

**THE EFFECT OF LIQUIDITY ON THE PROFITABILITY AND
INSOLVENCY RISKS OF COMMERCIAL BANKS IN
MALAYSIA**

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MALAYSIA**

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AUTHOR DECLARATION

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

I hereby declare that the work in this thesis is my own except for quotations and summaries which have been duly acknowledged

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ABSTRAK

Kajian yang dibuat di Malaysia dan beberapa buah negara lain mendapati bahawa bank mengalami risiko kecairan yang menjejaskan prestasi bank dan mencetuskan krisis kewangan 2008. Kajian ini telah menggunakan data sekunder dari tahun 2000 hingga 2006 untuk (i) menganalisis kesan spesifik faktor bank dan makroekonomi tertentu terhadap keberuntungan dan risiko ketaksolvenan (diukur melalui skor Z) pada bank Islam dan bank konvensional di Malaysia; (ii) menganalisis kesan spesifik faktor bank dan makroekonomi tertentu terhadap kecairan bank-bank konvensional dan Islam di Malaysia; (iii) mengenal pasti kesan kecairan pada keberuntungan dan risiko ketaksolvenan bagi bank-bank konvensional dan Islam di Malaysia, dan (iv) membandingkan keberuntungan, risiko ketaksolvenan dan kecairan bank-bank konvensional dan Islam sebelum dan selepas krisis kewangan 2008. Dengan menggunakan teori penyerapan risiko, agensi, portfolioimbangan, struktur efisien, pemberi isyarat, ketakpastian, penggunaan kitaran hidup, prestasi perlakuan struktur, dan penggantian risiko-pulangan, kajian ini mengenal pasti persamaan dan perbezaan antara faktor-faktor ini pada keseluruhan sampel kajian, sampel bank Islam dan juga sampel bank konvensional. Bagi keseluruhan sampel kajian, (iaitu X pada Y), dapatan menunjukkan hubungan tak penting bagi semua spesifik faktor bank dan makroekonomi tertentu terhadap keberuntungan. Nisbah kecukupan modal (-ve), kualiti perolehan (-ve), risiko tumpuan (-ve), keluaran dalam negeri kasar (GDP) dan inflasi (-ve) didapati mempunyai kesan penting terhadap risiko ketaksolvenan. Kesan faktor-faktor ini terhadap kecairan (iaitu X pada M), hanya nisbah kecukupan modal sahaja (CAR) yang mempunyai impak positif penting terhadap kecairan. Dengan memisahkan data antara bank konvensional dengan bank Islam; bagi sampel bank Islam, penyelidikan mendapati bahawa hanya kecukupan (-ve) mempunyai kesan penting terhadap keberuntungan. Tambahan pula, hanya penumpuan dan GDP mempunyai kesan positif penting pada risiko ketaksolvenan. Bagi bank konvensional, hanya CAR (-ve) dan kualiti aset (-ve) mempunyai impak penting pada keberuntungan. Walau bagaimanapun, penumpuan, GDP dan inflasi merupakan faktor-faktor yang mempunyai impak penting terhadap risiko ketaksolvenan. Dengan mengambil kira kesan X pada M, CAR, penumpuan (-ve) dan GDP (-ve), didapati mempunyai impak penting terhadap kecairan bagi kedua-dua bank konvensional dan Islam. Bagi impak M pada Y, kecairan jelas memberi kesan kepada risiko ketaksolvenan (-ve) terhadap keseluruhan sampel kajian dan sampel kajian bank Islam sahaja. Bagi semua kajian, walaupun bank didapati mempunyai kecairan mencukupi, bank dengan jelas memberi kesan terhadap keberuntungan mereka. Keadaan ini mungkin disebabkan oleh ketiadaan instrumen untuk menguruskan kecairan berlebihan dan dengan itu, tidak memberi kesan kepada kesolvenan bank. Kerajaan Malaysia melalui Bank Negara Malaysia (BNM) perlu menubuhkan polisi bagi semua bank selepas krisis yang membolehkan bank mempunyai struktur kecairan yang lebih baik dan mampan. Kajian lanjut perlu meneroka pengantara lain yang

mungkin dan menggunakan lebih banyak item bagi setiap pemboleh ubah terpendam (iaitu nisbah keberkesanan, risiko penumpuan, kualiti aset dan sebagainya). Walau bagaimanapun, satu perbandingan antara kajian negara maju dengan negara membangun perlu dilaksanakan.

