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THE EFFECT OF INFLATION, INTEREST RATES AND EXCHANGE RATES ON COMPANY VALUE (CASE STUDY ON REGISTERED BANKING INSTITUTIONS ON THE INDONESIA STOCK EXCHANGE)

Hiendrawati, Arifuddin Mas'ud, Ummy Kalsum, Muh. Nur
Sekolah Tinggi Ilmu Ekonomi Enam Enam Kendari, Indonesia
Email: irsyar01@gmail.com, desi_sia@yahoo.co.id, umykalsumbppdn2014@gmail.com, muh.nur363@gmail.com

Abstract

This research aims to determine the effect of inflation, interest rates and exchange rates on company value using data from the financial reports of companies listed on the Indonesia Stock Exchange for the 2019-2023 period. The type of data used is quantitative data. The data source used is secondary data. The analytical tool used in panel data linear regression is EViews version 10. Simultaneous research results of the variables Inflation, Interest Rates and Exchange Rates have no influence on Company Value. Meanwhile, in partial testing, the variables inflation, interest rates and exchange rates have no effect on company value in banking institutions listed on the Indonesian Stock Exchange for the 2019-2023 period.

Keywords: Inflation, Interest Rates, Exchange Rates, Company Value

INTRODUCTION

The global economy in 2020 was marked by the Covid-19 pandemic which had an extraordinary impact on health, humanity, the economy and financial system stability. Health efforts to tackle the spread of the Covid-19 pandemic have led to limited mobility and economic activities, increasing financial market uncertainty and contradictory waves of economic growth in the world. The global economy contracted in the first semester of 2020 and slowly improved in the second semester of 2021, driven by progress in handling the Covid-19 pandemic, increased mobility, and the impact of policy stimulus that is integrated and synergistic between authorities and countries. The Covid-19 pandemic also raises three important lessons in the global economy on the international trade system, the international monetary system and the world financial system that deserve attention to increase global economic resilience in the future.

The implementation of health policies to reduce the spread of the Covid-19 pandemic has caused turmoil in financial markets and economic activities. To reduce the impact of the spread of the Covid-19 pandemic evenly and quickly, health protocols and policies to limit mobility.

Banking institutions are one of the institutions affected by the Covid-19 pandemic. The regulatory and supervisory authority of the financial sector, namely the Financial Services Authority (OJK), said that the Covid-19 pandemic had dealt a heavy blow, one of which was for the Composite Stock Price Index (JCI). From the beginning of 2020 to March 20, 2020,

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the JCI landslide from the level of 6,300 to 3,900. Transaction volumes also declined. If in 2019, the transaction volume was 36,534,971,048, in 2020 it dropped to 27,495,947,445. This reflects most of the behavior of investors to wait and see because investors are worried about future market conditions.

Conditions in Indonesia itself are experiencing many problems in the economic aspect due to the Covid-19 pandemic. In 2020, economic development in Indonesia is predicted to grow negatively. The impact of the Covid-19 pandemic has also had an extraordinary effect on the capital market sector.

The capital market carries out two functions, namely the economic function and the financial function. The economic function is carried out by efficiently allocating funds from those who have excess funds as capital owners (investors) to companies listed on the capital market (issuers). Meanwhile, the financial function of the capital market is indicated by the possibility and opportunity to get returns for fund owners or investors in accordance with the investment to be chosen.

The Indonesia Stock Exchange first launched the LQ45 Index in February 1977. This index selects several companies on the stock exchange with predetermined criteria and has since become one of the important indicators in the world of stock investment in Indonesia. The selection applied by the LQ45 Index is based on criteria such as high liquidity, market capitalization, company fundamental conditions, growth prospects and several other criteria. The main purpose of the formation of the LQ45 Index is to complement the Composite Stock Price Index (JCI) into an objective indicator to help monitor stock price movements for investors, financial analysts, market observers and investment managers.

The performance of LQ45 shares on the Indonesia Stock Exchange declined during the Covid-19 pandemic that occurred in Indonesia. This situation causes many companies to suffer losses.

