



**UNIVERSITI TEKNOLOGI MARA**

**THE DETERMINANTS OF SHARE PRICE ON  
COMMERCIAL BANK IN BURSA MALAYSIA**

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## ABSTRACT

This study investigates the factors that influence the share prices of commercial banks that are publicly traded on the Malaysian stock exchange, the Bursa Malaysia, between 2011 and 2020. This study used data gathered from annual reports of the sampled banks and examined with the help of regression modelling. The findings demonstrated that earnings per share, dividend payout ratio, dividend yield, and the size of the banks all have a statistically significant positive relationship with share price, however the price to earnings ratio has a statistically significant inverse relationship with share price. The key result of the study 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.

**Key words:** Share price, dividend payout ratio, dividend yield, earnings per share, price earnings ratio, size, determinants, commercial banks

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## Table of Contents

LIST OF TABLES .....	8
LIST OF FIGURES .....	9
CHAPTER ONE .....	10
INTRODUCTION .....	10
1.1 Introduction .....	10
1.2 Background of the study .....	11
1.3 Problem Statement .....	12
1.4 Research Question .....	14
1.5 Research Objectives.....	15
1.6 Significance of the study .....	16
1.7 Scope of the study.....	17
1.8 Limitations of the study .....	17
1.9 Definition of key terms.....	18
1.10 Summary.....	20
CHAPTER TWO .....	21
LITERATURE REVIEW .....	21
2.1 Introduction .....	21
2.2 Share Price.....	21
2.3 Earnings per share .....	23
2.4 Dividend payout ratio .....	24
2.5 Dividend yield .....	25
2.6 Price to earnings ratio.....	27
2.7 Size of the bank .....	28
2.8 Theoretical Framework .....	29
2.8 Summary .....	30
CHAPTER THREE.....	31
RESEARCH METHODOLOGY .....	31
3.1 Introduction .....	31
3.2 Sampling.....	31
3.3 Data Collection.....	32
3.4 Variables.....	32
3.4.1 Dependent Variable .....	33

## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Introduction**

The movement of the stock market can be determined by huge factors, including the overall economy, inflation, trading strategies, market sentiment, and the firm itself. Intuitively, news articles reporting firms' fundamentals of economics can affect the stock market (Zhao, Yang, Zhao & Li, 2011). According to Alam, Miah & Karim (2016), the stock market is considered one of the significant indicators of an economy. The stock market prediction is always a challenging endeavor since it is highly volatile and dynamic. Many approaches have been offered to forecast the stock market's future directions (Minh & Duc, 2016).

Bursa Malaysia is the Malaysia stock market that was incorporated in 1976 and listed in 2005. Bursa Malaysia assists over 900 companies in raising capital across 50 economic activities. They have convenient access to numerous investment goods and services as an open marketplace, linking domestic and international market participants to all forms of chances to assist the ingrowing or investing with value. To start, there are 36 companies in the banking sector of Bursa Malaysia. As everyone knows, there are several types of banks in banking sector such as commercial banks, investment banks and private banks. Banking sectors can influence the performance of Bursa Malaysia since they were listed in the top-30 companies in the Malaysian stock market. Furthermore, the top-30 companies play a vital role to lift or dragging down the FBMKLCI index. According to Wayne (2021), share price represents how much the stock was traded at a price agreed between a buyer and a seller. If there are more buyers than sellers, the stock's price will rise, and if there are more sellers than buyers, the stock's price will shrink.