Abstract: The purpose of this study aims to determine the factors that affect the level of liability in banking companies listed on the Indonesia Stock Exchange. Design/methodology - This research is very associative research. The type of data used in this study is secondary data obtained by accessing the BEI Website (www.idx.co.id). To collect data, researcher documentation used. This research is considered as a quantitative analysis. To analyze the data, the researcher used Normality Test, Multiple Linear Regression and Hypetheses Test (F Test and T Test) with a significance value of 5%. Findings – The results show that there are financial factors affecting the current ratio, debt to equity ratio, and return on assets and there are also non-financial factors that affect maturity and security towards the level of liability in Banking Companies. The t-test (partially) shows that there are factors that affect the current ratio, maturity, secure towards the level of liability, and not for the ratio of debt to equity and return on assets.

Keywords: bond rating; bank; Indonesia stock exchange

I. Introduction

The capital market as a market for various long-term financial instruments (securities) that can be traded, carry out economic and financial functions that can support economic and financial development in a country is also an indicator of the country's economic progress. In carrying out its functions, the capital market becomes a liaison for parties who have excess funds (investors) and parties who need funds (issuers) in fund transfer transactions. Banking is everything related to banks, including institutions, business activities, as well as methods and processes in carrying out their business activities. Indonesian banks in carrying out their functions are based on economic democracy and use the principle of prudence. The main function of Indonesian banking is as a collector and distributor of public funds and aims to achieve stability in the value of the rupiah. The stability of the rupiah and a fair exchange rate are some of the prerequisites for achieving sustainable economic growth which in turn will improve people's welfare. (Ermi Linandarini: 2010).

Bonds are transferable medium-long term debt securities containing a promise from the issuing party to pay interest in the form of interest in a certain period and repay the principal at a predetermined time to the buyer of the bonds. From this understanding, bonds can be said to be a capital market product that can provide fixed income Esia in carrying out its functions is based on economic democracy and uses the precautionary principle. The main function of Indonesian banking is as a collector and distributor of public funds and aims to achieve stability in the value of the rupiah. The stability of the rupiah and a fair exchange rate are some of the prerequisites for achieving sustainable economic growth which in turn will improve people's welfare. (Ermi Linandarini: 2010). Bonds are transferable medium-long term debt securities containing a promise from the issuing party to pay interest in the form of interest in a certain period and repay the principal at a predetermined time to the buyer of the bonds. From this understanding, bonds can be said to be a capital market
product that can provide fixed income (fixed-income securities) (Ermi Linandarini: 2010).

Condition of not being able to meet its financial obligations (default).

Bonds issued by the government, usually get an investment grade bond rating (level A), because the government is considered to be able to pay off the coupon and principal when the bonds mature. However, for bonds issued by companies (corporate bonds), there is a default risk, which depends on the financial health of the issuer's company. To avoid this risk, investors must pay attention to several things. One of them is the issuer’s bond rating. Rating is one of the references for investors when deciding to buy a bond. The information released by rating agencies is very helpful for investors to choose which bond securities are right for them. A good rating not only shows the company’s ability to pay off its obligations, but also shows that the company's performance takes place effectively and efficiently because it is able to manage debt for the progress of its business (Ninik Amalia: 2013). Financial statement analysis in the form of financial ratio analysis and statistical calculations can be used to detect under or overvalued securities. Research on financial ratios in Indonesia is often associated with stock prices or company performance. A number of studies examining the bond ratings of Rio Fajrien and Belliwati Kosim 420 in Indonesia are still relatively rare.

This is due to limited bond data and investor knowledge of bonds (Ni Made Estiyanti and Gerianta Wirawan Yasa: 2012). In addition, with a bond rating by a rating agent, investors can take into account the return to be obtained and the risk borne.

The capital market is a market for various long-term financial instruments that can be traded, either in the form of debt (bonds) or own capital (shares) issued by the government and private companies (Suad Husnan, 1994).

The rapid development of the capital market has an important role in increase economic growth. In carrying out economic functions, The capital market provides facilities for transferring funds from surplus funds to those who need funds. While in carry out financial functions, the capital market provides the funds needed by parties who need funds, and parties who have excess funds can get involved in the ownership of the company without having to provide real assets needed to make an investment (Syamsul Bachri, 1997). Presence Capital market is very important for companies and investors. Company as parties who need funds can raise funds through the capital market by selling its shares to the public or issuing debt securities (bonds), while investors as parties who have funds can using the capital market as an alternative investment in order to receiving benefits.

Each of these investment instruments certainly has unique characteristics different from each other, for example investing in bonds may be more appropriate to do if fixed income-oriented investors, while investing in shares would be more appropriate for investors who growth-oriented (Haugen, 1997).

