MANAGEMENT DYNAMICS
A Peer-reviewed Journal of Management and Economics
Published by
Shanker Dev Campus
Tribhuvan University, Nepal

Perception towards Firm Value in Nepalese Banking Sector

Madhusudan Gautam
Lecturer, Tribhuvan University
Faculty of Management
Shanker Dev Campus
Email: msgautamsdc@gmail.com

Article Info
Received: 9 May 2021
Revised: 1 June 2021
Accepted: 4 June 2021

DOI: https://doi.org/10.3126/md.v24i1.47548

Keywords:
capital, credit risk, firm value, managerial efficiency

ABSTRACT

Determining firm value in commercial banks is challenging because its value is affected by various internal and external determinants. Using a structured questionnaire, this study aims to assess a survey on the perception of firm value in Nepalese commercial banks. Three hundred questionnaires were distributed equally among depositors and investors. Among them, 183 questionnaires were collected into usable form. The findings revealed that depositors and investors perceive that deposit, profitability, capital adequacy and good governance affect bank value. Publication of financial reports is one of the major influencing factors of bank value. Credit risk has a negative effect on firm value in banks. Finally, the study concludes that firm value primarily depends on managerial efficiency followed by market information, strong liquidity position, credit risk, earnings position, use of the loan, leverage and size, respectively, in Nepalese commercial banks.

1. INTRODUCTION

Banks collect funds from depositors and grant loans to individuals and business firms through the financial intermediation process. Thus, an efficient banking system is a key to the nation's economic growth. On the other, banks continuously try to satisfy their shareholders through value maximization. Determining firm value in commercial banks is challenging because its value is affected by the various internal and external determinants. The literature on firm value in banking suggests that bank value is primarily affected by bank-specific variables. Bank capital, deposit, loan, credit risk, profitability, diversification, size, corporate governance, etc., are the major internal factors influencing firm value in banks.

Bank capital is essential to sustain and increase bank value and is measured by the equity to total assets ratio. Some theories are focused on the risk-return trade-off of capital and bank value, implying a negative relationship between equity capital ratio and bank performance. For example, bank capital adversely affects value (Mishkin, 2000). However, others advocated that banks having lower equity capital entails a high insurance cost. In contrast, Berger (1995) showed the direct relation between bank equity capital and soundness. Barth et al. (2004) researched bank regulation and supervision. The results proved that higher capital is associated with fewer non-performing loans and increases firm value in banking. Calomriis and Nissim (2007) found a positive relationship between bank deposit and bank value on how bank deposit affects bank value. The monetary policy also affects the bank value because banks' power over deposit creation is explained by monetary policy (Itamar et al., 2016). Eagan et al. (2018) added that banks compete with each other for deposit-seeking activities to enhance bank value.

Bank size is another important factor that influences value. Bigger banks are highly diversified and positively affect bank value (Demsetz & Strahan, 1997; Alper & Anbar, 2011). Nicolo (2000) found that bank value decreases with an increase in size because of an increase in insolvency risk. But Awan et al. (2018) showed that firm size does not influence share price, whereas capital and profitability positively impact firm value in the banking sector.

Johnson (1997) studied the effect of bank reputation on the value of bank loan agreement and found that bank deposit, size, and equity capital positively affect bank value. In contrast, loan loss provision has a negative effect. Abugamea (2018) investigated the influence of major determinants of bank profitability in Palestine banking. The findings showed that bank size positively influences the return on equity. Bank capital has a positive influence on return on assets. Likewise, loans positively correlate with both returns on assets and equity. Using the panel regression model, Ebenezer et al. (2019) studied the impact of liquidity and interest rate risk on bank value. The sample was 16 banks from 2009 to 2017. The findings revealed that liquidity risk significantly negatively affects firm value. Abbas (2018) studied earnings management in the banking industry and its impact on firm value and found that banking earnings management positively impacts firm value. Owolabi and Envi (2014) did not find any significant relationship in terms of credit risk and bank value.

