

## LETTER OF SUBMISSION

30th December 2019

Coordinator

Faculty of Business and Management,

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Dear Sir,

### **SUBMISSION OF PROJECT PAPER (FIN672)**

Enclosed here a research report entitled "**FACTORS AFFECTING THE PROFITABILITY OF GOVERNMENT-LINKED BANKS IN MIDDLE INCOME COUNTRIES IN ASEAN**". I hope this report will meet your requirement and expectations of the Faculty of Business and Management. Thank you for all the guidance, support and assistance you have generously rendered for the completion of this report.

Thank you.

Yours faithfully,

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**BBA (HONS.) FINANCE**

## ACKNOWLEDGEMENT

Bismillahrahmannirrahim....

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## ABSTRACT

The purpose of this study is to determine the factors that can affect the profitability of selected Government-Linked Banks in middle-income countries in ASEAN. This study consisted of 3 banks from 5 countries, ranging from the year of 2010 to 2018, totalling to a period of 9 years. Pooled Ordinary Least Squared (POLS) method has been employed in analysing the data. The dependent variable is Profitability, measured by Return On Asset (ROA) whereas the independent variables are Gross Domestic Product, Operational Efficiency, Credit Risk and Bank Size. Results show that Gross Domestic Product is not significant, whereas Operational Efficiency, Credit Risk and Bank Size have a significant relationship with Profitability. The findings of this paper are expected to expand the literature regarding Government-Linked Banks as studies pertaining to the subject matter are limited.

**Keywords :** *Government-Linked Banks, Profitability, Gross Domestic Product, Operational Efficiency, Credit Risk, Bank Size, middle-income countries, ASEAN.*