THE INFLUENCE OF OWNERSHIP STRUCTURE AND LIQUIDITY ON DIVIDEND POLICY IN ASEAN BANKING

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Abstract

This research seeks to explore and critically assess the influence of ownership structure and liquidity on banking dividend policies in Indonesia, Malaysia, and Thailand. The sample consists of 25 banking companies, with a total of 100 data points were gathered through a purposive sampling approach. The research utilizes secondary data, specifically banking annual reports from the 2020–2023 period, sourced from the Indonesia Stock Exchange, Malaysia Stock Exchange, and Thailand Stock Exchange. The analytical framework applied is multiple linear regression. The findings reveal that foreign ownership, bank performance, and leverage exert a negative influence on dividend policy, whereas institutional ownership, liquidity, and bank age do not demonstrate a statistically significant impact on dividend policy, as reflected in the dividend yield and dividend payout ratio. The findings also indicate that institutional ownership negatively affects dividend policy when measured by dividend yield. This research is expected to benefit financial managers and investors in decision-making. For financial managers, insights into the influence of ownership structure on dividend policy can assist in designing financial strategies, managing liquidity, and determining dividend distribution. Meanwhile, for investors, this information serves as a basis for making more informed investment decisions.

Keywords: Dividend Policy, Liquidity, Ownership Structure

INTRODUCTION

In In the banking industry, dividend policy is very important because it is directly related to the return on investment of shareholders and shows the stability and financial performance of the bank. It can also influence how investors view the company's management (Hasan et al., 2023). Dividend policy is often influenced by a firm's ownership structure, which includes state and foreign ownership, in Indonesia and Malaysia, both of which have a growing banking sector and are part of the economy (Sbai et al., 2024).

Institutional ownership in the banking sector of both countries is very important because the government has specific objectives to maintain economic stability and national development (Bataineh, 2021a). State-owned banks tend to maintain economic stability, which may influence their dividend policy to be more conservative or to support the local economy (Sbai et al., 2024).

Research by (Kumshe et al., n.d.-a) found that the current ratio strongly influences dividend payout decisions. Banks can increase their dividend payouts, especially when stock prices are at moderate levels, if they have a strong liquidity position. This can improve the bank's ability to distribute dividends to shareholders, which indicates the financial stability and overall performance of the bank. This is important for the banking industry in Malaysia and Indonesia, where dividend decisions are influenced by liquidity and other internal factors besides national or foreign ownership (Kumshe et al., n.d.-a).

This study adds a novel variable, liquidity as measured by Current Ratio (CR), to gain a better understanding of the components that influence dividend policy in the banking industry. Previous research findings show that CR has a positive influence on dividend policy, with banks with higher CR tending to pay larger dividends to shareholders (Kumshe et al., n.d.-a). By adding CR as a variable in this study, it is expected to provide a more in-depth picture of how liquidity measured by CR can influence the decisions made by banks in Indonesia, Malaysia and Thailand on dividend distribution.

Several factors shaped the selection of this research sample for Indonesia, Malaysia and Thailand. Although these three countries are in Southeast Asia, they have different economic conditions and financial stability, as well as diverse banking systems, which make interesting differences to study. The purpose of this research how liquidity and ownership structure impact dividend policy.

The strong relationship between dividend policy and institutional ownership, particularly in terms of market stability and agency conflicts, was highlighted by Glendening et al. (2021), who found that institutional ownership structures can influence corporate decisions to distribute dividends. Institutional investors tend to prioritize short-term returns through dividends, which can also reduce disagreements between management and shareholders. (Oktaviatin et al., 2024) found that companies with institutional ownership structures are more likely to implement policy changes rather than distribute dividends.

(Farooq et al., 2024) found that dividend policies are more favorable with foreign ownership. Due to the need to maintain the trust of foreign investors, who typically prefer direct capital returns in the form of consistent dividends, the study indicates that businesses tend to pay higher dividends when foreign ownership is significant. Additionally, it was found that dividend policies are influenced by additional variables, such as profitability and business liquidity. Significant foreign ownership in the corporate capital structure reinforces this tendency.

