TOUGHNESS OF INDONESIAN BANKING SECTOR FACING GLOBAL FINANCIAL CRISIS 2008: TESTS ON WELFARE OF SHAREHOLDERS

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Abstract

This study aims to investigate the impact of the global crisis on the financial performance of banks in Indonesia. The study will also look at the impact of the crisis on the welfare of stakeholders in the form of dividend payments to shareholders. The initial assumption that we have built for this condition and for the explanation in the previous paragraph is that there is a difference between the payment of dividends to shareholders before and after the period of the global crisis. Proof of this assumption is also at the same time can give an answer to the resilience of the Indonesian economy during the global crisis. By using all populations banking companies listed in Indonesia Stock Exchange, this study compared the financial performance of the company before and after the next global crisis with its impact on the payment of dividends.

This study shows that there is a significant decline in its net profit after the global crisis. But there is not enough result to support second hypotheses about decrease of share prices as an excessive market sentiment surrounding global crises. It looks at the stock price actually rose after the global crisis. Other conditions have been found in this study is that there is an increase dividends given to shareholders after the crisis. These findings shows that the banking sector in Indonesia has a fairly strong resilience in the face of the global crisis in 2008. This condition may occur due to the success of fiscal regulation of Indonesia Bank to save Indonesian economy.

Keywords: Global Financial Crisis, Stock Price, Net Income, Welfare of Shareholders

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1. Background

The global crisis that began in the second half of 2008 has resulted in a decline in economic performance in the first half of Indonesia until 2009. Data obtained from www.setneg.go.id showed that the decline in Indonesian export commodities of the year 2008-2009 as shown in Table 1.

Table 1. Indonesia Commodity Exports 2008-2009

No.	Commodity	Decline (%age)
1.	Mineral fuels	15,45
2.	Machinery/electrical equipment	13,58
3.	Aircraft engine (mechanical)	7,09
4.	Rubber and rubber goods	6,14
5.	Fats and oils of animal/vegetable	5,52

Source: http://www.setneg.go.id/

Note from the Secretariat of State of Indonesia shows that the facts show that there has been a deterioration in the performance of Indonesia's foreign trade resulting from various factors. The largest decline in Indonesian export commodities was due to a decline in demand from the export destination countries of Indonesia. Among the export destination is Japan. The decline in exports to Japan in 2009 was the largest decline compared with countries other export destinations, amount to 17.66 percent . Followed by a drop in demand from Taiwan by 11 percent , 10.85 percent of the United States, 9 percent of Singapore, and 8.86 percent of South Korea (Source: Statistics Center Institution of Indonesia, 2009). In the level of the macro economy, the decline in economic performance significant experienced by the United States, Europe, Japan and East Asia in the first quarter-

2009. In the United States, industrial production dropped from about 77 percent in 2008 to about 70 percent in the first quarter of 2009, and capacity utilization fell from about 80 percent in 2008 to about 70 percent in the first quarter of 2009. In Japan, industrial production fell from about 95 percent in 2008 to about 67 percent in the first quarter of 2009 , and capacity utilization fell from about 105 percent in 2008 to about 65 percent in the first quarter of 2009. Export growth Asian countries fell from 20 to 40 percent in the first half - 2008 to minus 14 to minus 40 percent in early 2009.

Another situation worsen in the Indonesian economy during the global financial crisis in 2008 is the decrease amount of foreign currency that circulated in Indonesia (Figure 1) and a decrease in the value of foreign funding (Figure 2).

