

Market Reaction on Banking performance after Basel 3 Regulation Announcement



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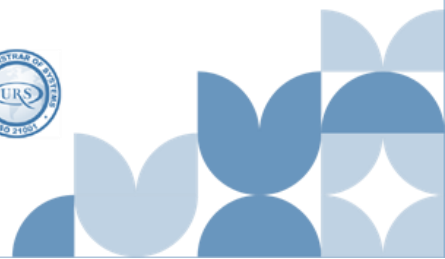
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Market Reaction on Banking performance after Basel 3

Regulation Announcement

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Date : 8 February, 2022

AUTHENTICITY ACKNOWLEDGEMENT

I hereby declare that the thesis with the title:

Market Reaction on Banking performance after Basel 3 Regulation Announcement

Is really my own thinking and writing. I fully knowledge that my writings do not contain other or parts of others writing, except for those that have been cited and it is mentioned in the references.

Yogyakarta,



Yosua Leonard Tjandra

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Yogyakarta, 11 February 2022



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ABSTRACT

The Asian financial crisis was a period of financial crisis that gripped much of East Asia and Southeast Asia beginning in July 1997 and raised fears of a worldwide economic meltdown due to financial contagion. So, in order to combat such crisis Basel 3 Regulation was created to reduce the risk of future liquidity shocks. However due to the increase of capital buffer required by the regulation banks might have a smaller amount of capital for their operational funds. The purpose of this study is to analyze the impact of Basel 3 regulation to market reaction based on banks performance. This study uses banks in Indonesia for the sample that was listed in IDX before 2010, since the regulation was announced in 2011, and the market data for 2015-2017 in the duration before Basel 3 and 2018-2020 for after the finalization of the regulation. the analytical tool used is 2 simple regression and z-statistic to compare both models. The result of this study shows that there is no significant difference in the market reaction after the Basel 3 regulation announcement.

Keywords: Basel 3, financial report, DuPont model, profitability, share price