Company's liquidity reflects its ability to meet short-term obligations, and since companies need sufficient funds to pay dividends, this factor influences dividend policies. The current ratio (CR) is a liquidity indicator that calculates the ratio between short-term liabilities and available current assets. Dividend policies are affected by a company's liquidity. (Sari & Ardini, 2017) found that businesses with good liquidity are more likely to pay higher dividends. Additionally, this reduces the cost of equity capital and systemic liquidity risks. According to research conducted by (Aritopan et al., 2024), corporate liquidity and profitability increase the likelihood of dividend payments, especially in unstable markets. This study shows that dividend policies can enhance investor confidence and reduce liquidity risks.

Companies with more stable and larger resources tend to pay higher dividends to maintain their reputation and attract investors, according to research by (Nugroho & Suwitho, 2019). Profitability is also an important factor, as companies with strong financial performance tend to pay higher dividends. This indicates that profitable businesses are better able to distribute part of their earnings to shareholders.

Leverage, calculated as the ratio of debt to assets or equity, typically has a negative correlation with dividend policies. Companies with high leverage may reduce dividends because they prioritize allocating funds to debt repayment. Conversely, companies with low leverage are more likely to pay dividends (Angela & Daryanti, 2023).

Company's dividend policy is also influenced by its age. Older companies tend to have more stable dividend policies due to more established revenues and cash flows, enabling them to consistently provide dividends to shareholders. Newer companies, on the other hand, may focus more on reinvestment to support growth, making dividends less of a priority (Jamaludin et al., 2023).

REVIEW OF LITERATURE

The Effect of Institutional Ownership on Dividend Policy

The results of research by (Sbai et al., 2024) show that institutional ownership is positively related to the possibility of dividend payments, where board structure and ownership configuration are the determinants of differences in dividend policy. Research conducted by (Boshnak, 2023; Setyabudi, 2021) states that institutional ownership has a positive effect on dividend policy. The results of research by (Bataineh, 2021b) have other findings which state that institutional ownership has a negative effect on dividend policy.

H_1: Institutional ownership has a significant effect on dividend policy

The Effect of Foreign Ownership on Dividend Policy

The study by (Sbai et al., 2024) identified a constructive correlation between dividend policy in conventional banking institutions and the presence of foreign ownership. Similarly, (Boshnak, 2023) explored the influence of foreign ownership on dividend distribution, concluding that entities with substantial foreign ownership exhibit a greater propensity to disburse dividends. Furthermore, research conducted by (Siahaan, 2024) demonstrated that foreign ownership exerts a statistically significant positive impact on dividend policy, indicating that foreign investors tend to favor higher dividend payouts, reinforcing the notion that foreign ownership plays a crucial role in shaping corporate dividend strategies. Management is often asked to distribute profits as dividends by foreign investors.

H_2: Foreign ownership has a significant effect on dividend policy

The Effect of Liquidity on Dividend Policy

Research by (Yudha et al., 2024) found that liquidity exerts a favorable influence on dividend policy. This result aligns with the findings of (Kumshe et al., n.d.-b), which indicates that liquidity plays a crucial role in enhancing dividend distributions. This research suggests that companies with a good liquidity position are more likely to fulfill their immediate liabilities and ensure dividend distribution to shareholders. This aligns with the findings conducted by (Dirhamsyah et al., 2022) which shows that liquidity can help the dividend payout policy.

H_3 : Liquidity has a significant effect on dividend policy

The Effect of Bank Performance on Dividend Policy

The results of (Subramaniam & Sakthi, 2022) research show that bank performance exerts a beneficial influence on dividend policy, with banks with better performance paying higher dividends. Research by (Athari, 2021) also shows that bank performance has a positive impact on dividend policy, with banks with better performance tending to pay higher dividends (Sbai et al., 2024).

H_4: Bank performance has a significant effect on dividend policy

The Effect of Leverage on Dividend Policy

The results of research by (Blomkvist et al., 2022) show that dividend policy tends to be influenced by higher leverage. Banks with high leverage tend to prioritize profit retention for fulfilling debt commitments over distributing dividends to shareholders. Research by Gupta and Patel (2022) also supports this finding, which found that higher leverage has an negative impact on dividend policy by lowering dividend payments. Research by (Athari, 2021) also found similar results.

