



**THE IMPACT OF FINANCIAL DEVELOPMENT TOWARDS  
POVERTY**

**AZIDIE FAHMI BIN AHMAD TARMEZE**

**2010982925**

**BACHELOR OF BUSINESS ADMINISTRATION (HONS)**

**FINANCE**

**FACULTY OF BUSINESS MANAGEMENT**

**UNIVERSITY TECHNOLOGY MARA**

**KOTA BHARU**

**JUNE 2013**

## **ACKNOWLEDGEMENT**

First of all Syukur Alhamdulillah my highest gratitude to Allah S.W.T for the blessings in giving me the strength to complete this report and submit it on time. Once again, thank you to Allah because giving me the people who help me a lot during this research.

I am sincerely grateful to all who had assisted me with my project paper. My warmest gratitude to all lecturers at UiTM Kota Bharu especially Sir Ikram Ramzi and Madam Nur Azleena as my advisor because give me a lot of knowledge during my research. Because of their patience, guidance and understanding I can complete my report without big difficulties. All the critics during this study I take as positively to make sure I can make a good presentation and gain my understanding about my topic and research.

A thousand thanks to all my friends and classmates because sharing some information that help me a lot during my research. Not forget for saying thank you to all my new friend and officemate who always give me support and giving me advice during my practical training. Then, I would like to express my appreciation to my beloved family for their support and their pray that give me strength to be success today and in future.

## **ABSTRACT**

Poverty can be defined as a lack of resources to obtain a comfortable life. It also states that insufficient cost of living in terms of community activities, facilities and conditions that can fulfill their needs (Dekkers, 2008). Also, (Ragayah Haji Mat Zin, 2004) stated that a person or household is considered poor if his or her income falls below poverty line. In short, poverty can be defined as a group of poorness and cannot afford their basic needs such as food and beverage, place of living, health care, facilities, clothes and cost of living. The objective of this study is to examine the impact of financial development that affecting poverty in Malaysia. This study use multiple regressions and data that can be used to measure poverty is based on annual time-series data observation from year 1982 until 2011. From this study, the expected result is to reduce poverty by neutralizing inequality and enhancing development of the country parallel with the government income from year to year. Moreover, this study would be essential effort to investigate whether there is a significant relationship between poverty and financial development in terms of inflation, unemployment, household income, salaries and wages, savings, and consumption. This research discussed about the overall result where researcher have found that inflation and saving has significant relationship while other independent variables such as unemployment rate, wages and salaries and household income has no relationship towards poverty. It means that inflation and saving were the factors that affecting poverty in Malaysia. Furthermore, the F-test which is 19.03595 shows that there has strong relationship between the independent variables and dependent variable

# Table of Contents

Content	Pages
Cover.....	
Declaration of Original Work.....	i
Letter of Transmittal .....	ii
Acknowledgement.....	iii
Table of Content.....	iv
List of Tabular.....	viii
Abstract.....	3
<b>CHAPTER 1: INTRODUCTION</b>	
1.0 Poverty in Malaysia.....	<b>Error!</b>
<b>Bookmark not defined.</b>	
1.1 Background of Study.....	<b>Error!</b>
<b>Bookmark not defined.</b>	
1.2 Problem Statement.....	<b>Error!</b>
<b>Bookmark not defined.</b>	
1.3 Research Objective.....	<b>Error!</b>
<b>Bookmark not defined.</b>	
1.4 Research Question.....	<b>Error!</b>
<b>Bookmark not defined.</b>	
1.5 Hypothesis Statements.....	<b>Error!</b>
<b>Bookmark not defined.</b>	

Hypothesis 1:.....Error!

**Bookmark not defined.**

Hypothesis 2:.....Error!

**Bookmark not defined.**

Hypothesis 3:.....Error!

**Bookmark not defined.**

Hypothesis 4:.....Error!

**Bookmark not defined.**

Hypothesis 5:.....Error!

**Bookmark not defined.**

Hypothesis 6:.....Error!

**Bookmark not defined.**

1.6 Significant of the study.....Error!

**Bookmark not defined.**

1.7 Definition of Terms.....Error!

**Bookmark not defined.**

1.8 Summary.....Error!

**Bookmark not defined.**

## **CHAPTER 2: LITERATURE REVIEW**

2.0 Introduction.....Error!

**Bookmark not defined.**