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Original Research Article

The Ownership Structure in Improving Transparency and Information Disclosure in Tehran Stock Exchange Banks

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Transparency can be defined as providing sufficient, relevant, and reliable information for stakeholders. Due to various limitations, transparency and information disclosure continue to be a challenge in Iran's banking sector. Therefore, the objective of this study is to examine the impact of ownership structure on the transparency and information disclosure of banks. To assess ownership structure, three variables are used: the percentage of shares held by the largest shareholder, the percentage of shares held by institutional shareholders, and the percentage of shares held by individual investors. The research method is correlational in terms of content and nature. This study is applied in terms of its purpose and quantitative in terms of the data type. Statistical analysis was performed on data from 13 banks listed on the Tehran Stock Exchange from 2014 to 2022. The Ordinary Least Squares estimator with fixed year effects and Stata software version 17 were used to test the research hypotheses. The results indicate that the variables of Individual investors' shares, the largest shareholder's shares, and institutional shareholders' shares, respectively, have the greatest impact on transparency and information disclosure in banks. These findings suggest that the presence and influence of individual investors, large shareholders, and institutional investors play significant roles in improving transparency and information disclosure in banks.

Keywords: Transparency and Disclosure, Ownership Structure, Major Shareholder, individual Investors, Institutional Investors.
JEL Classification*:* G32, G21, M41

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1 Introduction

Information disclosure in the banking sector significantly differs from the corporate sector. Firstly, debt financing in banks is much higher than that in other companies. Secondly, banks are more fragile and exposed to banking

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risks and crises, as they finance long-term investments with short-term liabilities. Finally, the banking sector is more heavily regulated than other sectors of the economy. Therefore, the results derived from the general literature on information disclosure may not necessarily apply to banks. Additionally, there may be issues that are only relevant for analyzing information disclosure in the banking context (Mertzanis, 2024).

Transparency and information disclosure provide numerous benefits for companies, but this is more challenging for banks. Banks inherently have lower transparency (Jones et al., 2012), and disclosing information is more difficult for them (Morgan, 2002). The Basel Accord has also been criticized for insufficient attention to transparency issues in banks (Allen et al., 2012).

Information disclosure in banks requires deep examination and study (Flannery et al., 2004) to reach a consensus on this matter. Evidence shows that lack of transparency is one of the primary causes of bank bankruptcies (Srairi, 2019). Moreover, Andreyevskaya & Semenova (2014) found that transparency facilitates competition in banking and benefits all stakeholders.

The absence of transparency contributes to the lack of sufficient competition in banking. Nahar et al. (2016) argue that transparency can reduce the cost of capital for banks and act as a value-added activity, although it has been undermined due to the current poor performance of banks. Therefore, the existing transparency systems in banks are insufficient and require further examination to uncover new areas.

Modern Entrepreneurship allows for the separation of ownership and management of firms, which, despite its advantages, always carries the possibility that managers may not seek to maximize shareholder benefits but rather pursue their own interests (Jensen & Meckling, 1976). This conflict of interest occurs because each participant has different objectives and lacks complete information about the actions and goals of others, leading managers to act in their own interests rather than in the interests of shareholders (Berle & Means, 1932).

Individual shareholders lack the ability and motivation to monitor managers and align the interests of managers with their own, as the benefits they can obtain are generally less than the costs they must incur for control and oversight. Due to their small ownership stake, most of the benefits will accrue to other shareholders. As a result, the manager considers their own judgment in corporate decisions and uses the company's resources for personal gain (Jensen and Meckling, 1976; Grossman & Hart, 1980). In contrast, major shareholders, due to their ability and motivation to monitor management, can prevent inefficiency in management and improve firm performance, aligning

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their interests with those of management. However, this creates another conflict of interest, where the major shareholder appropriates benefits at the expense of Individual shareholders (Shleifer & Vishny, 1986).

Therefore, in the absence of proper governance infrastructure, ownership by major shareholders can lead to the violation of individual shareholders' rights and reduce efficiency. On the other hand, studies show that the presence of a major shareholder can improve company performance. For instance, Shleifer and Vishny (1986) argue that having a major shareholder reduces the agency problem within the organization.

