Research Paper

THE IMPACT OF GLOBAL FINANCIAL CRISIS 2008 ON BANKING SECTOR IN MALAYSIA

Abdul Basit
Lecturer
School of Accounting & Business Management
FTMS College, Malaysia
Abdulbasit@ftms.edu.my

Siti Soraya Sulaiman
BSc(Hons) Accounting & Finance Student
Lord Ashcroft International Business School
Anglia Ruskin University, UK
ctsoraya.s@gmail.com

ABSTRACT

The purpose of this research is to determine the impact of global financial crisis 2008 on banking industry in Malaysia. This research used global financial crisis as the dependent variable and the independent variables are earnings per share (EPS), share price, total asset ratio, deposit lending ratio and capital adequacy. The time span for this research is 11 years, where five years before the crisis and five years after the crisis while 2008 is calculated in different part. This analysis was from 2003 to 2013. The methodology for this research adopted were explanatory and descriptive research design. Secondary data was collected and to estimate the data SPSS software was used using paired t-test analysis. Eight local banks were selected over 32 banks in Malaysia using convenience sampling method. All of the data collected of the independent variable for pre-financial crisis and post-financial crisis is to determine the impact on banking sector. The finding of this research are financial crisis significantly impacts earnings per share, share price and deposit lending ratio while insignificantly impact total asset ratio and capital adequacy.

Key Terms: Financial Crisis, Earnings per Share, Share Price, Total Asset Ratio, Deposit Lending Ratio, and Capital Adequacy

1. INTRODUCTION

The purpose of the research is to investigate the impact of global financial crisis 2008 on banking industry in Malaysia. The second worst after the Great Depression (1929) is the global financial crisis 2008 when banking sectors, mortgage and insurance firms was impacted by the contagion from America to other developed and developing countries (Dalaïen, 2016). It began when Lehman Brothers investment bank of US collapsed and declined to bail out by the US government (Kapiki, 2012). In Malaysia, because of the decreasing in exports and fall down in Foreign Direct Investment (FDI) during the global financial crisis, the Government target to reach vision 2020 may be interrupted (Lin, 2012). Moreover, the banking industry plays a severe financial role of intermediary in the economics...
of Malaysian include controls the main of financial flows for 70% above of the total asset financial system (Sufian et. al, 2016).

In the aftermath, serious negative charges in prices of asset and credit, leading to interruption in financial sector and may want intervention of government when the mixture of events in financial crisis happened (Claessens and Kose, 2013). Ojeaga (2009) stated that excess of liquidity of financial sector on United State made institutions gave in to subprime lenders in droves because the institutions wish to get returns on investor funds quickly. According to Bank Negara (2009), in 1997 Malaysia’s current account balance increase from shortage of RM17 billion to a RM37 billion on 1998 and surpassed RM50 billion per annum (Yeen et al, 2013). However, in 2008 global financial crisis present account was more than RM130 billion, dropping to RM112 billion and on 2009 and 2010 at RM90 billion (Yeen et al, 2013).

Malaysia is a surviving country of the global financial crisis and Asian financial crisis. However, Malaysia still has to be aware in the changes of economic especially in the banking sector. Global financial crisis not only hit banking sector, it also impact decline of stock market, housing bubble, unemployment rate increase and consumer wealth also reduce (Gardo and Martin, 2010). Furthermore, the financial crisis caused fallen down of the stock markets in the wide world and those bigger financial organizations have smashed then still the managements in wealthy countries have to increase with release packages to secure their financial systems (Yee, et, al. 2012).


Research Objectives:

- To investigate the impact of pre and post on global financial crisis 2008 Malaysia’s banking sector on Earnings per Share (EPS)
- To investigate the impact of pre and post the global financial crisis 2008 in Malaysia’s banking sector on Share Price
- To investigate the impact of pre and post the global financial crisis 2008 in Malaysia’s banking sector on Total Asset Ratio
- To investigate the impact of pre and post global financial crisis 2008 Malaysia’s baking sector on Capital Adequacy
- To investigate the impact pre and post on the global financial crisis 2008 Malaysia’s banking sector on Deposit Lending Ratio
2. LITERATURE REVIEW

Financial crisis can be identified as the condition where demand of money increase quickly compared to the money supply (Tucker, 2009). According to Mishkin (1996), financial crisis is a disruption of nonlinear to markets in which selection of adverse and problems of moral hazard will be worse and because of that, financial markets are not able to efficiently channel funds for anyone with the most investment opportunities. Claessens and Kose (2013) described that the financial crisis is a mixture of events; changes of substantial in credit volume and prices of asset, severe disruptions in intermediation of financial, external financing of supply, problem of large scale balance sheet and the need for large scale of government support. Goldstein and Razin (2015) stated that the financial is the failure of the banks, the sharp fall of trade and credit and the collapse of the exchange rate regime that causes extreme disruption of the general functions of monetary and financial system. However, the crises of financial might occur if the banks failed to pay the investors and face the bankruptcy in two condition either the investors of banks runs or may be since the borrowers default in such big amount that the capital buffer is drained (Barrel, et al., 2013).

