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## The Role of Foreign Investors in Commercial Bank Stock Prices: Macroeconomic Factors & Internal Factors of the Company Moderated Net Foreign Investor Funds

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**Abstract:** This study aims to analyze the influence of macroeconomic factors and internal factors of the company on the share price of commercial banks in Indonesia, with the role of net foreign investor funds as a moderation variable. The macroeconomic variables studied include economic growth (G), inflation (INF), and exchange rate (Exchange Rate), while the company's internal variables include net interest margin (NIM), debt to equity ratio (DER), and loan to deposit ratio (LDR). This study uses quarterly time series data from 2018 quarter I to 2024 quarter IV with a research sample of 14 commercial banks consisting of 4 banks in the KBMI category 4 and 10 banks in the KBMI category 3 and uses panel data regression analysis with an interaction approach to test the effect of moderation of net foreign investor funds on the relationship between independent variables and stock prices. The findings of the study show that macroeconomic factors such as economic growth (G), inflation (INF), and the Rupiah exchange rate (KURS) as well as internal factors such as net interest margin (NIM) have a significant effect on the share price of commercial banks. Meanwhile, net foreign investor funds (NF) were proven not to moderate the relationship between macroeconomic factors and internal company factors to bank share prices. These findings suggest that the direct influence of foreign investors on the dynamics of bank stock prices may not be as strong as the independent variables of macroeconomic factors and internal factors of the company, so the direction of stock movements is more influenced by fundamental and macroeconomic conditions than net foreign investment funds.

**Keywords:** Net Foreign Investor Funds, Bank Stock Prices, Macroeconomic Factors, Internal Factors, Regression Data Panel.

### INTRODUCTION

The stock market is one of the important pillars in the modern financial system that functions as a means of raising capital and a meeting place between parties who have a surplus of funds and those who need financing (Shafaq, 2023). In Indonesia, banking sector stocks are in the center of attention because of their dominant role in determining the direction of the movement of the composite stock price index (Aayale et al., 2022). Major banks such as Bank Mandiri, Bank Negara Indonesia, Bank Rakyat Indonesia, and Bank Central Asia are included in the Core Capital Bank Group 4, while the other ten commercial banks are classified as Core

Capital Bank Group 3 (Ischak et al., 2024). These two groups of banks not only function as financial intermediary institutions, but also become the main object of investment, especially for foreign investors who see Indonesia's relatively stable economic growth prospects in the past decade.

In recent years, fluctuations in the stock price of the banking sector in Indonesia have been largely influenced by macroeconomic dynamics and internal banking factors (Rumbun, 2023). Gross domestic product growth, inflation rate, and the volatility of the rupiah exchange rate against the United States dollar have proven to be the main determinants in the formation of stock prices (Pratiwik & Prajanti, 2023). In addition, financial ratios such as net interest margin, debt to equity ratio, and loan to deposit ratio provide signals about bank profitability, solvency, and liquidity that can shape investors' perception of the intrinsic value of a stock (Blessing & Sakouvogui, 2023). This phenomenon shows that the share price of commercial banks cannot be separated from the complex interaction between external factors in the form of macroeconomic conditions and internal factors in the form of fundamental performance of banks.

The presence of foreign investors adds a new dimension to the dynamics of banking stock prices. Foreign investors are often considered market participants with more complete information, systematic trading strategies, and the ability to mobilize large amounts of capital (Panagopoulos & Tzionas, 2023). Net buying activities by foreign investors tend to increase demand for bank shares, thereby driving price increases, while net selling activities have the potential to put pressure on stock prices (Gavish et al., 2021). Recent data shows that the average foreign ownership in shares of Indonesian commercial banks reaches almost fifty percent, a figure that reflects the large role of foreign investors in determining the direction of the sector's stock movements (Riyanti, 2021).

Recent developments show that the inflow and outflow of foreign funds can cause significant volatility in the Indonesian capital market (Soedarmono et al., 2022). In early 2025, for example, the weakening of the rupiah exchange rate to the lowest level since the Asian crisis has triggered foreign fund outflows and prompted a massive sell-off in banking stocks (Wibowo & Kunawangsih, 2025). However, foreign investors again accumulated investments in Indonesian banking stocks, resulting in an improvement in the composite stock price index and a strengthening of the rupiah exchange rate (Agustina et al., 2025). This attraction phenomenon shows that net foreign investor funds can function as a catalyst and a source of risk for the stability of bank stock prices.

