THE AFTERMATH OF GLOBAL FINANCIAL CRISIS TOWARDS MALAYSIAN BANKING INSTITUTION PERFORMANCES

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ABSTRACT

This paper attempts to investigate the consequences of Global Financial Crisis towards the performances of financial institution in Malaysia. For this purpose, 34 financial institutions comprise licensed institution namely commercial banks, investment banks, Islamic banks, and international Islamic banks which licensed and supervised by Bank Negara Malaysia (BNM) were used and tested using panel data regression model as tool embedded in the STATA Software over the period of 2009 until 2014 in relation to Global Financial Crisis. The profitability ratio of Return on Asset (ROA) is used as a financial indicator to measure Malaysian bank's performances in relation to the effect of Global Financial Crisis in 2008. Based on this paper, the result of size of bank that measured by total asset has no relation towards bank profitability at all while the result capital ratio shows that the relation is significantly and positively influences the bank profitability. On the other hand, liquidity is significantly influence the bank profitability but in negative headings which means that the increase in current ratio will resulted decrease in return on asset (ROA) and vice versa. For future studies, it is recommended that more sample size and determinant factors can be included in determining the effect on bank profitability.