Earnings per share, also known as EPS, can be defined as the portion of a profit in a particular firm allocated to every outstanding share of common stock (Vaidya, 2017). According to Sameera (2016), earnings per share is used to measure the current financial performance of a firm annually and to calculate the main stock market indicator of performance the price earnings (PE) ratio. Besides that, Vaidya (2017) stated that there are two variations of EPS which is Basic EPS and Dilute EPS. Wet (2014) proclaimed that companies will have higher profitability if the value of EPS is higher. Earnings per share can also be defined as the percentage of the profit in the company that is assigned to every share of outstanding in common stock and it effects the strength and the profitability of the company (Freixinho, 2012).

Loan-deposit is important in order to calculate the liquidity of bank and its impact on bank’s profitability (Rengasamy, 2014). In other word, profitability will be identified when it shows positive difference between loan interest and loan deposit which means the profit of bank is in accordance to the charge of the interest against deposits (Rengasamy, 2014).

Stock price and share price is when someone wishes to pay in the maximum amount for the stock or the minimum amount to buy the stock (Campbell and Shiller, 1988; Arora and Chaudhary, 2016). Share price is also known as the stock of market price per share is a total that the depositors are wishing to pay for a share of the stock in a particular company (Peavler, 2017). Although, according to the view of investors, it is desirable to get the awareness and knowledge about the factors of share price in order to develop the best decision of investment (Sharif, et, al., 2015). Besides that, the share price is only share of a profitable stocks number of a company, derivative or another financial asset (Arora and Chaudhary, 2016).

Capital adequacy regulations are seen from a stock-based viewpoint, while relationship banking adopts a flow-based viewpoint to reduce costs, expand profit and improve risk management (Yamamura and Mitamura, 2005). Capital adequacy ratio (CAR) is one of the measure that ensures the financial soundness of banks in absorbing a reasonable amount of loss (Fatima, 2014). However, capital adequacy also investigates the volume of the banks to relate liabilities of time and another risk such as operational risk and credit risk (Tabash and Dhankar, 2014). In other words, the financial strength was measured using this capital adequacy while overall types of the banks is feasibility in link of capital to assets (Saddique et, al. 2017). Besides that, capital adequacy also called as capital to risk weighted asset ratio (Guisse, 2012).
John Maynard Keynes theory state that there are two major reasons of financial crisis which is actual demand shortage and failure of efficiency marginal of capital (Keynes, 2011). After the financial crisis 2008, the conviction of government active intervention through policies of fiscal was justified helpful, where a certain of global governments had to be involved and develop a significant policy in response to the harshness of the crisis (Jahan et. al, 2014). Keynes also trust that during the decline of economy, assets are sold as the failure of effectiveness in marginal of impacts in capital ability to consume subsequent in dropping investments and the size of company were reduce, where the investment firms cut back, forward the cash flow to repayment of trade credit and loan of bank (Stajanov, 2009). However, Toporowski (2012) disagree and adopted that instability growth from the mixture of deregulation of financial and speculation. Besides that, post-Keynesian literature considered that the major reason of instability in economic are uncertainty increase, fragility of financial, money endogeneity (the money quality is identified as a decision of another economic variables) and income distribution changes (Goda, 2013).

Based on Minsky (1992), the argument of instability of financial assumption characterises an economy as financier with luxurious assets of capital and system of financial complex. Minsky argued that the innovation of financial can develop excitement of economic before hitting the economy and dropping it into a crisis (Shefrin and Statman, 2011). Besides that, this theory is about unwillingness to investment of finance, where give negative impacts to profit, drop in demand of aggregate, and fall of prices during the financial crisis (Wolfson, 2002). Moreover, Minsky said when the stock price increase more than interest rates, depositors are influenced to face higher risks, rise borrowings and overpaying for the assets (Knell, 2015). During the appropriateness in the collapse on 2008 of U.S. sub-prime market, the assumption has been lately admired that caused in a smash of the U.S. system of financial foremost to crisis of global economic. (Wray, 2011) Based on the paradox-of-debt argument, Ryoo (2013) argued that since the hypothesis proposes that companies’ obligation rise during development, they trust that the ratio of debt tend to fall down during the development.

