THE IMPACT OF ISLAMIC BANK CHARACTERISTICS ON CAPITAL STRUCTURE IN MALAYSIA

NADZIRAH BINTI NOR MOHAMAD ZAM
2016629742

BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE)
FACULTY OF BUSINESS AND MANAGEMENT
UNIVERSITI TEKNOLOGI MARA (TERENGGANU)

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TABLE OF CONTENT

CONTENT	PAGES
LETTER OF SUBMISSION	ii
DECLARATION OF ORIGINAL WORK	iii
ACKNOWLEDGEMENT	vii
LIST OF TABLES	viii
LIST OF FIGURES	ix
LIST OF ABBREVIATIONS	x
ABSTRACT	xi
CHAPTER ONE: INTRODUCTION	1
1.0 INTRODUCTION	1
1.1 BACKGROUND OF THE STUDY	3
1.2 PROBLEM STATEMENT AND RESEARCH QUESTION	5
1.3 RESEARCH OBJECTIVE	6
1.4 SCOPE OF THE STUDY	7
1.5 SIGNIFICANT OF THE STUDY	7
1.6 LIMITATION OF THE STUDY	8
1.7 OPERATIONAL DEFINATIONS	9
CHAPTER TWO: LITERATURE REVIEW	10
2.0 INTRODUCTION	10
2.1 BANK SPECIFIC CHARACTERISTIC	10
CHAPTER THREE: METHODOLOGY	14

3.0 INTRODUCTION 14

3.1 THEORETICAL FRAMEWORK 14

3.1.1 ESTIMATION FUNCTION 14

3.1.2 ESTIMATION MODEL 15

3.2 CONCEPTUAL FRAMEWORK 16

3.3 VARIABLE DESCRIPTION 17

3.3.1 LEVERAGE 17

3.3.2 PROFITABILITY 17

3.3.3 ASSET GROWTH 17

3.3.4 TANGIBILITY 18

3.3.5 BANK SIZE 18

3.3.6 LIQUIDITY 19

3.4 EXPECTED SIGN 19

3.5 HYPOTHESIS 21

3.6 DATA COLLECTION METHOD 22

3.7 MEASUREMENT ANALYSIS 23

3.7.1 DESCRIPTIVE ANALYSIS 23

3.7.2. PEARSON CORRELATIONS ANALYSIS 23

3.7.3 DIAGNOSIS ANALYSIS 23

3.7.4 PANEL DATA ANALYSIS 24

3.7.5 RANDOM EFFECT MODEL 24

3.7.6 FIXED EFFECT MODEL 25

CHAPTER FOUR: FINDING ANALYSIS 26

4.0 INTRODUCTION 26

ABSTRACT

The research study holds a purpose to investigate the determinants factors that has ability to give impact toward capital structure of Islamic banks in Malaysia. In this study, the determinants of Islamic bank capital structure are focusing on bank specific characteristic variables namely profitability, asset growth, tangibility, bank size, and liquidity. This study is conducted based on panel data and Random Effect Regression Model has been selected in this study. The data was collected on yearly basis begins from year 2010 until 2017 based on the annual report of 15 Islamic banks in Malaysia. Based on the range data, this study is conducted due to good performance of Islamic banks in the current year. Thus, the study shows that independent variables; asset growth, bank size and liquidity have positive and significant relationship with bank capital structure in Malaysia. Tangibility has negatively and significant related to the bank capital structure. Lastly, profitability has a negative and insignificant relationship with the bank capital structure.