THE PERFORMANCE ISLAMIC BANKING AND CONVENTIONAL BANKING IN MALAYSIA

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DECLARATION OF ORIGINAL WORK

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I, MOHD FARID BIN MOHD ZAKI,

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 others degree

- This project paper is the result of my independent work and investigation, except where otherwise stated

- All verbalism extract have been distinguished by quotation marks and source of my information have been specification acknowledgment.

Signature: …… Date: …….

ACKNOWLEDGMENT

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ABSTRACT

Islamic banking in Malaysia started around two decades ago. Since then it has played an important role in financing and contributing to different economics and social sectors in the country in compliance with the principles of Shariah rules in Islamic banking practices. Since there have been limited studies on the financial performance of Islamic banks in the country. The aim of this paper is to examine and analyse the Malaysian experience with Islamic banking (Bank Islam) compare with conventional banking (Maybank). The paper goes further with performance of both banking segment. However, this paper used the performance evaluation methodology by conducting the profitability ratio tests. This paper found that the profitability and ability of both banks has increased and both have expanded their investment and activities and had played an important role in financing projects in Malaysia. Among other findings, these Islamic banks have a high return in the profitability ratio compare with Maybank during year 2007 until 2009 and as we know this is the year of the recession. In comparison with the two banks, the results showed that Bank Islam more profit than Maybank because of the return higher than Maybank because the percentage of profitability more than conventional banking (Maybank).

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