External factors influence the increase or decrease in company performance either directly or indirectly. According to (Suriyani & Sudiartha, 2018) hen there is a change in external factors, investors will calculate the impact, both positive and negative on the company's performance in the next few years and then make a decision to buy or sell shares.

According to (Muhammad & Rahim, 2015) two factors can be used as a guideline for investors in estimating the stock returns that will be obtained, namely economic and non-economic factors. Economic factors are divided into two, namely microeconomic factors and macroeconomic factors.

Microeconomic factors or internal factors of the company are in the form of liquidity ratio, profitability ratio, lavarage ratio and activity ratio. Meanwhile, macroeconomic factors or external factors of a company that affect stock returns are a global or comprehensive situation regarding the Indonesian economy that can affect the stock price of a company, such as the rupiah exchange rate, interest rates, inflation, gross domestic product (GDP) and the amount of money in circulation. In this study, we will discuss external or macroeconomic factors including inflation, interest rates and exchange rates.

Inflation is a continuous increase in prices that extends to the increase in the price of other goods. Permata, Nurlaela, & Wahyuningsih, (2018) states that in economics, inflation is a process of increasing prices in general and is continuously associated with market mechanisms that can be caused by various factors, including an increase in public consumption, excess liquidity in the market that triggers consumption, or even speculation, as well as for the 3 causes of unsmooth distribution of goods. High inflation results in a decline in company sales, which ultimately lowers the company's profit. This results in a decrease in stock demand, thus causing the stock price to decrease. So it is expected that inflation will have a positive and significant effect on the company's value. Research conducted by (Hendayana & Riyanti, 2019) states that inflation has a significant positive effect on company value. Another study by PERMANA, (2019) hows that inflation has a significant positive effect on company value. In contrast to research conducted by (Hamidah, Yusra, & Sudrajat, 2015) stated that inflation has a negative effect on the value of companies. As well as research by Permata et al., (2018) states that inflation does not have a significant effect on company value.

According to (Chasanah, 2018) stated that inflation has a positive effect on stock returns. Increasing inflation will encourage the government to increase the SBI interest rate to maintain monetary stability. The increase in interest rates in banks has resulted in people preferring to keep money in banks in the form of deposits or savings, which has resulted in a decrease in investment in the stock market. A decrease in investment levels will reduce stock returns. So it can be concluded that there is an influence between the inflation rate and stock returns in banking companies. Meanwhile, according to Ramadhani, (2018) inflation has a negative effect on stock returns. This shows that the rise and fall of inflation has no effect on investors in investing their capital. The inflation that occurs is not able to affect stock returns so that it is not able to influence investors in investing their capital in banks.

According to (Devi & Artini, 2019), the exchange rate has a positive effect on stock returns. The occurrence of a positive influence between the dollar exchange rate and returns when the dollar exchange rate increases indicates that the rupiah currency is depreciating. When the rupiah depreciates, investors will try to exchange foreign currency into rupiah and invest it in the form of stocks and increase stock returns. According to Budiani et al., (2018) the exchange rate has a negative effect on stock returns. If the exchange rate increases and the company's profit decreases, investors' expectations will decrease and the stock price will also decrease and can result in a decrease in stock returns. Another possibility with this exchange rate is very influential on companies, especially companies engaged in exports and imports. Thus, it can be said that changes in the rupiah exchange rate are negatively related to stock returns because stock returns are determined by the rate of change in stock prices and company profits. A weakening exchange rate can result in capital market profits so that the stock market will provide attraction to investors.

Table 1 Exchange Rate Data from 2019 – 2023

NO	PERIOD	Year 2019	Year 2020	Year 2021	Year 2022	Year 2023
1	Januari	14.072	13.662	14.084	14.381	14.979
2	Februari	14.062	14.234	14.229	14.371	15.274
3	March	14.244	16.367	14.572	14.349	15.062
4	April	14.215	15.157	14.468	14.418	14.751
5	May	14.385	14.733	14.310	14.544	14.969
6	June	14.141	14.302	14.496	14.848	15.026
7	July	14.026	14.653	14.491	14.958	15.083
8	Agust	14.237	14.554	14.374	14.875	15.239
9	Spetember	14.174	14.918	14.307	15.247	15.526
10	Oktober	14.008	14.690	14.199	15.542	15.916
11	November	14.102	14.128	14.280	15.737	15.384
12	December	13.901	14.105	14.848	15.731	15.416

Based on the formulation of the above problem, the purpose of the research to be achieved is to find out and analyze the influence of Inflation, interest rates and exchange rates on the value of companies in banking institutions listed on the Indonesia Stock Exchange.

