UNIVERSITI TEKNOLOGI MARA

DETERMINANTS OF ISLAMIC AND CONVENTIONAL BANKS' PERFORMANCE IN MALAYSIA

MUHAMAD HAZIZUL HAFFIS BIN KHALID
2015139787

Final Year Project Paper submitted in fulfillment
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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.
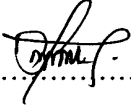
Name of Student   :   Muhamad Hazizul Haffis Bin Khalid

Student I.D. No.   :   2015139787

Programme   :   Bachelor of Business and Administration (Hons) Finance.

Faculty   :   Business and Management

Thesis   :   Determinants of Islamic and Conventional Banks' Performance in Malaysia.

Signature of Student   :   ....

Date   :   June 2018

ABSTRACT

Banking industry has crucial roles as financial intermediation to the individuals and also for corporate body. In Malaysia, there are two different banking systems which are Islamic and conventional banking system. Both of banking system has their own financial performance that have to be measure in this study to determine which one is better in term of their performance. Therefore, 10 banks are chosen for each of Islamic and conventional banking sector in Malaysia to be assess in this study that cover from the year 2010 until 2016. To analyse which factors that had significance impact to the performance of the banks in term of return on assets (ROA), several factors have been chosen including of the bank asset size (BAS), capital adequacy (CAR), loan to deposit (LDR), debt to equity (DER), inflation, and gross domestic product (GDP). All the data is collected from annual financial report of all banks involved in this study and the data from World Bank. Regression analysis is use to conduct this study to find out which of the factor has greater impact on the performance of both banking industry.

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