IMPACT OF DIVIDEND POLICY ON SHARE PRICE OF NEPALESE COMMERCIAL BANKS

A Dissertation Submitted to the Office of the Dean, Faculty of Management in partial fulfillment of the requirements for the Master of Business Studies (MBS)

by

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CERTIFICATION OF AUTHORSHIP

I hear by corroborate that I have researched and submitted the final draft of dissertation entitle **Impact of Dividend Policy on Share Price of Nepalese Commercial Banks.** The work of this dissertation has not been submitted previously for the propose of conferral of any degrees nor it has been proposed and presented as part of requirement for any other academic propose.

The assistance and cooperation that I have received during this research work has been acknowledgement. In additional, I declare that all information sources and literature used are cited in the reference section of the dissertation.

Matrika Bhattarai

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May , 2024

REPORT OF RESEARCH COMMITTEE

Mr. Matrika Bhattarai has defended research proposal entitled **Impact of Dividend Policy on Share Price of Nepalese Commercial Banks** successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per suggestion and guidance of supervisor Prof. Dr. Keshav Raj Joshi and submit the thesis for evaluation and viva voce examination.

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We have examined the dissertation entitled **Impact of Dividend Policy on Share Price of Nepalese Commercial Banks** presented by Mr. Matrika Bhattarai for the degree of **Master of Business Studies.** We hereby certify that the dissertation is acceptable for the award of degree.

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Abbreviations

A.D	Anno Domini
ANOVA	Analysis of Variance
ATM	Automated Teller Machine
CPI	Consumer Price Index
CZBIL	Citizen Bank International Limited
DPR	Dividend Payout ratio
DR	Default Rate
DY	Dividend yield
e.g.	Example Gratia", For Example
EPS	Earning Per Share
et al.	Et Alia
FY	Fiscal Year
Etc.	Et Cetera
i.e.	That is to Say
INF	Inflation
IPO	Initial Public Offering
IR	Interest Rate
LEV	Leverage
Ltd	Limited
MS	Microsoft
NEPSE	Nepal Stock Exchange
NBL	Nepal Bank Limited

NIBL	Nepal Investment Bank Limited
No.	Number
NRB	Nepal Rasta Bank
PE	Profit Earning Ratio
R	Regression
Rs.	Rupees
SD	Standard Deviation
Sig	Significant
Size	Bank Size
S. No	Serial Number
SPSS	Statistical Programme for Social Science
T.U	Tribhuvan University

Abstracts

This study investigates the impact of dividend policy on share price and stock return in Nepalese commercial banks over fiscal years 2013/14 to 2022/23. Data sourced from Nepal Rastra Bank, annual reports of insurance companies, and published articles are analyzed using financial and statistical tools. A descriptive and causal comparative research design is employed, utilizing correlation and multiple regression models to examine relationships and assess significance. The preliminary findings suggest that both internal (e.g., profitability ratios, solvency ratios, dividend policies) and external factors (e.g., international market conditions) significantly influence stock price volatility. Key drivers identified include earnings per share, dividend per share, dividend payout ratio, bank size, leverage, and market price per share. This research underscores the importance of dividend policies in shaping stock price dynamics within the Nepalese banking sector.

Key words: Earning Per Share, Dividend Per Share, Dividend Payout Ratio, Bank Size , Leverage, Market Price Per Share

CHAPTER-I

INTRODUCTION

1.1 Background of the study

The dividend policy remains a subject of ongoing debate and extensive research within corporate finance, drawing attention from managers, policymakers, and scholars due to its perceived impact on stock prices. Dividends, representing a portion of retained earnings distributed to shareholders, stand as a fundamental aspect of a company's financial strategy. The discretion to pay dividends lies with the company's board of directors, shaping the dividend policy (Rahman, 2018). Across industries, specific dividend models or policies are adhered to, serving as indicators of a firm's financial performance.

Typically, an increase in dividend payments is interpreted positively, signaling optimistic future earnings prospects, while a decrease may indicate a less favorable outlook, potentially impacting share prices (Vijayakumar, 2010; Sattar, 2017). However, the payment of dividends also incurs dividend distribution taxes, increasing costs and diminishing funds available for future investments. Consequently, dividend policy plays a pivotal role in determining how earnings are allocated between shareholder payouts and reinvestment in the firm. Dividend policy encompasses the company's strategy regarding retaining earnings for reinvestment in new projects (Gautama, 2017), making it a critical consideration for investors, managers, lenders, and other stakeholders. Dividend payments signal to investors the company's commitment to good corporate governance practices (Memon et al., 2017), reflecting its ability to generate cash. Moreover, dividend payouts on shares serve as vital performance indicators for banks, attracting investors.

However, fluctuating dividend policies among commercial banks in Nepal pose challenges for investors in forecasting future cash flows from dividends (Baral and Pradhan, 2018). This study aims to delve into these dynamics, exploring the relationship between dividend policy and stock prices within the context of Nepalese commercial

banks. By scrutinizing these factors, the research seeks to provide valuable insights into the implications of dividend decisions on shareholder value and market dynamics.

Determining an effective dividend policy is a complex task, often shrouded in ambiguity and subject to extensive discussion within corporate finance (Shammout, 2020). Investors rely on information regarding Bank Size (SIZE) and dividend payout ratio (DPO) to conduct thorough analyses of a firm's financial performance. Bank Size (SIZE) holds significant sway over a company's future earnings growth (Almanaseer, 2019), rendering it a pivotal factor for investment decision-making.

Moreover, dividend policy can exert influence on share price volatility, although its impact on dividend yield may be less pronounced for growth-oriented companies that prioritize reinvestment of earnings into expansion opportunities, thereby fostering capital gains for shareholders (Darami et al., 2022).

The Nepal Stock Exchange (NEPSE), established under the Companies Act-2006 and operating pursuant to the Securities Act-2007, aims to bolster the marketability and liquidity of government and corporate securities. NEPSE facilitates trading through member intermediaries such as brokers and market makers, commencing operations on January 13, 1994, with 51 member brokers and 63 branches across 21 cities in Nepal, adhering to the Securities Act-2007 rules and bye-laws.

Al-Hasan et al. (2013) highlight the contentious nature of the impact of dividend policy on market share prices, a subject extensively explored in finance literature from various perspectives. Their study delves into the effect of dividend policy on market share prices within the context of Bangladesh, employing secondary data analysis, descriptive statistics, correlation, and multiple regression models.

In Nepal's context, numerous public enterprises operate at a loss, posing challenges in distributing dividends as they prioritize loss minimization. However, the emergence of joint ventures has introduced a trend of dividend distribution among select companies. This trend not only attracts investors but also encourages management to adopt more deliberate dividend payment policies. By scrutinizing the intricate interplay between dividend policy and stock prices, particularly within the distinctive landscape of Nepalese commercial banks, this study aims to illuminate broader implications for shareholder

value and market dynamics. Through rigorous analysis and examination, it seeks to provide valuable insights that can inform investment strategies and contribute to a deeper understanding of the Nepalese financial landscape.

Introduction of selected commercial banks

Nepal Bank Limited

Nepal Bank Limited (NBL) holds a venerable position in Nepal's banking history, symbolizing the formal genesis of the country's banking infrastructure. Established on Kartik 30, 1994 (November 15, 1937 A.D.) under the Nepal Bank Act 1937, NBL is revered as the pioneer of banking institutions in Nepal. Its establishment marked a pivotal moment in the nation's financial landscape, boasting an authorized capital of Rs.10 million, an issued capital of Rs.2.5 million, and a paid-up capital of Rs.0.842 million. Initially, the government retained 60% ownership of shares, while the private sector held the remaining 40%.

The inauguration of Nepal Bank Limited by King Tribhuvan, guided by the visionary leadership of Prime Minister Juddha Shumsher Jung Bahadur Rana, aimed to formalize banking practices within Nepal. Prior to NBL's establishment, monetary transactions predominantly occurred through private dealers and trading centers, fostering skepticism toward formal banking systems. This skepticism was evident in the under-subscription of shares, with only Rs.0.842 million raised out of the floated capital of Rs.2.5 million. Additionally, deposit mobilization faced hurdles in the nascent banking environment, as people were unfamiliar and lacked confidence in formal banking institutions. The absence of a structured banking institution in Nepal significantly impeded the country's economic advancement. Recognizing this void, NBL embarked on a mission to offer essential banking services to the populace, aiming to mitigate financial inconveniences and stimulate economic growth. As time progressed, this objective evolved as NBL adapted to technological advancements, changes in national economic policies, shifting customer preferences, increased market competition, and global financial dynamics.

Through its steadfast commitment to serving the nation's financial needs, Nepal Bank Limited has not only withstood the test of time but also played a pivotal role in shaping Nepal's modern banking landscape.

NABIL Bank Limited

Established in 1984 as Nepal Arab Bank Ltd, Nabil Bank has emerged as a cornerstone of Nepal's banking industry. Initially founded with foreign investment, the bank underwent a transformative shift in ownership in 1995 when Binod Chaudhary, Nepal's esteemed billionaire businessman, acquired the majority share. Since then, under Nepali ownership, the bank has witnessed significant growth and evolution, with its headquarters situated in Durbar Marg, Kathmandu.

Committed to providing modern and internationally recognized financial services, Nabil Bank has diligently expanded its operational footprint. Currently, the bank boasts a widespread network comprising 248 branch offices, 271 ATMs, various POS terminals, and numerous remittance agents spanning the nation. Moreover, the establishment of over 200 international correspondent banking relationships enables seamless global financial transactions, reinforcing Nabil Bank's position as a global player in the banking arena. In a strategic move to diversify its service offerings, Nabil Bank ventured into investment banking through its subsidiary, Nabil Investment Banking Ltd. This strategic expansion into investment banking underscores the bank's commitment to delivering a comprehensive suite of financial services catering to the diverse needs of both retail and corporate clientele. Further fortifying its market presence, Nabil Bank made a significant stride in July 2022 by acquiring Nepal Bangladesh Bank, a move that not only extended its geographical reach but also broadened its customer base.

In December 2022, Nabil Bank introduced nBank, a pioneering neo banking service functioning as a virtual branch. This innovative offering exemplifies the bank's dedication to embracing digital transformation and elevating the customer experience to unprecedented levels. its strategic initiatives, relentless commitment to innovation, and unwavering focus on customer satisfaction, Nabil Bank continues to shape the trajectory of Nepal's banking sector, setting benchmarks for excellence and innovation in the industry.

Nepal Investment Mega Bank Limited

Originally established in 1986 as Nepal Indosuez Bank Ltd., Nepal Investment Bank Limited (NIBL) emerged from a joint venture between Nepalese and French partners.

With the French partner, Crédit Agricole Indosuez, holding 50% of the capital, NIBL benefitted from the fusion of international banking expertise and local knowledge, laying a robust foundation for its operations.

In 2002, a significant transformation occurred as a consortium of Nepalese entities, including bankers, professionals, industrialists, and businessmen, acquired the 50% shareholding of Crédit Agricole Indosuez in Nepal Indosuez Bank Ltd. This pivotal change in ownership led to the renaming of the bank as Nepal Investment Bank Ltd. (NIBL). Over the subsequent 36 years, NIBL firmly entrenched itself as a prominent player in Nepal's banking sector, leveraging its expertise and service excellence to garner a loyal customer base. A new chapter unfolded in response to Nepal Rastra Bank's (NRB) policy aimed at consolidating commercial banks to enhance financial stability and efficiency. In alignment with this directive, Nepal Investment Bank Ltd. and Mega Bank Nepal Ltd. entered into a Memorandum of Understanding (MoU) on June 10, 2022, signaling their intent to merge. Mega Bank Nepal Ltd., operational since July 23, 2010, had amassed 12 years of experience in the banking sector and boasted a substantial paid-up capital of NPR 16.12 billion, solidifying its position in the market. The merger of these two formidable institutions marked a significant milestone in the Nepalese banking industry, consolidating their strengths and resources to create a formidable entity. On January 11, 2023, the unified entity commenced joint operations under the moniker Nepal Investment Mega Bank Ltd. (NIMB), poised to deliver enhanced banking services and a broader spectrum of financial products to its valued customers.

This strategic amalgamation, Nepal Investment Mega Bank Limited aims to harness synergies, capitalize on market opportunities, and uphold its commitment to excellence in banking services, thereby reaffirming its position as a trusted financial partner in Nepal's evolving economic landscape.

Citizen Bank International Limited

Citizen Bank International Limited stands as a beacon of excellence in Nepal's commercial banking landscape, boasting a management team comprised entirely of Nepalese professionals and ownership distributed among the general public.

Commencing operations on June 21, 2007, the bank swiftly carved out a prominent niche within the financial sector, leveraging its unwavering commitment to service excellence.

With a network comprising 190 branches spanning across Nepal, Citizen Bank International Limited has cultivated a widespread presence, ensuring accessibility and convenience for its diverse clientele. Notably, the bank introduced Branchless Banking services on Jestha 30, 2069, with its inaugural service launch at Matiyani in the Mahottari District, further enhancing its reach and inclusivity.

Through strategic acquisitions, including those of Nepal Housing & Merchant Finance Ltd. and Peoples Finance Ltd., Citizen Bank has reinforced its market position and diversified its service portfolio. Approved by the Nepal Rastra Bank (NRB) on December 26, 2071, these acquisitions facilitated joint operations commencing on May 8, 2015, amplifying the bank's capabilities and augmenting its offerings. Amidst the dynamic evolution of Nepal's financial landscape over the past two decades, Citizen Bank International Ltd. has emerged as a pivotal contributor to the country's economic growth and development. Aligning with the principles of Liberalization, Privatization, and Globalization, the bank has adapted to transformative changes, positioning itself as a stalwart in the modern banking arena. Strategically located at Narayanhiti Path, Kathmandu, within the heart of Nepal's financial hub, Citizen Bank International Limited enjoys the backing of prominent personalities, esteemed business and industrial houses, and individuals of high social repute. Managed by a seasoned team of bankers and professionals, the bank remains steadfast in its pursuit of service excellence, driven by a vision to be recognized as the leading financial institution in the region.

Through its unwavering dedication to customer-centric values, innovative solutions, and community engagement, Citizen Bank International Limited continues to shape the trajectory of Nepal's financial sector, empowering individuals and businesses alike to thrive in an ever-evolving economic landscape.

NIC Asia Bank Limited

NIC Asia Bank Limited stands as a premier provider of comprehensive banking services in Nepal, offering a diverse range of solutions encompassing retail banking, corporate banking, and international banking. With a robust suite of offerings including various

deposit accounts, loans and advances, trade finance facilities, remittance services, and other financial products, the bank caters to the multifaceted needs of its esteemed clientele.

Tailored to meet the financial requirements of individuals, businesses, and international clients, NIC Asia Bank's diverse portfolio ensures a wide spectrum of financial solutions. The bank's expansive network of branches and ATMs strategically positioned across Nepal underscores its commitment to accessibility, ensuring seamless access to its services nationwide. This widespread branch network not only facilitates convenient banking for customers but also fosters stronger community ties and support. Embracing technological innovation as a cornerstone of its operational ethos, NIC Asia Bank has exhibited a steadfast commitment to integrating technology into its banking operations. Through robust online banking platforms, intuitive mobile banking applications, and other digital channels, the bank enhances customer convenience and operational efficiency. By embracing digital transformation, NIC Asia Bank empowers customers to manage their finances securely and seamlessly, transcending physical boundaries. As with any financial institution, NIC Asia Bank's financial performance is subject to market dynamics, regulatory requirements, and economic variables. Investors and stakeholders keenly analyze the bank's financial reports to glean insights into its overall health and performance. NIC Asia Bank's ability to navigate these factors adeptly is pivotal in sustaining its financial stability and fostering continued growth, reaffirming its position as a trailblazer in Nepal's banking landscape.

NIC Asia Bank's unwavering commitment to customer-centric values, technological innovation, and financial prudence underscores its status as a trusted financial partner. Through its pioneering initiatives and steadfast dedication to excellence, the bank continues to pave the way for a more inclusive and digitally-driven banking ecosystem in Nepal.

