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**"DETERMINANTS OF NATIONAL SAVING IN MALAYSIA"**

**NOORHASLINDA BINTI AB KAHAR**

**2013711371**

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## ABSTRACT

Saving plays a big role in economic growth and development in a develop country like Malaysia. This paper has been prepared to narrow down the determinants of national saving in Malaysia as a main purpose. Data was collected in a series from year 1980 to 2014 and cross refer to the previous researches. This paper empirically investigates the determinants of national saving by ran several test using descriptive analysis, stationary test by Augmented Dickey-Fuller (ADF) Test, correlation test, regression analysis and test on assumption. The results indicate that real Gross Domestic Product (GDP) per capita, Consumer Price Index (CPI) and Gross National Income (GNI) are significant variables that affect national saving. With a good understanding of its determinants, effective policies can be implemented in order to maintain economics stability and growth.

**Key words:** National Saving, Gross Domestic Product, Current Price Index, Growth Net Income.

## CHAPTER 1

### INTRODUCTION

#### 1.1 BACKGROUND OF STUDY

Saving is a one element often been mentioned nowadays as a booster to our economic growth. This is because the saving level of a country is much more important than capital movement for investments and thus economic growth there (Kivanc Halil , 2015). We can assumed that national saving is equal with total investment of this country. The higher the saving amount in the country, the larger investment capacity of the country (Lee Kit Hei et.al, 2014).

The majority of economists identify motive of saving is a precautionary motive in a rainy day. Higher saving means that country obtains a large fund for investment opportunities which can enhance the economic growth. It is normal if the country is in a positive growing economy situation, saving is always expected.

There are many studies concludes that savings are affecting economic growth but in Malaysia, research on national saving has not been thoroughly reviewed. Hence, this study is important to see the factors affecting the national saving in Malaysia. The findings can be used as a formula to increase the national saving and promoting economic growth.