

**UNIVERSITI TEKNOLOGI MARA**

**THE MACROECONOMICS  
FACTORS THAT INFLUENCING  
COMMERCIAL BANK'S  
PROFITABILITY IN MALAYSIA**

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Thesis submitted in fulfilment  
of the requirement for the degree of  
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(Hons) (Finance)**


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## AUTHOR'S DECLARATION

I declare that the work in this project was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Universiti Teknologi MARA, regulating the conduct of my study and research.

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## ABSTRACT

The aim of this paper is to investigate the macroeconomics factors that influenced commercial bank's profitability in Malaysia. This investigation has been done many in United Kingdom but little in Malaysia, which has little explanations about ROA. The return on asset (ROA) is chosen as the dependent variables in this study. There are four independent variables to be used which are growth domestic product (GDP), Inflation (INF), interest rate (INR) and money supply (MS). Quarterly basis data is gathered over the period 2005 to 2014. The data is gathered from Data World Bank, Trading Economy and Bank Negara Malaysia Data, while financial data is gathered from company financial report. A multiple linear regression is used in this study. In addition, econometric test is employed to observe the relationship of the economic variables to the return on asset (ROA) in one commercial bank which is Public Bank. Interactive software package E-view 8 would be used for testing and analysing the data collected. Moreover, the expected finding is growth gross domestic product (GDP) has significant effect with return on asset. On the other hand, inflation, interest rate and money supply have no significant effect with return on asset in commercial banks in Malaysia. The actual finding for this study are interest rate and inflation are significant relationship with the return on asset. While, gross domestic product and money supply are not significant with return on asset.

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