Gillan & Starks (2003) demonstrated that in countries where major shareholders dominate the ownership structure of most companies, agency problems resulting from the separation of ownership and control are not prevalent. Moreover, although Grossman and Hart (1980) believe that the presence of a major shareholder partially addresses the free-rider problem, it causes a conflict of interest between the major and individual shareholders. La Porta et al. (1999) also showed that the world's largest companies are generally under the control of concentrated ownership (family or state-owned).

However, most studies have focused on mandatory transparency and disclosure, rather than voluntary transparency and disclosure (Hossain, 2008; Zhang et al., 2019). Another issue that has received less attention is the disclosure of corporate social responsibility (CSR) and its diverse impact on the performance of banks (Chakroun et al., 2017).

This research has several key distinctions. First, unlike many previous studies that focused more on the overall performance of banks and other aspects, this study specifically examines the impact of ownership structure on transparency and information disclosure. This particular focus on ownership structure distinguishes the current study from other research. Second, this study uses three main variables to assess ownership structure: the percentage of shares held by the largest shareholder, the percentage of shares held by institutional shareholders, and the percentage of shares held by individual investors. The use of this diversity in variables leads to more comprehensive results that contribute to a better understanding of the role of ownership structure in the transparency and disclosure of information in banks.

This study aims to address concerns regarding the lack of transparency and disclosure in banks, considering the type of ownership that dominates their affairs, and seeks to answer the question: How does ownership structure affect the transparency and disclosure of banks listed on the Tehran Stock Exchange?

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2 Theoretical Framework and Literature Review

2.1 Theoretical Foundations of the Research

Transparency and information disclosure, as essential components of corporate governance, play a crucial role in building trust and increasing transparency in financial markets. These factors help investors make better decisions regarding their investments and generally improve the overall performance of financial markets (Vig & Datta, 2018). Banks and financial institutions, due to the specific nature and complexity of their operations, require more transparency and disclosure compared to non-financial firms (Amidjaya & Widagdo, 2019; Hashemi and Chavoshi, 2023).

Bushman (2016) defines banking transparency as the availability of relevant and reliable information regarding periodic performance, financial status, business models, governance, and risks of banks for external stakeholders. This definition highlights the significant importance of transparency in banks for maintaining public trust and preventing financial crises.

Transparency and disclosure are usually measured using various indices. These indices may include ready-made databases such as the Global Reporting Initiative's Financial Services Disclosure Index or customized indices created by researchers for specific studies (Hossain, 2008; Nair et al, 2019). For example, Amidjaya and Widagdo (2019) used the Global Reporting Initiative's Financial Services Disclosure Index for their study, while Zhang et al. (2019) used Bloomberg's Environmental, Social, and Governance ratings.

Ownership concentration refers to the extent to which shares are held by a small number of shareholders and can significantly influence transparency and information disclosure. Various studies show that different stakeholder groups can considerably affect the transparency and disclosure characteristics of firms (Qu et al., 2013; Turrent & Ariza, 2012). For instance, Garcia-Meca & Sanchez-Ballesta (2010) showed that with increasing ownership concentration, information asymmetry increases, but voluntary disclosure decreases. Shahzad et al. (2010) defined ownership concentration as the percentage of shares held by the major shareholder in listed companies, while Sufian & Zahan (2013) also introduced ownership concentration as an important determinant in information disclosure. These studies indicate that ownership concentration can directly affect the quality and quantity of disclosed information.

Numerous studies have examined the impact of institutional and individual investors on transparency and information disclosure. Silva et al. (2008) and

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El-Diftar et al. (2017) showed that institutional investors can contribute to enhancing transparency and information disclosure. Furthermore, Jiang & Habib (2009) found evidence that different ownership classes, including institutional and individual investors, can have a positive effect on transparency and information disclosure.

However, some studies indicate a negative impact of ownership concentration on transparency. For example, Byun et al. (2011) showed that even institutional investors cannot reduce the high information asymmetry caused by high ownership concentration. Despite numerous studies on transparency and disclosure, there remain gaps in the existing literature. For instance, the impact of institutional and individual investors on transparency and information disclosure in banks has been less examined. Studies such as Ozili & Uadiale (2017) and Rahman & Reja (2015) have focused more on the impact of ownership concentration on bank performance and have given less attention to its effect on transparency and disclosure. This highlights the need for further research in this area to gain a better understanding of the role of ownership structure in the transparency and disclosure of information in banks.