A capital owner (investor) who is interested in buying bonds, should have paid attention to the bond rating because the rating provide information and provide signals about the probability of failure debt of a company. Bond rating is a risk scale of all traded bonds. To invest in bonds, In addition to the need for sufficient funds, the owners of capital also need knowledge enough about bonds and followed by good business sense to be able to analyze or estimate the factors that can affect investment in bonds.

Bonds are notes of indebtedness from issuers who issue the bond, which means that the issuer recognizes that it owes the buyer or the owner of the bonds (Harianto and Sudomo, 1998). Before in offer, the bond must be rated by an agency or agent bond rating agency. Bond rating agencies are institutions independent which provides information on the rating of the risk scale, where one The other is bond securities as an indication of the extent to which a security bonds for investors. This security is demonstrated by the ability of a company in paying interest and paying off the principal.

So that investors can use the services of the bond rating agency to obtain information on bond ratings. This ranking process conducted to assess the company's performance, so
that the rating agency can state whether or not the bonds are worth investing in. The quality of a bond can be monitored from its rating information. Since 1995, debt securities, especially those issued through public offerings required to be rated by a rating agency registered with Bapepam.

II. Review of Literature

2.1. General

In general, bonds are divided into two ratings, namely investment grade (AAA, AA, A, BBB) and non-investment grade (BB, B, CCC, and D). Below is the average value of the current ratio, debt to equity ratio, and return on assets achieved in 2012-2016. This is due to limited bond data and investor knowledge of bonds (Ni Made Estiyanti and Gerianta Wirawan Yasa: 2012). In addition, with a bond rating by a rating agent, investors can take into account the return to be obtained and the risk borne. In general, bonds are divided into two ratings, namely investment grade (AAA, AA, A, BBB) and non-investment grade (BB, B, CCC, and D). Below is the average value of the current ratio, debt to equity ratio, and return on assets achieved in 2012-2016. This is due to limited bond data and investor knowledge of bonds (Ni Made Estiyanti and Gerianta Wirawan Yasa: 2012). In addition, with a bond rating by a rating agent, investors can take into account the return to be obtained and the risk borne. In general, bonds are divided into two ratings, namely investment grade (AAA, AA, A, BBB) and non-investment grade (BB, B, CCC, and D). Below is the average value of the current ratio, debt to equity ratio, and return on assets achieved in 2012-2016.

2.2. Capital Market

The capital market is a market for various long-term financial instruments that can be traded, either in the form of debt (bonds) as well as own capital (shares) issued by the government and private companies (Suad Husnan, 1994). Meanwhile, Bambang Riyanto (1995) stated that the capital market is a market in the sense of abstract that brings together prospective investors (investors) with issuers (companies that issue securities in the capital market) which requires long-term funding. Sri Handaru et al (1996) stated that the capital market is an organized market that trades stocks and bonds by using the services of brokers and underwriters.

Financial statements are basically a source of information for investors as one of the basic considerations in making capital market investment decisions and also as a means of management responsibility for the resources entrusted to them (Prayoga and Afrizal 2021). Financial performance is a measuring instrument to know the process of implementing the company's financial resources. It sees how much management of the company succeeds, and provides benefits to the community. Sharia banking is contained in the Law of the Republic of Indonesia No.21 of 2008 article 5, in which the Financial Services Authority is assigned to supervise and supervise banks. (Ichsan, R. et al. 2021)

Based on the several definitions of the capital market above, it can be concluded that:

1. The capital market can be a market in an abstract sense or in a concrete meaning (actually).
   In an abstract sense, then securities trading does not have to occur at a certain place.
   Meanwhile, the capital market in the form of concrete is the stock exchange or better known as stock exchange.

2. Commodities traded in the capital market are letters valuable (financial asset) in the long term.

3. Securities traded in the market capital is securities issued by an entity legal entity in the form of a P.T (limited company), both owned by the private sector and the government.

4. Stock exchange is a concrete form of capital market. Exchange securities is a highly organized market organized markets). It is called so because there are a series of rules that bind the parties in it.
2.3. Investment

Investment according to Farid Harianto and Siswanto Sudomo (1998) defined as an activity of placing funds in one or more of an asset during a certain period in the hope of obtaining income and or increase in investment value. Jogiyanto Hartono (1998) divides investment into two, namely direct investment and direct investment indirect investment. Direct investment is done by buying direct financial assets of a company either through intermediaries, or in other ways, while indirect investment is done by buy securities from investment companies.

