



**FACTORS AFFECTING TOTAL LOAN FINANCING
AGROCASH-i EFFECT WITH INFLATION RATE,
CONSUMER PRICE INDEX AND BASE LENDING RATE**

ELLY SYAHIRA BT RAMLI

2008279802

BACHELOR OF BUSINESS ADMINISTRATION

(HONS) FINANCE

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

BANDARAYA MELAKA

MAY 2010

**FACTORS AFFECTING TOTAL LOAN
FINANCING AGROCASH-I
EFFECT WITH INFLATION RATE,
CONSUMER PRICE INDEX
AND BASE LENDING RATE**

ELLY SYAHIRA BT RAMLI

2008279802

**Submitted in Partial Fulfillment
Of the Requirement for the
Bachelor of Business Administration (Hons) Finance**

**FACULTY OF BUSINESS MANAGEMENT
UITM, BANDARAYA MELAKA**

2010

DECLARATION OF ORIGINAL WORK



BACHELOR OF BUSINESS ADMINISTRATION

(HONS) FINANCE

FACULTY OF BUSINESS MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

BANDARAYA MELAKA

“DECLARATION OF ORIGINAL WORK”

I, ELLY SYAHIRA BT RAMLI, (I/C Number : 870406145314)

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

3 MAY 2010

The Head of Program

Bachelor of Business Administration (Hons) Finance

Faculty of Business Management

Universiti Teknologi Mara

75300 Melaka

Dear Sir,

SUBMISSION OF PROJECT PAPER

Attached is the project paper titled “Factors Affecting Total Loan Financing Agrocash-I effect with Inflation Rate, Consumer Price Index and Base Lending Rate” to fulfill the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA.

Thank You

Yours sincerely,

ELLY SYAHIRA BT RAMLI

2008279802

Bachelor of Business Administration (Hons) Finance

ABSTRACT

Many people have financial problems at some point or another. Usually, financial difficulties start when a person expenses become greater than their income. Demand for personal loans increasing day by days. Personal loans are loans that are raised for personal use of an individual and money's borrow to meet personal needs. Most nationalized, foreign and co-operative banks offer personal loans. Besides banks, other financial companies and institutions also offer the same loans. Most people begin with comparing the interest rate and term of loan amongst this financial institution as an initial screening before applying for personal loan.

In this study, the researcher choose Agrobank to study factors affecting total loan financing in Agrobank with selected variable were examined. This research presents the relationship of total loan financing and Inflation Rate, Consumer Price Index (CPI) and Base Lending Rate (BLR) using data from 2006 to 2008. The dependent variable for this study would be total loan financing and the independent variables are Inflation Rate, Consumer Price Index (CPI) and Base Lending Rate(BLR).

The researcher uses SPSS software (version 14.0) to examine the Coefficient of Determination that shows 53.5% changes in loan financing can be explained by the variables that are Inflation rate, Consumer Price Index and Base Lending Rate.

Research also using Durbin Watson test where correlation between independent variables which are Inflation Rate, Consumer Price Index and Base Lending Rate with dependent variable that is the loan financing Agrocash-i to detect the presence of autocorrelation between them. Besides that, researches has use regression coefficient, to prove that all independent variables have positive relationship with loan financing, Agrocash-i.