The Asian Crisis began in Thailand on 1997 was a ‘private industry failure’ which saying relatively rising the current problems of account but majorly in thoughtless borrowing or lending and the build-up of non-performing loans in the industry of financial (Lauridsen, 1998). Few of macroeconomic problems was played in Thailand, certainly current account shortfalls that become untenably huge and the overvalued of exchange rate (Berg, 1999). Corsetti et al. (1999) stated that there are two assumptions and explanations on the aftermath of the Asian Crisis which is unexpected changes in expectations of market and the assurance were the important sources of the initial turmoil of financial, where propagation over time and contagion. The second view is the crisis revealed structural and distortions of policy in the region’s countries that the imbalances of fundamental generated the currency even when the crisis began overreaction of market and herding caused the exchange rate plunge, prices of asset and action of economic to be more serious than warranted by the introductory weak economic situations (Corsetti et al. 1999). However, macroeconomic in Malaysia were stronger than other Asian countries mainly in part of inflation, external debt, savings and also substantial of fiscal surplus (International Monetary Fund, 2000). The advantage of the AFC is the input-driven development model such as regular resources, low-priced employee and primary output was unable to maintain the growth of long-term economic (Khoon and Mah-Hui, 2010).

According to Allen (1999), the interaction of arising in problem of the risk-shifting bubbles and the relationships of agency in intermediaries and concerning the credit expansion. In addition, bubble inflation also can be described as the rising of the price and it may continue for years. Then, in a few months, sometimes days, the asset price collapse and bubble burst occur. Bubble burst happens when the price stopped increasing if the supply of housing, according on a mostly speculative increase in demand but in fact outstripped that
demand (Beachy, 2012). Another definition is the price increase dramatically followed by the serious price fall down suddenly. In additional, there are main reasons for trust the bubble term and differently with the price develop of asset in another period of time. It may be to analyse between period of time with extreme design of price asset behaviour which is immediately a fall back to normal level one after sudden dramatic increase in the price asset. (Lind, 2008) According to Shefrin and Statman, (2011) bubble negative in a lower price than the value of intrinsic, while the positive bubble in a security appears if the price higher than the value of intrinsic.

**Empirical Research**

Yap, Mohamed and Chong (2014) conducted a research titled ‘The Effects of the Financial Crisis on the Financial Performance of Malaysian Companies”. This research use methodology of primary data and quantitative research which is the sample size of financial statements from the annual reports of companies from the sector of Industrial Products as listed in the Bursa Saham Malaysia (Malaysian Stock Exchange). The researchers used 70 companies in the manufacturing sector over a period of 5 years from 2006 to 2010 to investigate the effects of the crisis on the financial performance. The cluster was analyzed to four categories of good financial performers, above average, below average and poor using this smaller set of representative ratios. For the variables, initially researchers use twenty-one ratios selected and classified to five groups. To ensure that all the financial characteristics of the companies are not excluded then the ratios are chosen. The ratios are organized to 5 major categories to represent and illustrate the companies’ short-term liquidity and cash positions, solvency and leverage status, performance of profitability and the efficient utilization of the company’s assets.

Lin (2012) conducted a research on the Factors Affecting the Performance of Financial Sector in Malaysia. The research analyzed the factors that affects the financial industry performance in Malaysia from 2006-2011. The independent variables used for the research are Capital Adequacy, Asset Quality, Management, Earnings and Liquidity to identify the impact of the financial sector during financial crisis. In addition, the dependent variables used are Return on Asset (ROA) and Return on Equity (ROE). The result stated that the financial sector’s performance in Malaysia is quite profitable and stable because of systematic system regulation of financial and excellent capital of financial in this country. However, during 2008-2009, the global financial crisis was giving an impact on global financial industry and the quality service of financial institutions. Then, the result also shows that the dependent and independent variable has significant relationship.

Safaei, Safari and Farahmand (2014) conducted a study on the Factors Affecting Credit Risks of Malaysian Financial Institutions Post 2008-2009 Financial Crisis. The purpose of this paper is to analyze the causes that affect the credit risk in finance and banking firms in Malaysia post financial crisis on 2008-2009. The research used 53 banks sample for a period of 2 years from 2010-2011 to collect result of data multiple regression analysis. This research use quantitative research and the dependent variable is Credit Risk. Independent variables used were Cost to Income Ratio, Return on Average Asset (ROAA), Return on Average Equity (ROAE), Net Interest Margin, Net Loan to Total Assets and Loan Loss Reserve to Gross Loans. The data was analyzed using hypotheses test, Multi-Collinearity and Heteroskedasticity test. The finding for the research state that the Cost to Income and Net Loans to Total Asset was significant statistically relationships to credit risk.

