AN ANALYSIS OF SHARE PRICE BEHAVIOUR OF COMMERCIAL BANKS IN NEPAL

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial fulfillment of requirement for the Master's Degree

By

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CERTIFICATION OF AUTHORSHIP

I hereby corroborate that I have researched and submitted the final draft of thesis entitled Share Price Behaviors of Commercial Banks in Nepal. The work of this thesis has not been submitted previously for the purpose of conferral of any degrees nor has it been purposed and presented as part of requirements for any other academic purposes.

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

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REPORT OF RESEARCH COMMITTEE

Mr. Suresh Kumar Chaudhary has defended research proposal entitled Share Price Behaviors of Commercial Banks in Nepal successfully. The research committee has registered the thesis for the future progress. It is recommended to carry out the work as per suggestions guidance of supervisor Asso. Prof. Kapil Khanal, Ph.D. and submit the thesis for the evaluation and viva voce examination.

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APPROVAL SHEET

We have examined the dissertation entitled & quot; Share price behaviour of commercial bank in Nepal; presented by Suresh Kumar Chaudhary for the degree of Masters of Business Studies. We hereby certify that the dissertation is acceptable for the award of degree.

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Suresh Kumar Chaudhary
Researcher

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ABBREVIATIONS

AM	:	Arithmetic Mean
AMEX	:	American Stock Exchange
BVPS	:	Book Value per Share
CV	:	Coefficient of Variation
DPR	:	Dividend Payout Ratio
DPS	:	Dividend per Share
EBL	:	Everest Bank Limited
EMH	:	Efficient Market Hypothesis
EPS	:	Earning per Share
FY	:	Fiscal Year
GBIMEL	:	Global IME Bank Limited
IPO	:	Initial Public Offering
MPS	:	Market Price per Share
NASDAQ	:	National Association of Securities Dealers Automated Quotation System
NBL	:	Nepal Bank Limited
NABIL	:	Nabil Bank Limited
NMB	:	Nepal Merchant Banking and Finance Ltd
NEPSE	:	Nepal Stock Exchange
NSE	:	National Stock Exchange
NYSE	:	New York Stock Exchange
OTC	:	Over- the-Counter
Prof.	:	Professor
P/E	:	Price Earnings
RWH	:	Random Walk Hypothesis
Rs.	:	Rupees
SD	:	Standard Deviation
SEBON	:	Security Board of Nepal
USA	:	United State America

ABSTRACT

The analysis of Nepali commercial banks' share price behavior from 2018 to 2022 is the main goal of this thesis. The explanatory factors' individual and combined impacts on the dependent variables are measured in the current research using correlation and linear multiple regression models.

According to the empirical results, the independent variables EPS (correlation coefficient =.79), DPS (correlation coefficient =.90), and BVPS (correlation coefficient =.78) have positive correlations with one another. Further empirical research, however, indicates that the DPS and MPS of the sample banks in Nepal have a statistically significant positive association. The findings show that dividends per share have a positive and substantial link with share prices, and that they have a greater effect on share prices. The outcome of the run tests indicates that there is no evidence for the Random Walk Hypothesis (RWH) in the stock markets of Nepal. This result is consistent with the findings of earlier research conducted in the Nepalese environment.

CHAPTER- I
INTRODUCTION

1.1 Background of the Study

The growth of commercial banks is the engine of the contemporary economy. Deposits from individuals, businesses, and organizations are accepted by commercial banks, which then lend money to people who want it. They provide loans or credit. In other words, the nation's economy is stimulated by the commercial banks.

Shares are the discrete portions of the company's entire capital. A stated par value, or nominal accounting value, is assigned to each share of stock in certain countries. This value is used to represent the equity on the corporation's balance sheet. Share trading has grown to be a significant investment market. The investment has paid off for many investors. Nonetheless, there is risk associated with investing in shares due to daily price fluctuations. Therefore, when making a share investment, investors must apply their intuition and data analytical skills. The market price, dividend payment, earnings of the business, interest rate in the market, and other factors all affect the share price.

The share price often has ups and downs. A bull market is an environment in the stock market when prices of shares are rising. A bull market is a financial scenario in which investors are confident, upbeat, and have high hopes that profitable outcomes will persist. Stocks are often overvalued during bull markets because investors are too enthusiastic and think that the price of the stock will continually rise. In other words, during a bull market, investors purchase stock with the hope that it would increase in value over the near term. At that point, they plan to sell the stock to profit quickly on the transaction. A bull incurs a loss if the stock value moves against his expectations; if he is trading on margin, this loss is often substantial. A bull has a strong motive to "talk-up" the value of his stock or to influence the market for it, such instance by disseminating false rumors to attract buyers or trigger a brief price spike that would provide him the chance to sell and the necessary profit. Therefore, a bull must be compared to an investor who buys a stock expecting its value to improve over a medium- (let's say five years) or long-term period of time based on the company's and its assets' underlying performance.

The bear, who bets on a stock's value dropping after being shorted, is the speculator who has the exact opposite position to the bull. A bear market is usually defined by a weak economy, a decline in employment, a recession, and declining stock values. When there is a bear market, investors behave in a very negative way because they think that the equities will continue to decline. Choosing lucrative equities for the near term is difficult for investors in down markets. Recessions in the economy are often the result of this.

The first commercial bank in Nepal, Nepal Bank Limited, was founded in 1994 and was jointly owned by the people and the government. This marks the beginning of the share behavior of commercial banks in Nepal. In 2024 BS, the Agricultural Development Bank was founded. The joint venture led to the establishment of Nepal Arab Bank. As of right now, the Nepal Rastra Bank has classified eighteen commercial banks.

Exchange trading occurs in Nepal either via broker-dealer markets or on a trading floor using an auction method. The NEPSE now trades securities using an auction method. It indicates that securities are traded using the open auction method on the trading floor. The price and code number will be posted on the selling brokers' or dealers' brokers' website after floor-closed contracts between the purchasing and selling parties with the lowest offer. Since the Nepal Stock Exchange established floor autonomy, the majority of brokers now use computerized trading systems to perform securities transactions from their own offices.

Nepal's capital market has seen significant changes in the last two years. The nation was placed under a stable administration. The unemployment rate has dropped, per capita income has improved, and our economy is expanding. The introduction of the C-ASBA system has expanded the main market's scope. At now, over 54 lakh investors own a DEMAT account, and they exhibit a high level of awareness about the financial market. These are only a handful of the capital market's accomplishments in Nepal during the last two years. Even with these developments, the market remains pessimistic.

Explaining the behavior of the aggregate stock price has drawn a lot of attention lately. The stock price is equal to the present value of anticipated future dividends,

discounted at a constant rate, according to the most basic model of stock price movement. This model suggests that the % return on stocks is unpredictable and links changes in stock prices to announcements about upcoming dividends. According to Prabath (2014), the stock price is favorably and significantly impacted by internal variables as well as firm-specific elements including book value per share (BVPS), earnings per share (EPS), and dividend per share (DPS). The capital market is essential for encouraging a steady flow of savings and testing the financial resources available to increase a nation's capacity for production. The Nepalese securities market is still developing, nonetheless.

There are two methods for forecasting the behavior of stock prices: fundamental analysis and technical analysis. In summary, technical analysis uses market data to anticipate and explain fluctuations in security prices. While fundamental analysts think that the economic environment and earnings power are represented in the pattern of market prices, technical analysts believe that the forces of supply and demand are reflected in patterns of price and trading volume (Fisher and Jorden, 2000). Technicians use volume of trade and price pattern analysis to forecast the behavior of stock prices. On the other hand, using the risk-return framework to analyze the earning capacity of the economic environment, fundamentalists forecast the behavior of stock prices. According to fundamentalists, each share has an intrinsic value at any given moment that is, in theory, equal to the present value of the income stream that the share will provide in the future when discounted at a rate of interest that is acceptable for the risk involved. Accordingly, the set of expected capitalization rates is thought to determine the security's real price (Baral and Shrestha, 2006). To evaluate investment possibilities and make wise stock selection selections, investors use a variety of analytical methods. Fundamental analysis is often utilized to make long- and medium-term predictions of the trend in stock prices in order to do this. Fundamental variables would be the primary determinants of stock prices.

Efficiency in the stock market plays a significant role in the nation's capital market. Financial assets get worth and relevance from the stock market. The stock market offers investment options to both individual and institutional investors and is a useful tool for obtaining capital for businesses and intuitions. The share price should randomly fluctuate in response to fresh information in an efficient market. The past

indicates that a lot of work has been done in the area of financial research to look at share price movement. The behavior of share prices has long been a source of discussion among academics and researchers studying finance and economics.

The Nepalese stock market has expanded into new territory these days. Both its market value and size are increasing daily. While new legislation are being created to regulate price fluctuations in the stock market, share prices are rising independently of these causes. As a result, adequate studies to determine the turnover of securities on the Nepal Stock Exchange are still lacking. The goal of this study was to investigate potential influences on share unit turnover and stock market value, particularly with regard to commercial banks. This research also attempts to examine the comparative market presence over various years using data released for five years. The government, Nepal Stock Exchange Ltd., and upcoming researchers find it beneficial.

1.2 Focus of the Study

When investing, one hopes to get a suitable return down the road. The capital market is a venue for the exchange of various financial instruments. In Nepal's case, the expansion of the capital market has been crucial to the nation's economic progress as well as the expansion of its manufacturing, trade, and commercial sectors. Prior to making an investment, each investor should research the institution's finances and share price. Technical analysis is a valuable instrument for examining stocks based on historical stock price data. Investors must possess a solid understanding of the capital market and its pricing mechanism in order to raise money and seize investment opportunities. What buyers and sellers do determines the price of the stock. A number of elements need to be taken into account while determining the stock price. Certain variables may have a quantifiable impact on stock price since they are quantitative, whereas other aspects have a qualitative impact that is impossible to quantify. As a result, the primary emphasis of this research is on how sensitive or volatile the stock price is to financial factors. Stated differently, the goal of this research is to identify the variables that influence stock price, particularly for commercial banks that are listed on the NEPSE.

1.3 Problem Statement

The way the stock price behaves indicates that the secondary market price is being undervalued. The investors were not given timely access to the pricing and earnings information. Without solid understanding of the stock and the market, investors are unable to distinguish between excellent and poor stocks. The market price of stocks was determined only by investors' speculative actions with respect to future stock prices. other stocks that have been losing money for a while have achieved their top price, while other stocks that have been making money steadily have not been able to grow. Therefore, the major issue with the Nepalese stock price in the Nepalese stock market is the absence of value judgment to decide the stock price. This occurs as a result of the stock market's regulatory authorities' incapacity to control the market mechanism and their inability to gain investors' trust. Only until the true stock price determiner is found and diagnosed can this issue be resolved. As previously noted by the previous researcher, a variety of variables might cause swings in share values. We need to be more knowledgeable about the laws and regulations governing the stock market. The stock market offers investors little risk, instantaneous liquidity, and profitable investment options with a reasonable return. It promotes economic growth by assisting in the mobilization of suitable financial resources for investments in development initiatives. According to the random walk hypothesis, the future course of a security's price level is no more predictable than the course of a sequence of accumulated random integers. According to the idea, subsequent changes are independent random variables with identical distributions. That is, it is not possible to meaningfully foretell the future from the past. According to the Random Walk Hypothesis (RWH), share price behavior cannot be used to forecast a stock's future price fluctuations. According to Fama (1970), there are three types of efficient market models for three distinct topics. Since statistical tests for randomness in consecutive price movements were the main methods used to evaluate the validity of the weak form, it has been designated as the RWH. Similarly, the Efficient Market Hypothesis (EMH) in its semi-strong and strong forms may also be indirectly tested. It is impossible to verify whether prices "fully reflect" information (Dyckmon and Dale, 1986). As such, the semi-strong version of the Efficient Market Hypothesis (EMH) may be evaluated by looking at how well the security price responds to new pieces of

information that are made publicly accessible, while the strong form of the EMH can be investigated using private data.