H_5: Leverage has a significant effect on dividend policy

The Effect of Bank Age on Dividend Policy

Research by (Sbai et al., 2024) found that bank size and bank age are positively associated with dividend payments, suggesting that larger and older banks tend to pay higher dividends. These findings align with the study conducted by (Dirhamsyah et al., 2022). (Hamzah et al., 2022) also discovered that the age of a bank exhibits a markedly positive relationship with dividend payments.

H_6: Bank age has a significant effect on dividend policy

In line with the background and the hypothesis proposed in this study, the conceptual framework of the research is outlined as follows.

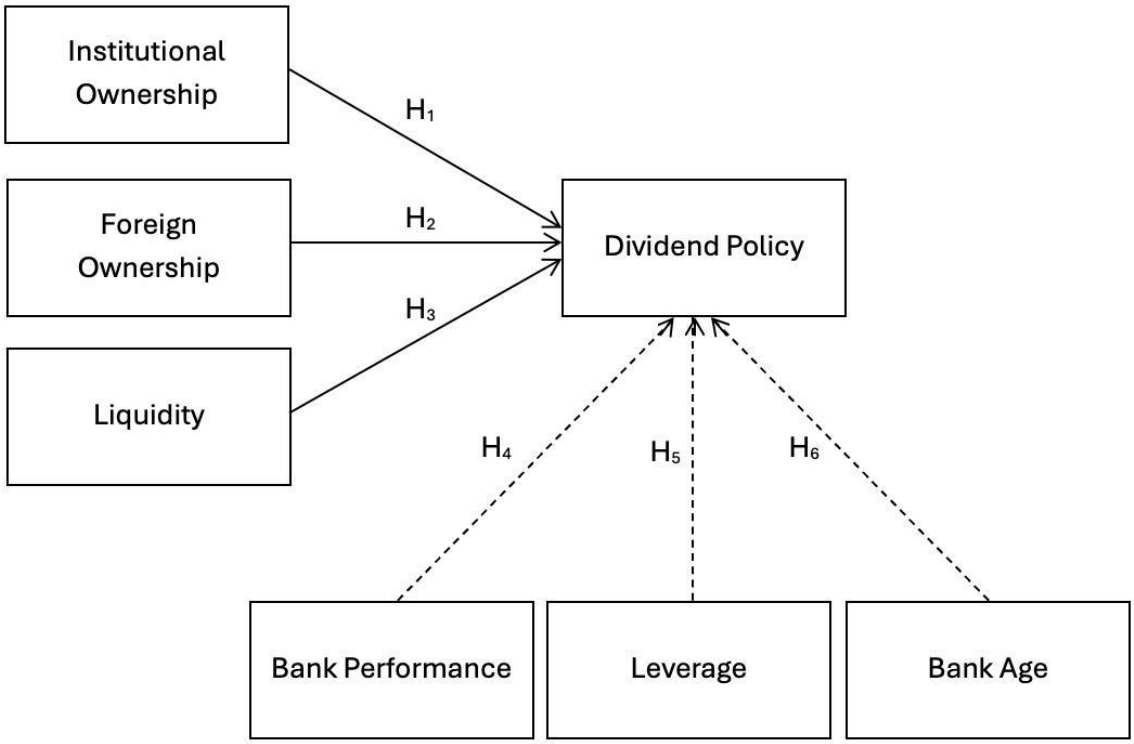

Figure 1.
Research Framework

RESEARCH METHOD

This research endeavors to investigate the impact of ownership structure and liquidity on dividend policy by utilizing a quantitative research methodology. The variables incorporated in this analysis include independent variables, namely ownership structure and liquidity, dependent variables in the form of dividend policy, as well as control variables, namely bank performance, leverage, and bank age. The sample comprises publicly listed banking sector companies on the Indonesia Stock Exchange, Malaysia Exchange, and Thailand Exchange with data obtained from 2020-2023.