Guissé (2012) examined topic of Financial Performance of the Malaysian Banking Industry: Domestic vs Foreign Banks. The purpose of this research is to determine the performance of the Malaysian’s foreign banks and local banks include the comparison of the profitability in financial part. The information has been collected from 8 banks for each type
of bank between years of 2005-2011. Return on Asset (ROA) and Return on Equity (ROE) as dependent variables while the independent variables are capital adequacy, asset quality, management efficiency, liquidity and size of bank to measure the profitability for both banks. The finding of the research indicates that if the use of equity increase, the register will decrease.

Felix and Rebecca (2015) conducted a study titled the “Effect of Global Financial Meltdown on the Nigerian Banking Industry and Economy”. The aim of the report is to investigate the assumption plausibility of the topic above using banking sector of Nigeria. The research used ordinary least square technique to evaluate the variable either positive, negative or neutral. The paper conducted with 42 quarters period and secondary data of employed. To complete the report 10 variables are provided which is Financial Deeping (FDP), Inflation Rate (INF), Exchange Rate (EXCR), Inter-Bank interest rate (IBR), Credit to the Real Sectors (CR), Central Bank Lending Rate (CBR), Interest Rate (INT), Broad Money Supply (MS), Gross Domestic Product (GDP) and Real Gross Domestic Products (RGDP). The research covered with unit root test to generate the data. The finding of the paper is the banking sector of Nigerian most impacted by factors of exchange rate, inter-bank interest rate, inflation rate and rate of central bank lending.

Ahid and Augustine (2012) conducted a study about The Impact of Global Financial Crisis on Jordan. The aim of the research is about to evaluate the impact of financial crisis on Jordan in two period of time which is start from autumn of 2008 until the end of the year 2008 and the second time which start on December 2008 to December 2011. The finding for this research are the financial crisis were not impact the tourism and banking sector and this paper also recover that the high level dependence on oil process and foods which led to rise the oil process and service.

Sethapramote (2010) try to discuss about The Impact of the Global Financial Crisis on Thailand: Transmission Channels and Policy Responses. This paper focus on the impact of global financial crisis of macroeconomic on Thailand and divide to three fragment which is to determine the global crisis transmission channels to domestic economy, the impact of responses policy and the Thailand’s economy outlook from 2010-2011. Four variables conducted in this research are Private Consumption, Investment, GDP Growth and Export.

Based on prior studies, several variables have been adopted in this study. This study adopts independent variables such as earnings per share (EPS), deposit lending ratio, share price, capital adequacy and total asset ratio. Global financial crisis was adopted as the dependent variable, pre and post crisis.

**Conceptual Framework**

![Conceptual Framework](image-url)
Financial Crisis and Earning Per Share (EPS)

The study by Jaki and Neulinger (2014) state that the EPS forecast fault is bigger under undefined circumstances of environmental besides still proves another that forecasters underreact negative information in making the forecasts. The impact of global financial crisis to EPS are slightly sensed for the declining effectiveness influence in markets international where had down-pulling impact on prices therefore the margins profitability such as EPS (Apak and Uyar, 2009). In South Africa’s local bank state that the EPS was fall down at 39% for six months as it marked down the assets it swallowed after the customers defaulted on futures contracts (Padayachee, 2010). Moreover, the financial crisis has carried about a plenty of negative information for predictors to consider in the EPS forecast, also can rise the rate of uncertainty of the whole economy (Jaki and Neulinger 2014).

$H_1$: There is significant positive impact on EPS of financial crisis.

Financial Crisis and deposit lending ratio (DLR)

Deposit lending ratio (DLR) reflects the consumption of the bank policy where greater DLR shows that banks have been organizing more capitals in loans (Mehta, 2012). Deposit lending ratio is the main ratio in measuring the liquidity where the minimum DLR related to minimum risk of liquidity (Abdulle and H.Kassim, 2012). Gain maximum profitability as more capitals have been distributed to loan where more profitable but minimum ratio indicates low profitability but more liquidity (Mehta, 2012). Relatively the average was low on ratio of loan-to-deposit that the researcher considered by the higher of number of unlisted banks containing in the section where the primarily capital the loans by clients deposits as designated (Kohler, 2012).

$H_2$: There is significant positive impact on Deposit Lending Ratio of financial crisis

Financial Crisis and Share Price

The share price volatility was important extremely because it not only considers the risk and uncertainty, however, the huge differences in market volatility expected also cause a negative impact to the risk-averse of investors (Athukoralalage, 2010). Based on Dwyer (2009), 50% of stock prices were decreased peak from 2007 until 2009 where the extraordinary plunge of prices stock may cause the impact of financial crisis rather than worse profit from a mainly severe depression. Large influence on volatility of stock financial force shown the risky of the firm during the crisis but the leverage of financial in not too bad at all (Croonen, 2011). Croonen (2011) also establish that the increasing stocks of the earnings of creditors will make the price of the stock increase.

