



**A STUDY ON PROFITABILITY PERFORMANCE  
BETWEEN ISLAMIC BANKING AND  
CONVENTIONAL BANKING**

**NURUL SYAZANA BINTI BASAR  
2008404274**

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

**APRIL 2011**

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**Submitted in Partial Fulfillment of the  
Requirement for the  
Business of Business Administration  
(Hons) Finance**

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

**APRIL 2011**

# DECLARATION OF ORIGINAL WORK



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

### “DECLARATION OF ORIGINAL WORK”

I, Nurul Syazana binti Basar, 891115-01-6558

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: \_\_\_\_\_

# **SUBMISSION OF PROJECT PAPER**

April 2011

The Head of Program  
Bachelor of Business Administration (Hons) Finance  
Faculty of Business Management  
Universiti Teknologi MARA, Kampus Bandaraya Melaka,  
110 Off Jalan Hang Tuah,  
75300 Melaka

Dear Madam,

## **SUBMISSION OF PROJECT PAPER**

Attached is the project paper titled "**A STUDY ON PROFITABILITY PERFORMANCE BETWEEN ISLAMIC BANKING AND CONVENTIONAL BANKING**" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

NURUL SYAZANA BINTI BASAR  
2008404274  
Bachelor of Business Administration (Hons) Finance

## **ABSTRACT**

The research applies performance evaluation of banks in Malaysia. It means evaluation how well the company performs in profitability. The main aim is achieved through ratio analysis of Islamic bank represented by Bank Islam Malaysia Berhad while conventional bank is RHB Bank. The main data was collection from the Annual Financial Report on both of banks that cover from 2004 until 2009. Different financial ratio are evaluated such capital structure and solvency, return on investment and operating profit margin. The mathematical calculation was established for ratio analysis between two banks from 2004 until 2009. The graphical analysis and comparison are applies between two banks for measurement all of types of financial ratio analysis.

The profitability ratio is used to asses the capability of company to generate earning as compared to its expanses and other relevant cost incurred during certain period of time. Leverage ratios, also known as capitalization ratios, indicate how leveraged a company is in terms of debt, and how well it can handle that debt with its assets and operating income. Thus, this study evaluates how the banks manage their debts. Overall analyses are measurement the best one between Bank Islam Malaysia Berhad and RHB Bank.