Although much research has been done on macroeconomic factors and fundamental performance on stock prices, studies that specifically include net foreign investor funds as a moderation variable are still limited. Most previous studies have only highlighted the direct relationship between foreign capital flows and stock returns or market volatility (Ramzan, 2021). International studies more often focus on the relationship between foreign direct investment and economic growth than examining the impact of foreign portfolio investments on banking stock price dynamics in emerging markets (Gaies & Nabi, 2021). Thus, there is a research gap on how net foreign investor funds interact with internal and external factors in shaping the stock prices of commercial banks in Indonesia.

In addition, the debate is still ongoing about the extent to which the power of foreign investors is able to moderate the relationship between company fundamentals and stock prices. Some studies show that foreign investors have a significant role in strengthening the fundamental impact on stock prices, while other studies confirm that price movements are more determined by domestic macroeconomic factors (Rashid et al., 2023). This condition shows that there is an urgent need to re-examine the relevance of the role of foreign investors in the context of the Indonesian capital market, especially the banking sector which has unique characteristics with a mixed ownership structure between the state, private and foreign.

Based on the research gap, this study aims to analyze the influence of macroeconomic factors in the form of economic growth, inflation, and exchange rates as well as internal company factors in the form of net interest margin, debt to equity ratio, and loan to deposit ratio on the stock price of commercial banks in Indonesia. Furthermore, this study also aims to test whether net foreign investor funds can act as a moderation variable in the relationship between these factors and stock prices.

This research is expected to make a theoretical and practical contribution. Theoretically, this study enriches the literature on the relationship between macroeconomic factors, company fundamentals, and stock prices by integrating the role of foreign investor moderation in the framework of the data regression analysis panel. Practically, this study provides input for capital market regulators, bank management, and investors. Regulators can formulate more appropriate policies to anticipate market volatility due to foreign capital flows. Bank management can use research findings to strengthen financial performance management strategies, while investors can use them as a guide in making more accurate and data-driven investment decisions.

## **METHOD**

### **Types and Approaches to Research**

This study uses an associative quantitative approach with a panel data study design, which aims to analyze the relationship between macroeconomic factors (economic growth, inflation, exchange rate) and internal indicators of banks (net interest margin, debt-to-equity ratio, loan-to-deposit ratio) on bank share prices, with net foreign investor funds as a moderation variable. The panel data regression method was chosen because it allows simultaneous estimation of relationships between variables in the cross-section and time-series dimensions, overcoming heterogeneity between entities, and strengthening the predictive power of the model (Musora, 2023).

### **Population and Sampling Techniques**

The research population includes all commercial banks in the KBMI 4 and KBMI 3 categories listed on the Indonesia Stock Exchange during the first quarter of 2018 to the fourth quarter of 2024, as many as 14 banks. The sampling technique used is purposive sampling with a saturated sample approach, which is to select the entire population according to the set criteria, especially banks with foreign transactions of at least one billion rupiah per month and have complete financial statements during the study period. This selection ensures the relevance of the data and thorough representation in the analysis.

### **Data Collection Techniques**

The data used is secondary, obtained through documentation from various reputable sources. Macroeconomic data (economic growth, inflation, exchange rate) was obtained from the official websites of Bank Indonesia and the Central Statistics Agency. The bank's internal data (net interest margin, debt-to-equity ratio, loan-to-deposit ratio) is obtained from each bank's annual report. Stock price data is taken from [id.investing.com](https://www.id.investing.com) and the Indonesia Stock Exchange, while net foreign investor fund data is obtained from the MNC Trade/MNC Sekuritas application. The data was collected quarterly from 2018 Q1 to 2024 Q4.

### **Instrument Operationalization and Data Validity**

The research variables are operationalized as follows: stock prices are dependent variables (bound variables), macro and internal factors of banks as independent variables, and net foreign investor funds as moderation variables. All variables were measured on a ratio scale and standardized on a 2018 Q1 basis (index = 100) to be consistent across data ranges. This approach strengthens the reliability of measurements and ensures uniformity of units of analysis.

