

UNIVERSITI TEKNOLOGI MARA

**DETERMINANTS OF HOUSEHOLD
INDEBTNESS: IN THE STUDY OF
AUSTRALIA**

**NURNASUHA BINTI ZIADEE
2015144637**

Final Year Project Paper submitted in fulfillment
of the requirements for the degree of
Bachelor of Business Administration
(Finance)

Faculty of Business and Management

June 2018

AUTHOR'S DECLARATION

I declare that the work in this thesis was carried out in accordance with the regulations of Universiti Teknologi MARA Johor. It is original and is the results of my own work, unless otherwise indicated or acknowledged as referenced work. This thesis has not been submitted to any other academic institution or non-academic institution for any degree or qualification.

I, hereby, acknowledge that I have been supplied with the Academic Rules and Regulations for Undergraduate, Universiti Teknologi MARA Johor, regulating the conduct of my study and research.


Name of Student : Nurnasuha Binti Ziadee

Student I.D. No. : 2015144637

Programme : Bachelor of Business and Administration (Hons)
Finance.

Faculty : Business and Management

Thesis : Determinants of Household Indebtness: In the study of
Australia

Signature of Student : 

Date : June 2018

ABSTRACT

The continuous soaring upward of household indebtedness in the Australia has become a worry to the general public and policy makers. It has increase substantially since 1980 and in recent years, the household debt to income ratio has hit almost 200 per cent which analyst have called it as extremely elevated as it also makes Australian household indebtedness one of the highest in the world. International Monetary Fund (IMF) also warned Australia on its household indebtedness vulnerability. However, what are the determinants that triggered these debts in Australia? Thus, this study is aimed to analyse the determinants that triggered the household indebtedness in one of the developed countries, Australia. The continuous rising in household indebtedness in Australia is derived from the factors of consumer price index (CPI), gross domestic product (GDP), housing price index (HPI), interest rate (INT), population (POP), and unemployment rate (U) in the Australia. This study is employing the multiple regression analysis. The expected finding is all the independent variables will have impact on the dependent variable. All the data is taken annually from year 1980 until 2016. Above all, this study could be beneficial to the whole economy and living standards in order for them to deal with better debt management as the surge in household indebtedness can be a hazard to the economic system if the debt extents at an unsustainable level.

ACKNOWLEDGEMENT

First of all, I would like to thank God for giving me the occasion to embark on my thesis and for deliver me the high spirit and strength to thorough this extensive, challenging and valuable journey successfully.

Subsequent, it such an abundant pleasure to concede my deepest appreciation and thanks to my dearest advisor Madam Tay Bee Hoong for her very thoughtful supervision, encouragement and guidance. It was such a great honour to be given the chance to work under her supervision. I also wish to acknowledge my co-advisor Miss Sharazad Binti Haris for being very supporting in helping me to finish my thesis.

Last but not least, I would like to express my sincere gratefulness to my parents who provided the facilities, assistance as well as financial support during the study and my extraordinary thanks goes to my friends for their infinite support and substantial advice during this study.

TABLE OF CONTENT

	Page
AUTHOR'S DECLARATION	iii
ABSTRACT	iv
ACKNOWLEDGEMENT	v
TABLE OF CONTENT	vi
LIST OF TABLES	x
LIST OF FIGURES	xi
LIST OF SYMBOLS	xii
LIST OF ABBREVIATIONS	xiii
CHAPTER ONE INTRODUCTION	1
1.1 Introduction	1
1.2 Research Background	1
1.2.1 Current Household Indebtness in Australia	1
1.2.2 Trends and history of Australian household indebtness since 19802	1
1.2.3 Types of Debts among Australian households.	3
1.3 Problem Statement	5
1.4 Research Questions	7
1.5 Research Objectives	8
1.6 Significance of the Study	9
1.6.1 Significant to the individuals and families	9
1.6.2 Significant to the future researcher	9
1.6.3 Significant to the housing market	10
1.6.4 Significant to the policy makers	10
1.6.5 Significant to the economy	10
1.7 Scope of the Study	11
1.8 Limitation of the Study	11
1.8.1 Findings may not applicable to other countries.	11
1.8.2 Limit to the extent of macroeconomic factors only.	11
1.8.3 Data collection constraints.	12