ISSUES AFFECTING THE PROFATIBILITY OF COMMERCIAL BANKS IN MALAYSIA

NORIDAYU BINTI MOHD SULEIMAN
2013859192

BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
SEGAMAT, JOHOR.

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ABSTRACT

Issue/Problem:

The rate of return that financial institution earned is affected by several issues either internal or external.

Objective:

Purpose of this study is to investigate what are the issues that affect the profitability of the commercial banks in Malaysia for the year 2010-2014.

Variables:

Consist of dependent and independent variables to examine the relationship between the variables. In this study, dependent variable is to measure the profitability of banks by measuring its Net Income. Its independent variables are bank size, capital, loans, deposits, GDP and inflation rate.

Data/ Sample Description:

Data was collected from secondary sources with the sample of top 10 largest commercial banks in Malaysia. Banks that are involved in this study are Maybank, CIMB, Public Bank Bhd, RHB Bank, Hong Leong Bank, AMMB Holdings, United Oversea Bank (M) Bhd, Bank Rakyat, OCBC Bank Malaysia and HSBC Bank Malaysia for the year 2010-2014.

Statistical/Econometric Method:

In this study, data was analyzed by using Econometric View 8.0. The interpretation of data is conducted by descriptive statistic and multiple linear regression tools in measuring the hypotheses and to measure the relationship. Type of data that been used in this study is using Panel Data.

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