

Information Management and Business Review

[Home](#) [Current](#) [Archives](#) [Indexing/ Abstracting](#) [Publication Ethics](#) [About ▾](#)

[Home](#) / [Archives](#) / [Vol 7 No 3 \(2015\)](#) / Research Paper

Impaired Financing Determinants of Islamic Banks in Malaysia

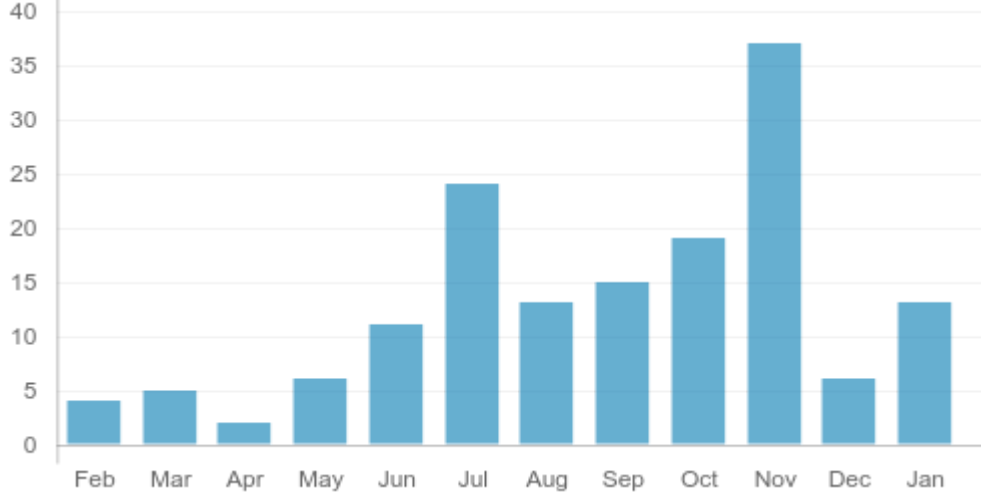
Alias Mat Nor

DOI: <https://doi.org/10.22610/imbr.v7i3.1149>

Abstract

Despite commendable growth of Islamic banking on a macro level, impaired financing is an issue among Islamic banks at the micro level. The 2008 Global Financial Crisis shows large credit risk was largely attributable to staff inefficiency. This study investigates the moderating effect of staff efficiency on determinants of credit risk or impaired financing of sixteen Islamic banks in Malaysia over the 2005-2013 periods. The determinants include new variables such as political stability index and corruption index besides GDP, inflation, finance to deposit, loan loss provisions, liquidity, capital, net interest margin, profitability, loan growth and net charge offs. The study highlights new findings where impaired financing reduced with higher political stability index and corruption index. Loan loss provision has significant positive whilst loan growth has negative impact on impaired financing. Staff efficiency significantly moderates the impaired financing relationship with capital ratio, profitability and loan growth. This relationship yields model fit of 0.889. The results support Resourced - based Theory and provide statistical evidence of the importance of staff efficiency in managing banks's credit risk. None of the external factors had significant influence on impaired financing, which statistically proved that the profit and loss sharing concept of Islamic banking provides effective tool to mitigate external risks.

Downloads



PDF

Published

2015-06-30

How to Cite

Nor, A. M. (2015). Impaired Financing Determinants of Islamic Banks in Malaysia. *Information Management and Business Review*, 7(3), pp. 17-25. <https://doi.org/10.22610/imbr.v7i3.1149>

More Citation Formats

Issue

[Vol 7 No 3 \(2015\).](#)

Section

Research Paper

Copyright (c) 2015 Information Management and Business Review



This work is licensed under a [Creative Commons Attribution 4.0 International License](#).

Author (s) should affirm that the material has not been published previously. It has not been submitted and it is not under consideration by any other journal. At the same time author (s) need to execute a publication permission agreement to assume the responsibility of the submitted content and any omissions and errors therein. After submission of revised paper in the light of suggestions of the reviewers, the editorial team edits and formats manuscripts to bring uniformity and standardization in published material.

This work will be licensed under Creative Commons Attribution 4.0 International (CC BY 4.0) and under condition of the license, users are free to read, copy, remix, transform, redistribute, download, print, search or link to the full texts of articles and even build upon their work as long as they credit the author for the original work. Moreover, as per journal policy author (s) hold and retain copyrights without any restrictions.

Open Journal Systems

[Make a Submission](#)

Important Links

[Author Fee](#)

[Focus And Scope](#)

[Submission Guidelines](#)

Information

[For Readers](#)

[For Authors](#)

[For Librarians](#)

Current Issue

[ATOM 1.0](#)

[RSS 2.0](#)

[RSS 1.0](#)

Platform &
workflow by
OJS / PKP