

The Banking Stock Market's Reaction Around the Time of the Finance Minister's Replacement

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ABSTRACT

Purpose: This study examines the reaction of banking stocks listed on the Indonesia Stock Exchange to the announcement of the Finance Minister's replacement. It tests whether daily average abnormal returns (AAR) differ throughout the event window and whether AAR differs between the pre- and post-announcement periods.

Research Method: A quantitative event-study design was applied to 45 banking issuers that remained actively traded during an 11-day event window, from t-5 to t+5, producing 495 observations. Abnormal returns were calculated from daily closing stock prices and Composite Stock Price Index returns. Because most data were non-normally distributed, the Friedman Test and Wilcoxon Signed-Rank Test were employed.

Results and Discussion: Daily AAR differed significantly across the event window ($\chi^2 = 49.341$; $p = 0.000$), with the strongest difference occurring between t-2 and t+2 ($p = 0.002$). AAR also differed significantly before and after the announcement ($Z = -3.883$; $p = 0.000$). The findings indicate that the replacement was interpreted as a relevant political-economic signal and generated a short-term market adjustment.

Implications: Investors should incorporate political-economic developments into investment analysis, while policymakers should communicate policy directions consistently to reduce uncertainty. Future studies should include other sectors, longer event windows, and additional market indicators.

Originality: This study provides specific evidence on Indonesian banking-stock reactions to a Finance Ministerial replacement using nonparametric event-study analysis.

Keywords: average abnormal return; banking stocks; event study; market reaction; finance minister replacement.

1. Introduction

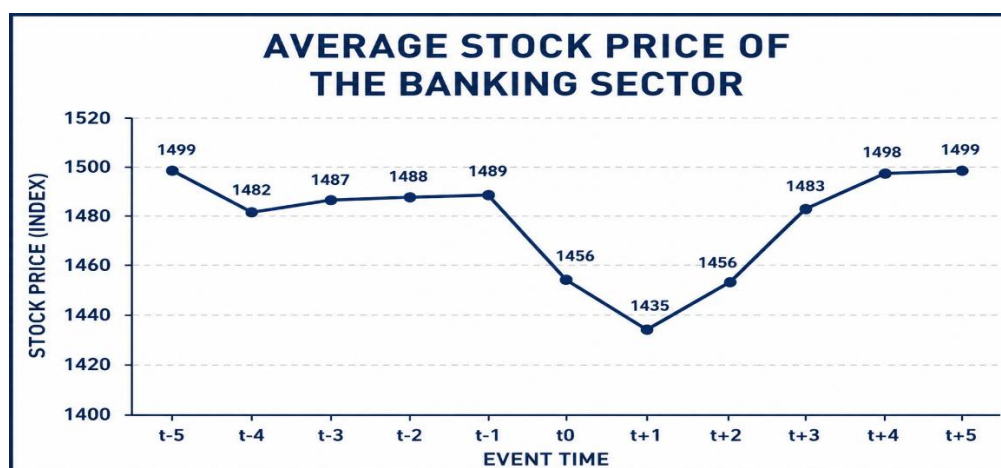
Investment decisions in the capital market stem from the process of reading, comparing, and interpreting information. The information investors consider comes not only from financial statements or issuers' performance, but also from external events such as government policies, macroeconomic changes, and political dynamics. Within the framework of Signal Theory, an announcement can alter market sentiment when investors assess that the information has implications for economic prospects and investment value. S. Wang (2024) demonstrates that certain announcements can influence market value if investors perceive them as signals. This view aligns with Fama (1970), who explains that security prices are formed through the process of absorbing information available in the market.



The replacement of the Minister of Finance constitutes external information that can attract significant attention from market participants. This position is directly related to fiscal policy, the management of the state budget, the credibility of government policy, and economic stability. A change in leadership at such a strategic position may prompt investors to reassess the direction of future economic policy. Debata & Mahakud (2017) explain that economic policy uncertainty can affect stock market liquidity. H. Wang (2018) demonstrates a relationship between political risk and stock prices in emerging markets. Ahmed (2017) also found that changes in political regimes can be reflected in stock prices because investors associate them with economic stability.

