

January Effect Phenomenon on Banking Companies Listed on The Indonesia Stock Exchange 2022-2023

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ARTICLE HISTORY	A B S T R A C T
Received: 01 December 2024 Revised: 15 December 2024 Accepted: 01 July 2025	<i>The January effect is a seasonal anomaly that occurs in January only. Where in January the stock price increases higher than in other months. This study aims to see whether there is a January Effect phenomenon in banking companies listed on the Indonesia Stock Exchange from 2022 to 2023. This study used quantitative research based on secondary data as the research design. The population used in this study are banking companies that are listed on the Indonesia Stock Exchange (IDX). The data used in this study are secondary data in the form of stock price data listed on the Indonesia Stock Exchange (IDX) in 2022-2023. The data was obtained from the Indonesia Stock Exchange (IDX) in the form of annual financial reports for 2022 to 2023 obtained from www.idx.co.id. The sample for this study was determined using the purposive sampling method. The data obtained was analyzed using the SPSS program with the Independent Sample T-test and using the classical hypothesis test. The results of the study showed that there was a January effect phenomenon in banking companies listed on the Indonesia Stock Exchange in 2022 to 2023.</i>
Keywords: <i>Bank, January Effect, Stock Price, Stock Return</i>	

1. Introduction

Banks as financial institutions have an important role in a country's economic system. Banks are also a tool in setting monetary policy set by Bank Indonesia. An efficient bank is a bank that can maximize long-term investments that are productive by encouraging quality growth (Permatasari, 2019). Healthy competition between banks will also have an impact on improving banking financial performance and its performance in the capital market.

An efficient capital market is an exchange market where the securities traded reflect all the information that may occur quickly and accurately. This concept of an efficient market states that investors always factor in the information available in their decisions, so that it is reflected in the prices they trade. An efficient market in a strong form shows that no single investor can get abnormal returns by using private information (Jogiyanto, 2009). Contrary to the concept of market efficiency, many studies on several stock markets mention the existence of several phenomena that are not in accordance with the hypothesis of an efficient market, namely the discovery of a number of anomalies. An anomaly is an abnormal event or an unanticipated

situation that offers investors the opportunity to obtain an abnormal return. Purwati (2015) revealed that market anomalies are evidence that rejects or at least does not support the existence of the efficient market theory that appears in all forms of efficient markets, be it weak, semi-strong, or strong that can be exploited to produce abnormal returns. One of the seasonal anomalies that has been analyzed is the January Effect.

Michael S. Rozeff (1976) documented the January Effect, an empirical study of securities returns that were significantly higher in January than in other eleven months. The January Effect can be shown by the existence of abnormal returns obtained by investors (Andianti, 2015). The announcement contains information, the market is expected to react to the information. This reaction can be measured using abnormal returns. The fact that abnormal returns can be used as a measuring tool means that an announcement containing information will give an abnormal return to the market.

Previous research about the January Effect has found that there is a significant difference between the average abnormal return in other months compared to in January in different sectors such as mining, property, real estate and building construction (Indrayani, 2019; Audina & Laturette, 2017). Pradnyaparamita & Rahyuda (2017) in their research using Paired-samples T-Test shows that the highest overall abnormal stock return occurred in January and the lowest occurred in other months, which means that there is a significant difference in the abnormal return of stocks in January with other months. Yani et al. 's (2014) research results show that the absence of the January Effect was characterized by the absence of abnormal returns during the observation period due to several things. First, because of cultural differences, where usually in developed countries at the end of the year or in December there are several celebrations, namely Christmas and New Year. Second, the tax year in Indonesia does not occur at the end of the year, but it occurs in March. Based on the background mentioned above this study aims to analyze the January Effect phenomenon in banking companies listed on the Indonesia Stock Exchange from 2022 to 2023.

2. Theoretical Framework and Hypothesis

2.1. Efficient Markets and Inefficient Markets

According to Pedersen (2015:1), Efficient Market is a market condition where stock prices reflect information on the actual condition of the company. The meaning of Inefficient Market is a market condition where stock prices are significantly influenced by investor behaviour, so stock prices do not reflect the actual condition of the company. In general, efficient market conditions can be found in developed countries, while inefficient market conditions can be found in developing countries. An efficient capital market can reflect all relevant information. This information concerns past price changes, and information available to both the public and private. Sujana (2017) stated

that in order to create an efficient capital market, certain conditions must be met, including disclosure in the causes of price fluctuations both in terms of fundamentals and technical analysis, market equilibrium, and stock market conditions are not influenced by any party.

