

UNIVERSITI TEKNOLOGI MARA

**THE DETERMINANTS OF BANK
LOAN PROVISION: A STUDY ON
SELECTED COMMERCIAL BANKS
IN MALAYSIA**

**WAN SHAMIMI BT WAN HASSAN
2015126391**

**BBA (Hons) Business Administration
Finance**

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Thesis submitted in fulfillment
of the requirements for the degree of
Bachelor of Business Administration (Hons)
Finance

Faculty of Business Management

December 2017

AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA, Johor Branch, Segamat Campus. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, Johor Branch, Segamat Campus regulating the conduct of my study and research.

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on Selected Commercial Banks in Malaysia
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Date : 21 December 2017

ABSTRACT

In term of finance, loan loss provision will be used by the bank as a one of tool to mitigate the risk. It plays an important role in the banks to cover the losses that the bank will face. Banks are highly levered firms, and the nature of their leverage is unique in the sense that a substantial portion of bank debt is “demandable” and is also part of the economy’s payments system. Besides, banks are the most important financial intermediaries, which results from their role as providers of payments, loans and deposits, and as producers of information. The expected study will determine the impact of bank’s specific factor towards loan loss provision with focus on Malaysia banking sector. The data of the expected study will be taken from the annual report as annually of the commercial bank in Malaysia. The type of the data that will be use is panel data which consist of six commercial banks from 2010 until 2016. The commercial banks that be selected include Maybank, Ambank, Affin Bank, RHB Bank, Public Bank and Hong Leong Bank. The variables that used in this study are earnings before tax and provision (EBTP), bank size (total asset), non-performing loan (NPL), debt to equity ratio and total loan.

ACKNOWLEDGEMENT

Assalamualaikum w.b.t,

First and foremost, I would like to thank to my advisor, Miss Nadia Nurul Najwa for the valuable guidance and advice. She inspired us greatly to work in this thesis. Her willingness to motivate me contributed tremendously to this thesis. Moreover, I would like to thank to a Coordinator Thesis Madam Nur Liyana Mohamed Yousup for approval my thesis topic and guidance for the making of thesis. Besides, I would like to thanks the authority to University Teknologi Mara (UiTM) for providing us with a good information such as data to complete this thesis. Also, I would like to take this opportunity to thanks Madam Nurul Aien as co-advisor because gave the approval and sign the topic too.

The guidance and support received from all the members who contributed and who are contributing to this thesis was vital for the success of the study. Finally, an honorable mention goes to our families and friends for their understandings and supports on me in every trial that came our way. Also, I thank them for giving not just financial, but moral and spiritual support. Without helps of the particular mentioned above, I would face many difficulties while doing this thesis.