Given the importance of transparency and information disclosure in banks and the impact of ownership structure on it, it is necessary for banks and financial institutions to seriously address this issue. Ownership concentration can play a significant role in improving or reducing transparency and information disclosure, and this issue should be taken into account in the policies and strategies of banks. As a result, further research on the impact of ownership structure on transparency and information disclosure in banks is needed to develop policies and strategies that can enhance transparency and information disclosure, ultimately increasing public trust and reducing financial risks.

2.2 Literature Review

The topic of transparency and information disclosure in the banking system, despite its significant importance in maintaining the stability and health of banks, has received limited attention in scientific research. One reason for this lack of attention is the complexity of quantifying transparency. Below, some studies related to the issue of the present research are discussed, and at the end, the differences between this study and previous research are highlighted.

Shahbazi Ghiyasi (2024) in a study examined the factors affecting banking transparency in Iran using panel data. The results show that banks which are more profitable in financial intermediation publish information more

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transparently and systematically. This increase in transparency is largely due to the pressure from shareholders who are attracted to the market due to the bank's profits. Additionally, weighted assets, capital adequacy ratio, and holding government bonds contribute to increased banking transparency, while higher investments in stocks and outstanding receivables from subsidiaries and affiliates lead to reduced transparency.

Fakhr Hosseini and Kavyani (2023) in a study examined the relationship between financial inclusion (FI) disclosure and bank performance, with an emphasis on the moderating role of market competition and ownership structure. The results showed that financial inclusion disclosure has a positive and significant impact on bank performance, and market competition plays a moderating role in this relationship, while government ownership does not have a significant impact.

Mehrani and Mohammadi (2021) in a study investigated the impact of banking opacity on the ability of regulatory authorities to exercise leniency. The results of this study indicate that, in addition to the existence of a crisis in the years under review, there is a positive and significant relationship between banking opacity and regulatory leniency. This relationship becomes stronger in two cases: when the regulatory authority has greater incentives for leniency and when external individuals have greater incentives for oversight.

Bhimavarapu et al. (2023) examined the effect of ownership concentration on transparency in banks. Data from 34 banks over a period of four years was collected, and the results showed that, except for individual investors, other categories of ownership concentration have no significant relationship with information disclosure in banks.

Martinez Peria & Schmukler (2011) using panel data, examined the relationship between ownership structure and risk in Colombian banks. The results showed that ownership concentration has a positive impact on risk-taking, and that market concentration and bank size also have a positive and significant effect on risk-taking.

These studies clearly show that ownership structure, transparency, and information disclosure play a crucial role in the performance and stability of banks, and that there is a need for further research in this area.

3 Development of Research Hypotheses

Major shareholders, due to their significant influence on the company and greater financial commitments, require accurate and transparent information for effective decision-making. Additionally, the collective pressure from shareholders, who are attracted to the market due to the bank's profitability,

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can compel banks to disclose information more accurately and systematically (Shahbazi Ghiyasi, 2024).

Ownership concentration in the hands of the parent holding company can help improve transparency and information disclosure in banks. Major shareholders, due to their resources and abilities to monitor the performance of bank management, can directly influence the policies and procedures for information disclosure. Previous studies have shown that ownership concentration in the hands of major shareholders can lead to improved transparency and a reduction in information asymmetry (Jiang & Habib, 2009; Silva et al., 2008).

Major shareholders, with their larger resources and higher analytical capabilities, can help improve internal processes in banks, thus increasing transparency. Greater transparency can lead to a reduction in financial risks and an increase in public trust. Therefore, banks with ownership concentration in the hands of large holding companies can benefit more in terms of transparency and information disclosure. Such conditions can lead to increased investor trust and a reduction in financial risks for banks. Therefore, the proposed hypothesis is:

Hypothesis 1: The percentage of shares held by the parent holding company has a significant effect on the transparency and disclosure of banks.

