



The effect of investment diversification on return and risk of private banks in the implementation on monetary policy

Parisa Abbasnezhad^{1} and Hossein Miladiyan²*

*1MSc student, Department of Management, Marvdasht Branch, Islamic Azad University, Marvdasht, Iran
Paria.abbasnezhad@yahoo.com*

*2Assistant Professor, Department of Management, Sarvestan Branch, Islamic Azad University, Sarvestan, Iran
amphm@yahoo.com*

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ABSTRACT

The present study evaluates the effect of investment diversification on the return on investment and risk as long as the central bank's monetary policy factors will affect how banks investment. This study has a descriptive-correlation nature that has analyzed financial information of 10 active bank in Tehran stock exchange in the period of 1388 to 1392 using the SPSS version 21. In this study Hirschman-Herfindhl index (HHI) was used to evaluate the investment diversification level of banks in various economic parts. The normality of research data, the kolmogroph – esmirmoph test has been used and the Durbin Watson test was used for investigating the independency among errors. The (anova) variance analysis test has been used for investigating the meaningfulness of regression. Results showed that the investment diversification has a negative and inverse effect on investment return and risk. Also any of control variable and interfere has no effect on investment return and bank risk.

Keyword:

Investment
Diversification,
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Index, Risk

* Corresponding author: Abbasnezhad