

DECLARATION OF ORIGINAL WORK




BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
JOHOR

"DECLARATION OF ORIGINAL WORK"

I, NOR SALMIZA BINTI SALIM, (I/C Number: 840406-05-5530)

Hereby, declare that,

- This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees
- This project paper is the result of my independent work and investigation, except where otherwise stated
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature: 

Date: 23 OCTOBER 2007

THE RELATIONSHIP BETWEEN LOAN SALES
AND BANK RISK: CONVENTIONAL AND
ISLAMIC BANK PERSPECTIVE

NOR SALMIZA BINTI SALIM

Submitted in Partial Fulfillment
of the Requirement for the
Bachelor of Business Administration (Hons)
Finance

FACULTY OF BUSINESS MANAGEMENT
UITM, JOHOR

(OCTOBER 2007)
LETTER OF SUBMISSION

23 OCTOBER 2007

The Programme Coordinator
Bachelor of Business Administration (Hons) Finance
Faculty of Business Management
Universiti Teknologi MARA
85009 Segamat Johor.

Dear Sir,

st.JBMBS10N OF PROJECT PAPER

Attached is the project paper titled "THE RELATIONSHIP BETWEEN LOAN SALES AND BANK RISK: CONVENTIONAL AND ISLAMIC BANK PERSPECTIVE" to fulfill the requirement as needed by the Faculty of Business Management, University Teknologi MARA

Thank you

Yours sincerely



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NOR SALMIZA SALIM

ABSTRACT

This study examine the risk behavior of the loan sales activity in Malaysia. This is because bank rebalance their loan portfolio exposure by selling loans in the secondary mortgage market. This study comprise the sample of the Conventional bank and Islamic bank which is local own bank and foreign own bank in Malaysia which provide housing loan from 2000 until 2006 for yearly basis. The method used in this research is multiple regression analysis.

This study finds that there is a relationship between loan sales and bank risk in Conventional bank. Meanwhile there is no relationship between loan sales and bank risk in Islamic bank. For the Conventional bank, ASSETS (natural logarithm of total assets) is the most significant independent variable that gives an effect towards the bank risk. Meanwhile for Islamic bank, LNSLD (loan sold to total asset ratio) is the most significant effect towards the bank risk.