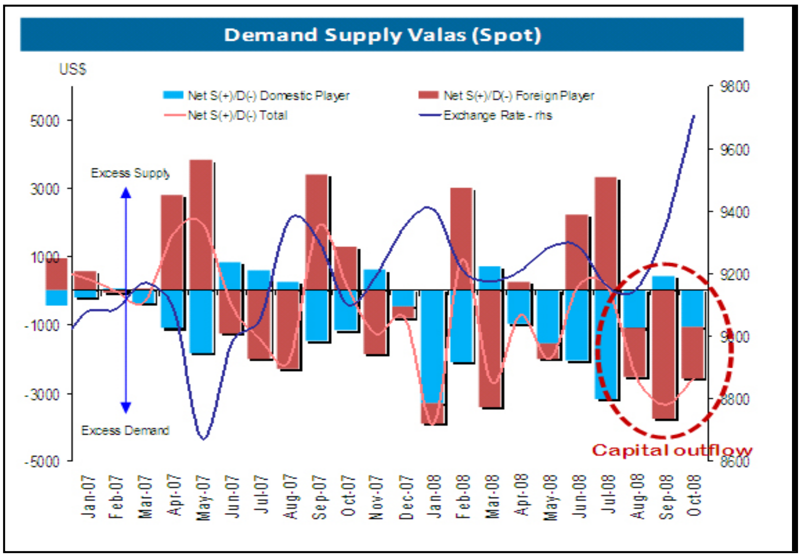

Figure 1. Capital Outflow
Source: Indonesian Central Bank, 2010

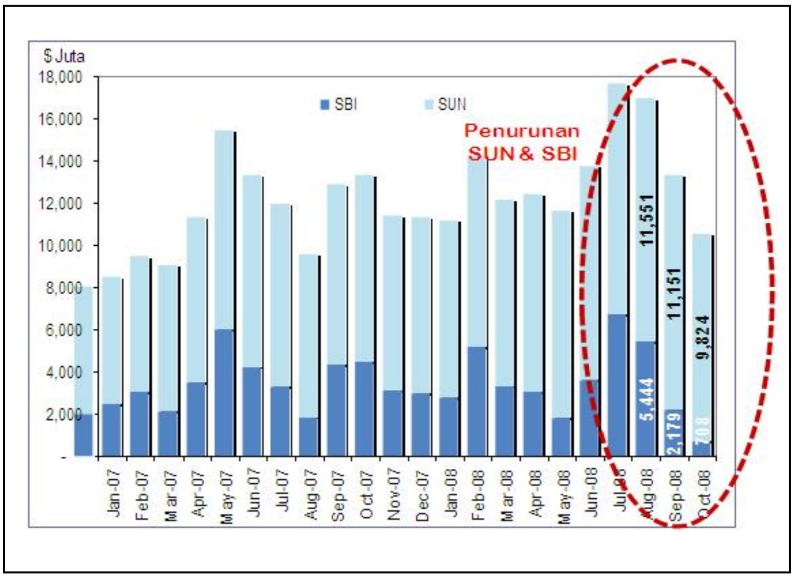

Figure 2. Foreign funding
Source: Indonesian Central Bank, 2010

Faced with this crisis, almost all governments in the world, including the Indonesian government, has already announced stimulus packages hundreds of billions of dollars to move the economy of each country. Central banks have also cut interest rates to ease liquidity for the business world. The reaction of the world's central banks to undertake fiscal stimulus is due to the global financial crisis of 2008 is a tragedy triggered by the impact of the U.S. subprime mortgage, which in turn encourages economic decline in other developed countries. The crisis spread to all of the financial industry in almost every country.

The global financial crisis in Indonesia when it hit the banking sector to small and large scale. At the beginning of the 2008 crisis, the Central Bank of Indonesia is planning to implement a policy to provide protection blanket guarantee to all banks in Indonesia. Many parties are supportive, but some do not support (including the Vice President at the time), until finally, the cancellation policy is applied. Because the blanket guarantee is not applicable, thenthe option is taken is the provision of assistance and protection only to banks struggling to avoid bankruptcy. http://www.katadata.co.id/1/3/opini/wapres-boediono-saya-tidak-menyesal/816/#sthash.EuaCgp5V.dpuf.

In October 2008, there are three large state of enterprises (SOEs) banks, PT Bank Mandiri Tbk., PT Bank BNI Tbk. and PT Bank Rakyat Indonesia Tbk requesting liquidity support from the Government of each of the 5 trillion. Total funding for the three banks inject Rp15 trillion. The funding comes from government money that is in BI. Liquidity assistance was used to strengthen the bank's capital reserves or meet loan commitments infrastructure without having to interfere liquidity. The Government's intention liquidity assistance that the three state-owned bank had no need to borrow from abroad. But, the suffer most are medium banks and small savings fund society declined. The fund is run out of the country or big banks, even that interesting until there are store in a safe deposit box for fear of the bank is closed (Indonesian Central Bank, 2010).

