



Factors Affecting the Share Price of Commercial Banks in Nepal

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Abstract

Background: The study intended to examine the factors affecting the share price of Nepalese commercial banks. Market price per share is selected as the dependent variable, while earning per share, price-earnings ratio, book value per share, return on assets, and size was chosen as firm-specific independent variables, while inflation, broad money supply and gross domestic product (real) were taken as external factors. In order to fulfil these objectives, the data were collected from the banking and financial statistics and annual report published by Nepal Rastra Bank and the annual report of selected banks which is based on panel data over 11 years of the period from 2012 to 2022 of selected 13 out of 21 commercial banks of Nepal. The Descriptive and casual relationship research design has been used using secondary data. The multiple regression models were estimated to test the impact of firm-specific factors on the share price of Nepalese joint venture commercial banks; results show that variables like earnings per share, price-earnings ratio, book value per share and return on assets are the major determining stock price having a significant impact on the price of share except for the size of the firm having an insignificant impact in the context of joint venture commercial banks of Nepal.

Objective: The main purpose of the study is to examine the factors affecting the share price of commercial banks in Nepal, considering the internal and external factors like size, EPS, P/E Ratio, BVPS ROA, Inflation, broad money supply and gross domestic product on the stock price.

Method: The pooled cross-sectional data analysis has been undertaken in the study. The research design adopted in this study is causal-comparative type as it deals with the relationship of firms' specific and macroeconomic variables with market price per share. From the year 2012 to 2022, i.e. 11 years, samples are taken from 13 Commercial banks in Nepal.

Findings: Regression analysis shows the relationship between the internal and external factors influencing the share price of listed commercial banks of Nepal.

Implication: The result of this study suggests investors should pay attention to BVPS, P/E ratio, ROA and Inflation before making any decisions regarding the investment in stock of commercial banks. The results of this study uncovered new evidence from the Nepalese perspective, which is considered to be valuable to the market participants. Thus, the findings of this study seem to be particularly useful for equity investors and fund managers as they can watch out for these significant factors while estimating stock returns and predicting share prices.

Paper Type: Research Paper

Keywords: Commercial banks, Market Share Price, Panel Data, Regression analysis.

Introduction

The stock market plays a vital part in economic advancement by advancing capital formation and raising economic development. Exchanging securities in this market encourages savers and users of capital by finance pooling, hazard sharing, and exchanging wealth. A stream of savings to the foremost profitable venture can make economic activities. Financial specialists make choices to contribute to specific company offers, considering their share costs. Hypotheses propose that there is an affiliation between changes in share prices and changes in fundamental financial factors (Nisa & Nishat, 2011). Rudd (2009) states that global equity markets have lost approximately US\$ 32 trillion since their peak. Before the global financial crisis, the investment trend focused on the stock market where investors kept a constant eye on rising and falling shares as it was a source of significant returns to investors. Investment in shares has also been a source of finance for fulfilling firm requirements such as expansion and diversification.

Macroeconomic factors such as GDP growth rate and inflation are positive and significant with market price per share (Shubiri, 2010). Sharma (2011) observed that earnings per share are positively significant to the market price per share. Size has a significant positive relationship with the share price, while the other variables, firm size (Total Assets) and return on assets, are insignificant (Ramzan, 2013). Masum (2014) investigated the relationship between dividend policy and its impact on the market performance of the share in the Dhaka stock exchange, which shows a positive and significant impact on the stock price. Prabath (2014) concluded that the internal factors, for example, firm-specific factors such as dividend per share (DPS), earnings per share (EPS) and book value per share (BVPS), affect positively and significantly impact the stock price. Stephen and Okoro's (2014) results suggest that earnings per share, book value per share and dividend positively impact stock prices.

(Sutrisno, 2017). Moreover, the market assumption is the common existing state of mind of the investors towards the expected price improvement in a market. Generally, the factors that impact the share costs are based on inner and outside variables. But no appropriate information or perfect system indicates the exact movement of share prices (Bhattarai, 2014). Not to forget, the return from equity investment for the investors is not the same in all the companies as it varies depending upon the performance and the share price. In an efficient market, stock prices would be analyzed by technical analysis or fundamental analysis. The technical analysis evaluates the stock price movement and predicts the future based on historical stock price data. Fundamental analysis evaluates the intrinsic value of a company and compares it to the stock price. Srinivasan (2012) stated that internal factors determine the share prices for different markets: dividend, return on assets, return on equity, retained earnings, size, age of banks, earning per share, dividend yield, leverage, payout ratio, and book value per share. Understanding the impact of various fundamental variables on share price is very helpful to investors as it will help them make profitable investment decisions (Bhattarai, 2014).