Effect of Inflation on the value of companies in banking institutions listed on the Indonesia Stock Exchange The effect of interest rates on the value of companies in banking institutions listed on the Indonesia Stock Exchange. Effect of Exchange Rate on Company Value in Banking Institutions Listed on the Indonesia Stock Exchange.

RESEARCH METHOD

This study uses a qualitative descriptive research method, namely finding deeper meanings, in describing data in the form of words factually and accurately (Kriyantono, 2020). Data collection that can provide a detailed description of a situation or circumstance is called descriptive data collection. The purpose of this descriptive research is to describe in detail the methods and approaches used. Research is carried out intensively, and researchers participate directly and make detailed and detailed reports are characteristic of qualitative research methods (Sugiyono, 2020). This research focuses on the communication strategy used by the Palangka Raya City Communication Informatics, Statistics and Cryptography Office to socialize the Community Information (KIM) program (Sugiyono, 2019).

Direct observation of the activities that occur at the research site is the data collection procedure used in this study. The next step is for the author to interview the informants using questions related to the communication tactics of the Community Information Program (KIM) in conducting socialization. The one who provided the information was Mrs. Iin Carolina, S.Kom JFT Public Relations Institution who served at the Communication Informatics, Statistics and Cryptography Office of Palangka Raya City, Mrs. Desiwati she is the Chairman of KIM Humbang Bahijau and Mr. Adi as the people of Palangka Raya City. Books, archives, literature, reports, and notes from the research site to suffice the data. Data reduction, data presentation, and conclusion/verification are the data analysis methods used in this study.

RESULT AND DISCUSSION

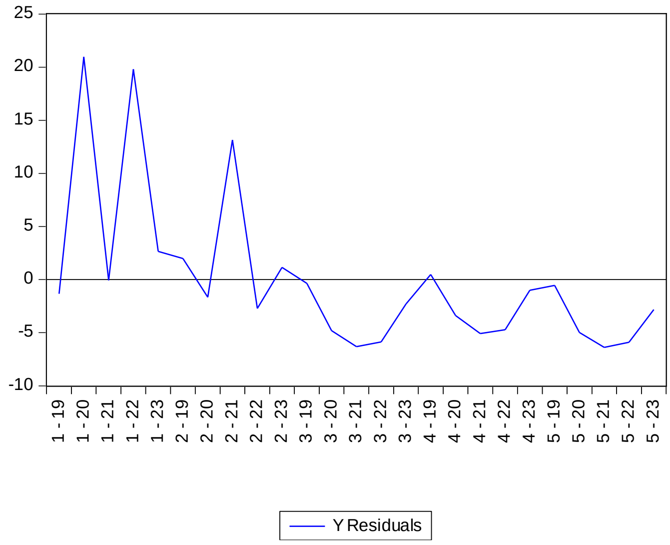
Uji Asumsi Klasik

The model chosen is REM (*Random Effect Model*), therefore classical assumption testing must be carried out. According to (Basuki & Yuliadi, 2014; Veridaus Napitupulu, 2019) Classical assumption tests used for multicollinearity and heteroscedasticity.

Tabel 2 Hasil Uji Multikolinearitas

	X1	X2	X3
X1	1	0.4543079932960841	0.6034594201288571
X2	0.4543079932960841	1	0.1870802108810198
X3	0.6034594201288571	0.1870802108810198	1

Koefisien korelasi X1 dan X2 sebesar 0,45 < 0,85, X1 dan X3 sebesar 0.60 < 0,85 serta X2 dan X3 sebesar 0.18 < 0,85. (Veridaus Napitupulu, 2019) Maka dapat disimpulkan bahwa terbebas dari gejala multikolinearitas atau lolos uji multikolineritas.



