



**EFFECT OF DIVIDEND POLICY ON SHAREHOLDERS' WEALTH: THE CASE OF LOCAL
COMMERCIAL BANK IN MALAYSIA**

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Your sincerely,



(Ain Liyana Bt Jusoh @ Abd Ghani)

ABSTRACT

Dividend policy of corporate sector is widely researched topic in finance. This study is to investigate the impact of dividend policy on shareholders' wealth of commercial bank in Malaysia. Eight commercial banks in Malaysia that listed in Bursa Malaysia have been considered for the study. Sixteen years data have been used which is from 2001 until 2017. With the help of previous research, market price per share (MPS) used to measure shareholders' wealth, and the predictor variables are returned on equity (ROE), dividend per share (DPS), lagged price earnings ratio (LAGPER) and size of firm (SIZE) were used to represent dividend policy. The findings show that dividend per share (DPS) and size of firm (SIZE) show positive significant result with market price per share(MPS). Return on equity (ROE) were negatively significant while lagged price earnings ratio (LAGPER) were positively insignificant with market price per share (MPS). As the recommendation, Board of Director in Malaysia should consider important elements in annual reports to designing their dividend policy.

KEYWORDS: shareholders' wealth, dividend policy, lagged price earning ratio

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