Various tests have been conducted to determine the determinants of share costs in several markets. As a result, distinctive internal and exterior components have been recognized and are expected to influence the share costs. So, both the inward components, such as EPS, BVPS, P/E ratio and ROA and the exterior components, such as Growth Domestic product (GDP), Inflation and Money supply, are taken as independent components which could affect the promotion share costs of Nepalese commercial banks, a subordinate variable. The Nepalese stock market is exceptionally little as compared to other neighbouring nations. The stock market plays a vital part in financial advancement by advancing capital arrangement and raising economic development. Being a capital-deficient country, Nepal has got to make each endeavor to mobilize accessible capital successfully. Exchanging of securities in this market encourages savers and clients of capital by supporting pooling, chance sharing and exchanging wealth.

The present study analyses commercial banks' share price determinants based on financial statements data in the Nepalese context. This study examines the influence of the inner and outer factors on

the stock prices of Nepalese commercial banks. This study explores the relationship between firm-specific and macroeconomic factors as determinants and market price per share (MPS) in the Nepalese banking sector. Particularly, it looks at the impact of earnings per share (EPS), price-earnings ratio (P/E proportion), book value per share (BVPS), return on assets (ROA) and size of the firm as an internal variable, whereas Inflation, GDP and broad money supply as outside factors on the market price per share.

The results of various authors contradict each other, though evidence exists in other neighbour countries' contexts. The study investigates the relationship between the firm-specific and macroeconomic variables as determinants and market price per share in Nepal's banking sector.

The limitation of this study is that the research concludes by analyzing the secondary data, i.e. the annual reports provided on the social website. Hence, its reliability depends on the secondary source of data. And because of merger and acquisition, this study considered sample banks, i.e. 13 commercial banks, for conducting research. It focuses on the market price of commercial banks' share in the market. The study covers micro as well as macro factors that influence the price in the market.

Review of Literature

In the global context, thousands of research papers, articles, books and journals are related to the securities market. Even though the capital market is not well developed in Nepal, several studies address the issues of the Nepalese market, though not well developed. The factor affecting Nepalese commercial banks' stock price may vary from that of NEPSE. But some of the common factors are worldwide.

The flow of reserves to the most productive investment can create economic activities. Investors take decisions to invest in particular shares of companies, keeping in view their share prices. Theories suggest an association between share price changes and fundamental financial variables (Nisa & Nishat, 2011). The stock market is the primary place for institutions to deploy stocks and increase funds. If there are listed public institutions, they can deploy their shares in the market to collect more funds to expand the business. As for companies that did not participate in the stock market, they have to start the Initial Public Offering Process (IPO). The market is the common factor between buyers and sellers of these stocks, so each institution listed in the stock market offers its shares. The stock exchange has the primary function of supporting the country's economic growth in the fields of industry and commerce. The market is the leading cause for the development of industry and commerce as it plays an important role in developing the country's industrial sector. (Sen & Ray, 2013).

Macroeconomic factors such as GDP growth rate and inflation are positive and significant with market price per share (Shubiri, 2010). Sharma (2011) observed that earnings per share are positively significant to the market price per share. Size has a significant positive relationship with the share price, while the other variables, dividend yield, Asset growth, and return on assets, have an insignificant relationship (Ramzan, 2013). Masum (2014) investigated the relationship between dividend policy and its impact on the market performance of the share in the Dhaka stock exchange, which shows a positive and significant impact on the stock price. Prabath (2014) concluded that the internal factors, firm-specific factors such as dividend per share (DPS), earnings per share (EPS) and book value per share (BVPS), affect positively and have a significant impact on the stock price. Stephen and Okoro (2014) suggest that earnings per share, book value per share and dividend positively impact and determine stock prices.