Table 1.
Measurement of Research Variables

Variables	Proxy	Formula	Source
Dependent:			
Dividend Policy	Dividend Yield	Dividend per Share / Price per Share	Sbai et al. (2024)
	Dividend Payout Ratio	Total dividends / Net Income	Abdul-Khadir et al. (2024)

Independent:			
Ownership Structure	Institutional Ownership	Shares owned by institutions / Total shares	Sbai et al. (2024)
	Foreign Ownership	Shares owned by foreign investors / Total shares	Sbai et al. (2024)
Liquidity	Current Ratio	Current Assets / Current Liabilities	Hauwa Modu Kumshe et al. (2024)
Control:			
Bank Performance	Return on Assets	Net Income / Total Assets	Sbai et al. (2024)
Leverage		Total Debt / Total Assets	Sbai et al. (2024)
Bank Age		Age is measured since the bank was established	Sbai et al. (2024)

This research utilizes a secondary data collection method, with data sourced from annual reports available on the Indonesia Stock Exchange website (www.idx.co.id), Bursa Malaysia through www.bursamalaysia.com, and Bursa Thailand via www.set.or.th for the period 2020–2023. The research adopts a purposive sampling method, wherein samples are chosen based on basis of considerations that focus on specific objectives. The criteria underlying the selection of data as a research sample are as follows:

Table 2.
Total Research Sample

Criteria	Indonesia	Malaysia	Thailand
Banking companies listed on the Indonesia Stock Exchange, Malaysia Exchange, and Thailand Exchange for the period 2020-2023.	47	10	12
Companies that do not distribute dividends consecutively in the 2020-2023 period.	(33)	(2)	(2)
Companies that do not have institutional and foreign share ownership in the 2020-2023 period.	(5)	(1)	(1)
Companies that are eligible to be sampled	9	7	9
Total data used for research		100	

RESULTS AND DISCUSSION

Descriptive Statistic

The results of descriptive statistical testing for dividend policy (DY) obtained a maximum (max.) value of 2.5227 by PT Bank Central Asia Tbk. [BBCA] in 2020, and the minimum (min.) value of 0.0204 obtained by PT Bank Negara Indonesia Tbk [BBNI] in 2023. The average value (avg.) of DY of 0.4582 < 0.4641, indicating that the data is varied with a large deviation.

Dividend policy (DPR) obtained a max. value of 1.6829 by PT Bank Danamon Indonesia Tbk [BDMN] in 2020 and a min, value of 0.0202 obtained by PT Bank Negara Indonesia Tbk [BBNI] in 2023, the avg. value of DPR of 0.4 > 0.2876 indicating that the data is homogeneous with a small deviation.

Institutional ownership (KI) obtained a max. value of 2.5227 by PT Bank Mandiri Tbk [BMRI] in 2020 and a min. value of 0.0072 obtained by CIMB Thai Bank Public Company Limited [CIMBT] in 2021, the avg. value of KI of 0.3274 > 0.2698 indicating that the data is homogeneous with a small deviation.

Foreign ownership (KA) obtained a max. value of 0.9394 by PT Bank Maybank Indonesia Tbk [BNII] and min. value of 0.0180 obtained by PT Bank Mega Tbk [MEGA] in 2020, the avg. KA value of 0.3325 < of 0.3389 indicating that the data is varied with a large deviation.

Liquidity (CR) obtained the max. value of 6.6889 by Affin Bank Berhad [5185] in 2023 and the min. value of 0.7450 obtained by LH Financial Group Public Company Limited [LHFG] in 2021, the avg. value of CR 2.1847 > 1.0323 indicates that the data is homogeneous with a small deviation.

Bank performance (ROA) obtained a max. value of 0.0842 by TISCO Financial Group Public Company Limited [TISCO] in 2021 and a min. value of 0.0022 obtained by Affin Bank Berhad [5185] in 2020, the avg. value of ROA of 0.0176 > 1.0323 indicating that the data is homogeneous with a small deviation.

Leverage (LEV) obtained a max. value of 1.00 by Public Bank Berhad [1295] in 2021 and a min. value of 0.1277 obtained by PT Bank BTPN Syariah Tbk [BTPS] in 2023, the avg. LEV value of 0.8098 > 0.1761 indicating that the data is homogeneous with a small deviation.

Bank age (AGE) obtained a max. value of 118.0000 by Hong Leong Bank Berhad [5819] in 2023 and a min. value of 11.0000 obtained by LH Financial Group Public Company Limited [LHFG] in 2020, the avg. AGE value of 56.2600 > of 25.9135 indicating that the data is homogeneous with a small deviation.

