



**MALAYSIAN RINGGIT FLUCTUATION INFLUENCES LOCAL ISLAMIC BANKS
PROFITABILITY IN MALAYSIA**

NUR KHALEDA ANISA BINTI AHMAD JAIS

2015836764

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

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ABSTRACT

Profitability is refers to the earnings of the firms earned from the revenue and after subtracting the expenses incurred during a given period. In a banking sector, profitability of the banks is very close. This is because the profitability will show the bank's financial performance. The financial performance refers to the ability to leverage operational and investment decisions and strategies to achieve a business' financial stability. It is measure of a bank's achievement of its financial goals guided by its financial objectives and benchmark. The purpose of this study is to examine the exchange rate fluctuation influence the bank's profitability of local Islamic banks in Malaysia. In this study data obtained from the financial statement for each banks and the World Bank data. The data collected for the period between the years 2007 until 2016 has been used. As indicators of profitability, return on assets has been used as a dependent variable. While, besides the exchange rate fluctuation as a factor, the study also used debt to equity ratio, capital adequacy ratio and interest rate as an independent variables in this study.

Keywords: banks profitability, Islamic banks, Malaysia, debt to equity, capital adequacy, exchange rate, interest rate