

THE DETERMINANTS OF BANK PROFITABILITY: EMPIRICAL EVIDENCE
FROM MALAYSIAN BANKING SECTOR

NORYATI BTE AMBAKRI
2015647784

Submitted in Partial Fulfillment of the
Requirement for the
Bachelor Of Business Administration with Honours (Finance)

FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA

SABAH

July 2017

ACKNOWLEDGEMENT

First of all, I would like to thank to Allah S.W.T for the assisting me in finishing this final year project, with blessing this project has finished and for giving the strength and patience in completing this project.

I am fully indebted to my advisor, Madam Siti Rahayu Beli and Madam Sarmila Udin for made the monumental this project much lighter and thank you for the advise and guidance during this project paper was conducted. Without her priceless supervision, all my effect could have been limitation.

For my colleague, my deepest gratitude goes to my classmate for the knowledge and helping me during the project paper. Lastly, the unlimited appreciation to my family for understanding and helping me to survive from the stress and giving me more encouraging to finished this project paper.

TABLE OF CONTENTS

TITLE PAGE	ii
DECLARATION OF ORIGINAL WORK	iii
LETTER OF SUBMISSION	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENTS	vi
LIST OF FIGURE	ix
LIST OF TABLES	x
ABBREVIATIONS	xii
ABSTRACT	xiii

CHAPTER 1 : INTRODUCTION

1.0 Background of study	1
1.2 Problem statement	3
1.3 Research Objective	4
1.4 Scope of study	5
1.5 Limitation of study	5
1.6 Significance of the study	6
1.7 Chapter Summary	7

CHAPTER 2: LITERATURE REVIEW

2.0 Introduction	8
2.1 Theory of Study	8
2.2 Literature Review	10
2.3 Chapter Summary	17

CHAPTER 3: DATA AND METHODOLOGY

3.0 Introduction	18
3.1 Data Collection Methods	18
3.3 Data Descriptive	20
3.4 Sampling	20
3.4.1 Population	20
3.4.2 Sampling Size	21
3.4.3 Sampling Technique	21
3.5 Research Hypothesis	21
3.6 Measurement of Variables	22
3.7 Empirical analysis Framework	25
3.8 Software	25

ABSTRACT

This study sought to establish the relationship between bank-specific characteristics and profitability of the banks listed under Bursa Malaysia to find out the role of internal factors in achieving highly revenue. To achieve the objective of this study, the research design was used. The consideration banks based on listed in the Bursa Malaysia for the past year of eleven and utilized the secondary data from data stream which obtain from the period 2006- 2016 and the data was collected in nine banks in Malaysia. Thus, the data was collected can be considered as the sufficient in making the whole population of study. The data was analyzed using the descriptive statistics, stationary test, regression analysis and the diagnostic testing. The result indicated the leverage ratio and credit risk is negative but significant towards the profitability of banks listed under Bursa Malaysia. Meanwhile, liquidity and bank size indicates the insignificant relationship towards the banks listed under Bursa Malaysia. The finding suggested the banks with the credit risk and leverage ratio tend to more on profitability.