

ABSTRACT

Stock market liquidity is an important indicator in assessing capital market efficiency, as it reflects the ease with which a stock can be traded without causing significant price changes. A high level of liquidity indicates an efficient market, enhances investor confidence, and supports the smooth functioning of financial intermediation in the capital market. Differences in liquidity levels across stocks indicate that liquidity is not only influenced by technical trading factors but also by firms' internal characteristics, which reflect the quality of corporate governance, stock risk, profitability, and firm size. Corporate governance is proxied by independent commissioners and institutional ownership, while stock market liquidity is measured using Trading Volume Activity (TVA).

This study uses secondary data obtained from the annual reports and financial statements of financial sector companies listed on the Indonesia Stock Exchange (IDX) during the period 2022 to 2024. The sample was selected using the purposive sampling method, resulting in 87 companies with a total of 221 observations. Data analysis was conducted using multiple linear regression, supported by descriptive statistical analysis, classical assumption tests, partial significance tests (t-test), simultaneous significance tests (F-test), and the coefficient of determination (R^2) to examine the ability of independent variables to explain variations in stock market liquidity.

The results show that institutional ownership has a positive and significant effect on stock market liquidity, while independent commissioners have no significant effect. Stock risk and firm size also do not have a significant effect on stock market liquidity. In addition, profitability proxied by Return on Assets (ROA) has a negative and significant effect on stock market liquidity. This study aims to provide empirical evidence on the influence of corporate governance mechanisms and firms' financial characteristics on stock market liquidity in financial sector companies in Indonesia.

Keywords: stock market liquidity, corporate governance, stock risk, profitability, firm size.