When making investments in developing nations, material assets are prioritized above financial ones. The share price sometimes fluctuates, and the stock exchange responds, either favorably or unfavorably, to changes in the external environment. The stock market has no bearing on some changes in the environment. In particular, the following research issues are anticipated to be addressed by the study:

1. How is the stock price behavior of commercial banks in Nepal?
2. What is the relationship between EPS, DPS and BVPS with MPS of sampled banks?
3. Does Random Walk Hypothesis exist in the Nepalese stock market or not?

1.4 Objectives of the Study

The main objective of this study is to analyze the stock price behavior of commercial banks in Nepal. The specific objectives are follows:

i. To identify the share price behavior of commercial banks in Nepal.
ii. To measure the relationship between MPS with EPS, DPS and BVPS.
iii. To examine the randomness of share price behavior.

1.5 Rational of the Study

Financial markets play a crucial role in helping public companies raise capital as, in one way or another, investors expect to see a healthy return on their investment. Due to the rising MPS, investors are now drawn to invest only in commercial banks. The results of this study are very beneficial to all stock market participants. Nonetheless, a great deal of research has previously been done on the subject of stock market price behavior; however, none of the earlier studies have attempted to examine how individuals behave while making stock investment choices. In this study, the researcher made an effort to identify these kinds of inquiries.

1. Investors in the NEPSE are expected to benefit from the research.
2. The study offers literature to support further investigations on this topic. Understanding the stock price trend in the Nepalese environment is aided by

this research. It may assist the prospective investor in choosing the best or most appropriate choice when purchasing shares.

3. Both individual and institutional investors turn to fundamental research, neglecting technical analysis, when stock market prices exhibit erratic behavior.
4. It provides investors with thorough knowledge about the market's pricing behavior, which simplifies investment analysis.

1.6 Limitation of the Study

This thesis has certain persistent features; apart from the boundaries, the focus on the issue is not varied. As a result, this research has some limitations, which include the following:

1. The research focused on five commercial banks that were listed on the NEPSE among other commercial banks.
2. Only the most current data and statistics from 2018 to 2022 are included in this research, and the run test analysis uses stock prices going back 100 days.
3. The investigation of MPS's link to other financial indicators is the only topic of this research.
4. Only the five commercial banks in Nepal that make up the country's entire capital market are the subject of this research. As a result, the study's findings cannot be applied to the whole capital market.

CHAPTER-II
REVIEW OF LITERATURE

The study-related literature review is implied in this chapter. This chapter's goals are to cover some fundamental research on share price behavior in relation to theories, as well as an analysis of the empirical data from earlier investigations.

Three sectors have been identified for this chapter. This chapter's initial portion is devoted to conceptual review. The second component deals with journal and article reviews, while the third section discusses prior research done in the Nepalese setting.

2.1 Conceptual Review

2.1.1 Securities

Securities are just rights or interests in other things represented by paperwork. They are used and consumed differently than conventional consumer items. Generally speaking, an investor's rights to certain prospects or property, as well as the circumstances in which they may be exercised, are only represented by a piece of paper. Marketable investments with a certificate of financial worth are called securities. These consist of formal investment instruments such as bonds issued by governmental or corporate entities, common stock or mutual fund shares, stock options, and other options.

An exchangeable, negotiable instrument with financial worth is called a security. It stands for both an assessment of the associated risk and a pledge of future payments. Anticipations and appraisals take into account both available data, and individuals may arrive at diverse conclusions on the same level of security. Preferred stock is a hybrid instrument that combines ownership and creditor ship advantages; ownership securities include common stock (Francis, 1999).

2.1.2 Securities Market

A security market is a market where financial instruments or securities are exchanged. Stocks, bonds, notes, derivative securities, etc. are all dealt with in the security market. By moving money from one industry to another, the security market is essential to the country's economic growth. The money is moved from the lender to

the borrower. The securities market is essential for mobilizing savings, directing them toward worthwhile endeavors, and furthermore, for supplying liquidity for additional investment. It promotes the nation's economic expansion and capital development. The purpose of the securities market is to connect buyers and sellers of securities in order to promote the exchange of financial securities or assets (Sharpe, Alexander, and Bailey, 2005).

The world's three biggest stock exchanges are located in Tokyo, London, and New York, and they are all of similar size. Somewhere in the globe, trading takes place every day. Every market has a unique way of handling trades. Nonetheless, pricing quotes are sent worldwide in real time via telecommunications networks.

2.1.3 Classification of Security Market

Currency Exchange

Securities that are short-term marketable, liquid, and low-risk are examples of money market instruments. This instrument is frequently referred to as cash or cash equivalents. The financial relationships between short-term fund producers and demanders generate a money market. It produces and trades debt instruments worth billions of dollars that are extremely liquid, zero-coupon, unsecured, low-risk, and short-term (Francis and Taylor, 1991).

It offers a range of services for private, business, and governmental organizations. For a business or government, liquidity is often the primary factor in determining access to financing operations or working capital, rather than capital upgrades or large-scale projects.

Market for Capitalization

The capital markets are designated for long-term securities issued by corporations or the government. Financial assets with durations longer than a year are often seen in capital markets. It refers to any person, corporate or not, established with the intention of governing or managing the securities sales and trading industry (Bhalla, 1999).

The capital markets are accessed by the institutions that operate inside them in order to obtain funds for long-term objectives, such mergers and acquisitions, corporate expansion, new ventures, or other capital projects.

principal market

The primary market is the kind of market where trading is limited to newly issued financial assets. Raising the funds required to make significant investments via initial public offerings (IPOs) is the primary market's goal. Primary markets come in two varieties, which are as follows:

The market for an issuer's first public offering of securities is referred to as the primary market. The number of new issues in the main market, especially for common stock, is closely correlated with the state of the market. The quantity of new issues presented to the public increases during periods of high or rising market, and decreases during periods of low or falling market (Chaney and Moses, 1992).

Secondary Industry

These are the kinds of marketplaces where investors exchange previously outstanding securities with one another. They are also known as secondary markets. Giving investors access to liquidity for their assets is one of the secondary market's primary goals. New securities are automatically exchanged on the secondary market after they are traded in the main market.

Put another way, a healthy secondary market is a necessary prerequisite for the effective expansion of the main market. Investors are encouraged to purchase assets in the primary market because the secondary market offers liquidity to the securities. Thousands of securities are traded on the Nepal Stock Exchange (NEPSE), a regulated secondary market in Nepal. Two of the largest exchanges in the world are the New York Stock Exchange (NYSE) and the National Association of Securities Dealers Automated Quotation System (NASDAQ).

2.1.4 Organized Stock Exchange

The main marketplace where industrial securities are bought and sold following a set of guidelines is called a stock exchange. It is a joint stock business corollary. It gives

trade and industrial financing. It also gives the government financial support. Securities are swapped for cash or other securities right in front of our eyes (Sherleker, 1996).

It is a real, physically situated market where stocks, securities of businesses, governments, and semi-government entities are exchanged in accordance with a set of guidelines. Securities are purchased and sold by investors on the secondary market. A few instances of structured stock exchanges include NEPSE, NYSE, Tokyo Stock Exchange, American Stock Exchange (AMEX), and Bombay Stock Exchange. An institutional framework for the purchase and sale of securities as well as the creation of regulations governing trading activities is provided by such an organized stock exchange.

2.1.5 Over- the - Counter Market (OTC Market)

It is included on the secondary market. Investors willing to take a chance may sell their assets to a recently formed, partially constructed business. With the money from the sale, he or she looks for a new project to start (Bhalla, 1999). Securities of those businesses that aren't listed on a security exchange are often traded over-the-counter. It is an unofficial market with no central physical location, no corporation, and no set business hours. An online marketplace may also be created by a buyer and vendor connecting electronically by phone, fax, email, and other means.

Stated differently, the over-the-counter (OTC) market refers to the marketplace where securities of non-stock exchange listed corporations are transacted. These securities are traded via registered dealers and intermediaries. By phone or fax, the investors may direct the middleman and authorized dealer to purchase and sell the shares. They determine the securities' price. Among the most well-known instances of an over-the-counter market are NASDAQ in the US and Over-the-Counter Exchange India (OTCEI) in India.

2.1.6 Behavior of NEPSE Index

In the fields of portfolio management and securities research, market indices have always been crucial. The market indexes serve as a benchmark for both individual and institutional investors when assessing the success of their respective portfolios. The

link between past price fluctuations and economic factors is ascertained using market indexes. Market indices are often used by security analysts to research and evaluate the behavior of security prices and forecast future stock market price movements. Specifically, NEPSE has to run well in order for the Nepalese stock market to function well. The behavior of the NEPSE index may be used to determine, in part, whether the Nepalese stock market is doing well or not. Additionally, stock market indices are used to anticipate business cycles, evaluate the trajectory of economic development, and establish a relationship between stock market indexes and economic activity. An index is a tool used to track changes in a set of connected variables across time (Gupta, 1995, p. 13).

In this research, the index is used to determine whether or not the stock market has performed exceptionally well. This obviously focuses on how different shifting factors cause the price of stocks to increase or decrease in the market. Better performance is indicated by a higher index, and vice versa, when stock market prices rise.

When building its share price index, NEPSE uses the Standard & Poor's index, USA technique. In light of this NEPSE, use the following formula:

$$P_{01} = \frac{P_1 \times Q_1}{P_0 \times Q_0} \times 100$$

Where,

P_{01} = NEPSE price index

P_1 = Today's stock price

Q_1 = Number of outstanding shares listed in NEPSE

P_0 = Base market price

Q_0 = Base listed share

The ratio of the average market value of the equity shares of the same firms throughout the base period to the total market value of the equity shares of all the companies in the sample on a given day determines the index for that day. One benefit of this computing approach is that it may be adjusted for arbitrary price fluctuations resulting from the issuance of right shares and bonus shares. Following the launch of

floor trading, NEPSE began calculating the NEPSE index using 100 as the base value and the base period of February 12, 1994 (30 Magh 2050) (NEPSE daily trading record, 1999).

2.1.7 Theories of Stock Price Behaviour

The efficient market hypothesis and the conventional method are the two theories that explain the behavior of stock prices. Technical analysis and fundamental analysis are components of the conventional method. There are three types of efficient market hypothesis under efficient market theory.

Traditional Method

The use of technical analysis and fundamental analysis distinguishes one of the main camps in the field of financial analysis. The two main methods for examining price behavior are listed separately below.

Methodological Evaluation

This technical analysis forecasts future stock prices and variations by analyzing historical data on stock prices throughout time. This method looks at different price graphs and charts from the past and uses the idea that history tends to repeat itself to analyze previous patterns in order to infer future price movement. "Technical analysts look for predictable patterns in past prices in an effort to identify patterns in security price movement and trend and maintain market efficiency" (Will, 1999, p.148).