2.2. Efficient Market Anomalies

Wulandari (2014) said that anomalies are unforeseen events that offer investors the opportunity to obtain abnormal returns. Prasetyo (2006) stated that there are four types of market anomalies in financial theory, which are event anomalies, seasonal anomalies, firm anomalies, and accounting anomalies. Kusno (2021) stated that one type of anomaly, namely seasonal anomaly, is a phenomenon in the economy where investment returns at a certain time can rise or fall drastically. This is possible due to various factors such as new information about the company, whether positive or negative, or investors' vigilance in trading stocks.

Under the assumption that efficient markets are real, anomalies arise due to the occurrence of things that should not exist. Anomalies have a negative impact on the related capital market because it causes the capital market to display distorted economic conditions. Market conditions are chaotic and there is no guarantee of the accuracy of data presented because the data shown in the market is formed from unreal information (Hakim, 2018).

2.3. January Effect

Sari & Sisdyani (2014:1) said that the January Effect is a condition where in January the stock price increases higher than in other months. Zacks (2012:26) mentioned that there are several factors that causes the January Effect phenomenon, namely the sale of the shares at low prices at the end of the year which aims to reduce taxes, realize capital gains, the influence of the Window Dressing portfolio, or investors selling their shares for vacation and buying them back in January. This occurrence can be seen from the abnormal stock returns obtained by investors. Audina & Laturette (2017) stated that there are several factors that affect the January Effect phenomenon, such as the influence of tax payments at the end of the year, the demand for cash that exceeds the average in the first or second week before Christmas every year, the tendency for stock prices to rise on the day before each holiday, namely December 24th and December 31st, and the belief that the new year will be better than the previous year.

2.4. Return on Shares

Asia (2020) states that one of the factors that motivates investors to invest is returns, and returns are a reward for an investor's courage of taking risks on the investment. According to Sudiyatno (2011), many factors affect stock performance, one of which is information, both performance, one of which is information, both fundamental and technical. The selection of the use of models in stock trading is important to assess stock prices and help investors plan and decide on investments effectively. The fundamental factor is the financial statements. The issuer's financial

statements can reflect the level of the company's financial performance. A company's good financial performance can increase the share price that investors are willing to pay, because investors will increasingly trust the company by looking at its financial condition and have bigger hopes of getting a larger share of profits (Silalahi & Silalahi, 2020).

2.5. Abnormal Return

Abnormal return is the excess of the return that actually occurs compared to the normal return. Normal return can be understood as the expected return by investors and is a return that's received under normal circumstances where there are no outstanding events (Indrayani, 2019). Normal returns will increase if it's a positive event that will cause an increase in stock prices. An increase in stock prices will cause the stock return to increase. On the opposite side, negative events will cause a decline in stock prices and in turn affect the stock returns to decline as well.

2.6. Hypothesis Development

Indrayani (2019), the results of the study show that there is a significant difference between the average abnormal return of five days at the end of December and five days at the beginning of January, which shows that there is a January Effect mining sector stocks listed on the Indonesia Stock Exchange during the period 2011 to 2015. Audina & Laturette (2017), the results of their study show that there is a difference between abnormal returns in January and the average abnormal returns in months other than January in the property, real estate, and building construction sectors on the Indonesia Stock Exchange from 2014 to 2016. Furthermore, the researchers looked at the average value of abnormal returns for months other than January and January.

Pradnyaparamita & Rahyuda (2017), their research shows that the highest overall abnormal stock return occurred in January and the lowest occurred in other months. Based on the results obtained from the Paired-samples T-Test, it shows that there is a significant difference in the abnormal return of stocks in January with other months. Yani *et al.* (2014), the results of their research shows that the absence of the January Effect was characterized by the absence of abnormal returns during the observation period due to several things. First, because of cultural differences, in developed countries at the end of the year or in December, there are several celebrations, namely Christmas and New Year. Second, the tax year in Indonesia does not occur at the end of the year, but it occurs in March. Based on the background mentioned above, the hypothesis formulation of this study is:

H1: There is a January Effect phenomenon in banking companies listed on the Indonesia Stock Exchange from 2022 to 2023.