1.2 Problem statement

The discourse surrounding corporate dividend policy has been a focal point of financial literature for decades, originating from seminal works like Modigliani and Miller's (1961) groundbreaking research. Despite the extensive scholarly attention devoted to this topic,

dividend policies remain enigmatic and contentious within the financial community, underscoring their fundamental importance and complex nature in managerial finance. The intricate relationship between dividend policy and a company's market value of shares remains a subject of ongoing debate, with divergent perspectives and inconclusive findings (Subedi, 2022). Dividend policy serves as a critical determinant affecting share prices and significantly influences shareholder investment decisions. It revolves around making pivotal financial choices concerning the allocation of a company's earnings between dividend distributions to shareholders and retained earnings for reinvestment (Rahman, 2018). Achieving an optimal balance between dividend payouts and retained earnings is paramount for firms, necessitating careful consideration of both shareholder and creditor interests (Shao, 2013; Byrne and O'Connor, 2012).

Studies, such as Gautam's (2017) examination of Nepalese commercial banks, underscore the profound impact of dividend policies on shareholder wealth and share price volatility. However, most existing research treats dividend payouts as a proxy for dividend policy, overlooking the nuanced causality between dividend policies and bank performance (Dhakal, 2018).

This study endeavors to delve deeper into the intricate relationship between dividend policies (including payout and retention) and the financial performance of banks in Nepal. By unraveling this relationship, the research aims to provide valuable insights for financial managers, policymakers, and investors, empowering them to optimize financial strategies, enhance shareholder value, and foster sustainable growth within financial institutions.

i. What dividend practices are adopted by the sampled banks?

ii. Is there an association between Earnings Per Share (EPS), Dividend Per Share (DPS), Dividend Payout Ratio (DPR), Bank Size, Leverage, and Market Price Per Share (MPS)?

iii. What is the effect of individual variables (EPS, DPS, DPR, Bank Size, Leverage) on Market Price Per Share, and what factors influence dividend decisions and the valuation of Market Price Per Share in selected banks?

1.3 Objectives of the study

The overarching goal of this study is to provide comprehensive insights into the impact of dividend policy on market share prices among selected banks, aiming to elucidate how dividend policies contribute to share valuation within the context of these financial institutions. To achieve this, the study delineates specific objectives as follows:

i. To assess the dividend practices adopted by the sample banks. This entails examining the dividend distribution strategies employed by these banks, including the frequency, magnitude, and consistency of dividend payments.

ii. To analyze the relationships between various financial metrics, including Earnings Per Share (EPS), Dividend Per Share (DPS), Dividend Payout Ratio (DPR), Bank Size, Leverage, and Market Price Per Share (MPS).

iii. To analyze the influence of variables, such as Earnings Per Share, Dividend Per Share, Dividend Payout Ratio, Bank Size, and Leverage, on Market Price Per Share.

1.4 Rationale of the study

The rationale driving this study stems from the burgeoning interest among investors in navigating stock market opportunities to optimize returns and foster wealth accumulation. In this dynamic investment landscape, a company's dividend policy emerges as a pivotal factor, serving as a linchpin for attracting new investors, satisfying existing shareholders, and fostering sustained goodwill within the market. When a company floats shares in the capital market, it invariably garners substantial attention from investors seeking to secure ownership stakes and capitalize on potential returns.

Returns in the capital market manifest through dividends and capital gains, with dividends assuming a particularly salient role in common stock investments. The announcement of dividends not only acts as a mechanism for wealth distribution but also serves to mitigate information asymmetry between management and shareholders. Shareholders commonly perceive dividends as less volatile and inherently less risky compared to capital gains, with fluctuations in dividend payments often signaling underlying shifts in a company's intrinsic value. Consequently, dividend policy emerges

as a potent influencer of share prices, exerting a profound impact on investor sentiment and market dynamics.

At its core, the primary objective of this study is to delve into the intricate nexus between a company's dividend policy and its market share price, as well as its overarching firm value. Through a meticulous examination of pertinent literature and empirical analysis, this research endeavors to unearth invaluable insights that can inform future studies in managerial finance, particularly within the domain of dividend policy.

1.5 Limitations of the study

While this study endeavors to unravel the intricate dynamics of dividend policy and its implications on market share prices, it acknowledges several limitations that could potentially impact the breadth and depth of its findings. Recognizing the inherent constraints is crucial for contextualizing the study's scope and interpreting its outcomes effectively. The following limitations are duly noted:

i. The study's focus on a limited number of corporations, specifically five commercial banks listed on the NEPSE, may restrict the generalizability of its conclusions.

ii. The study operates under the assumption of the accuracy and reliability of financial statements, including balance sheets, profit and loss accounts, and accompanying notes.

iii. Sole reliance on secondary data spanning a ten-year period (FY 2013/14 to FY 2022/23) may introduce limitations in capturing recent developments or changes within the banking sector.

iv. The limited sample size, comprising five commercial banks, may not adequately represent the broader market or account for sector-specific variations. As such, the study's findings may be subject to biases inherent in the selected sample, potentially limiting their applicability to the entire banking industry.

v. The study's exclusion of a normality test and reliance on a limited set of statistical tools, such as correlation, regression, and ANOVA, may constrain the depth of analysis and interpretation of results.

CHAPTER-II

LITERATURE REVIEW

2.1 Introduction

The present study delves into the intricate nexus between a firm's dividend policy and the market price of its common stock, a focal point that has captivated the attention of financial scholars and practitioners alike. In navigating this terrain, the study embarks on an exhaustive journey through the annals of financial literature, meticulously examining various dividend policies, elucidating factors that influence share prices, and scrutinizing the nuanced relationship between dividend policies and stock prices.

Acknowledging the multifaceted nature of stock price determination, the study recognizes that dividends constitute but one piece of the puzzle. Beyond dividend policy, myriad factors such as market dynamics, prevailing economic conditions, industry-specific trends, and the mercurial sentiments of investors collectively converge to shape stock prices. Moreover, the dichotomy between the perceived certainty of dividends and the inherent uncertainty surrounding capital gains, compounded by disparate tax treatments, further intricately weaves into the fabric of the dividend policy-stock price nexus.

Drawing insights from a plethora of studies conducted worldwide, particularly in developed economies, a pervasive consensus emerges: dividend policy exerts a profound influence on stock prices. Thus, the imperative for corporate entities to meticulously craft and adeptly implement judicious dividend policies looms large, as they endeavor to optimize shareholder value and bolster investor confidence.

In the wake of such revelations, this study embarks on a noble quest to augment the existing reservoir of knowledge by unraveling the intricate relationship between dividend policy and stock prices. Through meticulous analysis and discerning inquiry, the study aspires to furnish invaluable insights that empower firms to make informed decisions, thereby fostering the augmentation of shareholder wealth and fortifying the bedrock of financial prudence.

2.2 Theoretical review

DeAngelo and DeAngelo (2007) and Miller (1961) are seminal figures in the realm of dividend policy, particularly renowned for their exposition on dividend irrelevance. At the heart of their proposition lies the contention that dividend policy's impact on shareholder wealth is contingent upon certain underlying assumptions. They posit that in scenarios where dividends distributed to shareholders align with or exceed the free cash flow generated by a firm's fixed investment policy, the relevance of dividend policy becomes pronounced. Conversely, in instances where retention is permissible, dividend policy assumes significance as it influences the allocation of retained earnings.

Miller and Modigliani (M&M) further expound upon this notion, asserting that under optimal investment policies, a firm's choice of dividend policy bears no consequence on shareholder wealth. In essence, they propose the equivalence of all dividend policies, positing that the firm's value remains unaltered irrespective of its dividend distribution strategy.

Central to the theoretical underpinnings of dividend irrelevance are a series of assumptions that delineate the conditions under which dividend policy becomes inconsequential. These assumptions include the existence of perfect capital markets characterized by rational investors with unfettered access to information, frictionless transactions, and securities immune to market manipulation. Additionally, the absence of flotation costs, a tax-free environment, and perfect certainty regarding future investments and profits further underpin the theoretical framework.

While the analysis primarily operates within the confines of 100% equity financing, it can be extended to encompass debt financing, affording management greater latitude in financing dividends through a combination of debt and equity issuance. However, this extension does not fundamentally alter the premise of dividend irrelevance articulated by Miller and Modigliani. Instead, it underscores the critical insight gleaned from their analysis—that dividend policy's impact on firm value is contingent upon specific circumstances.

Ultimately, Miller and Modigliani's theory serves as a cornerstone in understanding the nuanced interplay between dividend policy and firm valuation, elucidating the conditions

under which dividend policy assumes relevance or irrelevance in shaping shareholder wealth.

Agency costs theory

In the realm of corporate finance, agency costs emerge as a critical concept, delineating the internal expenses incurred due to the actions of agents acting on behalf of principals. These costs often stem from inherent inefficiencies, dissensions, and disruptions within an organization, most notably conflicts of interest between shareholders and management. At its core, the agency costs theory posits that firms with highly profitable assets tend to allocate a significant portion of their earnings towards debt payments. This strategic maneuver serves to bolster their credit ratings, thereby enhancing their debt capacity.

Traditionally, analyses of corporate dividend policy have operated under the assumption of a homogenous firm with management's primary objective being the maximization of overall firm value. However, the agency cost approach deviates from this conventional perspective by explicitly recognizing firms as conglomerates of individuals with divergent interests and self-serving motives. Within the framework of agency theory, these inherent behavioral implications incentivize individuals to prioritize their personal utility over the maximization of the firm's wealth.

Under the lens of agency theory, the distribution of dividends assumes a crucial role in information transmission and the mitigation of agency conflicts. By restricting managers' unfettered access to free cash flow and subjecting firms to scrutiny and monitoring by market participants during capital-raising endeavors, dividend distribution serves as a mechanism to curtail agency costs. The resultant reduction in agency costs and the enhancement of information dissemination consequently contribute to lowering the cost of funds. This, in turn, fosters investment at a more competitive cost of capital, ultimately augmenting firm value.

Jenson (1978) delineates that agency problems in corporations primarily emanate from external debt and equity. Thus, agency theory serves as the bedrock for understanding the intricate dynamics between principals and agents within corporate structures, shedding

light on the mechanisms employed to mitigate agency costs and align the interests of shareholders and management.

Tax-preference theory

The tax-preference theory delves into the intricate dynamics between corporate dividend payments and the differential tax treatments levied on institutional investors and retail investors. Firms that opt to distribute dividends tend to attract a higher proportion of institutional investors, who possess a comparative advantage in discerning high-quality firms and ensuring effective management. This theory finds support in various empirical regularities, including the presence and persistence of dividend payments.

Notably, the tax-preference theory offers novel empirical implications, including the prediction that dividend payments are contingent upon the tax disparity between institutional and retail investors, rather than absolute tax obligations. Niraula (2021) elaborates on why certain firms exhibit a preference for dividends over share repurchases. In scenarios where institutional investors face relatively lower tax burdens compared to individual investors, dividends evoke an "ownership clientele" effect, leading to a propensity among institutional investors to gravitate towards dividend-paying firms.

At its core, the tax-preference theory sheds light on how taxation influences corporate dividend policy decisions, delineating the interplay between tax differentials and investor preferences. By elucidating the mechanisms driving dividend payments, this theory offers valuable insights into the strategic choices made by firms to optimize their shareholder base and enhance shareholder value.

Signaling theory

The signaling theory posits that dividend payments serve as a means of conveying valuable information regarding a firm's future earnings potential. This theory holds a significant position across various management disciplines, including strategic management, entrepreneurship, and human resource management. According to Connelly et al. (2011), signaling theory elucidates behavioral dynamics when two parties, possessing disparate information, engage in communication. In this framework, the sender, often the firm, must decide whether and how to communicate pertinent

information, while the receiver, typically investors, must interpret these signals effectively.

BliegeBird et al. (2005) further elaborate on signaling theory, highlighting its role in integrating symbolic communication with materialist theories of strategic action and adaptation. Their synthesis underscores the utility of signaling theory in explaining how firms strategically communicate with stakeholders, including investors, to shape perceptions and influence behavior. Moreover, they advocate for the exploration of nuanced variations and complex formulations of signaling theory, encouraging scholars to harness its potential in novel ways. Dividend changes serve as potent messages to investors, providing insights into a firm's anticipated cash flows and future financial health. By examining dividend policies through the lens of signaling theory, researchers can unravel the intricate mechanisms by which firms communicate their prospects and manage stakeholders' expectations. This deeper understanding facilitates informed investment decisions and enhances stakeholders' ability to interpret corporate actions within the broader context of a firm's strategic intent and performance outlook.

Transaction cost theory

Transaction cost theory posits that the payment of low or no dividends by companies presents shareholders with a dilemma: whether to sell their stock to meet financial needs or hold onto it in anticipation of future dividend payouts. When shareholders opt to sell their stocks, they incur transaction costs, making the selling process more expensive. As a result, the income generated from capital gains may not fully compensate for the lack of dividend income. Consequently, shareholders may prefer higher dividend payouts to mitigate the transaction costs associated with capital gains (Islam et al., 2022).

Since the seminal work of Williamson's "Markets and Hierarchies," numerous empirical studies have delved into the principles of transaction cost theory. These investigations have utilized meta-analytic techniques to systematically synthesize and assess empirical research centered on organizational boundary decisions, such as whether to make, buy, or ally.

By applying transaction cost theory to dividend policy, researchers gain insights into the factors influencing shareholder behavior and corporate financial decisions.

Understanding the implications of transaction costs on shareholder transactions enhances our comprehension of dividend policy dynamics and their impact on investor preferences and market behavior. This theoretical framework provides a lens through which to analyze the interplay between transaction costs, dividend policies, and shareholder value, contributing to a more nuanced understanding of corporate finance principles.

Behavioral models of dividend policy

Behavioral models of dividend policy shed light on the nuanced decision-making processes within corporate management regarding dividend payouts. According to Islam and Adnan (2018), most companies adhere to somewhat flexible yet well-defined standards regarding the pace at which they adjust dividend payouts in response to earnings fluctuations. Managers primarily focus on altering the existing rate of dividend payout rather than fixating on the specific amount of the new payout. Additionally, management generally aims to avoid making changes to dividend rates that may need to be reversed within a short timeframe, except under extraordinary circumstances, as noted by Gyawali (2022). Consequently, dividend adjustments tend to be smoothed over time and are closely linked to sustainable long-term changes in profitability.

Managers often opt for stock repurchases when they perceive their stock price to be undervalued, with a keen awareness of the impact of repurchases on earnings per share (EPS). However, these observations do not fully elucidate why corporations choose to pay dividends initially, as highlighted by Crane et al. (2016).

By examining managerial behaviors and attitudes toward dividend policy, behavioral models offer valuable insights into the underlying motivations and considerations driving dividend-related decisions. Understanding the behavioral aspects of dividend policy enhances our comprehension of managerial strategies, market dynamics, and shareholder preferences, contributing to a more comprehensive understanding of corporate financial practices.

Residual theory of dividend

The residual theory of dividend advocates for a passive approach to dividend policy, proposing that dividends should be treated as a residual amount remaining after all viable

investment opportunities have been pursued. In essence, dividend payments are contingent upon the firm's investment policy, with dividends disbursed only after all acceptable investments have been adequately financed. This theory suggests that a firm's earnings should primarily be allocated to fund investment opportunities with favorable returns. If there are earnings remaining after financing these investments, they are then distributed to shareholders as dividends. However, if earnings are insufficient to cover investment opportunities, dividends may not be issued.

The dividend policy under the residual theory hinges on two key factors: the availability of internally generated funds, particularly retained earnings, and the company's investment opportunities. As noted by Van Horne (2006), dividend policy is characterized as entirely passive, with dividends being paid only if surplus funds are available after all investment needs have been met.

By adopting a residual approach to dividend policy, firms prioritize investment in projects that offer the highest potential returns, ensuring efficient allocation of resources. This strategy allows firms to maintain flexibility in managing their financial resources while also satisfying the expectations of shareholders through dividend distributions when feasible. The residual theory of dividend underscores the importance of aligning dividend decisions with investment priorities to optimize shareholder value and enhance overall financial performance.

Stability of dividend

The stability of dividends plays a crucial role in reducing price volatility and mitigating agency conflicts within publicly listed firms. To achieve this stability, regression models are often employed to determine key parameters such as the speed of adjustment and the target payout ratio. By establishing predictable patterns of dividend payments, managers aim to minimize uncertainty and prevent unnecessary fluctuations in stock prices.