## Research Implementation Procedure

The steps to implement the research begin with the collection and cleaning of historical data; preparation of panel datasets in EViews format; classical assumption testing (multicollinearity, heteroscedasticity, and autocorrelation tests); selection of the best model through Chow, Hausman, and Lagrange Multiplier tests between fixed-effect, random effect, or common effect models (Youssef et al., 2023); estimation of panel data regression models without moderation; and then a model with moderation variables in the form of an interaction of independent variables  $\times$  net foreign investor funds (MRAs) to test the effect of moderation (The influence of CSR as a similar moderator was used in previous studies as a moderation analysis approach in the data panel)

## Data Analysis Techniques and Tools

Data analysis was carried out using EViews software for panel data regression and estimation model selection (Sek et al., 2024). Model evaluations include t-tests (for partial influence of independent variables), F-tests (for simultaneous effects), and determination coefficient assessments (Adjusted R-squared). The significance of interaction variables is studied to determine whether moderation is pure, partial, or non-existent (Hayes, 2018). The choice of model is supported by the Chow, Hausman, and Lagrange Multiplier tests as standard practice in panel regression (Mobonggi et al., 2022).

## Data Validity and Reliability

Although this study does not use survey instruments, the validity of secondary data is guaranteed through official sources such as Bank Indonesia, the Indonesia Stock Exchange, and the bank's annual reports. The consistency of quarterly data is tested by cross-checking between sources (e.g. BPS vs BI vs IDX). Reliability is strengthened through the standardization of quarterly indices and classical assumption testing procedures, so that the estimation results can be statistically and economically reliable.

## Results Analysis and Integration Framework

The analytical framework includes two models: (1) a basic model without moderation to test the direct impact of macro and internal factors on stock prices; and (2) a moderation model that involves the interaction between each independent variable and net foreign investor funds. The results of the model will be comprehensively analyzed, comparing the direct contribution and the effect of moderation. Interpretation of the results will be linked to previous literature and expert analysis, as well as practical implications for investors, financial managers, and regulators.

## RESULTS AND DISCUSSION

### Results

#### 1. Classic Assumption Test

Before performing a panel data regression analysis, an important step to take is to test classical assumptions. The classical assumption test aims to ensure that the regression model used meets the criteria of the Best Linear Unbiased Estimator (BLUE). Thus, the estimation results are reliable, valid, and can be used as a basis for drawing conclusions in the research. In this study, there were four main tests carried out, namely normality, heteroscedasticity, autocorrelation, and multicollinearity tests.

First, the results of the normality test using the Jarque-Bera method show that the data in this study is distributed normally. The value of Jarque-Bera is 5.926467 with a probability of 0.051652 greater than the significance level of 0.05. This indicates that the residues of the regression model are normally distributed, thus meeting one of the basic assumptions of

regression. The normality of the data is important to ensure that the estimation parameters are unbiased and support the validity of statistical inferences.

Second, the results of the heteroscedasticity test through the Glejser method show an indication of heteroscedasticity. The probability value of Obs\*R-Squared of 0.0000 is less than 0.05. This condition indicates that there is an unevenness of residual variance between observations. The existence of heteroscedasticity can affect the accuracy of standard error estimation thereby reducing the accuracy of the t-test and F-test. However, in this study, heteroscedasticity was overcome by the use of a panel data regression model, especially through the selection of a random effect model that is considered more appropriate.

Third, the results of the autocorrelation test using the Breusch-Godfrey method show that the model is free from autocorrelation problems. The Chi-Square probability value of 0.9570 is greater than 0.05. This shows that there is no serial correlation in the error term, so the regression model used can be relied upon to predict dependent variables.

Fourth, the results of the multicollinearity test showed that there were no symptoms of multicollinearity among independent variables. This is indicated by the value of the Variance Inflation Factor (VIF) which is in the range of 1.502171–9.389262, smaller than the critical limit of 10. Thus, the relationships between independent variables do not distort each other so that the interpretation of the regression coefficient can be carried out precisely.

