UNIVERSITI TEKNOLOGI MARA

DETERMINANTS OF HOUSEHOLD INDEBTNESS: IN THE STUDY OF AUSTRALIA

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Faculty of Business and Management

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AUTHOR’S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA Johor. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA Johor, regulating the conduct of my study and research.

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ABSTRACT

The continuous soaring upward of household indebtedness in the Australia has become a worry to the general public and policy makers. It has increase substantially since 1980 and in recent years, the household debt to income ratio has hit almost 200 per cent which analyst have called it as extremely elevated as it also makes Australian household indebtedness one of the highest in the world. International Monetary Fund (IMF) also warned Australia on its household indebtedness vulnerability. However, what are the determinants that triggered these debts in Australia? Thus, this study is aimed to analyse the determinants that triggered the household indebtedness in one of the developed countries, Australia. The continuous rising in household indebtedness in Australia is derived from the factors of consumer price index (CPI), gross domestic product (GDP), housing price index (HPI), interest rate (INT), population (POP), and unemployment rate (U) in the Australia. This study is employing the multiple regression analysis. The expected finding is all the independent variables will have impact on the dependent variable. All the data is taken annually from year 1980 until 2016. Above all, this study could be beneficial to the whole economy and living standards in order for them to deal with better debt management as the surge in household indebtedness can be a hazard to the economic system if the debt extents at an unsustainable level.
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