One of the primary motivations for pursuing dividend stability is to address agency-principal conflicts. Unpredictable dividend payouts can exacerbate price volatility, leading to dissatisfaction among shareholders and potentially damaging the firm's reputation in the market. To avoid such outcomes, managers strive to maintain a

consistent growth path for dividend payments, thereby enhancing investor confidence and trust.

When a company experiences an increase in earnings, it typically adjusts its dividends only if it believes that the higher earnings level is sustainable. This cautious approach helps prevent over commitment to dividend payments that may not be sustainable in the long term, thereby promoting financial prudence and stability.

The concept of dividend smoothing, synonymous with stability, is often attributed to agency issues and information asymmetry. By smoothing dividends, firms aim to convey a sense of reliability and consistency to investors, signaling their commitment to long-term value creation and financial stability.

Dividend stability can manifest in various forms, including:

a) Constant dividend per share

In the constant dividend per share policy, company management establishes a fixed cash dividend amount per share to be distributed to shareholders at regular intervals. This fixed dividend remains unchanged over time, regardless of fluctuations in the company's earnings. Essentially, it translates to a consistent rate of change in dividend payments over successive periods.

Under this policy, shareholders can expect to receive the same dividend amount year after year, providing them with a reliable and predictable source of income. Even if the company's earnings vary from one period to another, the dividend per share remains constant, offering stability and certainty to investors.

The decision to adopt a constant dividend per share policy is often motivated by the desire to reduce uncertainty for shareholders, particularly those who rely on dividends as their primary source of income. By maintaining a fixed dividend amount, management aims to alleviate concerns about potential fluctuations in dividend payments, thereby fostering investor confidence and trust in the company.

One key feature of this policy is its responsiveness to changes in the company's earnings trajectory. As the firm achieves new levels of earnings and demonstrates the sustainability of these earnings, management may opt to increase the dividend per share

over time. This upward adjustment reflects the company's commitment to sharing its success with shareholders and aligning dividend payments with long-term earnings growth.

Investors who prioritize income stability and predictability often favor the constant dividend per share policy. By providing a consistent stream of dividends, this policy offers reassurance to shareholders and enhances the attractiveness of the company's stock as an investment option.

Overall, the constant dividend per share policy serves as a strategic tool for management to effectively manage shareholder expectations, promote investor confidence, and support the long-term financial health and stability of the company.

b) Constant payout ratio

Constant payout ratio represents a stable dividend policy adopted by certain companies to provide consistency in dividend distributions to shareholders. The payout ratio refers to the proportion of earnings allocated for dividend payments, expressed as a percentage of net earnings. Under the constant payout ratio policy, a firm commits to paying out a fixed percentage of its net earnings as dividends to shareholders.

In essence, this policy ensures that the company maintains a steady dividend payout ratio over time, regardless of fluctuations in its earnings. For example, if a company sets its payout ratio at 50%, it will distribute 50% of its net earnings as dividends to shareholders every period, irrespective of variations in profitability.

One of the primary advantages of the constant payout ratio policy is its simplicity and predictability. By adhering to a fixed percentage of earnings allocated for dividends, the company streamlines its dividend decision-making process and provides shareholders with a consistent income stream. This consistency enhances investor confidence and fosters long-term relationships with shareholders.

Moreover, the constant payout ratio policy serves as a safeguard against both overpayment and underpayment of dividends. By tying dividend payments directly to earnings, the company ensures that dividends are distributed only when profits are earned, thus avoiding the risk of paying out dividends during periods of financial loss.

Additionally, this policy aligns dividend distributions with the company's financial performance, reinforcing the notion that dividends are a reflection of profitability. By maintaining a stable payout ratio, the company signals its commitment to sharing its earnings with shareholders while also retaining sufficient funds for reinvestment and future growth opportunities.

Overall, the constant payout ratio policy provides a balance between rewarding shareholders with consistent dividends and retaining earnings for the company's ongoing operations and expansion initiatives. It represents a prudent approach to dividend management that contributes to investor satisfaction and the overall stability of the company's financial performance.

c) Stable rupee dividend plus extra dividend (low regular dividend plus extra)

The stable rupee dividend plus extra dividend policy represents a middle ground between consistency and flexibility in dividend payments. Under this approach, a company typically pays a fixed regular dividend to shareholders throughout the year, supplemented by an additional or "extra" dividend during periods of exceptional profitability.

In essence, this policy allows the company to maintain a stable baseline dividend, providing shareholders with a predictable income stream under normal circumstances. However, in years of significant prosperity or exceptional financial performance, the company distributes an extra dividend on top of the regular payment.

The decision to pay an extra dividend is usually contingent upon the company's financial health and performance. When the company experiences robust earnings and cash flows, management may opt to share a portion of these exceptional profits with shareholders through the payment of an extra dividend. This gesture serves to reward shareholders for their investment and aligns dividend distributions with the company's success.

Conversely, in periods of normalized or less exceptional performance, the company may revert to paying only the regular dividend amount. This adjustment ensures that dividend payments remain sustainable and commensurate with the company's ongoing financial performance. One of the key advantages of this policy is its flexibility. By incorporating both regular and extra dividends, the company retains the ability to adapt its dividend

payments to varying market conditions and financial outcomes. This flexibility allows management to respond appropriately to changes in profitability while still providing shareholders with a degree of predictability in dividend income.

However, it's important to note that the stable rupee dividend plus extra dividend policy may introduce some level of uncertainty for investors. While the regular dividend provides a baseline expectation, the variable nature of the extra dividend means that shareholders may experience fluctuations in their total dividend income from year to year.

Overall, this policy strikes a balance between maintaining regularity in dividend payments and offering shareholders the opportunity to benefit from periods of exceptional financial performance. For companies with volatile earnings and cash flows, this approach may offer the best compromise between stability and flexibility in dividend policy management.

2.3. Conceptual review

According to Van Home (2006), the functions of finance revolve around three pivotal decisions: the investment decision, financing decision, and dividend decision. Each decision is integral to achieving the firm's objectives, with an optimal combination crucial for value creation. Among these decisions, the dividend decision holds particular importance as it involves the distribution of earnings to shareholders in return for their investment in share capital.

Dividends serve as periodic payments to shareholders, compensating them for the use of and risk to their investment. The essence of dividend policy lies in determining the balance between distributing earnings to shareholders and retaining them within the firm. Retained earnings represent a critical source of financing for the firm's growth and expansion initiatives. Conversely, dividends are viewed favorably by shareholders as they contribute to increasing their current wealth. Higher dividends typically lead to an increase in the value of shares, while lower dividends may result in a reduction in share price. Thus, achieving the optimal dividend policy is essential for maximizing shareholder wealth, especially in uncertain market conditions (Williams, 2017).

Financial managers play a pivotal role in ensuring the well-being of stockholders by overseeing activities that impact shareholder value. While dividend receipts are an important aspect of shareholder well-being, a more accurate measure is the market value of stock (Weston et al., 2016). Shareholders typically anticipate dividends to continue annually, coupled with expectations of realizing a favorable price when selling their stock. The anticipated final stock price encompasses not only the returns from the original investment but also potential capital gains. Consequently, shareholders expect the market value of common stock to appreciate over time.

In summary, the dividend decision represents a fundamental aspect of corporate finance, with implications for both shareholder wealth and firm value. Financial managers must navigate dividend policies carefully to strike the right balance between distributing earnings to shareholders and retaining them for reinvestment, ultimately maximizing shareholder wealth and enhancing the market value of the firm's stock.

Forms of dividend

Dividends serve as a means for companies to distribute profits to shareholders, typically in the form of cash. However, when cash dividends are not feasible, companies may resort to various alternative forms of dividend payments to satisfy their shareholders. Here are some common forms of dividend payments:

i) Cash dividend

Cash dividends involve the distribution of cash to shareholders directly from the company's profits. When cash dividends are paid, the company's cash account and reserve account are reduced accordingly. As a result, the total assets and net worth of the company decrease, leading to a corresponding drop in the market price of the shares (Nasrin & Hasan, 2018).

ii) Stock dividend

Stock dividends entail the issuance of additional shares to existing shareholders instead of cash. This results in an increase in the number of outstanding shares of the company, with shareholders maintaining their proportionate ownership. Stock dividends are typically distributed proportionately to existing shareholdings (Nasrin & Hasan, 2018).

iii) Script dividend

Script dividends involve the payment of dividends in the form of promissory notes instead of cash. When a company's cash position is temporarily weak, it may declare dividends in the form of script. These dividends may bear a definite maturity date and can be interest-bearing or non-interest-bearing (Modigliani and Miller, 1966).

iv)Property dividend

Property dividends are payments made in the form of assets rather than cash. This form of dividend may be utilized when the company possesses assets that are no longer necessary for its operations or in extraordinary circumstances. Examples of property dividends include the distribution of the company's own products or securities of subsidiaries (Gautam, 2017).

v) Bond dividend

Bond dividends involve the distribution of dividends to shareholders in the form of bonds issued by the company. This approach may be preferred when the company generates substantial profits over an extended period. Issuing bonds as dividends allows the company to avoid immediate cash outflows while providing shareholders with an asset that carries a certain interest rate (Gautam, 2017). These various forms of dividend payments provide companies with flexibility in managing their cash flow and meeting their obligations to shareholders, even in challenging financial circumstances.

Factors affecting dividend decision

Dividend decisions are critical determinants of a company's financial strategy and shareholder value. Several factors influence these decisions, ranging from financial performance to regulatory constraints. Here are some key factors affecting dividend decisions:

i. Stability of earnings

Managers often prioritize stable dividends, aiming to avoid cutting or omitting dividends. The stability of earnings, both present and future, is a crucial consideration for dividend policies. Indonesian firms, for instance, emphasize the stability of earnings and shareholders' needs when determining dividends (Baker & Powell, 2012).

ii. Financing policy of the company

The company's financing policy can significantly impact its dividend policy. If a company relies on internal financing, it may pay lower dividends to shareholders. Conversely, if external borrowing is perceived as cheaper, the company might opt for higher dividend payouts (Setia-Atmaja, 2010).

iii. Liquidity of funds

Firms with higher cash availability tend to distribute higher cash dividend ratios compared to those with poor liquidity. The availability of cash plays a crucial role in dividend payment decisions, as it impacts the firm's ability to meet its financial obligations (Baker et al., 2006).

iv. Dividend policy of competitive concerns

The dividend policies of competitors in the market can influence a company's dividend decisions. If competing firms offer higher dividend rates, shareholders may prefer to invest in those firms. Therefore, companies must consider the dividend policies of their competitors when formulating their own dividend policies (Mohamed et al., 2012).

v. Past dividend rates

Past dividend rates serve as a reference point for determining current dividend rates. Maintaining stability in dividend rates is often preferred by companies, and directors may consider previous dividend declarations when making dividend decisions (Al-Hasan et al., 2013).

vi. Growth opportunity

The growth needs of the company play a significant role in determining dividend rates. Companies with extensive expansion plans may retain earnings for reinvestment, resulting in lower dividend payments. Conversely, firms with limited growth opportunities may distribute higher dividends (Grullon et al., 2002).

vii. Profit rate

The firm's internal profitability rate and alternative investment opportunities influence dividend decisions. Firms with high profitability and low investment opportunities tend to

pay dividends, while those with significant growth prospects may retain earnings for reinvestment (Fama and French, 2010).

viii. Legal rules and constraints

Laws and regulations can impact dividend payout policy. Regulatory requirements, such as capital requirement regulations, influence banks' dividend payouts. Legal constraints, therefore, play a significant role in shaping dividend policies (Mehta and Gurung, 2014).

ix. Debt obligation

Firms with heavy indebtedness may prioritize earnings retention to meet debt obligations. High leverage ratios may lead to lower dividend payments, as firms aim to avoid additional financing costs associated with external funding (He, 2010).

x. Policy of control

Companies may adjust dividend policies to maintain control over ownership. If preserving existing control is crucial, dividends may be kept low to avoid diluting management's control over the company (He, 2010).

2.4. Empirical review

This Study does not complete without taking a critical look at some past empirical studies in terms of the purpose of the studies, the methodology that was adopted and the findings of the studies as are related to this current study. This is necessary in order to enable the researcher to see the gaps that might have been left or to get a glimpse of some recommendations for further studies that might have been reported in these previous studies.

Fan et al. (2024) delved into the intricacies of the burgeoning new energy industry, which enjoys robust support from the state, aiming to offer precise forecasts of stock prices to enhance comprehension of its development trajectory. Their analysis underscored the influence of various factors, including the accessibility and cost-effectiveness of new energy solutions, alongside broader economic conditions and policy frameworks, in driving fluctuations in stock prices and intensifying market volatility. Utilizing advanced analytical tools like the Lyapunov index and Poincaré surface of the section, the

researchers unveiled the chaotic nature of the China Securities Index Green Power 50 Index, indicative of pronounced volatility and inherent uncertainty within the sector. In response to these challenges, the study proposed a novel approach for predicting stock price indices, termed EWTS-ALOSVR. This innovative method leverages empirical wavelet decomposition to distill essential features from the multifaceted factors influencing stock prices, thereby mitigating the complexity inherent in stock price series analysis. Subsequently, support vector regression techniques are employed to address the nonlinearities inherent in stock price movements, with model parameters meticulously selected through the integration of random wandering and the identification of elites via Ant Lion Optimization. the study achieved notable advancements in stock price prediction accuracy, offering a valuable tool for stakeholders navigating the dynamic landscape of the new energy industry. This research not only contributes to a deeper understanding of market dynamics but also provides practical insights for investors, policymakers, and industry players seeking to capitalize on emerging opportunities while mitigating risks associated with heightened volatility and uncertainty.

Meher et al. (2024) embarked on an insightful analysis of the rapidly expanding fintech sector, which has become a magnet for investors eyeing substantial returns. Their study focused on devising stock forecasting models tailored specifically for the top three fintech companies in India: Policy Bazar, One 97 Communications Paytm Ltd., and Niyogin Ltd. Employing the Random Forest model alongside high-frequency data processing in Python, the researchers aimed to unveil fresh perspectives on stock price prediction within this dynamic industry. A noteworthy aspect of their research lies in its novelty, as it marks the first attempt to predict stock prices of Indian fintech companies using the Random Forest model, as evidenced by the thorough literature review. spanning from October 1, 2022, to September 30, 2023, formed the foundation of their analysis, comprising an extensive dataset totaling 293,280 data points (97,760 data points for each of the three companies). The findings of the study underscored the remarkable efficacy of the Random Forest forecasting model, with coefficients of determination surpassing 95% across all selected companies. This impressive accuracy not only validates the robustness of the model but also highlights its potential as a valuable tool for investors and market participants navigating the complexities of the rapidly evolving fintech landscape in

India. By shedding light on the intricacies of stock price prediction within the fintech sector, Meher et al. (2024) contribute significantly to the body of knowledge in this field, offering actionable insights that can inform investment decisions and strategic planning within the industry. Their research serves as a testament to the power of innovative analytical techniques in unraveling patterns and trends in financial markets, paving the way for enhanced understanding and informed decision-making in the realm of fintech investments.

Sagala et al. (2024) delved into an investigation of the interplay between dividend policy, earnings volatility, leverage, and stock price volatility within the Jakarta Islamic Index. Utilizing a sample of eight companies selected through purposive sampling, the study employed multiple linear regression as its primary data analysis technique. Drawing upon secondary data from financial reports, dividend distribution reports, and the Indonesian Stock Exchange website, the researchers aimed to discern the impact of these factors on stock price volatility. Surprisingly, the findings unveiled that only leverage had a discernible negative impact on stock price volatility, whereas dividend policy variables and earnings volatility did not significantly affect stock price volatility within the sample. Consequently, the study's implications advise investors and company management to prioritize attention to the leverage variable when making investment and financial decisions, shedding light on critical considerations in managing stock price volatility within Islamic Index-listed companies.