Technical analysis, in its most basic form, is the study of stock market prices with the goal of forecasting future price movement. To find reoccurring trends or patterns in price movement, historical prices are reviewed. Based on the tenet that history often repeats itself, it is thought that understanding historical share price trends would aid in forecasting future prices under comparable conditions. Technical analysts, often known as chartists, think that by looking at and analyzing the historical performance patterns of certain companies, they may identify patterns in price or volume changes. They are able to forecast the future price behavior of the security by using this previous data that has gathered.

Basic Examination

Accounting, financial, and economic statistics, as well as data pertaining to financial instruments, are all analyzed using fundamental analysis theory. Past performance, current standing, and then use well-informed judgment to forecast future outcomes. "The owner of any asset aspects to forecast the timing and size of these cash flows and then converts the cash flows to their equivalent present value using appropriate discount rate." (Sharpe, Alexander and Bailey, 2000, p.12) "Fundamental analysis begins with the assertion that the true value of any financial assets equals the present value of all cash."

This theory makes the assumption that there is imperfect information about the future of firms, resulting in some stocks being overvalued and others being underpriced. It is the responsibility of the investor to research a few key elements that might help them choose cheap stocks to buy and sell expensive stocks. By comparing the company's past performance with its anticipated future earnings, prospective investors determine the company's worth.

As fresh information about the earning potential of the firm is continuously generated, the intrinsic value of the company likewise evolves over time. The stock's values therefore reflect this new intrinsic worth. Therefore, it is believed that the security's real price depends on a set of expectations. Price is subject to change in anticipation, which is subject to change according to fresh information. Following thorough investigation, the investor determines an estimate of the intrinsic value of the security, which is then compared to its market price. Whenever the stocks are above or under the genuine worth of the stock, sales or purchases are recommended. The security should be purchased if the value is greater than the market price, and vice versa. (Page 347 of Reiliy, 1986)

As values change throughout time, fundamental analysis is thus a never-ending process. Whenever new information becomes available that might impact the rewards to security holders in the future, the analysis should ideally be revised.

Theory of Efficient Markets

"An 'efficient' market is defined as a market where there are large numbers of rational investors, trying to predict future market values of individual securities, and where important current information is almost freely available to all participants. In an efficient market, competition among the many intelligent participants leads to a situation where, at any point in time, actual prices of individual securities already reflect the effects of information based both on events that have already occurred and on events, which, as of now, the market expects to take place in the future. In other words, in an efficient market at any point in time the actual price of a security will be a good estimate of its intrinsic value" (Fama, 1965). As a result, an efficient market sets its price based on all of the information at its disposal.

When a significant number of logical investors are attempting to forecast the future market prices of particular assets, the market is said to be efficient. It is a market where everyone has free access to up-to-date information. Competition creates an environment where securities prices reflect in an efficient market. Information derived from both past occurrences and future happenings that the market anticipates.

In conclusion, the following presumptions form the basis of the EMH:

All investors have easy access to such information.

Because in order to make trading choices, investors utilize this information to assess the markets, the economy, and specific stocks.

Furthermore, those investors will respond to any information with urgency.

Prof. Fama claims that there are three types of EMH. They are described in short below:

Weakly Effective Market Theory

According to this theory, any information that can be discovered by looking at market trade data, such as trading volume, historical prices, and short interest, is already reflected in the stock price. According to this theory, all investors would have discovered how to take advantage of the signals by now if such data could ever

provide trustworthy predictions regarding future performance. In conclusion, this kind of EMH asserts that a stock's current price reflects all of its previous prices.

The hypothesis of a semi-strong efficient market

A kind of Efficient Market Hypothesis (EMH) known as semi-strong form efficiency holds that the current share price of a company is derived from all available information. This indicates that neither technical nor fundamental analysis may be used to generate higher returns. Only knowledge that is not generally known may be useful to investors looking to generate abnormal returns on their investments, according to this kind of EMH. The stock price takes into account all other information, and neither technical nor fundamental research can provide higher returns.

Robustly Effective Market Theory

The strongest interpretation of market efficiency, known as "strong form efficiency," holds that a stock's price takes into account all available information in the market, including both private and public knowledge. In this approach, insiders take action by purchasing or selling shares based on the information they learn. The stock price is impacted by their actions, and it swiftly adjusts to take into account the insider knowledge. Examining whether insiders' access to important information enables them to generate statistically significant trading gains is a clear method of determining the legitimacy of insider traders in securities (Francis, 1997, p. 558). Consequently, the robust variant of the efficient market accurately sets the price of assets while promptly incorporating new, either public or private, information.

The hypothesis of random walks (RWH)

The weak variant of the efficient market hypothesis, which is predicated on the idea that market players accept at face value any information included in historical price movements (but not necessarily other public information), may be used to derive the RWH. Statisticians discovered early in the 20th century that stock price fluctuations seemed to follow a fair-game pattern. This gave rise to the RWH, which was initially proposed by the French mathematician Louis Bachelier in 1990 A.D. and holds that

stock values are unpredictable because they are random, much like an intoxicated person's movements.

The term "random walk theory of share price behavior" refers to the EMH's weak version. Random walk theory is the common name for the weak variant of the EMH. It discusses the possibility of price prediction using historical data. Fama claims that this suggests that a security's price level's future course will be more predictable than the course of a sequence of accumulated random values. The sequence of price fluctuations lacks memory, making it impossible to meaningfully forecast the future from the past. This indicates that the amount and direction of price changes right now are a fair and independent result of earlier price changes. Two primary hypotheses underlie the random walk model: 1) Price changes occur independently of one another, and 2) Price changes are consistent with a probability distribution (Fama, 1965).

According to the idea, changes in stock prices follow the same distribution and are unrelated to one another, hence it is impossible to forecast future changes in stock prices or market trends based on previous performance. This is, in essence, the notion that stock moves in an erratic and unexpected manner. A random walk adherent thinks that beating the market is unachievable without taking on more risk.

2.2 Empirical Review

2.2.1 Review of International Books and Journals

There is a plethora of research on the random walk and market efficiency hypothesis. An effort is made to provide a succinct overview of earlier work here. It's possible that Bachelier (1900) was the first to postulate about market efficiency. The groundbreaking studies in this field by Samuelson (1965) and Fama (1965, 1970) aroused a lot of attention. Using serial correlation tests to analyze stock return behavior, early research on random walks concluded that markets were efficient (Working, 1965; Samuelson, 1965; Fama, 1965; Jennergeen and Korsvold, 1974).

A research on the behavior of stock market prices was carried out by Fama in 1965. Monitoring the daily proportional price of each stock in the Dow Jones Industrial Average was the study's main goal. Correlation and run tests were used in the research

to analyze the data. The average serial correlation coefficient for daily price fluctuations, according to the research, was 0.03—a relatively modest value—but 11 out of 30 equities had correlation coefficients that were more than double their calculated standard errors. The data generated by the serial correlation model seems to suggest that there is either very little, no, or no dependency in subsequent pricing, according to the conclusion.

The research on the link between factors and share prices of Pakistan's Karachi Stock Exchange (KSE) 100 index was carried out by Khan and Amanullah (2012). The study's goals were to determine the market ratio and stock price. The market ratio, price-earnings ratio, dividend, GDP, and interest rate were all employed in the research to determine the strength and direction of the association. The findings demonstrated that, with the exception of the interest rate and book to market ratio, every variable chosen had a positive and substantial link with the share price. The research found a favorable correlation between stock prices and share prices.

A research by Malhotra and Tandon (2013) looked at the National Stock Exchange (NSE) of 100 businesses to find out what variables affect stock prices. The study's goal was to identify the factors that influence stock price. The research analyzed data using a linear regression model. The findings showed that although dividend yield has a substantial negative relationship with the market price of the firm's stock, book value, earnings per share, and price-earnings ratio had a large positive link with the firm's stock price. The analysis found a significant relationship between share price and market price.

A research on the qualitative elements influencing the share prices of the listed banks on the Amman Stock Exchange was carried out by Almunani (2014). The study's goal was to determine how EPS and MPS relate to one another. Data analysis for the research was done using a linear multiple regression model. According to the analysis, there is a noteworthy positive correlation between the MPS and EPS of Jordan's listed banks. Regression analysis, according to the study's findings, indicates a favorable correlation between MPS and P/E ratio. Based on the regression analysis, the empirical results show that there is a negative correlation between MPS and size. Finally, the effects of DPR and DPS, two additional factors, on MPS are negligible.

In summary, despite the abundance of study on random walks and market efficiency, scholars cannot agree on what constitutes an efficient market. The findings of the various tests vary. The analysis's tests seem to have an impact on the empirical findings of different investigations. Generally speaking, however, nonparametric tests like Brock et al. (1996) strongly oppose return independence, whereas traditional parametric tests support the random walk. Regarding the returns behavior when considered in terms of the random walk and linear and non-linear relationships, the literature study offers conflicting conclusions.

2.2.2 Review of Nepalese Journals and Master Dissertations

Timilsina (2001) studied how Nepal's stock prices behaved and how the country's capital market developed. The study's primary goals were to determine the fair market value of stocks and determine whether the current pattern of price behavior will continue. The research included 34 listed firms as a sample, and it spanned eight months in 1999 and 2000. According to the research, market price share is sensitive to changes in market price. The research came to the conclusion that although DPS and EPS both affect share prices, DPS is more sensitive to price changes and responds to them directly and quickly in the market.

In 2004, Pradhan and Upadhaya carried out research on the behavior of share prices in Nepal and the efficient market theory. The research aimed to conduct a thorough evaluation of the weak and somewhat different forms of EMH. The research analyzed data using correlation using Spearman's rank correlation, chi-square test, weighted mean, median, and run tests. According to the research, a sample of the stocks was analyzed between mid-July 1997 and mid-July 2000. The research came to the conclusion that the Nepalese stock market may not be classified as having a weakly efficient share price.

Poudel (2005) studied the share price behavior of Nepali listed firms. Examining the stock market's price behavior was the study's goal. The research analyzed the data using tests of correlation. According to the report, Nepal's capital market is still in its infancy. According to the study's findings, Nepal's capital market is still in its infancy.

Neupane (2005) carried a research on the factors that influence stock prices on the Nepal Stock Exchange. Finding the association between MPS and EPS, DPS, and

BVPS as well as looking into the variables influencing the Nepalese security market were the goals of this research. Standard deviation, correlation, regression analysis, and t-test were used in the research to examine the data. He came to the conclusion that among the listed businesses, NEPSE, DPS, BVPS, and EPS individually do not consistently correlate with the market price of a share.

A study conducted by Baral and Shrestha (2006) on the daily stock prices of selected banks revealed significant fluctuations in these values throughout the fiscal years 2005 and 2006. Their performance in the Nepalese stock market was subpar. The following price adjustments were interdependent. The investigation came to the conclusion that the Nepalese stock market prices shares in an inefficient manner. The study's test findings also demonstrated the significance of the percentage difference between the observed and real number of runs in the price change series.

Regmi (2008) carried a research on Nepal's share price behaviors. Evaluating Nepalese equity share price behaviors was the goal. The other particular goals were testing the hypothesis of the random walk or weak-form efficient market, determining whether or not subsequent price fluctuations are independent, and surveying financial professionals about their opinions on different elements of share price behaviors in Nepal. He discovered that the random walk model's independence assumption is not supported by any of the tests—serial correlation or run test analysis. The exchange of various types of information in the market was the reason for changes in share prices. The financial executives in Nepal agreed with the efficient market concept to a limited extent.

