# Financial Health and Share Price Movements: Analysis of Wholesale Microfinance Firms

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## Abstract

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This research investigates the financial dynamics and share price movements of wholesale microfinance firms through a comprehensive analysis of key financial variables. The study begins with a detailed descriptive exploration, revealing significant variability in market prices, dividends, earnings, net worth, and valuation metrics among the studied firms. Correlation analyses provide nuanced insights, indicating positive associations between market prices and net worth, earnings, and earnings multiples, while revealing potential conflicts with asset-based financial performance. The research employs regression analysis to discern the impact of financial variables on market prices. Findings indicate a statistically significant positive association between Earnings per Share (EPS) and Market Price per Share (MPS), suggesting that increases in earnings per share are associated with higher market prices. However, Dividends per Share (DPS) does not exhibit a statistically significant relationship with MPS. Notably, a negative association between Return on Assets (ROA) and MPS suggests

that lower returns on assets are linked to higher market prices. The Price-to-Earnings Ratio (PE) demonstrates a highly significant positive influence on MPS, emphasizing the impact of earnings multiples on market valuation. While Net Worth per Share (NWPS) and Net Profit Margin (NPM) do not exhibit statistically significant relationships with MPS, the overall regression model proves highly significant, explaining approximately 93% of the variation in market prices. The adjusted R-squared, accounting for the number of variables, is 0.91. The constant term in the regression equation indicates an intercept when all independent variables are zero. This research offers valuable insights into the factors influencing the financial health and share price movements of wholesale microfinance firms.

***Keywords:*** *market per share, earning per share, dividend per share, return on assets, net worth per share, net profit margin,*

## Introduction

Microfinance is defined by Nepal Rastra Bank (NRB) as the provision of financial services including credit, savings, insurance and remittance facilities to the poor and low-income households and microenterprises (Nepal Rastra Bank, 2012). Microfinance entails delivering financial services to individuals with low incomes, encompassing both consumers and self-employed individuals, who have historically encountered challenges in accessing conventional banking and associated services. On a broader scale, it constitutes a socio-economic initiative aimed at fostering a global environment where an extensive number of impoverished and nearly impoverished households consistently possess enduring access to a suitable array of top-tier financial services. These services encompass not only credit but also extend to savings, insurance, and seamless fund transfers, aligning with the overarching vision of advancing financial inclusion among marginalized populations. Those who promote microfinance generally believe that such access will help poor people out of poverty. Advocates of microfinance typically contend that facilitating financial access can serve as a catalyst in lifting individuals with limited economic means out of poverty (Karn, 2018).

Microfinance (MF) has emerged as a prominent global strategy for poverty reduction. Employing group lending and prioritizing women's empowerment, MF has transitioned into a crucial element of development finance, notably contributing to financial empowerment and economic struggle alleviation efforts in developing countries like Nepal (Dhungana, 2018). While microfinance has enjoyed remarkable achievements in the past three decades, transforming the perception of low-income individuals as viable customers and sparking the emergence of robust institutions dedicated to their financial needs, the journey towards universal financial inclusion is far from complete. MFIs have demonstrably unlocked the potential of serving even the poorest populations, paving the way for private sector interest and catalyzing a shift in financial narratives. However, significant gaps remain in extending access to all who need it. To truly bridge this divide, MFIs must continue to refine their approaches, reaching the most vulnerable with innovative strategies and tailored solutions. Only then can microfinance fulfill its promise of empowering individuals and fostering economic development across all segments of society.

Nirdhan Uttan Bank Ltd. in Nepal strategically focuses its outreach on economically disadvantaged women. A poverty evaluation undertaken in conjunction with the institution revealed that it effectively reached clients who, on average, experienced greater levels of impoverishment compared to the general population within the regions of its operational scope. The concept of organizational success for MFIs has changed as a result of the evolving microfinance sector. Along with social goals including eradicating poverty, empowering women, and ensuring the disadvantaged have access to financial resources (Ledgerwood, Earne & Nelson, 2013). Microfinance encompasses the delivery of an assortment of financial services, encompassing credit, savings, insurance, and money transfer services, to individuals and households with limited incomes, who face exclusion from the formal financial system (Matin, Hulme & Rutherford, 2002). Microfinance is a method of reducing poverty and fostering economic growth by providing small-scale financial services to microenterprises and people with low incomes, usually in developing nations. Group lending and mobile banking are two examples of the novel delivery methods that are often used to provide services including loan, savings, insurance, and money transfers (Karnani, 2007).

