



**THE ROLE OF CAMEL MODEL IN ENHANCEMENT OF MALAYSIAN BANK'S
SHAREHOLDER VALUE**

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ABSTRACT

The aim of this paper is to analyse the bank's performance in the perspectives of shareholders of conventional and Islamic banks in Malaysia over a period of 11 years from 2005-2015. Overall, the results indicate that the CAMEL model variables (i.e. CAR, AQ, MQ, EAQ and LQR) are able to determine correctly the bank performance (i.e. ROA and ROE). The model able to explain up to 80% of bank performance and with more influenced to Islamic compared to conventional banks. Interesting results revealed that EAQ has the strongest influence on the bank performance out of the five CAMEL components. The other four variables sign and statistical significant are mixed. In terms of comparative profitability performance, the Islamic banks performance is noted to be different with the conventional banks. In ROA perspective, conventional banks record an average of 120 percents. While, the Islamic banks attained only 42 percents for the same. However, In ROE perspective, conventional banks ROE is 159 percents is comparable to 158 percents for Islamic banks. Overall, these results provide most recent and emerging insights on Malaysian banks profitability using full local banks sample to investors, managers and policy makers.