3. Research Methodology

The research design used in this study is quantitative research based on secondary data. The population used in this study consists of banking companies listed on the Indonesian Stock Exchange. The data in this study is secondary data in the form of stock price data listed on the Indonesia Stock Exchange (IDX) in 2022 to 2023. Data used in this study were obtained from the Indonesia Stock Exchange (IDX) in the form of annual reports, financial reports from 2022 to 2023, obtained from the Website www.idx.co.id. The determination of the sample in this study used the purposive sampling method, where sampling was carried out using certain criteria according to one's own considerations. The criteria that will be used in this study are:

1. Banking companies listed on the Indonesian stock market in the period from 2022 to 2023.
2. Banking companies that have complete and clear financial reports for the period 2022 to 2023 (including banks that did mergers and acquisitions).
3. The company is not suspended or delisted.

Based on the criteria for determining the sample, 43 banks were selected. Monthly stock prices for these 43 banks in 2022-2023 were obtained from www.idx.co.id, sorted and then analyzed with the SPSS program using the Independent Sample T-test and using the classical hypothesis test. The four classical hypothesis tests conducted in this study were the normality test, heteroscedasticity test, autocorrelation test, and multicollinearity test.

Table 1
Sample Selection Process

No	Process	Sum
1	Banking companies listed on the Indonesia Stock Exchange as of December 31, 2023	47
2	Banking companies that do not have complete data to use in research	4
3	Companies that are delisted	0
4	Final Sample	43

Source : Data Processed, 2024

The return on shares (R_{it}) in this study can be calculated by subtracting today's stock price by the stock price one day before divided by the stock price of the previous day (Kusumawati, 2017), and the formula for calculating stock return is as follows:

$$R_{it} = \frac{P_t - P_{t-1}}{P_{t-1}}$$

Information:

R_{it} = Return on shares

P_t = Stock price this month

P_{t-1} = Stock price one month ago

After obtaining the results of the monthly return, the results are averaged for each month with the following formula:

$$R_t = \frac{(R_1 + R_2 + R_3 + R_4 + \dots + R_n)}{n}$$

Information:

R_t = Average monthly stock return in month t

$R_1 \dots R_n$ = Monthly stock return in month t

n = Number of observation month in a given period

After the value of the stock return is calculated, it can be concluded which bank is affected by the January Effect which can be seen from the abnormal return contained in the bank.

4. Results and Discussion

The total population of this study is 47 companies, while the final sample of this study is a total of 43 banking companies listed on the Indonesia Stock Exchange. This is because there are four banks that do not have complete data on stock prices. The four banks are PT Bank Amar Indonesia Tbk (AMAR), PT Bank Aladin Syariah Tbk (BANK), PT Krom Bank Indonesia Tbk (BBSI), PT Bank Multiarta Sentosa Tbk (MASB).

Table 2
Normality Test Results

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistics	Df	Sig.	Statistics	Df	Sig.
Return	0.130	1033	0.000	0.860	1033	0.000

Source : Data Processed, 2024

According to Ghozali (2018), the Kolmogorov-Smirnov statistic test is used to measure the significance level. If the result is > 0.05 means that data is distributed normally. Based on the results of the normality test seen in table 2, where the significance level of Shapiro-Wilk is 0.000, it can be stated that the data in this study are distributed normally.

Table 3
Independent T-Test Results

Variable	B	Sig
Const	1,536	0,022
Return	0,215	0,026

Source : Data Processed, 2024

According to Ghozali (2018), the T-test is used for evaluating the significance of each independent variable towards each dependent variable. This research used a significance level of 5% or 0.05. Hypothesis is tested based on whether the significance level is less than or equal to 0.05; then the hypothesis previously proposed is accepted because it shows that the independent variables significantly affect the dependent variables. On the contrary, if the significance level is > 0.05 , then the hypothesis would be rejected because it shows that the independent variables do not significantly affect the dependent variables. Based on the table 3 of the results of the T-Test sample independent test, it can be seen that the two-way significant value (t-tailed) is 0.022 and 0.026 where the value is less than 5%, so the results of the study state that there is a difference in stock returns in January and months other than January, namely February to December. The results of the study also stated that there was a January Effect in banking companies listed on the Indonesia Stock Exchange for the 2022 to 2023 period. The results of this study are consistent with the research conducted by Indrayani (2019), Audina (2017) and Pradnyaparamita & Rahyuda (2017), which stated that there was a difference in January, where stock prices increased more than in other months.

5. Conclusion

Based on the discussion above, it can be concluded that there is a January effect phenomenon in banking companies listed on the Indonesia Stock Market in 2022 to 2023. Suggestions for future studies derived from this study are that the observation period can be extended to above two years. Another future study can also be done on other sub-sectors, for example in manufacturing companies listed on the Indonesia Stock Market and can also be grouped based on company size.

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