THE INTERNAL AND EXTERNAL DETERMINANTS THAT AFFECT THE PROFITABILITY PERFORMANCE OF BANK ISLAM MALAYSIA BERHAD

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# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>TITLE PAGE</th>
<th>DECLARATION OF ORIGINAL WORK</th>
<th>LETTER OF TRANSMITTAL</th>
<th>ACKNOWLEDGEMENT</th>
<th>TABLE OF CONTENTS</th>
<th>LIST OF FIGURES</th>
<th>LIST OF TABLES</th>
<th>LIST OF ABBREVIATIONS</th>
<th>ABSTRACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>i</td>
<td>ii</td>
<td>iii</td>
<td>iv</td>
<td>v</td>
<td>vi</td>
<td>vii</td>
<td>ixi</td>
<td>x</td>
</tr>
</tbody>
</table>

## CHAPTER 1 INTRODUCTION

1.1 Background of the Study  3  
1.2 Problem Statement  5  
1.3 Objectives  6  
1.4 Research questions  6  
1.5 Scope of the Study  6  
1.6 Significant of the Study  7  
1.7 Limitation of the Study  8  
1.8 Definition of terms  9  
1.9 Research Structure  10

## CHAPTER 2 LITERATURE REVIEW

2.1 Introduction  11  
2.2 Profitability Performance  11  
2.3 Indicators of Bank’s Return  13  
2.3.1 Macroeconomic Factor (External)  13  
2.3.1.1 Gross domestic product (GDP) growth rate  13  
2.3.1.2 Fuel price  15
CHAPTER 3  RESEARCH METHODOLOGY

3.1 Introduction  19
3.2 Research Design  19
3.3 Data Collection Method  20
3.4 Data Variables  20
3.5 Model Specification  20
3.5.1 Model Selection  21
3.6 Hypothesis Statement  22
3.7 Data Analysis Method  23
3.8 Method of Data Analysis  23
3.8.1 Descriptive Statistics  23
3.8.2 Unit Root Test  25
3.8.2.1 Augmented Dickey-Fuller Test (ADF)  25
3.8.2.2 Phillips-Perron Test (PP)  25
3.8.3 Diagnostic Test  27
3.8.3.1 Normality Test  27
3.8.3.2 Autocorrelation Test  27
3.8.3.3 ARCH Test (White Test)  28
3.8.3.4 Multicollinearity  28
3.9 Linear Regression Method  29
3.9.1 Single Linear Regression  29
3.9.2 Multiple Linear Regression  29
3.10 Hypothesis Testing  30
ABSTRACT

This study is conducted to determine the internal and external factors that affect the profitability performance of Bank Islam Malaysia Berhad (BIMB) that cover thirty years period starting in year 1986 until 2015. The data has been analyzed to determine the internal and external factors that affect profitability of BIMB. Meanwhile, to identify the factors of its profitability, the Least Square Method has been used. All the data had been obtained from secondary sources through published journal, books, working papers, BIMB annual bank report and etc.

Malaysia has been proved to be at the forefront of Islamic banking and finance in the world wide. Islamic banking is gaining popularity among non-Muslim across the globe due to its wider product and services. Hence, this study is carried out to identify the internal and external factors that affect the profitability performance of BIMB. Based on the findings, Gross Domestic Product (GDP) and Total Equity to Total Asset (TETA) are positively significant and affect the BIMB’s profitability. Meanwhile the other determinants such fuel price (OIL) and Total Deposit to Total Asset (TDTA) are not significant to BIMB’s profitability.