Tabash (2024) undertook an insightful analysis of the financial market, with a particular focus on the behavior of stock returns and volatility in both developed and emerging markets during two distinct periods of economic turmoil: the 2008 financial crisis and the 2019 global pandemic. Employing univariate GARCH models, including GARCH, EGARCH, and TGARCH, the study sought to compare the characteristics of stock market behavior across selected developed and emerging economies. The findings unveiled disparate responses between developed and emerging markets to the two crises, with developed economies showcasing varying levels of volatility and sensitivity, particularly accentuated during the 2019 global pandemic. Furthermore, the study underscored the notion that a country's economic strength does not invariably shield it from economic turmoil, offering crucial insights for investors seeking to navigate market

uncertainties during crisis periods. These findings provide invaluable guidance to portfolio and fund managers, facilitating a deeper understanding of stock market behavior amid economic upheavals and enabling them to offer informed advice to investors.

Hussain et al. (2023) delved into an examination of the interconnectedness and spillover effects of exchange rate and stock price volatility within the BRICS countries during pandemic-induced crises. Employing the Generalized Auto Regressive Conditional Heteroskedasticity (GARCH) model, the study analyzed volatility dynamics and spillover effects across Brazil, Russia, India, China, and South Africa. The findings unveiled significant connections between exchange rate volatility and stock return volatilities during pandemic-induced crises, with notable volatility spillover observed among the BRICS countries. Particularly noteworthy was the strong volatility connectedness between Russia and India, with volatility spillover direction from Russia to India. Similarly, Brazil demonstrated strong volatility connectedness with South Africa, accompanied by volatility spillover from Brazil to South Africa. These findings underscore the economic ramifications of volatility transfer within and across these financial markets, providing policymakers and investors with crucial insights for navigating market dynamics and formulating informed strategies amidst periods of economic uncertainty.

Kengere et al. (2023) embarked on a study aimed at examining the influence of interest rates on the volatility of share prices among companies listed on the Nairobi Securities Exchange (NSE), grounded in the loanable funds theory. Employing a descriptive research design, the study centered on a population of 20 companies listed on the NSE, comprising the NSE share index as of December 2022. Employing a census approach, all accessible companies within the NSE share index were included. Data collection relied on secondary sources, primarily financial and statistical reports from the Central Bank of Kenya (CBK), utilizing a secondary data collection sheet. Analysis techniques encompassed descriptive statistics such as frequencies, percentages, means, variances, and standard deviations, alongside inferential statistical tools including Pearson's Product Moment correlation and multiple regression analysis. The findings unveiled a significant positive impact of interest rates on share price volatility. As a recommendation, the study proposed that the monetary committee at the Central Bank of Kenya (CBK) should

endeavor to maintain stable interest rates, fostering borrowing and investment in the NSE and other sectors. This suggestion aligns with the Loanable Funds Theory, aiming to establish a conducive borrowing environment. By ensuring stable interest rates, businesses and investors can make informed investment decisions, foreseeing borrowing costs over time. Moreover, the study suggests that the CBK's monetary committee should consider the repercussions of their policy rate decisions on short-term interest rates in the economy, recognizing the implications for businesses, investors, and the overall performance of the Nairobi Securities Exchange (NSE). This comprehensive approach to monetary policy decision-making can contribute to an environment conducive to investment and growth.

Nwoye and Egbunike (2023) delved into an exploration of the interplay between dividend policy, capital investment, and share price volatility within the Nigerian banking industry from 2013 to 2022. Focused on a sample comprising 13 commercial banks listed on the Nigeria Stock Exchange, the study employed preliminary analyses, including descriptive statistics and correlation matrices, to glean insights from the data. Panel multiple regression analysis was then utilized to examine the effects of dividend policy and capital investment on share price volatility. Incorporating pooled and panel data regression techniques, the study integrated least square dummy variables to address time and organizational variations. The findings unveiled that dividend per share and dividend payout ratio exerted a significant positive influence on share price volatility, whereas dividend yield exhibited a significant negative impact. However, earnings volatility was deemed insignificant. Notably, the interaction between dividend yield and capital investment (dy*capinv) indicated a significant 5% negative influence on share price volatility. This suggests that a 5% reduction in both dividend yield and capital investment results in a corresponding 5% reduction in share price volatility. The study suggests that corporate managers of banks listed on the Nigerian Stock Exchange can employ dividend policy as a strategic tool to manage share price volatility, underscoring the importance of enhancing financial performance to achieve consistent increases in dividend per share and positively impact market value. As a recommendation, banks should concentrate on improving their financial performance to ensure sustained increases in dividend per share, thereby fostering a favorable impact on market value.

Dasman and Gunawan (2022) conducted an insightful analysis of the mining sector, a cornerstone of the country's economy, due to its substantial contribution. The study shed light on recent phenomena observed in global and regional mining companies, including movements in share prices correlating with commodity price fluctuations. For instance, the surge in gold prices attributed to its status as a safe-haven asset and the spike in coal prices driven by increased demand from coal-fired power plants, particularly in China. Furthermore, the nickel market experienced unexpected growth in tandem with the rise of electric vehicles. The study empirically analyzed stock price volatility in relation to dividend policy, leverage, firm size, trading volume, economic growth, and inflation rate. The findings revealed significant impacts of trading volume, economic growth, and inflation rate on share price volatility, with trading volume exhibiting a positive effect, while economic growth and inflation rate showed a negative impact. However, dividend policy, leverage, and firm size were found to have no significant effect on share price volatility.

Koleosho et al. (2022) contributed to the understanding of share price volatility patterns across global exchange markets, with a focus on the Nigerian Exchange. Despite limited research in this area, especially in developing economies like Nigeria, the study aimed to investigate the relationship between dividend policy and share price volatility among selected companies listed on the Nigerian Exchange. The findings unveiled a significant relationship between dividend policy and share price volatility, with dividend payout ratio (DPR) demonstrating a significant positive effect. Conversely, dividend yield (DY), dividend per share (DPS), and financial leverage (LEV) exhibited negative but nonsignificant effects on share price volatility. The study concluded that dividend policy significantly influences share price volatility and recommended that companies prioritize payout consistency while investors should consider entities with stable payout ratios.

Zhong (2022) delved into the intriguing influence of managerial ownership on stock price volatility in China, with corporate transparency as a mediating factor. Analyzing data from 558 Chinese listed companies over a five-year period, the study revealed a positive association between managerial ownership and corporate transparency. Additionally, it demonstrated that the impact of managerial ownership on stock volatility is moderated by the level of corporate transparency. Particularly, the negative correlation between

managerial ownership and stock volatility was more pronounced in companies with lower transparency levels. The study recommended enterprises to collaborate with financial analysts to enhance corporate transparency, empowering individual investors to make well-informed decisions by evaluating factors such as equity structure, analyst coverage, and research reports.

Akhtar and Saleem (2021) delved into the detrimental effects of banks' unnecessary risk-taking behavior on the economy, driven by the moral hazard problem exacerbated by market competition and limited liability. Recognizing the critical importance of maintaining financial stability, regulatory scrutiny of the banking sector is pervasive worldwide. The study aimed to investigate the relationship between market discipline and the charter value of local commercial banks listed on the Pakistan Stock Exchange. Using balanced panel data from 2007 to 2019, proxies such as deposit growth, interbank deposits, and subordinate debt were employed to measure market discipline, while Tobin’s Q theory assessed charter value. Through Generalized Least Square Regression with Fixed Effect Model, the analysis revealed a significant positive impact of market discipline proxies on bank charter value, even after controlling for various factors. The study's findings hold crucial policy implications for enhancing the stability and soundness of financial intermediaries by addressing moral hazard complexities within financial systems.

Huy & Hang (2021) emphasized the significance of enhancing the Risk Management Information System (RMIS) as a vital component of the Management Information System (MIS) within Vietnam's banking sector, both in the present and foreseeable future. Utilizing a combination of quantitative methods, including Ordinary Least Squares (OLS) regression, the study focused on Asia Commercial Bank (ACB) as a case study. The research underscored the significant impact of GDP growth (G), Consumer Price Index (CPI), and Risk-free Rate (Rf) on both ACB's beta CAPM and stock price. These variables emerged as key determinants influencing the bank's financial performance and market valuation. Additionally, the study offered recommendations for enhancing MIS within the banking sector, aiming to bolster the role of banks in Vietnam's economic development. By improving management information systems, banks can better adapt to dynamic market conditions, fostering sustainable management

strategies conducive to long-term growth and stability. While the research primarily focused on the banking sector, its insights could potentially be extrapolated to other industries and markets, thereby broadening the scope of applicability and facilitating the formulation of tailored management strategies across diverse sectors.

Niraula (2021) explored the dynamics of stock prices within Nepalese commercial banks, aiming to uncover the factors influencing Market Price per Share (MPS). Employing Multiple Linear Regression to analyze the impact of various independent variables on MPS, the study incorporated secondary data extracted from annual reports published by commercial banks over a five-year period. The sample consisted of eighteen commercial banks selected through convenience sampling from a population of twenty-seven. The research findings unveiled a noteworthy positive and statistically significant effect of EPS, PE ratio, and the size of banks on MPS. These results offer valuable insights into the determinants of stock prices within the Nepalese banking sector, providing stakeholders with valuable information for informed decision-making and strategic planning.

Sholichah et al. (2021) conducted an in-depth examination to analyze the influence of Risk Profile, Good Corporate Governance (GCG), Earnings, Capital (RGEC), and Earnings per Share (EPS) on stock prices, with financial distress serving as an intervening variable. Employing a purposive sampling technique, 23 banks were selected from a total population of 81 commercial banks in Indonesia. Secondary data from annual reports of commercial banks spanning from 2012 to 2018 formed the basis of the analysis. The study utilized an explanative research design with a quantitative descriptive approach to elucidate and explain quantitative data pertaining to the factors under investigation. Structural Equation Modeling (SEM) using the AMOS Program was employed for data analysis. The research findings revealed significant direct effects of RGEC, EPS, and financial distress on stock prices, with p-values below 0.05. However, mediation tests indicated that financial distress did not mediate the effect of RGEC and EPS on stock prices, with p-values exceeding 0.05. These findings hold profound implications, particularly for investors seeking to analyze stock price fluctuations based on RGEC, EPS, and the presence of financial distress. Understanding these factors can empower investors to make informed decisions and potentially capitalize on market

opportunities. Moreover, the study underscores the importance of recognizing warning signs indicative of financial distress, as proactive measures can mitigate the risk of company failure and financial turmoil.

Wagle (2021) analyzed the key investment paths that provide significant returns for investors but face unusual stock price instability, causing confusion for investors and posing challenges for policymakers and government authorities. This study aimed to identify the empirical variables influencing stock market prices in commercial banks from 2015/16 to 2019/20 using a set of dependent and independent variables. The study analyzed 130 observations from 26 commercial banks in Nepal, utilizing secondary sources and information obtained from annual reports. Employing a descriptive and causal-comparative research design, the study utilized mean, standard deviation, correlation, and regression analysis techniques. The results revealed that Market to Book ratio (M/B), Price-earnings ratio (P/E), and Earning Yield ratio (E/Y) exhibited a significant positive association with stock market prices. In contrast, the Dividend Yield ratio (D/Y) showed a positive but insignificant impact on stock market prices. These findings are valuable for investors, bankers, academicians, and government authorities, providing insights into stock market returns and likelihood in the country.

Huy et al. (2020) examined how fluctuations in stock prices of commercial banks in developing countries, such as Vietnam, reflect the health of the banking system and the overall economy. They emphasized the importance of considering the impacts of various macroeconomic factors on stock prices for effective business management, promoting business plans, financial risk management, and economic policies to foster economic growth and stabilize macroeconomic conditions. The study analyzed and evaluated the effects of seven macroeconomic factors on the stock price of Vietcombank (VCB), a joint-stock commercial bank in Vietnam, from 2014 to 2019. Their quantitative research revealed that increases in GDP growth, lending rate, and risk-free rate significantly affected the increase in VCB's stock price, with GDP growth exhibiting the highest impact coefficient, followed by the lending rate, and then the risk-free rate. Conversely, a decrease in the exchange rate and a slight decrease in S&P500 also influenced VCB's stock price. The findings and policy recommendations from this research can serve as

valuable references for policy formulation in the commercial banking systems of many developing countries.

Almanaseer (2019) analyzed the relationship between dividend policy and share price volatility in insurance companies listed on the Amman Stock Exchange. They selected a sample of 20 companies out of 23 listed insurance companies and employed multiple linear regressions from 2008 to 2017. The study utilized dividend yield and payout ratio as the main measurements of dividend policy, alongside control variables including firm size, earnings volatility, financial leverage, and growth in assets. The findings indicated a significant negative relationship between share price volatility and both dividend yield and payout ratio, with dividend yield having the most substantial impact on share price volatility. This research provides insights into the dynamics of dividend policy and its implications for share price volatility in the insurance sector, offering valuable guidance for investors and policymakers alike.

Araoye et al. (2019) investigated the effect of dividend policy and dividend payment on share price volatility in Nigeria. Using data from actively trading companies listed on the Nigeria Securities Exchange over a decade from 2005 to 2014, they conducted panel data analysis to examine the relationship between dividend policy measures and share price volatility. The study found that dividend per share was the major determinant of share price volatility, with a positive relationship, while dividend payout ratio and earnings after tax exhibited negative relationships with share price volatility. These findings suggest that higher dividend per share and improved financial performance lead to lower share price volatility. The study's recommendations emphasize the importance of firms enhancing their financial performance to consistently increase dividend per share, thus positively impacting market value and reducing share price volatility.

Handayani et al. (2019) analyzed the influence of various factors including return on equity (ROE), debt to equity ratio (DER), sales growth, firm size, cash ratio (CR), and dividend payout ratio (DPR) on stock price volatility among manufacturing companies listed on the Indonesia Stock Exchange (IDX) from 2011 to 2015. They utilized a purposive sampling method to select a sample of eight companies and employed regression model panel analysis, further adjusted using Generalized Autoregressive

Conditional Heteroscedasticity (GARCH). The findings indicated that stock price volatility was affected solely by exogenous factors without any ARCH-GARCH effect. Sales growth was the only variable that showed a significant positive effect on stock price volatility. The study highlighted that only a small percentage (4.84%) of the variation in stock price volatility could be explained by the selected variables, emphasizing the presence of other external factors influencing stock price volatility outside the scope of the study.

Haque et al. (2019) investigated the impact of dividend policy on stock price volatility using data collected over 11 years (from 2004 to 2014) from 35 manufacturing companies listed on the Dhaka Stock Exchange (DSE) in Bangladesh. They employed correlation and multiple regression analysis, extending the regression model by including control variables such as firm size, earning volatility, and debt. The findings revealed a significant inverse relationship between share price volatility and both dividend yield and firm size. This suggests that dividend yield and firm size have a major impact on share price volatility. The study provides valuable insights into the dynamics of dividend policy and its implications for stock price volatility in the context of the Dhaka Stock Exchange.

Kengatharan (2019) examined the factors determining share price volatility of listed companies in the Colombo Stock Exchange (CSE) in Sri Lanka using panel data analysis over five years from 2013 to 2017. Among the explanatory variables considered were dividend pay-out ratio, dividend yield, dividend per share, sales growth, leverage, exchange rate, firm size, earnings volatility, and GDP. The fixed effect regression analysis revealed that dividend yield, dividend per share, exchange rates, and firm size significantly impacted price volatility. These findings suggest that dividend policy plays a crucial role in maintaining share price stability, thus enhancing shareholders' wealth in the Sri Lankan context.

Kumaraswamy et al. (2019) investigated the relevance of dividends in the Indian capital market, particularly in light of the dynamic nature of the market due to factors such as demonetization and political controversies. They analyzed the relationship between dividend policies and share price volatility using data from 116 textiles companies listed on the Bombay Stock Exchange (BSE) from 2008 to 2017. Employing multiple least

squares regressions, they found that dividends significantly influenced stock price variations in the Indian market, aligning with the bird in hand and signaling theories of dividends. The study suggests that investors in the volatile Indian market prefer dividends over retained earnings for wealth maximization, highlighting the importance of dividend policy in influencing stock price variations and providing insights for financial managers in developing effective dividend policies.