Shrestha (2010) used a variety of statistical methods, including mean, standard deviation, coefficient of variation, correlation coefficient, coefficient of determination, and regression analysis, to perform a research on the "Stock Price Behaviour of Nepalese Commercial Banks" including ten commercial banks. His goal was to identify the variables influencing stock price and the correlation between MPS and EPS, DPS, and BVPS. He came to the conclusion that different companies had different pricing strategies. Nonetheless, the combined impact of EPS, BPS, and DPS on the market price of shares is noteworthy. Factors influencing the market price of a share in NEPSE are determined via the examination of primary data. Earnings, book value, dividend payment, growth rate, and corporate risk are examples of internal

variables that impact share price. In a similar vein, the market price of a share is influenced by other environmental variables. Information, gossip, and whims are examples of environmental influences that impact the share price.

"Efficient market hypothesis and behaviour of share prices: the Nepalese evidence" was the subject of a 2010 study by Pradhan & KC. This research set out to evaluate Nepali equity share price behavior. The analysis is based on weekly index time series spanning three years and weekly stock price time series for 26 different firms throughout the same period. The analysis showed that there is no correlation between the time series of stock index fluctuations. Since most of the auto-correlations are 0, it may be concluded that the series is mostly really random. When it comes to specific firms, there is a noticeable difference in their behavior from the time series of changes in stock prices of the more and less traded stocks. According to test findings, the random walk hypothesis holds true for equities that are traded less often but is inconsistent with the values of heavily traded stocks.

Adhikari (2011) investigated Nepalese listed commercial banks' stock price behavior. For this study, both the descriptive and analytical research designs are used. To determine whether the fluctuations in the stock market price are random or not, run tests are used. For the run test to determine the behavior of the stock price, seven sample firms are employed. Run tests are used to gauge how sample firms' stock prices behave. The sample firms' price changes are not random among the 23 listed commercial banks. According to the regression study, there is a positive correlation for some corporations between the market price and EPS.

2.3 Research Gap

Previous research and studies on the movement of stock prices in the NEPSE are conducted using the apparent method, which takes the most popular indicators into account. It was discovered during the evaluation of earlier theses that no research had been done using the sample firms that the researcher had chosen for this study.

Therefore, it is anticipated that this study would close the gap and evaluate the reliability of the earlier researcher's works on contemporary Nepalese conditions.

2.4 Research Framework

A conceptual model that illustrates the relationships between the numerous elements that have been determined to be significant to the issue. Following the literature review, it is created by outlining the issues and conducting an interview with the relevant party. It rationally connects to the findings of earlier research and builds a scientific foundation for the hypotheses. The link between the independent and dependent variables is shown. A theoretical framework aids in the formulation of hypotheses.

Testing the issue of theories is helpful. A theoretical framework is necessary while doing research since it identifies the variables, states the link between two or more variables, and demonstrates the reasons for assuming such a relationship.

Independent Variable **Dependent Variable**

FIG: Theoretical framework of relationship between Variables

CHAPTER – III
RESEARCH METHODOLOGY

To accomplish its goals, each systematic research project has to follow an appropriate, scientific technique. The approach used to accomplish the goal of this research project is presented in this chapter. The study design, demographic and sample, data collecting sources, data gathering methods, data processing, and data analysis tools and procedures are all included in this chapter.

3.1 Research Approach

The research design functions as the study's framework, directing the data collecting and analysis, the choice of research tools, and the sampling strategy.

Descriptive research methodology is used in this study to ascertain how book values, dividends, and profits affect stock prices.

3.2 Population Sample and Sampling Design

Population refers broadly to the total number of observations. Since there are now 20 commercial banks in the market, this represents the population. Studying them all is not feasible due to time and budget constraints. Therefore, the four commercial banks that are listed and doing share transactions on NEPSE have been selected as a sample.

The sample banks are as follows:

1. Nabil Bank
2. NMB
3. GBIME
4. NBL
5. EBL

3.3 Nature and source of data

Information sources are often divided into two categories: main and secondary. The secondary data used in this investigation. To determine the correlation between various factors, such as share price, profits, dividends, and book values, among others, secondary data is used.

The annual reports of linked banks, SEBON, NEPSE, financial statistics reports, journals, unpublished thesis reports, newspapers, websites, and the internet are the sources of secondary data.

3.4 Collection of Data

When the kind of data changes, so do the methods used to gather it. The secondary data are gathered from published sources and may be found in a variety of places, including books, journals, publications, websites, NEPSE, SEBON, and so forth.

Tables and figures that make sense have been used to teach the pertinent facts. It is helpful to draw a conclusion from the facts at hand using a variety of statistical and financial methods. The paper and tables do not include such data since they are deemed superfluous.

3.5 Method of Data Analysis

If the obtained data are not examined, they become meaningless. The data in this research have been analyzed using a variety of statistical and financial methodologies. The logical conclusion is reached by the collection of primary and secondary evidence from several sources.

3.5.1 Financial Tools

In this study project, several financial instruments have also been applied. The main financial instruments used in this research are:

1. Earnings Per Share (EPS)

The rupee amount received per outstanding share of common stock is referred to as earnings per share. It calculates each equity shareholder's return. It is also used to calculate how lucrative a shareholder's investment is. The profitability of the banks per share is easily shown by the profits per share. By mobilizing their capital, the banks have been able to attain greater profitability, as seen by the increased earnings, and vice versa.

Mathematically,

$$EPS = \frac{Total\ earnings\ available\ to\ ordinary\ shareholders}{No.of\ Shares\ Outstanding}$$

2. Book Value Per Share (BVPS)

The true net worth per share is represented by the book value per share. It's just the ratio of the number of outstanding shares to net worth, which is calculated using share capital and retained profits, or ownership capital.

Mathematically,

$$BVPS = \frac{Net\ Worth}{No.of\ Shares\ Outstanding}$$

3. Dividend Per Share (DPS)

The DPS is the amount paid as dividend to the holder of one share of the stock.

Mathematically,

$$DPS = \frac{Total\ Dividend\ Paid}{No.of\ Shares\ Outstanding}$$

4. Market Price Per Share (MPS)

The current price at which the stock is traded is known as the market price per share. The present and anticipated future dividends of the firm, as well as investors' perceived risk of the shares, determine the market price of common stock.

3.5.2 Statistical Tools

1. Mean (x)

The arithmetic mean, or simply the mean, is the most well-known and often used of the several central location measurements. A set's mean may be calculated by dividing the total number of values by their sum (Freund, 1984). It always exists since it can be computed for every collection of numerical data. The sign for the mean is as follows:

Mean ($\bar{X}$) =$N\ \Sigma X$

Where,

$\bar{X}$= Arithmetic mean

N= Number of observations

ΣX = Sum of all the values of the variable X

2. Standard Deviation (σ)

The absolute description is measured by the standard deviation (σ). The amount of the values' divergence from the mean will increase with increasing standard deviation. A small standard deviation indicates both strong observational consistency and series homogeneity, and vice versa.

Which is given by:

$$\sigma = \sqrt{\frac{1}{N}\Sigma(\mathrm{X} - \bar{X})^2}$$

Where,

σ = Standard deviations

N= number of observations

X = Arithmetic mean

3. Coefficient of Variation (C.V.)

By expressing the standard deviation as a percentage of the mean, one may derive the coefficient of variation (C.V.), a relative measure of dispersion. When comparing the variability of two or more distributions, the CV may be used. It is a relative metric with no unit dependency. increased CV values correspond to increased variability, whereas lower CV values correspond to reduced variability.

Which is given by: $CV = \frac{\sigma}{\bar{X}} \times 100$

Where,

CV= Coefficient of Variation

σ = Standard deviations

$\bar{X}$= Arithmetic mean

4. Correlation Coefficient (r)

When a link is quantitative in nature, correlation is the suitable statistical technique for identifying, quantifying, and summarizing the relationship. The correlation is positive when the values of the variables are directly proportional, while it is negative when the values of the variables are inversely proportional. Karl Pearson found that the correlation coefficient always ranges from +1 to -1. The basic correlation coefficient between two variables, such as x and y, may be found by:

$$r_{xy} = \frac{COV\ (x, y)}{\sigma_x \sigma_y}$$

$$r_{xy} = \frac{N\sum xy - \sum x \sum y}{\sqrt{N\sum x^2 - (\sum x)^2}\sqrt{N\sum y^2 - (\sum y)^2}}$$

Where,

r_{xy}= correlation coefficient between two variables x and y.

Perfect positive correlation exists when r = +1, perfect negative correlation exists when r = -1, and no connection exists when r = 0.

5. Regression Analysis

With the use of this tool, one variable's unknown value may be determined from the known value of any other variable. An independent variable is one whose value is known, whereas a dependent variable is one whose value has to be anticipated. Therefore, using a specified amount of change in one variable as a basis, regression analysis calculates the average likely change in another. It is used to ascertain whether or not the supplied independent variable has an impact on the dependent variable. Regression analysis is thus a very helpful method for determining relationships in business and economics research.

The regression analysis can be classified into two categories which is given follows:

i) Simple regression analysis

ii) Multiple regression analysis

i) Simple Regression Analysis

The average connection between two variables is described by this analysis, which aids in determining the dependent variables' most likely values. based on a variable or factors that are independent.

In this study following simple regression has been analyzed which is given by,

MPS = a + bEPS.....(i)
MPS= a + bDPS.....(ii)
MPS = a + bBVPS ..... (iii)

ii) Multiple Regression Analysis

This is a logical extension of basic regression analysis, as it is described as a statistical device that is used to predict the most likely value of the dependent variable based on the known values of two or more independent variables.

In this study, following multiple regression equation is analyzed.

MPS = a + b1 EPS + b2 DPS + b3 BVPS

Where,
MPS is dependent variable and EPS, DPS and BVPS independent variables.

6. The Run Test

A non-parametric test called a run-test verifies the hypothesis's randomness for a series of two-valued data. More specifically, it's used to verify the idea that the sequence's constituent parts are independent of one another. If a data collection originates from a random process, it may be determined using the run test. To determine if the MPS of the stocks of the sample commercial banks is random, the run test is used in this study.

Computing the value of Z under the large sample,

$$z = \frac{\left[\frac{2n_1n_2}{n_1+n_2} + 1\right]}{\sqrt{\frac{2n_1n_2\,(2n_1n_2-n_1-n_2)}{(n_1+n_2)^2\,(n_1+n_2-1)}}}$$

Where,

r = Number of runs

n1= Number of positive and zero sign

n2= Number of negative sign

Calculating the results of run tests involves comparing the computed value of Z with the tabular value of Z at a certain level of significance. The alternative hypothesis is accepted and the null hypothesis is rejected if the computed Z value is larger than or equal to the tabulated value. However, the alternative hypothesis is rejected and the null hypothesis is accepted if the computed value of Z is smaller than the tabulated value of Z.

CHAPTER- IV
PRESENTATION AND ANALYSIS

4.1 Introduction

The presentation, analysis, and interpretation of data in accordance with the study technique are covered in this chapter. The bulk of this research is included in this chapter. The secondary data is gathered in raw format. In this chapter, such gathered data are analyzed using various suitable tools and procedures and presented in systematic ways. Secondary data is gathered from several sources, presented in an intelligible manner, and, where necessary, examined independently using quantitative metrics.

4.2 Analysis of Market Price Behaviours

To understand the patterns of stock prices in the Nepali stock market, it is also crucial to compile and analyze the market price for the whole year. For this aim, tabular and graphical measures are taken into consideration for the presentation and analysis of the data. The yearly market price of each sample bank is expected to be the closing price of the closure date of the respected year.

