THE DETERMINATIONS OF HOUSEHOLD DEBT IN ASIA COUNTRIES

(2007-2016)

NUR SYAFIQAH BINTI SHAMSUDDIN

2016584047

BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE)

FACULTY OF BUSINESS AND MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

PERLIS

JULY 2019

DECLARATION OF ORIGINAL WORK

BACHELOR OF BUSINESS ADMINISTRATION WITH HONOURS (FINANCE)

FACULTY OF BUSINESS AND MANAGEMENT

UNIVERSITI TEKNOLOGI MARA

"DECLARATION OF ORIGINAL WORKS"

I, NUR SYAFIQAH BINTI SHAMSUDDIN, (I/C Number: 960819026056)

Hereby, declare that:

- This work has not previously 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: _____

ABSTRACT

Even household debt in several Asia countries might drop from last year but the figure numbers are still high and can increase anytime. This current study employs a Panel Regression Fixed Effect Model in examining the determinants of household debt in Asia countries. This study is using yearly data over the period 2007-2016 for four variables such as Unemployment Rate, Real Interest Rate (RIR), Inflation and Gross Domestic Product (GDP) in modelling the determinants of household debt. The result of this study showed that negative insignificant relationship with household debt. Moreover, a negative significant relationship between inflation and household debt is found. However, there was a positive insignificant relationship of RIR and GDP with household debt.

TABLE OF CONTENTS

ACKNOWLEDGEMENT…….. iv

ABSTRACT……. v

TABLE OF CONTENTS…… vi

LIST OF TABLES…….. viii

LIST OF FIGURES…… ix

LIST OF ABBREVIATIONS……. x

CHAPTER 1: INTRODUCTION……. 1

1.1. Background of Study…….. 1

1.2. Problem Statement……. 2

1.3. Research Objectives…….. 4

1.4. Research Questions…….. 5

1.5. Significance of Study …… 5

1.6. Scope of Study…… 5

1.7. Limitations of Study…… 6

CHAPTER 2: LITERATURE REVIEW…… 7

2.1. Unemployment Rate…….. 7

2.2. Interest Rate……. 8

2.3. Inflation…….. 9

2.4. Gross Domestic Product…… 10

CHAPTER 3: RESEARCH METHODOLOGY…… 12

3.1. Introduction…… 12

3.2. Type of Study…….. 12

3.3. Data Collection…… 12

3.4. Proposed Theoretical Framework…… 14

3.5. Hypotheses statement…… 14

3.6. Data analysis…….. 15

a) Descriptive Test…….. 15

b) Panel Specification Test…… 15

c) Diagnostic Test……. 16

3.7. Regression Analysis…… 17

CHAPTER 4: FINDINGS AND ANALYSIS…… 19

4.1. Introduction…… 19

4.2. Descriptive Statistic…… 19

4.3. Panel Specification Test…… 21

4.4. Diagnostic Test……. 22

4.5. Regression Analysis…… 23

CHAPTER 5: CONCLUSION AND RECOMMENDATION…….. 28

5.1. Conclusion…….. 28

5.2. Recommendation…….. 29

REFERENCES…….. 30

APPENDICES