading volume activity, coronavirus, abnormal return, capital market

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Introduction

The capital market has an important role for the economy of a country, including Indonesia. The capital market is one of the sources of funding for companies in Indonesia. The amount of funds invested in the capital market can reflect the economy of a country, including Indonesia (Elga, et al 2021). Stocks are one of the most popular investments in the capital market. According to Fahmi (2018), shares are evidence of equity/fund ownership in a company. As one of the most popular investment instruments in the capital market, stocks are known as investment instruments with a high risk high return nature. Afriansa & Nugraha (2020) stated that basically changes in stock prices are influenced by the law of supply and demand. In economic theory, if the demand for stocks is high, the stock price will increase, otherwise if the stock supply is high, the stock price will fall. Therefore, it is important for investors to assess the stock price to project the expected level of profit before making a decision to sell or buy a stock. The current event that has a huge impact on the capital market is the Covid-19 pandemic. The announcement of the Covid-19 pandemic has affected many things and of course it can be a negative sentiment that affects investor optimism in the capital market. In conditions like this, investors feel safer holding cash or cash than investing their money in assets that are considered risky (Wenno, 2020).

The Covid-19 pandemic caused the price movement of the Composite Stock Price Index to decrease drastically (Yusuf & Anthoni, 2020). Since the announcement of the first case of Covid-19 in Indonesia, there have been significant changes to the JCI (Rifa'i, Junaidi, & Sari, 2020). IHSG experienced a sharp decline on March 24, 2020 at the level of 3,937.63. On a year-to-date basis, the JCI has corrected to -37.33% in 2020. This is due to

the global issues of the Covid-19 outbreak in various countries, giving rise to negative sentiment and profit-taking in the capital market (Suhaedading, 2020). Another impact due to the widespread spread of Covid-19 is the increased credit risk experienced by the banking sector. This is due to a decrease in the performance and capacity of the debtor in fulfilling credit or financing payment obligations. Increased credit risk has the potential to disrupt banking performance and financial system stability, which could affect economic growth. Therefore, a countercyclical approach is needed, namely reducing spending and increasing taxes during a booming economy, as well as increasing spending and cutting tax collections when in a recession (Otoritas Jasa Keuangan, 2020). As a quick response and forward looking policy to the impact of the spread of Covid-19, OJK issued OJK regulation Number 17/POJK.03/2021 with the hope of assisting banks in managing their financial performance, especially in terms of mitigating credit risk and being able to encourage national economic recovery through strengthening the role of financial services sector (Otoritas Jasa Keuangan, 2021). As a positive information in the capital market, the enactment of OJK regulation Number 17/POJK.03/2021 is also expected to make the capital market react to this information. Research that examines the influence of information on abnormal returns and stock trading volume, the conclusions obtained are not the same from one study to another. Research conducted by Setiawati & Lee (2021) shows that the announcement of the entry of the corona virus into Indonesia for the first time has a significant effect on abnormal returns and trading volume activity. Then according to Muthaharia & Yunita (2021) in their research, they argue that there is no difference in abnormal returns and trading volume activity before and after the implementation of the New Normal regulation on the LQ45 Index.

Based on the background of the problem, it is deemed necessary to conduct a study to analyze the volume of stock trading and stock abnormal returns, especially the bank sub-sector companies on the Indonesia Stock Exchange (IDX) to observe the capital market reaction to the enactment of OJK regulations Number 17/POJK.03/2021. So, the authors are interested in conducting a study entitled "Analysis of Stock Trading Volume and Abnormal Stock Returns Before and After the Enforcement of OJK Regulation Number 17/POJK.03/2021 (Case Study of Sub-Sector Banks Listed on the Indonesia Stock Exchange)".