Table 1

Yearly Market Price per Share

Column1	2018	2019	2020	2021	2022	mean	SD	C.V
NABIL	921.00	800.00	765.00	1359.00	824.00	933.8	218.82	0.23
NMB	358.00	396.00	395.00	440.00	261.00	370.4	60.55	0.16
GBIME	227.1	379.00	219.00	255.00	265.00	269.00	57.51	0.21
NBL	281.00	336.00	249.00	443.00	268.00	315.4	70.06	0.24
EBL	663.00	666.00	675.00	738.00	439.00	636.2	102.34	0.17
MEAN	490.02	515.40	461.00	647.00	411.4			
SD	263.03	183.64	221.73	388.16	217.08			
C.V	0.54	0.36	0.48	0.61	0.53			

Source: NEPSE Annual Report

The market price of NABIL Bank among the sample banks indicates that, whereas the market price of NMB Bank decreased from 2018 to 2019, increased the next year, and decreased again in 2022, NABIL Bank's market price decreased from FY 2018 to 2019, increased in 2020, and again in 2022.

Global IME Bank's market price increased from 18 to 19 in 2020 before declining and then rising over the following two years. The market price of Nepal Bank LTD. increased from 18 to 19, then decreased in 2020, increased the next year, then decreased again in 2022. The market price of EBL increased from 18 to 21 and then again in 2022.

The sample banks' overall market prices exhibit an unpredictable pattern. The table shows that the biggest coefficient of variation, 81%, occurs in 2021–2021. is in the midst of the study session. According to this CV, commercial banks had a high level of risk generally throughout the research period, however in FY 2019–20, this risk was lowest at 36%.

In a similar vein, Table 1 above analyzes NMB's highest CV according to firm. which is 24%, suggests that there is a significant amount of danger involved, although NBL has a lower CV (16%). It demonstrates that throughout the research period, NBL entails reduced risk.

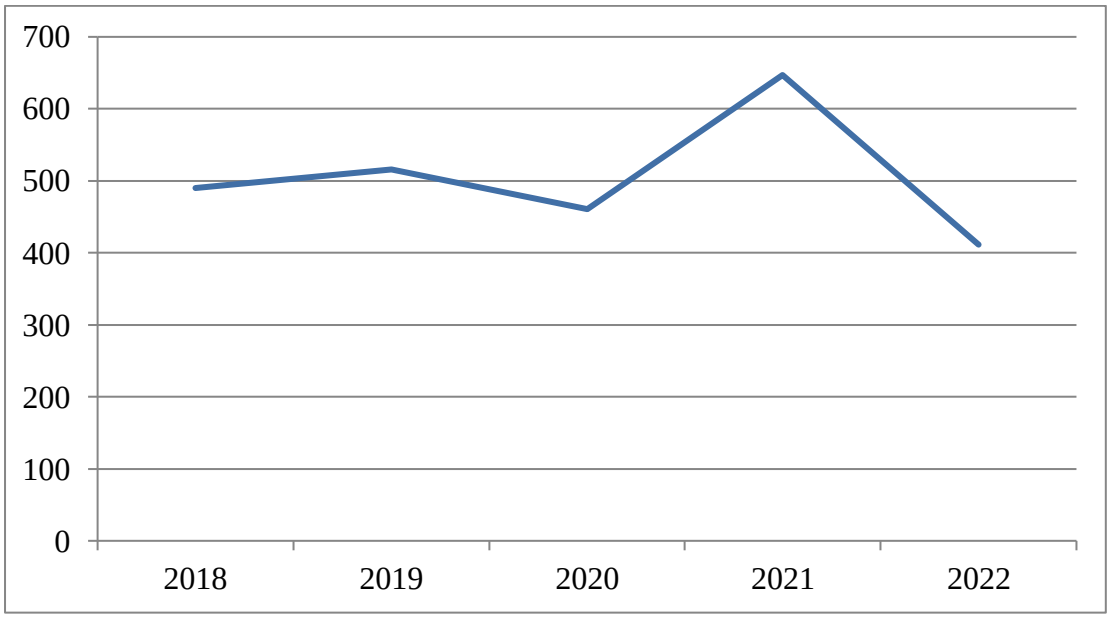

Figure 1 : *Yearly Market Price per Share (Closing FY 2018/19 to 2022/23)*

According to an analysis of Figure 1, the market price of all the sample commercial banks was unstable. The chart indicates that MPS increased gradually from FY 2018 to FY 2019. In this case, the shareholder and investor need to sell the shares. Investors and shareholders should purchase stock after the FY 2019 since the market price is trending downward. After 2020, the price of stock will likely climb, leading to investor sell-offs, and the market price will likely decline once again.

This pattern suggests that commercial banks' pricing movements are trending upward. As a result, shareholders and investors should buy the stock at a discount, hold it, and sell it at a profit.

4.3 Analysis of Financial Indicators

This section's primary goal is to only provide qualitative data about stock market volatility. In order to examine the market fluctuations of commercial banks, we compare the market price per share with dividends per share, earnings per share, and book value per share using the mean, standard deviation, and coefficient of variation.

4.3.1 Analysis of MPS and EPS

The market price is used in this research to quantify the risk associated with each sample bank and to ascertain the association between historical price movement and economic variable. In this research, the EPS or not affects the price of stocks in the specific firm. The standard deviation and coefficient of variation in this study aid in determining the level of risk associated with a certain organization and provide information about the individual financial status of investors and owners. Typically, this study analyzed price movement to forecast future stock market action.

The aforementioned Table indicates that the mean MPS of NABIL throughout the research period was Rs. 933.8. With a coefficient of variation of 0.23, the standard deviation is 218.82. The 23% CV suggests that the MPS of NABIL is less likely to fluctuate. EBL's average income throughout the study period was Rs. 82.10. The coefficient of variation is 0.13 and the standard deviation is 10.36. The 13% CV suggests that this bank's profit potential carries less risk.

Table 2

MPS and EPS of Selected Banks

Year	MPS								EPS							
Banks	**2018**	**2019**	**2020**	**2021**	**2022**	**Mean**	**SD**	**C.V**	**2018**	**2019**	**2020**	**2021**	**2022**	**mean**	**SD**	**C.V**
NABIL	921.00	800.00	765.00	1359.0	824.00	933.8	218.82	0.23	51.84	50.57	36.16	33.57	18.64	**38.16**	**12.22**	
NMB	358.00	396.00	395.00	440.00	261.00	370.4	60.55	0.16	21.86	18.79	11.18	14.76	17.92	**16.90**	**3.65**	
GBIME	227.1	379.00	219.00	255.00	265.00	269.0	57.51	0.21	16.36	61.63	22.89	61.33	32.63	**38.97**	**19.11**	
NBL	281.00	336.00	249.00	443.00	268.00	315.4	70.06	0.24	39.98	26.99	20.68	23.43	20.29	**26.27**	**7.25**	
EBL	663.00	666.00	675.00	738.00	439.00	636.2	102.34	0.17	38.05	29.71	19.91	26.3	31.43	**29.08**	**5.97**	
MEAN	**490.02**	**515.40**	**461.00**	**647.00**	**411.4**				**33.62**	**37.54**	**22.16**	**31.88**	**24.18**			
SD	**263.03**	**183.64**	**221.73**	**388.16**	**217.08**				**12.93**	**15.87**	**8.28**	**15.91**	**6.44**			
C.V	**0.54**	**0.36**	**0.48**	**0.61**	**0.53**				**0.39**	**0.42**	**0.37**	**0.50**	**0.27**			

The mean MPS in the NABIL research is Rs. 933.8. There is a 0.23 coefficient of variation. When compared to the CV of other banks, the 23% CV indicates that there is less risk associated with price fluctuations. The standard deviation is 12.22 and the average earnings per share is 38.6. The 32% CV indicates that this bank's earning potential throughout the research period has less risk.

This bank's mean MPS, according to the NMB survey, is Rs. 370.4. The coefficient of variation is 0.16 and the standard deviation is 60.55. According to the 16.% CV, there is a considerable amount of price variation. This bank's average earnings per share is Rs. 16.48. The 21% CV demonstrates how little risk is associated with this bank's earning potential.

This bank's mean MPS, according to the GBIME research, is Rs. 269.0. There is a 0.21 coefficient of variation. The 21% CV indicates that this bank's MPS has a considerable likelihood of fluctuating. This bank's average earnings per share is Rs. 38.97. The CV of 0.49% suggests that earning potential has a higher degree of risk.

This bank's mean MPS, according to the EBL survey, is 636.2. The 17% CV indicates that there is a moderate level of price volatility, and the coefficient of variation is o.17. This bank's EPS on average is 29.08. The 0.21 CV indicates that this bank's earning potential has a high degree of risk.

This bank's mean MPS, according to the NBL survey, is 315.4. The coefficient of variation (CV) is 0.24, indicating a modest level of price volatility (24% CV). This bank's EPS on average is 26.27. The 0.28 CV indicates that this bank's profit potential entails less risk.

The industry average's overall MPS shows an unpredictable trajectory throughout the course of the five-year research period. The mean MPS for the 2018 fiscal year was 490.02, but in the 2019 fiscal year, it reached 515.4. This indicates a growing tendency in the capital market. Each bank's EPS showed a growing tendency in tandem with a rise in the MPS. The market price per share is greater for banks with larger EPS. In mathematical terms, the NABIL has the greatest EPS, so the MPS is similarly high. thus, as EPS is lower for NBL, GBIME, EBL, and EBL, MPS is thus lower.

According to the computation above, those banks have a lower coefficient of variation, meaning that there is less risk associated with price fluctuations. Consequently, there is less price volatility in such banks. Their income potential is continuous. As a result, the study above demonstrates that NBL's CV of MPS is high compared to the other banks in the sample, indicating a significant level of risk associated with the market price of shares for investors and shareholders in this bank. The low CV of MPS in NABIL and NMB indicates that investors and stockholders have less risk when purchasing shares at market value.

Since GBIME has the highest CV of EPS among banks, its common stock is considered risky. Compared to other selected banks, NMB has a lower CV of MPS, making it a less hazardous bank.

Ultimately, the computation and analysis shown above clarifies that a rise in the EPS was accompanied by an increase in the MPS. It is EPS that is genuinely impacted by MPS. The capital market's price volatility is largely dependent on EPS.

Table 3

Correlation Analysis of MPS and EPS

Variables	Correlation (r)	Coefficient of Determinant (r_2)	Problem Error (P.E.)	6P.E.	Remarks (Significant/ Insignificant)
MPS & EPS	0.52	0.27	0.13	0.78	Significant

There is a 0.52 association between EPS and MPS. It demonstrates a substantial moderate positive correlation between EPS and MPS. It suggests that MPS rises in tandem with an increase in EPS and vice versa. With a coefficient of determinants of 0.27, the influence of EPS accounts for almost 27% of the overall change in MPS, with other variables accounting for the remaining 78% of the change in MPS.

The correlation coefficient's probable error (P.E.) is 0.13 and 6 P.E. is 0.78. It suggests that there is a substantial connection or that the value of r is significant. The calculated correlation coefficient, or "r," may be used to determine dependability. This is important since the r-value is greater than 6. P.E. worth.

4.3.2 Analysis of MPS and DPS

The link between past price movement and the economy determines the market price in this research. The standard deviation and coefficient of variation in this study aid in determining the level of risk associated with a certain organization and provide information about the individual financial status of investors and owners. Typically, this study analyzed price movement to forecast future stock market action.