Noman et al. (2015) found the inverse influence of non-performing loans on profitability. Further, the results also documented a negative relationship on return on equity. Ekinci (2016) investigated the effect of credit and market risk on bank performance and value. The findings suggested a strong linkage between economic growth and bank value. Thus, focusing on the impact of such types of risk on bank performance pays special attention to the good operation of the banking system.

Moreover, it was found that credit risk has a positive and statistically significant effect and the interest rate has a statistically insignificant effect on bank performance and value. Rosikah et al. (2018) analyzed the effect of return on asset, return on equity, and earnings per share on corporate value. Primary data were processed using multiple regression analysis to measure the effect of return on assets, equity, and earnings per share on bank value as measured by Tobin's Q and found that return on assets, return on equity, and earnings per share have a significant effect on firm value. This study surveys the perception of firm value in Nepalese banks within this perspective.

2. METHODOLOGY

As discussed earlier firm value in Nepalese commercial banks is affected by several firm-specific and macro-economic factors. This study presents the current state-of-art and perception of depositors and investors towards various dimensions of firm value in Nepalese commercial banks. For this purpose, a set of multipart questionnaires containing 17 questions was designed to determine the respondents' opinions. The questionnaire included various questions such as yes/ no or don't know, multiple-choice, ranking and Likert scale items. Respondents were requested to put tick signs for suitable options in multiple-choice questions. Likewise, they were requested to rank '1' for most important and so on in case of ranking questions and requested to assign '1' for strongly disagree, '2' for disagree to '5' for strongly agree in the Likert scale item. Altogether, 300 questionnaires were distributed to the respondents. Out of which 183 respondents returned complete and usable questionnaires. The response rate was 61 percent.

3. RESULTS AND DISCUSSION

3.1 Respondents' Profile

Table 1 reports the characters of respondents based on their gender, academic qualification, profession and age group. Out of the total respondents, 61.2 percent were male and 38.8 percent were female, implying that most respondents were male.

Based on profession, respondents were categorized as depositors and investors. Out of total respondents, 45.4 percent were investors in the stock market. Only 54.6 percent of respondents were bank depositors. Based on academic qualification, investors were categorized as those who passed up to class XII/PCL, bachelor level and master level or above. Among total respondents, most of the respondents (69.95%) completed a master's degree or above, 21.31 percent were bachelor's degree graduates and 8.74 percent respondents were class XII/PCL level or below. Similarly, the age group of respondents was classified into three categories: below 30 years, 31 years to 50 years and above 50 years. Among them, 48.1 percent of total respondents were young, below 30 years of age, 41.5 percent of respondents were from 30 to 50 years, and only 10.4 percent of respondents were above 50 years.

Table 1

Respondents' Profile

Panel A: Gender	Frequency	Percent
Male	112	61.2
Female	71	38.8
Total	183	100
Panel B :Profession	**Frequency**	**Percent**
Investors	83	45.4
Depositors	100	54.6
Total	183	100
Panel C: Academic Qualification	**Frequency**	**Percent**
XII/ PCL or Below	16	8.74
Bachelor	39	21.31
Masters or Above	128	69.95
Total	183	100
Panel D : Age Group	**Frequency**	**Percent**
Below 30 years	88	48.1
31 to 50 years	76	41.5
Above 50 years	19	10.4
Total	183	100

Note. This table shows the number and percentage of respondents across different personal characteristics such as gender, profession, academic qualification and age group.

3.2 Effect of Firm-specific Factors on Bank Value

To determine the relation between bank-specific factors and bank value, yes/no questions were asked to observe the respondent's view. The details of responses are shown in different panels of Table A-1. Both depositors and investors were asked whether the high deposit ratio would increase firm value in Nepalese commercial banks. The result revealed that most investors (53%) and depositors (69%) responded that increasing deposits helps increase banks' value. Similarly, the majority of respondents (61.7%) viewed that those banks that collect high deposits can generate more value in Nepalese commercial banks.