Method

This research was conducted at the Indonesia Stock Exchange through the website www.idx.co.id. The time of the research starts from January 2022 to August 2022. The types of data used are quantitative data in the form of closing prices and stock trading volumes. The data collection method used in this research is to use the documentation method which is carried out by collecting data by accessing the official website of the Indonesia Stock Exchange (www.idx.co.id), Yahoo Finance (finance.yahoo.com), and RTI Business. In this study, the population of the data used is the bank sub-sector companies listed on the Indonesia Stock Exchange in 2021 as many as 43 companies. Furthermore, the method of selecting or taking samples in this study used a purposive sampling technique, namely the selection and sampling technique with certain considerations and criteria. The criteria for taking samples from this research are:

1. Companies listed in the banking sub-sector on the Indonesia Stock Exchange in the period 2021.
2. Companies that are members of the bank sub-sector and are active at the time of daily closing for 3 days before and 3 days after the events on September 10, 2021.
3. Companies that publish data for research analysis purposes in the form of daily closing prices.
4. The Company does not take corporate actions in the form of IPO, Dividend, Right Issue, Private Placement, Bonus Share, Stock Split, Reverse Stock Split, RUPS, Merger and Acquisition, Tender Offer.

This study focuses on the period before and after the enactment of OJK regulations Number 17/POJK.03/2021. The population and sample of this research are all companies registered in the bank sub-sector as many as 43 companies and in accordance with the criteria for determining the sample that has been determined. Of the 43 listed companies, 35 companies met the sample selection criteria. The variables used in this study are stock trading volume and abnormal returns and the data analysis techniques in this study are:

1. Perform calculations on stock trading volume
2. Calculating abnormal returns

To get the abnormal return value, it takes several steps that must be done, namely:

- a. Perform calculations on the actual return during the research period.
- b. Perform calculations on market return.

- c. Perform calculations on expected returns.
 - d. Perform abnormal return calculations on each sample according to a predetermined event period.
3. Perform Normality Test
- In this study the authors used non-parametric statistical tests with the Kolmogorov-Smirnov method. The basis for making decisions in this Normality Test are:
- a. If the significance value (Sig.) is greater than 5% or 0.05, the research data is normally distributed.
 - b. On the other hand, if the significance value (Sig.) is less than 5% or 0.05, the research data is not normally distributed.
4. Performing Differential Test.
- To test the hypothesis, a Differential Test was performed using the Paired Sample T-Test method if the data was normally distributed and the Wilcoxon Match Pairs Test if the data was not normally distributed. The criteria for making decisions with the two methods are the same, namely:
- a. If the significance value (Sig.) is greater than 5% or 0.05, it means that there is no significant difference.
 - b. On the other hand, if the significance value (Sig.) is less than 5% or 0.05, it means that there is a significant difference.

Result and Discussion

The data analysis stage begins with calculating the value of the stock trading volume and abnormal return of each sample. Stock trading volume and abnormal returns are important indicators that can show the response of the capital market to an announcement of the enactment of OJK regulations Number 17/POJK.03/2021 on September 10, 2021. The study was conducted for 6 days, 3 days before the event and 3 days after the event to prevent interference from other information that could affect research results.

1. Calculating stock trading volume

The first stage in this study is to calculate the value of the stock trading volume in each sample. Here is the result of the calculation:

Table 1. Average Trading Volume

	Before		After
t-3	0,001489	t+3	0,001572
t-2	0,001877	t+2	0,002106
t-1	0,002113	t+1	0,002068
ATV	0,005479	ATV	0,006844

Source : Data processed on SPSS, 2022

These data indicate that there are differences in ATM's information on announcements. Changes to trading volume activity in response to the announcement of the implementation of OJK regulation Number 17/POJK.03/2021 indicate an increase in stock trading activity. However, to test the data, it is necessary to carry out a different test to obtain research conclusions.

2. Calculating abnormal return

After getting the results of the calculation of actual return, expected return, AR, and AAR then the AAR value will be used in the research hypothesis testing stage. The following is the result of the AAR calculation:

Table 2. Average Abnormal Return

Before		After	
t-3	-0,00122	t+3	-0,00348
t-2	0,00546	t+2	-0,01293
t-1	-0,02589	t+1	0,01372
AAR	-0,03256	AAR	-0,00269

Source : Data processed on SPSS, 2022

From the calculation results, there is a change in the AAR value for the announcement of events. The data in the table shows that the AAR value has increased at t+1 during the announcement. However, to test the data, it is necessary to do a different test to take the hypothesis.

