



**THE DETERMINANTS OF ISLAMIC BANKING  
PROFITABILITY IN MALAYSIA**

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**JULY 2017**

## ACKNOWLEDGEMENTS

Bismillahirrahmanirrahim...

Assalamualaikum W.B.T. in the Name of Allah, Most Gracious, most Merciful, I am grateful to Allah for giving me physical and mental strength in completing my final project paper named "The Determinants of Islamic Banking Profitability in Malaysia". Many individuals have significantly involved in completing this assignment and thus their contribution must not be left unmentioned.

First of all, I would like to express my gratitude to my successive advisor, Sir Ahmad SyaifulizanZulkeeflyfor giving such useful information, guidance, advices and supportat beginning of my project until this project paper is completed. His comment and suggestion give me deeper understanding about the research carried out during the process of preparing this paper. Besides that, also thanks to our second examiner Dr. HalimahtonBorhan.

Even though, there a quite a lot of obstacles to completing this task, but with high dedication, the task is complete on time. Moreover, I would like to thanks to my beloved parents for the encouragement and support given especially their moral support and financial support as without them I might not be able to complete my final project paper.

Last but not least, I would like to thank my friends and those who have assisted directly or indirectly throughout my final project paper. Their contribution in providing

information, sharing comments and opinions and also continuous encouragement enable me to undergo the long days and nights for me to complete the assignment. For once again, thank you.

## TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGES</b>
COVER PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF SUBMISSION	iii
ACKNOWLEDGEMENTS	iv
TABLE OF CONTENTS	vi
LIST OF TABLES	x
LIST OF FIGURES	xi
LIST OF ABBREVIATIONS	xii
ABSTRACT	xiii
<b>CHAPTER 1 : INTRODUCTION</b>	<b>1</b>
1.1 Background of study	1
1.2 Problem Statement	3
1.3 Definition of Term	4
1.3.1 Return on Asset	4
1.3.2 Bank Size	5
1.3.3 Capital Adequacy (CA)	5
1.3.4 Liquidity (LIQ)	5
1.4 Research Objectives	6
1.5 Research Questions	6
1.6 Significant of the Study	7

## **ABSTRACT**

The objective of this study is to identify the determinants of Islamic Banking profitability in Malaysia. The dependent variable of this study is Return on Asset while the independent variables are Bank Size, Capital Adequacy, and Liquidity. The type of data used in this study is panel data. The sample of study consists of 5 full-fledged Islamic Banks in Malaysia and data collected cover the period from 2010 until 2015. This study employs Panel Regression Random Effect Model in order to study the relationship between those variables. The result of this study shows that Bank Size, Capital Adequacy, and Liquidity have significant relationship with profitability of Islamic Banks. The most impact in this study is Liquidity. In conclusion, it will be important determinants to use in to see the Islamic Banking Profitability in Malaysia.