



CORPORATE GOVERNANCE AND BANK PERFORMANCE
IN MALAYSIA

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ABSTRACTS

The purpose of this study is to examine the relationship between the corporate governance mechanisms and bank's performance in Malaysia. The bank performance is measured by using the Return on Asset (ROA) and Return on Equity (ROE) for profitability measurement while for measuring the efficiency is by using Cost to Income Ratio (CIR) as the dependent variable. Meanwhile, for independent variable consist of the corporate governance monitoring mechanisms. This study chooses Malaysia as the sample of country and the firms chosen is the 10 listed banks in Bursa Malaysia. The financial data is taken from the period of year 2013 until 2017 which is resulting 50 observations. Results showed that first mechanism which is the Ownership Monitoring Mechanism, only Government Ownership shows a significant relationship towards the three elements in measuring the bank's performance, While for Foreign Ownership, only shows a significant towards the bank's efficiency. The next mechanism is the Internal Control Monitoring Mechanism. The result only shows a significant relationship between the CEO Duality with the Cost to Income ratio while for Board Size and Board Independence, the result shows that there is no significant relationship between both variables with the bank performance. Next for Regulatory Monitoring Mechanism which is measured by the capital adequacy ratio shows that there is no significant relationship with any measurement of bank's performance. For the last monitoring mechanism which is the Disclosure Monitoring Mechanism, the result only shows a significant relationship between the Big 4 External Auditor with the bank efficiency while there is no significant relationship for Big 3 Rating Agency towards any measurement of bank's performance.