Gambar 1 Hasil Uji Heteroskedastisitas

From the test results above, the residual graph (blue color) does not cross the boundary (500 and -500), meaning that the residual variant is the same. According to (Reizkey Napitupulu, Ndruru, Waruwu, & Sipahutar, 2021) Therefore, it can be concluded that there are no symptoms of heteroscedasticity or pass the heteroscedasticity test.

Analysis and Testing

Tabel 3 Hasil Analisis Regresi Data Panel

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-16.05938	60.04692	-0.267447	0.7917
X1	-0.244884	1.833294	-0.133576	0.8950
X2	-2.242071	1.612791	-1.390181	0.1790
X3	0.002199	0.004224	0.520755	0.6080
Effects Specification			S.D.	Rho
Cross-section random			4.537343	0.3271
Idiosyncratic random			6.507123	0.6729
Weighted Statistics				
R-squared	0.112838	Mean dependent var		2.719413
Adjusted R-squared	-0.013900	S.D. dependent var		6.462366
S.E. of regression	6.507123	Sum squared resid		889.1957
F-statistic	0.890328	Durbin-Watson stat		2.980777
Prob(F-statistic)	0.462351			

Based on the results of the panel data regression analysis above, the panel data regression equation is obtained as follows :

Y = -16.0593772645 - 0.244883747013*X1 - 2.24207078131*X2 + 0.00219942802137*X3 + [CX=R]

a. A constant value of -16.05 means that with the inflation value, interest rate, and rupiah exchange rate, the company's value has decreased by 16.05

b. An inflation coefficient of -0.24 means that for one unit of inflation increase, the value of the company decreases by -0.24 and vice versa. The assumption is that if interest rates and rupiah exchange rates are constant
c. An interest rate coefficient of -2.24 means that for one unit of interest rate increase, the value of the company increases by -2.24 and vice versa. The assumption is that inflation and the rupiah exchange rate are constant
d. The rupiah exchange rate coefficient of 0.002 means that for one unit of rupiah exchange rate increase, the company's value increases by 0.002 and vice versa. The assumption is that inflation and interest rates are constant

Hypothesis Testing

Tabel 4 Hasil Uji t (Parsial)

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-16.05938	60.04692	-0.267447	0.7917
X1	-0.244884	1.833294	-0.133576	0.8950
X2	-2.242071	1.612791	-1.390181	0.1790
X3	0.002199	0.004224	0.520755	0.6080

From the analysis output in Table 4, the influence of each exogenous variable on endogenous variables can be described as follows:

1. The result of the Inflation output (X1) shows a prob value of 0.89 greater than 0.05, so H1 is not proven to be true. This means that inflation does not have a significant effect on the value of companies partially.
2. The output of the Interest Rate (X2) shows that the prob value of 0.17 is greater than 0.05, so H2 is not proven to be true. This means that the Interest Rate does not have a significant effect on the company's value partially.
3. The output of the Rupiah Exchange Rate (X3) shows that the prob value of 0.60 is greater than 0.05, so H3 is not proven to be true. This means that the rupiah exchange rate does not have a significant influence on the value of companies partially

Uji F (Simultan)

Table 5 Test Results F (Simultaneous)

F-statistic	0.890328
Prob(F-statistic)	0.462351

From the analysis output in Table 5.8, the F-statistic prob value is 0.46 > 0.05, which shows that the inflation variables, interest rates, and rupiah exchange rates simultaneously do not have a significant effect on the value of banking companies listed on the Stock Exchange for the period 2019-2023.

Uj Coefficient of Determination (R^2)

Table 6 Uj Coefficient of Determination (R^2)

R-squared	0.112838
Adjusted R-squared	-0.013900

From the analysis output in Table 6, the R-squared value is 0.112 (11.2%), meaning that 11.2% of the company's value variables can be represented by exogenous variables (inflation, interest rate rate, and rupiah exchange rate) and the remaining 88.8% (100% - 11.2% = 88.8%) is influenced by other variables that are not calculated in this analysis.

