DETERMINANTS OF FINANCIAL PERFORMANCE IN MALAYSIA: EVIDENCE FROM COMMERCIAL BANKS

ZUHRI IRFAN AZRAI
2016689682

SITI MASTURA MOHD YUSOFF
2016629596

BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
BANDARAYA MELAKA

JANUARY 2019
DECLARATION OF ORIGINAL WORK

BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
“DECLARATION OF ORIGINAL WORK”

We, Zuhri Irfan Azrai, (I/C Number: 950319085587) and Siti Mastura Mohd Yusoff (I/C Number: 940908035706)

Hereby, declare that:

• This work has not previously been accepted in substance for any degree, locally or overseas, and is not being concurrently submitted for this degree or any other degrees.

• This project-paper is the result of my independent work and investigation, except where otherwise stated.

• All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: ____________________ Date: ____________________

Signature: ____________________ Date: ____________________
LETTER OF SUBMISSION

Bachelor of Business Administration (Hons) Finance Faculty Business Administration
Universiti Teknologi Mara Kampus Bandaraya Melaka
110 Off Jalan Hang Tuah
75300 Melaka

Dear Miss/Madam,

SUBMISSION OF PROJECT PAPER

DETERMINANTS OF FINANCIAL PERFORMANCE IN MALAYSIA: EVIDENCE FROM COMMERCIAL BANKS

We were required to do a project paper on the above topic. I hereby submitted this report and I really hope that this work will fulfil the requirement for the Bachelor of Business Administration (Hons) Finance.

Thank you,

Yours sincerely,

……………………………
Zuhri Irfan Azrai
2016689682
Bachelor of Business Administration (Hons) Finance

……………………………
Siti Mastura Mohd Yusoff
2016629596
Bachelor of Business Administration (Hons) Finance
ABSTRACT

This study is carried out to examine the determinants of financial performance in Malaysia evidence from commercial banks. There are five bank-specific determinants selected namely credit risk, liquidity risk, bank size, capital adequacy and management efficiency. Six local commercial banks have been chosen to represent the commercial banks in Malaysia which are Malayan Banking Berhad (Maybank), CIMB Bank Berhad, Public Bank Berhad, RHB Bank Berhad, Hong Leong Bank Berhad and AmBank Group Berhad. The duration for this study is from 2004 until 2017 and the data is extract from annual report of commercial banks. Panel Regression Fixed Effect Model are carried out to investigate the finding from data. In the findings, two independent variables which are liquidity risk (LR) and management efficiency (ME) shown that they are statistically significant to the return on assets (ROA). However, the other independent variables which are credit risk (CR), bank size (BS) and capital adequacy (CA) are insignificant towards ROA of financial performance in Malaysia.

Key words: Financial Performance, Return on Assets, Liquidity Risk, Management Efficiency, Credit Risk, Bank Size, Capital Adequacy