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ABSTRACT

Studies in Malaysia and other countries indicated that banks suffered from liquidity risk issues which affect their performances and triggered the 2008 financial crisis. This study used secondary data from 2000 to 2016. The objectives of the study is to; (i) analyze the effect of bank specific factors and macroeconomic factors on profitability and insolvency risks (measured through Z score) of Islamic banks (IB) and conventional banks (CB) in Malaysia, (ii) analyze the effect of bank specific factors and macroeconomic factors on the liquidity of Islamic and conventional banks in Malaysia, (iii) examine the effect of liquidity on profitability and insolvency risks of Islamic and conventional banks in Malaysia, and (iv) compare the profitability, insolvency risks and liquidity of Islamic and conventional banks before and after the 2008 financial crisis. Drawing upon the concepts of risk absorption, balance portfolio, efficient structure, signalling, uncertainty, life circle consumption, structure conduct performance, and risk-return tradeoff, this study identifies the similarities and differences across these factors for pooled, Islamic and conventional banks samples. For pooled study, (i.e. X on Y), the findings show an insignificant relationship for all the bank specific factors and macroeconomic factors on profitability. Capital adequacy ratio (-ve), earnings quality (-ve), concentration risk (-ve), gross domestics products (GDP) and inflation (-ve) are found to have a significant effect on insolvency risks. As for the effect of these factors on liquidity (i.e. X on M), only capital adequacy ratio (CAR) is found to have a significant positive impact on liquidity. Splitting the data between Islamic and conventional banks; for Islamic banks samples, the research found that only efficiency (-ve) has significant effect on profitability. In addition, only concentration and GDP have a significant positive effect on insolvency risks. For conventional banks, only CAR (-ve) and assets quality (-ve) have a significant impact on profitability. However, concentration, GDP and inflation are the factors that have a significant impact on insolvency risks. With regards to the effect of X on M, CAR, concentration (-ve) and GDP (-ve) are found to have significant impact on liquidity for both Islamic and conventional banks. As for impact of M on Y, liquidity significantly affect the insolvency risks (-ve) in pooled and Islamic banks study only. For all the studies, though the banks were found to have adequate liquidity, it insignificantly effect their profitability. This might be due to the absence of instruments to manage the excess liquidity and thus, negatively effect the banks solvency. Accordingly, the Malaysian government through Bank Negara Malaysia (BNM) needs to constitute policies for all banks after the crisis that will enable them to have a better and sustainable liquidity structure, these includes a mechanism that will attract a more long term funding and more secured investments. Further study should explore other possible mediators and use more items for each latent variable (i.e. efficiency ratio, concentration risk, assets quality etc.). Notwithstanding, a comparison between developed and developing countries study will also be feasible.

خلاصة

أشارت الدراسات في ماليزيا ودول أخرى إلى أن البنوك عانت من مخاطر السيولة و التي أثرت على أدائها وتسببت بالأزمة المالية لعام 2008. استخدمت هذه الدراسة بيانات ثانوية من عام 2000 لعام 2016 من أجل مايلي :

1. تحليل تأثير العوامل المحددة للبنك والاقتصاد الكلي على الربحية ومخاطر الإعسار (المقاسة من خلال Z score) للبنوك الإسلامية والتقليدية في ماليزيا.
2. تحليل تأثير العوامل المحددة للبنوك والاقتصاد الكلي على سيولة البنوك الإسلامية والتقليدية في ماليزيا.
3. فحص تأثير السيولة على الربحية ومخاطر الإعسار للبنوك الإسلامية والتقليدية في ماليزيا .
4. مقارنة الربحية ومخاطر الإعسار والسيولة للبنوك الإسلامية والتقليدية قبل وبعد الأزمة المالية لعام 2008.

بالاعتماد على نظريات امتصاص المخاطر ، الوكالة ، المحفظة المتوازنة ، الهيكل المالية الفعالة ، دراسة المؤشرات ، عدم اليقين ، دورة الحياة للمستهلك ، هيكل سلوك الاداء ، ومقايضة المخاطر والعائد حددت هذه الدراسة أوجه التشابه والاختلاف بين هذه العوامل من خلال دراسة عينات مجمعة مكونه من البنوك من الإسلامية والتقليدية. حيث أظهرت نتائج الدراسة المجمعة (أي X على Y) علاقة غير مترابطة ما بين البنوك والعوامل المحددة للاقتصاد الكلي مقابل الربحية. من جهة أخرى أظهرت النتائج بأن الناتج المحلي الإجمالي والتضخم (ve-) لهما تأثير كبير على مخاطر الإعسار. بالنسبة لتأثير هذه العوامل على السيولة (أي X على M) ، وجد أن نسبة كفاية رأس المال فقط (CAR) لها تأثير إيجابي كبير على السيولة. تقسيم البيانات بين البنوك الإسلامية والبنوك التقليدية. بالنسبة لعينات البنوك الإسلامية ، وجد البحث أن الكفاءة (ve-) فقط لها تأثير كبير على الربحية ومع ذلك ، فإن التركيز والناتج المحلي الإجمالي والتضخم هي العوامل التي لها تأثير كبير على مخاطر الإعسار. فيما يتعلق بتأثير X على M و CAR ، وجد أن التركيز (ve-) والناتج المحلي الإجمالي (ve-) له تأثير كبير على السيولة لكل من البنوك الإسلامية والتقليدية. فيما يتعلق بتأثير M على Y ، فإن توفر سيولة كافية لدى البنوك ، إلا أنها تؤثر بشكل ضئيل على ربحيتها وذلك بسبب عدم وجود أدوات لإدارة السيولة الزائدة مما سيؤثر سلباً على ملاءة البنوك. إضافة الى ما تقدم أرجو التنويه الى ان الحكومة الماليزية تحتاج (من خلال بنك Negara Malaysia (BNM) إلى وضع سياسات لجميع البنوك بعد الأزمة التي ستمكنها من الحصول على هيكل سيولة أفضل ومستدام. كما و تجدر الإشارة إلى انه يجب أن تكون هناك دراسات أخرى إضافية لاستكشاف الوسطاء المحتملين الآخرين حيث يتم استخدام المزيد من المحددات لكل متغير كامن (مثل نسبة الكفاءة ، ومخاطر التركيز ، وجودة الأصول ، إلخ) علما بأنه من الممكن أيضا إجراء دراسة مقارنة بين البلدان المتقدمة والنامية.

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