



THE PATTERN OF BANKRUPTCY IN MALAYSIA

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ABSTRACT

This thesis investigates the reasonableness of the variables which are credit card advance, non-performing loan, inflation and interest rate to the pattern of the bankruptcy in Malaysia. The purpose of this thesis is to determine which factors that significantly contributes to the numbers of bankruptcy in Malaysia. Besides, this thesis is meant to propose few ways to handle the bankruptcy problems in Malaysia.

The sample data has been taken from Central Bank website and Data Stream which has been provided in UiTM Campus Kota Bharu. The out of sample period spans year 2000 to year 2010 by using quarterly data. Thus, to generate all data taken the researcher uses STATA software.

After reading literature reviews on the journals, online articles and so on I've got a rough idea of what I am going to investigate. The problem statement of this research paper is according to The Star (2011), there were about 41 people declared about their bankruptcy every day and there were mostly due to the credit card usage. To add on, 41 are just big enough to give bad impacts to our economics.

I generated the data by using STATA software and the result that I got is only two independent variables which can affect the dependent variable in long run and short run. These two variables are non-performing loan and inflation.

As the conclusion, I can say that there are some variables that are significant with the long run and short run plus some of them are related to the dependent variable. Last but not least is my recommendations, I recommend that for those who want to run a research on this title, the researchers should gain lot of knowledge based on their readings as it can improve their literature review and at the same time they can get some ideas on how to work on this research paper. Other than that, the researchers can try to get more data as it will be easier for them to get the significant result of the data.