Based on the understanding by Farid Harianto and Siswanto Sudomo (1998), then holding cash or cash is not an investment, while saving in a bank is an investment because it gets return or profit in the form of interest. Another definition of investment states that investment is an activity of placing funds in one or more assets during a certain period in the hope of obtaining income and or increase in investment value (Jones, 1996). The definition of investment shows that the investment objects is to improve the welfare of investors, both now and in the future time. In general, investors are not like risk (riskaverse), that is when they are faced with an investment opportunities that have high risk, investors would require a higher level of profit. Suad Husnan (1990) states that the higher the risk of an opportunity investment, the higher the level of profit required by investors. This concept also applies to investing in stocks as well as bonds.

Table 1. Average current ratio, debt to equity ratio, and return on assets and banking companies on the IDX

<table>
<thead>
<tr>
<th>Year</th>
<th>CR</th>
<th>DER</th>
<th>ROA</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>11.4</td>
<td>7.97</td>
<td>1,578</td>
</tr>
<tr>
<td>2013</td>
<td>11.16</td>
<td>8.35</td>
<td>1,514</td>
</tr>
<tr>
<td>2014</td>
<td>11.27</td>
<td>7.28</td>
<td>1,076</td>
</tr>
<tr>
<td>2015</td>
<td>11.28</td>
<td>6.96</td>
<td>0.905</td>
</tr>
<tr>
<td>2016</td>
<td>11.34</td>
<td>6.16</td>
<td>1.373</td>
</tr>
</tbody>
</table>

Based on the financial data of banking companies above, the average DER in 2012 was 7.97% and increased in 2013 by 8.35% but in 2014 to 2016 it experienced a very significant decline. The average Return on Assets experienced a very significant decrease from Rio Fajrien and Bellawati Kosim 421 years, while the average Current Ratioexperienced a very significant increase from year to year.

Table 2. Average Age of Bonds, Collateral in Banking Companies on the IDX

<table>
<thead>
<tr>
<th>Year</th>
<th>Bond Age</th>
<th>Guarantee</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.9</td>
<td>1.7</td>
</tr>
<tr>
<td>2013</td>
<td>1.8</td>
<td>1.7</td>
</tr>
<tr>
<td>2014</td>
<td>1.9</td>
<td>1.7</td>
</tr>
<tr>
<td>2015</td>
<td>1.8</td>
<td>1.7</td>
</tr>
<tr>
<td>2016</td>
<td>1.6</td>
<td>1.7</td>
</tr>
</tbody>
</table>

Based on the description of the background above, the authors are interested in conducting this research, entitled Factors Affecting Bond Ratings in Banking Companies on the Indonesia Stock Exchange.

Bonds According to (Henry Simamora, 2000:460-461) a bond is a contract between a borrowing company (ie a bond issuer and a lender (investor) in which the borrower promises to pay a certain amount of interest at the end of the outstanding bond period and repay the loan principal at maturity. bond contract.
III. Research Methods

This research was conducted on banks that issue bond data. There are five variables, namely the current ratio, debt to equity ratio, return on assets, age of bonds, guarantees. Sample selection using purposive sampling technique.

3.1 Dependent Variable (Y)

The dependent variable in this study is the bond rating. This variable is seen based on the rating issued by PEFINDO which are generally divided into two, namely investment grade (AAA, AA, A, BBB) and non-investment grade (BB, B, CCC, D) which are expected to be influenced by financial factors such as leverage, profitability, and liquidity while the non-financial factor is the age of the bond.

This variable measures ratings of corporate bonds and assigning a value to each ranking with reference to previous research is adjusted to bond rating issued by PEFINDO. The measurement scale is a nominal scale. With this scale measurement is carried out by assigning a value of 1 to bonds that are investment grade and 0 for non-investment grade bonds because the dependent variable is a dummy variable.

3.2 Independent Variable (X)

The independent variable in this study is the financial factor in the form of leverage ratios, profitability ratios, and liquidity ratios, while the non-financial in the form of the age of the bond.