Overall, the results of the classical assumption test indicate that the panel data in this study is worthy of further analysis using regression. Although heteroscedasticity is found, this condition can be addressed through the selection of an appropriate panel regression model. Thus, the results of the estimates obtained are still valid to be used in answering the purpose of the study, which is to analyze the influence of macroeconomic variables, banking fundamentals, and foreign investor funds on the stock price of the banking sector in Indonesia. The following table presents a summary of the results of the classical assumption test in this study:

**Table 1. Classical Assumption Test Results**

Test Type	Method	Calculation Results	Probability	Conclusion
Normality	Jarque-Bera	JB = 5.926467	0,051652	Normal distributed data
Heteroskedastisitas	Glejser	Obs*R-Squared = 0,0000	0,0000	There is heteroscedasticity
Autocorrelation	Breusch-Godfrey	Chi-Square	0,9570	No autocorrelation
Multikolinearitas	VIVID	1,502171 – 9,389262	< 10	No multicollinearity

## 2. Panel Data Regression Model Selection

In this study, panel data regression analysis was used because the data used had two dimensions, namely the time series dimension and the individual dimension (cross section). Panel data regression provides advantages over time series data regression or cross-data alone, because it is able to accommodate the dynamics of stock price behavior in the banking sector in Indonesia more comprehensively. However, before determining the most appropriate panel regression model, it is necessary to carry out a series of tests, including the Chow Test and the Hausman Test.

First, the Chow Test is used to determine whether a more suitable common effect or fixed effect model is used. The results of Chow's test showed a probability cross-section value of chi-square of 0.0000, which is smaller than the significance level of 0.05. This means that the fixed effect model is more appropriate to use than the common effect model. These findings indicate that there are differences in individual characteristics between banks in the study (Bank Mandiri, Bank BNI, Bank BRI, and Bank BCA) that affect the relationship of independent

variables to stock prices. Thus, the influence of macroeconomic variables and banking fundamentals on stock prices cannot be equalized, but differs between companies.

Second, after the fixed effect model is selected, it is necessary to perform a Hausman test to compare whether fixed effects or random effects are more appropriate. The results of the Hausman test resulted in a probability value of 1.0000, which is greater than 0.05. This shows that the random effect model is the best model to use in this study. By choosing random effects, this study assumes that individual differences between banks are random and do not correlate with independent variables. This model is considered more efficient than fixed effect because it is able to provide unbiased and consistent parameter estimation with smaller variances.

The selection of the random effect model is in line with the research objectives which emphasize the analysis of the influence of macroeconomic variables (economic growth, inflation, and the Rupiah exchange rate) and banking fundamentals (Net Interest Margin, Debt to Equity Ratio, and Loan to Deposit Ratio) on stock prices, as well as assessing whether foreign investors' funds are able to moderate these influences. By using the random effect model, research can produce more reliable estimates to answer the formulation of the problem. A summary of the results of the Chow test and the Hausman test can be seen in the following table:

**Table 2. Results of Selection of Panel Data Regression Model**

Test Type	Calculation Results	Probability	Conclusion
Chow Test	Cross-section Chi-Square = 0.0000	0.0000 < 0.05	Fixed Effect is more accurate than Common Effect
Hausman Test	Chi-Square = 0,0000	1.0000 > 0.05	Random Effect is more accurate than Fixed Effect (best model used)

**3. Simultaneous, Partial, and Determination Tests**

After the panel regression model is determined using the Random Effect Model, the next stage is to test the influence of independent variables on dependent variables, either simultaneously or partially, and assess the contribution of independent variables to stock price variations through the determination coefficient (R<sup>2</sup>).

After the panel regression model was selected using the Random Effect Model, tests were carried out to determine the influence of independent variables on the share price of commercial banks, both simultaneously and partially, as well as to assess the contribution of independent variables to stock price variations through the determination coefficient (Adj R<sup>2</sup>).

**a. Simultaneous Test (F Test)**

The F-test aims to find out whether all independent variables together affect the stock price. Based on the regression results, the F-statistic probability value is 0.000000, which is smaller than the significance level of 0.05. This shows that simultaneously, the variables of economic growth (G), inflation (INF), Rupiah Exchange Rate (KURS), Net Interest Margin (NIM), Debt to Equity Ratio (DER), and Loan to Deposit Ratio (LDR) have a significant effect on stock prices. This means that the combination of macroeconomic and fundamental factors of the bank as a whole is able to explain the variation in stock prices, even though the contribution of each variable is partially different.

**b. Coefficient of Determination (Adj R<sup>2</sup>)**

The determination coefficient is used to measure how much variation in stock prices is explained by independent variables in the model. The regression results show Adjusted R<sup>2</sup> =

0.098756, which means that 9.87% of the stock price variation is explained by independent variables. The remaining 90.12% was influenced by other factors outside the model, such as market sentiment, global risks, and monetary policy, which were not included in the study.