Table 3.
Descriptive Statistics

	Observations	Mean	Median	Maximum	Minimum	Std. Dev
DY	100	0.4582	0.3062	2.5227	0.0204	0.4641
DPR	100	0.4000	0.3181	1.6829	0.0202	0.2876
Institutional Ownership	100	0.3274	0.2202	0.9394	0.0072	0.2698
Foreign Ownership	100	0.3325	0.1683	0.9751	0.0180	0.3389
CR	100	2.1847	1.9751	6.6889	0.7450	1.0323
ROA	100	0.0176	0.0116	0.0842	0.0022	0.0180
LEV	100	0.8098	0.8634	1.0000	0.1277	0.1761
AGE	100	56.2600	56.5000	118.0000	11.0000	25.9135

Source: Eviews data processing results

Model Selection Test

To ascertain the most suitable model between the Fixed Effect Model (FEM) and the Common Effect Model (CEM), the Chow test was performed. According to the decision rule,

the FEM is identified as the preferred model if the prob. value of the cross-section Chi-square is ≤ α 0.05.

Table 4.
Chow Test

Variables	Chi-square	Probability	Decision
DY	67.160624	0.0000	Ho rejected, Ha accepted
DPR	63.355374	0.0000	Ho rejected, Ha accepted

Source: Eviews data processing results

Referring to the Chow test outcomes for both models, the prob value of the Cross-section Chi-square stands at 0.0000 < 0.05, leading to the rejection of Ho and the acceptance of Ha. Consequently, FEM is identified as the appropriate model, necessitating the subsequent step of conducting the Hausman test to determine whether FEM or the Random Effect Model (REM) is more suitable.

The Hausman test is administered to evaluate and select the most suitable model between REM and FEM. The selection criterion dictates that if the prob. value of the cross-section random is ≤ α 0.05, then FEM is recognized as the superior mode.

Table 5.
Hausman Test

Variables	*Chi-square*	Probability	Decision
DY	21.219098	0.0017	Ho rejected, Ha accepted
DPR	12.150956	0.0587	Ho accepted, Ha rejected

Source: Eviews data processing results

Referring to the Hausman test results, the prob. value for the random cross-section of DY is 0.0017 < 0.05, leading to the rejection of Ho and acceptance of Ha. Conversely, the prob. value for DPR is 0.0587 > 0.05, resulting in the acceptance of Ho and rejection of Ha. Therefore, it is concluded that the appropriate model for the DY dependent is FEM, while for the DPR variable, REM is deemed the most suitable.

Coefficient of Determination Test

The test is conducted to assess the degree to which the independent variable elucidates fluctuations in the dependent. The strength of this explanatory power is reflected in the Adjusted R^2 value.

Table 6.
Goodness of Fit Test

Variables	Model	R-squared	Adjusted R-squared
DY	Prob (F-statistic)	0.888078	0.839416
DPR	Prob (F-statistic)	0.141956	0.086598

Source: Eviews data processing results

Based on the findings from the determination coefficient analysis for the DY variable, the Adjusted R-squared value of 0.839416 signifies that the independent variable elucidates 83.9% of the fluctuations in Y, whereas the residual 16.1% is attributable to other independent factors beyond the scope of this research.

The determination coefficient test for the DPR variable yields an Adjusted R-squared value of 0.086598, signifying that the independent variable accounts for 8.6% of the variation in Y, whereas the remaining 91.4% is influenced by other independent variables beyond the scope of this study.

F Test

The test is conducted to assess whether the independent variable exerts a significant influence on the dependent variable within the research model. Testing is done using a significance level of 0.05 (α =5%). The decision criterion is based on the probability value of the F-statistic; < 0.05, Ha is confirmed, and Ho is dismissed.

Table 7.
F Test

Variables	Probability	Hypothesis	Conclusion
DY	0.000000	Ho rejected	Significant effect
DPR	0.000000	Ho rejected	Significant effect

Source: Eviews data processing results

Referring to the test results for both models, the prob. value of the F-statistic is 0.000000 < 0.05, leading to the acceptance of Ha. This indicates that, from a statistical perspective, at least one independent variable exhibits a significant influence affects the dependent.

T Test

The extent to which each independent variable exerts an impact on the dependent variable is analyzed using the t-test. Decision criterion dictates that if the probability value is ≤ 0.05, Ho is dismissed, and Ha is confirmed, signifying that the independent variable exerts a significant impact on the dependent.

