

UNIVERSITI TEKNOLOGI MARA

SENSITIVITY OF BANK PROFITABILITY BEFORE
AND AFTER FINANCIAL CRISIS

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AUTHOR'S DECLARATION

I declare that the work in this final year project paper was carried out in accordance with the regulations of Universiti Teknologi MARA. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA, regulating the conduct of my study and research.

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ABSTRACT

The profitability of the bank is very important in order for them to rolling up their business. However, the profitability of the banks can be determine by the several factors which is internal and external factors. Internal factors can be come from a bank itself while for the external factors is from the macroeconomic indicators. A good financial system is important for the economic growth (Rachdi, 2013). The aim of this study is to investigate the sensitivity of the bank profitability before (2003 — 2009) and after (2010 — 2016) the financial crisis. The worst financial crisis happened in 2008 (Askari, Shirazi, & Aghababaei Samani, 2018). There are some of the financial institutions suffer from the losses during this financial crisis which need an intervention of the national government to save out the banks (Lai et al., 2014). The measures of profitability that have been used in this study is Return on Asset (ROA). This study will conduct by using a panel data and the sampling for this study is 6 commercial banks in Malaysia which is Maybank, Public Bank, AmBank, RHB Bank, CIMB Bank and Bank Islam.

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TABLE OF CONTENTS

	Page
AUTHORS DECLARATION	iv
ABSTRACT	
ACKNOWLEDGEMENT	vi
TABLE OF CONTENT	vii
LIST OF TABLES	ix
LIST OF FIGURES	x
LIST OF SYMBOLS	xi
LIST OF ABBREVIATIONS	xii
CHAPTER ONE INTRODUCTION	1
1.1 Introduction	
1.2 Background of Study	1
1.3 Problem Statement	3
1.4 Research Question	5
1.5 Research Objective	5
1.6 Significance of Study	6
1.7 Scope of Study	6
1.8 Limitation of Study	7
1.9 Summary	7
CHAPTER TWO LITERATURE REVIEW	8
2.1 Introduction	8
2.2 Profitability (Return on Asset)	8
2.3 Independent Variables	9
2.4 Theoretical Framework	13
2.5 Summary	14