Liquid funds were also given to the Indonesian central bank one private bank in Indonesia, Bank Century**.** Base on this policy, the Central Bank of Indonesia finally providing funds to Bank Century who fail to return the customers money (known as the Bailout Century Bank). However, this scenario has been applied almost perfectly when there are two parties who have a different understanding of the current crisis. The first party, Indonesia will experience a crisis if the Bank Century case is left, and the other party believes that Indonesia is not a crisis. It is well known by the term of **Bailout Century**.

In Indonesia, a study Prasat et al. (2003) describes three important points related to the global financial crisis. First, the (relevant to the theoretical prediction) great crisis will have an impact on financial performance. Second, (contrary to theoretical predictions) integration of the current financial crisis sometimes showed association with an increase in the volatility of consumption among the developing countries, at least in the short term. This second prediction shows that there is the possibility of a reversal of the consequences of the financial crisis is predicted theory of weak private consumption be increased consumption that is not predictable. Lastly, there seems to be a threshold effect relationship crisis with the absorption capacity of each country. Meanwhile, the threshold of each country are not the same.

Continuing studies conducted by Prasat *et al.* (2003), this study will examine the impact of the global financial crisis on the welfare of stakeholders in the form of dividend payments. The initial assumption that we have built over and above these conditions the initial statement is no difference between the payment of dividends to shareholders before and after the period of the global crisis. Proof of this assumption is also at the same time can give an answer to the resilience of the Indonesian economy during the global crisis.

The issue is particularly interesting for Indonesia society and still remains to this day. Moreover, due to the policy of Indonesia Central Bank in order to save the financial problems faced by one of the private banks in Indonesia. The case have not been resolved to this time. This is an important study was conducted to provide empirical evidence of the resilience of the world economy on the banking sector in Indonesia when the global financial crisis which resulted in a decline in the economy of many countries of the world. This study investigates the impact of the global crisis on the financial performance of banks in Indonesia. The study will also look at the impact of the crisis on the welfare of stakeholders in the form of dividend payments to shareholders . The initial assumption that we have built over and above these conditions the initial statement is no difference between the payment of dividends to shareholders before and after the period of the global crisis. Proof of this assumption is also at the same time can give an answer to the toughness of the Indonesian economy during the global crisis.

The purpose of this study is to provide empirical evidence of the impact of the global crisis that occurred in 2008 on the financial performance of the banking sector in Indonesia. This is because, the banking sector into a sector that is highly relevant in the case of a crisis the world as a sector that triggered the global crisis. Finance in developing countries has improved linkages with the condition of other countries globally that have been shown to be significantly in the last decade. There is some evidence of a threshold effect in the relationship between financial globalization and economic growth of a country. Utilization effect of financial globalization are more likely to be detected when the developing countries have a number of absorption capacity. That is, if a country initially shown to have good economic performance, the impact of the global crisis will be evident in the economy. Preliminary evidence also supports the view that, in addition to sound macroeconomic policies , improve governance and institutions have an important impact on the country's ability to attract capital inflows are less stable and vulnerability to crises.

Contributions can be provided from this research is to improve public confidence in the world to the power of the banking sector in Indonesia, which was due to the government's policy to minimize the impact of the global crisis. In addition, practical contribution is to be given investors increased confidence to invest their capital in the financial sector in Indonesia, as a consequence of the national banking system toughness of in the face of the global crisis. Empirical evidence is expected to show the toughness of of Indonesian banks, as well as to demonstrate the welfare of the shareholders who remain elevated even though the world economy is deteriorating.

2. Literature review and hypotheses development

The term global financial crisis in general is often described as an economic resource scarcity triggered due to the prolonged slump in economic growth stable at strategic level of the world. These conditions have consequences on the emergence of anxiety world community to the impact that will result from this global crisis, especially anxiety that people in developing countries economic system have not been established as well as the economic system in the developed world. Therefore, the issue of the global financial crisis research into topics that are important to be done in developing countries, such as Indonesia.

Several authors have provided a systematic and critical review of the empirical evidence of the impact of the global financial crisis (Prasad *et al.*, 2003; Mitton, 2002). Studies conducted Mitton (2002) using a comparison sample of 398 state enterprises in Indonesia, Korea, Malaysia, the Philippines, and Thailand found that corporate governance has a strong impact on the performance of the company during the financial crisis of 1997 to 1998 occurred in Asia. Testing of the performance of the stock market shows that the level of stock prices merpengaruh significantly to corporate governance. The results of this study indicate that the application of corporate governance has the power to block the financial crisis. The better the governance of a company the better the strength of their blocking effects of the financial crisis.

