DETERMINANTS OF STOCK PRICES OF COMMERCIAL BANKS IN NEPAL

A Thesis

Submitted

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RECOMMENDATION LETTER

It is certified that thesis entitled Determinants of stock Price of Commercial Banks in Nepal submitted by Bishnu Prasad Adhikari is an original piece of research work carried out by the candidate under my supervision. Literary presentation is satisfactory and the thesis is in a form suitable for publication. Work evinces the capacity of the candidate for critical examination and independent judgment. Candidate has put in at least 60 days after registering the proposal. The thesis is forwarded for examination.

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APPROVAL SHEET

We, the undersigned, have examined the thesis entitled Determinants of Stock Prices of Commercial Banks in Nepal presented by Bishnu Prasad Adhikari, a candidate for the degree of Master of Business Studies (MBS) and conducted the viva voce examination of the candidate. We hereby certify that the thesis is worthy of acceptance.

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CERTIFICATION OF AUTHORSHIP

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of thesis itself has been acknowledged. In addition, I certify that all information, sources and literature used are indicated in the reference section of the thesis.

……..……..

Bishnu Prasad Adhikari

February 2019

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ABSTRACT

The focus of the study is to identify the factors affecting share price of commercial banks in Nepal over the period of 2008/09 to 2014/15 using empirical analysis of a set of independent and dependent variable. In this study EPS, P/E, S, DY and DPR have been selected as independent variables and MPS has been taken as dependent variable. Linear multiple regression is used to determine whether the selected independent variables have influences the share price or not. The result indicates that earnings per share, price earnings ratio, dividend yield and dividend payout ratio have significant impact on the share price. Further, results of study indicated that earning per share is the strongest determinant of share price, so this study suggests that commercial banks have to increase their earnings per share.

Table of Contents

Title	Page no.
Title page of the thesis	i
Certification of authorship	ii
Approval sheet	iii
Recommendation	iv
Acknowledgement	v
Table of contents	vi
List of tables and figures	ix
Abbreviations	x
Abstract	xi
CHAPTER I – INTRODUCTION	**1-12**
1.1 General Background	1
1.1.1 Constituent of capital market in Nepal	3
1.1.2 Security market	3
1.1.3 Brief introduction of sample banks	5
1.2 Focus of the study	8
1.3 Statement of problems	8
1.4 Purpose of the study	10
1.5 Significance of the study	10
1.6 Limitations of the study	11

1.7 Chapter plan 12

CHAPTER II – LITERATURE REVIEW 13-24

2.1 Review of literature 13

2.2 Review of Articles 14

2.3 Review of thesis 21

2.4 Conceptual framework 23

CHAPTER III – METHODOLOGY 25-33

3.1 Research design 25

3.2 Sample and population 25

3.3 Nature and sources of data 26

3.4 Data analysis tools and techniques 26

3.4.1 Financial tools 27

3.4.2 Statistical tools 29

3.5 Research hypothesis 33

3.5.1 Alternative hypothesis 33

CHAPTER IV – RESULTS 34-52

4.1 Commercial banks in Nepal 34

4.2 Relationship of MPS with EPS, P/E, S, DY & DPR 34

4.3 Descriptive statistics analysis 35

4.4 Correlation analysis 40

4.5 Regression analysis 44

4.6 Major findings 51

CHAPTER V – CONCLUSION 53-55

5.1 Summary 53

5.2 Conclusion 54

5.3 Implications 54

REFERENCES

APPENDIXES

LISTS OF TABLES

Table 3.1	:	List of sample banks	26
Table 4.1	:	Descriptive statistics	35
Table 4.2	:	Pearson correlation analysis of NIBL	40
Table 4.3	:	Pearson correlation analysis of NMB	41
Table 4.4	:	Pearson correlation analysis of NABIL	41
Table 4.5	:	Pearson correlation analysis of EBL	42
Table 4.6	:	Pearson correlation analysis of SBL	43
Table 4.7	:	Pearson correlation analysis of whole banking industry	43
Table 4.8	:	Regression results on the determination of share price of NIBL	44
Table 4.9	:	Regression results on the determination of share price of NMB	45
Table 4.10	:	Regression results on the determination of share price of NABIL	47
Table 4.11	:	Regression results on the determination of share price of EBL	48
Table 4.12	:	Regression results on the determination of share price of SBL	49
Table 4.13	:	Regression results on the determination of share price of industry	50

List of Figures

Figure 2.1	:	Conceptual framework	24

ABBREVIATIONS

AGM	=	Annual General Meeting
ATM	=	Automated Teller Machine
BOD	=	Board of Directors
BVPS	=	Book Value Per Share
DPR	=	Dividend Payout Ratio
DPS	=	Dividend per Share
DSE	=	Dhaka Stock Exchange
DY	=	Dividend Yield
EBL	=	Everest Bank Limited
EPS	=	Earnings per Share
FIM	=	Financial Institution and Market
KSE	=	Karachi Stock Exchange
MPS	=	Market Price Per Share
NABIL	=	Nepal Arab Bank Limited
NRB	=	Nepal Rastra Bank
NEPSE	=	Nepal Stock Exchange
NIBL	=	Nepal Investment Bank Limited
P.E.	=	Probability Error
P/E	=	Price earnings ratio
PNB	=	Punjab Nation Bank
r	=	Correlation Coefficient

Rs.	=	Rupees
S	=	Size of the firm in terms of no. of staff
SBL	=	Shiddhartha Bank Limited
SEBON	=	Securities Exchange Board of Nepal
SEC	=	Securities Exchange Commission
S.E.E.	=	Standard Error of Estimate
S.D.	=	Standard Deviation
SPSS	=	Statistical Package for Social Science
ZSE	=	Zimbabwe Stock Exchange
&	=	and
%	=	Percentage