H_1: Institutional ownership affects dividend policy

Based on the results of statistical testing on dividend yield (DY), the coefficient of institutional ownership is 1.759140 and the sig value is 0.0095 <0.05, Thus, Ho is dismissed, leading to the conclusion that institutional ownership exerts a positive influence on dividend policy. Furthermore, the results of statistical testing on the dividend payout ratio (DPR), the coefficient of institutional ownership is 0.159741 and the sig value is 0.1323> 0.05, so Ho is accepted. Therefore, it can be inferred that institutional ownership does not exert any influence on dividend policy.

In line with the research of Sbai et al. (2024), institutional investors tend to encourage companies to distribute larger dividends to give confidence to the market and meet the expectations of professional shareholders. However, due to investors' focus on long-term financial stability and reinvestment needs, institutional ownership exhibits no statistically significant influence on DPR.

H_2: Foreign ownership affects dividend policy

Reffering to the statistical test results for DY, the coefficient of foreign ownership is - 1.616141 With a sig value of 0.0051 < 0.05, Ho is dismissed, leading to the conclusion that foreign ownership negatively influences dividend policy. Furthermore, the results of statistical testing on DPR, the foreign ownership coefficient is -0.198526 and sig value is 0.0002 <0.05, so Ho is rejected, it can be inferred that foreign ownership has a negative effect on dividend policy.

These findings stand in contrast conducted by Sbai et al. (2024) because foreign investors concentrate more on long-term growth through rising stock prices than cash dividends. Companies are motivated by foreign investors to maintain corporate profits as capital for investment and growth. In addition, investors are often not interested in dividends due to different dividend rules and taxes in their home countries.

H_3: Liquidity has no effect on dividend policy

Based on the results of statistical testing on DY, the liquidity coefficient is 0.032635 and the sig value is 0.3258> 0.05, so Ha is confirmed, leading to the inference that liquidity does not influence dividend policy. Furthermore, the results of statistical testing on DPR, the liquidity coefficient is 0.005286 and the sig value is 0.3652 <0.05 Ha is accepted so it can be concluded that liquidity has no effect on dividend policy.

The results of this study contradict the research of (Kumshe et al., n.d.-b) because banks tend to use liquidity to meet regulatory requirements and maintain capital adequacy. Ensuring stability and the ability to meet short-term obligations are the main objectives of banks, so excess liquidity is more often allocated to investment or reserves rather than dividend distribution.

H_4: Bank performance affects dividend policy

Based on the results of statistical testing on DY, the coefficient of bank performance is - 3.593945 and the sig value is 0.0293< 0.05, so Ho is rejected. So, it can be concluded that bank performance has a negative effect on dividend policy. Furthermore, the results of statistical testing on DPR, the bank performance coefficient is -6.244756 and the sig value is 0.0126< 0.05, Ho is rejected, it can be deduced that bank performance exerts a detrimental influence on dividend policy.

This is not in line with the research of Sbai et al. (2024) because banks with high performance tend to retain profits to strengthen capital and support business expansion. In the banking industry, profits generated are often used to meet regulatory requirements such as capital adequacy ratios or fund asset growth, rather than for dividend distribution. This approach also reflects management's efforts to maintain long-term stability and competitiveness in the market.

H_5: Leverage affects dividend policy

Based on the results of statistical testing on DY, the leverage coefficient is -2.340584 and the sig value is 0.0307 <0.05, so Ho is rejected, it can be inferred that leverage exerts an adverse influence on dividend policy. Furthermore, the results of statistical testing on DPR, the leverage coefficient is -0.534431 and the sig value is 0.0384< 0.05, so Ho is rejected, it can be inferred that leverage exerts an adverse influence on dividend policy

This is in line with the results of research by Sbai et al., (2024) that banks with higher leverage levels tend to pay lower dividends because banks have greater debt obligations that must be prioritized. This suggests that banks with high leverage are more cautious in distributing dividends to maintain financial stability and reduce debt-related risks.