The banking sector is a relevant focus because its activities are closely linked to liquidity, fiscal policy, financial system stability, and investor confidence. Changes in the orientation of economic policy can influence the market's assessment of credit expansion potential, funding costs, asset quality, and banks' profit prospects. Repousis (2016) used an event study to examine the reaction of banking stocks to political events in Greece. Musah & Domeher (2024) found that political events can influence investor behavior, while Yiadom *et al.*, (2024) demonstrated that political changes and general elections are associated with stock market indicators.

Figure 1. Average Stock Prices in the Banking Sector



Source: Compiled Data, 2026

Figure 1 shows that the average price of banking stocks fell on the day of the announcement and reached its lowest point at t+1. After that period, the average price rose until t+5. This pattern can be interpreted as an indication of initial caution, followed by a process of adjustment as investors began to evaluate the new information. The price decline reflects uncertainty regarding the direction of fiscal policy, while the subsequent recovery indicates a correction in expectations. Nasraoui (2024) explains that uncertainty regarding economic policy can affect market liquidity through investor sentiment. Giosi & Caiffa (2021) add that information about political actors and the public sector can be part of investors' considerations.

The event study approach is used to determine whether an event contains information reflected in changes in stock prices or returns around the event date. In this approach, market reactions are generally observed through abnormal returns (AAR) or cumulative average abnormal returns. MacKinlay (1997) positions the event study as a tool for measuring the impact of economic events on firm value, while Brown & Warner (1985) demonstrate that daily returns can be used to capture short-term market

reactions. Sharda (2022) and Pirgaip & Uz (2025) also use abnormal returns to assess market responses to specific announcements.

Based on these explanations, this study aims to analyze the reaction of banking stocks around the announcement of a change in the Minister of Finance. The analysis focuses on the AAR during the period from $t-5$ to $t+5$. Specifically, this study examines differences in daily AAR within the event window as well as differences in AAR between the periods before and after the announcement. The results of this study are expected to provide empirical evidence regarding the information content related to the replacement of the Minister of Finance for investors in the banking sector.

The remainder of this paper is organized as follows. Section 2 provides a literature review and hypothesis development. Section 3 presents the research method and design. Section 4 provides the results and discussion. Section 5 is Concluding Remarks and Recommendations.

2. Literature Review and Hypothesis Development

2.1 Literature Review

2.1.1 Signal Theory

Signaling Theory explains that information can influence investor decisions if it is viewed as an indicator of certain conditions or prospects. In the capital market, signals originate not only from issuers' internal information but also from government policies, macroeconomic conditions, and political events. Wang (2024) demonstrates that announcements can be interpreted as signals that influence stock market values. Giosi and Caiffa (2021) also state that information regarding political actors and the public sector can influence investors' valuation processes. In this study, the announcement of the Finance Minister's replacement is treated as an external signal received by the market. The Finance Minister plays a role in formulating fiscal policy, managing the national budget, maintaining economic stability, and building market confidence. A change in this position can lead to new interpretations regarding the direction of economic policy. Therefore, Signaling Theory is used to explain the possibility that investors may view such an announcement as a positive signal when it is perceived to reinforce stability, or as a negative signal when it is seen as increasing uncertainty.

2.1.2 Market Reaction

Market reactions reflect changes in investor behavior after new information enters the market. Information can be said to be informative if it causes changes in stock prices, returns, trading volume, or other market indicators. Debata and Mahakud (2017) show that economic policy uncertainty affects stock market liquidity. Wang (2018) states that political risk plays a role in stock price formation, particularly in emerging markets. Ahmed (2017) found that political changes can affect stock prices because investors associate them with economic stability. Banking stocks can be used to gauge market reactions because this sector is closely linked to liquidity, economic stability, fiscal policy, and investor confidence. Repousis (2016) examined banking stocks in the context of political events and demonstrated that event studies can be used to test the market's response to this sector. Musah and Domeher (2024) found that political events can influence investor behavior, while (Mohamad, 2023) noted that general elections and political dynamics are key factors in financial market behavior in

emerging markets. Based on this, the banking sector is well-suited for observing the market's response to a change in the Minister of Finance.

