**SUMMARY**

HERMANTO. Analysis on the merger Impact of BEJ and BES to the Stock Trading Liquidity, Performance of Financial Ratio, and factors influencing IHSG. Supervised by HERMANTO SIREGAR, ROY SEMBEL and RITA NURMALINA.

The capital market in Indonesia has been growing to be a financial institution with strategic role in national economic development. Indonesia had ever had two capital markets: BEJ and BES. Moreover, the two capital markets were merged to be BEI or IDX (Indonesia Stock Exchange) in 2008. With the merger, thus, there is only one capital market in Indonesia, i.e. BEI. The merger of BEJ and BES has implication to the management of capital market to stock trading liquidity, financial performance and factors influencing the Indonesia Stock Exchange (IDX) Compose Price Index (IHSG).

From the consideration, the research problem is how the impact of capital market merger to stock trading liquidity performance, financial ratio and factors influencing the Indonesia Stock Exchange (IDX) Compose Price Index. The dissertation research has goal of analyzing and formulating the consequences of the impact of the merger policy.

To know how the merger impact to the capital market, in the analysis the time difference is carried out, i.e. before and after the merger. The condition to be analyzed is the stock trading liquidity, the performance of financial ratios and factors influencing the Indonesia Stock Exchange (IDX) Compose Price Index. The method applied to analyze the stock trading liquidity condition before and after the merger use variance analysis method. The analysis method of BEI’s financial performance uses the financial ratio method, i.e. CR, OIOR, OEOR, NPM, ROE, ROA, TATO AND EPS with the statistic $t$ test to know level of the significance. For the method in analyzing the factors (GDP, gold price, SBI) that influence IHSG, multivariate regression analysis is used with Autoregressive Conditional Heteroscedasticity (ARCH) and General Autoregressive Conditional Heteroscedasticity (GARCH). The coefficient of variation of stock trade volume decreased after the merger. BEI’s financial ratio performance was rising and prospective after the merger. In the ARCH/GARCH model, all independent variables influenced the IHSG significantly either before or after the merger.

Based on the research discussion, the conclusion can be made that (1) Stock trading liquidity variance decreased after the merger, 2). The financial ratio performance rised significantly after the merger, 3). All independent variables have significant influence to the IHSG either before or after the merger.

*Keywords*: ARCH/GARCH, capital market merger, Financial Ratio, IHSG, stock trading liquidity.