THE EFFECT OF INTERNAL FACTORS ON PERFORMANCE OF BANKS IN MALAYSIA

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Submitted in Partial Fulfillment of the Requirement for the

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DECLARATION OF ORIGINAL WORK

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930310-01-6501

Hereby, declared that this paper:

a) Represents my own work.
b) Has not been submitted to any other University
c) Resulted from my independent data and investigation, unless stated
d) I am responsible for any mistake in this paper

Signature:…………………………..
LETTER OF SUBMISSION

December 29th, 2016

Sir Kamal Fahrulrahy bin Rahim
Universiti Teknologi Mara
KM12, Jalan Muar,
85000 Segamat, Johor.

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “The Effect of Internal Factors on Performance of Banks in Malaysia” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi Mara.

Thank you.

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(ISMAIL ABDUL RAHMAN BIN IBRAHIM)
ABSTRACT

Banks are the primary place for people in making money transaction. There are banks in every country, showing the importance of banks. In a competitive environment, even banks will fight to be the best and chosen by everyone. One will tend to choose the most financially reliable bank. A bank’s reliability can be measured by its performance, that is through the performance in each year. One way to measure it is by using Return on Assets (ROA) as its proxy. The performance can be influenced by both internal and external factors. This paper is written to investigate the effect of internal factors on performance of banks in Malaysia. Several banks have been chosen and a period of time has been set in this study. Commercial banks has been chosen in this study as they are the largest player in banking system for the financial system. The results are based on analysis and tests that have been conducted using a software. Cost-to-income, capital adequacy and liquidity have shown a significant relationship with the performance of banks (ROA) in Malaysia.