Institutional investors, such as investment funds and insurance companies, due to their resources and analytical capabilities, typically play an important role in improving transparency and information disclosure. Numerous studies have shown that the presence of institutional investors can lead to improved information disclosure quality and a reduction in information asymmetry (Silva et al., 2008; El-Diftar et al., 2017).

These institutions, due to their financial and legal obligations, require access to accurate and transparent information to make more precise investment decisions. Moreover, institutional investors, due to their greater influence over management, can improve the policies and procedures for information disclosure. Therefore, the proposed hypothesis is:

Hypothesis 2: The percentage of shares held by institutional investors has a significant effect on the transparency and disclosure of banks.

Individual investors, which include smaller shareholders, often have less ability to monitor and control the performance of bank management. However, the widespread presence of individual investors can create social and public pressure for improving transparency and information disclosure. Research has shown that individual investors can play an important role in exerting pressure to increase transparency and reduce risks in banks (Zheng et

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al., 2017; Barry et al., 2011). The widespread presence of these investors causes banks to have a greater tendency to disclose more accurate and transparent information in order to maintain public trust and prevent a decrease in stock value.

These investors can, through social and media pressure, compel banks to be more transparent. Furthermore, increased transparency can lead to a reduction in financial risks and an increase in public trust. In general, individual investors act as a driving force for improving transparency and information disclosure in banks, and their presence can lead to positive changes in disclosure practices. Therefore, the proposed hypothesis is:

Hypothesis 3: The percentage of shares held by individual investors has a significant effect on the transparency and disclosure of banks.

4 Conceptual Model of the Research

Based on the study by Behivarapu et al. (2023), and considering the focus of this research on the impact of ownership concentration on transparency and information disclosure in banks listed on the Tehran Stock Exchange, the conceptual model of the research is formulated as follows:

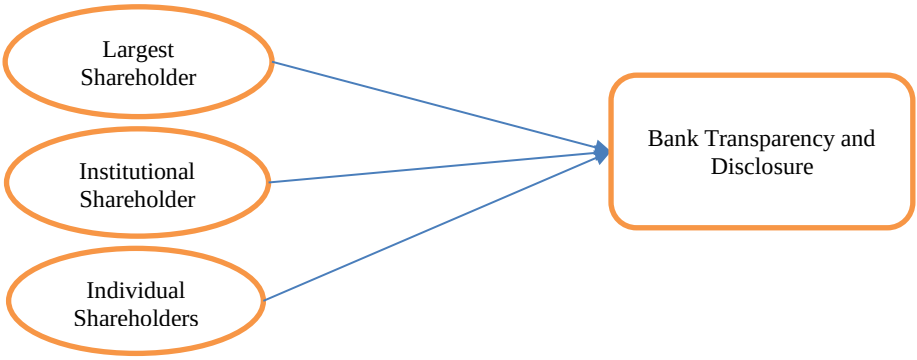

Figure 1. Conceptual Model of the Research
Source: Research Findings

5 Research Methodology

This research is applied in terms of its purpose and is quantitative in nature regarding the data. The research method of this study is correlational in terms of content and nature, which analyzes the correlation between variables using historical data extracted from the financial statements and accompanying

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notes (especially the capital section), as well as the Board of Directors' activity reports to the General Assembly of Tehran Stock Exchange banks. The method of selecting the sample is of the exclusionary and screening type, and banks that meet the eligibility criteria from the banks listed on the Tehran Stock Exchange have been selected as the sample.

To test the hypotheses, regression analysis is employed. Initially, due to the panel data structure, the research hypotheses are tested. Then, based on the coefficients column values and the significance level of the independent variables in the output of the econometrics software (Table 1), the type of sign and the significance of the relationship between independent and dependent variables under the test model are examined and stated.

5.1 Statistical Population and Sample

The statistical population of this research consists of banks listed on the Tehran Stock Exchange. The reason for selecting this population is the greater attention from investors and access to transparent and sufficient accounting information of these banks. The financial statements of the banks listed on the Tehran Stock Exchange are prepared in accordance with mandatory stock exchange guidelines, which creates a more suitable informational environment for researchers. Furthermore, these capital market banks are public, with a wide range of users of the financial statements, which makes the banks listed on the Tehran Stock Exchange appropriate for investigation.