Kheradyar and Ibrahim (2011) have studied whether financial ratios can predict stock returns from January 2000 to December 2009 in the Malaysia stock exchange. The researchers have selected three financial ratios that include dividend yield (DY), earning yield (EY) and book-to-market ratio (B/M), to predict stock returns. The study applies generalized least squares (GLS) techniques to estimate the

predictive regressions in simple and multiple models of panel data sets. The results indicate that the financial ratios can predict stock return, as the B/M has a higher predictive power than DY and EY. Furthermore, the financial ratios can enhance stock return predictability when combined in the multiple predictive regression model (Hussainey et al., 2011).

Dhakal (2019) examines the determinants of the share price of finance companies listed on the Nepal Stock Exchange Limited from 2009 to 2018. The results revealed that earnings per share, price-earnings ratios and the size of the company have a significant positive association with the share price. In contrast, dividend yield, debt ratio, and dividend payout ratio showed a significant inverse association with the share price. The study concluded that the size of the company, earnings per share and price-earnings ratio are the most influencing factors in determining share price in Nepalese finance companies.

Darami et al. (2022) investigated the factors that influence the share price of commercial banks that are publicly traded on the Malaysian stock exchange, Bursa Malaysia, between 2011 and 2020. The study demonstrated that earnings per share, dividend payout ratio, dividend yield, and the size of the banks all have a statistically significant positive relationship with the share price. However, the price-to-earnings ratio has a statistically significant inverse relationship with the share price. The study's key result is that the dividend yield, earnings per share, and price-earnings ratio are the most important elements in determining the share price of commercial banks listed on the Malaysian stock exchange.

Bhattarai (2020) examined the factors that affected the market share price of commercial banks from 2013/14 to 2017/18 of Nepalese Commercial Banks. The researcher collected the bank's specific secondary panel balance from 12 sample commercial banks using convenient sampling techniques and data on macroeconomic variables through the economic survey published by the Ministry of Finance, Nepal. The data were analyzed through the pooled OLS and Fixed Effects Models as directed by the model diagnosis test. The findings from both models were more or less the same. The dividend payout ratio showed negative and statistically significant with the market share price. The dividend yield and earnings per share were positive and statistically significant with market share per price. The bank size, gross domestic product growth rate and inflation rate were not part of the market share price, and the study recommended that the management of the commercial bank to strengthen its effort to effectively manage the bank-specific factors to avoid the negative effect on the share price.

Shrestha and Lamichhane (2022) examined the Effect of Firm-Specific Variables on Stock Returns: Evidence from Nepal to observe the influence of firm-specific variables on stock return of Nepalese commercial banks, with variables such as size (lnME), book-to-market equity (BE/ME), earnings yield (E/P), dividend yield (D/P), return on assets (ROA), earning per share (EPS), sales per share to stock price (S/P) ratio has been taken as explanatory variables which conclude concludes that Nepalese commercial banks can increase common stock return by increasing D/P and EPS and lowering E/P, ROA and S/P ratios with finding the positive impact of D/P and EPS, and the negative effect of E/P, ROA and S/P ratio on the stock return of Nepalese commercial banks.

Research Gap

During the survey of past studies, most of the studies (Bhattarai 2020, Silwal & Napit 2019, Baral & Pradhan 2018, Ghimire & Mishra 2018, Adhikari 2015) investigated the determinants of the stock price of commercial banks in Nepal recorded within the NEPSE. Reviewing the past proposals, we discovered these test banks and the related information. The present study used data from 13 Nepali commercial banks. This study also examines the impact and relationship of market price with other financial indicators like EPS, P/E Ratio, BVPS, ROA and size of the firms. The researcher concentrated on stock price movement based on secondary data. The present study is conducted to find out the subjective facts and to fill the gaps.

Hypotheses

Based on the reviews and the above research framework, the following hypotheses are formulated for the study:

H₁ : There is a significant effect of EPS on the stock price.

H₂ : There is a significant effect of P/E ratio on the stock price.

H₃ : There is a significant effect of BVPS on the stock price.

H₄ : There is a significant effect of ROA on the stock price.