Mehmood et al. (2019) investigated the impact of corporate dividend payout policy on stock price volatility in the Pakistan Stock Exchange (PSX). Their study, covering the period 2011-2015, focused on a sample of 15 firms. Dividend payout ratio was the primary independent variable, alongside other factors such as earnings volatility, firm size, leverage, and assets growth. The findings revealed a positive relationship between stock price volatility and dividend payout ratio. Additionally, earnings volatility and leverage showed a negative relationship with stock price volatility, while assets growth and firm size maintained positive relationships with stock price volatility.

Neelanjana and Hassan (2019) explored the relationship between dividend policy and share price volatility among manufacturing companies in Malaysia. Their sample consisted of 35 dividend and non-dividend paying listed companies over the period 2008-2017. Dividend payout and dividend yield were the main independent variables, with firm size and earnings volatility serving as control variables. Results indicated a significant negative relationship between share price volatility and dividend payout, firm size, and earnings volatility. However, dividend yield was found to be insignificant in relation to share price volatility.

Nguyen et al. (2019) examined the relationship between dividend policy and share price volatility among companies listed on the Hochiminh Stock Exchange (HOSE) in Vietnam. They analyzed data from 260 listed firms over the period 2009-2018. The study utilized fixed effects model (FEM), random effects model (REM), and general method of moments (GMM) to explore the association between dividend yield, dividend payout ratio, and stock price volatility. Results showed a positive relationship between dividend yield and stock price volatility, and a negative relationship between dividend payout ratio and stock price volatility. Moreover, firm growth rate, leverage, and earnings volatility

were found to positively influence share price volatility, while firm size had a negative effect.

Phan and Tran (2019) investigated the effects of dividend policy and ownership structure on stock price volatility in the Vietnamese market. Their study utilized panel data of non-financial firms listed on the Ho Chi Minh Stock Exchange and Hanoi Stock Exchange from 2008 to 2015. Findings revealed that dividend yield played a role in mitigating stock price volatility, and the stabilizing effect of foreign and state ownership diminished after the global financial crisis. Additionally, no moderating effect of ownership structure on the relationship between dividend yield and price volatility was identified during the sample period.

Shi et al. (2018) conducted an analysis to explore the determinants of stock market development and price volatility across the Association of Southeast Asian Nations (ASEAN) plus three countries. Using data from 1991 to 2014, the study focused on the role of institutional quality indicators on stock market development and volatility. Results indicated significant long-run relationships among variables, with institutional freedom indicators impacting stock market development and volatility. Short-run causalities were also identified between stock market development, price volatility, and macroeconomic variables, highlighting the importance of institutional quality in promoting stock market development and reducing price volatility.

Shah and Noreen (2016) investigated the linkage between dividend policy and stock price volatility in listed companies in Pakistan. Their study utilized data from 50 firms listed on the Karachi Stock Exchange (KSE) from non-financial sectors over the period of 2005-2012. Multiple regression analyses and panel data techniques were employed to examine the relationship between dividend policy variables and stock price volatility, while controlling for various factors. Findings revealed a significant negative relationship between stock price volatility and dividend policy variables, indicating the influence of dividend policy on stock price volatility in the Pakistani stock market. Additionally, significant relationships between certain control variables and stock price volatility were identified, contributing to the understanding of dividend policy dynamics in the Pakistani context.

Table 1

Empirical Findings

Researchers / Years	Topic	Objectives	Methods	Findings
Guo‐Feng Fan ,Cen‐Cen Cao ,Li‐Ling Peng ,Yi‐Hsuan Yeh and Wei‐Chiang Hong (2024)	The volatility mechanism and intelligent fusion forecast of new energy stock prices	- To analyze state, and accurate forecasting of stock price can lead to better understanding of its development	.- This model uses the EWT to decompose vibration signals, thereby reducing the modal aliasing that currently exists in signal decomposition.	-This study proposes a new method of stock price index prediction, extracts features from multiple factors affecting stock prices to form multiple sub columns with features,significantly reducing the complexity of the stock price series.
Bharat Kumar Meher , Manohar Singh , Ramona Birau &, Abhishek Anand (2024)	Forecasting stock prices of fintech companies of India using random forest with high-frequency data	-To analyze most rapidly growing industries, attracting numerous investors who anticipate substantial returns in the future	- The model is implemented using Python’s scikit learn library. It is trained on historical data, and hyper parameters are tuned through cross-validation to optimize performance	-The study deals about 293,280 data points.It has been found that the forecasting model of random forest provides very successful results for prediction as the co-efficient of determination of all the selected companies is more than 95%.

Mosab I. Tabash , Neenu Chalissery , and Mujeeb Saif Mohsen Al-Absy (2024)	Market Shocks and Stock Volatility: Evidence from Emerging and Developed Markets	To study compared he characteristics of tock return and olatility in selected leveloped and merging markets etween the 2008 inancial crisis and the 019 worldwide andemic.	-By using univariate GARCH models, namely GARCH, EGARCH, and TGARCH, the study discovered that developing and developed markets	-identify diversification opportunities among the developed and emerging markets during a crisis period. -portfolio and fund managers understand the behaviour of stock markets
Melia Br Sagala,H. Jamal, Besse Wediawati , Musnaini (2024)	The Influence of Dividend Policy, Earnings Volatility and Leverage On Volatility of Jakarta Islamic Index Stock Prices	- To determine the effect of dividend policy, earnings volatility, and leverage on stock price volatility.	- This research uses secondary data sourced from financial reports, dividend distribution reports, and the Indonesian Stock Exchange website	The data analysis echnique uses multiple inear regression. nalysis results, it was ound that only leverage ad a negative effect on tock price volatility, hile dividend policy ariables and earnings olatility
Chizoba M. Nwoye & Patrick A. Egbunike (2023)	Dividend Policy And Capital Investment On Share Price Volatility In Nigeria	- This study examined how dividend policy and its interaction with capital investment affects share price volatility in Nigeria banking industry from 2013-2022	- analyzing the data, the study multiple regression to identify the possible effects of dividend policy and capital investment on share price volatility.	- The result showed that dividend per share and dividend pay-out ratio has a significant positive effect on share price volatility

Petronilah Nyakerario Kengere, Kimani E. Maina & Caleb Manyaga (2023)	Interest Rate and Volatility of Share Prices of Firms Listed at the Nairobi Securities Exchange, Kenya	- The study sought to establish the effect of interest rate on volatility of share prices of companies listed at the NSE.	- The descriptive statistical tools included frequencies, percentages, means, variances and standard deviations. Inferential statistic tools	-The findings indicated that interest rate (β3=0.52939, P=003) have significant positive effect on share price volatility. CBK should maintain stable interest rates in order to encourage borrowing
Muntazir Hussain · Usman Bashir · Ramiz Ur Rehman1 (2023)	Exchange Rate and Stock Price Volatility Connectedness and Spillove during Pandemic Induced Crises:	-To investigated exchange rate andconnectedness stock price volatilityand spillover connectedness andwere investigated spillover in Brazil, Russia, India, China, and South Africa	- Then volatility by using (Diebold and Yilmaz, International Journal	-The volatility transfer in these financial markets and across BRICS countries has economic implications.
Dekunle Orelope Koleosho, Shola Rufus Akintoye & Ayodeji Temitope Ajibade (2022)	The Effect of Dividend Policy on Share Price Volatility of Some Selected Companies	- To analyze Share Price volatility has exhibited different patterns in different global exchange markets including the Nigerian exchange.	- The study adopted ex-post facto research design and EGARCH for volatility measure.	- The study concluded that dividend policy have significant effect on share price volatility. The study recommended that companies should focus the payout while investors

Sunita Dasman, & Setyo Gunawan (2022)	The Impact of Dividend Policy and Firm Spesific Factors on Share Price Volatility	-This study uses explanatory research using a quantitative approach because the data analysis technique is in the form of numbers and data.	Macroeconomic factors affect the economy, GDP, inflation, interest rates, politics and others who provide profit impact on the company.	-Trading volume has positive impact on share price volatility. While economic growth and inflation rate have negative impact on share price volatility.
Qi, Zhong (2022)	Managerial Ownership and Stock Price Volatility: The Moderating Role of Corporate Transparency in China	-To investigate the impact of managerial ownership on the stock price volatility in China by considering corporate transparency as a mediator.	Regression model show a positive correlation between managerial ownership and corporate transparency.	- performance by examining the company's equity structure, the number of cooperative analysts, and the number of research reports so as to provide more reliable basis for investment.
Ballav Niraula (2021)	Stock Price Behavior of Commercial Banks of Nepal	- To examine the behavior of stock price in Nepalese commercial banks.	- This research uses MPS as dependent variable and experiment variables as EPS, PE Ratio, DY ratio, Size, ROE, BV per share and ROA	- The result indicates that there is a positive and statistically significant effect of EPS, PE ratio and size of banks on MPS. Other variables have negligible effects.

Dinh Tran Ngoc Huy and Nguyen Thi Hang (2021)	Factors that affect Stock Price and Beta CAPM of Vietnam Banks and Enhancing Management System	- This paper aims to improve Risk management information system (RMIS)	- Research results indicate that GDP growth, CPI and Risk free rate have highest effects on both ACB beta CAPM and stock price.	-management information system for upgrading roles of banks in Vietnam economic development.
Sudip Wagle (2021)	Determinant of Stock Market Prices in Nepal: A Case of Commercial Banks	- To identify the empirical variables that influence the stock market price in commercial banks for 2015/16 to 2019/20	- mean, standard deviation, correlation and regression analysis techniques have been used.	- this study is valuable to the curious investors, concerned bankers, academicians and government authorities
Muhammad Naveed AKHTAR1, Sana SALEEM (2021)	The Impact of Market Discipline on Charter Value of Commercial Banks	- To tranquilize the devastating impact of unnecessary risk-taking behavior of banks towards the economy for maximizing their profits	Generalized Least Square Regression with Fixed Effect Model is used for evaluation.	-important policy implications for monitoring and supervising financial intermediaries for their stability and soundness by offsetting
Fatmawati Sholichah, Nurul Asfiah, Bambang Widagdo,Mut a Ulfa And M.Jihadi (2021)	The Effects of Profitability and Solvability on Stock Prices: Empirical Evidence from Indonesia	-To analyze the effect of the ratio of profitability and solvability on the variable stock price, mediated by the variable dividend policy	- ROA, ROE, GPM, and NPM, solvability data DAR, LTDER, and DER, dividend policy DPR and stock price	- The implication of this research is to provide knowledge to investors about the importance of knowing the company's financial performance.

Dinh Tran Ngoc Huy Bui Thi Thu Loan , Pham Tuan Anh (2020)	Impact Of Selected Factors On Stock Price: A Case Study Of Vietcom bank In Vietnam	-To analyze stock price in commercial banks in developing countries such as Vietnam will reflect the business health of bank system and the whole economy	- multi macro factors on stock price, and it contributes to promoting business plan, financial risk management and economic policies	-This research finding and recommended policy also can be used as reference in policy for commercial bank system in many developing countries.
Heny Handaya ni, Harjum Muharam *, Wisnu Mawardi, Robiyant o Robiyant o (2019)	Determinants of the Stock Price Volatility in the Indonesian Manufacturing Sector	- To analyze the influence of return on equity, debt to equity ratio, sales growth, firm size, cash ratio, and dividend payout ratio to stock price volatility companies listed on the Indonesia Stock	- The data analysi technique used is th regression mode panel then b adjusted again b using GARCH	- The results showed that the volatility of the stock price only affect without any effect ARCH-GARCH therein. Determining the best models of each prediction is based on estimated volatility GARCH
Bhagmal Harsya Neelanja na, & Hafinaz Hasniyan ti Hassan (2019)	The Impact of Dividend Policy on the Volatility of Share Price of Manufacturing Companies in Malaysia	- The objective of this research is to investigate the relationship between dividend policy and share price volatility of manufacturing companies in Malaysia	- Dividend payout dividend yield ar the mai independent variables whil firm size an earnings volatilit are the contro variables	- Results showed that dividend payout, firm size and earning volatility had a significant negative relationship with share price volatility while dividend .

Thanh Hieu Nguyen , Huu Anh Nguyena , Quang Chung Tran and Quynh Lien L(2019)	Dividend policy and share price volatility: empirical evidence from Vietnam	- To examine the relationship between dividend policy and share price volatility of companies listed on Hochiminh Stock Exchange (HOSE)	- Three statistica approaches employed t address econometrics issues as well as t improve th accuracy of th regression coefficients	- The findings show a positive relationship between dividend yield and stock price volatilities and a negative relationship between dividend payout ratio and stock price volatility.
Sumathi Kumaraswamy , Rabab Hasan Ebrahim & Wan Masliza Wan Mohammad (2019)	Dividend Policy And Stock Price Volatility In Indian Capital Market	-To analyze dividends are irrelevant only in perfect markets but in an emerging market like India, the dividends are expected to show its relevance.	.- A sample of 11 textiles companies listed and actively traded in Bombay Stock Exchange o India (BSE) fron 2008 to 201 selected for th study	- The results of this study provides an insight to the financial managers in developing their dividend policies to maximizing the shareholders wealth.
Thi Kieu Hoa Phan & Nam Hoai Tran (2019)	Dividend policy and stock price volatility in an emerging market:	-To examines the impacts of dividend policy and ownership structure on stock price volatility in the Vietnamese market.	- The sample includes companies listed on the two Vietnamese stock exchanges (Ho Chi Minh Stock Exchange—HOSE and Hanoi Stocl Exchange—HNX)	- The finding of the influence of dividend policy on stock market risk has critical implications for the investment landscape in emerging markets.

Felix Ebun Araoye, Akinola Michael Aruwaji & Emmanuel OlusuyiAjayi (2019)	Effect of- Dividend Policy on Stock Price Volatility in Nigeria Stock Exchange	- To determine the effect of dividend policy and dividend payment on share price volatility in Nigeria	-Used data from the actively trading companies listed in the Nigeria Securities Exchange for a period of ten (10) years from 2005–2014.	-The findings from the random effects regression results showed dividend per share is the major determinants of share price volatility
Arshad Mehmood, Muhammad Hafeez Ullah & Najam Ul sabeeh. (2019)	Determinants of stock price volatility: Evidence from cement industry	- To study is to examine the impact of dividend payout ratio on the stock price volatility in Pakistan Stock Exchange	- Stock Price volatility is the dependent variable in this study and dividend payout ratio is the main independent variable	- Earnings volatility and leverage had negative relationship with stock price volatility. independent variables including assets growth and size have maintained positive relationship with stock price volatility.
Lingesiya Kengatharan (2019)	Factors Determining the Share Price Volatility: Evidence from Listed Companies in Sri Lanka	- To study is to investigate the factors determining the share price volatility of listed companies in the Colombo Stock Exchange (CSE), Sri Lanka.	- Dividend pay-out ratio, dividend yield, dividend per share, sales growth, leverage, exchange rate, firm size, earnings volatility, and GDP are considered as explanatory variables.	- That dividend yield, dividend per share, exchange rates, and firm size have a significant impact on price volatility in the Sri Lankan context.

Rumana Haque & Farhana Mishu (2019)	Dividend Policy and Share Price Volatility: A Study on Dhaka Stock Exchange	-To study investigates the impact of dividend policy on stock price volatility based on 11 years' (from 2004 to 2014)	- Correlation and multiple regression analysis were used to analyze the association between share price volatility and two main measurement variable of dividend policy.	-predictive variables, dividend yield and size of the firm have major impact on share price volatility, as the research found the significant inverse relationship of share price volatility with both these variables
Dr. Sufian Radwan Almanaseer (2019)	Dividend Policy and Share Price Volatility: Evidence from Jordan	- To study was to study the relationship between dividend policy and share price volatility in insurance companies listed in the Amman Stock Exchange.	- The main regression model was modified by adding control variables including firm size, earnings volatility, financial leverage and growth in assets.	- The study finds a significant negative relationship between share price volatility and dividend yield and payout ratio. But the most impact variable on share price volatility was dividend yield.
Yongming Shi , Khalid Ahmed & Sudharshan Reddy Paramati (2018)	Determinants of stock market development and price volatility in ASEAN plus three countries	-To study investigates the determinants of stock market development and price volatility in a sample of the Association of Southeast Asian	-empirical findings confirm the significant long-run relationship among the variables.	- results, our study suggests that the institutional freedom indicators not only promote stock market development, but they also effectively reduce stock price volatility

Syed Akif Shah & Umara Noreen (2016)	Stock Price Volatility and Role of Dividend Policy Empirical Evidence from Pakistan	-To analyze between dividend policy and stock price volatility remains controversial among the researchers and scholars	-Multiple regressions analyses have been carried on by applying random effect model on panel data	-The findings of this research are expected to contribute to dividend policy literature by providing evidence from Pakistani stock market
Heny Handayani ,Harjum Muharam & Robiyanto Robiyanto (2016)	Determinants of the Stock Price Volatility in the Indonesian Manufacturing Sector	-To study aimed to analyze the influence of return on equity, debt to equity ratio, sales growth, firm size, cash ratio, and dividend payout ratio to stock price	- The data analysis technique used is the regression model panel then be adjusted again by using GARCH	- The results of panel data regression analysis showed that the company's stock price volatility in the research samples can be explained by 4.84% by ROE, CR, DER, DPR, company

2.5. Research gap

The existing body of research has extensively investigated dividend policy and its implications for share prices, utilizing various financial and statistical methodologies. These prior studies have laid the groundwork for understanding the dynamics of dividend practices. However, while acknowledging the contributions of past research, it's imperative to recognize the gaps and unexplored territories that still exist.