The table above demonstrates that the MPS variation of the GIBME is either constant or very minimal. Investors and shareholders consider them to be less hazardous assets. The MPS for the GIBL mean is Rs. 269.00. The CV is 0.21. The 21% CV indicates that the price change carries little risk. The average DPS for GIBL is 23.49. The bank's dividend payment risk is modest, as shown by its CV of 0.37%. Out of all the sample banks, this one has a consistent DPS. As a result, these banks have little pricing fluctuation and a steady DPS. Because there is less volatility in the dividend per share, the GIBME is thus a low-risk investment for investors and shareholders.

The NABIL mean MPS, however, is Rs. 933.8. The 23% CV suggests that price variation carries a moderate level of risk. 34.25 rupees is the DPS. The bank's DPS has a moderate level of risk, as shown by the CV of 0.07 and the 7% CV.

Comparably, the mean MPS of EBL Bank is Rs. 636.2. There is a 0.17 coefficient of variation. The 17% CV suggests that price fluctuations are somewhat riskier. The average DPS at this bank is 7.8. The 41% CV suggests that this bank's DPS has a moderate level of risk.

Table 4

MPS and DPS of Selected Banks

Year	MPS								DPS							
Banks	**2018**	**2019**	**2020**	**2021**	**2022**	**Mean**	**SD**	**C.V**	**2018**	**2019**	**2020**	**2021**	**2022**	**mean**	**SD**	**C.V**
NABIL	921.00	800.00	765.00	1359.0	824.00	**933.8**	**218.82**	**0.23**	34.00	34.00	35.26	38.00	30.00	**34.25**	**2.59**	**0.07**
NMB	358.00	396.00	395.00	440.00	261.00	**370.4**	**60.55**	**0.16**	30.00	35.00	16.2	15.8	8.25	**21.05**	**9.9**	**0.47**
GBIME	227.1	379.00	219.00	255.00	265.00	**269.0**	**57.51**	**0.21**	15.00	35.00	27.47	28.00	12.00	**23.49**	**8.64**	**0.37**
NBL	281.00	336.00	249.00	443.00	268.00	**315.4**	**70.06**	**0.22**	15.00	12.00	14.00	2.00	0	**8.6**	**6.31**	**0.74**
EBL	663.00	666.00	675.00	738.00	439.00	**636.2**	**102.34**	**0.17**	5.00	5.00	6.00	13.00	10.00	**7.8**	**3.19**	**0.41**
MEAN	**490.02**	**515.40**	**461.00**	**647.00**	**411.4**				**19.8**	**24.2**	**19.79**	**19.36**	**12.05**			
SD	**263.03**	**183.64**	**221.73**	**388.16**	**217.08**				**10.68**	**13.01**	**10.34**	**12.46**	**9.86**			
C.V	**0.54**	**0.36**	**0.48**	**0.61**	**0.53**				**0.53**	**0.53**	**0.52**	**0.64**	**0.78**			

The mean MPS for NMB is Rs. 370.4 as well. The 16% CV suggests that price volatility carries a moderate level of risk. This bank's average DPS is Rs. 21.05. Given that there is less risk associated in the DPS, the 47% CV suggests that this asset is less hazardous.

The mean MPS for NBL is Rs. 315.4 as well. The 24% CV suggests that price fluctuations carry a moderate level of risk. This bank's average DPS is Rs. 8.6. Given that there is less risk associated in the DPS, the 74% CV suggests that this asset is less hazardous.

As a result, the dividend per share is essential to the capital market's price volatility. The MPS will be greater for a stock with a good and consistent return if investors and owners anticipate a negative or inconsistent return from the company.

Table 5

Correlation Analysis of MPS and DPS

Variables	Correlation (r)	Coefficient of Determinant (r2)	Problem Error (P.E.)	6P.E.	Remarks (Significant/ Insignificant)
MPS & DPS	0.46	0.21	0.13	0.78	Significant

There is a 0.46 association between MPS and DPS. It shows that there is a substantial positive correlation between MPS and DPS. It suggests that MPS rises in tandem with DPS increases and vice versa. There is a 0.21 coefficient of determinants. It illustrates that the impacts of DPS account for around 21.00% of the entire change in MPS, with the remaining 25.00% coming from other sources.

The correlation coefficient's probable error (P.E.) is 0.13 and 6 P.E. is 0.78. It suggests that there is a substantial connection or that the value of r is significant. The calculated value of the correlation coefficient, or "r," may be analyzed to determine its dependability. This is important since the r-value is higher than 6. P.E. worth.

4.3.3 Analysis of MPS and BVPS

The market price assesses the risk associated with each sample bank and establishes the correlation between historical price movement and economic variable in this

research. The standard deviation and coefficient of variation in this study aid in determining the level of risk associated with a certain organization and provide information about the individual financial status of investors and owners. Typically, this study analyzed price movement to forecast future stock market action.

The average book value per share climbed in FY 2019 and 2020, declined in FY 2021 to FY 2022, and then increased in FY 2023 and beyond, according to the above Table. The average BVPS under the EBL research is Rs. 562.2, with a standard deviation of 22.9. 0.16 is the coefficient of variation. The 16% CV indicates that MPS has low risk price fluctuation and that the book value price fluctuation of this bank has very little risk. As a result, investing in this bank is less hazardous for both shareholders and investors.

The mean BVPS of the LBL banks is also 237. The bank's MPS has a moderate level of risk, while its BVPS fluctuates with very little risk, according to the 17% CV. The mean BVPS in the GBIME research is Rs. 223. The 29% CV suggests that the variation in BVPS carries little danger. The mean BVPS under the NMB analysis is Rs. 287, with a coefficient of variation of 0.27. The 27% CV suggests that the variation in BVPS carries a higher degree of risk. According to Nabil's study, each bank's MPS is marginally impacted by its mean BVPS of 697.4 with a CV of 33%, indicating that it is riskier than the other banks.

However, the overall result is that BVPS has an impact on the shareholders' retained profits. The total of capital contributions above par, cumulative retained profits, and common stock is known as BVPS.

Table 6

MPS and BVPS of Selected Banks

Year / Banks	MPS								BVPS							
	2018	**2019**	**2020**	**2021**	**2022**	**Mean**	**SD**	**C.V**	**2018**	**2019**	**2020**	**2021**	**2022**	**mean**	**SD**	**C.V**
NABIL	921.00	800.00	765.00	1359.0	824.00	933.8	218.82	0.23	305	743	650	1010	779	**697.4**	**22.9**	**0.33**
NMB	358.00	396.00	395.00	440.00	261.00	370.4	60.55	0.16	225	310	325	397	178	**287**	**77.2**	**0.27**
GBIME	227.1	379.00	219.00	255.00	265.00	269.0	57.51	0.21	201	350	195	187	182	**223**	**63.83**	**0.29**
NBL	281.00	336.00	249.00	443.00	268.00	315.4	70.06	0.22	201	295	205	276	208	**237**	**40.86**	**0.17**
EBL	663.00	666.00	675.00	738.00	439.00	636.2	102.34	0.17	510	650	595	645	411	**562.2**	**90.8**	**0.16**
MEAN	**490.02**	**515.40**	**461.00**	**647.00**	**411.4**				**288.4**	**469.6**	**394**	**503**	**203**			
SD	**263.03**	**183.64**	**221.73**	**388.16**	**217.08**				**117.2**	**59.87**	**192.8**	**296.5**	**230.5**			
CV	**0.41**	**0.13**	**0.49**	**0.59**	**0.66**											

Table 7

Correlation Analysis of MPS and BVPS

Variables	Correlation (r)	Coefficient of Determinant (r2)	Problem Error (P.E.)	6 P.E.	Remarks (Significant/ Insignificant)
MPS & BVPS	0.98	0.96	0.01	0.06	Significant

There is a 0.98 association between MPS and BVPS. The MPS and BVPS correlation demonstrates a strong positive association as well. It suggests that MPS rises along with an increase in BVPS and vice versa. Between MPS and BVPS, the coefficient of determinants is 0.96. It indicates that the impacts of BVPS account for around 96% of the entire change in MPS, with other variables accounting for the remaining 4%.

The correlation coefficient's probable error (P.E.) ranges between 0.01 and 6 P.E. is 0.06. It shows that there is a substantial correlation, or that the value of r is significant. This is notable since the calculated correlation coefficient, or "r," has a value larger than 6. Analyzing the dependability of this number is made easier. P.E. worth.

4.4 Regression Analysis

Regression analysis is used to evaluate whether or not the independent variables have an impact on the dependent variable. DPS and EPS are the independent variables in this study, whereas MPS is the dependent variable.

4.4.1 Simple Regression Analysis

The statistical technique that shows the linear connection between two or more variables is called regression. When one or more independent variables are altered, the values of the dependent variables also change. These variables may be shown statistically as linear equations. Simple regression analysis is used in this study to determine if there is a link between MPS and EPS, DPS, and BVPS or not.

Simple regression equation of MPS in different situation is expressed as:

MPS= a+ b different situation

Where,

$$a = y + bx$$

$$b = \frac{N\sum xy - \sum x\sum y}{N\sum x^2 - (\sum x)^2}$$

i. MPS on EPS

Where,

MPS is dependent variables and EPS is independent variables.

Table 8

Regression coefficient

Banks	Regression Constants (a)	Regression Coefficient (b)	R2
NABIL	164.65	-0.0056	0.014
NMB	85.970	0.0076	0.0073
GBIME	515.84	0.2403	0.368
NBL	120.79	-0.0067	0.002
EBL	91.77	-0.01663	0.098

Table 8 presents the results of a basic regression study comparing the MPS and EPS of several commercial banks.

The chosen banks' MPS and EPS have a positive and negative association. Consequently, these banks' regression coefficients are both positive and negative. NMB and GBIME had regression coefficients of 0.0076 and 0.2403, respectively. It shows that, when other variables are held constant, a one-rupee increase in EPS causes the stock prices of GBIME and NMB to rise by, on average, 0.2403 and Rs. 0.0076, respectively.

NBL and EBL, however, show negative regression coefficients in the case of NABIL. NABIL, NBL, and EBL have regression coefficients of -0.0056, -0.0067, and -0.01663, in that order. It shows that when other variables are held equal, the EPS causes the stock prices of NABIL, NBL, and EBL to decline by an average of around Rs. -0.0056, -0.0067, and -0.01663, respectively.

Constant (a) has values for NABIL, NMB, GBIME, NBL, and EBL of 164.65, 85.97, 515.84, 120.79, and 91.77, respectively. The positive regression constants of NABIL, NMB, GBIME, NBL, and EBL show that variables other than EPS have a significant impact on these banks' MPS.

The coefficients of multiple determinants for NABIL, NMB, GBIME, NBL, and EBL are, respectively, 0.014, 0.0073, 0.368, 0.002, and 0.098. When compared to other sample banks, NBL has the lowest R2 (coefficient of determinants). It suggests that EPS accounts for the remaining 0.20% of the variance in MPS. Based on the data, it can be concluded that the MPS of these banks is moderately affected by EPS. The R2 (coefficient of determinants of GBIME) is highest among the banks, meaning that 36.8% variation in MPS is explained due to the change in EPS of this bank. Similarly, 1.4%,0.73%, and 9.8% variation in MPS is explained due to change in EPS of NABIL, NMB, and EBL, respectively.

ii. MPS on DPS

Where,

MPS is dependent variables and DPS is independent variables.

