



**A STUDY ON DETERMINANTS OF COMMERCIAL
BANK PROFITABILITY DURING POST MERGER**

NUR FARIHA BINTI MOHD SOHAIMI

2009831876

**BACHELOR OF BUSINESS ADMINISTRATION
(HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
MARA UNIVERSITY OF TECHNOLOGY**

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TABLE OF CONTENT

<u>CONTENT</u>	<u>PAGE</u>
ACKNOWLEDGEMENT	VI
LIST OF TABLE	VII
LIST OF FIGURE	IX
ABSTRACT	
 <u>CHAPTER ONE : INTRODUCTION</u>	
1.0 : Introduction	01
1.1.1 Malaysian Banking Sector	01
1.1.2 Background of The Study	02
1.2 : Problem Statement	04
1.3 : Research Objective	05
1.4 : Scope of the Study	05
1.5 : Significance of the Study	06
1.5.1 To the Researcher	06
1.5.2 To the Academic Field	06
1.5.3 To the Banking Sector	06
1.6 : Limitations of the Study	07
1.6.1 Data Availability	07
1.6.2 Reliability of information	07
 <u>CHAPTER TWO : LITERATURE REVIEW</u>	
2.0 Introduction	09
2.1 : Post Merger Banks Performance	09
2.2 : Bank Profitability	11
2.3 : The Relationship Between Capital Ratio and Profitability	12
2.4 : The Relationship Between Assets Composition and Profitability	16
2.5 : The Relationship between Bank Size and Profitability	18

2.6 : The Relationship Between Fund Sources and Profitability	21
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CHAPTER THREE : RESEARCH METHODOLOGY

3.0 : Introduction	25
3.1: Data & Methodology	25
3.2: Theoretical Framework	25
3.3: Dependent Variable	26
3.4: Independent Variable	23
3.4.1 : Capital Ratio	23
3.4.2 : Asset Composition	27
3.4.3 : Bank Size	28
3.4.4 : Fund Sources	28
3.5: Hypothesis	29
3.5.1 :Hypothesis 1	
3.5.2 : Hypothesis 2	
3.5.3 : Hypothesis 3	
3.5.4 : Hypothesis 4	
3.5.5 : Hypothesis 5	
3.6: Data Analysis & Administration	30
3.6.1 : Generalized Least Square	30
3.6.2 : Test of Normality	31
3.6.3 : Test of Multicollinearity	32
3.6.4 : Test of Autocorrelation	33
3.6.5 : Descriptive Statistic	33
3.6.6 : Test of Autocorrelation	33
3.6.7 : Bank Characteristic	34

ABSTRACT

This paper examines what are the determinants of commercial banks profitability during post merger. Guided merger was implemented in 2002 by the central bank of Malaysia to reform 54 of depository institutions into 10 large banks. This study conducted to utilized the secondary data obtained primarily from the banks web sites for eight commercial banks i.e. . Affin Bank, CIMB Bank, EON Bank, Maybank, Hong Leong Bank, Public Bank, RHB Bank and Am Bank during the period 2002 to 2009 by using PANEL data analysis. The results show that the capital ratio most significant in contribute to the bank profitability. A well capitalised bank is perceived to be of lower risk and will contribute to the higher profitability. On the other hand, bank size also have a positive relationship with the profitability. Means that the size of the banks measure by the total assets of the banks. Perceive its indicate that larger bank is more competitive and efficient since banks with a large retail deposit-taking network do not necessarily gain a cost advantage. So it will increase the profitability of the banks.