Microfinance, as a development intervention, primarily assists low-income individuals in developing countries in gaining access to financial services. These services, which include savings, credit, insurance, and money transfers, are offered by specialized financial organizations including commercial banks and microfinance institutions (MFIs) (Otero & Rhyne, 1994). Microfinance is deeply motivated to uplift low-income destitute groups providing them with financial support without a mortgage. The study is focused on analysing the financial appraisal of micro banks in Nepal because financial performance measurement allows businesses to assess how well they are meeting their financial goals and objectives. It provides insight into a company's profitability, liquidity, solvency, and efficiency. To add up, by analyzing financial performance metrics, companies can identify areas where they may be falling short and take corrective action. The specific problems presented in this study are: What is the trend of the financial performance and share price of selected micro finances? What is the relationship between the financial performance and share price? What is the impact of financial performance on share price?

Overall, the study is conducted to reveal the financial health of microfinance in Nepal, and the specific goals of the study are:

- To analyse the relationship of MPS of microfinance with their EPS, DPS, NPM, PER, ROA and NWPS.
- To explore the impact of EPS, DPS, NPM, PER, ROA and NWPS on Share price of microfinance companies.

## Literature Review

A firm's MPS is the value of a share of its stock, therefore indicating a corresponding ownership in the company. Different economic theories and models seek to clarify the elements affecting a company's market share price. Several of the well-known hypotheses about market share pricing consist. The EMH holds that asset prices represent all the information that is at disposal. This implies that using any kind of analysis—technical, fundamental, or insider information—it is impossible to regularly "beat the market". According to the Thee Efficient Market Hypothesis, the stock market among other financial markets is efficient and reflects all the relevant information. This theory holds that stock prices immediately and precisely absorb all publicly accessible data; hence it is impossible to regularly "beat the market" by choosing underpriced or overpriced stocks (Fama, 1970).

Determining the predicted return of an asset (like a stock) depending on its risk is mostly dependent on CAPM, a frequently used model. It implies that a company's systematic risk (beta), risk-free rate, and market risk premium define its market share price. The CAPM equation lets investors assess whether the predicted return of a stock justifies its risk level (Sharpe, 1964). Ross developed the Arbitrage Pricing Theory (APT) in 1976. The APT is an asset pricing model based on the idea that an asset's returns can be predicted using the relationship between that asset and many common risk factors. This theory predicts a relationship between the returns of a portfolio and the returns of a single asset through a linear combination of many independent macroeconomic variables. APT is linking macroeconomic variables to stock market return.

Malhotra and Tondon (2013) conducted a study to investigate the determinants of stock prices on empirical evidence from NSE 100 Companies. Results show that book value, earning per share, and price-earnings ratio have a significant positive association with a firm's stock price, while dividend yield has a significant inverse association with the market price. These factors account for 51.6% of the dependent variable, consistent with previous studies. The study is useful for investors and fund managers, as an increase in book value leads to a 1.649% upward in share prices. The study also highlights the importance of dividend yield in analyzing stock returns and predicting future prices. However, nearly 48.4% of stock price movement remains unexplained, indicating the need for further research to better understand the factors influencing stock price movements. Abugre, Misati, Salami and Antwi (2022) conducted a review of existing literature on the financial performance of microfinance institutions (MFIs) to provide an overview of the current state of knowledge in the field. The final sample consisted of 43 studies published between 2000 and 2017. According to the study, one of the most often investigated aspects in microfinance research is financial performance; MFI performance has been assessed using a variety of metrics.

The author categorised these markers into three groups: Financial sustainability; outreach; and profitability; (1) The most often utilised metric turned out to be financial sustainability; followed by outreach and profitability. The research also shown that MFI financial performance is much influenced by elements like government, regulation, management, and external environment. The author does point out that additional study is required to completely grasp the elements influencing MFI financial success as the suitable metrics of MFI performance are still much debatable. All things considered, the study offers a

thorough summary of the body of research on MFI financial performance, which would be rather helpful for legislators, practitioners, and scholars drawn in by the issue.

