

**A STUDY ON THE FACTORS AFFECTING MAYBANK'S PROFITABILITY
IN MALAYSIA**

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ABSTRACT

This research paper is carried out to examine the factors that affecting bank's profitability (ROA). Maybank have been chosen to represent the commercial banks in Malaysia due to its large market capitalization and total asset compared to other local commercial banks in Malaysia. The four determinants used in this study are credit risk, capital ratio, bank efficiency and interest rate. This study used time series data where the duration is from January 2007 until December 2016 and is collected based on monthly basis. The results indicate that credit risk and interest rate had showed negative but significant relationship with return on asset of Maybank in Malaysia while capital ratio had showed positive but insignificant relationship with return on asset of Maybank in Malaysia. As for bank efficiency, it showed positive and significant relationship with return on asset of Maybank in Malaysia. Capital ratio showed that it had insignificant relationship with return on asset of Maybank, therefore it indicates that capital ratio does not represent Maybank's profitability and it does not affect its market capitalization and its profitability.