



**A STUDY ON THE FACTORS EFFECTING LOAN
DEMAND IN MALAYSIA'S COMMERCIAL BANK**

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APRIL 2011

DECLARATION OF ORIGINAL WORK



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“DECLARATION OF ORIGINAL WORK”

I, NAZRUL HANIS BIN ZAIDAN (I/C Number: 870726-06-5233)

Hereby, declare that;

- This work has not previously been accepted in substance for any degree, locally or overseas and 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:

Date: April 2011

LETTER OF SUBMISSION

April 2011

Madam Nor Aizan Mohamed
The Head of Program
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Dear Madam,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled "A STUDY ON THE FACTORS EFFECTING DEMAND IN MALAYSIA'S COMMERCIAL BANK" to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours sincerely,

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ABSTRACT

This paper studies the factors that affect Malaysia commercial bank loan demand. Using SPSS 17.0 and Multiple Linear Regressions, the study identifies the relationship between GDP, interest rates and inflation rate with loan demand of Malaysia commercial bank. Using quarterly 10 years total loans applied for Malaysia commercial bank, GDP, BLR and CPI from 2000 to 2010 data taken from BNM, the relationship implies that GDP and Inflation are positively related to loan demand and interest rate is negatively related with the loan demand consistent with the previous research done before. The findings in this investigation are useful for future researchers, the economists and financial institutions who are concerned with the lending decisions in Malaysia's commercial bank.