DETERMINANTS OF HOUSEHOLD DEBT

IN MALAYSIA

NURZULAIKAH BINTI YUSOP

2017662538

BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
MELAKA

JANUARY 2020

DECLARATION OF ORIGINAL WORK

BACHELOR OF BUSINESS ADMINISTRATION
WITH HONOURS (FINANCE)
FACULTY OF BUSINESS MANAGEMENT
UNIVERSITI TEKNOLOGI MARA
MELAKA

I, Nurzulaikah Binti Yusop, (I/C Number : 960406045232)

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

13/01/2020

Associate Professor Dr. Halimahton Borhan

Faculty of Business and Management

Universiti Teknologi MARA Melaka

Campus Bandaraya Melaka

Melaka.

PM Dr. Halimahton,

Submission of Final Project Paper

Attached is the project paper titled **"The Determinants of Household Debt In Malaysia"** to fulfill the requirement as needed by the Faculty of Business and Management, Universiti Teknologi MARA.

Thank you.

Sincerely,

NURZULAIKAH BINTI YUSOP

2017662538

Bachelor of Business Administration (Honours) Finance

TABLE OF CONTENT

Page

ABSTRACT

The issue of household debt is at critical stages which need to overcome before it may cause into the financial crisis so that the fluctuation of the household debt level needs to be determined even there is show decreasing for 2016 to June 2018. This study is using the time series data to achieved the objective of this study is to identifying the macroeconomic variables relationship with household debt especially in Malaysia. This study is used the Multiple Linear Regression (MLR) model to see the relationship between the household debts with the macroeconomic variables which are inflation rate, interest rate, saving level, unemployment and consumption. The findings for this study shows that, unemployment are the most significant variable that could effect on the household debt level in Malaysia. Moreover, there are shows positive relationship for inflation, saving level, unemployment level and consumption towards household debt in Malaysia. This is show that the higher the saving level, the higher the level of household debt and the higher the unemployment rate, the higher the household debt in Malaysia as well as inflation and consumption. On the other hand, this study found that interest rate is a negative relationship with household debt in Malaysia while inflation rate is insignificantly related with dependent variable, household debt in Malaysia. All the data from this study are collected from Datastream which subscribed from UiTM and by looking at monthly basis from year January 2008 until June 2018 with 116 observations.