Regarding the relationship between loan ratio and bank value, the survey result of Panel B depicts that most investors (61.4%) responded that a higher loan ratio does not tend to have a higher firm value in Nepalese commercial banks. But, most depositors (56%) perceived that a bank could increase its value by increasing its loan portfolio. Likewise, 45.4 percent of respondents responded that a higher loan ratio enhances the bank value, whereas 46.4 percent responded that a higher loan ratio does not increase bank value.

In response to the size effect on bank value, panel C survey results show that most investors (72.3%) responded that small-sized banks do not have high firm value. But the result was quite contradictory in the case of depositors. Most depositors (75%) agreed that small-sized banks have higher firm value than high-sized banks. Most respondents (73.8%) disagree that small-sized banks tend to have a higher firm value than Nepalese commercial banks. The survey result of Panel D indicates that 74.7 percent of investors and 65 percent of depositors opined that an increase in credit risk decreases the bank value. Out of total respondents, most depositors and investors (73.8%) argued that the bank value decreases with increased credit risk. Similarly, the survey result of Panel E shows the opinion regarding the effect of profitability on bank value. 86.7 percent of investors, 94 percent of depositors and an aggregate of 90.7 percent of respondents agreed that profitability directly affects firm value in Nepalese commercial banks, implying that increase in profits increases bank value.

As regards the capital adequacy ratio maintained by Nepalese commercial banks, which affects bank value in Panel E, 67.5 percent of investors, 53 percent of depositors, and 59.6 percent of total respondents argued that a higher capital ratio tends to have a higher firm value in Nepalese commercial banks whereas 23.5 percent of total respondents do not agree with it and 16.9 percent have no idea about the effect of capital adequacy ratio on bank value. Similarly, in response to the relationship between good governance and firm value in banks, as indicated in Panel F, the aggregated result revealed that the majority of investors (89.2%), depositors (94%), and total respondents (91.8%) opined that good governance helps to increase firm value in Nepalese banks.

This study also attempts to know whether the publication of financial reports changes a share price in commercial banks. The survey results of Panel G show that the majority of investors (80.7%) opined that the publication of financial reports influences bank value, but 18.1 percent of investors feel that there is no impact of the publication of financial reports on bank value and 1.2 percent have no idea about it. Similarly, the majority of depositors (69%) think that the publication of financial reports influences bank value, but 19 percent of depositors feel that there is no impact of the publication of financial reports on bank value and 12 percent have no idea about whether the publication of financial reports changes the share price or not. Out of total respondents, 74.3 percent reported that the publication of financial reports changes share prices in Nepalese commercial banks. Therefore, it can be concluded that bank value is sensitive to publishing financial information.

Miller (1995) suggested that Modigliani and Miller's leverage theory can also be expanded to banking firms. To know whether the proper mix of debt and equity (leverage) increases the bank value or not, the survey results of Panel H suggested that the majority of investors (74.7%), depositors (73%) and total respondents (73.8%) viewed that firm value in Nepalese commercial banks is influenced by the mix of debt and equity. To identify the perception of the use of debt, respondents were asked whether the investors in the capital market perceive good news, indifference, or bad news. The survey results in Panel I revealed that 44.6 percent viewed the use of more debt in banks as good news for investors. Contrary to this, 49 percent of depositors responded that using debt is perceived as indifferent. Similarly, 41.5 percent of total respondents responded indifferent towards using debt, whereas 37.7 percent and 20.8 percent perceived it as good news and bad news, respectively.

3.3 Sources of Information to Analyze Bank Value

Table 2

Opinion on Sources of Information

Sources of Information	Investors		Depositors		Total	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Newspaper	57	68.7	47	47	104	56.8
SEBON publication and website	26	31.3	40	40	66	36.1
NEPSE publication and website	36	43.4	66	66	102	55.7
Company publications and websites	46	55.4	38	38	84	45.9
Brokerage firms	21	25.3	18	18	39	21.3
Others	11	13.3	5	5	16	8.7

Note. This table shows the number and percentage of respondents (investors and depositors) expressing their responses on sources of information to analyze the firm value in Nepalese commercial banks and make an investment decision.

