



UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF COMMERCIAL BANK
CREDIT RISK IN MALAYSIA**

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of the requirements for the degree of
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AUTHOR'S DECLARATION

I declare that the work in this final year project paper 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 Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

Credit risk is an important issue that can affect the failure of banks. Bank offering loan to borrowers as to maximizing profit and increase their assets. Bank has high probability to face credit risk when borrowers fail to pay back the loan. Most of the past researcher used non-performing loan to measure credit risk. So, this study is conducted to determine the determinants of credit risk which solely focuses on the commercial bank in Malaysia. The study comprises a sample of 27 of commercial bank credit risk that are analysed over the period of 2015 to 2017 by employing descriptive, correlation and multiple linear regression.. The study used Return on Asset (ROA), Total Loan to Total Asset (TLTA) and Inflation (INF)) as independent variables to test the relationship with dependent variable which is credit risk. The data of the study is obtained from report of the bank, national bank report, world data bank and data stream. The study found out that Return on Assets (ROA) has negative and significant towards credit risk while TLTA and INF are not significant with credit risk.

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