**Aung (2020) underlined** that the dependent latent variable is obtained directly from MPS and that BVPS, DPS, and EPS on the exogenous latent variable—that is, independent latent variable—are significant and favourably linked. Furthermore, the path coefficient of the inner model is 0.898, which clearly explains the dependent latent variable with an R-square of 0.807; so, the latent variable link is statistically strong and the p-value is likewise significant. It may essentially demonstrate how favourably MPS is affected by BVPS, DPS, and EPS. Bustani, Kurniaty, and Widyanti (2021) investigated the effects on the stock price of Indonesian stock exchanges with an eye towards influence of Earning Per Share (EPS), Price to Book Value (PBV), Dividend Payout Ratio (DPR), and Net Profit Margin (NPM).PBV variables also significantly affect the price, indicating a positive influence on management. Dividend Payout Ratio significantly affects stock price, and NPM has no significant effect, as it represents only sales. These findings suggest that EPS, PBV, PPV, DPR, and NPM all impact share prices in the food and beverage sector. Katuwal (2021) found that the P-value tests reveal a significant relationship between MPS, EPS, P/E ratio, BVPS, ROA, and SIZE of banks at a 5% level. These factors significantly affect market prices, while ROA and SIZE have insignificant impacts. Multiple regression analyses, positive coefficients are observed for variables such EPS, P/E ratio, NWPS and ROA, while negative coefficients are evident for bank size. The coefficient of multiple determination stands at 0.919, signifying that EPS, P/E ratio, BVPS, ROA, and Size collectively contribute to evaluating stock prices to a substantial extent, accounting for 91.9% of the variance. The residual portion, constituting the unexplained factors, represents the remaining proportion.

Harinurdin (2023) examined the effect on the stock price of financial sector companies consisted of 30 banks listed on the Indonesia Stock Exchange from 2016 to 2020, selected through purposive sampling. The study employed quantitative study examines financial performance as a benchmark for stock prices using various metrics. The study's findings provide valuable insights into the impact of financial performance on stock prices and company reputation. The t-test results indicate that the DER variable has a adverse impact, while Total Assets Turnover (TATO) has a positive effect. NPM has a positive effect. ROE variable has a positive effect, with a regression coefficient of 0.353. The fifth hypothesis, ROE has a positive effect is accepted. The sixth hypothesis, Price to Earnings Ratio

(PER) has a positive effect is rejected. The seventh hypothesis, Company reputation has a positive effect is rejected.

Goet and Kharel (2022) analyzed the factors influencing stock price of commercial banks in Nepal. This research delves into the examination of key variables, namely Dividends Per Share (DPS), Earnings Per Share (EPS), Price-Earnings Ratio (PER), and Net Worth Per Share, and their impact on the Market Price Per Share within the context of Nepalese commercial banks. The findings reveal a quite strong positive association between Earnings Per Share and both Dividends Per Share and Price-Earnings Ratio. Earnings Per Share, Market Price Per Share, Earnings Per Share, and Net Worth Per Share, the research shows, however, have little effect on each other. Shrestha, Acharya, and Dhakal (2023) performed a research on the subject on the internal financial determinants of stock price: evidence from Nepalese commercial banks with the aims of the research is to analyze the influence of determinant on stock market prices in Nepalese commercial banks. Employing secondary data from 26 Nepalese commercial banks, the study used a causal-comparative research design and quantitative method. Ten years saw four banks chosen as sample units utilizing linear regression analysis and Pearson's multiple correlations. While P/E ratios have positive and negligible influence, the research finds EPS and DPS have no appreciable effect on Market Price per Share (MPS). MPS gains from both positive and statistically significant impacts of NWPS and MPS to book value ratios. Macroeconomic factors should be investigated in further studies.

Among the many elements that have been investigated in the elements influencing share prices are earnings per share (EPS), financial indicators, price-earnings ratios (P/E ratios), and macroeconomic variables. This corpus of work is very instructive. Research targeted especially at the financial stability of wholesale microfinance companies and how it affects share price fluctuations is sparse, nevertheless. Research on MFIs' financial performance and stock price determinants in general has been considerable, but research concentrating just on wholesale microfinance enterprises is relatively weak. These firms have a distinct place in the microfinance industry because to the unique mix of possibilities and difficulties posed by handling complex financial transactions.