H_6: Bank age has no effect on dividend policy

Based on the results of statistical testing on DY, the coefficient of bank age is -0.014308 and the sig value is 0.2108> 0.05, so Ho is accepted so it can be concluded that bank age has no effect on dividend policy. Furthermore, the results of statistical testing on DPR, the coefficient of bank age is -0.000699 and the sig value is 0.4641> 0.05, As a result,

Ho is upheld, leading to the inference that bank age does not exert any discernible influence on dividend policy.

This is in line with the results of research by Sbai et al., (2024) that bank age does not affect dividend policy, although older banks are usually more experienced and stable, other factors such as profitability, leverage levels, and applicable rules are more influential in determining how much dividends are distributed. Older banks often concentrate on long-term growth, such as risk management and business expansion, so companies may prefer not to pay large dividends.

Table 8.
T Test

Variable	Model 1 DY Coefficient	Prob (F-Statistic)	Results	Model 2 DPR Coefficient	Prob (F-Statistic)	Results
KI	1.759140	0.0095	Significant positive	0.159741	0.1323	Not Significant
KA	-1.616141	0.0051	Significant negative	-0.198526	0.0002	Significant negative
CR	0.032635	0.3258	Not significant	0.005286	0.3652	Not significant
ROA	-3.593945	0.0293	Significant negative	-6.244756	0.0126	Significant negative
LEV	-2.340584	0.0307	Significant negative	-0.534431	0.0384	Significant negative
AGE	-0.014308	0.2108	Not Significant	-0.000699	0.4641	Not Significant

Source: Eviews data processing results

Research Regression Model

The panel data regression framework employed in prio research Sbai et al (2024) can be written as follows:

DY = 3.111779 + 1.759140KI -1.616141KA + 0.032635CR - 3.593945ROA - 2.340584LEV
- 0.014308AGE + e

DPR = 0.984104 + 0.159741KI - 0.198526KA + 0.005286CR - 6.244756ROA - 0.534431LEV - 0.000699AGE + e

Description:
DY: Dividend Yield
DPR: Dividend Payout Ratio
α: Constant
β: Regression coefficient
KI: Institutional Ownership
KA: Foreign Ownership
CR: Current Ratio
ROA: Return on Asset

LEV: Leverage
AGE: Bank Age
e: Standard Error

CONCLUSION

Referring to the data analysis results processed through Eviews, it can be inferred that institutional ownership exerts a significant positive influence on dividend policy, whereas foreign ownership and leverage demonstrate a significant negative impact. Meanwhile, liquidity and bank age are found to have no discernible effect on dividend policy, as measured by dividend yield. Furthermore, institutional ownership, liquidity and bank age does not exhibit any influence on dividend policy, while foreign ownership, bank performance and leverage demonstrate a markedly negative impact on dividend policy, as measured by dividend payout ratio.

Based on the research results, there are benefits that can be utilized by financial managers and investors as a reference in decision making. These impacts include Finance Manager, Financial managers need to take strategic steps to reduce foreign ownership by attracting domestic investors through transparent financial reporting, improved corporate governance, and effective communication. They also need to optimize ROA by allocating company resources to projects with measured risks and balanced outcomes between expansion and profitability. To reduce leverage, financial managers can prioritize retained earnings as the primary source of funding and decrease reliance on debt. This approach will result in a healthier funding structure and lower financial risk for the company. Investor, this research is anticipated to offer meaningful perspectives for investors in making wiser investment decisions that prioritize the sustainability of long-term returns. Investors are advised to avoid companies with excessively high levels of foreign ownership, as foreign dominance may influence dividend policies in ways that do not align with local investors' expectations. Additionally, investors should focus on companies with healthier funding structures and controlled debt risks. They may also consider a company's liquidity as an essential factor, as it remains a fundamental metric reflecting the company's capacity to fulfill its short-term liabilities.

Limitations

From the findings of this research, certain limitations have been identified, which may serve as considerations for relevant stakeholders. Company managers should consider various factors that may influence the firm's dividend policy, such as ownership structure, liquidity, bank performance, leverage, and bank age, because they can affect the bank's dividend policy. It is recommended for future researchers undertaking similar studies, it is recommended to explore different industry sectors and extend the observation period to identify additional factors influencing dividend policy. Furthermore, incorporating additional variables is encouraged to enhance the comprehensiveness of the analysis, namely the cash ratio, which has a significant negative effect, as research has been conducted by Kumshe et al (2024).

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