3. Normality Test

The following are the results of the data normality test:

Table 3. Normality Test Results One-Sample Kolmogorov-Smirnov Test

		AAR Before	AAR After	ATV Before	ATV After
N		35	35	35	35
Normal Parameters ^{a,b}	Mean	-.008249143	-.000682571	.002149500	.002203609
	Std. Deviation	.0157412055	.0166240086	.0038450975	.0037656995
Most Extreme Differences	Absolute	.179	.241	.304	.290
	Positive	.123	.231	.304	.290
	Negative	-.179	-.241	-.288	-.279
Kolmogorov-Smirnov Z		1.357	1.425	1.800	1.716
Asymp. Sig. (2-tailed)		.044	.035	.003	.006

a. Test distribution is Normal.

b. Calculated from data.

Source : Data processed on SPSS, 2022

The table shows that the significance value of the normality test on the two variables shows different values. In the second AAR variable the significance shows a number that is smaller than the set significance value of 0.05. As for the ATV variable, it shows a significant value of 0.003 for before and 0.006 which is smaller than the set significance of 0.05. With this, it is concluded that the research data used in this study are not normally distributed. The reason why the data is not normal is because there are data that appear with excessive values, either univariate or multivariate. What is meant by an excessive value is a value that is completely different from most of the other values in the group. Even though the data are not normally distributed, this research can still be continued by using a different alternative test, namely the Wilcoxon Match Pairs Test.

4. Hypothesis Test

a. Hypothesis Testing Variable Stock Trading Volume

After doing the normality test, then the hypothesis is then tested using the Wilcoxon Match Pairs Test. The hypotheses tested on the stock trading volume variable are:

Ho = There is no difference in the trading volume of banking companies' shares before and after the enactment of OJK regulations Number 17/POJK.03/2021.

Ha1 = There is a significant difference between the trading volume of banking companies' shares before and after the enactment of OJK regulation Number 17/POJK.03/2021. The following are the test results using the Wilcoxon Match Pairs Test:

Table 4. Stock Trading Volume Difference Test Results

	ATV After - ATV Before
Z	-2.097 ^b
Asymp. Sig. (2-tailed)	.036

a. Wilcoxon Signed Ranks Test

b. Based on negative ranks.

Source : Data processed on SPSS, 2022

The results of the different test with the Wilcoxon Match Pairs Test on the trading volume variable show a significance value of 0.036 which is lower than the value of 0.05. So it can be concluded that Ha1 is accepted, which means that there is a significant difference between the trading volume of banking companies shares before and after the enactment of OJK regulation Number 17/POJK.03/2021.

b. Hypothesis Testing Variable Abnormal Return

Furthermore, the hypothesis test was carried out on the abnormal return variable. The hypotheses are:

H0 = There is no difference in abnormal returns of banking companies' shares before and after the implementation of OJK regulations Number 17/POJK.03/2021.

Ha1 = There is a significant difference between the abnormal returns of banking companies shares before and after the enactment of OJK regulation Number 17/POJK.03/2021.

This test aims to determine whether there are significant differences in reactions to the announcement of OJK regulation Number 17/POJK.03/2021 during the study period. Anyway the result is:

Table 5. Abnormal Return Test Results

	AAR After - AAR Before
Z	-5.028 ^b
Asymp. Sig. (2-tailed)	.000

a. Wilcoxon Signed Ranks Test

b. Based on negative ranks.

Source : Data processed on SPSS, 2022

The results of the different test using the Wilcoxon Match Pairs Test prove a significance value of 0.000 which is smaller than the value of 0.05. So it can be concluded that Ha1 is accepted, namely that there is a significant difference between the abnormal returns of banking companies' shares before and after the enactment of OJK regulations Number 17/POJK.03/2021.

Conclusion

The results of this study can be used as a consideration in making decisions in stock transactions. In investing in stocks, of course, investors must be careful in observing the movement of the capital market in order to maximize the profits obtained. So for that reason, any information related to stocks must be analyzed properly. In the capital market, the existence of good news can have a positive impact on stock prices because

it has the potential to increase stock prices and returns. While the existence of bad news can have the opposite effect.

The acceptance of H1 and H2 indicates that there are differences in stock trading volume and stock abnormal returns before and after the enactment of OJK regulation Number 17/POJK.03/2021. From the results of the study, it is recommended that the enactment of OJK regulations Number 17/POJK.03/2021 can be used by investors as a consideration for making decisions. The existence of this announcement is also good news so that the opportunity for investors to obtain short-term profits through abnormal returns is quite large.

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