This study aims to fill these gaps and contribute novel insights into dividend policy and practices within Nepalese commercial banks. By delving into previously unexplored areas and building upon the foundations laid by previous studies, this research seeks to expand and enrich our understanding of dividend dynamics in the context of Nepal's financial market. One of the primary objectives of this study is to uncover and examine aspects of dividend policy that may have been overlooked or underexplored in past

research endeavors. By doing so, it endeavors to generate new ideas and conclusions that can augment the existing knowledge base.

Moreover, given the rapidly evolving nature of the financial landscape in Nepal, there is a pressing need to update and validate earlier findings on dividend policy. This study endeavors to address this need by providing fresh insights that reflect the current realities and dynamics of the Nepalese financial market. Through the analysis of secondary data, this study aims to bridge the gap between past research and present realities, thereby enhancing our understanding of dividend policy in Nepalese commercial banks. By establishing connections with previous studies and building upon their findings, this research aspires to contribute to the ongoing discourse on dividend policy and practices in the context of Nepal.

CHAPTER – III

RESEARCH METHODOLOGY

This chapter elucidates the methodological framework employed in the study, offering a comprehensive explanation of the research design and its preliminary strategies. It encompasses the determination of the sample size, the selection of instruments for data collection, the identification of data sources, the approach to data collection, and an overview of the analytical tools and techniques to be utilized in the study. The chapter outlines the systematic approach adopted to effectively address the research objectives and ensure the robustness of the study's findings.

3.1 Research design

The research design serves as the framework outlining the structure and methodology devised to effectively address the research questions and minimize variance, thereby guiding the attainment of the study's objectives. Given the reliance on secondary data, the research design chosen for this study is descriptive and causal-comparative in nature.

The descriptive research design aims to offer a comprehensive overview and understanding of the current state of variables of interest, such as dividend payout and stock prices, within Nepalese commercial banks. By employing this design, the study seeks to describe and summarize the available data, enabling the exploration of relationships between variables and the identification of patterns and trends. This approach facilitates the development of a rich understanding of the phenomenon under investigation, providing valuable insights into the dynamics of dividend policies and their impact on stock prices.

3.2 Population and sample, and sampling design

The population under investigation in this study comprises 20 commercial banks actively operating in Nepal, encompassing government-owned, private, and joint venture banks, as reported by the Nepal Rastra Bank as of March 10, 2024. However, due to limitations in terms of time and resources, it was impractical to include the entire population in the

study. Therefore, the focus is narrowed to commercial banks listed on the Nepal Stock Exchange (NEPSE), which encompasses all 20 commercial banks.

From this population, a sample of 5 commercial banks was strategically selected based on criteria such as profitability, capitalization, and ownership structure. This sample includes a mix of private banks, joint venture banks, and those owned by the government and general public. The sampling method employed is quota sampling, which allows for the selection of banks that represent different segments of the banking sector in Nepal. The selected banks were chosen for their prominence in the industry and similarities in operational characteristics, financial performance, and overall profile.

The selected sample for this study includes the following commercial banks:

1. Nepal Bank Limited
2. Nabil Bank Limited
3. Nepal Investment Bank Limited (Nepal Investment Mega Bank Limited)
4. Citizen Bank International Limited
5. NIC Asia Bank Limited

The study period spans a decade, from fiscal year 2013/14 to 2022/23, during which data pertaining to dividend payout, stock prices, profitability, and other relevant financial indicators will be collected, analyzed, and compared across the selected commercial banks. This comprehensive approach allows for a thorough examination of dividend policies and their implications within the Nepalese banking sector over the specified timeframe.

3.3 Nature and sources of data, and the instruments of data collection

In this study, secondary data forms the primary basis of analysis, sourced from a diverse range of reputable sources. Annual reports spanning fiscal years 2013/14 to 2022/23 serve as a foundational dataset, offering insights into the financial performance and dividend policies of the selected commercial banks. Additionally, publications by regulatory bodies such as the Securities Board of Nepal (SEBON), Nepal Stock Exchange (NEPSE), and Nepal Rastra Bank (NRB) contribute valuable information regarding market trends, regulations, and macroeconomic indicators. Company

magazines, bulletins, and official websites of the selected banks provide supplementary data, offering detailed accounts of corporate strategies, financial statements, and dividend declarations. Moreover, reputable newspapers serve as sources for current events and market analyses, enriching the study with real-time contextual information.

To ensure a comprehensive understanding of the subject matter, data from prior academic studies, theses, and dissertations relevant to dividend policy and stock prices in the Nepalese banking sector were also incorporated. This extensive review of existing literature enables the study to build upon prior research findings and identify gaps for further investigation. The instruments of data collection employed in this study encompass a multifaceted approach aimed at gathering diverse and pertinent information. This includes systematic extraction of quantitative data from financial reports and market statistics, as well as qualitative insights from industry publications and academic discourse. By adopting a meticulous collection process, the study endeavors to provide a nuanced analysis of the dynamics shaping dividend policies and stock prices within the Nepalese commercial banking sector.

3.4 Methods of analysis

The analysis of the collected data employs a combination of financial metrics and statistical techniques applied to secondary sources, primarily bank annual reports and reports from regulatory bodies like the Nepal Rastra Bank (NRB). Key financial tools utilized in this analysis include metrics such as dividend per share, retained earnings per share, price-earnings ratio, and market price per share. These metrics provide crucial indicators of a bank's financial performance and its dividend distribution policies. To derive meaningful insights from the data, advanced statistical software packages such as SPSS (Statistical Package for the Social Sciences) and MS Excel will be employed. These tools offer robust capabilities for data manipulation, computation, and analysis, enabling researchers to perform a wide range of statistical tests and generate comprehensive reports. By leveraging these software solutions, the study aims to conduct rigorous statistical analyses that uncover patterns, trends, and relationships within the dataset.

The utilization of statistical software enhances the efficiency and accuracy of data processing, allowing for systematic examination of variables and their interrelationships. Through rigorous statistical analysis, the study seeks to elucidate the complex dynamics underlying dividend policy decisions and their impact on stock prices within the Nepalese commercial banking sector.

3.4.1 Financial tools

Dividend Per Share (DPS)

DPS is a critical financial metric indicating the amount of dividends distributed to each outstanding share of common stock. It's calculated by dividing the total dividends paid out by a company by the total number of outstanding shares..

$$\text{DPS} = \frac{\text{Total Dividend}}{\text{Number of share outstanding}}$$

Earnings Per Share (EPS)

EPS measures a company's profitability per outstanding share of common stock. It's computed by dividing the company's net income (after taxes and preferred stock dividends) by the total number of outstanding shares.

$$\text{EPS} = \frac{\text{Total earnings}}{\text{Number of share outstanding}}$$

Market Price Per Share (MPPS)

MPPS, also known as stock price, signifies the current trading price of a single share of a company's stock in the open market. It reflects the price at which buyers and sellers are willing to transact shares at any given time.

$$\text{MPPS} = \frac{\text{Total value of company}}{\text{Number of share outstanding}}$$

Dividend Payout Ratio

DPR assesses the proportion of a company's earnings distributed to shareholders as dividends. It's calculated by dividing DPS by EPS, indicating the percentage of earnings paid out to shareholders.

$$\text{DPR} = \frac{\text{DPS}}{\text{EPS}}$$

Bank Size (SIZE)

Bank Size refers to the magnitude of a bank's operations, typically measured by its total assets under management, including loans, investments, and other financial instruments held by the bank.

Bank Size =Total Liabilities + Shareholders' Equity

Leverage (LEV)

LEV measures the ratio of a company's debt to its equity, providing insights into the extent of debt financing relative to equity financing. It's essential for assessing a company's financial risk and stability.

$$\text{LEV} = \frac{\text{Total Debt}}{\text{Total Equity}}$$

3.4.2 Statistical tools

Different historical tools (i.e. mean, standard deviation, coefficient of variation, correlation coefficient, regression analysis, coefficient of determination, standard error of estimation, T-test have been applied to give reasonable result to the model discussed. The tools applied here are discussed below.

Arithmetic Mean

The arithmetic mean computes the average of a set of values, providing a measure of central tendency. It's used in this study to analyze data related to dividend distributions across sample companies over different years.

$$\text{Mean } (\dot{X}) = \frac{\text{Sum of the total values } (\sum X)}{\text{No. of Values (N)}}$$

Standard Deviation

SD measures the dispersion or spread of data points around the mean, indicating the variability within a dataset. It's calculated as the square root of the variance, providing insights into the degree of deviation from the mean.

$$S.D(\sigma) = \sqrt{\frac{\sum(X - \dot{X})^2}{n}}$$

Correlation coefficient(r)

Correlation analysis evaluates the strength and direction of the relationship between two variables. The correlation coefficient (r) ranges from -1 to +1, where +1 indicates a perfect positive correlation, -1 indicates a perfect negative correlation, and 0 indicates no correlation.

$$r = \frac{n\sum xy - \left(\sum x\right)\left(\sum y\right)}{\sqrt{n\left(\sum x^2\right) - \left(\sum x\right)^2}\sqrt{n\left(\sum y^2\right) - \left(\sum y\right)^2}}$$

The value of 'r' always falls between -1 to +1.

If, r = 0, there is no relation between the variables.

If, r < 0, there is negative relation between the variables.

If, r >0, there is positive relation between the variables.

Under this study,the correlations between the following variables are analyzed:

a. Market Price per Share with all other variables.

b. Dividend Per Share with all other variables.

c. Earnings Per Share with all other variables.

d. LEV Ratio with all other variables.

Coefficient of determination (r2)

The coefficient of determination assesses the proportion of variance in the dependent variable explained by the independent variable(s). It ranges from 0 to +1, with higher values indicating a stronger relationship between variables.

Regression Analysis

Regression analysis is a statistical technique utilized to estimate the relationship between a dependent variable and one or more independent variables. In this context, the regression model aims to ascertain the impact of various factors on the market price per

share (MPPS) of commercial banks in Nepal. The model equation is structured as follows:

Regression Model

$$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + b_5X_5 + e$$

Where,

Y = Market Price per Share (MPPS).

a = Regression Constant.

b_1 = Regression coefficient of EPS variable

b_2 = Regression coefficient DPS variable

b_3 = Regression coefficient DPR variable

b_4 = Regression coefficient SIZE variable

b_5 = Regression coefficient LEV variable

X_1 = Earnings per share (EPS)

X_2 = Dividend per share (DPS)

X_3 = Dividend Payout Ratio(DPR)

X_4 = Bank Size (SIZE)

X_5 = Leverage (LEV)

e = Error

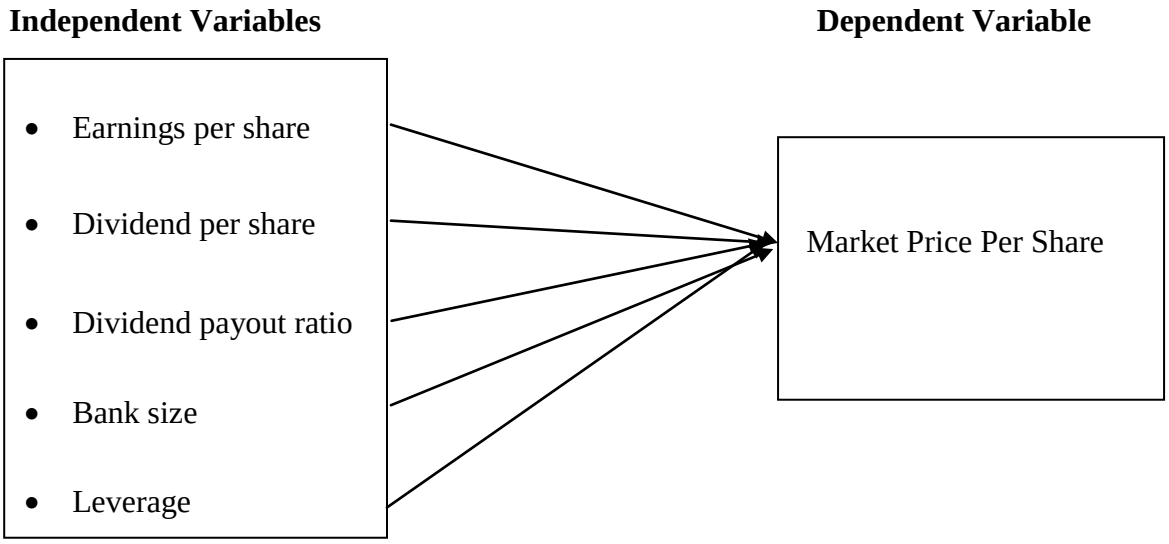
The regression model enables the exploration of how changes in the independent variables influence the dependent variable, holding other factors constant. By estimating the regression coefficients $b1,2,b3,b4$, and $b5$ the model provides insights into the marginal effect of each independent variable on the market price per share. This analytical framework aids in understanding the key determinants driving the fluctuations in stock prices within the Nepalese commercial banking sector, contributing valuable insights for investors, policymakers, and stakeholders.

Source: Nimon, K. F., & Oswald, F. L. (2013)

3.5 Research framework and definition of variables

In this study, the primary focus is on the market price per share (MPPS) as the dependent variable, which serves as a pivotal indicator of stock value within commercial banks. The market price per share (MPPS) is defined as the amount investors pay for a share in a firm within capital markets. This price is determined by the interplay of supply and demand dynamics in the stock market and reflects the closing market price of a specific share within a fiscal year on the Nepal Stock Exchange (NEPSE). The theoretical framework, as depicted in Figure 1, illustrates the relationships between the independent variables (EPS, DPS, DPR, SIZE, P/E ratio, and Leverage) and the dependent variable (MPPS), providing a structured basis for the empirical analysis. The objective is to explore the variability in dividend policy across commercial banks, employing five independent variables:

Figure 1 *Theoretical Framework*



Source: Rahaman (2018)

Definition of variables

Independent Variables

Earning per Shares(EPS)

Earnings per share (EPS) are calculated as a company's profit dividend by the outstanding shares of its common stock. EPS indicates how much money a company makes for each

shares of its stock and is a widely used metric for estimating corporation value. A higher EPS indicates greater value because investors will pay more for a company's shares if they think the company has higher profits relative to its share prices. It arrived can be arrived at in several forms, such as excluding extraordinary items or discontinued operations or on a diluted basis. Like other financial metrics, EPS is most valuable when compared against competitor metrics, companies of the same industry or across a period of time.

Dividend Per Shares (DPS)

Dividend per share (DPS) is the total amount of dividends attributed to each individual shares outstanding of a company. Calculating the DPS allows investors to determine how much income from the company, although there are others types of payment that can be received. The earning distributed to the shareholders out of EPS is known as DPS. It also affects the market price of stock.If EPS is greater, DPS will be greater. It is calculated by dividing total dividend to equity shareholders by the total number of the equity shares.

Dividend payout ratio (DPR)

The Dividend Payout ratio (DPR) is the amount of dividends paid to shareholders in relation to the total amount of net income the company generate. In other words, the dividend payout ratio measures the percentage of net income that is distributed to shareholders in the form of dividend. DPR reflect what percentage of profit is distributed as dividend and what percentage is retained ns reserve and surplus for the growth of the company. It is calculated by dividing the DPS by the EPS. This ratio reflects the market value per share for each rupee of currently reported EPS.It is calculated by dividing the market value per share by earning per share.

