



**UNIVERSITI TEKNOLOGI MARA**

**PROFITABILITY DETERMINANTS OF FINANCIAL  
SERVICES COMPANIES IN MALAYSIA**

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## **Abstract**

Profitability is one of the key indicators of a financial organization's success. Using a data set spanning the years 2016 to 2020, this research examines the effects of internal drivers on financial services profitability using static panel data analysis on 4 companies listed on Bursa Malaysia. Equity management, asset management and organisation size are all independent variable choosen for this study. In order to evaluate the relationship between explanatory factors and profitability, this study uses a Panel data model. This study backs up strong suggestions that internal elements should be considered when assessing a financial service company's. According to the findings, this study suggests that equity management is the most eligible factor that determine the profitability. Thus, more efficient of a company's equity management, the lower the risk obtaining profitability.

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## **CHAPTER 1 INTRODUCTION**

### **1.1 Introduction**

The financial services is a part of the economy made up of companies and institutions that supply commercial and retail consumers with financial services. This industry includes a diverse variety of businesses such as banks, financial institutions, insurance firms, and real estate corporations.

Malaysia's creative and stable financial services sector arose in part as a result of the country's lessons learnt from the agony and loss of the Asian financial crisis of the late 1990s. The economy has been gradually rising in recent years, thanks to the expansion of many industries in the country. Profitability is a measure of an organization's success, emphasising the necessity of financial sustainability and sound management. Financial institutions are one of the sectors that contribute to the growth of an economy in Malaysia, and they are one of the most tightly controlled and regulated by Bank Negara Malaysia (BNM). As a result, it is widely acknowledged that both financial and non-financial organisations are required to ensure the long-term profitability of all time services while also committed to fostering financial stability as a progressive financial sector. Today, one of the businesses that has been regarded as the key financial service is financial institutions. The government has developed the financial industry's development as a financial services company by offering specialised goods and financial services to meet the demands of diverse industries.

This chapter will cover on background of study, problem statements and also including research questions and research objectives. This chapter also will discuss the research hypothesis, significant of study, definition of terms and limitation for this study.