### c. Partial Test (t-test) and Panel Data Regression Equation

The t-test is used to determine the influence of each independent variable on the stock price. Based on the results of the panel data regression estimate with the best model, a constant value of  $-304.6751$  was obtained. The value of this negative constant shows that if all independent variables are zero, then the banking stock price (SP) is projected to be at  $-304.6751$ . Although practically a stock price is unlikely to have a negative value, the constant serves as a cut-off point in the regression equation.

Furthermore, the economic growth variable (G) has a coefficient of  $177.9391$  which means that every increase in one unit of economic growth will increase the stock price by  $177.9391$  points, assuming the other variables are constant. This reflects that the better the macroeconomic conditions, the more positive the market response to banking stocks. In contrast, inflation (INF) shows a coefficient of  $-294.7518$  which indicates a negative influence on stock prices. In other words, every single increase in inflation has the potential to lower the stock price by  $294.7518$  points, which indicates that inflationary pressures are likely to reduce investor confidence in the banking sector.

The rupiah exchange rate (KURS) has a coefficient of  $2.967896$  which shows that the increase in the rupiah exchange rate against the US dollar is actually responded positively by the price of banking stocks. This phenomenon can be explained through the increase in foreign exchange transaction activity which provides profit opportunities for the banking sector. Furthermore, the bank's profitability represented by Net Interest Margin (NIM) proved to have a significant effect with a coefficient of  $1332,799$ . This means that an increase in one unit of NIM will push the share price up by  $1332,799$  points, thus confirming that profitability is one of the main indicators that investors pay attention to.

Meanwhile, the Debt to Equity Ratio (DER) variable showed a positive coefficient of  $1.737188$ , although the results of the partial test were not significant. This means that while an increase in DER could theoretically drive up stock prices, banking funding structures are not really the main focus of investors in investment decision-making. The same thing can also be seen in the Loan to Deposit Ratio (LDR) variable with a positive coefficient of  $26.19258$  which although in line with the stock price, the effect is not significant. Thus, banking liquidity through LDR is not the main consideration for investors in assessing the prospects of banking sector stocks.

## 4. Moderation Analysis Results

A moderation effect test was conducted to determine whether the variable of net foreign investor funds was able to strengthen or weaken the relationship between macroeconomic factors and banking performance on stock prices. Based on the results of the estimation with the moderation panel data regression model, it is known that net foreign investor funds are not proven to be a significant moderation variable. This is shown by the probability value for all interactions of moderation variables greater than the significance level of  $0.05$ . Thus, it can be concluded that net foreign investor funds do not moderate the influence of economic growth, inflation, rupiah exchange rate, and Net Interest Margin (NIM) on bank share prices.

These findings indicate that although foreign funds play an important role in increasing capital market liquidity, their role is not strong enough to strengthen the relationship between macroeconomic variables and banking performance to stock prices. In other words, fluctuations in banking stock prices in Indonesia are more directly influenced by macro and internal fundamental conditions of banks than by the dynamics of foreign funds coming in and out. This result is consistent with previous research that found that foreign capital flows in the Indonesian

capital market are short-term (hot money), so they tend to be more influenced by global external conditions than domestic fundamentals. To clarify the results of the moderation test, it can be seen in the following Table 5:

**Table 3. Results of the Moderation Test of Net Foreign Investor Funds**

<b>Interaction Variables</b>	<b>Coefficient</b>	<b>Probability</b>	<b>Information</b>
G × Net Foreign Investors	-12,3842	0,3245	Insignificant
INF × Net Foreign Investors	5,9187	0,4127	Insignificant
KURS × Net Foreign Investors	0,0876	0,2871	Insignificant
NIM × Net Foreign Investors	-44,5721	0,3714	Insignificant

Based on the table, all interaction variables show a probability value above 0.05. Thus, it can be affirmed that the existence of net foreign investor funds is not able to strengthen the relationship of independent variables to stock prices.

## Discussion

The results of the study show that macroeconomic factors such as economic growth, inflation, and the rupiah exchange rate, as well as internal factors such as net interest margin, have a significant influence on the share price of commercial banks in Indonesia. This confirms that the movement of banking stock prices is closely related to fundamental conditions and the health of the national economy. Stable economic growth encourages increasing credit demand and banking profitability, thus being able to provide positive signals for investors. On the other hand, high inflation or weakening exchange rates tend to create uncertainty, reduce people's purchasing power, and increase credit risk, which ultimately suppresses stock prices (Oyadeyi et al., 2025). These findings are consistent with capital market theory which states that stock prices reflect investors' expectations of the issuer's economic conditions and fundamental performance (Syauki et al., 2024).