2.1.3 Event study

An event study is an analytical design used to assess the market's response to a specific event. MacKinlay (1997) explains that this method measures the impact of economic events on firm value through changes in security prices around the date of the event. Brown and Warner (1985) demonstrate that daily return data can capture short-term changes. Patell (1976) also demonstrated that the impact of an announcement can be analyzed through changes in stock price behavior during the period surrounding the publication of the information. In capital market research, event studies are widely used to examine the short-term impact of information on stock prices. Sharda (2022) applied this approach to examine the impact of analyst recommendations on abnormal returns. Pirgaip and Uz (2025) used an event study to examine the market's response to acquisition announcements through abnormal returns and cumulative average abnormal returns. Abuzayed, (2013) applied this method to major events of economic significance, while Afego & Alagidede (2023) used it to capture the market's response to political events in Nigeria.

2.1.4 Average Abnormal Return

Abnormal return is the difference between the actual return and the expected return. In event studies, this measure is used to assess whether a particular event elicits an unusual response in stock prices. The AAR is the average abnormal return across all companies in the sample on a given observation day. Through the AAR, the market response can be viewed in aggregate for the group of stocks under study. Brown and Warner (1985) and MacKinlay (1997) identified abnormal returns as the primary measure in testing market reactions. The use of AAR aligns with the research objectives because this analysis not only describes price changes but also tests whether those changes are statistically significant. Corrado (1989) developed a nonparametric approach to test for abnormal returns when the data do not meet the assumptions of a normal distribution. Corrado & Zivney (1992) emphasize that nonparametric tests are important in event studies because they are less dependent on data normality. Kolari & Pynnönen (2010) also highlight the need to account for inter-stock correlations to ensure that event study tests are unbiased. Therefore, AAR is used as a measure of the average reaction of banking stocks to the announcement of a change in the Minister of Finance.

2.2 Hypothesis Development

In an event study, market reactions can be observed through abnormal returns or AAR during the period around the event date. This measure helps assess whether an announcement contains information that can trigger a market reaction. Sharda (2022) used abnormal returns to evaluate the short-term impact of analyst recommendations, while Pirgaip and Uz (2025) utilized an event study to analyze abnormal returns following an acquisition announcement. These findings indicate that abnormal returns and AAR can serve as indicators of market reactions. The announcement of a change in the Minister of Finance constitutes external information that can influence investor decisions. From the perspective of Signaling Theory, an announcement will elicit a response if investors deem the information relevant to market prospects. Wang (2024) explains that announcements can increase stock market value when perceived

as signals. Giosi and Caiffa (2021) demonstrate that information regarding political actors and the public sector can influence investor assessments in the stock market.

Previous research indicates that uncertainty regarding economic policies and political events can affect the stock market. Debata and Mahakud (2017) explain that economic policy uncertainty affects stock market liquidity. Ahmed (2017) found that political changes impact stock prices, while Musah and Domeher (2024) state that political events influence investor behavior. (Ashraf, 2020) also demonstrates that political connections and general elections can influence abnormal returns. Based on these findings, a change in the Minister of Finance has the potential to trigger a market reaction toward banking stocks.

Political events and economic policy uncertainty can also influence investor behavior. Nasraoui (2024) demonstrates that economic policy uncertainty affects market liquidity through investor sentiment. Musah and Domeher (2024) found that presidential elections impact investor herding behavior in African stock markets. Yiadom *et al.*, (2024) show that political changes and general elections are associated with stock market indicators. In the context of emerging markets, Mohamad (2023) emphasizes that elections and political dynamics are key factors in financial market behavior.

Given the role of the Minister of Finance in fiscal policy, economic stability, and market confidence, a change in this position is expected to trigger a response in banking stocks. If this information contains a signal, then the daily AAR during the observation window will not move uniformly.