There are two types of traders in the stock market: liquidity and information traders. Liquidity traders rely on the liquidity available while buying and selling the shares. If they have excess cash, they buy the shares. Likewise, they sell the shares irrespective of any information if they run a cash shortage. However, information traders rely on market information before buying or selling the shares. Investors use several sources of information to analyze the bank's value. The respondents were asked to indicate the source of information that investors in the Nepalese stock market use to analyze the stock investment in the banking sector. Table 2 shows that the majority of respondents use newspapers (56.8%), NEPSE publications and websites (55.7%), and company publications and websites (45.9%) to get information regarding the share price of banks. From the respondents' responses, it is found that investors in the Nepalese stock market generally rely on newspapers, NEPSE publications and websites, and company publications and websites to generate required information on the stock investment of banks. They opined that SEBON publication and website, the information provided by brokerage firms, website of private investment service providers are essential sources of information.

3.4 Preference Over Investment Alternatives

To know bank preference for investment alternatives, the respondents were asked to rank the relative importance of a bank's assets management on a scale of one to five.

The survey result of Table 3 shows that Nepalese commercial banks still emphasize balance sheet activities. Loans, advances, and government securities investment are most preferred, and investment in corporate securities is considered less preferred among bank executives. This survey result may be reflective of underdeveloped capital markets. Likewise, off-balance-sheet activities such as LC, bid bond, performance bond, etc., are the least preferred.

Table 3

Opinion on Bank's Asset Management

Items	Rank				Total Responses	Weighted Mean	Overall Rank
	1	2	3	4			
Loan and advances	113	21	28	21	183	1.77	I
Investments in government securities	44	38	62	39	183	2.52	II
Investment in corporate bonds and stocks	18	67	46	52	183	2.72	III
Guarantees (LC, bid bond, performance bond, etc.)	9	55	47	72	183	2.99	IV

Note. This table contains the respondents' views on the survey questionnaire regarding bank assets management that increase the firm value in Nepalese commercial banks. Indications of 1 is the most important, the next two are more important and so on. Also reported is the weighted mean value of ranking scores and overall ranks.

3.5 Investment Sectors for Lending

In an attempt to identify respondents' opinions about banks' preference for lending, respondents were asked to rank five investment (lending) priority sectors assigning '1' as most important, '2' as more important and so on. Table 4 shows the responses of depositors and investors on preference for investment/lending, which influences firm value in Nepalese commercial banks.

Table 4

Opinion on Investment Sectors of Banks

Investment Sectors	Rank					Total Responses	Weighted Mean	Overall Rank
	1	2	3	4	5			
Hydro-power	78	37	24	19	25	183	2.32	I
Insurance	24	33	23	52	51	183	3.40	IV
Hotel	6	30	42	69	36	183	3.54	V
Manufacturing and Processing	41	56	33	27	26	183	2.68	II
Trading	34	27	61	16	45	183	3.06	III

Note. This table contains the respondents' views on the survey questionnaire regarding the banks' priority investment sectors that increase the firm value in Nepalese commercial banks. Indication of 1 is the most important, the next two are more important, and so on. Also reported is the weighted mean value of ranking scores and overall ranks.

The survey results indicated that the most priority of banks for their investment/lending is the hydropower sector, with the overall rank of first. Accordingly, manufacturing and processing, trading, insurance and hotel sectors have the second, third, fourth and fifth most important priority sectors for Nepalese banks' investment/lending, respectively.

3.6 Attitudes towards Risk

Bank risk plays a vital role in determining the firm value in banking sectors. To know which types of risk influence bank value, respondents were asked to rank the question to rank '1' as the most important, '2' important and so on.

Table 5

Opinion on Bank Risk

Items	Rank			Total	Weighted	Overall
	1	2	3	Responses	Mean	Rank
Credit Risk	76	62	45	183	1.83	I
Market Risk	35	60	88	183	2.29	III
Liquidity Risk	72	61	50	183	1.88	II

Note. This table contains the respondents' views on the survey questionnaire regarding different types of risk that affect the bank value. Indications of 1 are the most important, the next two are important, and three are the least important. Also reported is the weighted mean value of ranking scores and overall ranks.

