

## ABSTRACT

*This research is motivated by the fluctuations in banking sector stock prices on the Indonesia Stock Exchange (IDX) during the 2020–2024 period, influenced by economic dynamics including the impact of the COVID-19 pandemic, changes in macroeconomic indicators, and the internal fundamentals of companies. Two microeconomic fundamental ratios, namely the Current Ratio (CR) reflecting liquidity and the Debt to Asset Ratio (DAR) reflecting capital structure, were selected as the focus of this study due to their relevance in explaining banking stock price movements.*

*The purpose of this study is to examine the effect of CR and DAR, both partially and simultaneously, on the stock prices of the banking sector listed on the IDX for the 2020–2024 period. The data used are secondary data obtained from annual financial statements and IDX publications. This research employs a quantitative method with multiple linear regression analysis. The study population consists of all banks listed on the IDX, with the sample determined using a purposive sampling technique. Classical assumption tests were conducted to ensure model feasibility, followed by t-tests, F-tests, and the coefficient of determination ( $R^2$ ) analysis.*

*The results show that partially, CR has no significant effect on stock prices, while DAR has a significant negative effect. Simultaneously, CR and DAR have a significant effect on banking sector stock prices. These findings indicate that a capital structure that relies heavily on debt can reduce investor confidence, while the level of liquidity measured by CR does not directly affect stock prices.*

*The conclusion of this study is that DAR plays an important role in the formation of banking stock prices, while CR does not have a significant direct effect. Recommendations are addressed to banking management to maintain the debt-to-asset proportion at a healthy level, to investors to consider solvency ratios in investment decisions, and to future researchers to include additional fundamental variables for a more comprehensive modeling.*

***Keywords:*** *Current Ratio, Debt to Asset Ratio, Stock Price, Banking, Indonesia Stock Exchange, Multiple Linear Regression.*