H₅ : There is a significant effect of FS on the stock price. H₆: There is a significant effect of GDP on the stock price

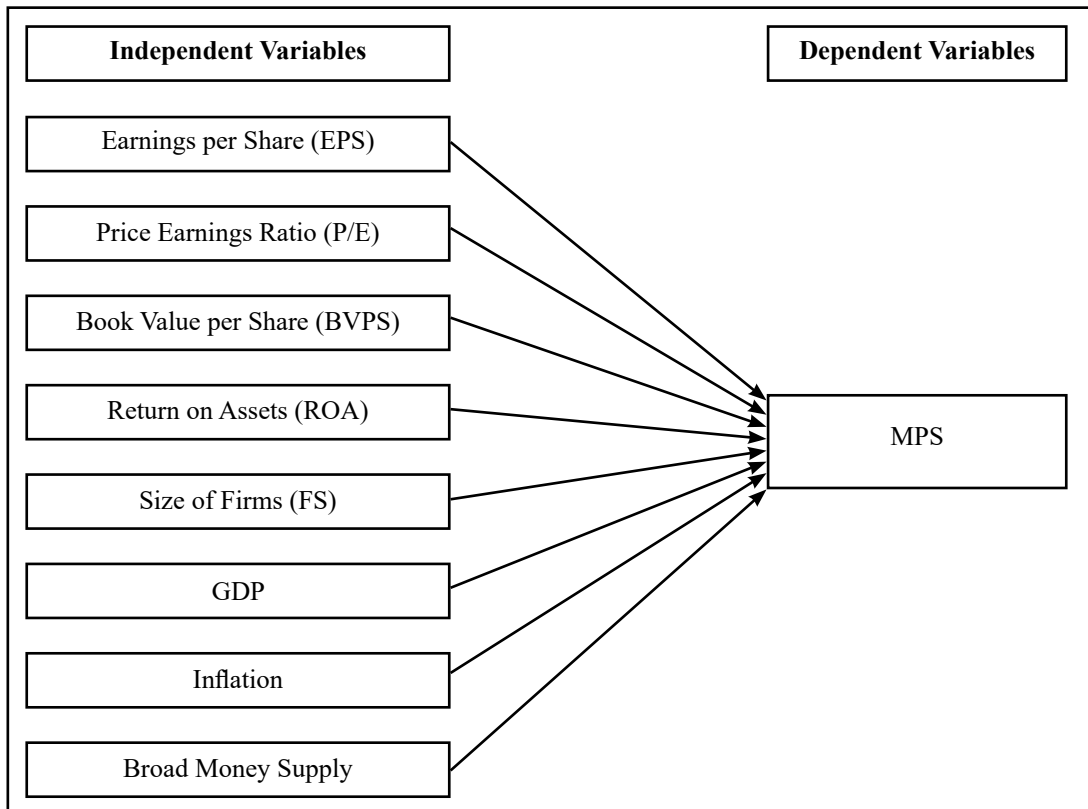
H₇ : There is a significant effect of inflation on the stock price

H₈ : There is a significant effect of Broad Money Supply (BMS) on the stock price.

Conceptual Framework

We designed the conceptual framework to understand the factors affecting the market price per share. Based on theories and major empirical evidence, we expected that the market price per share of commercial banks might be influenced by earnings per share, dividend per share, price-earnings ratio, Book value per share return on assets, and size of the bank. We developed the conceptual framework to test the effects of these variables on the market price per share of listed commercial banks of Nepal.

Figure 1 Research Framework



Note. Radhe S. Pradhan and Subash Dahal (2016); Silwal and Napit (2019); Katuwal (2021)

Research Methodology

Research Design

The research design used in this study is descriptive and analytical. This research study is based on the secondary data collected from the following authorized sources: World Bank for all the variables. This article has used earnings per share, price-earnings ratio, book value per share, return on assets and size of the firm, i.e. total assets as the internal and GDP, and inflation and broad money supply (BMS) as an external independent variable. The model is concerned with the relationship between Market price per share (MPS) and internal and external factors or variables as depicted by the following:

$$Y = \beta_0 + \beta_1\text{EPS} + \beta_2\text{P/E} + \beta_3\text{BVPS} + \beta_4\text{ROA} + \beta_5\text{LNFS} + \beta_6\text{GDP} + \beta_7\text{Inflation} + \beta_8\text{BMS} + e \dots(1)$$

Where,

Y = Market price per share (MPS).