$H_3$: There is significant positive impact on Share price of financial crisis

Financial Crisis and Total Asset ratio

The impact of total asset ratio to bank is the ratio that practice as a method to calculate the percentage of total assets protected up in investments through conventional, while it would not take part on bank’s income (Gadhia, 2015). There are changes on valuation of impassive balance sheet modifications, reflecting the price movement of market that organizations were showing and active adjustment of balance sheet increasing from transactions of asset (European Economy, 2012)

$H_4$: There is significant positive impact on total asset ratio of financial crisis
Financial Crisis and Capital Adequacy

Capital adequacy is determined to measure the risk of the bank in percentage and it is defending the investors from failure (Guiss, 2012). Higher net non-performing loan (NPL) ratio could cause to higher chances of banking crisis when the result shown significant relationship between capital ratio risk-weighted and NPL (Hock, 2009). However, capital adequacy also found the positive relationship between bank profitability and equity in term of financial crisis (Molyneux and Seth, 1996). Besides that, this variable also used to calculate the capacity of the banks with liabilities of time and another risk like operational and credit risk while it is also used to consider the stability and the strength of financial system globally (Miniaoui and Gohou, 2013). Capital adequacy impact on financial crisis in term of the less leverage, the risk also should be lower and it can be measured using the equity to total assets ratio (Said and Tumin, 2008). Moreover, Hock (2009) estimate that capital adequacy fairly well of the place either the weaker situations forward given the process in the two or three year ending in term to refresh the balance sheet and the findings buffer from high reserves of provision on the Malaysian banks. According to Jasmine (2011), CA used to defend the investors and protect the stability and productivity of financial system. Different opinion with this result state that, local banks in Malaysia always make a profit in performing system of financial contribution and in the strong market (Jasmine, 2011).

H₅: There is significant positive impact on capital adequacy of financial crisis

3. RESEARCH DESIGN AND METHODOLOGY

Research Design and Strategy

Descriptive and explanatory research were applied in this study. Descriptive is when the research is about to investigate what, why and how analysis while explanatory research is a research include to determine the amount and nature of effect-and-cause relationship (Dudovski, 2008). In this research, eight Malaysian local banks are chosen for a period of ten years from 2003 until 2013 which means 5 year before the crisis and 5 years after the crisis. Total 80 data are collected through time series in the research strategy.

Data Collection Methods

Secondary data was collected in this study. Secondary data is the knowledge that already presented in the investigations by other researcher (Johnston, 2014). However, according to Hox and Boeije (2005) the secondary data can be defined as the collected data for purposes another than problem at hand. Secondary data are easy to get, quick and cheaper than primary data. In this research, 8 over 32 banks of Malaysia were selected to collect the data and compare before and after the impact of global financial crisis 2008 on banking sector in Malaysia. Besides that, the data start is collected five years before financial crisis which is on 2003 and five year after financial crisis which is 2009 until 2013. Convenience sampling are applied because this sampling method is the most suitable to collect data in this study. Moreover, according to Farrokhi and Mahmoudi-Hamidabad (2012) this method delivered short term period of time to researcher while selecting the samples. Besides that, this sampling under non-probability sample and the ease one of accessibility in term of element selection besides this sampling also is the easiest method (Etikan, Musa and Alkassim, 2016). Meanwhile, the convenient to investigate and related for purposes of research is chosen from the same industry or group (Farrokhi and Mahmoudi-Hamidabad, 2012).
Accessibility and Ethical Issues

Structure progress of planning and assessment and related to the ease of access is a definition of accessibility (Chapman and Weir, 2008). According to Kabugu (2014) evolution of technology has causes the accessibility without any boundary or bias to age, gender, qualification and status of marital. This research mostly used annual report taken from Malaysia stock exchange (Bursa Malaysia) to collect data. Besides that, some of the articles was collected from audited and trusted website. Ethical approaches divided into three major part which is duty, goal-based and rights (Degu and Yigzaw, 2006). However, researcher could avoid human behavior which sometime lies and error of the data collected. The main challenge that becomes an issue considered here is copyright and legal access to the published data which would be come through proper citation and real references using Harvard style.

Data Analysis Methods

According to Banks et al. (2013) data analysis plan (DAP) can be defined as an idea of action. Using this DAP, researcher can analyze the data such as hypotheses and purposes, covariates, confounders and test interaction (Feldman, 2014). In addition, DAP also provide with testable hypothesis and chance for affords a stage of training and input from collaborators (Banks et al. 2013). Statistical Package for the Social Sciences (SPSS) was applied in this research. SPSS is a friendly user package of software used to generate an analysis of data (Landau and Everitt, 2003). SPSS is a one of computer package that can be used to calculate any data using a statistical test like sample size or tests used. Moreover, this research use paired sample test analysis to collect the data.