H1: *There was a difference in the average daily abnormal return on banking stocks around the time of the announcement of the change in the Minister of Finance.*

This study also compares AARs before and after the announcement. The pre-event response may reflect investors' expectations or anticipation, while the post-event response reflects the market's adjustment process once official information becomes available. MacKinlay (1997) explains that an event study measures the impact of an event on firm value through changes in abnormal returns. Brown and Warner (1985) assert that daily returns can be used to capture short-term reactions. If the AAR before and after the announcement differ, then the change in the Minister of Finance can be said to have caused a shift in the market's response.

H2: *There is a difference in the average abnormal returns of banking stocks before and after the announcement of the change in the Minister of Finance.*

3. Research Method

This study was designed using a quantitative, event-study approach. This design was chosen because the research focuses on short-term market reactions surrounding a single event: the announcement of a change in the Minister of Finance. The event study draws on the work of MacKinlay (1997), Brown and Warner (1985), and Corrado (1989), who employ abnormal returns as the primary measure to evaluate the market's response to specific information.

The data analyzed consists of the daily closing prices of bank stocks listed on the Indonesia Stock Exchange (IDX) and data from the Composite Stock Price Index (IHSG). Stock closing prices were used to calculate each issuer's returns, while the IHSG served as the basis for calculating market returns.

The observation period covered trading days surrounding the announcement date, ensuring that the price changes analyzed reflect short-term market reactions.

The selection process resulted in 46 banking issuers listed on the Indonesia Stock Exchange in 2025. One issuer was excluded because its trading was suspended during the observation period. Thus, the final sample consisted of 45 issuers. The observation window covered eleven trading days, namely five days before the announcement, the day of the announcement, and five days after the announcement, or $t-5$ to $t+5$. The total data analyzed amounted to 495 observations, obtained by multiplying the 45 issuers by the 11 observation days.

Table 1. Sample Selection Results

No	Criteria	Does Not Meet the Criteria	Meets the Criteria	Results
1	Banking sector companies listed on the IDX in 2025	-	46	46
2	Issuers that did not have their trading suspended during the observation window	(1)	-	45
	Final sample			45
	Number of observation days			11
	Total observations (issuers $\times$ days)			495

Source: Author's data, 2026

Table 2. Operationalization of Variables

No	Variable	Operational Definition	Formula	Unit
1	Stock Returns	The change in the stock price of Issuer i on day t compared to the previous trading day.	$R_{it} = (P_{it} - P_{it-1}) / P_{it-1}$	Ratio
2	Stock Returns	The change in the IHSG on day t compared to the IHSG on the previous trading day.	$R_{mt} = (IHS_{gt} - IHS_{gt-1}) / IHS_{gt-1}$	Ratio
3	Abnormal Return	The difference between the return on Issuer i 's stock and the market return on day t .	$AR_{it} = R_{it} - R_{mt}$	Ratio
4	Average Abnormal Returns	The average AR for all issuers in the sample over a single observation day.	$AAR_t = \text{sum}(AR_{it}) / n$	Ratio
5	AAR Before the Incident	The average AR of the issuer over the 5 trading days prior to the announcement.	$AARSBLMi = \text{sum} AR_{it}(t=-5 \text{ s.d. } -1) / 5$	Ratio
6	Post-Incident AAR	The average AR of listed companies over the 5 trading days following the announcement.	$AARSSDHi = \text{sum} AR_{it}(t=+1 \text{ s.d. } +5) / 5$	Ratio

Source: Author's data, 2026

The main variables in this study are abnormal returns and AAR. Stock returns represent the daily price changes of each listed company, while market returns are derived from changes in the IHSG. Abnormal returns are calculated as the difference between stock returns and market returns. Furthermore, AAR is used to assess the average response of banking stocks on each observation day. The pre-event AAR is calculated from period $t-5$ to $t-1$, while the post-event AAR is calculated from $t+1$ to $t+5$. Day t_0 is excluded from the pre- and post-event comparisons because it is the date of the announcement of the Minister of Finance's replacement.

