



DETERMINANT FACTORS OF COMMERCIAL BANKS  
PROFITABILITY: EVIDENCE FROM MALAYSIA

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## ABSTRACT

This paper's aim is to examine the factor that effect commercial bank's profitability in Malaysia. Bank's profitability can be influence or affected by internal factor and external factor. The factor is bank-specific characteristics and macroeconomic that will be influenced the bank profitability for the time period 5 years from year 2011-2015 on Malaysian commercial banks from Bank Negara Malaysia. The commercials banks have two types of bank which is local commercial bank that consist 8 banks and foreign commercial bank will be selected 10 banks. This study is using the regression models that relate the profitability of bank ratios to various explanatory variables. The study applied two variables which is independent variable and dependent variable. The independent variable has two factors which is measured by asset quality (AQ), capital adequacy (CA), growth domestic product (GDP) and Inflation (INF) and the dependent variable is measured by return on asset (ROA) also has financial ratio to measuring the variable.

Keyword: Bank specific factors, Macroeconomics variable factors, Bank profitability.