



UNIVERSITITEKNOLOGIMARA

**EMPIRICAL DETERMINANTS SAVING IN THE
ISLAMIC BANKS: EVIDENCE FROM MALAYSIA**

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

Faculty of Business and Management

June 2018

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

Nowadays there are tendency of depositors to withdraw their fund and transfer it to the conventional bank which offers higher interest rate. Since there is no guarantee by the government for saving against losses for Shariah compliant retirement scheme has affected depositors to put their saving in others commercial bank's deposit. Therefore, this paper aims to determine factors that influencing savings deposit and to evaluate whether the factors are related to the savings deposit of Islamic bank in Malaysia. This study will be use total savings deposit as dependent variable and selected economic factors such as rate of return of Islamic banks, interest rate of conventional banks and inflation (consumer price index) as independent variables. Consistent with the studies, the rate of return of Islamic banks, interest rate of conventional banks and inflation (consumer price index) will be measure by percentage. The data will be gathered then analysed by using multiple linear regression model. By using time series data, the data were collected from DataStream from January 2007 until December 2017 on quarterly basis. For the scopes of study, first paper explores the relationships between saving deposit of Islamic banks and the selected factors such as rate of return of Islamic banks, interest rate of conventional banks, age dependency ratio and inflation (consumer price index). Second, the paper attempts to examine the relative importance of those factors in encouraging savings deposit in Islamic bank.

ACKNOWLEDGEMENT

Firstly, I wish to thank God for giving me the opportunity to embark on my BBA and for completing this long and challenging journey successfully. My gratitude and thanks go to my advisor, Encik Ferri Bin Nasrul for his excellence supervision and constant support. Without his untiring encouragement, suggestions, ideas and comments throughout this study, this research could not be completed.

Then, special thanks to my colleagues and friends for never give up in giving support in all aspects and I will never forget your kindness.

Finally, this research is dedicated to the lovingfather and mother for the vision and determination to educate me. This piece of victory is dedicated to both of you. Alhamdulillah.

Thank you.

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