LETTER OF SUBMISSION

24thJune 2017

Coordinator

Faculty of Business Management

Universiti Teknologi MARA (Terengganu)

23000 Dungun

Terengganu

Dear Sir/Madam,

SUBMISSION OF PROJECT PAPER (FIN 671)

Attached is the project paper title "THE DETERMINANTS OF LIQUIDITY FOR ISLAMIC BANKS AND CONVENTIONAL BANKS" to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you,

Your Sincerely,

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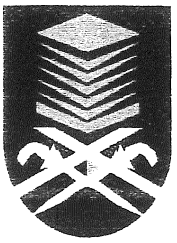
Bachelor Business Administration with Honours (Finance)

DECLARATION OF ORIGINAL WORK



BACHELOR BUSINESS ADMINISTRATION WITH HONOUS

(FINANCE)

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA (TERENGGANU)

I, **MOHAMMAD SHAHMER BIN ROSLI (NRIC: 940905-06-5117)**

Hereby declare that:

- This work has not previously been accepted in substance for any degree , any locally or overseas, and is not being concurrently submitted for this degree or any other degrees.

- The project is the result of our 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 : 7/7/2017

ABSTRACT

The research is conducted to determine the determinants of liquidity position of Islamic banks and Conventional banks in Malaysia from the period 2007 to 2015. Taking into consideration of the financial crisis, the determinants consists of bank-specific factors such as capital adequacy, bank size, asset quality and profitability. The financial crisis period is used as a dummy variable.

This study uses secondary data of banks annual report from Bankscope. The study also uses two panel data with the estimation model of Fixed Effect Model for conventional banks and Random Effect Model for Islamic bank.

Thus, 27 banks will be used as a sample size for this study which consists of 18 conventional banks and 9 Islamic banks.. The data from the database were analysed by using Stata version 10. The analysis includes descriptive analysis and correlation analysis.

The variables that are significant for conventional banks are capital adequacy, bank size and asset quality while for Islamic banks, asset quality and financial crisis is found to be significant. Factors with positive influence on liquidity of conventional banks and Islamic banks are capital adequacy and asset quality while bank size, profitability and financial crisis have negative relationship with liquidity.

TABLE OF CONTENT

Content	Page
Acknowledgement	
Table of content	i – iii
List of Tables and Figures	iv
Abstract	v
Chapter 1: Research Overview	
1.0 Overview of the study	6 - 7
1.1 Background of the Study	7 – 8
1.2 Problem Statement	9 - 10
1.3 Research Objectives and Questions	10
1.4 Scope and Limitation of the Study	10 - 11
1.5 Significance of the Study	11
1.6 Operational Definition	12
Chapter 2: Literature Review	
2.1 Introduction	13
2.2 Liquidity position of Malaysian banks	13
2.2 Independent Variable	14 - 18
2.2.1 Capital Adequacy	
2.2.2 Size	
2.2.3 Asset Quality	
2.2.4 Profitability	
2.2.5 Financial Crisis	
2.2.6	
Chapter 3: Research Design and Methodology	
3.0 Introduction	19
3.1 Research Design	19
3.1.1 Time Horizon	
3.1.2 Unit of Analysis	

3.1.3 Type of Study

3.2 Proposed Theoretical Framework 20

3.3 Variables 21

3.3.1 Dependent Variable
3.3.2 Independent Variables
3.3.3 Dummy Variable

3.4 Measurement of Variables 22

3.5 Hypotheses Development 22 - 23

3.5.1 Capital Adequacy
3.5.2 Size
3.5.3 Asset Quality
3.5.4 Profitability

3.6 Research Methodology 24 - 26

3.6.1 Introduction
3.6.2 Data Collection Methods
3.6.3 Target Population and Sample Size

Chapter 4: Data Analysis and Findings

4.0 Introduction 27

4.1 Scale Measurement 27 - 31

4.1.1 Chow Test
4.1.2 Breush Pagan Lagrange Multiplier Test
4.1.3 Hausman Test
4.1.4 Multicollinearity
4.1.5 Correlation Analysis
4.1.6 Heteroscedasticity

4.2 Findings 32 – 37

4.2.1 Descriptive Statistics
4.2.2 Regression Model

Chapter 5: Discussion and Conclusion

5.0 Introduction 38