



اَوْنِيُوْرَسِيْتِي تِيْكْنُوْلُوْجِي مَارَا

UNIVERSITI TEKNOLOGI MARA  
KAMPUS KOTA BHARU, KELANTAN

**THE RELATIVE EFFICIENCY OF ISLAMIC BANKS IN  
ASIA COUNTRIES USING NON-PARAMETRIC  
APPROACH: DATA ENVELOPMENT ANALYSIS**

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**BM 222**

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## LETTER OF TRANSMITTAL

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Bachelor of Business Administration (Hons) Finance  
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Dear Sir,

### SUBMISSION OF PROJECT PAPER (FIN 667)

Attached is the project paper titled **“THE RELATIVE EFFICIENCY OF ISLAMIC BANKS IN ASIA COUNTRIES USING NON-PARAMETRIC APPROACH: DATA ENVELOPMENT ANALYSIS”** to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Your valuation for this project paper is highly appreciated.

Thank you.

Yours sincerely,

.....  
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**“In the name of Allah, The most Gracious and Merciful”**

Alhamdulillah, praise to Allah S.W.T. the Lord of the universe, for his wisdom, strength and blessing to complete this project paper successfully. Without His permission, I may be incapable to complete this task, which is to fulfil the requirement of the subject's (FIN 667) project paper.

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Thank you.

## ABSTRACT

This study investigates the efficiency of Islamic Banks of Asia. The history of banks of Asia is very affluent in efficiency to the Islamic banks. Islamic banking industry in Asia is in its early stages, very few banks are operating in this sector which performs pure Islamic banking. This research was conducted in objective identify the input and output, which the total assets and total deposits are inputs while the loans and investment are outputs. For this study, we take a sample of 12 Islamic banks of Asia from year 2006 – 2010 which the data collected from the secondary data which is used the Datastream that include income statement and balance sheet. Based on the finding the DEA identified 4 efficient islamic bank while about 8 are inefficient islamic bank of Asia. Result show that Al Rajhi, Qatar Islamic, Bahrain Islamic Bank and Qatar National are mostly efficient. There inefficient banks need to be improved to increase the economic growth. While the Islamic bank that efficient every single year should be maintain the performance for the whole year by well managed the inputs and outputs by that it will maintain the efficiency. A DEA model is non parametric approach that applied to measure the efficiency among the islamic banks of Asia but the DEA software they could not detect the ‘best efficient’ of the selected islamic bank of Asia.

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