Data processing begins by calculating the daily stock returns for each issuer. Next, the market return is calculated based on changes in the IHSG. The abnormal return is obtained by subtracting the market return from the stock return. All abnormal returns are then organized by observation day from $t-5$ to $t+5$ and averaged to produce the daily AAR. The first hypothesis is designed to test whether the

daily AARs of banking stocks differ during the event window. Since the data do not fully satisfy the assumption of normality, the test is conducted using the Friedman test. The Asymp. Sig. value serves as the basis for the decision; a result below 0.05 indicates that the daily AARs do not change significantly during the observation period. If the Friedman test yields a significant result, the analysis proceeds with the Wilcoxon signed-rank test to examine different day pairs. The pairs compared are t-5 with t+5, t-4 with t+4, t-3 with t+3, t-2 with t+2, and t-1 with t+1. A pair of days is considered different if the Asymp. Sig. (2-tailed) value is less than 0.05.

The second hypothesis tests for differences in the AAR before and after the announcement. The normality of the data is checked first to determine which test technique to use. Normally distributed data can be tested using the paired-sample t-test, while non-normally distributed data can be tested using the Wilcoxon signed-rank test. In this study, the significance level is set at 0.05.

4. Results and Discussion

4.1 Analysis Results

4.1 Descriptive Statistics

Table 3. Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
TMIN5	45	-.086650	.256030	-.00991311	.047394412
TMIN4	45	-.068800	.060260	-.00880556	.024071240
TMIN3	45	-.077750	.060060	-.00007556	.023388901
TMIN2	45	-.084410	.069490	-.00980089	.025437532
TMIN1	45	-.031500	.035940	-.00010644	.013678502
TNOL	45	-.068490	.020390	-.01236644	.021067922
TPLUS1	45	-.037590	.095890	.00722200	.027643071
TPLUS2	45	-.022590	.068750	.00481622	.017321421
TPLUS3	45	-.019200	.072130	.01011733	.019247599
TPLUS4	45	-.037950	.113290	.00080578	.028836911
TPLUS5	45	-.035630	.212820	-.00218000	.037609878
AARSBLM	45	-.055340	.025150	-.00574000	.011678821
AARSSDH	45	-.020380	.078430	.00415556	.013596461
Valid N (listwise)	45				

Source: Compiled Data, 2026

Table 3 presents descriptive statistics for 45 banking issuers. In the five days prior to the announcement, the average abnormal return tended to be negative. The mean values at t-5, t-4, t-3, t-2, and t-1 were -0.00991311, -0.00880556, -0.00007556, -0.00980089, and -0.00010644, respectively. These results indicate that prior to the announcement, banking stocks reacted relatively cautiously, although the average changes were not significant.

At t_0 , the average abnormal return was recorded at -0.01236644. This value indicates that the average reaction of banking stocks remained negative on the day of the announcement. This response can be attributed to investor uncertainty regarding the direction of fiscal policy and economic stability following the change in the Minister of Finance.

Following the announcement, the average abnormal return turned positive for several days. The values were 0.00722200 at t+1, 0.00481622 at t+2, 0.01011733 at t+3, and 0.00080578 at t+4. At t+5, the average value returned to negative territory at -0.00218000. This pattern indicates market

adjustment following the receipt of official information, although the post-event reaction had not yet fully stabilized.

Aggregately, the AAR before the event had a mean of -0.00574000, while the AAR after the event had a mean of 0.00415556. This difference in direction indicates that prior to the announcement, the market response tended to be negative, whereas after the announcement, the market response shifted toward positive territory. The highest standard deviation was observed at t-5 at 0.047394412, while the lowest standard deviation was observed in the AARSBLM at 0.011678821. This variation indicates that interbank responses were not entirely uniform during the event window.

4.2 Event study

Table 4. Results of the Normality Test

Data	Sig.	Conclusion
t-5	0.000	Abnormal
t-4	0.024	Abnormal
t-3	0.001	Abnormal
t-2	0.000	Abnormal
t-1	0.925	Normal
t0	0.015	Abnormal
t+1	0.000	Abnormal
t+2	0.000	Abnormal
t+3	0.000	Abnormal
t+4	0.000	Abnormal
t+5	0.000	Abnormal
Before AAR	0.000	Abnormal
After AAR	0.000	Abnormal

Source: Compiled Data, 2026

Table 4 shows that most of the data do not meet the assumption of normality. The significance values for t-5, t-3, t-2, t+1, t+2, t+3, t+4, t+5, AAR before, and AAR after are 0.000. The t-4 period has a significance value of 0.024 and t0 has a value of 0.015. Only t-1 has a value of 0.925, so only that period is normally distributed.