Bank Size

The Size of a bank is typically measured using total assets, but other metrics such as market capitalization (for publicly traded banks), total deposits, or total loans outstanding can also be used as indicators of Size depending on the context and analysis. Understanding bank Size is crucial for assessing risk, performance, and regulatory implications within the banking sector.

Leverage ratio

Leverage ratios are commonly used by investors, creditors, and analysts to assess a company's financial risk and its ability to meet its debt obligations. A higher leverage ratio may lead to higher returns on equity when business is good, but it also exposes the company to greater financial risk during economic downturns or adverse market conditions.

Dependent Variables

Market Price Per share(MPPS)

The Market price per share (MPPS) of stock is the most recent prices that a stock has traded for.Its function of market forces, occurring when the price a buyer is willing to pay for a stock meets the price a seller is willing to accept for a stock. MPPS simply refers to the most recent prices of a single share in a publicly traded stock. This is not a fixed price. It fluctuates throughout the trading day as various market forces push the prices in different directions.

CHAPTER-IV

RESULTS AND DISCUSSION

Chapter IV presents the culmination of the study through the presentation and analysis of secondary data pertaining to various variables, employing both financial and statistical tools elucidated in the preceding chapter. This entails a meticulous examination of key variables related to dividend policy and stock market performance, such as earnings per share, dividend per share, dividend payout ratio, bank size, price/earnings ratio, leverage, and market price

4.1 Results

4.1.1 Descriptive analysis

A descriptive statistic is summary statistic that quantitatively describes or summarizes features from a collection of information, while descriptive statistics is the process of using and analyzing those statistics. Descriptive statistics is distinguished from inferential statistics by its aim to summarize a sample, rather than use the data to learn about the population that the sample of data is thought to present.

Table 2

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
EPS	50	7.5	76.1	29.756	14.1647
DPS	50	.0	65.0	21.064	15.6366
DPR	50	.0	1.6	.697	.4210
LEV	50	43.4	128.6	69.142	21.6317
Size	50	60519	481203548001	133587510301.5	115697812604.85
MPPS	50	173.1	2535.0	661.992	511.1325

This table 2 provide summary statistics for different financial metrics across 50 observations (presumably different companies or entities)..

The EPS ranged from a minimum of 7.5 to a maximum of 76.1 among the 50 entities, with an average EPS of 29.756 and a standard deviation of 14.1647, indicating moderate variability around the mean. DPS varied from 0.0 to 65.0 across the entities, averaging at 21.064 with a notable standard deviation of 15.6366, suggesting significant dispersion in dividend distributions. DPR ranged from 0.0 (indicating no dividends) to 1.6 (69.7% on average), with a mean of 0.697 and a standard deviation of 0.4210, highlighting variability in dividend policies across the entities. Leverage ratios varied from 43.4 to 128.6, with an average of 69.142 and a standard deviation of 21.6317, indicating differing levels of debt utilization among the entities. market capitalization or revenue, ranged widely from a minimum to a maximum of 60519.0 units to 481,203,548,001 units, averaging at 133,587,510,301.50 units with a substantial standard deviation of 115,697,812,604.85 units, suggesting considerable disparity in company Size s. Market price per share ranged from 173.1 to 2535.0 units, with an average of 661.992 and a standard deviation of 511.1325, indicating significant variation in market valuations across the entities.

The distribution, central tendency (mean), and variability (standard deviation) of various financial metrics across 50 entities, likely representing a diverse range of companies or organizations. These metrics give insights into their earnings performance, dividend policies, financial leverage, Size , and market valuation.

4.1.2 Correlation Analysis

Correlation analysis is a statistical method used to measure the relationship between two variables. It helps determine whether there is a positive or negative association between them. A positive correlation means that as one variable increases, the other variable also tends to increase. Conversely, a negative correlation indicates that as one variable increases, the other variable tends to decrease, showing an opposite relationship between the two variables.

4.1.2.1 Correlation coefficient between financial variables

Correlation coefficient of between different variable of are presented in table as below:

Correlation among Variables

The Study has identified six variables. Correlation analysis involves studying and measuring the extent of the relationship between two variables, whether a positive or a negative relationship exists between those variables. It also indicates whether the relationship is significant or insignificant and the correlation analysis is used to identify the relationship between MPPS, EPS, DPS, DPR, LEV and Size .

Table 3

Correlation among EPS, DPS, DPR,LEV, Size and MPPS

	EPS	DPS	DPR	LEV	Size	MPPS
EPS	1					
DPS	.681**	1				
DPR	.128	.748**	1			
LEV	-.1397	-.227	-.160	1		
Size	-0.200	-.177	-.074	-.247	1	
MPPS	.806**	.744**	.250	-.120**	-.189	1

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 3 displays the correlation coefficients among various financial metrics: EPS (Earnings Per Share), DPS (Dividends Per Share), DPR (Dividend Payout Ratio), LEV (Leverage), Size, and MPPS (Market Price Per Share).

A correlation coefficient of 1 indicates a perfect positive linear relationship, meaning as one variable increases, the other variable increases proportionally. Conversely, a correlation coefficient of -1 indicates a perfect negative linear relationship, meaning as one variable increases, the other decreases proportionally. A correlation coefficient of 0

indicates no linear relationship between the variables. Each coefficient in the table represents the strength and direction of the relationship between two variables, positioned at the intersection of their respective rows and columns. The correlation coefficient of 0.681 between EPS and DPS, significant at the 0.01 level (2-tailed), suggests a moderately positive relationship. This implies that as earnings per share (EPS) increase, dividends per share (DPS) also tend to increase. the correlation coefficient of 0.806 between EPS and MPPS, significant at the 0.01 level (2-tailed), indicates a strong positive relationship. This means that higher earnings per share (EPS) are associated with a higher market price per share (MPPS). the correlation coefficient of -0.247 between LEV and Size signifies a moderate negative relationship. This suggests that as leverage (LEV) increases, indicating higher debt relative to equity, the company size tends to decrease.

This correlation table provides valuable insights into the dependencies and associations among different financial metrics, aiding in financial analysis and decision-making processes. By understanding these relationships, stakeholders can make more informed decisions regarding investment strategies and financial management.

4.1.3 Regression Analysis

In coefficient analysis,two or more independent variables are used to estimate the value of dependent variables whereas in the simple regression analysis single independent variable is used to estimate the values of a dependent variable. Multiple regression analysis helps to know relative movement in the variable.

Table 4

Regression Model Summary of EPS, DPS, DPR, LEV, Size and MPPS

R		R Square	Adjusted R Square	td. Error of the stimate
1	.880[a]	.775	.749	256.08668

a. Predictors: (Constant), EPS, DPR, DPS, LEV, Size

Sources; SPSS output

Table 4 presents a summary of a regression model involving the variables EPS (Earnings Per Share), DPS (Dividends Per Share), DPR (Dividend Payout Ratio), LEV (Leverage), Size and MPPS (Market Price Per Share).

The correlation coefficient (also known as the coefficient of multiple determination) represents the strength and direction of the linear relationship between the predictors (independent variables) and the dependent variable (presumably EPS in this case). An R value of 0.880 indicates a strong positive linear relationship between the predictors and EPS. value measures the proportion of variance in the dependent variable (EPS) that can be explained by the independent variables (DPS, DPR, LEV, Size , and MPPS) included in the model. An R^2 value of 0.775 means that approximately 77.5% of the variance in EPS can be explained by the predictors. value adjusts the R^2 for the number of predictors in the model, providing a more accurate estimate of how well the model fits the data. An adjusted R^2 of 0.749 suggests that about 74.9% of the variability in EPS is explained by the predictors after adjusting for the number of predictors used in the model. represents the standard deviation of the residuals (the differences between observed and predicted values) in the regression model. A lower value of 256.08668 indicates that the model's predictions of EPS are relatively close to the actual observed values. The predictors listed in the model (Constant, EPS,DPR, DPS, LEV, Size) indicate the independent variables used to predict EPS. The "Constant" typically represents the intercept term in the regression equation, while the other variables (EPS, DPR, DPS LEV, Size) are the specific predictors included in the model.

The performance and fit of a regression model predicting EPS based on several key financial metrics (DPS, DPR, LEV, Size ,MPPS). The high R^2 value and adjusted R^2 value suggest that the model explains a substantial portion of the variance in EPS using the selected predictors, with a relatively low standard error of estimate indicating accurate predictions.

ANOVA TABLE

The Analysis of Variance (ANOVA) table is used to analyze the differences among group means in a sample. It provides information about the variability within the data and helps in determining whether there are any statistically significant differences between the means of different groups.

Table 5

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	9916025.499	5	1983205.10	30.241	.000[b]
	Residual	2885539.958	44	65580.454		
	Total	12801565.457	49			

a. Dependent Variable: MPPS

b. Predictors: (Constant), Size , DPR, EPS, LEV, DPS

Sources: SPSS output

Table 5 presents the results of an Analysis of Variance (ANOVA) for a regression model predicting the dependent variable MPPS (Market Price Per Share) using several predictors: Size , DPR (Dividend Payout Ratio), EPS (Earnings Per Share), LEV (Leverage), DPS (Dividends Per Share), and a Constant term.

The total sum of squares explained by the regression model is 9,916,025.499. degrees of freedom associated with the regression model is 5, representing the number of predictors (Size , DPR, EPS, LEV, DPS). mean square value, calculated as the sum of squares divided by the degrees of freedom (1983205.10), provides insight into the average variance explained by each predictor. F-statistic (30.241) tests the overall significance of the regression model. A higher F-value indicates a stronger relationship between the predictors and the dependent variable. significance value (p-value) associated with the F-test (0.000) indicates that the regression model is statistically significant at a very high confidence level (likely less than 0.001), suggesting that the predictors together are significantly related to the variation in MPPS. sum of squares of the residuals (unexplained variance) is 2,885,539.958. degrees of freedom associated with the residuals is 44. mean square value for the residuals (65580.454) represents the average unexplained variance per degree of freedom. total sum of squares (12,801,565.457) represents the overall variance in the dependent variable MPPS. total degrees of freedom (49) is the sum of degrees of freedom for the regression and residuals. The predictors listed in the

model include Size , DPR, EPS, LEV, DPS, and a Constant term (intercept). These predictors are used to estimate the relationship with the dependent variable MPPS.

ANOVA table demonstrates that the regression model significantly explains the variance in MPPS using the selected predictors (Size , DPR, EPS, LEV, DPS), as evidenced by the low p-value (0.000) associated with the F-test. The model's effectiveness is supported by the high F-value (30.241) and the substantial proportion of variance explained (as indicated by the regression sum of squares relative to the total sum of squares).

Regression Coefficients

The term "Regression Coefficients" typically refers to the coefficients estimated in a regression model that quantitatively describe the relationship between the dependent variable (outcome variable) and the independent variables (predictors). These coefficients are determined through the process of regression analysis, where the goal is to estimate the impact of each predictor on the outcome variable. which involves predicting MPPS (Market Price Per Share) using Size , DPR (Dividend Payout Ratio), EPS (Earnings Per Share), LEV (Leverage), DPS (Dividends Per Share), and a Constant term (intercept), the regression coefficients represent the estimated effects of these predictors on the MPPS.

Table 6

*Regression Coefficients**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	138.243	223.851		.618	.540
	EPS	5.656	5.723	.157	.988	.328
	DPS	34.973	7.801	1.070	4.483	.000
	DPR	-680.704	212.049	-.561	-3.210	.002
	LEV	1.316	1.823	.056	.722	.474
	Size	1.768E-011	.000	.004	.052	.959

a. Dependent Variable: MPPS

Sources: SPSS output

It shows the coefficient of the independent variables. The regression model can be written mathematically as-

MPPS = 138.243 + 5.6656X1 + 34.973X2- 680.704X3 + 1.316X4 - (1.768E-011)X5

Table 5 presents the regression coefficients for a model predicting the dependent variable MPPS (Market Price Per Share) using several predictors: EPS (Earnings Per Share), DPS (Dividends Per Share), DPR (Dividend Payout Ratio), LEV (Leverage), Size , and a Constant term (intercept).

The intercept of the regression model is estimated to be 138.243. This represents the expected value of MPPS when all predictors (EPS, DPS, DPR, LEV, Size) are zero. In practical terms, it suggests the baseline or starting value of MPPS in the absence of any influence from the predictors. every one-unit increase in EPS, the MPPS is estimated to increase by 5.656 units. This indicates a positive relationship between EPS and MPPS, where higher earnings per share tend to be associated with higher market prices per share. A one-unit increase in DPS is associated with an estimated increase of 34.973 units in MPPS. This suggests that higher dividends per share tend to positively influence market price per share. An increase in DPR is negatively associated with MPPS. Specifically, for every one-unit increase in DPR, the MPPS is estimated to decrease by 680.704 units. This indicates that companies with higher dividend payout ratios may have lower market prices per share. The coefficient for LEV is 1.316, indicating a positive relationship with MPPS, but this relationship is not statistically significant ($p = 0.474$). Therefore, while there may be a positive association, it is not strong enough to confidently conclude its impact on MPPS in this model. The coefficient for Size is very small (1.768E-011), suggesting a negligible effect of Size on MPPS, and it is not statistically significant ($p = 0.959$). This implies that company Size , in the context of this model, does not significantly influence market price per share. The standardized coefficient (Beta) for EPS is 0.157, indicating a positive impact on MPPS. This suggests that EPS has a relatively modest, positive influence on market price per share compared to other predictors. The Beta value for DPS is 1.070, suggesting a stronger positive impact on MPPS compared to other predictors. This indicates that dividends per share have a relatively stronger influence on market price per share in this model. the standardized coefficient (Beta) for DPR is -0.561, indicating a negative impact on MPPS. A higher

DPR is associated with a decrease in MPPS, underscoring the potential adverse effect of higher dividend payout ratios on market price per share. the Beta value for LEV is 0.056, although not statistically significant (p = 0.474), indicating a minor positive relationship with MPPS once adjusted for the scale of the predictors. Beta value for Size is very small (0.004), confirming a negligible impact on MPPS. This reaffirms that company Size does not contribute significantly to explaining variations in market price per share in this model. the statistical significance of each predictor (as indicated by p-values) helps determine which predictors significantly contribute to explaining the variation in MPPS. A low p-value (typically < 0.05) suggests that the predictor is statistically significant and contributes meaningfully to the model's ability to predict MPPS. t-statistic measures the ratio of the estimated coefficient to its standard error, providing additional information about the reliability and significance of each predictor in the model.

The regression coefficients and their interpretations in Table 5 offer valuable insights into how various financial metrics (EPS, DPS, DPR, LEV, Size) influence the market price per share (MPPS). These coefficients, along with standardized values and significance levels, aid in understanding the magnitude, direction, and statistical significance of these relationships within the regression model.

4.2 Discussion

Nepalese commercial banks operate within a highly regulated framework, particularly during the Study period, when the central bank mandated increases in paid-up capital, leading to increased merger and acquisition activities among commercial banks. Policy interventions, aimed at shaping the profit and dividend policies of commercial banks, are significant determinants of payout policies within the banking sector. The Nepal Rastra Bank (NRB) employs monetary policy tools to regulate dividend payments by banks and financial institutions, while other regulators, such as the insurance and securities boards of Nepal, also play pivotal roles in formulating dividend policies. Various factors, including firm Size profitability, dividend history, and growth opportunities, significantly influence dividend payout policies. The sample banks exhibit a lack of specific dividend practices, such as stable dividends or consistent payout policies, and there is a trend toward haphazard distribution.

The Study found a positive relationship between Earnings Per Share (EPS) and Market Price Per Share (MPPS), indicating that an increase in EPS leads to an increase in MPPS, contributing to shareholder wealth. This finding aligns with previous studies by Kurnia et al. (2022) and Rahman (2018), which also identified a significant positive effect of EPS on stock prices. However, these results contrast with Shammout (2020), who found an insignificant positive relationship between MPPS and EPS.

