



**A STUDY ON MACROECONOMIC VARIABLES AFFECTING
HOUSEHOLD DEBT IN MALAYSIA**

SITI NORSAKINAH BINTI AJIS

2017662278

BACHELOR OF BUSINESS ADMINISTRATION

WITH HONOURS (FINANCE)

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

MELAKA

JANUARY 2020

DECLARATION OF ORIGINAL WORK



**BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
"DECLARATION OF ORIGINAL WORK"**

I, SITI NORSAKINAH BINTI AJIS, (I/C NUMBER: 960214-10-6176)

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

Signature: _____

Date: _____

LETTER OF TRANSMITTAL

14th January 2020

Head of Programme
Bachelor of Business Administration (Hons.) Finance
Faculty of Business Management
Kampus Bandaraya Melaka
Universiti Teknologi MARA Melaka
110 Off Jalan Hang Tuah
75300 Melaka Bandaraya Bersejarah

Dear Sir/Madam,

SUBMISSION OF FINAL PROJECT PAPER

Attached is the project paper title “A STUDY ON MACROECONOMIC VARIABLES AFFECTING HOUSEHOLD DEBT IN MALAYSIA” to fulfil the requirement needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Sincerely,

SITI NORSAKINAH BINTI AJIS

2017662278

Bachelor of Business Administration with Honours (Finance)

TABLE OF CONTENTS

	Page
TITTLE PAGE	i
DECLARATION OF ORIGINAL WORK	ii
LETTER OF TRANSMITTAL	iii
ACKNOWLEDMENT	iv
TABLE OF CONTENTS	v - vii
LIST OF FIGURES	ix
LIST OF TABLES	x
LIST OF ABBREVIATIONS	xi
ABSTRACT	xii
CHAPTER 1	
INTRODUCTION	
1.1 Introduction	1
1.2 Background of the Study	1-3
1.3 Problem Statement	4-5
1.4 Research Objectives	6
1.5 Research Questions	6
1.6 Significance Of The Study	7
1.6.1 Future Researcher	7
1.6.2 Bank And Financial Institutions	7
1.6.3 Policymaker	7
1.7 Scope And Coverage Of The Study	8
1.8 Limitations of the study	8

ABSTRACT

This study is conducted to identify the relationship between macroeconomics variables which are House Price Index (HPI), Interest Rate (INT), Gross Domestic Product (GDP), and unemployment rate (UR) towards the Household Debt (HD) in Malaysia. The quarterly data of dependent and independent variables was collected started from Q1 2008 until Q4 2018 from Thomson Reuters, National Property Information Centre (NAPIC), Tradingeconomics.Com and Bank for International Settlements. The results further our understanding regarding on the relationship between macroeconomics variables towards the Household Debt in Malaysia. In Multiple Linear Regression (MLR), the study found that Interest Rate (INT) and unemployment rate (UR) have significant negative relationship towards Household Debt (HD). On the other hand, House Price Index (HPI) and Gross Domestic Product (GDP) shows significant positive relationship with Household Debt (HD).

Key Words: *Household Debt (HD), House Price Index (HPI), Interest Rate (INT), Unemployment Rate (UR)*