Interestingly, this study also found that net foreign investor funds are unable to moderate the influence of macroeconomic variables and internal factors on the stock prices of commercial banks. This indicates that foreign capital inflows, although significant, behave more as an independent variable influenced by global external factors than a strengthening relationship between fundamental variables and stock prices. Foreign investors tend to be more responsive to short-term volatility, changes in global interest rates, and geopolitical risks, compared to the fundamental conditions of domestic banking (Adegbe & Kummer, 2025). These findings are in line with the results of previous research which emphasized that foreign portfolio investment has more impact on increasing market liquidity and volatility than being a long-term determinant of stock prices (Chikwira & Mohammed, 2023).

The absence of a moderation role from net foreign investor funds can also be explained by the existence of information asymmetry. Local investors have a better understanding of the fundamentals of national banking, while foreign investors tend to rely on global sentiment and macroeconomic information in the aggregate. The research period covering 2018 to 2024 was also marked by high uncertainty, including the impact of the pandemic and exchange rate fluctuations, which further strengthened the tendency of foreign investors to take reactive decisions. Thus, the results of this study suggest that strengthening macroeconomic stability and bank fundamental performance is more crucial in maintaining stock prices than relying on short-term foreign capital flows (Ha, 2021).

From a theoretical perspective, these findings broaden the understanding of the interaction between macroeconomic variables, banking fundamentals, and foreign capital flows. The contribution of this study is to confirm that the stock price of banking in Indonesia is more influenced by domestic factors than the role of foreign investors as a moderator. The practical implication for regulators is the need to focus on macro policies that maintain the stability of economic growth, inflation, and exchange rates, while strengthening banking efficiency. Meanwhile, for investors, these results give an idea that fundamental-based analysis is more relevant in determining investment decisions than just following the movement of foreign funds.

However, this study has some limitations. First, the measurement of net foreign investor funds is still aggregate and does not distinguish between long-term foreign direct investment and short-term foreign portfolio investment. Second, other external variables such as global monetary policy, risk index volatility, and international market sentiment have not been included in the model. Third, the focus of research on the banking sector makes indicators such as debt to equity ratio and loan to deposit ratio less relevant than the variables of profitability or asset quality. Therefore, further research is recommended to separate the types of foreign investment, include global variables, and segment by bank category so that the results of the analysis are more comprehensive.

## CONCLUSION

Based on the results of the panel data regression analysis, this study concludes that the share price of commercial banks in Indonesia is significantly influenced by macroeconomic factors and internal banking fundamentals. Economic growth has proven to have a positive effect on stock prices, indicating that increased economic activity is able to strengthen banking performance and encourage investor interest. On the other hand, inflation has a negative effect on stock prices, suggesting that rising prices of goods and services can weaken purchasing power and reduce bank profitability. The rupiah exchange rate actually has a positive effect on stock prices, which indicates that rupiah depreciation can increase the banking sector's profit expectations. In addition, the net interest margin has a positive influence, confirming that higher profitability of the interest difference is able to increase the attractiveness of bank shares in the eyes of investors.

However, the debt to equity ratio and loan to deposit ratio variables have not been proven to affect stock prices, thus confirming that the ratio of capital structure and banking liquidity has not been the main consideration in investment decisions. Furthermore, the results of the moderation test show that net foreign investor funds do not play a role as a moderation variable in the relationship between economic growth, inflation, rupiah exchange rate, and net interest margin and bank share prices. This indicates that foreign capital flows tend to be reactive to global dynamics and do not directly strengthen the influence of domestic fundamentals on bank stock prices.

Thus, this study provides an important implication that macroeconomic stability and fundamental performance of banking are the main factors that need to be considered in maintaining the attractiveness of banking stocks in Indonesia. For regulators, these results underscore the importance of maintaining economic stability and strengthening domestic banking performance rather than relying on short-term foreign capital flows. For investors, this study emphasizes that fundamental analysis based on economic factors and bank performance is more relevant to be used as a basis for investment decision-making than just following the movement of foreign funds.

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