EPS = Earnings per share (EPS).

P/E = Price earnings ratio.

BVPS = Book value per share.

ROA = return on assets.

LNFS = Natural logarithm of the size of the firm.

GDP = Real Gross Domestic Product

Inflation = Inflation

BMS = Broad money supply

B₀ = Constant term, B₁, B₂, B₃, B₄, B₅.

e = Error term.

Result and Analysis

Table 1 Descriptive statistics

Particulars	MPS	EPS	P/E_RATIO	BVPS	ROA	LNFS	GDP	BMS	Inflation
Mean	709.1608	27.3571	23.5195	177.7180	1.5614	25.1642	4.5000	16.3363	6.5655
Median	504.0000	24.0000	20.2600	163.5800	1.5130	25.2098	4.7000	18.1000	6.3000
Maximum	3600.00	91.0500	78.3300	335.6023	3.2500	26.7631	9.0000	21.8000	9.4598
Minimum	0.0000	1.5400	0.0000	105.6300	0.1600	23.3423	-2.4000	6.8000	3.6271
Std. Dev	641.4607	14.9554	11.8128	50.3716	0.5113	0.7067	3.0922	4.7310	2.1133

Note. Output of E-views 12 (Student Version)

Table 1 shows the descriptive statistics of the dependent and independent variables. MPS is the dependent variable, fluctuating between 0 and 3600 with an average of 709.1608 with a standard deviation of 641.4607, respectively. And among independent variables, EPS fluctuates between 1.54 and 91.05, averaging 27.3571 with a standard deviation of 14.9554. The P/E ratio fluctuates between 0 and 78.33, averaging 23.5195 with a standard deviation of 11.8128. BVPS fluctuates between 105.63 and 335.6023, with an average of 177.7180 and a standard deviation of 50.3716. ROA fluctuates between 0.16% and 3.25% with an average of 1.5614% and a standard deviation of 0.5113%. The natural log of firm size fluctuates between 23.3423 and 26.7631, with an average of 25.1642 with a standard deviation of 0.7067. GDP fluctuates between -2.4 and 9, with an average of 4.5 and a standard deviation of 3.0922. Broad money supply fluctuates between 6.8 and 21.8, averaging 16.3363 with a standard deviation of 4.7310. Inflation fluctuates between 3.6271 and 9.4598 with an average of 6.5655 and a standard deviation of 2.1133.

Table 2 Pearson correlation matrix

Covariance Analysis: Ordinary
 Date: 03/31/23 Time: 22:56
 Sample: 2012 2022
 Included observations: 143

t-Statistic Probability	MPS	EPS	PE_RATIO	BVPS	ROA	LNFS	GDP1	BROAD_MS	INFLATION
MPS	----- -----								
EPS	10.76713 0.0000	----- -----							
PE_RATIO	8.275827 0.0000	0.972159 0.3326	----- -----						
BVPS	14.42767 0.0000	9.818425 0.0000	3.320789 0.0011	----- -----					
ROA	8.245743 0.0000	15.09363 0.0000	-1.142963 0.2550	8.142580 0.0000	----- -----				
LNFS	0.164684 0.8694	0.391307 0.6962	-1.310441 0.1922	3.339229 0.0011	-0.014509 0.9884	----- -----			
GDP1	-0.964390 0.3365	0.019444 0.9845	-1.020374 0.3093	-0.278006 0.7814	2.104029 0.0372	-0.589782 0.5563	----- -----		
BROAD_MS	1.626381 0.1061	2.313073 0.0222	-0.406814 0.6848	0.388889 0.6979	3.248460 0.0015	-6.583168 0.0000	-1.958939 0.0521	----- -----	
INFLATION	3.191905 0.0017	2.795625 0.0059	1.977341 0.0500	0.856903 0.3930	0.366512 0.7145	-10.51536 0.0000	-3.714836 0.0003	2.676236 0.0083	----- -----

Note. Output of E-views 12 (Student Version)

Table 2 shows the correlation matrix concerning an independent variable and that none of the variables have very high correlation coefficients. The highest correlation is 0.731894. The result indicates EPS, R/E ratio, BVPS, ROA, LNFS Broad MS and Inflation are positively associated with MPS. In contrast, GDP has a negative association with MPS. All the correlation matrix variable's value is less than 0.8. Therefore, there is no presence of multi-collinearity leading to the coefficient of the variables is well suited for the regression analysis

Table 3 Breushman page test

	Cross-section	Time	Both
Breusch-Pagan	0.021003	7.132075	7.153078
P-value	(0.8850)	(0.0065)	(0.0065)

Note. Output of E-views 12 (Student Version)

Here, the p-value is $0.0000 < 0.05$ so the POLS model is rejected.