Table 9

Regression coefficient

Banks	Regression Constants (a)	Regression Coefficient (b)	R2
NABIL	208.85	0.00805	0.466
NMB	222.42	0.0633	0.1156
GBIME	231.59	0.085	0.177
NBL	-17.60	-0.385	0.235
EBL	40.26	0.00039	0.007

The simple regression MPS on DPS of a few chosen commercial banks is shown in Table 9. NABIL, NMB, GBIME, NBL, and EBL have regression coefficients of 0.00805, 0.0633, 0.085, -0.385, and 0.00039, in that order. With the exception of NBL, the majority of banks exhibit positive correlations between MPS and DPS, whereas NBL has negative correlations. With other variables held constant, the positive regression coefficient of those banks shows that a one-rupee rise in DPS causes an average increase in the share prices of those banks of around Rs.

0.00805,0.0633,0.085, and 0.0039. On the other hand, negative correlation suggests that while keeping other variables equal, a one-rupee fall in the DPS results in an average decline of around Rs. -0.385. It indicates that the bank's DPS and MPS have a positive connection with a positive constant, whereas the MPS and DPS have a negative correlation with a negative constant.

The coefficient of determination (R2) for NABIL, NMB, GBIME, NMB, and EBL are 0.466, 0.1156, 0.177, 0.235, and 0.007, indicating that the variation in MPS of the corresponding banks is explained by changes in DPS of the respective banks in 46.6%, 11.56%, 17.7%, 23.5%, and 0.7% of cases, respectively. Of all the chosen sample banks, the NABIL exhibits the largest degree of variance in MPS attributable to DPS, with a variation of 46.6%. The EBL has the lowest degree of variance among all sample banks, with MPS variation attributable to DPS of 0.7%. Due to the DPS, the other banks, NMB, GBIME, and NBL, too exhibit a significant degree of variance in MPS. Ultimately, therefore, DPS is a key factor in how MPS III varies. MPS depends on BVPS, while BVPS depends on independent factors.

iii. MPS on BVPS

Where,

MPS is dependent variables and BVPS is independent variables.

Table 10

Banks	Regression Constants (a)	Regression Coefficient (b)	R2
NABIL	6054.95	0.55	0.53
NMB	3665	1.2	1.18
GBIME	2487	1.02	0.92
NBL	1894.65	0.45	0.36
EBL	5292.18	0.78	0.88

Regression coefficient

The MPS and BVPS simple regression analysis of a subset of commercial banks is shown in Table 10. NABIL, NMB, GBIME, NBL, and EBL have regression coefficients of 0.55, 1.2, 1.02, 0.45, and 0.78, in that order. It shows that if the variable is held constant, a one-rupee rise in BVPS results in an average increase of

around Rs. 55, 1.2, 1.02, 0.45, and 0.78, respectively. The MPS and BVPS of these banks exhibit a favorable association. In contrast, the bank's MPS and BVPS have a negative link in the instance of EBL.

Constant (a) has values of Rs 6054.95, 3665, 2487, 1894.65, and 5292.18, in that order. The regression constant is positive for every bank. It suggests that variables other than BVPS have a significant impact on these institutions' MPS.

The NABIL, NMB, GBIME, NBL, and EBL coefficients of determination (or "R2") are 0.53, 0.118, 0.92, 0.36, and 0.88, respectively. The correlation coefficient shows that the BVPS is responsible for the MPS fluctuation. The biggest variance percentage among the chosen banks is seen in the coefficient of EBL, which has an 88% fluctuation in MPS because of the BVPS. The least amount of variance among the chosen banks is found in the coefficient of NMB, which has an 11.80% fluctuation in the MPS because of the BVPS. The MPS variance at the other banks—NABIL, GBIME, and NBL—is also minimal as a result of BVPS. As a result, BVPS is one of the other elements that affects MPS determination.

4.4.2 Multiple Regression Analysis

Multiple regression analysis is done to find out the relationship of MPs on EPS, DPS and BVPS where MPS is dependent variables and EPS, DPS and BVPS are independent variable.

The regression equation is,

MPS = a+ b1 EPS + b2 DPS + b3 BVPS

Table 11

Multiple Regression Analysis of MPS on EPS, DPS and BVPS

Banks	Regression Constants (a)	Regression coefficient (b)			R2	
		b1	b2	b3	R	r2
NABIL	2142.81	-0.56	0.81	55	0.51	0.2601
NMB	1324	0.76	6.33	12	00.507	0.2510
GBIME	1078.14	24.03	8.5	10.2	0.66	0.4356
NBL	665.94	-0.67	-38.5	45	0.38	0.1444
EBL	1808.07	-1.63	-0.039	78	0.45	0.2025

The results of a multiple regression study of a subset of commercial banks indicating that BVPS, DPS, and EPS influence MPS are shown in Table 11. In terms of the regression coefficient, the EPS, DPS, and BVPS beta coefficients are b1, b2, and b3, respectively.

Regression coefficients for EPS, DPS, and BVPS in the case of NABIL are shown by b1, b2, and b3, respectively, and are -0.56, 0.81, and 55. It implies that Re. MPS and Re rise by Rs. 55 and Rs. 0.81 for every 1 increase in DPS. MPS drops by Rs. 0.56 for every 1 rise in EPS and BVPS. In multiple regressions, the regression constant "a" is 2142.81, indicating a favorable result. Thus, EPS, DPS, and BVPS have an impact on this bank's MPS. The coefficient of multiple determinations is 0.2601 and the multiple correlations between MPS, EPS, DPS, and BVPS are 0.51. This high degree of closeness may be explained by the fact that, of the overall change in MPS, changes in EPS, DPS, and BVPS account for around 51% of the change, with the remaining 49% coming from other sources.

The regression coefficients of EPS, DPS, and BVPS in the case of NMB are shown by b1, b2, and b3, respectively, and are 0.76, 6.33, and 12. It implies that Re. One DPS rise causes MPS and Re to increase by Rs. 7.9833. MPS increases by Rs. 0.76, 6.33, and 12 for every 1 rise in EPS, DPS, and BVPS, respectively. 1324 is the regression constant "a". It suggests that EPS, DPS, and BVPS have a significant impact on this bank's MPS. The coefficient of multiple determinations and multiple correlation are

0.2510 and 0.507, respectively. The explanation for the high degree of closeness is that the combined impact of changes in EPS, DPS, and BVPS accounts for 50.7% of the total change in MPS, with the remaining 49.3% coming from other sources.

Regression coefficients for EPS, DPS, and BVPS in the instance of GBIME are represented by b1, b2, and b3, and they are 24.03, 8.5, and 10.2 correspondingly. It implies that Re. Rs. 24.03, 8.5, and 10.2 are the results of one rise in EPS, DPS, and BVPS. In multiple regressions, the regression constant "a" is 1078, indicating a positive regression. Thus, EPS, DPS, and BVPS have an impact on this bank's MPS. The coefficient of multiple determination is 0.44 and the multiple correlations between MPS, EPS, DPS, and BVPS are 0.66.

It explains why there is a high degree of closeness: of the overall change in MPS, changes in EPS, DPS, and BVPS together account for around 66% of the change, with other variables accounting for the remaining 34%.

Regression coefficients of EPS, DPS, and BVPS in the case of NMB are shown by b1, b2, and b3, which are, respectively, -0.67, -38.5, and 45. It implies that Re. MPS and Re rise by Rs. 45 for every 1 increase in BVPS. MPS decreases by Rs. 38.5 while EPS and DPS improve by Rs. 0.67. 665.94 is the regression constant "a". It clarifies how these elements have a significant impact on the MPS. The coefficient of multiple determinations and multiple correlation are 0.144 and 0.38, respectively. The low degree of closeness is explained by the fact that 62% of the change in MPS is attributable to other variables, and the combined impact of changes in EPS, DPS, and BVPS accounts for roughly 38% of the overall change in MPS.

4.5 The Run Test

A non-parametric test called the Run Test verifies the hypothesis's randomness for a series of two-valued data. The purpose of the run test is to determine if the sample events' sequence is random. To determine if the MPS of the stocks of the sample commercial banks is random, the Run Test is used in this study. Utilizing the algorithm outlined in the research technique chapter, run and Z value is calculated.

The following hypothesis is generated in order to perform the Run Test for the investigation.Null Hypothesis (H0): The sample commercial banks' stocks' MPS is random

Alternative Hypothesis (H1): The sample commercial banks' stocks' MPS is not random

The results and findings are shown in the table below.

The MPS Run Test for the sample commercial banks is shown in Table-4.12. For the sample commercial banks, the Run Test was carried out for the daily closing price between November 2018 and April 2020. The table displays the maximum and lowest number of runs, respectively, for GBIME, which are 14 and NABIL, which is 2. The higher number of runs demonstrates the MPS's frequent fluctuation.

Table 12

Run Test of the MPS of the Sample Commercial Banks

Banks	No. of sample (n)	R	n0	n1	Calculated value (Z)	Tabular Value (Z)	Decision
NABIL	100	2	50	50	10.25	1.96	MPS is not random
NMB	100	4	68	32	10.30	1.96	MPS is not random
GBIME	100	14	45	55	10.25	1.96	MPS is not random
NBL	100	8	47	53	10.25	1.96	MPS is not random
EBL	100	6	51	49	10.27	1.96	MPS is not random

*Source merolagani.com *test value is median

**observation is taken from 12 November 2017 to 16 April 2018

The MPS Z-value is also included in the table. The Z statistic provides the likelihood of the difference between the actual and predicted number of runs for large samples. Z's tabulated value at the 5% significance level is ± 1.96. At the 5% level of significance, the null hypothesis is rejected if the Z value is higher than or equal to ± 1.96. Every bank included in the analysis has a Z value at the 5% significance level. Since the computed value is higher than the tabular value for each of the commercial banks included in the analysis, the alternative hypothesis is supported and the null

hypothesis is rejected. This indicates that, at the observed significance level, or the 5% level of significance, fewer runs were seen than were predicted. This also shows that the market responds to the information that is available and that changes in the MPS of the commercial banks under investigation are not arbitrary.

4.6 Major Findings of the Study

The main conclusions of the investigations are given independently for the primary and secondary data analyses due to the distinct nature of the data.

1. According to the survey, among the chosen banks, MPS in NBL has a strong CV. For investors and owners of this bank, the market price of shares carries a significant risk. Among the carefully chosen sample banks, NMB's MPS CV is the lowest. It suggests that the market price of a share carries little risk.
2. Every company's market price is randomly studied. As a result, it is evident that the security market is showing signs of fluctuation over the research period.
3. The greatest CV of EPS among the tested banks, 49%, indicates that GBIME common equities are riskier than those of other banks. NMB has the lowest CV of all of the companies, at 21%, making it the least dangerous.
4. When compared to other companies, NBL has the greatest CV of DPS at 74%. Therefore, it can be said that, out of all the banks that were chosen, NBL has the highest DPS fluctuation. In comparison to other sample banks, the CV of NBL shows that the common stocks of these banks are riskier. The DPS CV in NABIL is 7%, the lowest of the sample banks that was chosen. It suggests that there is not much danger associated with this bank.
5. The CV of BVPS for NABIL is the greatest at 33%, while EBL has the lowest at 16%. The CV of EBL indicates reduced volatility among the studied banks, at just 16%, whereas the CV of NABIL indicates considerable variation in BVPS.
6. Among all the other variables, the correlation analysis demonstrates a favorable association between MPS and DPS. The correlation (r) between MPS and BVPS in the compression of r2 and 6 P.E. is noteworthy. MPS and EPS have a somewhat positive association (r2 = 98%); MPS and DPS have a moderately positive correlation (r2 = 52% and 46%, respectively).
7. The MPS of GBIME is more impacted by EPS than those of the other banks, according to the straightforward regression of MPS on EPS. With a GIBL r2 of

36.8%, it can be concluded that EPS is responsible for 36.8% of the change in MPS. Nevertheless, EPS has little effect on NBL's MPS. The r2 value of 0.20% indicates that a mere 0.20% variation in MPS can be attributed to EPS, with the other 99.80% being influenced by other variables.