2.1 Relevant Theory

Value creation is much discussed in the strategic management basically aims to improve the company's image. Value creation is directed at how tough generate revenue management (earnings) for the company. In 1976, Jensen and Meckling has introduced a theory of the firm that examines agency problem, behavior management and ownership structure. This theory is born for the company to reconstruct the theory of substitution models on the profit or value maximization, with each objective is motivated by the claim that there is a theory that when it is no longer enough to explain managerial behavior in large companies. This theory is more popularly known as agency theory. Agency theory try to explain the existence of an agency relationship that defined as a contract between the principal and the agent to perform services in the responsibility to involve delegates have the authority to take decisions in the agent (Jensen and Meckling, 1976). Agency theory is one that fits the theory to explain the distribution of dividends. Al-Yahyaee, Terry dan Walter (2011) using signaling and agency costs in prior their study. They argue that there are numerous studies that examine stock price reactions to dividend announcements that using agency cost and signaling theory as a grand theory to explain several reaction related with dividend.

Associated with the investment objectives of the investor, Gordon and Litner (1963) says that investors are more appreciative of the money for the payment of dividends earned from capital appreciation. While Miller and Modiglini (1963) stated that most investors have a long-term plan and reinvest their dividends in shares of the company. For investors in this group, not only the dividend policy are the deciding factor of their investment choices, but in the long-term risk factors also determine their investment considerations. To express their views of the two is seen that most investors expect additional welfare on investment that they do.

The bird-in-the-hand theory is a theory introduced by Gordon and Litner (1963), stating that a dividend is something related to company policies that impact on the welfare of investors. This theory states that investors actually consider that a bird in hand is worth more than a thousand birds in the air. Furthermore, Gordon and Litner argue that investors view (considering) the dividend is greater than the capital gain when making investment decisions related to the stock. Investors would prefer a cash dividend at this time.

2.2 Net income

Variables are often used as a consideration of dividend payments used by the company is net income. Growth in net income would affect dividend policy. However, recent research doubting the size of the net income in the company's decision. Some of the reasons for the existence of different market responses to earnings based on historical cost. Investors are risk averse will consider the expected utility value and lowers the risk of their portfolio returns. In one empirical study found that the lower the ERC, the higher beta securities (Collins and Kothari 1989; Easton and Zmijewski 1989). These findings suggest that the net income that fluctuates it will increase the risk of investing in that company. So it is not logical to use the net income in the determination of decision-making, especially in dividend payments.

Capital structure. For companies that have a large debt, increase in earnings before interest, will add strength and security for debentures (debt instruments). Therefore GN in net income more than debtholder addressed to shareholders. For large companies would have little debt ERC its value. Persistence. Intuitively, an increase in money for unexplained reasons for, the ERC will be relatively low. However, the ability of management to cutting cost in production activity - this is called persistent-it will increase ERC.

Earnings Quality. We expect a high ERC for earnings quality. The higher ERC for earnings quality is higher as well. ERC is higher due to the better ability of investors to assume the performance of companies that will come out of the performance now. Earnings quality measure is that earnings = cash flow. If the accrual of profit, means discretionary accrual is also better. Growth Opportunity. The reasons the importance of persistence and the quality of earnings for the ERC means that the disclosure of the components of net income is useful to investors, GN or BN in earnings now may be a warning to future earnings.

Furthermore, the issues that plagued the world after the global crisis shows the number of banks and financial companies are bankrupt. Therefore, hypotheses are developed relating to the above as below.

Ha1: The global crisis has a negative impact on the net income of the banking sector in Indonesia

2.3 Market performance

Discusses the performance of the stock market of companies, means we use the assumption that capital markets are efficient, at least not in the form of a strong half (semi-strong). When some investors behave as experts and wish to move quickly when receiving new information, the market becomes efficient. This condition occurred because investors assume that the firm value in the financial statement is correct. If demand for a particular stock increases (decreases), will result in an increase (decrease) in the stock price. The stock price is a reflection of the value of the company. This condition is consistent with the definition of market efficiency in the semi-strong form, as in Scott (2006) is "An efficient securities market is when the price of securities traded in the market at all times, fully reflect all publicly known information about the securities' .