The Effect of Inflation, Interest Rates, and Rupiah Exchange Rate on the Value of Companies in Banking Institutions Listed on the Indonesia Stock Exchange

During the research period, simultaneously the variables of inflation, interest rates, and rupiah exchange rates did not have a significant effect on the value of companies with a prob value of F-statistics of 0.89 > 0.05, so the 1st hypothesis was not proven to be true. In the results of this study, when inflation increases, interest rates increase and the rupiah exchange rate cannot directly affect the value of companies.

Understand that inflation, interest rates, and rupiah exchange rates are external factors that can not directly affect the Company's value. Although these factors are not under the direct control of the company, the company's management must take them into account in strategic planning and decision-making. By understanding how these external factors can affect a company's operations and performance, management can take appropriate steps to protect and increase the company's value in the long run.

In relation to signal theory, (Banerjee, 2015) states that the value of a company is very important because a high value of a company will be followed by a high prosperity of shareholders. The higher the share price, the higher the value of the company. A high company value is one of the goals of company owners, because a high value shows an increase in the prosperity of shareholders. The wealth of shareholders and companies is presented by the rise and fall of the stock market price which is a reflection of investment decisions, financing, and asset management. According to (Kusumadilaga, 2010) the value of a company is the value of expected future profits which is recalculated with the right interest rate. *Price to Book Value* (PBV) describes how much the market appreciates the book value of a company's stock. The higher this ratio, the more the market believes in the company's prospects.

Inflation is one of the economic problems in many countries. Inflation is the process of increasing the general prices of goods continuously. So, inflation will only occur if the general price of goods is continuous during a period, although it may not be concurrent. Price increases are measured using price indices.

The increase in interest rates will encourage people to save, and be lazy to invest in the real sector. The increase in interest rates will also be borne by investors, namely in the form of an increase in interest costs for the company. People do not want to risk making high-cost investments, as a result of which investment does not develop. Companies have a lot of difficulty maintaining their lives, and this causes the company's performance to decline. A decline in a company's performance can result in a decrease in the stock price, which means that the company's value will also decrease. The deterioration of external factors, namely high inflation rates, high interest rates and low exchange rates, caused the company's cash flow to be disrupted so that the stock price declined.

The weakening of the rupiah exchange rate against the US dollar also has an impact on the increase in the cost of importing raw materials and equipment needed by companies, resulting in an increase in production costs, or in other words, the weakening of the rupiah exchange rate against the US dollar has an impact on the national economy which ultimately reduces the performance of stocks in the stock market and stock prices decrease.

During this research period, judging from the results of the R-square, economic factors can only affect 11.2%, the remaining is influenced by internal factors of the banking operations. This influence can come from internal factors that directly affect the value of the company of each bank that is the research sample.

Based on the description above, it can be concluded that inflation, interest rates and exchange rates have no effect on the value of the company. This research is in line with previous research conducted by (Linggi, Pompeng, & Pagiu, 2024) which explained that inflation, interest rates, and the rupiah exchange rate do not affect the Company's Value.

The Effect of Inflation on the Value of Companies in Banking Institutions Listed on the Indonesia Stock Exchange

During the research period, the Inflation variable partially did not have a significant effect on the Value of Companies in Banking Institutions Listed on the Indonesia Stock Exchange for the 2019-2023 period with a prob value of 0.89 > 0.05, so the 2nd hypothesis was not proven to be true. This study found a coefficient of -0.24 which means that if inflation increases but the value of companies decreases, which means that inflation does not have a significant effect. This condition is due to the high price that is considered large does not necessarily indicate inflation.

An increase in inflation describes an increase in goods, an increase in prices so that the value of money in circulation decreases, and a decrease in the level of wealth. When inflation increases and is accompanied by an increase in interest rates, it will affect the public in distributing their funds to the bank, which ultimately has an impact on the bank's profit. Rising credit interest rates result in a small amount of profit obtained from the credit sector. Interest rate hikes aimed at increasing inflation have a direct impact on third-party funding sources (DPK). In this case, increased inflation does not necessarily affect the increase in the Company's Value. Before the Covid-19 pandemic, inflation arose due to the increase in the price of non-subsidized fuel oil (BBM), but this did not have an impact. The emergence of inflation during the Covid-19 pandemic has resulted in a decrease in people's purchasing power. The pandemic also interferes with people's economic activities on bank operations, for example, people prefer to set aside money to be kept privately rather than entrusting money (saving) to banks. The congestion of credit payment activities by customers also cannot increase the profitability of banks.

