DETERMINANT OF MALAYSIA'S HOUSEHOLD DEBT BY USING
MACROECONOMICS VARIABLES

JASMIN BINTI ARCHAD
2014673526

NORSYAFAWANI BINTI MD NOR
2014844666

BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
KAMPUS BANDARAYA MELAKA

JULY 2016
DECLARATION OF ORIGINAL WORK

BACHELOR OF BUSINESS ADMINISTRATION (HONS) FINANCE
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
KAMPUS BANDARAYA MELAKA

"DECLARATION OF ORIGINAL WORK"

I, JASMIN BINTI ARCHAD (931031-14-5778 )

and

I, NORSYAFAWANI BINTI MD NOR (931201-11-5310)

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 paper is a 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 : _________________   Signature : __________________

Date : _____________________   Date : ______________________
LETTER OF SUBMISSION

JULY 2016

NUR HAFIDZAH BINTI IDRIS
Lecturer of Faculty of Business Management
Universiti Teknologi Mara (UiTM)
Kampus Bandaraya Melaka
110 Off Jalan Hang Tuah
75300 Melaka

Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is an original copy of research paper entitled "DETERMINANT OF MALAYSIA’S HOUSEHOLD DEBT BY USING MACROECONOMICS VARIABLES" for your kind personal and evaluation, to fulfill the requirement as needed by the faculty.

Thank you

Your sincerely,

..........................................................  
JASMIN BINTI ARCHAD  
2014673526  
Bachelor of Business Administration (Hons) Finance
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>TITLE PAGE</td>
<td>i</td>
</tr>
<tr>
<td>DECLARATION OF ORIGINAL WORK</td>
<td>ii</td>
</tr>
<tr>
<td>LETTER OF SUBMISSION</td>
<td>iii- iv</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>v</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>vi- viii</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>ix- x</td>
</tr>
<tr>
<td>LIST OF FIGURE</td>
<td>xi</td>
</tr>
<tr>
<td>LIST OF ABBREVIATIONS</td>
<td>xii</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>xiii</td>
</tr>
</tbody>
</table>

## CHAPTER 1 INTRODUCTION

1.0 Introduction 1-2  
1.1 Background of Study 2-6  
1.2 Problem Statement 7-8  
1.3 Research Questions 9  
1.4 Research Objectives 10  
1.5 Significance of Study 11-12  
1.6 Scope of Study 12  
1.7 Limitations of Study 13  
1.8 Definition of Terms 14-16  
1.9 Summary 16

## CHAPTER 2 LITERATURE REVIEW

2.0 Introduction 17  
2.1 Household Debt 18-19  
2.2 Gross Domestic Product 19-21  
2.3 Interest Rate 21-22  
2.4 Consumer Price Index 22-24  
2.5 House Price Index 24-25
This study is conducted to determine the relationship between macroeconomics variables which are Gross Domestic Product (GDP), Interest Rate (IR), Consumer Price Index (CPI), House Price Index (HPI), Income (INC) and Consumption (CONS) towards the Household Debt (HHD) in Malaysia. The variable used to measure the Household Debt is the total of secured and unsecured debt by the household. The quarterly data of dependent and independent variables was collected started from Q1 2006 until Q4 2015 from Thomson One DataStream, EIU Country Data and BNM Statistical Data. The results further our understanding regarding on the relationship between macroeconomics variables towards the Household Debt in Malaysia. In Single Linear Regression Model (SLR) and Multiple Linear Regression (MLR), the study found that Gross Domestic Product (GDP) and Consumption (CONS) have significant negative relationship towards Household Debt (HHD). On the other hand, Interest Rate (IR), Consumer Price Index (CPI), House Price Index (HPI) and Income (INC) shows insignificant relationship with Household Debt (HHD).

**Key Words:** Household Debt (HHD), Gross Domestic Product (GDP), Interest Rate (IR), Consumer Price Index (CPI), House Price Index (HPI), Income (INC), Consumption (CONS).