UNIVERSITI TEKNOLOGI MARA

THE DETERMINANT THAT INFLUENCING THE PERFORMANCE OF ISLAMIC BANKS IN MALAYSIS

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of the requirements for the degree of
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AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

In these studies, is to determine the key influencing the performance of Islamic banking in Malaysia by using return on assets (ROA) as the dependent variable. The study focuses on loan loss provision to total assets, net loans to total assets, total overhead cost to total assets, shareholders equity ratio, bank size, gross domestic product (GDP) and inflation. The study's goal will be to examine the performance of the fifteen (15) Islamic banks in Malaysia that may employ panel specifics in terms of ROA in the period of 2011 to 2020. In fact, our data assessment methodology, as well as all associated material pertinent to this study, such as the annual reports of each of the Islamic banks, DataStream, and EViews, will be implemented in this study. The Pooled Ordinary Least Squares (OLS) Model is used to regress the balanced panel data. The result for this study shows that net loan to total assets, total overhead cost to total assets, shareholders' equity ratio, bank size, gross domestic (GDP) and inflation have significant relationship with the performance of the Islamic bank in Malaysia.

Keywords: Bank size, gross domestic product (GDP), inflation, Islamic banking, loan loss provision to total assets, net loans to total assets, return on asset, shareholders equity ratio and total overhead cost to total assets.

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