3.3 Leverage (X1)

Using the proportion of the use of debt to finance investment to the capital owned. The low value of leverage can be interpreted that only a small proportion of assets are funded by debt and is getting smaller risk of company failure. The lower the company's leverage, the the better the ranking of the company (Burton, Adam, & Hardick, 1998). The financial aspect ratio of leverage is measured using:

\[
\text{Debt to Equity Ratio} = \frac{\text{Total Debt}}{\text{Total Equity}}
\]

IV. Result and Discussion

Multiple Linear Regression in data management using multiple linear regression used several stages to find the effect of the independent variable on the dependent variable which we can know the results of the regression equation. The following table of calculation results obtained by the author using SPSS version 23. so that obtained 10 banking companies go public which are used as research samples. The data needed in this study is secondary data consisting of financial statements, summary data of company performance and annual reports of banking companies. The data collection technique used is documentation related to the author's research. The analysis technique used is multiple linear regression and hypothesis testing (test F and t test).

| Table 3. Multiple Regression Test Results |
|-----------------|-----------------|-----------------|
| Model           | Ustandardized Coefficients B Std.Error | Standardized Coefficients |
| 1               | (Constant)       | -11,040 3,537   |
|                 | Current ratio(X1)| .075 .029       |
|                 | Debt to equity ratio (X2) | .088 .060       |
|                 |                  | .292            |
|                 |                  | .164            |
From the results of multiple linear regression examined on the variables of current ratio, debt to equity ratio, and return on assets, age of bonds, and guarantees on Bond Rating, multiple linear regression can be described as follows: 

\[ Y = -11.040 + 0.075X_1 + 0.088X_2 + 0.091X_3 + 0.702X_4 + 1.898X_5. \]

Based on the calculation of the multiple linear regression equation above, it shows a constant coefficient of -11.040, meaning that if the variable current ratio, debt to equity ratio, and return on assets, age of bonds, and guarantees are equal to zero, the bond rating will increase by -11.040%. The results of the calculation of the coefficient value of the variable Current Ratio is -0.075%. If the Current Ratio increases by 1%, the bond rating will increase by 0.075%. This is because the company sells fixed assets to increase current assets, adding own capital which is useful for increasing current assets and increasing short-term debt as a result of additional long-term debt is used to increase current assets, so an increase in the current ratio does not necessarily describe a company in good or bad condition.

The results of the calculation of the coefficient of the Debt To Equity Ratio variable are 0.088%. If the Debt To Equity Ratio increases by 1% in Rio Fajrien and Belliwati Kosim 425, the bond rating will increase by 0.088%. The results of the calculation of the coefficient of the Debt To Equity Ratio variable are 0.088%. If the Debt To Equity Ratio increases by 1% in Rio Fajrien and Belliwati Kosim 425, the bond rating will increase by 0.088%. The results of the calculation of the coefficient of the Debt To Equity Ratio variable are 0.088%. If the Debt To Equity Ratio increases by 1% in Rio Fajrien and Belliwati Kosim 425, the bond rating will increase by 0.088%.

This is because the total debt is greater than the total equity. Because most of the funds it manages are third party funds. In this case, third party funds are accounted for as liabilities (debt). As we know, for types of companies such as banking companies, the larger the third party capital they manage, the higher the possibility of earning operating profit, so that from high profits it is possible to raise the company's bond rating. The results of the calculation of the coefficient value of the Return On Assets variable is 0.091%. If the return on assets increases by 1%, the bond rating will increase by 0.091%. This is due to the level of income earned by the company, the higher the level of return on assets of the company, the better the level of profits obtained by a company. With high profits or profits, it can attract the confidence of investors, Rio Fajrien and Belliwati Kosim 426 to invest so that they can improve their own performance on a company's bond rating. The result of the calculation of the coefficient value of the Bond Age variable is 0.702%. If the maturity of the bonds increases by 1%, the bond rating will increase by 0.702%. This happens because the higher the age of a company's bonds, the better the rating, but with shorter bonds, the risk is smaller. Therefore, although bonds with a high age have a large risk, long-lived bonds can increase the profits of investors so that the higher the age of a company bond, the higher the rating. The result of the calculation of the coefficient value of the Guarantee variable is 1.898%. If collateral is increased by 1%, the Bond Rating will increase by 1.898%. This is due to the large number of bonds that are guaranteed by banking companies, because bonds are guaranteed by assets, the bond rating of the company will improve. If collateral is increased by 1%, the Bond Rating will increase by 1.898%. This is due to the large number of bonds that are guaranteed by banking companies, because bonds are guaranteed by assets, the bond rating of the company will improve.
V. Conclusion

Based on the results of research and discussion, there are three variables that most dominantly affect bond ratings, namely, current ratio, bond age, guarantee. While the other two variables have a negative effect on bond ratings, namely debt to equity ratio variables, return on assets. This can be seen from the simultaneous test where Fcount 18,894 > Ftable 2,427 or significant F 0.000 0.05 means that there is an effect of current ratio, debt to Rio Fajrien and Belliwati Kosim 430 equity ratio, return on assets, bond age, guarantee on Bond Rating in banking companies for the period 2012-2016. While partially showing the variable current ratio, age of bonds, guarantees show the most dominant influence on bond ratings in banking companies.

References