According to (Fahmi, 2015) inflation is a situation where the price of a good increases systematically and the value of a currency in a country decreases. The high inflation rate will have an impact on investors' decisions to invest. This is because in general, investors want inflation rates to be in line with expectations. According to (Kuncoro & Suryaputri, 2019) in relation to signal theory, the inflation rate can be a positive signal that will be received by investors who will invest in buying stocks because this inflation rate describes the macroeconomic situation in a country in a certain period.

Not only that, the Large-Scale Social Restrictions (PSBB) regulations cause the economic level to decline. The company also carried out Termination of Employment (PHK) due to not being able to pay the wages that should have been and the company went bankrupt or went out of business, so those who usually invest their capital in banks choose to wait for a normal situation.

According to Irving Fisher in (Sukirno, 2000) the increase in general prices or inflation is caused by three factors, namely the amount of money in circulation, the speed of money circulation, and the number of goods traded. According to him, inflation is a process of increasing the price of general goods that applies in the economy. This does not mean that the prices of the various goods go up by the same percentage. The important thing is that there is a continuous increase in the general prices of goods for a certain period. An increase that occurs only once (even with a large percentage) is not inflation.

Based on this, it can be concluded that if inflation occurs, it will reduce the Company's Value, especially in banking institutions listed on the Indonesia Stock Exchange. The results of this study are in line with previous research conducted by (Japhar, Mangantar, & Baramuli, 2020; Nursalim, Van Rate, & Baramuli, 2021; Suzulia & Saluy, 2020) which explained that inflation has increased but has not been able to increase the Company's Value itself.

The Effect of Interest Rates on the Value of Companies in Banking Institutions Listed on the Indonesia Stock Exchange

During the research period, the interest rate variable partially did not have a significant effect on the company's value because the prob value was 0.17 > 0.05, so the 3rd hypothesis was not proven to be true. The increase in interest rates has no direct effect on the value of the company. If the BI Rate increases are followed by an increase in bank interest rates, the increase will not affect banks directly.

Interest rates determine a person when investing or saving or lending to banks, so that it is able to increase the profitability of a bank. When interest rates increase, it will affect investors' interest in investing in banks. However, during the Covid-19 pandemic where community activities decreased, such as the enactment of Large-Scale Social Restrictions (PSBB) regulations and companies that carry out Termination of Employment (PHK) so that the income obtained by the community decreased. The high interest rate also affects the public in taking credit from a bank, if the bank offers a large interest, the customer is not interested in the credit system, but if the bank gives a small interest, the customer is interested in crediting.

In relation to the signal theory, according to (Jogiyanto, 2010) when the information is announced and all market participants have received the information, market participants first interpret and analyze the information as good *news* or bad *news*. In this condition, the public will be more critical in responding to the company's situation. If the interest rate on third-party funds is increased without an increase in lending rates, it will directly affect the decrease in net interest income (margin). If the direct fund interest rate policy is followed by a policy of increasing credit rates, then the impact may also be worse because the interest costs that will be borne by bank debtors increase and there is a possibility that debtors will not be able to bear it and eventually can pose a risk of bad credit. This will of course affect revenue and have an impact on the value of the company itself.

Based on the explanation above, it can be concluded that if there is an increase in the Interest Rate, it will reduce the Company's Value. This research is also in line with research conducted by (Iffada & Darmawan, 2024; Linggi et al., 2024; Yudha & Ulnisa, 2024) which stated that it does not have a significant effect on the company's value. The reason that can explain this condition is that many investors in Indonesia are happy to take *profits* on stocks. This is done to be able to take as many profits as possible for investors. *Profit taking* itself is buying shares and selling them when the price is rising and at short periods of buying and selling such as per week or even per day. Meanwhile, interest rate data (BI Rate) will appear per month in an uncertain period of time.