There are three points that should be noted. *First*, market prices are efficient with publicly known information. *Second*, an efficient market is said to be a relative concept. *Third*, the implication is that investing is a fair game if the market is efficient. The third point implies that investors can not expect to obtain the excess return of a security or portfolio of securities, exceeding or below the normal expected return of a security or portfolio of securities, where the normal expected return risk.

The study conducted by Acharya, Gujral, and Shin (2009) suggested that the banking capital decrease will have increasing of corporate debt of the company. When faced to lower value of shares, the owner control over the company will also be influential. Not only control over a company that would be affected, but also the welfare of shareholders will have an impact on the welfare they get.

Research Acharya et al. (2009) showed that an decrease in the total capital in the study sample during the period 2000-2008. From the total $ 1.76 billion in shares issued by banks in the UK, U.S., and Europe, a decline of $ 1.64 billion surprising (or approximately 93.2%). This fact prompted the company issuing debt securities, which in turn further increase the share of corporate debt in the third quarter period of 2007 until the fourth quarter of 2008. This condition contrasts with the condition of banks in the period 2000-2008.

Paper Bartram and Bodnar (2009) provide an extensive analysis of the effect of the global financial crisis in 2008/2009 in the equity market. They mengivestigasi how big the impact of the global financial crisis over the destruction of equity value compared to other economic conditions. Bartram and Bodnar assess the performance of the overall market on average widely in coverage areas, countries, and sectors. They found that a decrease of about 40% at the end of 2006. However, an even greater decrease occurred in most markets on the period of the early to mid 2008. Even in the period of mid-September to late October 2008 a major part of the collapse with almost all indices ranged 30-40 % in this short period of time (only in 45 days).

The financial sector experienced a fall of greater than the non - financial sector during the period, although both sectors are equally suffered during the height of the crisis (Bartram and Bodnar, 2009). However, their study found that the nature of the global financial crisis is also evident from the high correlation between market and investment style are even more increased during the crisis. Stock prices is often more superior than net income in measuring the performance of managerial. This is because the stock price can not be influenced by management's discretion. Therefore, the stock price performance is rated as a best first layer. The question which requires proof is how the stock price performance during the financial crisis happen? Is the financial crisis impact on share price performance? Because of issues afflicting the world shows the number of banks and financial firms that went bankrupt during the global crisis of 2008, and above the above explanation, the hypotheses is constructed as below.

Ha2: The global crisis has a negative impact on the stock price of the banking sector in Indonesia

2.4 Factors Influencing Dividend Policy

There are several factors that determine the dividend policy of the company, including the rule of law, liquidity position, the need for liquid funds to repay short-term debt, income levels, opportunities to capital markets. As described in the Awat and Mulyadi (1996) there are some factors that will determine dividends policy of corporate: (i) Dividend Pay - out Ratio industry in relation to the existence of the company, (ii) revenue growth, (iii) the persistence of earnings company. Generally in a state of unstable corporate earnings, then managers are reluctant to perform or even increase the amount of dividend payments. (iv) investment opportunities available, (v) the expected profit rate of investment opportunities, (vi) the availability and cost of alternative sources of funding, (vii) the preference shareholders and managers the flexibility to deviate from the maximization of wealth, (viii) expectations regarding the condition general business. At the time of inflation, may profit tends to rise, so that the managers can raise the dividend payment. Thus, in a state of inflation, spending through borrowing will be interesting, than retained earnings, and (ix) the existence of the restrictions given by the creditors.

The factors described above led to curiosity about the condition of payment of dividend after the global crisis that occurred in Indonesia. Because many determinants of dividend policy in the logical view, the dividend payout policy will lead to a reduction in payments. However, of course there are considerations which will also affect the distribution of dividends. Good corporate governance will also determine the dividend payment policy because of good governance will create value for the company is able to compete and ultimately obtain high profits. Study Campello, Graham, and Harvey (2009) showed a great impact on the financial constraints when the crisis in the 2008's.

