



THE IMPACT OF NON PERFORMING LOANS TOWARD BANKS'
PROFITABILITY : EVIDENCE FROM LOCAL BANKS IN MALAYSIA

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ABSTRACT

Aim of this study is to investigate and analyze the relationship between the non-performing loans towards the profitability of the local banks in Malaysia during 2007 to 2016. 9 local banks was selected for data collection and the whole data was a secondary data that collected from Thomson Reuters Data Stream. This study adopts panel regression model to measure the relationship between non-performing loans towards the profitability of the local banks in Malaysia and to test the operational hypotheses. The result of this study was revealed that the non-performing loans has significant positive relationship towards the return on assets and significant negative relationship towards the return on equity that used as the indicator for the profitability of the banks.

TABLE OF CONTENTS

TITLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF SUBMISSION	iii
ACKNOWLEDGEMENT	iv
ABSTRACT	v
TABLE OF CONTENTS	vi
LIST OF TABLES	i x
LIST OF DIAGRAMS	x

CHAPTER 1	INTRODUCTION	1
	1.1 Problem Statement	2
	1.2 Research Objective	3
	1.3 Scope of Study	3
	1.4 Significance of study	4
	1.4.1 Researcher	4
	1.4.2 Investor	4
	1.4.3 The practitioners	5
	1.5 Limitation of Study	5
	1.5.1 Adequacy and availability of information and data	5
	1.5.2 Time and financial constraint	5
	1.5.3 Generalizability	6
	1.6 Conclusion	6
CHAPTER 2	LITERATURE REVIEW	
	2.0 Introduction	7
	2.1 Literature review	7
	2.1.1 Non-performing loans	7
	2.2 Return on Asset	10
	2.3 Return on Equity	10
	2.4 Conceptual frameworks	11
	2.5 Theoretical Framework	11
	2.5.1 Moral Hazard	11
	2.5.2 Stakeholder Theory	12
	2.6 Hypotheses	12
	2.7 Conclusion	13
CHAPTER 3	RESEARCH METHODOLOGY	
	3.0 Introduction	14
	3.1 Data description	14
	3.2 Empirical Model	16
	3.3 Data Analysis	1 7