



**DETERMINANTS OF PROFITABILITY AMONG SELECTED BANKS**  
**IN MALAYSIA**

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## **ABSTRACT**

Profitability of banks in Malaysia has been not consistent from time to time. Hence, it attracts bankers to figure out the reason why profitability of the banks not consistent. This study is conduct a preliminary investigation on the determinants of profitability among selected banks in Malaysia and to investigate the most significant factors that influencing the profitability of the banks. A multiple regression model was constructed to determine the relationship between the independent variables which is bank size, liquidity, credit risk and capital adequacy. The method used is Ordinary Least Square Method (OLS) by using annual panel data spanning from the year 2008 until 2018 and have 154 observations to achieve the objective of the profitability of selected banks in Malaysia. This method reviews that bank size, credit risk and capital adequacy and highly significant at 1% level towards the profitability of selected banks in Malaysia, while liquidity is positive significance at 5%. The most significant variable that influence the profitability of selected banks in Malaysia is the credit risk. Two of the independent variables follow the expected sign which is positive, and the other two follow the expected sign which is negative. Therefore, it is suggested for the government to monitor the banks and financial institution in giving out loan or their operation in Malaysia.

Keywords : Profitability, bank size, liquidity, credit risk, capital adequacy, BNM.

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