Since the majority of the data is not normally distributed, the test for differences in daily AARs does not use repeated-measures ANOVA. The test used is the Friedman Test because it can test more than two related samples without requiring a normal distribution. After the main results were obtained, the Wilcoxon Signed-Rank Test was used to identify pairs of days that showed differences.

Table 5. Results of the Friedman Test

N	Chi-Square	df	Asymp. Sig.
45	49.341	10	.000

Source: Compiled Data, 2026

The Friedman Test yielded a Chi-Square value of 49.341 with 10 degrees of freedom (df) and an Asymp. Sig. of 0.000. This value is below the 0.05 threshold, so the first hypothesis is supported. This means that the daily AARs of banking stocks differed significantly during the period from t-5 to t+5 around the announcement of the Finance Minister's replacement.

These results indicate that the market's reaction does not follow the same pattern on every observation day. The differences in daily AARs suggest that the announcement of the Finance Minister's replacement contains information that investors interpret differently in the periods before, during, and after the announcement.

Table 6. Results of the Wilcoxon Signed-Rank Test

	Z	Asymp. Sig. (2-tailed)	Conclusion
TPLUS5 - TMIN5	-.638 ^b	.524	There was no significant difference in AAR
TPLUS4 - TMIN4	-1.292 ^b	.196	There was no significant difference in AAR
TPLUS3 - TMIN3	-1.891 ^b	.059	There was no significant difference in AAR
TPLUS2 - TMIN2	-3.115 ^b	.002	There was no significant difference in AAR
TPLUS1 - TMIN1	-1.033 ^b	.302	There was no significant difference in AAR

Source: *Compiled Data, 2026*

Further testing showed that the pairs t+2 and t-2 were the only pairs that differed significantly, with an Asymp. Sig. of 0.002. The pairs t+5 and t-5, t+4 and t-4, t+3 and t-3, and t+1 and t-1 have significance values of 0.524, 0.196, 0.059, and 0.302, respectively. Thus, differences in the AAR do not appear uniformly across all day pairs but are most pronounced on the 2 days before and 2 days after the announcement.

Table 7. Results of the Wilcoxon Signed-Rank Test

	Z	Asymp. Sig. (2-tailed)	Conclusion
AARSSDH - AARSBLM	-3.883 ^b	0.000	There was no significant difference in AAR

Source: *Compiled Data, 2026*

The second hypothesis was tested using the Wilcoxon Signed-Rank Test. The results in Table 7 show a Z-value of -3.883 and an Asymp. Sig. of 0.000. Since the significance level is below 0.05, the AAR before and after the announcement is shown to be significantly different. These results support the second hypothesis.

4.3 Empirical Results and Hypothesis Testing

Descriptively, banking stocks showed pressure before and on the day of the announcement, then moved more positively a few days after the event. The AAR before the announcement was negative, while the AAR after the announcement was positive. This shift in direction indicates that the market did not immediately stabilize on the day of the announcement but adjusted its valuation after the new information was processed.

The results of the Friedman test reinforce this indication, as they revealed significant differences in daily AARs throughout the t-5 to t+5 window. From the perspective of Signal Theory, a change in the Minister of Finance can be understood as a political-economic signal that alters investors' perceptions regarding the direction of fiscal policy, economic stability, and the outlook for the banking sector. Investors not only observe the change in leadership but also weigh the potential policy consequences that may follow.

The paired-days test shows that the strongest difference occurs between t-2 and t+2. This finding indicates a shift in response from a period of anticipation to a period of adjustment following

the announcement. The response at $t+2$ can be attributed to the evolving expectations regarding the direction of the new fiscal policy. One relevant piece of information for banking stocks is the government's plan to inject approximately Rp200 trillion into the banking sector to strengthen liquidity and drive economic growth (Securities, 2025). This information is directly related to banks' ability to maintain liquidity and expand credit disbursement.