Regarding Dividends Per Share (DPS), the study identified a positive significant relationship with MPPS, indicating that DPS serves as a motivating factor in the financial sector but may not strongly influence MPPS. These findings are consistent with Humaerah et al. (2022) and Shammout (2020), who also found DPS to be significant in affecting stock prices, with a positive regression coefficient of MPPS on DPS. Conversely, Islam et al. (2022) identified a positive role of DPS in determining stock prices in the banking and insurance sectors.

The Study also found a negative significant relationship between Dividend Payout Ratio (DPR) and MPPS, suggesting that higher payout ratios are associated with lower stock price volatility. This finding aligns with Ayanku and Apiri (2020) and Baral and Pardhan (2018), who also identified a significant positive influence of dividend payout on stock prices. However, Kurnia et al. (2022) reported a negative significant relationship between MPPS and DPR, contrasting with these findings.

Furthermore, the research identified a positive and significant relationship between Market Price Per Share (MPPS) and Leverage (LEV), indicating that an increase in LEV positively impacts MPPS. These findings are consistent with Subedi (2022) and Gyawali (2022), who also concluded that MPPS and LEV exhibit a positive relationship. However, Darami et al. (2022) obtained inconsistent results, reporting a negative impact of LEV on MPPS.

Finally, the Study observed a positive relationship between MPPS and Size , indicating that larger stocks often pay dividends. These findings are consistent with Ohiaeri et al. (2019) and Almanaseer (2019), who identified a significant positive correlation between MPPS and Size . However, Niraula (2021) reported conflicting results, identifying a negative relationship between MPPS and Size .

CHAPTER -V

SUMMARY AND CONCLUSION

This chapter encapsulates the essence of the study, providing a comprehensive summary of each chapter and drawing well-founded conclusions based on the analysis of the relevant data. It serves as an all-encompassing overview of the entire research process, highlighting key findings and insights derived from the investigation.

5.1 Summary

This study explored the impact of dividend policies on stock prices within Nepalese commercial banks, aiming to provide new insights and conclusions regarding dividend practices. The research sought to bridge gaps identified in previous studies and advance existing knowledge by analyzing the effects of dividends and identifying the factors influencing dividend policies at five selected banks: Nabil Bank Ltd., Nepal Bank Ltd., Nepal Investment Bank Ltd., Citizen Bank International Ltd., and NIC Asia Bank Ltd. These banks were chosen based on criteria such as profitability, capital, and ownership structure, encompassing private, joint venture, government, and public ownership.

The study investigated a range of variables, including earnings per share (EPS), dividends per share (DPS), dividend payout ratio (DPR), price-earnings ratio (P/E), dividend yield, and the market price of shares. The goal was to establish relationships and determine the impact of these factors within the selected commercial banks. The introductory chapter provided a comprehensive overview of dividend policy, described the sample banks, articulated the problem statements, research objectives, the rationale for the study, and outlined the research limitations.

A thorough literature review was conducted, focusing on the theoretical aspects of how dividends impact stock prices. This review incorporated various sources, including rules and regulations, policies, insights from books, academic journals, theses, websites, annual reports, and other published materials.

The research methodology covered several critical aspects, including the research design, population and sample selection, sampling design, data sources, data collection

techniques, and analytical tools. Secondary data sources were predominantly used, with data gathered from annual financial reports of the banks and reports from Nepal's central banks, accessible via their websites. Both descriptive and causal-comparative research designs were employed to evaluate the impact of dividend policies on market prices.

For data analysis, financial and statistical tools such as SPSS and MS Excel were utilized to enhance the efficiency and accuracy of statistical calculations. Ten years of consecutive financial data from the selected sample banks were analyzed using various statistical measures, including means, standard deviations, correlation coefficients, and regression analyses. The empirical findings derived from these analyses were then presented and discussed, leading to the formulation of conclusions and recommendations.

The conclusions and recommendations drawn from the study offered actionable suggestions aimed at improving dividend policies and practices. These were directed towards relevant authorities, the sample banks, other Nepalese commercial banks, the Nepalese central banks, and the government. The recommendations focused on enhancing dividend policy frameworks and practices within the Nepalese banking sector, contributing to the overall improvement of the financial environment in Nepal.

5.2 Conclusion

Based on the findings of this study, it is evident that no single financial indicator predominantly determines the market price per share (MPPS) in Nepalese commercial banks. The significance of specific financial indicators in influencing MPPS varies across different banks. The dividend practices among the sample banks are characterized by instability and a lack of consistent growth, reflecting a haphazard distribution trend.

Key determinants of dividend policy identified in this study include investment opportunities, firm size, earnings growth rate, dividend history, net profit, and foreign ownership. Additionally, factors such as debt obligations, legal constraints, profit rates, growth opportunities, past dividend rates, competitive concerns, liquidity, financing policies, and earnings stability significantly influence the dividend policies of Nepalese commercial banks. However, it is crucial to note that firms cannot be arbitrarily compelled to adjust dividend payments.

The study found that the market price per share (MPPS) exhibits a high degree of positive correlation with earnings per share (EPS), dividend per share (DPS), dividend payout ratio (DPR), leverage (LEV), and bank size (SIZE), as evidenced by the coefficient of multiple correlations (R) of 0.929. This implies that increases in EPS, DPS, DPR, LEV, and SIZE generally lead to higher MPPS, and vice versa.

The study also revealed strong positive correlations between EPS and MPPS ($r = 0.760$) and between DPS and EPS ($r = 0.689$). Additionally, a positive correlation was observed between MPPS and LEV ($r = 0.581$). Significant relationships were found between EPS, DPR, and share price, as indicated by p-values below 0.05 at a 5% level of significance. Conversely, DPS and dividend yield (D/Y) showed a high degree of positive but insignificant relationships with MPPS, while LEV exhibited a negative relationship with MPPS.

Among the sample banks, NABIL demonstrated less fluctuation in EPS, DPS, and DPR compared to others. The study confirms a positive relationship between LEV and EPS with share price. However, due to fluctuations in these financial indicators, as well as dividend yield (DY), the market share price also fluctuates. Trend lines illustrate the positive relationship between EPS, DPR, LEV, and SIZE with MPPS, while DPS exhibits a negative relationship with MPPS. Despite being a motivating factor in the financial sector, DPS does not exert a strong enough influence to consistently increase the market share price.

The coefficient for EPS is 5.656 with a standard error of 5.723. The standardized coefficient (Beta) is 0.157. The t-value is 0.988, and the corresponding p-value is 0.328. Based on these results, EPS is not statistically significant in predicting MPPS ($p > 0.05$). Therefore, it can be concluded that changes in Earnings Per Share do not have a significant impact on MPPS in this model.

For DPS (Dividends Per Share), the coefficient is 34.973 with a standard error of 7.801. The standardized coefficient (Beta) is 1.070. The t-value is 4.483, and the corresponding p-value is 0.000 ($p < 0.05$). Thus, DPS is statistically significant in predicting MPPS. An increase in Dividends Per Share is associated with a significant increase in MPPS.

For DPR (Dividend Payout Ratio), the coefficient is -680.704 with a standard error of 212.049. The standardized coefficient (Beta) is -0.561. The t-value is -3.210, and the corresponding p-value is 0.002 ($p < 0.05$). Therefore, DPR is statistically significant in predicting MPPS. A higher Dividend Payout Ratio is associated with a significant decrease in MPPS.

For LEV (Leverage), the coefficient is 1.316 with a standard error of 1.823. The standardized coefficient (Beta) is 0.056. The t-value is 0.722, and the corresponding p-value is 0.474. LEV is not statistically significant in predicting MPPS ($p > 0.05$), suggesting that changes in Leverage do not have a significant impact on MPPS in this model.

The coefficient for Size is very small (1.768E-011) with a standard error of 0.000. The standardized coefficient (Beta) is 0.004. The t-value is 0.052, and the corresponding p-value is 0.959. Size is not statistically significant in predicting MPPS ($p > 0.05$), indicating that firm Size does not significantly influence MPPS in this analysis.

Commercial banks in Nepal operate under stringent regulations, with payout policies significantly influenced by policy interventions aimed at shaping profits and dividends. The Nepal Rastra Bank (NRB) plays a crucial role in regulating dividend payments through monetary policy, while other financial regulators such as insurance and security boards formulate policies regarding dividend distribution. Dividend decision-making in these banks takes into account various economic, legal, capital market, residual, source, and client-related factors to ensure sound and compliant dividend policies.

5.3 Implications

The findings of this study offer several significant points that could guide policy and practice within Nepalese commercial banks:

i. There is a need for clearer legal frameworks governing dividend payments to ensure the smooth growth of banks and the national economy. Regulatory bodies such as the Nepal Rastra Bank, SEBON, and NEPSE should collaborate to establish definitive rules regarding the percentage of earnings that should be allocated as dividends.

ii. The sample banks should consider adopting specific dividend policies, such as stable dividends, constant payout ratios, or structured policies. These measures could help reduce uncertainty and mitigate market risks, which might otherwise negatively affect the market price per share.

iii. Despite consistent growth in net profit, dividend payouts are decreasing. Financial institutions should consider increasing dividends in line with net profit growth to maximize shareholder wealth.

iv. Nepalese investors should analyze capital market conditions and consult with financial analysts before investing in commercial banks. This approach would enable them to make more informed investment decisions.

v. Banks should make dividend decisions cautiously, taking into account factors such as optimal retention for expansion, stability in dividend payments, and the goal of maximizing market value per share to enhance shareholder wealth.

vi. Stability of earnings, financing policies, past dividend rates, debt obligations, profit rates, corporate taxation policies, and liquidity significantly influence dividend decisions. These factors should be thoroughly analyzed before making dividend distributions.

Areas for Further Research

i. Future studies could include a larger sample size covering more commercial banks and diverse financial sectors such as development banks, finance companies, microfinance institutions, manufacturing companies, and departmental sectors to provide a broader perspective.

ii. Enhancing research comprehensiveness by incorporating primary data sources, such as surveys, questionnaires, or special group discussions, could explore qualitative phenomena alongside quantitative analysis.

iii. Future research should consider incorporating additional variables such as GDP, inflation, and bank size into regression analyses to provide a more nuanced understanding of factors influencing share prices.

iv. Future studies could explore a wider range of factors beyond EPS, DPS, DPR, LEV, and SIZE that influence commercial bank share prices to capture a more comprehensive picture.

v. Employing advanced statistical tools, including non-linear techniques and causality analyses, could delve deeper into the relationships among variables and market dynamics.

These recommendations could enrich future research efforts, providing a more robust understanding of dividend policies and their impact on market dynamics within the Nepalese commercial banking sector.

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APPENDICIES

EPS, DPS, DPR, LEV, Bank Size and MPPS of Nabil Banks Ltd.

YEAR	EPS	DPS	DPR	MPPS	LEV	Bank Size
2013/14	76.12	65	0.85	2535	52.099	90292964080
2014/15	57.24	36.84	0.64	1910	57.49	118695997737
2015/16	59.22	45	0.76	2344	51.55	131347288537
2016/17	59.86	48	0.80	1523	56.99	144017861128
2017/18	51.84	34	0.66	921	52.36	160978071960
2018/19	50.57	34	0.67	800	59.88	201138821741
2019/20	36.16	35.26	0.98	765	54.87	237680030014
2020/21	33.57	38	1.13	1359	60.33	2,91,23,89,46
2021/22	18.64	30	1.60	824	73.55	419818101542
2022/23	23.67	11	0.46	599	93.56	481203548001

EPS, DPS, DPR, LEV, Bank Size and MPPS of Nepal Bank Ltd.

YEAR	EPS	DPS	DPR	MPPS	LEV	Bank Size
2013/14	18.08	0	0	459	58.78	88,211,085,964
2014/15	18.08	0	0	305	60.24	120088791053
2015/16	7.48	0	0	470	59.01	130226118778
2016/17	44.59	0	0	364	59.47	133467201041
2017/18	38.77	0	0	281	54.65	136,811,355,742
2018/19	39.98	25	1.21	336	63.74	171,515,645,958
2019/20	20.68	16	0.68	249	64.07	191,162,816,827
2020/21	23.43	17	0.84	443	66.85	245142145215
2021/22	20.29	12	0.59	268	67.66	260077877377
2022/23	23.39	0	0	249	70.07	296735597837

EPS, DPS, DPR, LEV, Bank Size and MPPS of Nepal investment Bank Ltd.

YEAR	EPS	DPS	DPR	MPPS	LEV	Bank Size
2013/14	40.67	40	0.98	960	51.65	73152014521
2014/15	30.92	34.74	1.12	704	54.74	86174041254
2015/16	29.3	41	1.39	1040	52.04	104,345,436,413
2016/17	29.31	40	1.36	770	61.05	129,782,705,314
2017/18	35.66	40	1.12	621	47.23	171,893,546,611
2018/19	26.4	19	0.72	519	51.12	185,841,988,230
2019/20	17	18.5	1.09	431	43.43	203,023,897,140
2020/21	22	16	0.72	460	59.58	227,930,126,922
2021/22	20.74	11	0.53	265	61.73	244,448,793,470
2022/23	13.92	0	0	174	91.67	446,185,523,464

EPS, DPS, DPR, LEV, Bank Size and MPPS of Citizen Banks Ltd.

YEAR	EPS	DPS	DPR	MPPS	LEV	Bank Size
2013/14	23.7	18.95	0.80	539	53.05	39854785412
2014/15	30.94	21.05	0.68	489	58.14	46548547854
2015/16	35.25	25.78	0.73	680	58.87	55118344675
2016/17	20.27	17	0.84	403	48.14	66114838975
2017/18	15.37	5.26	0.34	236	52.61	77709952994
2018/19	17.49	15	0.86	224	52.08	90121363554
2019/20	13.88	11	0.79	188	60.57	110,550,682,722
2020/21	17.35	16	0.92	386	65.46	168,329,050,416
2021/22	14.12	9	0.64	202.50	66.52	194,412,650,516
2022/23	13.12	5.79	0.44	173.10	68.48	198,932,610,867

EPS, DPS, DPR, LEV, Bank Size and MPPS of NIC Asia Banks Ltd.

YEAR	EPS	DPS	DPR	MPPS	LEV	Bank Size
2013/14	35.98	30	0.83	970	86.85	60519
2014/15	25.59	41.05	1.60	617	107.61	80456
2015/16	28.31	27.37	0.96	798	103.77	99265
2016/17	23.06	21.05	0.91	445	91.37	103108
2017/18	16.62	10	0.60	316	115.66	170943
2018/19	34.22	21.05	0.61	448	128.62	220585
2019/20	31.89	20	0.62	553	100.76	250590
2020/21	28.18	0	0	994	126.69	346148
2021/22	36.45	0	0	696	107.97	358570
2022/23	38.44	30.53	0.79	794	92.40	364089

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Abstracts This study investigates the impact of dividend policy on share price and stock return in Nepalese commercial banks over fiscal years 2013/14 to 2022/23. Data sourced from Nepal Rastra Bank, annual reports of insurance companies, and published articles are analyzed using financial and statistical tools. A descriptive and causal comparative research design is employed, utilizing correlation and multiple regression models to examine relationships and assess significance. The preliminary findings suggest that both internal (e.g., profitability ratios, solvency ratios, dividend policies) and external factors (e.g., international market conditions) significantly influence stock price volatility. Key drivers identified include earnings per share, dividend per share, dividend payout ratio, bank size, leverage, and market price per share. This research underscores the importance of dividend policies in shaping stock price dynamics within the Nepalese banking sector. Key words: Earning Per Share, Dividend Per Share, Dividend Payout Ratio, Bank Size , Leverage, Market Price Per Share CHAPTER-I INTRODUCTION 1.1 Background of the study The dividend policy remains a subject of ongoing debate and extensive research within corporate finance, drawing attention from managers, policymakers, and scholars due to its perceived impact on stock prices. Dividends, representing a portion of retained earnings distributed to shareholders, stand as a fundamental aspect of a company's financial strategy. The discretion to pay dividends lies with the company's board of directors, shaping the dividend policy (Rahman, 2018). Across industries, specific dividend models or policies are adhered to, serving as indicators of a firm's financial performance. Typically, an increase in dividend payments is interpreted positively, signaling optimistic future earnings prospects, while a decrease may indicate a less favorable outlook, potentially impacting share