

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)
FACULTY OF BUSINESS AND MANAGEMENT
UNIVERSITI TEKNOLOGI MARA (TERENGGANU BRANCH)**

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Hereby declare that:

- This work has not previously been accepted in substance for any degree, any locally or overseas, and is not being concurrently submitted for this degree or any other degrees.
- The project paper is the result of our independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature:

Date: 14 August 2020

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Abstract

The purpose of this study is to examine factors affecting bank stability such as bank size, return on asset, return on equity and liquidity risk in Islamic and Commercial banks in Malaysia. The sample in this study comprises 16 listed of licensed financial institutions in Malaysia by Bank Negara Malaysia for the period 2010-2019. The dependent variable in this study is bank stability that measured by Z-Score and was examined by panel data analysis using STATA Package.

The findings obtained from the Pooled Ordinary Least Square (OLS) indicates that bank size and return on asset have positive relationship and are insignificant to the dependent variable which is the bank stability while return on equity has negative relationship and is insignificant to bank stability. However, liquidity risk shows negative and significant with bank stability.

Keywords: bank stability, Z-Score, bank size, return on asset, return on equity, liquidity risk, Islamic banks, commercial banks