As a result, the paucity of studies investigating the link between financial health indicators and the share price volatility of wholesale microfinance firms is surprising. Previous studies in the microfinance and associated financial sectors

have provided general insights; this paper attempts to close that knowledge gap by focusing on wholesale microfinance businesses and offering a thorough investigation. Emphasizing wholesale microfinance alone, this research aims to inform academics, investors, and legislators on the particular determinants influencing MPS fluctuations in this sector of the financial market. This research fills a vacuum in the literature by using a targeted analysis to increase our understanding of the variables affecting share prices in wholesale microfinance organizations. It also provides business executives and academics with incisive analysis.

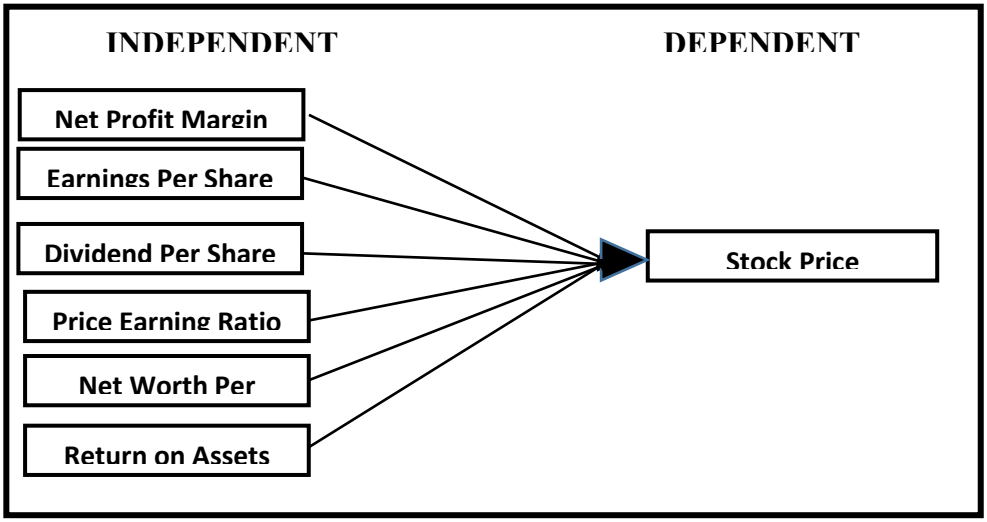
## Research Framework

The research framework of a study is the general framework or method that directs the inquiry of it. The framework of the studies is crucial as it offers a road map for the investigation. It guarantees correct interpretation of the design and results of the research. Moreover, the help of the research framework guarantees the generalizability of the conclusions to many contexts and the rigor of the investigation. In our context, we have developed the conceptual framework as shown in the Figure 1 by drawing the variables from the sources as cited in the

Table 1.

**Figure 1**

*Conceptual Framework*



Investors use market value per share to evaluate a company's market value, growth prospects, and financial health. This signal may help find growth stocks, analyze a company's ability to generate funds, and evaluate publicly listed companies. Key indicators are essential to showing a company's financial situation and forecast. A fundamental profitability measure is EPS, or earnings per share. Another important viewpoint comes from Net Worth per Share (NWPS), which shows a company's inherent worth independent of market noise. Deeper measurements of efficiency in producing profit from resources and income respectively come from ROA and NPM. Dividend per Share (DPS) evaluates a company's dedication to direct shareholder rewards; the Price- Earnings Ratio (P/E) serves as a connection between present market value and future earning potential. Knowing how these measures interact with qualitative research and industry comparisons helps analysts and investors to negotiate the complexity of corporate analysis with deliberate accuracy.

