



**THE STUDY ON DETERMINANTS OF NON-PERFORMING LOAN**

**IN MALAYSIA**

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**BACHELOR OF BUSINESS ADMINISTRATION**

**WITH HONOURS (FINANCE)**

**FACULTY OF BUSINESS MANAGEMENT**

**UNIVERSITI TEKNOLOGI MARA MALACCA CITY CAMPUS**

**JULY 2018**

**THE STUDY ON DETERMINANTS OF NON-PERFORMING LOAN**

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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**

**JULY 2018**

**DECLARATION OF ORIGINAL WORK**



**BACHELOR OF BUSINESS ADMINISTRATION**

**WITH HONOURS (FINANCE)**

**FACULTY OF BUSINESS MANAGEMENT**

**UNIVERSITI TEKNOLOGI MARA**

**“DECLARATION OF ORIGINAL WORK”**

I, Muhamad Fikri Bin Sanusi, (I/C Number: 940510-14-7003)

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: \_\_\_\_\_

## **LETTER OF SUBMISSION**

16<sup>th</sup> July 2018

MISS NUR HAYATI BINTI ABD RAHMAN

Bachelor of Business Administration With Honours (Finance)

Faculty of Business Management

Universiti Teknologi MARA, Malacca City Campus,

110 Off Jalan Hang Tuah, 75300 Melaka.

Dear Sir/Madam,

### **SUBMISSION OF FINAL PROJECT PAPER**

Attached is the project paper titled “**THE STUDY ON DETERMINANTS OF NON-PERFORMING LOAN**” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank you.

Yours Sincerely,

**MUHAMAD FIKRI BIN SANUSI**

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## ABSTRACT

The purpose of this study is to examine either the non-performing loan is affected by the macroeconomic variables such as average lending interest rate, unemployment rate, inflation rate, and real GDP growth. Due to the economic crisis, many banking industry in many countries affected with it by showing the rising number of non-performing loan. Regarding on that, this study will study and explained more the relationship between the macroeconomic variables and non-performing loan in Malaysia. The data collected for this is in quarterly and monthly basis. Later on, the data in monthly basis is converted into data quarterly data by using E-views as this study is choosing the quarterly data for the period of 2000 Q1 until 2009 Q4. In the process of findings, a few test has been conducted by using E-views. Based on the result, only one independent variable has been found to have insignificant impact on the non-performing loan which is average lending interest rate. Meanwhile, another three variables has shown an significant impact towards the dependent variables.

*Keywords: non-performing loan, average lending interest rate, unemployment rate, inflation rate, real GDP growth, Malaysia*