



اَوْنُوْرَسِيْتِي تِي كُنُوْلُو كِي مَارَا
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**“DETERMINANTS OF SAVINGS PERFORMANCE IN MALAYSIA: A
STUDY IN ISLAMIC BANKS”**

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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 paper is the result of our independent work and investigation, except where otherwise stated.
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ABSTRACT

Malaysia is as one of the committed Muslim countries towards the developing an Islamic banking system. This study investigates the “Determinants of Saving in Malaysia: A Study in Islamic banks”. It focused on the factors that influencing people to make a saving in Islamic banks. There are several objective that had been conducted includes: (i) to assess the determinants of saving in Islamic banks, (ii) to determine the magnitude of the variables in influencing saving in Islamic banks, and (iii) to find out the most significant variables in influencing saving in Islamic banks. This study analyzes the important function of money supply, Islamic deposit rate, consumer price index and gross domestic product. The results highlighted that all of the variables are significant value in determining saving in Islamic banks. With higher Islam is significantly correlated with a higher rate of return and automatically the interest rate in conventional banks will become low. This means, when rate of return that provided by Islamic banks is lower that interest rate that provided by conventional banks, it will make Islamic banks’ depositors transfer their funds to conventional banks. This action finds that the existence of commercial risk between Islamic banks and also conventional banks. The findings of this study have implications on the risk management that experienced by both of the banks.

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