Gugler (2003) explains that the dividend policy related to several factors, one of which is an opportunity to grow the company. This explanation gives a view that when a company is able to survive in a bad state and still maintaining its growth, it can be predicted that the company is still able to provide a dividend to shareholders. Moreover the Indonesian Central Bank's policy during the global crisis, it is predicted that Indonesian banks have a strong base to get through the crisis while the faint stability performance. Based on the above explanation, the next hypothesis developed are as below.

Ha3: The global crisis has a negative impact on the dividend payment of the banking sector in Indonesia

2.5 Company performance and dividend

The study conducted by Acharya, Gujral, and Shin (2009) suggested that the banking capital decrease will have increasing of corporate debt of the company. When faced to lower value of shares, the owner control over the company will also be influential. Not only control over a company that would be affected, but also the welfare of shareholders will have an impact on the welfare they get.

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Ha4: Net income has an impact on dividend payout

Ha5: Stock price has an impact on dividend payout

3. Research Method

3.1 Data and sample of study

Financial data, of the company's financial statements and stock market data for the return of its shares, will be obtained from the Indonesia Stock Exchange. The data needed are the data for the three years prior to the 2008 global crisis occurred (ie 2005, 2006, 2007), and the data three years after the global crisis (ie 2009, 2010, 2011).

3.2 Research variables

Financial performance (earnings) and stock price performance (return) of three years before and three years after the global financial crisis will be compared. The financial data of 2008 as a time of crisis is not used in the analysis. Furthermore, earnings and stock returns become a function that determines the level of dividend payments. Dividend number in this research is the value of the dividend payment by the company. So the size of the decrease, increase or constant over the value of the dividends to shareholders can be measured well.

3.3 Statistics tool

For the first hypotheses, the second and third was use different test average Independent sample t-test is commonly used in the model to test the hypotheses that a comparative study in small sample pairs. The sample is a sample pairs the same but have two treatments or two different conditions. In conjunction with this study, two different conditions it was before the global financial crisis conditions to the conditions after the global financial crisis. For the fourth and fifth hypotheses, testing was done using multiple regression. Classical test would be applied to this model.

$$\textbf{\textit{dividend}} = \alpha_0 + \alpha_1 \textbf{\textit{earnings}} + \alpha_2\, \textbf{\textit{return}} + \varepsilon_i \; ..... \; \textbf{(1)}$$

4. Result and discussion

In this section, we discuss the results of testing each hypotheses, how to interpret it, and discuss the results of such testing by providing a logical justification. Before the discussion of the results of testing conducted for each of these hypotheses is done, this paper explained how the acquisition of research data.

4.1 Final data and sampel research

In overall, the observations of this study are classified into two category: three years before the global crisis, and three years after the global crisis. Year of the global crisis itself set in 2008. The sample and sample that used to test each Hypotheses of the study is different, depending on the availability of data to be tested. Total data used to test five hypotheses research in this study is the data as much as 511. Table 4.1 display the amount of research data used for each Hypotheses testing.

Table 2. Reseach data– each hypotheses

Hypotheses	3 years	Sample amount	Total of sample
Hypotheses I	Before crisis	79	
	After crisis	87	166
Hypotheses 2	Before crisis	39	
	After crisis	42	81
Hypotheses 3	Before crisis	47	
	After crisis	84	131
Hypotheses 4	Before crisis	39	
	After crisis	41	80
Hypotheses 5	Before crisis	28	
	After crisis	25	53
Total			**511**

Source: The financial statements of banking firms, the period 2005-2011; data processed

4.2 Hypotheses testing and discussion

The first hypotheses of this study states that the global crisis has a negative impact on net income in the banking sector in Indonesia. This Hypotheses was tested using independent sample t-test. Testing was conducted to determine whether there are differences in the value of the average net profits of companies in the banking sector in the period before and after the global crisis in the world in 2008.

Statistical results of *Levene's Test* showed the value of the F-tested value of 4.684 with a significance of 0.032. This value indicates that the average net profit of the banking company in Indonesia three years before and three years after the global crisis experienced significant differences. The mean value of net income before (after) the global crisis amounted to 9.12 (1.46) indicates that the average net income of banking sector in Indonesia after experiencing crisis is decline. This condition shows that Indonesian banks are also feeling the impact of the global crisis with the decline in net income in almost all banking companies. Support for the Hypotheses of this study also shows that the banking sector in Indonesia are affected by the global financial crisis that occurred in 2008. From the results of this statistical test can be concluded that this study supported the first Hypotheses.