8. The results of the MPS on DPS simple regression analysis indicate that DPS has a significant impact on NABIL's MPS. The r2 of MPS on DPS of ADBL is 46.6%, meaning that changes in DPS account for 46.6% of the variation in MPS. Conversely, the EBL's r2 value of 0.7% indicates a negligible impact of MPS on DPS.
9. With the exception of GBIME bank, BVPS has a minor impact on the MPS simple regression analysis. The GBIME r2 is 92%, and BVPS on MPS has the most impact on it. Nevertheless, compared to other sample banks, NBL's r2 is the lowest at 36%.
10. The coefficient of multiple determination reveals that the combined effects of EPS, DPS, and BVPS have a significant impact on MPS of GBIME, with the least amount of variance in MPS of GBIME. The combined impact of EPS, DPS, and BVPS is responsible for 43.56% of the change in MPS, according to the r2 of LBL, which is 0.0.4356. Nevertheless, the NBL's lowest r2 of 0.1444 suggests that the combined influence of EPS, DPS, and MPS is responsible for the 14.44% shift in MPS.

CHAPTER- V
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter includes an overview, a conclusion, and a suggestion. Each chapter's synopsis may be found on the summary. The study of pertinent data using a variety of statistical and financial methods results in findings and conclusions. On the basis of the main results and conclusions, the proposal receives recommendations.

5.1 Summary

The securities market has developed into a crucial component of economic growth in recent years. It directs the public's savings into profitable ventures. The country's economic growth is due to the securities market. Economic progress is the result of the securities market, as shown by examples from industrialized nations. Therefore, the growth of the economy depends on a robust and effective securities market.

The capital market in Nepal is expanding. The capital market, shares, book value, par value, market price, pricing mechanism, and the variables influencing the market price of shares are concepts that the general public and investors lack sufficient knowledge of. They want to invest but are unable to do so since they do not know enough about this topic. Every political party that has controlled the country has had various policies and viewpoints regarding the stock market. Thus, as the administration has changed, so too have policies and priorities. Despite being on the priority list in both the interim three-year plan and the tenth five-year plan, the government has not prioritized the growth of the capital market. The development of the capital market cannot be implemented by the government. Consequently, the lack of sufficient transparency in the listed businesses' and the capital market's performances is impeding the latter's development. Stock investors lack the knowledge and training necessary to make informed share price speculations.

The factors influencing the stock price of commercial banks are the main subject of the research. The study's main goals are to determine the variables that influence share price, examine the relationships between different financial indicators, and pinpoint the qualitative variables that influence the price of stocks that are listed on NEPSE.

The association between the quantitative factors—EPS, DPS, and BVPS—and MPS is determined by correlation analysis in order to achieve the intended goals. The secondary data gathered was analyzed and interpreted using the regression of parameters EPS, DPS, and BVPS with MPS.

This study employs both the descriptive and historical research designs. To determine whether the fluctuations in the stock market price are random or not, run tests are used. The run test is used to determine the behavior of the stock price using four sample banks. With the use of basic regression and complex regression equations, the link between market price and EPS, DPS, and BVPS is investigated.

There is a strong connection between the MPS and DPS, indicating a substantial association. DPS has a major influence on MPS. There is a strong link between MPS and EPS and BVPS. All of the factors that were taken into account have a positive association, as shown by the MPS correlation.

According to the MPS's simple regression analysis on EPS, regression coefficient (b) is negative for NABIL, NBL, and EBL and positive for GBIME and NMB. For GBIME, the r2 is greatest, while for NBL, it is lowest. This indicates that GBIME's MPS is more impacted by EPS than those of the other banks.

For NABIL, NMB, GBIME, and EBL, regression coefficient (b) is positive, according to the MPS simple regression analysis on DPS. Since GBIME has the greatest r2, its MPS is more impacted by DPS than that of other banks. The GBIME r2 indicates that DPS has the least impact on GBIME MPS.

For every sampled bank, regression coefficient (b) is positive, according to the MPS simple regression analysis on BVPS. Since NMB's r2 is higher than other banks', MPS at MNB is more impacted by BVPS. According to NMB's r2, BVPS has the least impact on MPS.

While MPS on EPS is negative, MPS on DPS and BVPS of NABIL have positive multiple regression coefficients (b). DPS, EPS, BVPS, and NMB are all good. The multiple regression coefficient (b) for GBIME is positive for every. In the instance of NBL, the MPS regression coefficient (b) on BVPS is positive, but EPS and DPS are negative.When it comes to EBL, BVPS is favorable while EPS and DPS are bad. If

there is any increase in the chosen variable, all positive coefficient values suggest that MPS will increase positively; conversely, negative values indicate the opposite relationships.

The MPS of every tested bank is not random, according to the results of the run test using data collected from 12 November 2018 to 16 April 2020 using a 100-day stock price observation period. Thus, the MPS of every bank in the sample do not fluctuate at random.

5.2 Conclusions

This thesis examined Nepalese commercial banks' stock price behavior. It illustrates how many factors impact share price. Four representative commercial banks, whose stocks are listed and traded on the Nepal Stock Exchange, serve as the study's basis.

These days, there is a lot of interest in the study of share price behavior and the factors that affect equity share prices. Moreover, figuring out what influences share prices is a topic of great interest, particularly for the banking industry. Because commercial bank shares are traded more often on the market than other shares in the Nepalese context, they provide investment possibilities to Nepalese investors.

This research specifically looked at how the share prices of banks listed on the Nepal Stock Exchange Limited were affected by the dividend payout ratio, dividend yield, earning per share, price-earnings ratio, and size.

The study's results for the years 2018–2022 showed that the price–earnings ratio and earnings per share had a strong positive correlation with share price. The research comes to the conclusion that the three main factors influencing the share price of Nepalese commercial banks are dividend yield, earnings per share, and price earnings ratio.

The key conclusions listed above demonstrate that the examination of market price behavior reveals that the pricing behavior of commercial banks is erroneous. In general, the Nepali security market is expanding and growing positively, and in all sample banks, there is a strong positive correlation between market price per share (EPS) and MPS.

The coefficient of variance and standard deviation, respectively, demonstrate that the overall risk and the risk per unit of return for investors vary across sample banks. NMB is the least risky firm among the studied banks, whereas NABIL is a highly dangerous corporation compared to other banks based on the study of CV and standard deviation. The remaining sample banks in the market pricing comparison have a modest level of risk. Based on the annual market price research, the FY 2019 is less dangerous overall over the study period, while the FY 2021 is very hazardous.

According to the Run-test study, there is a significant disparity between the actual and projected numbers of runs for the sample firms' daily closing price fluctuations. This test also confirms that price fluctuations are not random and that price fluctuations in the past, present, and future will not be independent of one another.

The study's findings revealed fresh data from a Nepalese viewpoint, which the industry players value highly. The results of this research seem to be especially helpful for fund managers and equities investors, since they may keep an eye out for these important variables when forecasting share prices and evaluating stock returns.

5.3 Implications

The research looked at Nepalese commercial banks' stock price trends. There is sufficient groundwork for investigations in terms of data, model, and approach. During the research time, Nabil's Earning Per Share was Sanima in this investigation. Therefore, while making an investment option, an investor should ideally choose Nabil. During the analyzed period, the average dividend yield ratio was less than 7%. This suggests that a shareholder who bought a share on the market may get a return on his investment of less than 7%. Thus, in order to sustain the increasing market value per share of the sample banks, banks need improve both their performance and dividend payments.

5.4 Recommendations

Based on the analysis of data and major findings, this study has reached to the following recommendations:

- Periodically, organizations have to provide investors with updated reports that accurately reflect their financial status.

- A distinct entity is required to evaluate the merits and demerits of publicly traded corporations, and it should provide accurate disclosures and recommendations to the general public on investment risk. This will assist investors in making wise decisions about their money at the appropriate times to reduce or eliminate risk. Investor interests should be adequately protected by the NRB, SEBON, and NEPSE.
- The government need to create and enforce strict guidelines and policies to foster the continued growth of the stock market. It is necessary to set up a system that allows the flawed organization to respond right away.
- Investors are keen to use technical analysis to examine changes in share prices. As a result, it is advised that regulatory bodies, brokerage houses, and educational institutions provide comprehensive instruction in technical analysis.
- Individuals in Nepal have shown a propensity to go after businesses that provide larger bonuses, most likely at the expense of potential future development and possibilities. Instead of using instinctive, logical finance reasoning, people spend their hard money based on hearsay and rumors that circulate in the financial market. Investment banks and credit rating organizations are thus required to evaluate the businesses.
- Any company's ultimate goal is to maximize its investors' wealth position, which is mostly dependent on the correct trends of EPS, DPS, BVPS, and other important elements. Investors need to be well-informed about this reality in order for them to make wise investment decisions. As a result, public corporations should regularly start their own well planned awareness efforts.
- Only the banking industry was addressed in the research; the NEPSE lists a variety of other industries. As a result, future scholars should examine every industry covered by the NEPSE in order to examine share price behavior in the Nepalese environment.

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ABSTRACT The analysis of Nepali commercial banks' share price behavior from 2018 to 2022 is the main goal of this thesis. The explanatory factors' individual and combined impacts on the dependent variables are measured in the current research using correlation and linear multiple regression models. According to the empirical results, the independent variables EPS (correlation coefficient =.79), DPS (correlation coefficient =.90), and BVPS (correlation coefficient =.78) have positive correlations with one another. Further empirical research, however, indicates that the DPS and MPS of the sample banks in Nepal have a statistically significant positive association. The findings show that dividends per share have a positive and substantial link with share prices, and that they have a greater effect on share prices. The outcome of the run tests indicates that there is no evidence for the Random Walk Hypothesis (RWH) in the stock markets of Nepal. This result is consistent with the findings of earlier research conducted in the Nepalese environment. CHAPTER- I INTRODUCTION 1.1 Background of the Study The growth of commercial banks is the engine of the contemporary economy. Deposits from individuals, businesses, and organizations are accepted by commercial banks, which then lend money to people who want it. They provide loans or credit. In other words, the nation's economy is stimulated by the commercial banks. Shares are the discrete portions of the company's entire capital. A stated par value, or nominal accounting value, is assigned to each share of stock in certain countries. This value is used to represent the equity on the corporation's balance sheet. Share trading has grown to be a significant investment market. The investment has paid off for many investors. Nonetheless, there is risk associated with investing in shares due to daily price fluctuations. Therefore, when making a share investment, investors must apply their intuition and data analytical skills. The market price, dividend payment, earnings of the business, interest rate in the market, and other factors all affect the share price. The share price often has ups and downs. A bull market is an environment in the stock market when prices of shares are rising. A bull market is a financial scenario in which investors are confident, upbeat, and have high hopes