



**UNIVERSITI TEKNOLOGI MARA**

**TO DETERMINE ASSOCIATION BETWEEN  
INTERNAL AND EXTERNAL FACTORS  
AFFECTING BANKING PROFITABILITY:  
AN EVIDENCE OF MALAYSIAN  
CONVENTIONAL BANKING**

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Final Year Project Paper submitted in fulfillment  
of the requirements for the degree of  
**Bachelor of Business Administration  
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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**

The main purpose of this research is to determine association between internal and external factors affecting banking profitability of Malaysian conventional banking. 8 commercial banks have been chosen to represent the commercial banks in Malaysia from 2007 till 2017. As the banking profitability, Return On Asset (ROA) was chosen as a dependent variable to estimate the commercial banks profit and 8 independent variables that are consists an internal and external factors which are Bank Size (BS), Capital Adequacy (CA), Bank Deposit (BD), Portfolio Composition (PC), Gross Domestic Product (GDP), Consumer Price Inflation (CPI), Based Lending Rate (BLR), and Money Supply (MS). In this paper, all the data will be subjected to several empirical test such as Descriptive Analysis, Correlation Test and Multiple Regression Coefficient of Pooled OLS Model. After running these data on the data analysis software, it was found that only Bank Size (BS), Capital Adequacy (CA), Bank Deposit (BD), Portfolio Composition (PC), and Gross Domestic Product (GDP) are significant variables to Return On Asset (ROA). While the other variables Consumer Price Inflation (CPI), Based Lending Rate (BLR) and Money Supply (MS) are insignificant in determining the profitability determinants of commercial banks in Malaysia.

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