Just like the first Hypotheses, the second hypotheses testing is also using independent sample t-test to find the average difference over the whole of sample. The second Hypotheses predicts that the global crisis did not have a negative impact on stock returns in the Indonesian banking sector when the global crisis in 2008. The test results demonstrate the value of statistics F-value of 4.251 with a significance of 0.035 . This value indicates that there are differences in stock prices in the Indonesian banking sector before and after the 2008 global crisis . However, the mean stock returns after the crisis were found to have increased from 0.21 before the crisis and after the crisis to 0.28. The results of this test indicate that the Indonesian capital market confidence in the banking sector in Indonesia is still positive when the average international financial sector experienced a decline in performance. With these results concluded that the second hypotheses was constructed in this study are not supported because it shares in the Indonesian banking sector has increased after the global crisis in 2008.

The increase in stock returns in the Indonesian banking sector may occur because of the Bank Indonesia issued a swift fiscal policy when the financial crisis happened. This policy may be provided market confidence for the excellence of investing in the Indonesian banking sector.

In the third hypotheses of this study stated that the global crisis had impact on the payment of dividends in the banking sector in Indonesia supported statistically. Test results show that the F-value for different test average banking sector in the period before and after the global crisis of 0.471 and a significance of 0.495. Mean dividend payments before the global crisis amounted to 6,209 and after the crisis showed that 6,719 of shareholder wealth has no impact on the crisis period. In fact, in the aftermath of the crisis, dividends distributed to the owners of the Indonesian banking sector has increased, although not too big. The results of these tests show that the well-being of the banking sector shareholders registered in the Indonesian capital market is not affected when the global crisis happened in almost all sectors of the financial world.

Tests for the fourth and fifth hypotheses using simple regression because amount of data that can be processed for each hypotheses is separately. As a condition of use of test Ordinary Least Square (OLS) regression, performed classical assumption. The results of the classical assumption for the data used for fourth overall hypotheses meets classical assumptions, and so are the results of the classical assumption for the fifth hypotheses. Table 3 shows the results of testing the classical assumptions for each of the data used to test the two hypotheses.

OLS Model for H_4: $Y = 1,70 + 2.76X_1$
$R2 = 0,63$; Prob.: 0,0000

OLS Model H_5: $Y = 25.85 + 2.29X_1$
$R2 = 0,1$; Prob.: 0,0081

Table 3. Results Test-Data Classic test for Hypotheses 4 and Hypotheses 5

Hypotheses	Normality	Linearity	Auto-Correlation	Homokedastisity
Hypotheses 4	*Prob.=*	*Prob.=*	*Prob.=*	*Prob.=*
Net Income→ Dividend	0,00002	0,2877	0,3389	0,0028
Testing result OLS*): R^2: 0,633 Prob.: 0,00000				
Classical assumption test results above indicate that the data used for testing H_4 normally distributed, linear, does not have auto-collinearity problems, as well as the assumptions are met homokedastisitas. From the results it was concluded that the data is good and consistent.				
Hypotheses 5	*Prob.=*	*Prob.=*	*Prob.=*	*Prob.=*
Stock Return → Dividend Testing result LS*): R^2: 0,129 Prob.: 0,0081	0,1414	0,3663	0,5350	0,1889
Classical assumption test results above indicate that the data used for testing H_5 normally distributed, linear, does not have auto-collinearity problems, as well as the assumptions are met homokedastisitas. From the results it was concluded that the data is good and consistent.				

Testing using Eviews:3.0

The fourth hypotheses of this study states that net income affect the level of dividend pay out. The fourth hypotheses testing results show probability value 0.0081, and R2 of 12.9%. These results indicate that the value of dividend distributed to shareholders in Indonesia related to the company's net income. These results are relevant to the findings of most of the research in this study. This finding an excuse to support the fourth hypotheses of this study, because the statistical results provide empirical evidence that net income be the primary consideration for the banking company in Indonesia when will distribute dividends to the owners of the company.

