UNIVERSITI TEKNOLOGI MARA

THE MAIN FACTORS THAT INFLUENCING CREDIT RISK AMONG FIVE (5) SELECTED ISLAMIC BANKS IN MALAYSIA

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Final Year Project submitted in fulfilment
of the requirements for the degree of
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AUTHOR'S DECLARATION

I declare that the work in this thesis 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 Post Graduate, Universiti Teknologi MARA, regulating the conduct of my study and research.
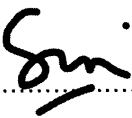
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ABSTRACT

Islamic banking is similar with finance or banking activities must be adhered to shariah (Islamic Law). In Islamic banking, all the activities that related to interest are prohibited in the system including gambling, interest rate, and speculative transactions. The rules and regulation in Islamic Banking are referred to Fiqh al-muamalat. The main objective of this study is to measure credit risk exposure in selected Islamic banking by measuring risk-weighted asset and regulatory capital as bank-specific factors. It is also important macroeconomic variables to determine the performance of Islamic banks. In specific, gross domestic product and inflation could be used to determine whether the sector can fulfil the desire from its customer. The data used in this study is a secondary data and the study sample has been selected five (5) selected Islamic Bank in Malaysia such as Bank Islam Malaysia Berhad (BIMB), CIMB Islamic Bank, Bank Muamalat, RHB Islamic Bank and Al Rajhi Bank. The data is collected from the website of World Bank Open Data and the annual report of selected Islamic banks in Malaysia. For data collection, the study collected data from the year 2010 until 2019. The study used the panel data which is known as a multi-dimensional data involving measurements over time.

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TABLE OF CONTENT