



**INTERNAL DETERMINANTS FOR DIVERSIFICATION OF
BANK IN MALAYSIA (CASE OF PUBLIC BANK BERHAD)**

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LIST OF ABBREVIATIONS

BNM : Bank Negara Malaysia

NIM : Net Interest Margin

ROA : Return on Assets

COP : Cost of Production

REGCOST : Regulatory Cost

TECHNG : Technology Change

ABSTRACT

In the world over, bank are transcending their normal business operations and diversifying their activities in response to economic and financial sector reforms. The purpose of this study is to analyze the significance of internal determinants for diversification of bank in Malaysia in the case of Public Bank Berhad cross the time period of 2004 to 2011 by using the quarterly basis. Some of the major internal determinants forcing banks to diversify such as risk, cost of production, regulatory cost and technological change have been analyzed as independent variable and the dependent variables is calculated by net interest margin (NIM). For the purpose, this paper uses quarterly financial statement of bank from 2004 to 2011 of Public Bank Berhad. To analyze the significance of four internal determinants (explanatory variables) of diversification namely risk, cost of production, regulatory control and technological change, the multiple regression has been used.

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