Testing for the fifth hypotheses which states that stock prices affect the level of dividend pay out done using OLS. From the statistical results of testing the fifth hypotheses, the probability values obtained 0.0000, and R2 of 63%. The results of this test indicate that the amount of the dividend is given to the owner of the banking company in Indonesia to consider the company's stock price in a given year. This statistical value is the reason for our study supports the hypotheses that all five built in this study. This finding provide empirical evidence that at the same time the company's stock price is also a major consideration for businesses when banks in Indonesia will distribute dividends to the owners of the company.

Table 4. Hypotheses testing result

Panel A	**Hypotheses**	**F-value**	**Sign**	**Conclusion**	
Hypotheses 1,2 and 3	*Ha1*	*-4,684*	*0,032*	*Ha1 supported*	
Testing by simple	*Ha2*	*4,521*	*0,035*	*Ha2 not supported*	
Indendent t-test sample	*Ha3*	*0,491*	*0,495*	*Ha3 not- supported*	
Panel B	**Hypotheses**	**F-value**	**R^2**	**Sign**	**Conclusion**
Hypotheses 4 and 5	*Ha4*	7,5905	0,129	0,0081	*Ha4 supported*
Testing by simple regression	*Ha5*	*135,011*	*0,634*	*0,0000*	*Ha5 supported*

Since fourth and fifth hypotheses have supported result, it's give empirical evidence that shareholder wealth banking company in Indonesia is very depend on the company's performance and market confidence in the company. These conditions also provide insight to the banking businesses that value chain linking corporate profits, stock prices, and the value of dividends happened in the banking company in Indonesia. The result of this study support Gordon's study (1959) that stated three possible hypotheses with respect to what an investor pays for when he acquires a share of common stock are that he is buying (i) both the dividends and the earnings, (2) the dividends, and (3) the earnings. Table 4 shows the results of hypotheses testing.

5. Conclusion, implications, limitations and suggestions

This section is the last part of our study. Respectively will be discussed conclusions, implications, limitations, and suggestions that need to be given from this study. Conclusion of the study describes the findings of research on the issues important to do this study were derived from the results of sample testing. Implications of the study will explain the significance of the findings of this study related to real practice associated with shareholder wealth during the global crisis.

Furthermore, because this study is not free from shortcomings, which are caused by the limitations imposed by the researcher, then at the end it will be explained the limitations encountered during the implementation of this study. Limitations of the study are described in detail, according to the encountered during the study and can not be avoided despite efforts to overcome these limitations have been done. Thus, at the end of the study, we will provide suggestions for future researchers to conduct research related to this topic. Hopefully future studies can contribute increasingly more scientific means for the world of academics, practitioners, and even for those policy makers.

Conclusion

This study shows that there is a significant decline in its net profit after the global crisis. But there is not enough result to support second hypotheses about decrease of share prices as an excessive market sentiment surrounding global crises. It looks at the stock price actually rose after the global crisis. Other conditions have been found in this study is that there is an increase dividends given to shareholders after the crisis. These findings shows that the banking sector in Indonesia has a fairly strong resilience in the face of the global crisis in 2008. This condition may occur due to the success of fiscal regulation of Indonesia Bank to save Indonesian economy.

Other findings in this study is that the consideration of the provision of dividends to the shareholders is not only limited to the net income. It is seen as the share price is also a consideration when the management company set the value of the dividends to the owners of the company.

Implication. These results of study imply that the banking in Indonesia is quite resilient in the face of a major crisis which hit the world in the year 2008. These results also provide other implication that the fiscal policy implemented by the Central Bank of Indonesia on target so as to provide reinforcement for the relevant sectors. It also indicates that government intervention can reduce the global impact. The better a policy issued by the government, the stronger the economy.

Limitation. This study can not be separated from the limitations and drawbacks, especially in terms of the availability of financial data banking companies listed on the Indonesia Stock Exchange. However, this study as much as possible to cope with the use of other data sources. As stock return data we obtained from sources http://finance.yahoo.com. But by revealing the source reference, the validity of the data can still be maintained in this study.

Suggestion. Future studies are expected to continue to expand this issue to the macro aspects and possible comparisons between countries. Issues such as fiscal policy as to what was effective in strengthening the banking system of the world, it needs to be investigated. Although highly contingent nature, the characteristics of which may occur in similar economies can provide meaningful information.

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