In addition to daily reactions, the results of the Wilcoxon Signed Ranks Test indicate that the AAR before and after the announcement differed significantly. This finding confirms that the change in the Minister of Finance not only led to variations in the response on specific days but also altered the direction of the market's response between the periods before and after the event. Thus, both hypotheses in this study receive empirical support.

5. Concluding Remarks and Recommendation

This study concludes that the announcement of a change in the Minister of Finance is public information relevant to banking sector stocks. This event is not only perceived as a change in government officials but also as a political-economic signal that can influence investors' assessments of the direction of fiscal policy, economic stability, and the prospects of the banking industry. Market reactions during the observation period exhibited a dynamic pattern. Before and at the time of the announcement, the market tended to be more cautious. After the announcement, the market began to adjust to the information received. This suggests that investors need time to assess the implications of a change in strategic leadership, particularly in a sector closely linked to economic policy and financial stability.

Theoretically, the research findings support the use of Signal Theory to explain market responses to external events not reflected in a company's fundamental information. Political-economic information can serve as a signal that investors consider in their decision-making. The event study approach has also proven relevant for analyzing market responses through abnormal returns and AAR. The research results indicate that the banking sector is sensitive to information related to national economic policy. A change in the Minister of Finance warrants attention from investors, issuers, and policymakers, as it can influence market expectations and behavior in the short term. The research findings indicate that Signal Theory can be used to explain market reactions to political and economic events. The replacement of the Minister of Finance, as public information, has been shown to elicit a response reflected in abnormal returns and differences in AAR before and after the announcement. These findings reinforce the view that the stock market responds not only to internal corporate information but also to external information related to economic policy, market stability, and changes in key officials. In practical terms, these findings provide guidance for investors to consider political and economic events when making investment decisions. Fundamental analysis of companies remains important, but it must be supplemented by consideration of changes in key officials, the direction of fiscal policy, and market sentiment surrounding such events. This is crucial because the study's results indicate that a change in the Minister of Finance can trigger reactions in banking stocks. For banking issuers, the study's results indicate that this sector is quite sensitive to information regarding economic policy and market stability. Therefore, banks need to maintain clear communication with investors, especially when external events occur that could influence market perceptions. For regulators and policymakers, these findings underscore the importance of open and consistent policy communication to reduce investor uncertainty and maintain market stability.

This study has several limitations. First, the sample only includes banking sector companies listed on the Indonesia Stock Exchange, so the results may not necessarily apply to other sectors. Second, the observation window is relatively short—from $t-5$ to $t+5$ —so this study captures only short-term market reactions around the announcement of the Finance Minister's replacement. Third, the measure of market reaction is limited to abnormal returns and AAR. This study did not include other indicators such as trading volume activity, bid-ask spread, or stock volatility. Fourth, this study did not examine other factors that might influence market response, such as exchange rates, inflation, interest rates, global market conditions, or other information emerging during the observation period. Future research is recommended to expand the scope of study to other sectors to determine whether market responses to the replacement of the Minister of Finance differ across sectors. Future researchers may also use different event windows—whether shorter or longer—to assess whether market reactions occur only in the short term or extend into subsequent periods. Future studies could also incorporate additional market reaction indicators such as trading volume, stock volatility, or the bid-ask spread. The inclusion of these indicators could provide a more comprehensive picture of investor responses to political and economic events. Additionally, macroeconomic variables such as exchange rates, inflation, interest rates, and global market indices could be considered to make the analysis more comprehensive. For investors, the results of this study can serve as a basis for making investment decisions in the banking sector, particularly by taking political and economic dynamics into account.

Statement of Use of Generative AI

During the preparation of this work, the author used generative artificial intelligence tools to support the scientific writing process. Grammarly was used to check grammar, refine writing style, and improve clarity in scientific writing. All interpretations, analyses, and conclusions presented in this study are the sole responsibility of the author.

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