

## MICROECONOMICS DETERMINANTS OF BANK FINANCING : A CASE OF ISLAMIC BANK (BANK ISLAM MALAYSIA BERHAD)

# HASANAH MASTURAH BINTI MOHD YUSUF 2011237592

# BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (ISLAMIC BANKING) FACULTY OF BUSINESS MANAGEMENT UNIVERSITI TEKNOLOGI MARA (TERENGGANU)

**JUNE 2014** 

## **DECLARATION OF ORIGINAL WORK**



## BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (ISLAMIC BANKING) FACULTY OF BUSINESS MANAGEMENT UNIVERSITI TEKNOLOGI MARA (TERENGGANU)

## I, HASANAH MASTURAH BINTI MOHD YUSUF, (I/C Number: 920520-14-5636)

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.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature : \_\_\_\_\_\_

Date: \_\_\_\_\_

#### Abstract

Bank financing is an Islamic terms for bank lending or in simple word it means loan. Loan is a <u>debt</u> given to other entity at an <u>interest rate</u> with the evidenced of a <u>note</u> which specifies date of repayment. Therefore, this research is done to look for the magnitude in the determinants of bank financing. Other than that, the study also aims to study the weight of the microeconomics determinants which influence the bank financing. This study analyse the microeconomics determinants of bank financing in Islamic bank. Time series analysis method used to observe the data of Bank Islam Malaysia Berhad (BIMB) starting from 1984 until 2012. The result shows there is a relationship between asset of the bank, deposit at the bank and bank's capital with bank financing.

Keywords : Bank Financing, Asset of the bank, Deposit at the bank, Bank's capital

## TABLE OF CONTENT

CONTENT	PAGE
ACKNOWLEDGEMENT	iv
LIST OF TABLE	v
LIST OF FIGURE	vi
ABSTRACT	vii
CHAPTER ONE: INTRODUCTION	
1.0 Introduction	1
1.1 Background of Study	3
1.2 Problem Statement	4
1.3 Research Objective	6
1.4 Scope of Study	7
1.5 Significant of Study	7

## CHAPTER TWO: LITERATURE RIVIEW

2.0 Introduction	9
2.1 Bank Financing	9
2.2 Bank Financing and Asset of the Bank	10
2.3 Bank Financing and the Bank's Capital	11
2.4 Bank Financing and Deposit at the Bank	13

## CHAPTER THREE: RESEARCH METHODOLOGY

3.0 Introduction	15
3.1 Research Design	15
3.2 Scope and Data Collection	16
3.3 Formulation Model	16
3.4 Method of Data Collection	17
3.5 Theoretical Framework	18
3.6 Operational Definition	19
3.7 Hypothesis	20
3.8 Measure for Analysis	21

## CHAPTER FOUR: ANALYSIS AND DISCUSSION

4.0 Introduction	25
4.1 Descriptive Statistics	25
4.2 Formulation Model	27
4.3 Measure Analysis	29
4.4 Results and Analysis	32

## **CHAPTER 5: CONCLUSION AND RECOMMENDATION FOR FUTURE STUDIES**

5.0 Introduction	34
5.1 Conclusions	34
5.2 Recommendations For Future Studies	36