Table 4 Hausman Test

Correlated Random Effects - Hausman Test

Equation : Untitled

Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	0.000000	8	1.0000

Note. Output of E-views 12 (Student Version)

Here, the p-value is $1.0000 < 0.05$, so the Random effect model has been accepted.

Table 5 Analysis of output

Variables	Beta Coefficients	Std. Error	t-Statistic	Prob.
EPS	8.8039	3.1618	2.7845	0.0062
PE_RATIO	29.4265	2.3020	12.7830	0.0000
BVPS	5.6660	0.9914	5.7150	0.0000
ROA	456.8894	88.2116	5.1795	0.0000
LNFS	178.8058	66.5579	2.6865	0.0082
GDP	-0.8871	7.7622	-0.1143	0.9092
BMS	7.5362	6.1184	1.2317	0.2204
Inflation	60.2177	17.4465	3.4516	0.0008
C	-6958.89	1827.84	-3.8072	0.0002

Model Summary	
R-squared	0.883710
Adjusted R-squared	0.864645
SE of regression	235.9970
F-statistic	46.35485
Prob (F-statistic)	0.000000
Durbin-Watson stat	1.654580

Note. Output of E-views 12 (Student Version)

The result of the panel regression analysis based on the random effect model, as presented in Table 5, shows that price-earnings ratio, book value per share, return on assets and inflation are found among the independent variables to have statistically significant effects on the market price per share. In contrast, the size of the firm, earning price per share, GDP and Broad money supply had a statistically insignificant effect on the market price per share at a 5% level of significance.

The P/E ratio has positively and significantly impacted MPS. The coefficient value of 29.4265 indicated that a change in the percentage P/E ratio would result in a 29.43% growth in MPS. Book value per share has positively and significantly impacted the MPS. The coefficient value of 5.666 implies that as the BVPS grows by a percentage, MPS would increase by 5.67%; ROA has positively and significantly impacted MPS having a 456.8894 coefficient which implies that MPS grow by a percentage, ROA would increase by 456.8894%. Natural log on size of the firm, GDP and Broad money supply have an insignificant impact on MPS.

The null form of the test is $DW > R^2$, which states that the Durbin-Watson result should not be greater than the R-squared figure. As seen in the analysis's results, $DW = 1.65$ and $R^2 = 0.8551$, rejecting the null hypothesis, indicating that the regression estimate result is valid. R-squared for the regression is 0.8837, which implies that the variables in the current study can explain 88.37 per cent of the variations in the MPS can be explained by explanatory variables and the remaining 11.63 per cent of variations of the MPS under investigation can be explained by other factors not included in the model. Furthermore, regarding the statistical significance of the model, its p value= 0.0000 is less than the 5% level, indicating that the estimated model has a high statistical significance, increasing its reliability and validity.

