



**DETERMINANTS AFFECTING BANKS PERFORMANCE: A
STUDY OF COMMERCIAL BANKS IN MALAYSIA**

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ABSTRACT

Banking sector nowadays is vital towards the growth of the economy especially in Malaysia. There are many financial institutions have been established in order to help the economy to boost. One of the financial institutions that contribute the most towards the economy is commercial bank. In commercial bank, there are many banks exist such as Malayan bank, Hong Leong bank, Am bank, Public bank and others. The profit collected by these banks will contribute towards the growth of the economy. Thus, this study is conducted to examine the impact of determinants towards banks performance in Malaysia.

For the empirical work, correlation analysis, multiple regression and other recent econometric analysis were conducted in order to know the relationship between independent variables and dependant variable. Augmented Dickey-Fuller tests of unit root is used to check all variables whether they are stationary or not. The result from the regression analysis shows that three variables have positive and significant relationships which are bank size, interest rate and asset quality. Meanwhile, at the same time other three variables have negative relationship which are credit risk, inflation rate and growth rate. But, only credit risk has a negative and significant relationship while interest rate and growth rate have negative and insignificant relationships.

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