The survey result indicated that credit risk is considered the most important risk influencing firm value in Nepalese commercial banks, followed by liquidity risk and market risk.

3.7 Attitudes towards Factors Affecting Bank Value

In an attempt to identify how respondents think about the bank-specific factors that affect bank value, respondents were asked to rank '1' as most important, '2' as more important, and so on.

Table 6

Opinion on Factors Affecting Bank Value

Major Variables	Rank						Total	Weighted	Overall
	1	2	3	4	5	6	Responses	Mean	Rank
Bank size	37	15	18	11	19	83	183	4.14	VI
Deposit ratio	31	49	33	29	34	7	183	3.04	II
Loan ratio	7	27	57	42	30	20	183	3.66	IV
Capital ratio	44	34	32	42	20	11	183	2.96	I
Profitability ratio	48	29	20	36	38	12	183	3.13	III
Credit risk	17	27	23	24	44	48	183	4.07	V

Note. This table contains the respondents' views on the survey questionnaire concerning bank-specific factors to increase the bank value. Indications of 1 are the most important, and the next two are more important, and so on. Also reported is the weighted mean value of ranking scores and overall ranks.

Table 6 sketches the response of respondents on bank-specific factors influencing the firm value in Nepalese commercial banks. The survey results indicated that capital ratio is the most important factor affecting bank value. Accordingly, deposit ratio, profitability ratio, loan ratio, credit risk, and bank size got the second, fourth, fifth, and sixth positions, respectively, as bank-specific factors affecting firm value in Nepalese banks.

3.8 Perception of Firm Value in Nepalese Banking

Table 7

Perception towards Firm Value in Nepalese Banking on Five Points Likert Scale Items

A statement representing firm-specific factors that affects bank value	1	2	3	4	5	Mean	St. Dev.	Overall Rank
	Strongly disagree	*Disagree*	*Don't know*	*Agree*	*Strongly agree*			
Firm value in commercial banks depends on the number of bank deposits.	12	31	21	87	32	3.52	1.157	IX
Firm value in commercial banks depends on investment (lending) amount.	8	28	22	96	29	3.6	1.064	VI
A higher capital adequacy ratio increases the value of commercial banks in Nepal.	10	24	36	85	28	3.53	1.073	VIII
Firm value in Nepalese commercial banks is affected by credit risks.	8	17	34	94	30	3.66	1.003	IV
Firm value in commercial banks depends on the use of total assets.	8	26	32	96	21	3.52	1.015	IX
Bank value increases with stable earnings position in Nepalese commercial banks	13	22	27	80	41	3.62	1.165	V
Firm value in commercial banks increases with the strong liquidity position.	9	22	32	74	46	3.69	1.122	III
Firm value in Nepalese commercial banks depends on managerial efficiency.	7	11	29	87	49	3.87	1.000	I
Firm value in Nepalese commercial banks is influenced by market information.	6	19	32	90	36	3.72	1.003	II
Firm value in commercial banks depends on the use of debt capital.	11	17	36	94	25	3.57	1.034	VII

Note. This table presents the number of responses on the five-point Likert scale items about the relationship between firm-specific variables and commercial bank value. It also reports the mean score, standard deviation and overall rank associated with each statement.

Table 7 summarizes the number of responses on each scale along with the mean score, standard deviation and overall rank. The respondents were asked to indicate their level of agreement or disagreement on a scale of '1' indicating strongly disagree and '5' indicating strongly agree about the relationship between several firm-specific variables and bank value. The mean score below three indicates disagreement and the mean score above three indicates agreement. The results are reported in Table 7 and exhibit that respondents mostly agree that firm value in Nepalese commercial banks depends on managerial efficiency, with a mean value of 3.37. As evident from the table, respondents also perceived that market information and strong liquidity position have the second and third most important firm-specific factors influencing bank value, with a mean score of 3.72 and 3.69, respectively. Bank value is also influenced by banks' credit risk and earnings position ranked as the fourth and fifth important factors with a mean score of 3.66 and 3.62, respectively. Similarly, respondents also agreed that firm value in Nepalese commercial banks depends on loans, debt and equity, and total assets with weighted mean values of 3.6, 3.57, 3.53, 3.52, and 3.52, respectively.

