



**PERFORMANCE OF ISLAMIC BANKS VERSUS  
CONVENTIONAL BANKS IN TERMS OF  
PROFITABILITY, LEVERAGE AND LIQUIDITY  
RATIOS IN MALAYSIA**

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

**NOVEMBER 2006**

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**HAFIDZAH BINTI ABD AZIS  
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**Submitted In Partial Fulfillment  
Of The Requirement For The  
Bachelor Of Business Administration  
(Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA  
JOHOR**

**NOVEMBER 2006**



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(HONS) FINANCE  
FACULTY OF BUSINESS AND MANAGEMENT  
UNIVERSITI TEKNOLOGI MARA**

**"DECLARATION OF ORIGINAL WORK"**

I, HAFIDZAH BINTI ABD AZIS, (IC NUMBER: 821107-01-6108)

Hereby, declared that,

- This work has not previously been accepted in substances or any degree, locally or overseas, and is not being currently submitted for this degree or any other degree.
- This project paper is result of my independent work and research, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specially having knowledge.

Signature,

Date,

7 NOV 2006

**LETTER OF SUBMISSION**

8<sup>th</sup> November 2006

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

Dear Sir,

**SUBMISSION OF PROJECT PAPER**

Attached is the project paper titled: "PERFORMANCE OF ISLAMIC BANKING VERSUS CONVENTIONAL BANKS IN TERMS OF PROFITABILITY, LEVERAGE AND LIQUIDITY RATIOS" as needed by the Faculty of business and Management, University Technology MARA

Thank you

Yours sincerely

  
.....  
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## ABSTRACT

The study evaluates inter temporal and inter bank performance of Islamic banking and conventional banks in terms of profitability, liquidity and also leverage ratios for ten selected banks. There are five from Islamic banks and another five from conventional banks in Malaysia. The five selected Islamic banks are Bank Islam Malaysia Berhad, AmIslamic Bank Berhad, Bank Muamalat Malaysia Berhad, Hong Leong Islamic Bank Berhad and RHB Islamic Bank Berhad. Then, another five banks from conventional banks are Malayan Banking Berhad, Bumiputra-Commerce Bank Berhad, Ambank (M) Berhad, Public Bank Berhad and RHB Bank Berhad. Then, the period selected from year 2000 until 2005. Financial ratios are applied in measuring these performances and their income statement and balance sheets is used. T-test used in determining their significance.

By making this research, researcher can find the objectives of this topic that are to study about the performance of Islamic banks comparing to conventional banks in terms of their liquidity, leverage and also profitability ratios, to find which types of banks performed better between two banks; Islamic and conventional banks and to make a comparing of ratio analysis in Islamic bank and conventional bank.