UNIVERSITI TEKNOLOGI MARA

THE RELATIONSHIP OF BANK SPECIFICS ON THE LIQUIDITY OF COMMERCIAL BANK IN MALAYSIA

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Bachelor of Business Administration (Hons)

(Investment Management)

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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 project paper 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 objective is to know what are their relationships on independent variables that would impact bank liquidity and this study wants to examine either bank specifics factor is significant or not towards bank liquidity. This relationship is important that would be answering the research objective. To conduct this research, data would be collected from 24 observations based on commercial bank in Malaysia such as Maybank Banking Berhad, Affin Bank Berhad, Alliance Bank Malaysia Berhad, Ambank Malaysia Berhad, CIMB Bank Berhad, Hong Leong Bank Berhad, Public Bank Berhad and RHB Bank Berhad. This data observation is collected start from 2017 to 2019 and dependent variable would be bank liquidity. This bank liquidity would be calculated in a ratio to be a liquidity indicator as a dependent variable. Next, to examine this relationship, under bank specifics that have six variables for their independent variables such TCR - total capital ratio, ILTL- the ratio of impaired loans to total loans, IETD - the ratio of interest expenses to total deposits, ROAE - return on average equity, ROAA - return on average assets, TBSA - the share of the total banking system assets. These six independent variables would be regress with liquidity indicator.This data are collecting based on the databank yearly statement, banking history information, bank annual report, journal and some article. To regress the data, this study uses method of descriptive analysis, t-test, f-test, r-squared, adjusted r-square and normality of error term. With use this method, the result would be known and this study can resolve what their objective are. Others researcher found that total capital ratio, impaired loan to total loans and return on average equity is significantly with liquidity indicator. In this study are focusing only in commercial bank in Malaysia and from that, the result shows that impaired loan to total loans is significantly with bank liquidity. This result also supported by Ivanovic, (2016), Roman & Sargu, (2015) and Vodovà (2012). The others variables are not significantly with bank liquidity for independent variable total capital ratio, interest expenses to total deposit, return on average equity, return on average asset and total banking systems asset. Others researcher found that total capital ratio, impaired loan to total loan and return on average equity is significant with those three independent variables and one of that is significant in Malaysia. This study would be explained more the details information about the result.

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