



**LIQUIDITY RISK AND PERFORMANCE OF BANKING
INDUSTRY: CASE STUDY OF TOP-3 LOCAL BANK OF
MALAYSIA**

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**Liquidity Risk and Performance of Banking Industry: Case Study
of Top-3 Local Bank of Malaysia**

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**Submitted in Partial Fulfillment
of the Requirement for the
Bachelor of Business Administration (Hons) Finance**

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DECLARATION OF ORIGINAL WORK

MAHATHIR BIN ZAINAL ABIDIN

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

Signature: _____

Date: _____

LETTER OF SUBMISSION

8th January 2017

Madam Nur'Asyiqin Binti Ramdhan
Faculty of Business Management
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85000 SEGAMAT
JOHOR DARUL TAKZIM

Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “**LIQUIDITY RISK AND PERFORMANCE OF BANKING INDUSTRY: CASE STUDY OF TOP-3 LOCAL BANK OF MALAYSIA**” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

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MAHATHIR BIN ZAINAL ABIDIN

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Bachelor of Business Administration (Hons) Finance

ABSTRACT

In Malaysia, the awareness of liquidity risk of the bank is not really give more responsiveness. By doing this study can help some of people to know about liquidity risk.

Another problem is to define the breakeven point symptom of the liquidity risk. This is because the liquidity risk is hard to be predict for the future. This research of the objective to examine between deposit, cash, liquidity gap and non-performing loan with bank total assets. To meet this objective, the data of the analysis have been taken from the annual reports of Top-3 of local bank in Malaysia. This study focus on conventional bank because Islamic bank have different risk management structure. The data have been collected for a set of three banks for the period of 2001 – 2015. The nature of the data is panel data.

The data will be run on Regression Analysis meanwhile the relationship between dependent and independent variables will be tested by Correlation Analysis. Bank total assets will be dependent variable for this research meanwhile independent variables are deposit, cash, liquidity gap and non-performing loan.