

Download This Paper (Delivery.cfm/SSRN\_ID1571028\_code357977.pdf?abstractid=1571028&mirid=1)

Open PDF in Browser (Delivery.cfm/SSRN\_ID1571028\_code357977.pdf?abstractid=1571028&mirid=1&type=2)

★ Add Paper to My Library

Share:

## The Fundamental Determinants of Systematic Risk and Financial Transparency in the DFM General Index

*Middle Eastern Finance and Economics, No. 5, 2009*

13 Pages  
Posted: 22 Mar 2010

Tarek Ibrahim Eldomiaty (https://papers.ssrn.com/sol3/cf\_dev/AbsByAuth.cfm?per\_id=357977)  
American University in Cairo

### Abstract

This research study examines the association between firm's fundamental financial information and systematic risk in the DFM General Index. The methodology utilizes a stepwise regression analysis to identify the financial ratios that are associated with firm's beta significantly. The data are obtained from ReutersP®P Financial database for the firms included in DFM General Index which are classified into three categories: Banking, Insurance and non-financial firms. The results indicate that the fundamental determinants of systematic risk in the banking sector are (a) Assets/Equity (b) Book Value Per Share. The fundamental determinants of systematic risk in the insurance sector are (a) Book Value Per Share, (b) Cash Operating/Assets, (c) Cash Operating/Fixed Assets Purchased, (d) Earnings Before Interest, Tax, Depreciation / Assets, (e) Total Liability/Equity. The fundamental determinants of systematic risk in the non-financial sector are (a) Book Value Per Share, (b) Cash Flow/Book Value Per Share, (c) Earnings Before Interest, Tax, Depreciation Per Share, (d) Total Liability/Total Assets (e) Sales/Receivables, (f) Sales/Total Assets. In terms of the association with systematic risk, it was also found out that the financial reports of the DFM Index are not quite transparent to shareholders which offers little help control and manage firm's systematic risk. This study has an intrinsic value in three ways (1) the study is a practical attempt to create a link between financial reporting and the control and management of systematic risk in the DFM General Index, (2) the study identifies the most significant financial information to be published in firm's financial reports in order to control and manage systematic risk, (3) the study shows the methodology to be followed to create an informative link between financial reporting and systematic risk. This study has also certain policy-level implication regarding the scope of transparency that it shows what is to be considered a compulsory financial information to be included in financial reporting.

**Keywords:** Beta, Financial Transparency, DFM general index

**JEL Classification:** P34, G30

[Suggested Citation](#) >

[Show Contact Information](#) >

Download This Paper (Delivery.cfm/SSRN\_ID1571028\_code357977.pdf?abstractid=1571028&mirid=1)

Open PDF in Browser (Delivery.cfm/SSRN\_ID1571028\_code357977.pdf?abstractid=1571028&mirid=1&type=2)

0 References

0 Citations

Do you have a job opening that you would like to promote on SSRN?

Place Job Opening (https://www.ssrn.com/index.cfm/en/Announcements-Jobs/)

We use cookies that are necessary to make our site work. We may also use additional cookies to analyze, improve, and personalize our content and your digital experience. For more information, see our [Cookie Policy](#)

[Policy \(https://www.elsevier.com/legal/cookiepolicy\)](https://www.elsevier.com/legal/cookiepolicy)

DOWNLOADS

566

[Cookie Settings](#)

Accept all cookies

2,896

## 16 References

PlumX Metrics



([https://plu.mx/ssrn/a?ssrn\\_id=1571028](https://plu.mx/ssrn/a?ssrn_id=1571028))  
Related journals

Risk Management eJournal ([https://papers.ssrn.com/sol3/JELJOUR\\_Results.cfm?form\\_name=journalBrowse&journal\\_id=1492472](https://papers.ssrn.com/sol3/JELJOUR_Results.cfm?form_name=journalBrowse&journal_id=1492472))

Follow



Emerging Markets: Finance eJournal ([https://papers.ssrn.com/sol3/JELJOUR\\_Results.cfm?form\\_name=journalBrowse&journal\\_id=1492283](https://papers.ssrn.com/sol3/JELJOUR_Results.cfm?form_name=journalBrowse&journal_id=1492283))

Follow



View more >

## Recommended Papers

Predictive Regressions ([https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=205390&rec=1&srcabs=1571028&pos=1](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=205390&rec=1&srcabs=1571028&pos=1))

By Robert F. Stambaugh ([https://papers.ssrn.com/sol3/cf\\_dev/AbsByAuth.cfm?per\\_id=16921](https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=16921))

Consumption, Aggregate Wealth and Expected Stock Returns ([https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=169791&rec=1&srcabs=1571028&pos=2](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=169791&rec=1&srcabs=1571028&pos=2))

By Martin Lettau ([https://papers.ssrn.com/sol3/cf\\_dev/AbsByAuth.cfm?per\\_id=58454](https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=58454)) and Sydney C. Ludvigson ([https://papers.ssrn.com/sol3/cf\\_dev/AbsByAuth.cfm?per\\_id=66250](https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=66250))

Risks for the Long Run: A Potential Resolution of Asset Pricing Puzzles ([https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=254020&rec=1&srcabs=1571028&pos=3](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=254020&rec=1&srcabs=1571028&pos=3))

By Ravi Bansal ([https://papers.ssrn.com/sol3/cf\\_dev/AbsByAuth.cfm?per\\_id=51643](https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=51643)) and Amir Yaron ([https://papers.ssrn.com/sol3/cf\\_dev/AbsByAuth.cfm?per\\_id=199642](https://papers.ssrn.com/sol3/cf_dev/AbsByAuth.cfm?per_id=199642))

View more >

Feedback

Submit a Paper > (<https://hq.ssrn.com/submission.cfm>)

SSRN Quick Links

SSRN Rankings

About SSRN

(<https://www.facebook.com/SSRNcommunity/>)

([https://www.linkedin.com/company/493409?](https://www.linkedin.com/company/493409?trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%3A1)

[trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany\\_493409%2Cidx%3A1](https://www.linkedin.com/company/493409?trk=tyah&trkInfo=clickedVertical%3Acompany%2CentityType%3AentityHistoryName%2CclickedEntityId%3Acompany_493409%2Cidx%3A1)

(<https://twitter.com/SSRN>)

(<http://www.elsevier.com/>)

We use cookies that are necessary to make our site work. We may also use additional cookies to analyze, improve, and personalize our content and your digital experience. For more information, see our [Terms and Conditions](https://www.ssrn.com/index.cfm/en/terms-of-use/) (<https://www.ssrn.com/index.cfm/en/terms-of-use/>)

[Privacy Policy](https://www.elsevier.com/legal/privacy-policy) (<https://www.elsevier.com/legal/privacy-policy>)

All content on this site: Copyright © 2024 Elsevier Inc., its licensors, and contributors. All rights are reserved, including those for text and data mining, AI training, and

[Cookie Settings](#)

Accept all cookies

We use cookies to help provide and enhance our service and tailor content.



(<http://www.relx.com/>)

(<https://papers.ssrn.com/sol3/updateInformationLog.cfm?process=true>)

---

We use cookies that are necessary to make our site work. We may also use additional cookies to analyze, improve, and personalize our content and your digital experience. For more information, see our [Cookie Policy](https://www.elsevier.com/legal/cookiepolicy) (<https://www.elsevier.com/legal/cookiepolicy>)

[Cookie Settings](#)

Accept all cookies