DETERMINANT OF DUPONT MODEL TOWARDS RETURN ON EQUITY OF FINANCE SECTOR: EVIDENCE FROM BURSA MALAYSIA

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SABAH

JANUARY 2018

ACKNOWLEDGEMENT

Assalamualaikum Warahmatullahi Ta'ala Wabarakatuh.

First of all. I would like to thankful to Almighty ALLAH S.W.T for helping me by giving me a good health, spirit and ease my tasks that lead to completion of my final project paper (FIN 672).

First of all, I would like express my deepest gratitude and appreciation to Miss Anastasiah binti Harbi because for his continuous dedication which helped me to complete my Bachelor Degree study and taught me in the research field until I able to know about Research.

I am able to complete my thesis successfully also because of his encouragement and moral support. Not to forgot, I am would like to thanks Associate Professor Dr Imbarine Bujang as a second examiner and classmate for their knowledge, opinions moral support and ideas regarding my research work.

I also would like to say thank you to Universiti Teknologi Mara (UITM) Sabah for giving me opportunity to pursue my study until Bachelor level. Not forgetting, my sincere appreciation goes to all lecturers for their sacrifices in term of times in giving the best guidance.

For the important person in my life, both of my parents for their prayers and moral support for me to pursue my study. Finally, to my brother and all of my friends for supporting me and always share their knowledge and ideas for all the times during my study.

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Abstract:

Towards this end, the Bank plays a crucial role in the development of a progressive and inclusive 32 Financial Institution that listed in Finance Sector in Bursa Malaysia which are entails preserving the core foundations of financial stability at all times, ensuring effective and efficient financial intermediation, and contributing towards economic growth and development. DuPont Model can be used to access return on equity of the financial sector. As per year 2017, there are 32 Financial institution listed on Bursa Malaysia. The aims of this research work is by using determinant of DuPont Model towards return on equity of Finance Sector and investigate most important factor towards return on equity. The investigation will be based on 32 Finance institutions that listed in Bursa Malaysia covering the period from 2007 until 2016. In this study, return on equity is the dependent variable to determine the relationship towards independent variable namely net profit margin (NPM), total asset turnover (TATO), equity multiplier (EQM) STATA Method will be used. The result from this study found that, net profit margin and total asset turnover are the significant on return on equity of Financial Sector.

Keywords: Profitability, DuPont Identity, Finance Sectors, Return on Equity.