A STUDY ON MACROECONOMIC FACTORS THAT AFFECT HOUSEHOLD DEBT IN MALAYSIA

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KAMPUS BANDARAYA MELAKA

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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
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: ____________________________ Date: ____________________________

(Fatini Adilah Binti Faizal Amir)

(Nur Amirah Binti Mohamad Nasir)
LETTER OF SUBMISSION

29th June 2016

NURHASLINDA BINTI HASHIM
Lecturer
Bachelor of Business Administration (Hons.) Finance
Faculty of Business Management
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40450 Melaka

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

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>HDGDP</td>
<td>Household Debt to GDP</td>
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<tr>
<td>BLR</td>
<td>Interest Rate</td>
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<tr>
<td>CPI</td>
<td>Inflation Rate</td>
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<tr>
<td>UR</td>
<td>Unemployment Rate</td>
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<td>HPI</td>
<td>House Price Index</td>
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## 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.