4. DATA ANALYSIS AND FINDINGS

In Malaysia, there are 27 licensed commercial banks and 16 listed as Islamic banks. Data sample size are 8 local banks which is the biggest banks in Malaysia. The period of time taken for this research cover for 11 year (2003-2013) where 5 years before financial crisis (pre) and 5 years after the crisis (post). The data was generated using SPSS method to measure whether the independent variables significantly affects the dependent variable or not.

Paired Samples Statistics

<table>
<thead>
<tr>
<th>Pair</th>
<th>Pre</th>
<th>N</th>
<th>Std. Deviation</th>
<th>Std. Error Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pair 1</td>
<td>Pre-EPS</td>
<td>40</td>
<td>20.61641</td>
<td>3.25974</td>
</tr>
<tr>
<td></td>
<td>Post-EPS</td>
<td>40</td>
<td>28.14567</td>
<td>4.45022</td>
</tr>
<tr>
<td>Pair 2</td>
<td>Pre-SP</td>
<td>40</td>
<td>60.29337</td>
<td>9.533220</td>
</tr>
<tr>
<td></td>
<td>Post-SP</td>
<td>40</td>
<td>108.03485</td>
<td>17.08181</td>
</tr>
<tr>
<td>Pair 3</td>
<td>Pre-TAR</td>
<td>40</td>
<td>48.03079</td>
<td>7.59433</td>
</tr>
<tr>
<td></td>
<td>Post-TAR</td>
<td>40</td>
<td>42.36579</td>
<td>6.69862</td>
</tr>
<tr>
<td>Pair 4</td>
<td>Pre-DLR</td>
<td>40</td>
<td>40.35455</td>
<td>6.3806156</td>
</tr>
<tr>
<td></td>
<td>Post-DLR</td>
<td>40</td>
<td>42.71025</td>
<td>6.75308</td>
</tr>
<tr>
<td>Pair 5</td>
<td>Pre-CA</td>
<td>40</td>
<td>1.92535</td>
<td>0.30442</td>
</tr>
<tr>
<td></td>
<td>Post-CA</td>
<td>40</td>
<td>5.57421</td>
<td>0.88136</td>
</tr>
</tbody>
</table>
Based on the table above, the average of mean in EPS pre-financial crisis was 30.6885 while the standard deviation was 20.61641. Besides that, the average mean of EPS post-financial crisis was 57.8980 and the standard deviation was 28.14567. This result determine that the mean of EPS for pre-financial crisis experiences 30% increase to 57% after post-financial crisis. If the EPS increase, it means the company gain more profit after the financial crisis occur. The mean of pre-share price was 26.53128 with the standard deviation 60.293376. For post-share price the result of mean was 48.0165 and the standard deviation was 108.03485. The findings of mean estimate that the share price before financial crisis happen was 26% and after the financial crisis happen the mean was 48% which is increase. The pre-total asset ratio of this research was 81.9645 while 69.5105 was the average mean for post-financial crisis. The standard deviation before the global financial crisis 48.03079 and the post-financial crisis record 42.36579. It display that decreasing before financial crisis was 81% then after was 69% for the total asset ratio’s mean. Furthermore, Sufian and Habibullah (2009) and Miniaoui and Gohou (2013) also found same result which is declining of the total asset ratio because of the financial crisis. However, Said and Tumin (2008) state that post-financial crisis consider increasing of the total asset ratio.

The deposit lending ratio have mean of pre-deposit lending ratio was 29.80159 and for the post-lending ratio was 42.87034. The standard deviation for pre was 40.35455 and for post was 42.71025. Here state that the DLR has increase from pre-crisis to post crisis from 29% to 42% of the banks. This result support by Yee and Tan (2009), Mehta (2012) and Rengasamy (2014) that found growing on the deposit lending ratio on financial crisis. But, Said and Tumin (2008), Jasmine (2011) and Milhem and Istaiteyeh (2015) estimate that there are falling mean of deposit lending ratio on financial crisis. The mean for pre-financial crisis of capital adequacy was 14.6600 and the post-financial crisis for capital adequacy was 11.6360 where the standard deviation pre-capital adequacy was 1.92535 and the post-capital adequacy was 5.57421. It show that the decreasing of the mean from 14% fall to 11%. This findings support by Guisse (2012), Tabash and Dhankar (2014) and Saddique et al. (2017). Nevertheless, some of researchers found the opposite result where the capital adequacy increase after the financial crisis happened like Said and Tumin (2008), Jasmine (2011), Barrel et al. (2013), and Miniaoui and Gohou (2013).