**Table: 1**
*Variables Details and Sources of Variables*

| | Variables | Sources | Expected sign |
|---|---|---|---|
| Independent | NPM | Harinurdin (2022); Bustani, Kurniaty, and Widyanti, (2021) | Positive |
| | EPS | Malhotra and Tandon (2013); Aung, (2020) | Positive |
| | DPS | Malhotra and Tandon (2013); Aung, (2020) | Positive |
| | PER | Adhikari (2021); Katuwal (2021) | Negative |
| | ROA | Rutherford and Serrano-Cinca (2015); Danzi et al. (2018) | Positive |
| | NWPS | Joshi (2019); Katuwal (2021) | Positive |
| Dependent | MPS | Adhikari (2021); Katuwal (2021) | |

## Research Methodology

This study has adopted a descriptive and analytical research design because descriptive-analytical research design describes the feature of data, it provides the summary of the data about the sample and the measures. While analytical research design helps to understand the relationship and impact between variables. There are altogether 64 MFIs in Nepal listed in NEPSE, all MFIs are considered as population s for the study. This study chose RSDC Laghubitta Bittya Santha, First Microfinance Laghubitta Bittya Santha, RMDC Laghubitta Bittya Santha and Sana Kisan Laghubitta Bittya Sanstan Limited as sample of the study. The study employed purposive sampling method, selecting all 4 wholesale microfinance institutions as sample ensures that the study have representatives from this specific group in the study. The study has conducted completely based on secondary data collected from annual reports of the company published by respective sampled micro finance institutions.

Descriptive research is the technique used to characterize the characteristics of a population or phenomena under study. This approach mostly emphasizes on elucidating the "what" component of the study issue instead of delving into the "why." Emphasizing the essence of the issue without looking into the causes of a certain event, it is meant to precisely explain the features of a demographic group. Within the scope of descriptive research, important statistical measures such as mean, standard deviation, maximum, and lowest values are computed to provide a comprehensive understanding of the observed data. Correlation analysis has been used to systematically examine and evaluate the degree of correlation or relationship between two or more variables. This method provides an informative study of the connected nature of the research variables by calculating correlation coefficients, such as Pearson's correlation coefficient, to assess the direction and strength of the observed correlations. Regression analysis models the functional form of the relationship between variables, which aids researchers in understanding patterns, forecasting outcomes, and determining the impact of one variable on another. Using regression analysis helps researchers to measure and assess the importance of these links, therefore providing a whole knowledge of the underlying dynamics in the dataset. Examining the causal links and projecting results in many other fields of study depends much on this analytical method.

Research Model

$$MPS = \alpha + \beta_1 EPS + \beta_2 DPS + \beta_3 NWPS + \beta_4 PER + \beta_5 ROA + \varepsilon_t$$

# Results

Data are analyzed and presented in tabular form as given in the Table 2. This analysis consists the mean analysis, standard deviation analysis, correlation and regression analysis. To test the trend of 8 years data, mean analysis is employed, similarly to check the variability of the data standard deviation is employed. Similarly, to analyses the association and impact with the variables, correlation and regression test is performed.

**Table 2**
*Descriptive Analysis*

| Variables | Mean | Maximum | Minimum | Std. Dev. |
|---|---|---|---|---|
| MPS | 1115.64 | 2950.00 | 343.00 | 725.18 |
| DPS | 16.49 | 53.30 | 5.53 | 9.93 |
| EPS | 28.68 | 66.79 | 10.10 | 15.93 |
| NWPS | 200.36 | 485.39 | 114.00 | 87.52 |
| NPM | 23.72 | 32.39 | 13.12 | 5.00 |
| ROA | 2.24 | 3.90 | 1.31 | 0.53 |
| PE | 50.18 | 198.38 | 16.05 | 46.15 |

In the investigation of wholesale microfinance firms' financial health and share price movements, a detailed descriptive analysis was conducted for key financial variables. The Market Price per Share (MPS) exhibited a mean value of Rs 1115.64, with a considerable range between the minimum Rs 343 and maximum 2950 values. The Dividends per Share (DPS) displayed a mean of Rs16.49, reflecting a range from Rs 5.53 to Rs 53.30, with notable variability denoted by a standard deviation of 9.93. Earnings per Share (EPS) showcased a mean of Rs 28.68, encompassing a range from Rs 10.10 to Rs 66.79, with a standard deviation of 15.93 indicating substantial dispersion in the data. Net Worth per Share (NWPS) demonstrated a mean value of Rs 200.36, with a range between Rs 114.00 and Rs 485.39, and a standard deviation of 87.52, suggesting variability in the firms' net worth. With variation between 13.12% and 32.39%, indicated by a standard deviation of 5%, the Net Profit Margin (NPM) showed an average of 23.72%. With

a standard deviation of 0.53%, Return on Assets (ROA) showed a mean of 2.24% ranging from 1.31% to 3.90%.

