THE DETERMINANTS OF MACROECONOMIC FACTORS THAT AFFECTING PROFITABILITY PERFORMANCE OF ISLAMIC BANK IN MALAYSIA

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ABSTRACT

Islamic banking system and finance in Malaysia has started to grow rapidly since the establishment of Bank Islam Malaysia Berhad. Malaysia is one of the nations that have executed the idea of Islamic finance in its banking framework. This research represented the determinants of macroeconomic that affecting profitability performance of Islamic banking in Malaysia. This research using statistical approach of ordinary least square to analysed all the variables. The period of analysis is between years 1988 until 2016. This research used Multiple Linear regression to examine the relationship between independent variables and dependent variable. The independent variables in this research are economic growth (EG), inflation rate (IF) and exchange rate (EC) of currency while dependent variable is profitability performance of Islamic banking in Malaysia (ROA). Based on the outcomes, it show that economic growth, inflation rate and exchange rate of currency has a positive insignificant relationship toward profitability performance of Islamic banking in Malaysia.