



**EXTERNAL FACTORS INFLUENCE BANK LENDING.
CASE OF: MALAYSIA, INDIA, SAUDI ARABIA AND INDONESIA**

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**BACHELOR OF BUSINESS ADMINISTRATION
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FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
MALACCA CITY CAMPUS**

JANUARY 2018

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**Submitted in Partial Fulfilment of the
Requirement for the
Bachelor of Business Administration with Honours (Finance)**

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

MALACCA CITY CAMPUS

JANUARY 2018

DECLARATION OF ORIGINAL WORK



BACHELOR OF BUSINESS ADMINISTRATION

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“DECLARATION OF ORIGINAL WORK”

I, WAN MUHAMMAD HANIF BIN WAN RAZALEE (I/C Number: 930726-06-5155)

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 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: _____

(WAN MUHAMMAD HANIF
BIN WAN RAZALEE)

LETTER OF SUBMISSION

11th January 2018

Head of Program
Bachelor of Business Administration with Honors (Finance)
Faculty of Business Management
Universiti Teknologi Mara
40450 Melaka

Dear Sir/Madam,

Submission of Final Project Paper

Attached is the project paper titled “” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi Mara.

Thank you.

Sincerely,

WAN MUHAMMAD HANIF BIN WAN RAZALEE

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Bachelor of Business Administration (Hons) (Finance)

Abstract

The purpose of this study is to determine the factors that influence the bank lending in Malaysia, India, Saudi Arabia and Indonesia. There are three variables been selected as the independent variables which are interest rate (IR), Cash reserve requirement (CRR) and Exchange rate (ER) and Bank lending as the dependent variable (LD). Due to the unavailability data in Thomson One Reuters, only four countries that being selected in this study. There are several test will be run in this study to know the relationship between dependent variable and independent variables such as descriptive statistics, unit root test, regression using panel data and diagnostic test with the purpose to test hypothesis. The data was collected from 1th quarter 2006 until 4th quarter 2016. From the result, interest rate and cash reserve requirement shows negative and significant with the bank lending, meanwhile exchange rate has positive and significant with the bank lending. Even though all the independent variables shows significantly with dependent variables, but there are problem in this study which are diagnostic test and autocorrelation test. It means that the data is not normally distributed.