



**A STUDY ON MACROECONOMIC FACTORS THAT AFFECT HOUSEHOLD DEBT IN
MALAYSIA**

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**Submitted in Partial Fulfilment of the
Requirement for the
Bachelor of Business Administration with Honours (Finance)**

**FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
KAMPUS BANDARAYA MELAKA**

JULY 2016

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
MELAKA**

“DECLARATION OF ORIGINAL WORKS”

We, Fatini Adilah Binti Faizal Amir (I/C Number : 940207-08-5524) and Nur Amirah Binti Mohamad Nasir (I/C Number : 940305-04-5040) hereby, declare that,

1. This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any others degrees.
2. This project paper is the result of our independent work and investigations, except where otherwise stated.
3. All verbalism extract have been distinguished by quotation and sources of our information have been specifically acknowledge.

Signature: _____
(Fatini Adilah Binti Faizal Amir)

Date: _____

(Nur Amirah Binti Mohamad Nasir)

LETTER OF SUBMISSION

29th June 2016

NURHASLINDA BINTI HASHIM

Lecturer

Bachelor of Business Administration (Hons.) Finance

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Dear Miss,

Submission of Project Paper

Attached is the project paper titled “**A Study On Macroeconomic Factors That Affect Household Debt In Malaysia**” to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

Signature:

(Fatini Adilah Binti Faizal Amir)

(Nur Amirah Binti Mohamad Nasir)

Bachelor of Business Administration (Hons) Finance

List of Abbreviations

HDGDP	:	Household Debt to GDP
BLR	:	Interest Rate
CPI	:	Inflation Rate
UR	:	Unemployment Rate
HPI	:	House Price Index

ABSTRACT

The macroeconomics factor that could affect the Household Debt in different countries has been investigated globally by researches such as DeBelle (2004), Mian, Sufi, & Verner (2015), Turinetti & Zhuang (2011) and Meniago, Mukuddem-Petersen, Petersen, & Mongale (2013). This study aims to extend the knowledge of the relationship and impact of macroeconomic factors such as Interest Rate (BLR), Inflation Rate (CPI), Unemployment Rate (UR) and House Price Index (HPI) towards the Household Debt to GDP in Malaysia. Simple linear regression and multiple linear regression were applied in this study in order to clarify the relationship between the macroeconomic factors with the Household Debt to GDP in Malaysia. The result obtained in this study indicates there is a positive significant relationship between Inflation Rate (CPI) with Household debt to GDP in Malaysia.