



NON-PERFORMING LOANS DETERMINANTS
IN MALAYSIA

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ABSTRACT

This study is to explain and determine the relationship between non-performing loans as dependent variable and the independent variable; interest rate, loan to deposit ratio and capital adequacy ratio either can give in good impact or vice versa to the bank in Malaysia commercial banks. This study focuses in banking sector in Malaysia and the all data of variables are taken from Bursa Malaysia started from year 2002 until 2013 (12 years). This study use the data filtration and three companies were selected which are Malayan Banking Berhad, Public Bank Berhad and Hong Leong Bank Berhad. Cross sectional and panel data method are used to generate data by using STATA software in order to analyze the relationship between these variable. However, the result from regression analysis shows the insignificant relationship between all independent variable with the non-performing loans. Explains that all the independent variable not influence the non-performing loans in Malaysia. It suggests there are other variable that can influence the dependent variable.