Last but not least, the Price-to- Earnings Ratio (PE) showed a mean value of 50.18 times, with a range from 16.05 times to 198.38 times and a clear standard deviation of 46.15 indicating different pricing criteria across the microfinance companies. These descriptive results provide a basic investigation into the financial dynamics of wholesale microfinance companies, therefore offering important information for next analytical projects.

## Correlation Analysis

Key financial factors showed complex interactions according to the correlation analysis carried out and exhibited in the Table 3, as part of the study in titled Financial Health and Share Price Movements: Analysis of Wholesale Microfinance Firms.

**Table 3**

*Correlation Analysis*

| Variables | MPS | DPS | EPS | NWPS | NPM | ROA | PE |
|---|---|---|---|---|---|---|---|
| MPS | 1 | | | | | | |
| DPS | -0.02 | 1 | | | | | |
| EPS | 0.23 | 0.10 | 1 | | | | |
| NWPS | 0.48 | -0.14 | 0.57 | 1 | | | |
| NPM | 0.22 | -0.19 | 0.69 | 0.43 | 1 | | |
| ROA | -0.34 | -0.23 | 0.20 | 0.19 | 0.33 | 1 | |
| PE | 0.75 | -0.13 | -0.40 | 0.14 | -0.29 | -0.37 | 1 |

Suggesting a trend for share prices to match net worth and earnings valuation criteria, the Market Price per Share (MPS) showed a notable positive association with Net Worth per Share (NCWPS) ($r = 0.48$, $p < 0.05$) and Price-to-Earnings Ratio (PE) ($r = 0.75$, ). On the other hand, MPS shown a negative association with Return on Assets (ROA) ($r = -0.34$, $p = 0.05$), therefore suggesting a possible adverse link between asset-based financial performance and market

prices. Suggesting a strong link between profitability, earnings, and net worth, Net Profit Margin (NPM) shown favorable relationships with EPS ($r = 0.69$, $p < 0.05$) and NWPS ($r = 0.43$). Moreover, the negative association between ROA and MPS ($r = -0.34$, $p = 0.05$) suggests a possible contradiction between asset-based returns and market value. Underlining the link between market value and earnings multiples, the Price-to- Earnings Ratio (PE) showed a quite strong positive association with MPS ($r = 0.75$, $p = 0.05$). These correlation results provide complex new perspectives on the financial dynamics of wholesale microfinance companies, therefore leading a more complete knowledge of the factors affecting their financial situation and share price fluctuations.

## Regression Analysis

The research study's completed regression analysis offers insightful understanding of the interaction among many independent factors, the dependent variable, Market Price per Share (MPS). The result of regression analysis is depicted in the Table 4.

**Table 4**
Dependent Variable: MPS

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| EPS | 20.14 | 5.04 | 4.00 | 0.00 |
| DPS | 5.45 | 4.83 | 1.13 | 0.27 |
| ROA | -203.12 | 96.03 | -2.12 | 0.05 |
| PE | 14.89 | 1.28 | 11.62 | 0.00 |
| NWPS | 0.21 | 0.72 | 0.29 | 0.77 |
| NPM | 36.09 | 12.89 | 2.80 | 0.01 |
| C | -743.27 | 349.64 | -2.13 | 0.05 |
| R-squared | **0.93** | | F-statistic | **44.78** |
| Adjusted R-squared | **0.91** | | Prob(F-statistic) | **.000** |

