



**FACTORS THAT AFFECT THE FINANCIAL PERFORMANCE OF BANK ISLAM
MALAYSIA BERHAD IN MALAYSIA**

NURUL SYAFIZA BINTI HARUN

2015836744

BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA MELAKA

KAMPUS BANDARAYA MELAKA

JULY 2017

ACKNOWLEDGEMENT

In the name of Allah s.w.t, the Most Compassionate and the Most Merciful. Praise to Allah s.w.t for giving me the strength and patience to complete this project within the period given.

Firstly, I would like to thank my lecturer Madam Rohaiza Binti Kamis for giving the valuable guidance, continuous encouragement, invaluable suggestion and supporting me with kindness. She definitely provided me with the tools that we needed to choose the right direction and successfully complete this project paper.

I also would like to take this opportunity to thank my parents for their wise counsel and sympathetic ear as they always there for me. Last but not least, a great appreciation goes to the rest of my friends in helping from time to time during the research to be done on time. The whole research really brought me to appreciate people around me.

Apart from that, I hope that all the information and data that I have gathered here will increase the knowledge of anyone who will be accessing it regarding the study on the “Factors that affect the financial performance of Bank Islam Malaysia Berhad in Malaysia”. It will be a great honor to me if it use as a reference or for any other good cause. Finally, I would like to extend this appreciation to all that have directly and indirectly contributed invaluable assistance, cooperation and support in the completion of this project paper.

TABLES OF CONTENTS

	PAGE
TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF SUBMISSION	
iii	
ACKNOWLEDGEMENT	
TABLE OF CONTENTS	v
LIST OF TABLES	x
LIST OF FIGURES	xi
LIST OF ABBREVIATIONS	xii
ABSTRACT	xiii
CHAPTER 1	
1.0 INTRODUCTION	1
1.1 BACKGROUND OF THE STUDY	2
1.2 PROBLEM STATEMENT	5
1.3 RESEARCH QUESTION	6
1.4 RESEACRH OBJECTIVES	6
1.5 SIGNIFICANCE OF STUDY	7
1.6 SCOPE OF STUDY	7
1.7 LIMTATION OF STUDY	
1.7.1 Time constraint	8

1.7.2	Lack of experience and skills	8
1.7.3	Lack of data required	9
1.8	DEFINITION OF TERMS	
1.8.1	Bank size (TA)	9
1.8.2	Management quality (ER)	9
1.8.3	Capital (CAR)	10
1.9	CONCLUSION	
10		
CHAPTER 2		
2.0	INTRODUCTION	11
2.1	REVIEW OF THE LITERATURE	
2.1.1	Financial performance of Bank Islam Malaysia Berhad (ROE)	11
2.1.2	Bank size (TA)	13
2.1.3	Management quality (ER)	15
2.1.4	Capital (CAR)	17
2.2	CONCLUSION	18
CHAPTER 3 RESEARCH METHODOLOGY		
3.0	INTRODUCTION	19
3.1	RESEARCH DESIGN	
3.1.1	Purpose of study	19
3.1.2	Types of Investigation	20
3.1.3	Research of Interference	20
3.1.4	Study Setting	20
3.1.5	Unit of Analysis	20

ABSTRACT

This paper aims to find the factors that affect the financial performance of Bank Islam Malaysia Berhad (ROE). The variables are bank size (TA), management quality (ER) and capital (CAR). The sample of this study is comprises of 40 observations on a quarterly basis for 10 years periods from Quarter 1 2007 until Quarter 4 2016. The methodology used in this study is Multiple Linear Regression (MLR) with time series data. All the data is collected from the data stream. There are three variables that can affect the financial performance of Bank Islam Malaysia Berhad. The variables are bank size (TA), management quality (ER) and capital (CAR). Interactive software package E-views would be used for testing and analysing the data collected. The result from this study would provide us the main factors that can affect the financial performance of Bank Islam Malaysia Berhad. It could form an important for Bank Islam Malaysia Berhad to improve their performance