COMMERCIAL BANK PORTFOLIO MANAGEMENT :
A CASE STUDY OF BANK BUMIPUTERA
MALAYSIA  (1991-1997)

A Masters project submitted to Graduate school
In partial fulfillment of the requirement for the degree
Master of Science ( Management )

By

RUSLAN BIN SHAMSUDIN

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Sekolah Siswa\n(Graduate School)\nUniversiti Utara Malaysia

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Abstrak

PENGURUSAN FOTFOLIO BANK PERDAGANGAN:
KAJIAN KES BANK BUMIPUTERA MALAYSIA BERHAD
DIANTARA TAHUN 1991-1997

Kajian yang dijalankan adalah merupakan satu kajian permulaan untuk mengkaji keberkesanan pengurusan aset dan tanggungan yang terdapat pada Bank Bumiputera Malaysia Berhad (BBMB) di antara tahun 1991 hingga 1997. Kajian juga memberi penekanan kepada aspek yang luas dalam penganalisaan, kecekapan mengurus aset dan tanggungan hasil daripada kajian yang dibuat ke atas lapuran kewangan tahunan BBMB.

Hasil kajian mendapati bahawa kualiti aset yang terdapat pada BBMB adalah agak rendah berbanding dengan bank-bank perdagangan yang lain di Malaysia. Nisbah kuantiti pinjaman tidak berbayar juga agak tinggi bagi BBMB.

Terdapat juga ketidaksielanjutan perhubungan di antara kadar pertumbuhan simpanan di bank dengan kadar jumlah pinjaman yang dikeluarkan. Keuntungan bank, risiko dan nilai kecairan adalah implikasi yang terhasil daripada pengurusan pelbagai aset dan tanggungan. Di dalam merealisasikan objektif untuk mencapai keuntungan dan kecairan, pihak pengurusan bank perlu melaksanakan kaedah pengurusan aset dan tanggungan secara lebih berhati-hati, meningkatkan tahap pengawalan, berusaha ke arah pendekatan yang lebih sistematik bertujuan untuk menjamin perkembangan institusi perbankan.
Abstract


This is a pioneering attempt to examine the asset-liability management (ALM) of Bank Bumiputra Malaysia Berhad as a specific case study over the period of 1991-1997. The study provides a broad framework for the analysis of ALM performance of the bank extracted through economic interpretation of the bank's balance sheet and annual reports. The study suggests that the asset quality of the Bank Bumiputera has been somewhat low in comparison to other major banks in Malaysia. Its proportion of non-performing loans (NPL) is also on the higher side. There is also an indication of mis-match between the growth of deposits and advances by the bank over the years. Profitability, risk and liquidity implications involved in different items of liabilities and assets for a sound management. In reconciling the conflicting goals such as liquidity and profitability requires a better attention, caution, care, control, consideration, and coordinated approach in the future ALM action of the bank management.
ACKNOWLEDGEMENT

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<td>AA</td>
<td>Total Asset of Commercial Bank</td>
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<td>ADB</td>
<td>Aggregate Deposit of Com. Bank</td>
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<td>Automated teller machine</td>
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CHAPTER 1

INTRODUCTORY

1.1 Problem Statement

Banking sector is a vital sector of the financial system, which touches the life of most individuals, households, and business in modern economy. A commercial bank is a dealer in money. Its main operation is confined to business loan. A bank is, however, a profit oriented business firm. Banking progress depends on trust and confidant of the public. It is acquired by liquidity, i.e., readiness of the bank to pay cash in time when demanded. The banking objectives such as liquidity and profitability are conflicting in nature. This has to be reconciled through a prudent portfolio management.

Bank management specifically involves a comprehensive treatment of all the issues related to managing bank portfolio of liquid assets securities, loan and other aspect of credit development. The objective of portfolio management is to maximize earnings while keeping risks within limit and maintaining adequate liquidity.

Bank Bumiputra Malaysia Berhad (BBMB) is a commercial bank of strategic and social important in the national economy of Malaysia which was establish by the government in October 1965, with specific motive to assist bumiputra in business by providing them with capital and banking expertise. A whole range of banking facilities was thus made available by the bank with its
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