



**THE DETERMINANTS OF DERIVATIVE USAGE: A STUDY
OF FINANCIAL SERVICES IN MALAYSIA**

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JOHOR

SEPTEMBER 2014

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Submitted in Partial Fulfilment

Of the Requirement for the

Bachelor of Business Administration

(Hons) Finance

FACULTY OF BUSINESS MANAGEMENT

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“DECLARATION OF ORIGINAL WORK”

I, Farhana binti Jainal Arifin, (I/C Number: 910216-12-5818)

Hereby, declare that,

- 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 other degrees.
- This project paper is the result of my independent work and investigation, except where otherwise stated.
- All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged.

Signature : _____ (FARHANA JAINAL ARIFIN) date : _____

LETTER OF SUBMISSION

SEPTEMBER 2014

Miss Nurulashikin Romli

Department of Finance

Master of Business Administration (Hons) Finance

Faculty of Business Management

UniversitiTeknologi MARA

85000 Segamat, Johor

Dear Miss,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled Determination of The Gold Prices in Malaysia. To fulfill the requirement as needed by the Faculty of Business Management, UniversitiTeknologi MARA.

Thank you.

Yours sincerely

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Bachelor of Business Administration (Hons) Finance

ABSTRACT

This paper aims to analyse the relationship between determinants of derivative usage among financial services in Malaysia. The study used Multiple Linear Regression Model to determine significant relationship between dependent and independent variables, covering data for 14 companies with 5 years period which are from 2009 until 2013. The researcher used five independent variables that affect the derivative usage which are debt, investment growth, managerial ownership, liquidity and profitability. Debt consists of two proxy variables which are leverage and debt to equity, investment growth consists of proxy variables of capital expenditure and dividend payout ratio, managerial ownership with proxy variable of number of shareholding, liquidity with proxy variables of current ratio and quick ratio and profitability with proxy variables of return on assets and return on equity. The empirical results have found there is positively significant relationship between derivative usage and managerial ownership. The results of the study are valuable for both academic and investor.