

TABLE OF CONTENT

ACKNOWLEDGEMENT	iii
ABSTRACT	iv
TABLE OF CONTENT	v
TABLE OF FIGURES.....	viii
LIST OF TABLES	ix
1 Research Introduction.....	1
1.1 Introduction	1
1.2 Background of Study.....	3
1.3 Problem Statement.....	6
1.4 Objective of the Research.....	7
1.5 Research Questions	8
1.5.1 Research Questions for Objective 1.....	8
1.5.2 Research Questions for Objective 2.....	9
1.5.3 Research Questions for Objective 3.....	9
1.6 Significances of Study.....	10
1.7 Scope of the Study.....	10
1.8 Research Organization.....	11
2 Literature Review	14
2.1 Introduction	14
2.2 Banking Functionalities.....	14
2.2.1 Traditional Theories of Banking Intermediaries.....	15
2.2.2 Dynamic Theory of Intermediation	16
2.3 Bank Risk	19
2.3.1 Risk and Productivity	20
2.3.2 Banking Crisis	21

2.3.3	Alternative Bank Risk Determinants	24
2.4	Bank Diversification.....	26
2.4.1	Diversification and Market Value	31
2.5	Bank Incomes	33
2.5.1	Income Structure.....	33
2.5.2	Bank Activity and Funding.....	36
2.5.3	Bank Income Volatility and Portfolio.....	40
3	Research Methodology	43
3.1	Introduction	43
3.2	Theoretical Framework	43
3.2.1	Revenue Volatility	43
3.2.2	Non Interest Determinants	46
3.2.3	Bank Performance Determinants	52
3.3	Hypotheses Development.....	59
3.4	Data	60
3.5	Sampling Design	61
4	Research Result	63
4.1	Introduction	63
4.2	Revenue Volatility.....	63
4.3	Determinants of Non Interest Income	70
4.3.1	Internal Factors	71
4.3.2	External Factors	72
4.3.3	All Factors	73
4.4	Bank Performance Determinants.....	75
5	Conclusion and Recommendation	87
5.1	Introduction	87
5.2	Overview of the study	87

5.3	Interpretation of Major Findings	88
5.4	Limitation of the Study.....	89
5.5	Implications of Study	90
5.6	Recommendation for Future Research	90
BIBLIOGRAPHY		92

TABLE OF FIGURES

Figure 1 Revenue Volatility Framework.....	44
Figure 2 Non Interest Income Determinant Framework.....	46
Figure 3 Bank Performance Determinant Framework.....	53
Figure 4 Aggregate Income Growth.....	64
Figure 5 Non Interest Share towards Total Income Volatility.....	65
Figure 6 Internal Factors Determinant Testing Result.....	71
Figure 7 External Factors Determinant Testing Result.....	72
Figure 8 All Determinant Variables Testing Result.....	74
Figure 9 Testing Result for Equation 3.1a.....	77
Figure 10 Testing Result for Equation 3.1b.....	78
Figure 11 Testing Result for Equation 3.2a.....	79
Figure 12 Testing Result for Equation 3.2b.....	80
Figure 13 Testing Result for Equation 3.3a.....	81
Figure 14 Testing Result for Equation 3.3b.....	82
Figure 15 Testing Result for Equation 3.4a.....	83
Figure 16 Testing Result for Equation 3.4b.....	83
Figure 17 Diversification and Bank Performance Trend.....	85

LIST OF TABLES

Table 1 Descriptive Statistic of Revenue Volatility Testing Variable 1991-1998.....	66
Table 2 Descriptive Statistic of Revenue Volatility Testing Variable	66
Table 3 Revenue Volatility Testing Result	67
Table 4 Descriptive Statistic of Non Interest Income Determinants.....	70
Table 5 Summary of Testing Result for Non Interest Income Determinant.....	74
Table 6 Descriptive Statistic of Bank Performance Determinants.....	76
Table 7 Overall Summary of Bank Performance Determinants	84