4. CONCLUSION

Firm value in Nepalese commercial banks is affected by firm-specific, industry-specific, and macro-economic factors. This study has examined the survey opinion on firm-specific factors affecting firm value in Nepalese commercial banks. The study reveals that higher deposit, profitability, capital adequacy and good governance increase bank value. Publication of financial reports is a major influencing factor of firm value. Further, SEBON publication and website, the information provided by the brokerage firm, website of private investment service providers are important sources of information to analyze the share price of banks. Credit risk is considered an important risk that negatively influences firm value in Nepalese banks. Finally, this study concludes that firm value mostly depends on managerial efficiency followed by market information, strong liquidity position, credit risk, earnings position, use of the loan, debt and equity, and size, respectively, in Nepalese commercial banks.

REFERENCES

Abbas, A. (2018). Earnings management in banking industry and its impact on the firm value. *AKRUAL: Journal of Akuntansi*, *10* (1), 69-84.

Abugamea, G. (2018). *Determinants of banking sector profitability: Empirical evidence from Palestine. Journal of Islamic Economics and Finance, 4* (1), 49-67.

Alper, D., & Anbar, A. (2011). Bank-specific and macro-economic determinants of commercial bank profitability: Empirical evidence from Turkey. *Business and Economic Research Journal*, *2* (2), 139-152.

Awan, D. A., Lodhi, M., & Hussain, D. (2018). Determinants of firm value: A case study of chemical industries of Pakistan. *Global Journal of Management, Social Science and Humanities, 4* (1), 46-61.

Barth, J. R., Caprio G. J., & Levine, R. (2004). Bank regulation and supervision: What works best? *Journal of Financial Intermediation, 13,* 205-248.

Berger, A. N., & Gregory, F. U. (1995). Relationship lending and lines of credit in small firm finance. *Journal of Business*, *68* (3), 351-381.

Calomirris, C. W., & Nissim, D. (2007). *Activity-based valuation of bank holding companies*. (Working Paper No. 12918). National Bureau of Economic Research.

Demesetz, R. S., & Strahan, P. E. (1997). Diversification, size and risk at bank holding companies. *Journal of Money, Credit and Banking*, *40* (6), 1217-1238.

Eagan, M., Lewellen, S., & Sunderam, A. (2018). *The cross-section of bank value* (Working Paper No. 23291 revised). National Bureau of Economic Research.

Ebenezer, O. O., Islam, M. A., Yusoff, W. S., Sobhani, F. A. (2019). Exploring liquidity risk and interest rate risk: Implications for profitability and firm value in Nigerian banks. *Journal of Reviews on Global Economics, 8,* 315-326.

Ekinci, A. (2016). The effect of credit and market risk on bank performance: Evidence from Turkey. *International Journal of Economics and Financial Issues. 6* (2), 427-434.

Itamar, D., Savov, A., & Schnabl. P. (2017). The depository channel of monetary policy. *The Quarterly Journal of Economics*, *132* (4), 1819-1876.

Johnson, S. A. (1997). The effect of bank reputation on the value of bank loan agreements. *Journal of Accounting, Auditing & Finance*, *12* (1), 83-100.

Mishkin, F. (2000). Inflation targeting in emerging market countries. *American Economic Review, 90* (2), 105-109.

Nepal Rastra Bank. (2012-2015). *Banking and Financial Statistics*. Kathmandu: NRB.

Nepal Rastra Bank. (2016-2019). *Monthly Statistics*. Kathmandu: NRB.

Nepal Stock Exchange. (2018). *Annual Report*. Kathmandu: NEPSE.

