



**DETERMINANTS OF DIVIDEND PERFORMANCE OF  
FINANCIAL SECTOR IN MALAYSIA**

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**BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS  
(FINANCE)**

**FACULTY OF BUSINESS MANAGEMENT**

**UNIVERSITI TEKNOLOGI MARA**

**MELAKA**

**JANUARY 2019**

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FINANCIAL SECTOR IN MALAYSIA**

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**Submitted in Partial Fulfilment of the  
Requirement for the  
Bachelor of Business Administration with Honours (Finance)**

**FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
MELAKA**

**JANUARY 2019**

**DECLARATION OF ORIGINAL WORK**



**BACHELOR OF BUSINESS ADMINISTRATION  
WITH HONOURS (FINANCE)  
FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
“DECLARATION OF ORIGINAL WORK”**

I, AHMAD AIMAN MUSLIM BIN AB RAHIM, (I/C NUMBER: 950122-03-5279)  
and MOHAMMAD AFIZI EZWAN BIN JASNI, (I/C NUMBER :950130-10-5273)

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 degrees.
- This project-paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by equation marks and sources of my information have been specifically acknowledged.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

## LETTER OF SUBMISSION

AHMAD AIMAN MUSLIM BIN AB RAHIM and

MOHAMMAD AFIZI EZWAN BIN JASNI

Faculty of Business Management

Universiti Teknologi Mara

Malacca City Campus

40450 Melaka

02<sup>nd</sup> January 2018

Head of Program

Bachelor of Business Administration (Hons) Finance

Faculty of Business Management

Universiti Teknologi Mara Malacca City Campus

40450 Melaka

Dear Madam,

SUBMISSION OF FINAL PROJECT PAPER.

Attached is the project paper entitled “**Determinants of Dividend Performance of Financial Sector in Malaysia**” to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi Mara.

Thank you.

Sincerely,

AHMAD AIMAN MUSLIM BIN AB RAHIM

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MOHAMMAD AFIZI EZWAN BIN JASNI

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Bachelor of Business Administration (Hons) Finance

## **ABSTRACT**

This study was conducted to identify the determinants of dividend performance of financial sector in Malaysia. The objective of this study is to identify the relationship between risk (BETA), cash flow (CF), debt (DER), investment (INV) and dividend (DPR). The secondary data were collected from Thomson Reuters DataStream and using quarterly starting from first quarter 2005 until fourth quarter 2017. The dependent variable is the dividend payout ratio which represents dividend performance. The independent variables were risk (BETA), cash flow (CF), debt (DER), and investment (INV). Using time series analysis, the finding shows that cash flow has positive relationship while risk (BETA), debt (DER) and investment (INV) has negative relationship with dividend performance. The result revealed that risk (BETA), cashflow (CF), debt (DER), and investment (INV) have significant effect towards dividend policy of financial sector in Malaysia. The findings from this study are useful to the board of directors and management team of companies in deciding an appropriate dividend policy for the company. The results are also useful to shareholders in making investment decisions.