



**THE DETERMINANTS OF LIQUIDITY RISK AMONG ISLAMIC BANKS IN
MALAYSIA**

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ABSTACT

The study is about how liquidity risk influencing the Islamic banks in Malaysia. The study evaluates the liquidity of a bank by using their Total Asset, Return on Asset, Return on Equity And Capital Adequacy Requirement therefore liquidity management could raise funds to meet the demands of depositors and borrowers at any times with satisfactory price. The result of this study indicated that, there is a negative significant relationship between Return on Assets and Capital Adequacy Requirement toward the liquidity risk of Islamic banks in Malaysia, meanwhile for Total Assets and Return on Equity showed positive significant toward the liquidity risk of Islamic banks in Malaysia. As for the sample of this study, it comprises of 110 observations each for the independent and dependent variables on an annually basis over eleven years period from 2006 to 2016 from 10 Islamic banks. In order to investigating the determinants of liquidity risk among Islamic banks in Malaysia. This study used the Panel Regression Fixed Effect analysis with panel data that are gathered from Data Stream. A software package called E-views had been used in finding and analysing the data.

Keyword: Liquidity Risk, Total Assets (Size of Banks), Return on Assets (ROA), Return on Equity (ROE), Capital Adequacy Requirement.