Among the banks listed on the Tehran Stock Exchange, those that meet the following criteria were selected as the sample:

- From the beginning of the year 2017 to the end of the year 2022, active members of the Tehran Stock Exchange are required.
- Continuation of activity in the stock exchange during the research period must be present.
- The required data for the banks during the research period must be available.
- After applying these restrictions, 13 banks were selected as the accessible statistical sample.

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Table 1
List of Banks in the Research Sample

Row	Bank Name	Row	Bank Name
1	Parsian	7	Saman
2	Pasargad	8	Sarmaye
3	Post Bank	9	Sina
4	Tejarat	10	Saderat
5	Khavarmiyaneh	11	Karafarin
6	Dey	12	Mellat
13	Eqtesad Novin		

Source: Research Findings

5.2 Research Models and Variables for Hypothesis Testing

Following the study of Ozili & Uadiale (2017), this study also uses the following regression equation:

$$\mathrm{T\&D}_{it} = \alpha_0 + \beta_1 \mathrm{PRM}_{it} + \beta_2 \mathrm{LI}_{it} + \beta_3 \mathrm{LR}_{it} + \beta_4 \mathrm{HHI}_{it} + \beta_5 \mathrm{NIM}_{it} + \beta_6 \mathrm{CAR}_{it} + \beta_7 \mathrm{INDP}_{it} + year + \varepsilon_{it} \quad (1)$$

In the above equation, (T&D) represents the transparency and disclosure score, (PRM) is the ownership percentage of the main shareholder, (LI) is the ownership percentage of institutional shareholders, and (LR) is the ownership percentage of individual shareholders. i denotes the bank & t represent the year. The Herfindahl-Hirschman Index (HHI), Net Interest Margin (NIM), Capital Adequacy Ratio (CAR), and the ratio of independent directors (INDP) are control variables.

5.3 Research Variables and Their Measurement

5.3.1 Dependent Variable

Disclosure and Transparency (T&D): In accordance with Sheikhi et al. (2022), the dimensions of disclosure and transparency outlined for identifying bank transparency and disclosure are used. They introduced 22 dimensions. For each dimension disclosed, a score of 1 is assigned, and if not disclosed, a score of 0 is given. The sum of these scores gives the transparency and disclosure score of each bank for the year.

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Table 2

Different Dimensions of Disclosure and Transparency

	Dimensions of Disclosure and Transparency
1	Reporting and Calculation of Capital Adequacy Ratio
2	Calculation and Disclosure of Credit Risk
3	Calculation and Disclosure of Liquidity Risk
4	Calculation and Disclosure of Operational Risk
5	Calculation and Disclosure of Market Risk
6	Calculation and Disclosure of Credit Risk Reserves
7	Calculation and Disclosure of Liquidity Risk Reserves
8	Calculation and Disclosure of Operational Risk Reserves
9	Calculation and Disclosure of Market Risk Reserves
10	Reporting the Evaluation of Collateral Taken for Loans and Bank Services
11	Disclosure of Significant Loans and Major Economic Commitments
12	Reporting and Disclosure of Loan Quality Based on Time
13	Reporting and Disclosure of Loan Quality Based on Customer's Business Activity
14	Reporting and Disclosure of Loan Quality Based on Customer's Financial Status
15	Disclosure of Rescheduled Loans
16	Disclosure of Written-Off Receivables in the Notes to Financial Statements
17	Disclosure of Documentary Credit Commitments, Guarantee Commitments, Managed Funds, and Other Contingent Liabilities (Off-Balance Sheet Items) Separately
18	Reporting and Disclosure of Doubtful Receivables for Documentary Credits and Guarantee Payments (Off-Balance Sheet)
19	Disclosure of Transactions with Related Parties (Article 129)
20	Reporting and Disclosure of Resources and Expenditures of Qarz al-Hasanah Deposits
21	Timely Presentation of Financial Statements
22	Restatement of Financial Statements

Source:

5.3.2 Independent Variables

Ownership Structure: In this study, to measure the ownership structure, the following three variables are used to examine the research hypotheses:

Main Shareholder Holding (PRM): The proportion of shares held by the main shareholder (PRM) refers to the portion of the bank's shares held by the main shareholder and its related group. This is a crucial aspect of ownership structure (Ozili & Uadiale, 2017; Haque& Brown, 2017).

