



UNIVERSITI TEKNOLOGI MARA

**A COMPARISON OF THE FINANCIAL
PERFORMANCE OF THE ISLAMIC AND
CONVENTIONAL BANK IN MALAYSIA**

**NUR FATIHAH BINTI ABDUL LATIF
2015111147**

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

Faculty of Business and Management

June 2018

AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA Johor. 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 Johor, regulating the conduct of my study and research.


Name of Student : Nur Fatimah binti Abdul Latif

Student I.D. No. : 2015111147

Programme : Bachelor of Business Administration (Hons)
Investment Management

Faculty : Business Management

Thesis : A Comparison of Profitability Financial Performance
of the Islamic and Conventional Bank in Malaysia

Signature of Student : 

Date : 21 June 2018

ABSTRACT

This paper is to study a compares their respective profitability in terms of volume and volatility of their deposits and loans in Malaysia in a five year period from 2012 to 2016 and analyze the with panel data regression analysis. This study focused on six local Islamic and conventional banks in Malaysia. The internal factors (bank specific) that effect towards profitability are including volatility of bank deposits, volume of deposits, volatility of bank loans, and volume of loans. Hence, volume of deposit, volatility of deposit, volume of loans, and volatility of loans does not have a significant impact on banks profitability in Malaysia.

Keywords: Bank specific, Islamic banks, conventional banks, regression analysis

ACKNOWLEDGEMENT

Firstly, I wish to thank God for giving me the opportunity to embark on my project paper and for completing this long and challenging journey successfully. My gratitude and thanks go to my supervisor Sir Oswald Timothy Edward.

My appreciation goes to the Pejabat Kewangan & Perbendaharaan Negeri Pahang management team who provided the facilities and assistance during sampling.

Special thanks to my colleagues and friends for sharing knowledge and helping me with this project paper.

This project paper on the Guidelines for Project Paper Format of BBA (Hons) is an adoption of the Guidelines for Thesis/Dissertation Format of Graduate Programmes that had been prepared by the Universiti Teknologi MARA (UiTM) to help students in preparing their theses/dissertations for submission to the university.

Finally, this project paper is dedicated to my father and mother for the vision and determination to educate me. This piece of victory is dedicated to both of you. Alhamdulillah

TABLE OF CONTENT

	Page
AUTHOR'S DECLARATION	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	v
LIST OF TABLES	vii
LIST OF FIGURES	viii
CHAPTER ONE INTRODUCTION	1
1.1 Introduction	1
1.2 Research Problem	2-3
1.3 Problem Statement	4
1.4 Research Questions	5
1.5 Research Objectives	5-6
1.6 Significance of Study	6
1.7 Scope of Study	6
1.8 Limitation of Study	6-7
1.9 Definition of Terms	8-9
1.10 Summary	9
CHAPTER TWO LITERATURE REVIEW	10
2.1 Introduction	10
2.2 Review of the Literature	10-12
2.3 Return on Asset	13-14
2.4 Volume of Deposit	14-15
2.5 Volatility of Deposit	15
2.6 Volume of Loans	15-16
2.7 Volatility of Loans	16
2.8 Research Framework	17
2.9 Summary	17