



**THE IMPACT OF INTELLECTUAL CAPITAL  
PERFORMANCES TOWARDS BANK'S  
PROFITABILITY  
-A STUDY ON BANK RAKYAT AYER KEROH,  
MELAKA**

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

**NOVEMBER 2010**

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**Submitted in Partial Fulfillment  
Of The Requirement For The  
Bachelor of Business Administration  
(Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT  
UiTM, BANDARAYA MELAKA**

**NOVEMBER 2010**

# DECLARATION OF ORIGINAL WORK



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

I, **NURUL AKMA AZNIRA BINTI MAT YUNI** (I/C Number: 871016-03-5130)

Hereby, declared that,

- This work has not previously been accepted in substance for any degree, locally or overseas, and not being currently 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 has been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

# LETTER OF SUBMISSION

November 2010

Madam Nor Aizan Binti Mohamed  
Coordinator  
Bachelor of Business Administration (Hons) Finance  
Faculty of Business Management  
Universiti Teknologi MARA  
75300 Melaka

Dear Madam,

## **SUBMISSION OF PROJECT PAPER (FIN667)**

With reference to the above matter, I am a student of BBA (Hons) Finance would like to hand in my project paper entitled "The Impact of Intellectual Capital Performances Towards Bank's Profitability – A Study On Bank Rakyat Ayer Keroh, Melaka" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you

Yours sincerely,

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(NURUL AKMA AZNIRA BINTI MAT YUNI)  
2008747689  
BBA (Hons) Finance

## ABSTRACT

The recent changes in the global economy, consisting of complex, dynamic and competitive environment have led to a difference between the modern approach of value creation and the traditional way of monitoring operations. In meeting these challenges of the new global economy, it leads to the importance of knowledge-based resources as the main factor in sustaining competitive advantage of the firms.

The purpose of this study is to examine the intellectual capital performance and its relationship with financial performance of financial institutions in Malaysia for the period 2005 – 2009. This study is using exploratory and descriptive research design. A hypothesis testing is employed and it ready to test the hypothesis that already developed for this study. The value added intellectual coefficient (VAIC™) by Pulic is used.

Moreover, the study is also use secondary data instead of primary data. This study does not cover all annual report of Bank Rakyat due to limited data. Future study should therefore further improve on the aspect of coverage. There are two types of analysis in SPSS program that had been used in the study to analyze the data correlation and regression. In addition, this studies also using Microsoft Excel to calculate the data. The paper reveals that VAIC and ROA are positively related among Malaysia's finance sector. The results also show that the three components of VAIC are associated with profitability with the explanatory power of 7.4 per cent.

The study is done in order to find the impact of intellectual capital performances towards bank's profitability. Besides that, the study is also done to explain about the relationships of the factors; human capital, capital employed and structural capital.