



UNIVERSITI TEKNOLOGI MARA

A STUDY ON DETERMINANTS OF SAVING IN MALAYSIA

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“DECLARATION OF ORIGINAL WORK”

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Hereby, declare that:

- ▶ This work has not previously been accepted in substance for any degree, locally or overseas and 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: April 2011

ACKNOWLEDGEMENT

“In the Name of Allah the Almighty, the Merciful and the Beneficent”

Glory to Allah S.W.T, Most Gracious, the Most Merciful and peaceful upon his messenger Holy Prophet Muhammad S.A.W. All the worship belongs to only Allah. I seek refuge to Allah from the wickedness within and from the evil deeds. I also praised to Allah S.W.T for giving us courage, time, strength and knowledge to complete this project paper properly.

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ABSTRACT

Understanding the nature of savings behavior is critical in designing policies to promote savings and investment. Given the differences in the economic environment of the developing and industrial countries there should be substantial variation in the household behavior. Savings play an important role in economic development. Growth theories have shown that savings is a necessary ingredient to finance investment which will enhance a country's productivity. Thus, it would be important to look at the determinants of people's saving to fully understand economic growth. The study will be used time-series regression method to see the relationships between dependent and independent variables. Saving is used as dependent variable and income, rate of return, inflation and consumption are used as independent variables.