Nicolo, G. D. (2000). *Size, charter value and risk in banking: An international perspective* (International Finance Discussion Papers 689). Board of Governors of the Federal Reserve System.

Noman, A. H. M., Pervin, S., Chowdhury, M. M., & Banna, H. (2015). The effect of credit risk on the banking profitability: A case on Bangladesh. *Global Journal of Management and Business Research, 15* (3), 41-48.

Owolabi, A. O., & Enyi, P. E. (2014). Impact of credit risk exposure on the market value of Nigerian banks. *American International Journal of Contemporary Research, 4* (10), 59-69.

Rosikah, A., Prananingrum, D.K., Muthalib, D. A., Azis, M.I., & Rohansyah, M. (2018). Effects of return on asset, return on equity, earning per share on corporate value. *The International Journal of Engineering and Science. 7* (3), 6-14.

Security Board of Nepal. (2018). *Annual Report*. Kathmandu: SEBON.

Appendix
Table A-1
Opinion on Firm-specific Factors influencing Firm Value in Nepalese Banks

Details of Questionnaire Statement	Investors		Depositors		Total	
	No	%	No	%	No	%
Panel A: Do you agree that the higher the deposit ratio, the higher the firm value in Nepalese commercial banks?						
Yes	44	53	69	69	113	61.7
No	36	43.4	20	20	56	30.6
Don't Know	3	3.6	11	11	14	7.7
Total	83	100	100	100	183	100
Panel B: Do you agree that higher loan ratios have higher firm value in Nepalese commercial banks?						
Yes	27	32.5	56	56	83	45.4
No	51	61.4	34	34	85	46.4
Don’t Know	5	6	10	10	15	8.2
Total	83	100	100	100	183	100
Panel C: Small-sized banks tend to have higher firm value than large-sized banks. Do you agree?						
Yes	15	18.1	15	15	30	16.4
No	60	72.3	75	75	135	73.8
Don't Know	8	9.6	10	10	18	9.8
Total	83	100	100	100	183	100
Panel D: Do you think that increase in credit risk decreases the value of commercial banks in Nepal?						
Yes	62	74.7	65	65	127	69.4
No	17	20.5	23	23	40	21.9
Don't Know	4	4.8	12	12	16	8.7
Total	83	100	100	100	183	100
Panel E: Do you agree that profitability directly affects firm value in Nepalese commercial banks?						
Yes	72	86.7	94	94	166	90.7
No	9	10.8	5	5	14	7.7
Don't Know	2	2.4	1	1	3	1.6
Total	83	100	100	100	183	100
Panel F: Higher capital adequacy ratios tend to have a higher firm value in Nepalese banks. Do you agree?						
Yes	56	67.5	53	53	109	59.6
No	18	21.7	25	25	43	23.5
Don't Know	9	10.8	22	22	31	16.9
Total	83	100	100	100	183	100
Panel G: In your opinion, do you think that good governance increases the firm value in the banking industry?						
Yes	74	89.2	94	94	168	91.8
No	5	6	3	3	8	4.4
Don't Know	4	4.8	3	3	7	3.8
Total	83	100	100	100	183	100
Panel H: Do you agree that the publication of financial reports changes a share price in Nepalese commercial banks?						
Yes	67	80.7	69	69	136	74.3
No	15	18.1	19	19	34	18.6
Don't Know	1	1.2	12	12	13	7.1
Total	83	100	100	100	183	100
Panel I: Do you believe that a proper mix of debt and equity (leverage) increases the overall value of banks?						
Yes	62	74.7	73	73	135	73.8
No	13	15.7	12	12	25	13.7
Don't Know	8	9.6	15	15	23	12.6
Total	83	100	100	100	183	100
Panel J: In your opinion, how do investors in the capital market perceive using more debt?						
Good news	37	44.6	32	32	69	37.7
Indifferent	27	32.5	49	49	76	41.5
Bad news	19	22.9	19	19	38	20.8
Total	83	100	100	100	183	100