The results indicate that EPS has a statistically significant positive impact on MPS (Coefficient = 20.14, t-Statistic = 4.00, $p < 0.05$), suggesting that increases

in earnings per share is associated with higher market prices. However, Dividends per Share (DPS) does not exhibit a statistically significant relationship with MPS (Coefficient = 5.45, t-Statistic = 1.13, $p > 0.05$). Return on Assets (ROA) shows a statistically significant negative impact on MPS (Coefficient = -203.12, t-Statistic = -2.12, $p < 0.05$), indicating that lower returns on assets are associated with higher market prices. Furthermore, the Price-to-Earnings Ratio (PE) demonstrates a highly significant positive influence on MPS (Coefficient = 14.89, t-Statistic = 11.62, $p < 0.05$), emphasizing the impact of earnings multiples on market valuation. Net Worth per Share (NWPS) and Net Profit Margin (NPM) do not exhibit statistically significant relationships with MPS (Coefficients = 0.21 and 36.09, t-Statistics = 0.29 and 2.80, $p > 0.05$ for both). The constant term (C) in the regression equation is -743.27 (t-Statistic = -2.13, $p < 0.05$), indicating the intercept when all independent variables are zero.

The overall model is highly significant (F-statistic = 44.78, Prob(F-statistic) $< 0.05$), with an R-squared of 0.93, suggesting that approximately 93% of the variation in MPS can be explained by the included independent variables. The adjusted R-squared, considering the number of variables in the model, is 0.91. These regression findings contribute valuable insights into the factors influencing the financial health and share price movements of wholesale microfinance firms, enhancing the understanding of the interplay between earnings, dividends, financial performance, and market valuation.

## Discussion

Key variables affecting wholesale microfinance enterprises' Market Price per Share (MPS) are shown via regression research. A substantial positive correlation exists between EPS and MPS (Coefficient = 20.14, $p < 0.05$), showing that greater profits increase market prices. This supports prior research on profitability's importance in stock pricing (Ball & Brown, 1968). Return on Assets (ROA) (Coefficient = -203.12, $p < 0.05$) lowers MPS, implying that under microfinance, lower asset returns might translate into higher market prices. The particular business models in this sector could provide asset returns less of importance (Chen, Roll, & Ross, 1986). The PE ratio has a significant positive correlation with MPS (Coefficient = 14.89, $p < 0.05$), emphasizing the significance of earnings multiples in market value (Fama & French, 1992). Dividends per Share (DPS) and Net Worth per Share (NWPS) are not statistically significant, indicating they are less important. MPS (Coefficient = -203.12, $p = 0.05$) suffers when asset

returns are low; so, lower asset returns in microfinance may cause the market prices to rise. The unique business models of this industry could stress reduced asset returns (Chen, Roll, & Ross, 1986).

# Conclusion

Significant new information on the factors influencing Market Price per Share (MPS) for wholesale microfinance companies is revealed by the regression analysis of the research the results show that MPS is much raised by Earnings per Share (EPS), thereby stressing the important part profitability plays in determining market pricing. On the other hand, MPS reveals a notable negative correlation with Return on Assets (ROA), indicating that in the microfinance industry lower asset returns are linked with higher market values. Emphasizing the need of earnings multiples in market valuation, the PE ratio also has a considerable favorable influence on MPS. Dividends per Share (DPS) and Net Worth per Share (NWPS) have little effect on MPS, hence these elements are less important in this context. With an R-squared value of 0.93, the general model shows great explanatory power and suggests that the included factors reasonably explain a significant amount of the variance in MPS.

## Implications

The results of this research have numerous significant consequences for wholesale microfinance industry participants. Investors should give companies with larger profits per share top priority as market values are much influenced by their profitability. By emphasizing measures that increase profits, businesses may raise their market value. The negative link between ROA and MPS implies that investors might appreciate other features of a company's success over asset returns. Microfinance companies could consider stressing other financial indicators that better fit their own business strategies and expansion possibilities. Furthermore, the great favorable effect of the PE ratio on MPS emphasizes the need of earnings multiples in market valuation. Companies should regulate market expectations and ensure consistent profit growth to retain good PE ratios. Since DPS had no impact on MPS, microfinance firms may consider reinvesting revenues in expansion rather than issuing dividends. This method may boost long-term market value. The study underlines the complex interplay of various financial variables in market pricing and urges organizations to utilize a complete financial performance strategy that includes profitability metrics and sector-specific dynamics. These implications

guide microfinance industry managers, investors, and lawmakers in improving financial status and market value. The study lays the groundwork for future research and analysis of wholesale microfinance company share price volatility.

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