THE DETERMINANTS OF NON PERFORMING LOANS ON MACROECONOMIC AND BANK SPECIFIC IN ISLAMIC BANKS : EVIDENCE FROM MALAYSIA

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ABSTRACT

The determinants of nonperforming loans of Islamic Bank attract some of the researcher attention. This study used panel data technique, this paper explore to investigate the impact of macroeconomic and bank specific on the nonperforming loans in Malaysia Islamic bank cover period starting from 2008 until 2017. Furthermore, this study cover only 15 Islamic banks within the scope of Malaysia. The result for this study show that there are four significant relationship between return on asset, net interest income, statutory required reserve and unemployment rate towards the nonperforming loans. However, the operating expenses show insignificant relationship between nonperforming loans. Thus, negative relationship show between the return on asset, operating expense and nonperforming loans. The other variable show there is positive association between net interest income, statutory required reserve, unemployment rate and nonperforming loans.