Institutional Investors (LI): The proportion of shares held by institutional investors in the bank (Ozili & Uadiale, 2017).

Individual Shareholders (LR): The proportion of shares held by individual investors in the bank (Ozili & Uadiale, 2017).

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5.3.3 Control Variables

According to the research by Behivarapo and colleagues (2023), the control variables in the model are defined as follows:

Herfindahl Index (HHI): The Herfindahl index measures the market power of a bank and is used as an indicator of competition (Haque & Brown, 2017). This index is equal to the share of each bank in the total loans disbursed by the sample banks.

Net Interest Margin (NIM): This is the difference between the interest a bank earns from its loans and investments and the interest it pays to depositors. This indicator reflects the profitability of banks (Nguyen, 2012).

Capital Adequacy Ratio (CAR): The capital adequacy ratio is a measure used to evaluate the bank's capital in relation to its exposure to credit risk (Bateni et al., 2014).

Board Independence (INDP): This is the percentage of non-executive board members relative to the total number of board members.

6 Research Findings

6.1 Descriptive Statistics

To analyze data measured based on quantitative foundations, descriptive statistics must first be examined. Descriptive analysis includes central tendency measures such as the mean and median, as well as dispersion parameters like standard deviation, minimum, and maximum. In this study, data related to 13 banks listed on the Tehran Stock Exchange from the period 2014 to 2022, covering 126 observations, were examined.

The mean, as the main central measure, indicates the balance point and the center of gravity of the data distribution. For the disclosure and transparency variable, the mean is 0.81, indicating a concentration of data around this value. The standard deviation, as a dispersion parameter, shows the degree of spread of data relative to the mean. For example, the standard deviation of the return on assets variable is 0.077, while the standard deviation of the management commitment variable is 51.911, representing the lowest and highest standard deviation, respectively.

The mean of the largest shareholder's shares, institutional shares, and individual shares are 0.191, 0.417, and 0.344, respectively. These results show that institutional shares have the highest proportion, followed by individual shareholders, with the largest shareholder ranking third. Descriptive statistics for all variables are presented in Table 3.

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Table 3
Descriptive Statistics of Research Variables

Variable	Calculation Method	Median	Mean	Standard Deviation	Minimum	Maximum
Disclosure and Transparency	Ratio	0.81	0.773	0.157	0.286	1
Ownership of Largest Shareholder	Ratio	0.10	0.191	0.181	0.022	0.65
Institutional Shareholders	Ratio	0.40	0.417	0.222	0.005	0.8
Individual Shareholders	Ratio	0.27	0.344	0.211	0.08	0.95
Herfindahl Index	Ratio	0.04	0.071	0.077	0.002	0.333
Net Interest Margin	Ratio	0.01	-0.022	0.108	-0.543	0.068
Capital Adequacy Ratio	Ratio	5.77	-5.061	51.911	-352	20.96
Board Independence	Ratio	0.40	0.344	0.298	0.00	1

Source: Research Findings

6.2 Correlation Coefficient and Multicollinearity of Variables

To examine the correlation between variables, Pearson's correlation coefficient has been used, which ranges from -1 to +1. The closer this coefficient is to +1, the stronger and direct the correlation between two variables, whereas the closer it is to -1, the stronger the inverse correlation.

Based on the results in Matrix Table 4, the correlation coefficient between the research variables indicates no significant dependency between them. Therefore, the variables can be grouped together in the research models, and regression testing can be conducted. Additionally, VIF values below 10 suggest that multicollinearity does not exist between the variables.