The Effect of Exchange Rate on the Value of Companies in Banking Institutions Listed on the Indonesia Stock Exchange

During the research period, the rupiah exchange rate partially did not have a significant effect on the value of companies with a prob value of 0.60 > 0.05, so the 4th hypothesis was not proven to be true. Changes in the rupiah exchange rate, both appreciation and depreciation, do not affect the company's value. This ability causes investor confidence to be maintained and not decline due to macroeconomic shocks or the impact of exchange rates. In addition, some investors consider that the impact of rupiah exchange rate fluctuations is only temporary so that it does not have a significant effect on the Company's Value itself.

During the Covid-19 pandemic, the rupiah exchange rate against the USD depreciated. This shows the weak rupiah exchange rate in foreign currencies. The weakening of the value of money is due to price fluctuations during the pandemic so that companies will reduce export activities and have an impact on banking revenues in the export-import sector. This condition has an impact on the difficulty of the public in crediting banks and the profit income earned by banks will decrease. With crediting activities, banks will make profits, but on the other hand, if credit is congested, bank revenue will also decrease. The low rupiah exchange rate has eliminated public interest in investing in the capital market. Entering 2022, the rupiah exchange rate weakened by 9.31%, so that this situation hampered activities in the economic sector, both domestic and international. The weakening of the rupiah exchange rate is also a result of the high interest rate set by the United States central bank, *The Federal Reserve (The Fed*). The international market responded to *the Fed*'s policy, including Indonesia, weakening the rupiah exchange rate. Then, the central bank seeks to recover the rupiah exchange rate.

In signal theory, it is said that all signals conveyed to the market will result in a reaction of market participants. The reaction of these market participants is reflected in the company's share price. As a country whose capital market is classified as *an emerging market*, changes in the market will be easily affected by the existence of events that cause changes in the economy, for example changes in the exchange rate. The increase in this exchange rate will be responded to by the market so that it will result in an increase or decrease in the company's share price. In addition to macroeconomic factors such as exchange rates, the rate of change in stock prices in Indonesia is also influenced by an event that causes a shock to the market.

The relationship between the signal theory and the exchange rate is that if the rupiah exchange rate against foreign currencies weakens, it will make the foreign debt structure increase, because the interest burden also increases. The larger the debt, the risk that the company will not be able to pay off its obligations in the future. With these signals or information, it is hoped that it will affect investors' decisions to invest so that later it will have an impact on *stock returns*.

Determining the rupiah exchange rate against foreign exchange is important for capital market participants in Indonesia. Because the foreign exchange rate greatly affects the amount of costs that must be incurred, and the amount of costs that will be obtained in stock and securities transactions on the capital market exchange. Unstable exchange rate fluctuations will be able to reduce the level of foreign investors' confidence in the Indonesian economy. This will certainly have a negative impact on stock trading in the capital market, for foreign investors will tend to withdraw capital so that Capital *of Flow occurs*.

Based on the description above, it can be concluded that the exchange rate has no effect on the value of the company. This research is also in line with research conducted by (Iffada & Darmawan, 2024; Linggi et al., 2024; Yudha & Ulnisa, 2024) which stated that it does not have a significant effect on the company's value. If the BI Rate rises is followed by an increase in bank interest rates, so the increase does not affect banks directly.

CONCLUSSION

Based on the results of the research and analysis discussed earlier, the conclusion obtained is that the Inflation Variable (X1), Interest Rate (X2) and Exchange Rate (X3) simultaneously have no effect on the Value of Companies in Banking Institutions Listed on the Indonesia Stock Exchange for the 2019-2023 Period. The Inflation Variable (X1) partially has no effect on the Value of Companies in Banking Institutions Listed on the Indonesia Stock Exchange for the 2019-2023 Period. The Interest Rate Variable (X2) partially has no effect on the Value of Companies in Banking Institutions Listed on the Indonesia Stock Exchange for the 2019-2023 Period. The Exchange Rate Variable (X3) partially has no effect on the Value of Companies in Banking Institutions Listed on the Indonesia Stock Exchange for the 2019-2023 Period.

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