Paired Sample Correlations

Table 2 Paired Samples Correlation

<table>
<thead>
<tr>
<th>Pair</th>
<th>Pre-EPS &amp; Post-EPS</th>
<th>N</th>
<th>.422</th>
<th>.007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pair 2</td>
<td>Pre-SP &amp; Post-SP</td>
<td>40</td>
<td>.992</td>
<td>.000</td>
</tr>
<tr>
<td>Pair 3</td>
<td>Pre-TAR &amp; Post-TAR</td>
<td>40</td>
<td>.929</td>
<td>.000</td>
</tr>
<tr>
<td>Pair 4</td>
<td>Pre-DLR &amp; Post-DLR</td>
<td>40</td>
<td>.751</td>
<td>.000</td>
</tr>
<tr>
<td>Pair 5</td>
<td>Pre-CA &amp; Post-CA</td>
<td>40</td>
<td>-.151</td>
<td>.353</td>
</tr>
</tbody>
</table>

Following the normal criteria, 0.05 and above of alpha or significant value would be a reject and insignificant result while 0.05 and below would be accepted and significant result. (Dalson, et. al, 2013) According to the table above, the result show that the value of correlation in EPS pre and post-financial crisis was .422 with alpha value .007 which is below than 0.05. So the outcomes of EPS is moderate significant for pre and post-financial crisis. This findings same with other researchers such as Orabi et al. (2016). The correlation of share price for both pre and post-financial crisis is .992 while the significant value is .000 so the result for share price is strong significant which below than 0.05. The value of correlation in TAR for pre and post-financial crisis was .929 and the significant value was
Because of the alpha is below than 0.05 so the result become strong significant. The value of correlation of DLR pre and post financial crisis was .751 with the value of significant .000 so it must be strong significant result because the finding is below than 0.05. Pre and post financial crisis of capital adequacy has weak negative correlation which is -.151 and the value of significant was .353. The significant value is more than 0.05 so, the result must be insignificant.

**Paired Sample Test**

**Table 3 Paired Samples Test**

<table>
<thead>
<tr>
<th>Paired Differences</th>
<th>t</th>
<th>Df</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>Std. Deviation</td>
<td>Std. Error Mean</td>
<td>95% Confidence Interval of the Difference</td>
</tr>
<tr>
<td>Pre-SP – Post-SP</td>
<td>-21.4852</td>
<td>48.8869</td>
<td>7.7296</td>
</tr>
<tr>
<td>Pre-TAR – Post-TAR</td>
<td>12.4540</td>
<td>17.8685</td>
<td>2.8252</td>
</tr>
<tr>
<td>Pre-CA – Post-CA</td>
<td>3.02400</td>
<td>6.16583</td>
<td>.97490</td>
</tr>
</tbody>
</table>

Based on the table above, the average mean between EPS in pre and post-financial crisis is -27.2095, t = -6.381 and the significant value =.000 means below than 0.05. So, the result show that the EPS increase for post-financial crisis, where no statistically of significant different between EPS in pre and post-financial crisis. Meanwhile the earnings per share increase after the financial crisis, there are significant relationship between earning per share and financial crisis means that it should be another factor that rising the earning per share after financial crisis. So, the hypothesis state that financial crisis has significant impact on earnings per share was **(H1) accepted** when the paired sample test showing the significant value.

The average mean of share price was -21.485 with t value was -2.780 and the significant value was .008 which is less than 0.05 standard value of significant. This result state that the share price has insignificant between pre and post-financial crisis where the result show the average mean was slightly greater amount in post-financial crisis. However, there are increasing mean after the financial crisis occur and the relationship between financial crisis and share price is significant. It should be another factor that influence the increasing of share price after the financial crisis. Based on that, the hypothesis must be **(H2) accepted** because the financial crisis has positive impact on the share price.

TAR has average of mean 12.454, value of t was 4.408 and the significant was .008 that is lower than 0.05. Therefore, the result show that the TAR decrease significantly in post-financial crisis and there is no statistically significant between pre and post-financial crisis. Total asset ratio has impact the financial crisis significant for this study. According to this
result the hypothesis (H3) **accepted** although the average mean marginally decrease after the financial crisis.

The deposit lending ratio’s average mean for pre and post-financial crisis was -13.06875, where t equals to -2.810 and the significant was .008 means less than 0.05. Deposit lending ratio marginally increase after the financial crisis might be because of different factor. So, there is a significant relationship between financial crisis and deposit lending ratio. Based on the result, the hypothesis (H4) **accepted** since financial crisis has positive impact on deposit lending ratio.

The mean of the CA was 3.02400 for pre and post of financial crisis with value of t was 3.102 and significant value was .004 which means below than 0.05. Capital adequacy also has insignificant result with financial crisis so, this variable no longer impact the global financial crisis. Therefore, paired sample test state that the hypothesis of (H5) accepted although the capital adequacy decrease, it also have insignificant result but the value of significant for capital adequacy is less than 0.05 so it is consider as accepted.

