



**A STUDY ON THE MACROECONOMIC EFFECT TO THE
PROFITABILITY OF BANK ISLAM MALAYSIA BERHAD**

**MUHAMMAD HAFIZ BIN ZAINI
2008319209**

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

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DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
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KAMPUS BANDARAYA MELAKA**

“DECLARATION OF ORIGINAL WORK”

I, MUHAMMAD HAFIZ BIN ZAINI (I/C Number: 870622-43-5033)

Hereby, declare that;

- This work has not previously been accepted in substance for any degree, locally or overseas and 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: April 2011

LETTER OF SUBMISSION

April 2011

Madam Nor Aizan
The Head of Program
Bachelor of Business Administration (Hons) Finance
Faculty of Business Management
Universiti Teknologi MARA Kampus Bandaraya Melaka
75300 Melaka

Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "A STUDY ON THE MACROECONOMIC EFFECT TO THE PROFITABILITY OF BANK ISLAM MALAYSIA BERHAD" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

MUHAMMAD HAFIZ BIN ZAINI
2008319209
Bachelor of Business Administration (Hons) Finance

ABSTRACT

In most of the Muslim countries, Islamic banks are operating side by side with conventional banks. Using bank data of Bank Islam Malaysia Berhad (BIMB), this research intends to investigate the effect of macroeconomic variable to the BIMB profitability, during the period 2002 to 2009. The bank level data are obtained from annual report of BIMB. In this study, the ratio to represent the bank profitability is return on asset (ROA) and three variables are used as independent variable that is inflation rate, interest rate (BLR), and gross domestic product (GDP). This study found a significant relationship between profitability measures of Islamic banks with inflation and gross domestic product (GDP). However, the interest rate was found that there are no significant relationships with Bank Islam profitability

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