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Table 4
Correlation Coefficient Between the Research Variables

Variables	Disclosure and Transparency	Largest Shareholder's Shares	Institutional Shares	Individual Shares	Herfindahl Index	Net Interest Margin	Capital Adequacy	Board Independence
Disclosure and Transparency	1							
Largest Shareholder's Shares	0.129 -0.15	1						
Institutional Shares	0.038 -0.672	-0.168 -0.06	1					
Individual Shares	0.155 -0.082	-0.529 0	-0.61 0	1				
Herfindahl Index	0.203 -0.023	0.1 -0.266	0.28 -0.001	-0.203 -0.022	1			
Net Interest Margin	-0.271 -0.0002	-0.124 -0.166	0.114 -0.203	-.104 -0.245	-0.041 -0.651	1		
Capital Adequacy	0.667 0	0.102 -0.256	0.018 -0.84	0.069 -0.441	0.152 -0.089	-0.269 -0.002	1	
Board Independence	-0.154 -0.084	-0.338 0	-0.208 -0.02	0.293 -0.001	-0.326 0	0.198 -0.026	-0.112 -0.213	1
Multicollinearity (VIF)		3.984	4.317	5.714	1.217	1.686	1.249	1.494

Source: Research Findings

6.3 Results of Hypothesis Testing

According to the results obtained from the Ordinary Least Squares (OLS) estimator in Table (5), the results show that the test model is significant at the 95% confidence level. With a coefficient of determination of 0.638, the model explains 63.8% of the variation in transparency and disclosure. There is no multicollinearity between the variables, and the variables are well accommodated in the research model.

Largest Shareholder's Equity: In accordance with the theoretical foundations, the results show that major shareholders, due to their significant influence and greater financial commitments, require precise and transparent information. A positive coefficient of 0.369 and a significance level of 0.015 confirm that an increase in the percentage of the largest shareholder's equity leads to an improvement in transparency and information disclosure. This result aligns with the first hypothesis and its theoretical foundations, which state that ownership concentration in the hands of large shareholders can improve transparency (Jiang & Habib, 2009; Silva et al., 2008).

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Institutional Shares: The results indicate that an increase in the percentage of institutional shareholders' equity enhances transparency and information disclosure. A positive coefficient of 0.304 and a significance level of 0.018 show that this effect is significant, which is consistent with the theoretical foundations that institutional shareholders, due to their financial and legal commitments, require precise and transparent information (Silva et al., 2008; El-Diftar et al., 2017).

Individual Shareholders: The findings of the research show that an increase in the percentage of equity held by individual investors significantly enhances transparency and information disclosure. A positive coefficient of 0.412 and a significance level of 0.019 confirm that the extensive presence of individual investors can create social and public pressure to increase transparency. This is consistent with the theoretical foundations and the third hypothesis (Zheng et al., 2017; Barry et al., 2011).

Herfindahl Index: A positive coefficient of 0.082 and a significance level of 0.094 indicate that with an increase in the Herfindahl index, transparency and information disclosure improve. Although this relationship is not as significant as other variables, it suggests a positive effect of competition on transparency.

Net Interest Margin: A negative coefficient of -0.037 and a significance level of 0.342 suggest that as net interest income increases, transparency and information disclosure decrease. However, this relationship is not statistically significant, and no definitive conclusions can be drawn from it.

Capital Adequacy: A very small positive coefficient of 0.001 and a significance level of 0.000 show that with an increase in capital adequacy, transparency and information disclosure significantly improve. This result indicates that banks with higher capital adequacy provide more transparent information.

Board Independence: A positive coefficient of 0.016 and a significance level of 0.412 indicate that as board independence increases, transparency and information disclosure increase as well. However, this relationship is not statistically significant, and no definitive conclusions can be made from it.

These results show that large shareholders, institutional shareholders, and individual investors all have a positive impact on transparency and information disclosure in banks. Additionally, an increase in capital adequacy also leads to improved transparency. In contrast, the effect of net interest margin and board independence on transparency is not statistically significant.

According to the results of the research, the variables of individual investor equity, largest shareholder equity, and institutional equity, respectively, have

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the most significant impact on transparency and information disclosure in banks. Individual investor equity, with a coefficient of 0.412, has the highest positive impact, followed by the largest shareholder equity with a coefficient of 0.369. Institutional equity ranks third with a coefficient of 0.304. These results show that the presence and influence of individual investors, large shareholders, and institutional shareholders play a critical role in improving transparency and information disclosure in banks.