### Summary of Hypotheses

<table>
<thead>
<tr>
<th>Table 4 Summary of hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level of Significant</td>
</tr>
<tr>
<td><strong>H₁</strong>: There is significant positive impact on EPS of financial crisis</td>
</tr>
<tr>
<td><strong>H₂</strong>: There is significant positive impact on Deposit Lending Ratio of financial crisis</td>
</tr>
<tr>
<td><strong>H₃</strong>: There is significant positive impact on Share price of financial crisis</td>
</tr>
<tr>
<td><strong>H₄</strong>: There is significant positive impact on total asset ratio of financial crisis</td>
</tr>
<tr>
<td><strong>H₅</strong>: There is significant positive impact on capital adequacy of financial crisis</td>
</tr>
</tbody>
</table>
5. CONCLUSION AND RECOMMENDATION

Conclusion

The findings of this research designate the average of mean of earnings per share for post-financial crisis rose marginally by 27.2095. Then, the result consider that moderate positive correlation of .422 between the global financial crisis and earnings per share. After that, the findings of paired test record that $t$ as -6.381 and $p$ as .000, considering that marginally of average mean has positive impact on financial crisis on earning per share. Based on that, this research found a significant impact on earnings per share on global financial crisis 2008.

Since the findings of this paper is increasing marginally to 21.48522 for share price of average mean of pre and post-financial crisis. In this case, the result is strong positive correlation which is .992 in term of global financial crisis and share price. Besides that, the finding of the paired test considers that the value of $t$ is -2.780 where the $p$ value is .008. The mean average has positive impact of global financial crisis on share price. According to this result, the share price is significant impact for global financial crisis.

This research found that negatively impact of total asset ratio to financial crisis with average mean is 12.45400 for pre and post-financial crisis which is strong positive correlation with .929 value of correlation. The value of $t$ for pre and post-financial crisis is 4.408 while the $p$ value is .000. That means total asset ratio have negative impact on global financial crisis 2008. Based on that, there is an insignificant impact of financial crisis on total asset ratio.

Capital adequacy’s result estimate that the average mean for pre and post-financial crisis decrease by 3.02400. Thus, the correlation value for capital adequacy is -.151 which state that negative correlation between capital adequacy and financial crisis. Besides that, the result for paired test or $t$ is 3.102 while value of $p$ is .004 established the mean marginally has negative impact of global financial crisis on capital adequacy while this variable found bring insignificant impact on financial crisis.

This research record that the pre and post-financial crisis average mean for deposit lending ratio is -13.06875 while the value of correlation is .751 which is strong positive relation between financial crisis and deposit lending ratio. For the correlation, deposit lending ratio recorded $t$ value is -2.780 with the $p$ value is .008. This finding found that the average of mean of deposit lending was positive impact on financial crisis. From result above, this research adopted the positive impact between deposit lending ratio and financial crisis.

Recommendations

The upcoming researchers that analyse the impact of global financial crisis 2008 on Malaysia’s banking sector may increase the sample size since this research only use 8 local bank in Malaysia listed in Malaysia Stock Exchange. Future researchers also can increase the time span of data collection in which this research use only five year before (pre) and five year after (post) the financial crisis.

Besides that, new researchers also can use another variables such as Return on Asset (ROA), Return on Equity (ROE), Inflation Rate, Unemployment Rate and Interest Rate which can determine a different outcomes. Future researchers also can use other sector or industry that give impact of global financial crisis like education, economic and automotive industry. Furthermore, another country also can be used in order to investigate the impact of global financial crisis.
Limitations

There are limited studies on impact of global financial crisis 2008 on banking industry in Malaysia. Moreover, the result and finding could be biased and the information available also an issue as some productions might not be measured in this research in order to incomplete information for time span obligatory. Besides that, a few of previous research making it more difficult to relate the finding and result with this research because the researchers used Global Value Chain analysis. The finding from this project was imperfect and limited and also does not consider the overall influencing factor.

Future Research Directions

Other researchers are recommended to determine another sector such as tourism, automotive, technology and textiles to identify the impact of global financial crisis 2008 on the sector. In additional, the impact of the global financial crisis might be compared to other sectors to measure which sector that was impacted a lot. Moreover, other research can be based on other financial crisis such as Asian Financial Crisis 1997 using the same variable that were used in this research. Besides that, future researchers might use different method to determine their research study like MANOVA (Multivariate Analysis of Variance), E-View (Electronic View) and OLS (Ordinary Least Squares) or the researchers can try to combine the method as their future strategy.

REFERENCES


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