Discussion

This study used descriptive and multiple regression analysis to examine the factors affecting the Market share price of Nepalese commercial banks. The findings of this study show that earning price share (EPS) positively impacts market price per share (MPS). The results of this study are similar to Bhattacharai (2020), Silwal & Napit (2019), Pradhan & Dahal (2016), Almumani (2014), Arshad, Arshaad, Yousaf, & Jamil (2015), Sharma (2011), Bhatt & JK (2012) which reveals that EPS is a determining factor that affects the MPS. The explanatory variable price-earnings ratio (P/E ratio) is found to be statistically significant and displayed a positive relationship to MPS, consistent with Bhattacharai (2020) and Pradhan & Dahal (2016) but contradicts with Shrestha and Lamichhane (2022). Similarly, book value per share (BVPS) positively impacts MPS. The result is in line with the literature: Sharma (2011), Emamgholipour et al. (2013), Bhattacharai (2020), Silwal and Napit (2019), Tandon, Malhotra and Technology (2013). The explanatory return on assets (ROA) is statistically significant. It has a positive impact on MPS, and it is in line with the literature: Pradhan & Dahal (2016) and Almumani (2014), Radhe, Pradhan & Dahal (2016), while contradictory with Naveed and Ramzan (2013), Katuwal (2021) and Shrestha and Lamichhane (2022). The result size obtained from the research is consistent with Silwal and Napit (2019). The explanatory variable natural log of the size of the firm (LNFS) has a statistically negative insignificant impact on MPS. This finding aligns with Katuwal (2021) while contradicting Ramzan (2011), Radhe et al. (2016), and Silwal and Napit (2019). ROA is also another major ratio that indicates the profitability of a bank. It is a ratio of income to total assets. Emekekwe (2008) found a return on assets as a ratio which seeks to measure the profit generated from the entire firm's assets. This result is in line with Radhe et al. (2016). Inflation refers to changes in the price level of a market basket of consumer goods and services households purchase. Malaolu et al. (2013) revealed the effect of monetary authorities, and policymakers should be more concerned about the changes in the inflation rate due to its significant negative impact on stock price movements in Nigeria. This result also aligns with Radhe et al. (2016).

Implication

This study also has several implications pointing to exciting avenues for future research. Some implications and suggestions for future research are discussed here.

General Implication

- Based on the study, investors and portfolio analysts can use the information regarding the factors they should consider for their investment decisions while predicting stock market prices. The result suggests investors should pay attention to BVPS, P/E ratio, ROA and Inflation before making any decisions regarding the investment in stock of commercial banks.
- This study examined the internal and external factors affecting commercial banks' share prices listed on the NEPSE. The chosen variables were firm-specific, and macroeconomic variables may not be the only ones affecting share prices. Further research could establish whether macroeconomic variables affect stock prices for firms in the NEPSE.
- This study guides potential investors in Nepal to focus on the factors discussed above before making investment decisions. Nepal is an economy with many opportunities, and it is imperative to conduct studies that will benefit the investors to make rational investors.
- Since the general public is unaware of the share market, an organized effort is necessary to make them aware. A separate department in NEPSE or an independent organization is recommended that analyzes, informs, and creates awareness among the emerging potential investors about the share and share market through different approaches like seminars, advertisement, conferences or print and air media.

- Controllers and policymakers are advised to take into inner factors in order to progress joint venture banks' price stability.
- Financial specialists and portfolio examiners can utilize the data concerning the components they should consider for their investment choices while anticipating the stock market prices.

Implication for future studies

- This result is basically from “A” class financial institution of Nepal. Thus, the future study may incorporate other financial sectors like development banks, insurance finance companies and micro-finance companies.
- This result only focuses on sample banks. We recommend further study, including more samples for the precise outcome.
- The study is entirely based on secondary data and does not include the preference of different investors and other stakeholders. Therefore, future studies can be based on using primary data or both primary and secondary data.
- Finally, future studies can use some advanced statistical tools. For example, future studies can use non-linear statistical tools and bidirectional causality tools.
- The study is limited to Nepalese commercial banks. Therefore, researchers can generalize these findings to similar firms included in this research.

Conclusion

The study used panel data from 2012 to 2022 to examine the factors affecting the share price of Nepalese commercial banks of selected 13 commercial bank countries over 11 years. Thus, above discussion and statistical evidence, this research concludes that internal and external factors significantly affect the market price of shares of selected commercial banks of a country. Concerning independent variables: P/E_RATIO, BVPS, and ROA are statistically significant factors of MPS of selected commercial banks of countries, but EPS, LNFS, GDP and Broad money supply were statistically insignificant, i.e. no explanatory power toward stock price movement significantly as per the result. GDP has an insignificant negative relationship with MPS. P/E_RATIO, BVPS, and ROA displayed a positive relationship with MPS. The findings of this study revealed that an increase in P/E_RATIO, BVPS, and ROA increases the growth of MPS. This study concludes that the price-earnings ratio, book value per share and return on assets are the major determinants of the share price of Nepalese joint venture commercial banks.

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