Table 5
Results of Ownership Concentration on Disclosure and Transparency

Variables	Disclosure and Transparency				
	Coefficient	Standard Deviation	t-statistic	Prob	Sig
Intercept	-0.324	0.133	-2.44	0.016	**
Largest Shareholder's Shares	0.369	0.15	2.46	0.015	**
Institutional Shares	0.304	0.126	2.41	0.018	**
Individual Shares	0.412	0.174	2.37	0.019	**
Herfindahl Index	0.082	0.049	1.69	0.094	*
Net Interest Margin	-0.037	0.039	-0.95	0.342	
Capital Adequacy	0.001	0	7.21	0	***
Board Independence	0.016	0.019	0.82	0.412	
Coefficient Of Determination			0.638		
Fisher Statistic			82.793		
Fisher Prob			0.00		
Number of Observations			126		
Mean VIF			2.389		
Year & Industry Effect			Included		
Vce Robust			Implemented		

Source: Research Findings

7 Conclusion and Recommendations

This research examines the impact of shareholder composition and concentration on transparency and information disclosure in banks. Specifically, the study analyzes the effects of the percentage of shares held by the largest shareholder, institutional shareholders, and individual investors on transparency and information disclosure in banks. Transparency and disclosure of information are among the most important factors in increasing

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public trust, reducing financial risks, and improving investment decision-making.

Previous studies have shown that shareholder composition and concentration can play a significant role in determining the level of transparency and information disclosure of companies. For example, Jiang and Habib (2009) demonstrated that the top five shareholders of a company influence different disclosure practices. Furthermore, studies such as those by Silva et al. (2008) and El-Diftar et al. (2017) have confirmed the positive impact of institutional shareholders on transparency and information disclosure.

The results of this study indicate that the variables of individual investor equity, largest shareholder equity, and institutional shareholder equity have the greatest impact on transparency and information disclosure in banks. These results show that the presence and influence of individual investors, large shareholders, and institutional shareholders play an important role in enhancing transparency and information disclosure in banks.

The fact that all three ownership segments (largest shareholder equity, institutional equity, and individual equity) have a positive effect on the transparency and disclosure of information in banks has important implications for policymakers and bankers.

1) For Policymakers: These results can assist them in designing appropriate regulatory and legal policies to encourage diverse investments in banks. By promoting ownership concentration and increasing the presence of institutional and individual shareholders, greater transparency in financial and banking markets can be achieved. This, in turn, would lead to increased trust in the banking system and reduced financial risks.
2) For Bankers: Understanding that all forms of ownership (largest shareholder, institutional, and individual) contribute to improving transparency can help bank managers adopt a more suitable shareholder composition to enhance transparency and information disclosure. Moreover, they can implement strategies to attract different types of shareholders to improve transparency and public trust.

These findings indicate that the improvement of transparency and information disclosure in banks is not solely dependent on a specific type of shareholder; rather, all three types of ownership can contribute to enhancing this issue. This is important for creating a more transparent and trustworthy banking system. These findings align with previous studies, such as Jiang and Habib (2009), Zheng et al. (2017), and Barry et al. (2011), and show that

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concentrated ownership can play a significant role in improving information transparency.

Based on stakeholder theory, the results of this research suggest that ownership and its concentration have a significant impact on transparency and information disclosure. These results emphasize that ownership concentration is a key factor in the disclosure of corporate information, and companies, investors, and regulators should pay particular attention to the effects of ownership concentration on transparency and disclosure.

Recommendations for Future Research include examining the impact of financial and non-financial interests on the relationship between ownership concentration and the level of disclosure and transparency. Moreover, this study mentions limitations in measuring transparency and disclosure, as it is based on the classical approach and does not include contemporary disclosure characteristics. Additionally, the dataset used only includes listed banking companies, and the results cannot be generalized to firms in other business sectors.

Overall, this research emphasizes that ownership concentration plays a crucial role in the transparency and disclosure of banking information, and the results suggest that various stakeholder groups significantly influence the transparency and disclosure characteristics of companies. These results can contribute to a better understanding of the relationship between ownership concentration and disclosure and transparency, opening up new avenues for further research.

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